
Sul América S.A.

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

Company Registry (NIRE): 33300032991

CVM Registration 02112-1

Publicly Held Company with authorized capital

Identification	Sul América S.A., publicly held company, CVM Registration No. 02112-1 granted on October 3, 2007, corporate taxpayers ID (CNPJ/MF) No 29.978.814/0001-87 and articles of incorporation filed with JUCERJA under NIRE 3330003299-1.
Headquarters	Rua Beatriz Larragoiti Lucas nº 121, Cidade Nova, CEP 20211-903, in the city and state of Rio de Janeiro.
Investor Relations Department	Located in the Company's headquarters. <i>Investor Relations Officer</i> Arthur Farme d'Amoed Neto Phone: +55 (21) 2506-8163; Fax: +55 (21) 2506-8659; e-mail: arthur.farme@SulAmérica.com.br . <i>Investor Relations Department</i> Phone: +55 (21) 2506-8163; Fax: +55 (21) 2506-8659; e-mail: ri@SulAmérica.com.br Investor Relations Website: http://www.sulamérica.com.br/ri/
Company's Independent Auditors	KPMG Auditores Independentes responsible for fiscal years ended December 31 st , 2010, December 31 st , 2011 and December 31 st , 2012.
Custodian Institution	Itaú Corretora de Valores S.A.
Services to Shareholders	Any branch of Itaú Unibanco S.A., headquartered at Praça Alfredo Egydio de Souza Aranha nº 100, Jabaquara, in the city and state of São Paulo, telephone: +55 (11) 5029-7780; e mail: investfone@itauunibanco.com.br .
Bonds and securities issued	Common and preferred shares, partially represented by share deposit certificates ("units"), each representing one common share and two preferred shares issued by the Company, listed on the BM&FBOVESPA S.A. – Securities, Commodities and Future Exchange under the ticker "SULA11" on the Level 2 Corporate Governance Segment.
Newspaper used by Company for disclosure	Newspaper <i>Valor Econômico</i> , <i>Caderno nacional</i> (National Section), and <i>Diário Oficial do Estado do Rio de Janeiro</i> (Official Gazette of the State of Rio de Janeiro).

SUMMARY

I. Management Proposal from the Company's management to be submitted to approval by the shareholders in the Annual and Extraordinary General Meetings to be held cumulatively on April 4th, 2013, in compliance with CVM Instruction No. 481/09.

II. Information required pursuant to articles 9 (item III and Paragraph 1, item II), 10, 11, 12, 13 and 14 of CVM Instruction 481/2009.

Item 10 of the Reference Form (*Formulário de Referência*) - Management Discussion and Analysis

1. Item 10 of the Reference Form (*Formulário de Referência*) – Management Discussion and Analysis
2. Exhibit 9-1-ii of CVM Instruction 481/09 - Complementary information regarding the allocation of the net income for the year ended December 31, 2012
3. Article 9, Paragraph 1, item III of CVM Instruction 481/09 – Report from the Audit Committee
4. Items 12.06 to 12.10 of the Reference Form (*Formulário de Referência*) - Complementary information regarding the proposal to elect the members of the Board of Directors
5. Item 13 of the Reference Form (*Formulário de Referência*) - Complementary information regarding the proposal to establish management compensation
6. Exhibit 14 of CVM Instruction 481/09 - Complementary information regarding the proposal to increase the capital stock
7. Article 11 of CVM Instruction 481/09 – Proposal to amend the Bylaws - Complementary information regarding the proposal to amend the Company's Bylaws

Sul América S.A.

Corporate taxpayers' ID (CNPJ/MF) nº 29.978.814/0001-87
Company Registry (NIRE) 3330003299-1
CVM Code 02112-1
Authorized Capital Publicly-held Company

Proposal from the Company's management to be submitted to approval by the shareholders in the Annual and Extraordinary General Meetings to be held cumulatively on April 4th, 2013, in compliance with CVM Instruction No. 481/09.

Dear Shareholders,

The management of Sul América S.A. (the "Company") hereby presents its proposals regarding the matters listed in the Agenda for the Annual and Extraordinary General Meetings to be held cumulatively on April 4th, 2013, at 3:00 PM, at the SulAmérica Convention Center, annex to the Company's headquarters, at Rua Beatriz Larragoiti Lucas No. 121, Cidade Nova, Rio de Janeiro, RJ, according to the Call Notice disclosed today.

Annual General Meeting:

(i) To verify the Company's management accounts, and to examine, discuss and vote on the financial statements of the Company for the fiscal year ended 12.31.2012.

The Company's management proposes its Shareholders evaluate the Company's management accounts and the financial statements of the Company for the fiscal year ended 12.31.2012 and, after careful consideration, approve the mentioned documents as approved by the Board of Directors at the meeting held on 02.26.2013 and published by the Company on 02.28.2013, in the newspaper *Valor Econômico*, national section, and in the Official Gazette of the State of Rio de Janeiro (*Diário Oficial do Estado do Rio de Janeiro*).

The above mentioned documents, along with the opinion from the independent auditors, the Financial Statements Form (DFP) and the comments from the management on the Company's financial position (MD&A) are all available on the website of the Company (www.sulamerica.com.br/ri), of CVM (www.cvm.gov.br) and of BM&FBovespa (www.bovespa.com.br), pursuant to CVM Instruction No. 481/09.

(ii) To approve net income allocation from the fiscal year ended 12.31.2012.

The Company's management proposes the allocation of the results of the fiscal year ended 12.31.2012 as demonstrated in the table below, as approved by the Board of Directors at the meeting held on 02.26.2013 and reflected on the management report.

Net income of the fiscal year ended 12.31.2012 and proposal for its allocation:

2012 (in R\$ thousand)	
Net profit	483,248
Constitution of the legal reserve (5%)	(24,162)
Adjusted net profit (Article 202 - Laws 6,404/76 and 10,303/01)	459,086
Mandatory dividends	
25% of Adjusted net profit (Article 202 - Laws 6,404/76 and 10,303/01)	114,772
(-) Interim Dividends	30,373
(-) Interest on Capital (net of taxes)	22,954
Total Mandatory Dividends	61,445
Complementary dividends	22,954
Dividends proposed – total (R\$0.100208 per common or preferred share and R\$0,300625 per unit as of 12.31.2012)	84,399
Constitution of reserve for business expansion	317,684

The net income distribution demonstrated in the table above was reflected on the Financial Statements, on the assumption of its approval by the General Meeting.

In accordance with the Company's Dividend Distribution Policy, the Board of Directors proposed that, from 2013 onwards, in relation to the earnings recorded in the financial statements of each fiscal year (2012 included), the Company should distribute the amount of, at least, 30% of its annual adjusted net income, in which are included the mandatory dividends of 25% of the annual adjusted net income.

Additional information on the proposal of allocation of the net income presented by the management, including comparisons with previous fiscal years, is available on the Company's website (www.sulamerica.com.br/ri), of CVM (www.cvm.gov.br) and of BM&FBovespa (www.bovespa.com.br), pursuant to article 9, §1, II of CVM Instruction No. 481/09.

(iii) To Elect the members of the Board of Directors

The Company's management proposes the persons listed below be (re)elected to compose the Board of Directors as sitting and alternate members, as indicated below, for a term of office of one (1) year, until the Annual General Meeting of 2014:

Patrick Antonio Claude de Larragoiti Lucas	Chairman
Johannes Martinus Maria Boers	Vice-chairman
Arthur Jonh Kalita	Director
Carlos Infante Santos de Castro	Director
Guilherme Affonso Ferreira	Director
Isabelle Rose Marie de Ségur Lamoignon	Director
Jorge Hilário de Gouvêa Vieira	Director
Pierre Claude Perrenoud	Director
Roberto Teixeira da Costa	Director
Fernando Alves Meira	Alternate Director
	(for Johannes Martinus Maria Boers)
Francisco Werneck de Albuquerque Maranhão	Alternate Director
	(for Arthur Jonh Kalita)

The management proposal for 2013, as in 2012, comprehends the indication of 3 Independent Directors: Msrss. Guilherme Affonso Ferreira, Pierre Claude Perrenoud and Roberto Teixeira da Costa are independent members pursuant to the Corporate Governance Level 2 Listing Regulation of BM&FBovespa. Such number corresponds to 33% of the total number of sitting members of the Board of Directors and therefore exceeds the minimum required by said regulations and by the by-laws of the Company.

Detailed information on the candidates indicated above, including their professional experience, is available on the Company's website (www.sulamerica.com.br/ri), of CVM (www.cvm.gov.br) and of BM&FBovespa (www.bovespa.com.br), pursuant to Article 10 of CVM Instruction 481/09.

(iv) To establish management compensation (Board of Directors and Executive Officers)

The management of the Company proposes an annual aggregate amount of R\$9,052,500.00 as compensation for its management (Board of Directors and Executive Officers).

Additional information on the compensation of the management of Sul América S.A. can be obtained in the following annex and is also available on the Company's website (www.sulamerica.com.br/ri), of CVM (www.cvm.gov.br) and of BM&FBovespa (www.bovespa.com.br), pursuant to Article 12 of CVM Instruction No. 481/09.

Extraordinary General Meeting:

(i) To approve the increase of the Capital Stock by R\$1,000,000,000.00, capitalizing part of the balance of the Statutory Reserve, attributing to shareholders stock dividends consisting of 19.06332157 new bonus shares for each 100 shares of the same species, and the consequent amendment of article 5 of the Bylaws

The Company's Management proposes to increase the Company's capital stock by R\$1,000,000,000.00 (one billion reais), through the capitalization of part of the balance of the Statutory Reserve account, with the issuance of 163,666,122 new shares, being 90,399,463 common shares and 73,266,659 preferred shares without par value, increasing it from R\$1,319,882,346.85 (one billion, three hundred and nineteen million, eight hundred eighty-two thousand, three hundred and forty-six reais and eighty five cents) to R\$2,319,882,346.85 (two billions, three hundred and nineteen million, eight hundred eighty-two thousand, three hundred and forty-six reais and eighty five cents). The new shares will be distributed among the shareholders registered in the company's books as of April 4th, 2013, in the proportion of 19.06332157 new common shares for each 100 common shares and 19.06332157 new preferred shares for each 100 preferred shares. The new shares will be automatically converted into units, in the proportion of one common share and two preferred shares per unit, with the respective alteration made to Article 5th of the Company's Bylaws.

(ii) approve amendments to the Bylaws of the Company listed below, as well as the consolidation

Considering the capital increase proposed in item (i) above, the Company's

management proposes the alteration of Article 5th of the Company's Bylaws, with an aim to reflect the modification of the Capital Stock.

For further information, refer to the Company's website (www.sulamerica.com.br/ri), CVM (www.cvm.gov.br) and BM&FBovespa (www.bovespa.com.br), pursuant to Article 11 of CVM Instruction No. 481/09.

Rio de Janeiro, February 28, 2012.

Board of Directors

MANAGEMENT DISCUSSION AND ANALYSIS¹

10.1 General financial conditions and property

a. General financial and equity conditions.

Sul América S.A. is an investment company that directly and indirectly controls companies which constitutes Brazil's biggest independent insurers group, participating in the following segments: property and casualty, personal insurance, private pension, health insurance, medical services management and asset management. The group's main revenues come from insurance premiums, Administrative Service Only (ASO) installments, pension contributions and asset management originated fees.

As of December 31st 2012 SulAmérica group's held a consolidated total revenue of R\$10.6 billion, total assets in the amount of R\$14.4 billion and a portfolio of approximately 6.7 million clients. Regarding the insurance business, the Company held the fourth largest market share of the auto insurance segment, with 9.2% of premiums, according to data supplied by the Superintendence of Private Insurance and Pension (SUSEP) disclosed until December 2012, and the third largest market share of the health segment, with 9.6% of premiums, according to data disclosed until September 2012 by the National Agency for Supplementary Health (ANS). In the segment of asset management, the amount of funds managed by Sul América Investimentos DTVM S.A. was R\$21.1 billion as of December 31st 2012, and corresponded to the second largest market amount held by an independent institution, as disclosed by the Brazilian Financial and Capital Markets Association (ANBIMA).

By the end of 2012, the gross debt totaled R\$515 million, 46.6% higher than in the previous year. This level of debt represents 15.4% of the shareholders' equity of the end of the year, 400 bps higher than in 2011. The Current Ratio² was approximately 1.85 times, 8.6% higher than 2011. On the other hand, the index of general liquidity³ remained stable compared to the previous year and stood at 1.29 times.

The Company's Management believes that SulAmérica group's liquidity requirements are mainly covered by its operations originated revenues, profits from its own investments and profits from other investments. Funds originated from those sources are used to pay claims, pension plan redemptions, investment funds redemptions, administrative and tax expenditures, taxes and shareholders' revenues.

The year of 2010 stood out due to the Brazilian economy recovery, Gross Domestic Product (GDP) grew 7.5%, after a decrease of 0.6% in 2009. Family consumption expansion as well as investments occasioned such outcome, but also enhanced the attention to the pace of domestic absorption and production capacity. According to the National Consumer Price Index (IPCA), inflation at the end of 2010 increased 5.9%, reflecting the rise in food prices, an international trend of the main commodities prices.

¹In the texts that follow Sul América S.A. will be referred to as "the Company" and the term "SulAmérica group" will be used in regard to the group of companies constituted by Sul América S.A. and its controlled companies.

² Current assets divided by current liabilities. This ratio shows the amount of short-term assets would be available for the settlement of short-term liabilities.

³ Current assets plus Long-Term Assets divided by Current Liabilities plus Non-current Liabilities. This ratio shows the amount of assets "not permanent" would be available to liquidate liabilities of the company.

Major inflation pressures led the Central Bank of Brazil to launch successive Selic rate increases, which went from 8.75% in the beginning of 2010 to 10.75% in the second half of the year, remaining on that level until the end of the year.

The insurance industry kept up a high pace of expansion in 2010 with a total of R\$109.5 billion in premiums issued by insurance companies and growth of 10.2% compared to 2009, according to data disclosed by the market regulator SUSEP. The industry benefitted from the increase in the activity level, more credit availability and job increases, which brought a strong internal demand growth.

SulAmérica group ended 2010 with a total net profit of R\$614.0 million, an increase of 48.5% compared to 2009. The total net profit considers effects of non-recurrent events which totaled R\$187.4 million in 2010. The average net equity return in 2010 was 14.9%. Insurance premiums totaled R\$8.4 billion a 3.0% decrease compared to 2009. At the end of the year, the Company's consolidated net equity and that of its operational controlled companies was R\$2.9 billion, an increase of 2.1% compared to 2009. Insurance and supplementary pension reserves totaled R\$6.5 billion in 2010, 1.0% decrease compared to the previous year. Total assets amounted to R\$12.3 billion in 2010, decrease of 1.3%, and assets under management totaled R\$7.5 billion, 24.7% growth of in the year.

2011 was a turbulent year for the global economy. Uncertainties about the U.S. public debt ceiling limits and subsequent worsening of the Euro area countries fiscal situation affected investors' confidence and general expectations about consumption, production, and investments in the global economy. While developed countries growth was restricted by the central government debt burdens and families high household debt, emerging economies had to deal with high inflation and potential bubbles in asset prices. During 2011 first half, the Brazilian economy maintained the high growth path presented in 2010, and to contain inflation, the Central Bank of Brazil (BACEN) was forced to raise the Selic rate for five consecutive meetings, from 10.75% in January 2011 to 12.5% in July of that same year. During the second half of the year, the effects of international crises became present in the Brazilian economy, forcing the Central Bank of Brazil to reduce the Selic rate at 0.5% for three consecutive meetings, ending 2011 at a level of 11.0%. After the strong recovery in 2010 (7.5% growth), Gross Domestic Product lost steam over the year, growing 2.8% in 2011. Even with the weakest growth, idleness in the economy remained low, especially in the labor market which recorded the lowest unemployment rate in recent history (the average unemployment rate for 2011 was 6.0%). In order to encourage production and consumption, the Brazilian central government took hand of measures for economic incentive, as the reduction of taxes on credit operations to consumers and the reduction on taxes for industrialized products, IPI. Inflation measured by the National Consumer Price Index (IPCA) ended 2011 with a 6.5% increase, within the limits of the government target, generating doubts about inflationary pressures for 2012.

According to data from the market regulator SUSEP (Superintendence of Private Insurance and Pensions), insurance industry grew 16.2% in 2011 compared to 2010, and a total of R\$78.3 billion in premiums were written by insurers, considering only statistics from insurance premiums, not including capitalization and VGBL.

The SulAmérica group ended 2011⁴ registering a net profit of R\$445.7 million, a reduction of 27.4% compared to 2010. When assessing the Company's results in an adjusted basis⁵ for non-recurrent events net income was R\$448.1 million, an increase of 5.0% compared to 2010, and the return on average equity was 15.0%, 10bps raise as compared to 2010. Gross Debt was R\$351 million and represented 11% of the Shareholders' Equity, flat compared to the previous year.

Insurance premiums totaled R\$9.4 billion, an increase of 14.0% on a comparable basis to 2010. At the end of the year, the consolidated equity of the Company and its operating subsidiaries was R\$3.1 billion, 6.4% increase over 2010. Insurance reserves and pension funds totaled R\$7.3 billion in 2011, 13.2% raise over the previous year. Total assets amounted to R\$13.4 billion in 2011, an increase of 9.6%, and assets under management totaled R\$19.6 billion (R\$8.3 billion in proprietary assets and R\$11.3 billion relating to third party assets), growing 12.0% in the period. Current Ratio was 1.7 times and index of general liquidity was 1.2 times, both flat compared to the previous year. SulAmérica ended the year of 2011 with approximately 6.7 million customers and about 90% of its revenue arising from the segments of health and dental and auto insurance (Health 66.2%, Auto 23.6%, Property & Casualty 5.2% and Life and personal accident 5.0% of total insurance premiums).

In 2012, Brazilian economic performance reflected the behavior of industrial activity, with lower investments motivated by uncertainties in the international and domestic scenarios. Consumption, the engine of economic expansion in recent years, also lost power in 2012. Families' indebtedness and increase in defaults, especially in the automotive sector, explains the decrease in the growth rate of consumption in 2012.

Given the slowdown in economic activity, government authorities promoted a substantial drop in the basic interest rate (SELIC) to 7.25% at the end of the year, the lowest nominal level in recent history. In parallel, government brought economic stimulus, especially through fiscal benefits, to sectors producing consumer durables (chiefly automobiles) and capital goods. In this context, the insurance industry performed well, totaling R\$140.3 billion in premiums, growing 21.7% compared to 2011, considered the market data governed by SUSEP, not including capitalization.

The group SulAmérica ended the year 2012 net income of R\$483.2 million, up 7.8% compared to the net income of the previous year. The return on average shareholders' equity in 2012 was 15.0%, flat versus 2011. Insurance premiums totaled R\$10.6 billion, an increase of 12.5% in 2012.

⁴ On April 29, 2011, SUSEP issued Circular No. 424, with changes in the chart of accounts and disclosure model that affected the classification of certain items in financial statements. The financial statements for 2010 have been reclassified to allow uniformity between the comparative periods presented and therefore differ from that published on 02/25/2011 and displayed when commenting the results of 2010 compared to 2009 results.

⁵ Brasilveículos sale, acquisition of Brasíliaúde and Dental Plan, the disposal of the Morumbi building and Complementary individual health insurance premiums. For the purposes of comparison between 2011 and 2010, the financial statements presented here include the effects of the July 2005 decision by Brazil's National Health Agency (ANS) authorizing SulAmérica to increase the prices of individual insurance policies issued before January 1, 1999 by 26.1%. The increases related to the issue of complementary individual health insurance premiums were booked under premiums, other operating expenses, expenses with taxes, and income and social contribution taxes in 1Q10, 4Q10 and 2Q11 (RETROTAC BAHIA).

By the end of 2012, consolidated shareholders' equity of the Company and its operating subsidiaries was R\$3.4 billion an increase of 9.0% compared to 2011. At the end of 2012, the gross debt totaled R\$515 million, 46.6% higher than in the previous year. This level of debt represents 15.4% of the shareholders' equity of the end of the year, 400 bps higher than in 2011. Insurance and pension reserves totaled R\$7.7 billion in 2012, an increase of 5.5% over the previous year. Total assets amounted to R\$14.4 billion in 2012, an increase of 7.1%, and assets under management totaled R\$21.1 billion (R\$8.9 million in proprietary assets and R\$12.2 million that came from third-party clients), 7.6% growth YoY. The Current Ratio was approximately 1.85 times, 8.6% higher than 2011. On the other hand, the index of general liquidity remained stable compared to the previous year and stood at 1.29 times.

B. Capital structure and possibility to redeem shares or membership interests

In 2010, the Group's consolidated net equity was R\$2.9 billion, growth of 2.1% in the year originated from the year's profit. Total assets amounted to R\$12.3 billion and the debt balance was R\$321.0 million, representing 11.1% of the net equity.

In 2011, the Group's consolidated net equity was R\$3.1 billion, growth of 6.4% in the year originated from the year's profit. Total assets amounted to R\$13.4 billion and the debt balance was R\$351.2 million, representing 11.4% of the net equity.

In 2012, the Group's consolidated net equity was R\$3.4 billion, growth of 9.0% in the year originated from the year's profit. Total assets amounted to R\$14.4 billion and the debt balance was R\$514.9 million, representing 15.4% of the net equity.

There is no possibility of shares redemption issued by the Company besides those provided in law.

C. Ability to comply with financial commitments

Normative structure of insurance, supplementary health, supplementary pension and asset management segments which composes the majority of operational controlled companies of SulAmérica group is subjected to technical provisions requirements, appropriate solvency margins requirements, as well of minimum capitalization levels requirements for such operations. Those provisions are determined based on actuarial premises and methodologies established in technical notes or actuarial reports submitted to SUSEP or ANS and, depending on the case, to the Central Bank of Brazil. In 2012, the Company's consolidated technical provisions and its operational controlled companies amounted to R\$7.7 billion, representing 53.6% of the total liabilities, thus complying with SUSEP and ANS provisions.

In February 2007, the Company completed the issuance of US\$200 million in Senior Notes, and in October 2007, made an initial public offer, fully primary, attracting the amount of R\$775 million. The net proceeds of the IPO were used to settle loans, lines of credit and short-term prepayment of 35% from the Senior Notes amounting to R\$71.7 million in that same year. Such operations had the objective of adjusting the Company's equity and liability structure to markets development opportunities in which it participates.

On January 4th 2012, the Company informed a material fact stating that its Board of Directors approved the first issuance of debentures not convertible into shares, unsecured, single series, issued by the Company, totaling R\$500.0 million for public distribution with restricted placement efforts.

On February 6th 2012, 50,000 debentures were issued with a face value of R\$10,000.00. The debentures have a five years maturity from the issuance date, maturing on February 6th 2017.

The debentures nominal value will be repaid in three annual installments, from the third successive year of its issuance and shall be entitled to payment of interest, payable semiannually, corresponding to 100% of the accumulated variation of the average daily rates – Daily-DI (interbank deposits), "over extra-group", plus a surcharge of 1.15% per year, defined in the bookbuilding process.

The net proceeds obtained by the Company with the debentures issuance, shall be designed to:

- (i) meet cash needs resulting from the expansion of SulAmérica operations;
- (ii) rebuild liquidity after the senior notes settlement, and
- (iii) general corporate purposes.

On February 13th 2012, as provided in the indenture, the Company settled the senior notes by the amount of R\$234.4 million (\$130.0 million). Additionally, on February 14th 2012, R\$124.0 million were paid for the swap transaction hired to protect the senior notes from currency fluctuations. The total amount paid for the senior notes settlement was R\$358.4 million

On December 31st 2012, the Company had total debt equivalent to 15.4% of its total equity.

In view of this situation and the current macroeconomic scenario, the Company's management believes that its operational cash flow is adequate and will allow compliance with its financial commitments.

D. Financing sources for operating capital and investments in non-current assets

Insurance, supplementary health and supplementary pension and asset management operations offer the necessary funds to finance the working capital and investments in non-current assets.

In February 2012, the Company issued debentures, not convertible into shares, unsecured, single series, totaling R\$500.0 million for public distribution with restricted placement efforts. Also in February, were paid the Senior Notes and swap operation hired to protect the currency fluctuations with a total value of R\$358.4 million.

E. Financing sources for operating capital and investments in non-current assets which the Company intends to use to cover liquidity deficiencies

Insurance, supplementary health and supplementary pension and assets management operations offer the necessary funds to finance working capital and investments in non-current assets.

In February 2012, the Company issued debentures, not convertible into shares, unsecured, single series, totaling R\$500.0 million for public distribution with restricted placement efforts. In that same month, were paid the Senior Notes and swap operation hired to protect the currency fluctuations with a total value of R\$358.4 million.

The Company does not intend to use other financing funds to cover any liquidity deficiency.

F. Indebtedness level and such debts characteristics

The table below shows the Company's levels of indebtedness and characteristics of its debts:

Consolidated (in R\$ million)									
	2012			2011			2010		
	Value	Fair Value Adjustment	Fair Value	Value	Fair Value Adjustment	Fair Value	Value	Fair Value Adjustment	Fair Value
Debentures	516.5		516.5						
Senior Notes									
Expiration on 02.15.2012				251.7		251.7	223.8	-	223.8
swap to pay				100.5	-1.1	99.4	102.4	-3.5	99.0
Balance to pay				352.2	-1.1	351.1	326.2	-3.5	322.7
Transactions costs	-1.8		-1.8	-188.0	-	-188.0	-1.7	-	-1.7
Total	514.6		514.6	352.0	-1.1	350.9	324.4	-3.5	321.0
Current	16.0		16.0	352.0	-1.1	350.9	5.6	-	5.6
Non-current	498.6		498.6	-	-	-	318.9	-3.5	315.4

In February 2007 Sul America S.A. issued Senior Notes with the endorsement of its direct subsidiary Saepar Serviços e Participações S.A., in the total amount of US\$200 million, at an annual rate of 8.625%, according to the terms and conditions mentioned in the respective offering. These notes had a five years term as of the date of issuance. The unpaid balance on the date of the financial statements and measured at amortized cost of R\$ 130.0 million, was equivalent to R\$243.8 million in 2011 (R\$216.6 million in 2010) plus interest of R\$7.8 million in 2011 (R\$7.1 million in 2010).

In order to be protected against exchange rate fluctuations, the Company's management entered a swap operation from US\$ to CDI, deducted by 3.967% *per annum*, of equal amount. Such swap operation was re-negotiated on April 2nd 2008,

hiring an transaction equivalent in 2011 to 63.6% of CDI rate (62.8% of the CDI rate in 2010), which will be in effect until the day before maturity of the senior notes. Swap outstanding balance as of December 31st 2011 was R\$40.9 million (R\$46.6 million in 2010) and the re-negotiation indexed to 100% of the CDI was R\$58.5 million (R\$52.4 million in 2010), totaling R\$99.4 million (R\$99.0 million in 2010).

On February 6th 2012, 250,000 debentures were issued with a face value of R\$10,000.00, totaling R\$500.0 million. The debentures have a five years maturity from the issuance date.

The debentures nominal value will be repaid in three annual installments, and from the third successive year of its issuance and shall be entitled to payment of interest remuneration, payable semiannually, corresponding to 100% of the accumulated variation of the average daily rates – Daily-DI (interbank deposits), "over extra-group", plus a surcharge of 1.15% per year, defined in the bookbuilding process.

In February 2012, the Company settled the Senior Notes and swap operation hired to protect the currency fluctuations for a total value of \$ 358.4 million.

G. Limits on the use of financings already agreed upon

There are no financing agreements in effect except for the issuance of debentures, not convertible into shares, unsecured, single series, totaling R\$500.0 million object of the foregoing comments, which do not provide for additional capital raising.

H. Significant changes on each item financial statement

In 2010, the income of Brasilveículos Companhia de Seguros (Brasilveículos) ceased to be consolidated in the financial statements of Sul América S.A. and its controlled companies as effect of the sale of Brasilveículos, which caused an impact on the lines of Premiums, Retained claims, Acquisition Costs, Administrative Expenses, Other Income and Insurance Operational Expenditures, Financial Income and Income Tax and Social Contribution. Also, there were adjustments on the lines of Premiums, Other Insurance Operational Expenditures, Tax Expenditures and Provision for Income Tax and Social Contribution concerning the retroactive collection of individual health insurance supplementary premiums from the insured members of the State of Bahia. In July 2005, ANS authorized SulAmérica group to adjust in 26.1% prices of individual health insurance policies issued before January 1st, 1999. Such adjustment should have been applied from July 2005 to June 2006, according to agreements anniversary dates. Due to a provisional court order, the adjustment was suspended at that time, and the same percentage of adjustment for new plans was charged (11.69%). At the end of November 2009, the provisional court order was revoked, re-establishing the rights of SulAmérica group to adjust monthly payments, as occurred in other states in Brazil. As of December 2009, insured members of the State of Bahia started to pay an additional amount of 12.9% on the monthly payments, regarding the adjustment applied in 2005.

In June 2010 Sul América Companhia Nacional de Seguros disposed one of its property located in the City of São Paulo for the amount of R\$130.0 million, which yielded a net profit equal to R\$41.0 million.

In July 2010, SulAmérica group, through its subsidiary Sul América Insurance Health S.A., purchased from BB Seguros e Participações S.A. a stake of 49.92% in the capital stock of BrasilSaúde Companhia de Seguros, for the amount of R\$29.2 million. Adjustments were made in the provision methodology of BrasilSaúde, which generated non-recurrent effects in the lines of Premiums, Retained claims, Acquisition Costs, Other Insurance Operational Income and Expenditures, Administrative Expenditures and Provision for Income Tax and Social Contribution, with income net effect of R\$5.8 million.

In October 2010, SUSEP approved the sale of Brasilveículos' shares, owned by Sul América Companhia Nacional de Seguros, to BB Aliança REV Participações S.A. The payment of R\$359 million, including approximately R\$19 million regarding CDI adjustment between agreement date and payment date took place on October 29th 2010, generating a non-recurrent profit of R\$135 million.

On April 2011, the contract to acquire 100% of the company DentalPlan Ltda celebrated on December 13th 2010 was approved, in the amount of R\$31.1 million. Goodwill of R\$30.3 million generated in the transaction, due to the expected future profitability, based on present value of projected cash flows, considers strategic assumptions determined by management and was recorded in the consolidated under "Intangible" and "Investments" in Sul América Companhia de Seguro Saúde ("Cia Saúde").

On November 2011, Sul América Santa Cruz Participações S.A. acquired from Sul América Seguros de Pessoas e Previdência S.A. ("SULASEG"), 343,350 shares (three hundred forty-three thousand, three hundred and fifty) issued by Executivos S.A. Administração e Promoção de Seguros ("Executivos"), for a total price of R\$1.6 million. Valuation of the Executivos S.A was promoted by the company Acal Auditores Independentes considering data from October 31st, 2011. The purpose of this operation was cost reduction and cost optimization, aiming at improving operational and administrative efficiency. The incorporation of Executivos S.A by Santa Cruz, was approved, and thus Executivos S.A was terminated.

On May 28, 2012, the Company published a material fact informing that its subsidiary Sul América Santa Cruz Participações S.A. entered into an agreement for the purchase and sale of shares with Saspar Participações S.A. (SASPAR) aiming at purchasing the totality of shares held by SASPAR in the capital of Sul América Capitalização S.A. (SULACAP), that represents 83.27% of the capital of SULACAP, for the base price of R\$214 million, which amount may increase up to R\$71 million provided that certain agreement conditions are met. The seller is controlled by Sulasa Participações S.A. (SULASA), the parent company of the Company.

The completion of this acquisition shall be timely submitted to the Shareholders' Meeting and shall depend on the fulfillment of certain suspensive conditions that are usual in similar transactions, including the approval from the appropriate regulating authorities.

Additionally to the items above, the main variations in the income statement of those years are described in item 10.2 of this Form.

10.2 Operational and financial results⁶

- i. Description of any income important components.
- ii. Relevant factors affecting operational profit.

Income Statement Summary⁷			
(In R\$ million)	2012	2011	2010⁸
Insurance Premiums	10,410.7	9,124.8	8,093.6
Changes in insurance and retained technical reserves	29.6	(180.3)	(229.1)
Earned Premiums	10,440.3	8,944.5	7,864.5
Retained claims	(7,738.4)	(6,650.0)	(5,562.9)
Benefits expenses	(28.8)	(20.6)	(23.3)
Acquisition cost	(1,088.4)	(1,057.0)	(921.4)
Other operating insurance income (expenses)	(311.1)	(257.5)	(330.1)
Net operating income from pension funds operations	481.0	397.8	369.4
Changes in pension funds and retained technical reserves	(407.7)	(373.8)	(384.4)
Management Fees income	33.5	29.1	25.1
Benefits and withdrawal expenses	(74.5)	(25.1)	(5.0)
Acquisition Costs	(17.0)	(15.3)	(12.7)
Other operating insurance income (expenses)	(0.8)	(0.5)	(0.6)
Net operating Income from ASO business	24.3	29.8	30.3
Net operating Income from Asset Management business	44.9	26.4	20.9
Administrative Expenses	(991.4)	(838.8)	(772.8)
Tax Expenses	(218.2)	(152.4)	(147.4)
Net Financial income	564.7	658.1	510.1
Equity income	2.1	9.1	306.6
Income before income tax, social contribution and profit sharing	714.6	703.9	966.3
Net profit	483.2	445.7	612.9

Operating Income of the year ending as of December 31st 2012 compared to the year ending as of December 31st 2011.

⁶ In the texts that follow Sul América S.A. will be referred to as "the Company" and the term "SulAmérica group" will be used in regard to the group of companies constituted by Sul América S.A. and its controlled companies.

⁷ Adjusted Figures

⁸ On April 29, 2011, SUSEP issued Circular No. 424, with changes in the chart of accounts and disclosure model that affected the classification of certain items in financial statements. The financial statements for 2010 have been reclassified to allow uniformity between the comparative periods presented and therefore differ from that published on 02/25/2011 and displayed when commenting the results of 2010 compared to 2009.

Insurance premiums

In 2012, SulAmérica group presented insurance premiums of R\$10.6 billion, increase of 12.6% (12.5% when adjusted to retrotac⁹ effects), over 2011. Insurance premiums of the Company and its subsidiaries were composed by the following segments: (i) health and dental insurance, which accounted for 69.3% of premiums, (ii) auto insurance, which accounted for 21.5%, (iii) other property and casualty, which accounted for 4.6%, and (iv) life and personal accident insurance, with 4.6% of total premiums in 2011. The table below shows the premiums breakdown by business segment for the years of 2012 and 2011.

(R\$ million)	Insurance Premiums									
	Health and Dental		Auto		Property and Casualty		Life		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Insurance Premiums	7.360,2	6.237,3	2.286,9	2.220,9	485,4	493,9	484,1	473,9	10.616,7	9.426,1
Recurring Insurance Premiums	7.360,2	6.247,8	2.286,9	2.220,9	485,4	493,9	484,1	473,9	10.616,7	9.436,6
Earned Premiums	7.298,8	6.111,0	2.284,0	2.170,1	322,1	318,7	535,4	344,7	10.440,3	8.944,5
Recurring Earned Premiums	7.298,8	6.121,5	2.284,0	2.170,1	322,1	318,7	535,4	344,7	10.440,3	8.955,0

Health Insurance Premiums

In 2012, health and dental insurance premiums, comprised of group and individual segments, totaled R\$7.4 billion, an increase of 18.0% (17.8% when adjusted to retrotac effects) compared to the year of 2011.

(In R\$ million)	Insurance Premiums					
	Group		Individual		Total	
	2012	2011	2012	2011	2012	2011
Insurance premiums	5,803.2	4,730.5	1,557.1	1,506.8	7,360.2	6,237.3
Adjusted insurance premiums	5,803.2	4,730.5	1,557.1	1,517.3	7,360.2	6,247.8
Earned Premiums	5,745.0	4,606.6	1,553.8	1,504.4	7,298.8	6,111.0
Adjusted earned premiums	5,745.0	4,606.6	1,553.8	1,514.9	7,298.8	6,121.5

At the end of 2012, the Company had 2.3 million beneficiaries in the segment of health and dental insurance, 5.4% growth over the previous year. When beneficiaries served by ASO plans (Administrative Services Only) are considered, the Company reached 2.5 million beneficiaries, 3.9% growth compared to 2011.

⁹ In July 2005, the ANS authorized SulAmérica to readjust the prices of individual health insurance policies issued prior to January 1, 1999 in 26.1%. This adjustment should have been applied from July 2005 to June 2006, observed the anniversary date of each contract. Due to a provisional ruling, the adjustment was suspended at that time. Those contracts were charged the same percentage of readjustment of new policies, issued after January, 1999 (11.69%). In late November 2009, the provisional decision was revoked, restoring the right of SulAmérica to have their tuition adjusted, as occurred in other states. From December 2009, health insured members of the State of Bahia were added to the monthly payment a difference of 12.9% relative to the adjustment applied in 2005. The adjustments related to the issuance of supplementary health insurance premiums were recorded in the individual financial statement segment lines for: premiums, other operating expenses, tax expenses and income tax and social contribution.

(In R\$ million)	Beneficiaries	
	2012	2011
Corporate	1,187	1,176
SME	320	272
Dental	524	450
Individual	225	241
ASO	241	263
Total	2.497	2.403

In 2012, premiums of group health insurance, which is divided into three subgroups: corporate, small and medium enterprises (SMEs) and dental plans totaled R\$5.8 billion and expanded 22.7% over the previous year.

In 2012, health premiums of the corporate segment increased 20.4% compared to 2011. In December 2012, the corporate group health portfolio had 1,187 thousand members, 47.5% of total beneficiaries of the health segment.

Premiums for health SME segment grew 30.0% between 2011 and 2012. This performance was achieved due to the adjustments applied to the plans and to the increase in the number of insured members of this portfolio, which amounted to 320 thousand members at the end of 2012, 17.7% above 2011.

In the dental plans segment, premiums growth was 30.3% in 2012. Total revenues of the dental plans segments reached R\$96.2 million. At the end of 2012, the Company had 524 thousand beneficiaries, 16.4% augment over 2011, reflecting organic growth.

Premiums of the individual health insurance segment amounted to R\$1.6 billion in 2012, growth of 3.3% compared to 2011 (growth of 2.6% when adjusted for retroactive effects). The portfolio of individual health insurance ended 2012 with 225 thousand members, a decrease of 6.6% over 2011. Premiums readjustments of 7.93% (policies issued after the enactment of Law 9656/98) and 9.37% (policies issued before the enactment of Law 9656/98) announced by the ANS in August 2012 overshadowed the reduction in the insured portfolio.

Auto Insurance Premiums

Insured fleet fell 6.1% in 2012, totaling 1.4 billion vehicles. However, due to pricing recovery of policies issued, result of the adoption of an underwriting policy aiming at the portfolio's profitability, Auto insurance premiums grew 3.0% in comparison to 2011, totaling R\$2.3 billion in 2012.

In 2012, the SulAmérica group continued improving the pricing processes for the auto segment, and the claims management process in views to deliver and achieve an even faster customer service. In contribution to this strategy SulAmérica now has 35 C.A.S.As (Centros Automotivos de Super Atendimento - Super Service Auto Centers) in major Brazilian cities.

As a strategy to expand its physical presence nationwide, the Company strengthened its relationship with the brokers and improved broker's network offering constant

training and education, enhancing the commissioning policy and the recognition of sales performance. Also the Company expanded the number of branches, ending the year with 69 units and presence in the major economic centers and regions with strategic potential. During 2012, SulAmérica also increased its premium income through partnerships with several financial institutions.

Property and Casualty Insurance Premiums

Insurance premiums for the other property and casualty segment totaled R\$485.4 million in 2012, decrease of 1.7% compared to 2011, R\$493.9 million. This decrease was mainly due to the premiums set back in the lines of property insurance (-41.8%), and marine insurance (-20.6%). In 2012, together these insurance lines shrank 30.1% and represented 39.6% of the total segment portfolio.

SulAmérica has been improving its risk acceptance policy in the other property and casualty segment and expanding its portfolio of massified insurance products. In 2012, the Company continued launching new products and reorganizing pricing policy, aiming to offer competitive products that meet market demand and its customers' needs.

Life and Personal Accident Insurance Premiums

In 2012, the segment of life and personal accident represented 4.6% of total premiums, totaling R\$484.1 million. Premiums rose 2.1% compared with the previous year, R\$473.9 million, in line with the increase in sales of products with higher average ticket and the performance improvement of distribution partnerships with in the massified sales channels. The portfolio of life insurance ended 2012 with 2.6 million insured beneficiaries.

Retained Claims and Benefits Expenses.

In 2012, retained claims and benefit expenses totaled R\$7.8 billion, increase of 16.4% over the previous year. Such expenditures with claims and benefits reflects the insured base growth in the various branches of business in which the Company operates. The total loss ratio of the Company fell 20 basis points, ending the year of 2012 at 74.4%.

In 2012, the loss ratio of the health insurance segment was 80.9%, up 90 bps from the previous year, 80.0%. This augment was due to the greater frequency of use observed in 2012 and the increase in prices of materials and medicines. SulAmérica has expanded activities to control the frequency of use and risk management. The loss ratio of the group health segment was 78.5%, 80 bps higher than last year, 77.7%. The loss ratio of the individual health segment was 89.9%, 290 bps above 2011, which was 87.0%.

Loss ratio of the auto insurance segment increased 60 bps compared to the previous year, from 64.1% to 64.7%. This increase was due, in part to, the characteristics of the competitive environment especially in the first half of the year.

In 2012, the loss ratio of the other property and casualty segment reached 44.5%, an improvement of 980 bps compared to 2011, 54.3%, becoming the lowest annual loss ratio in this segment since the Company's IPO in 2007.

In the personal and life insurance segment, the loss ratio was 45.1%, 1,890 bps better than 2011. This performance reflects the reversal of provisions for premiums deficiency, due to the revaluation of estimates motivated by judicial decisions.

Acquisition Costs¹⁰

In 2012, the Company's acquisition costs totaled R\$1.1 billion, increase of 3.0% compared to 2011. In the year, SulAmérica group acquisition costs ratio was 10.4%, 140 bps lower than the previous year, 11.8%.

The acquisition costs ratio in the health insurance segment was 6.3%, 50 bps decrease compared to 2011, 6.8%.

In the auto insurance segment, acquisition costs ratio was 19.3% in 2012, a 170 bps reduction from the previous year, 21.0%.

The acquisition costs ratio of other property and casualty insurance segment was 17.8% in 2012, 340 bps lower than 2011, 21.2%.

In the segment of personal accident and life insurance the acquisition costs ratio reached 24.2% in 2012, 990 bps decrease compared to last year, 34.1%.

Other Insurance Operating Income (Expenses)

Other insurance operating expenses totaled R\$311.0 million in 2012. This result was 20.8% higher (17.9% increase when adjusted to nonrecurring retrotac) than other insurance operating expenses in 2011. The other operating income expenses ratio¹¹ was 3.0% in 2012, 10 bps higher than 2011.

Net Operating Income from Asset Management Business

Asset management operations reported earnings of R\$44.9 million in 2012, an increase of 69.9% compared to 2011, R\$26.4 million. Most of these gains, R\$31.9 million came from management fees and R\$12.9 million was due to performance fees.

Based on public data released by ANBIMA, the volume of assets managed by Sul America Investimentos D.T.V.M grew 7.6% in 2012, ending the year with a total of R\$21.1 billion. Total proprietary assets managed amounted to R\$8.9 billion while the third-party assets under management totaled R\$12.2 billion.

Net Operating Income from ASO business

The net operating income from Administrative Services Only (ASO) plans decreased 18.6% in 2012 compared to 2011, declining from R\$29.7 million to R\$24.2 million. The portfolio of insured members of ASO plans ended the year with 241 thousand members, 8.4% lower than in December 31st, 2011. Mainly due to client's decision to migrate certain contracts to the regular insurance plans.

¹⁰ Until 2010, the line income statement line corresponding to this index was named marketing expenses

¹¹ Ratio based on retained premiums

Net Operating Income from Pension Funds Operations

Net operating income from pension funds operations recorded R\$14.6 million in 2012, 18.6% expansion compared to 2011 results, which were R\$12.3 million. Contributions rose by 20.9%, totaling R\$481.0 million, and VGBL reserves amounted to R\$3.7 billion in 2012, 14.0% above 2011, R\$3.3 billion.

Administrative expenses

Administrative expenses were R\$991.4 million in 2012, 18.2% above 2011. The administrative expenses ratio was 9.5% of retained premiums, 30 bps higher than 2011, 9.2%. The administrative expenses ratio improvement was caused by the reduction in expenses recovery line which, in turn, was mainly a consequence of the termination of a service contract.

Tax Expenses

Tax expenses totaled R\$218.2 million in 2012, 43.0% rise compared to 2011, R\$152.6 million.

Combined Ratio

In 2012, the combined ratio was 99.4%, 60 bps better than in 2011, 100.0%. Mainly due to lower loss ratio in all business segments and also by the decrease in the acquisition cost ratio in over the last few months of 2012.

Net Financial Income

The Company's portfolio of assets not linked to private pension and VGBL transactions increased 5.6% in 2012 over 2011, totaling R\$5.1 billion in 2012. The SulAmérica group return on invested securities not linked to private pension and VGBL transactions was 114.1% of CDI. The balance of pension and VGBL totaled R\$3.7 billion in December 2012, 14.1% above 2011.

In 2012, the financial income totaled R\$564.9 million, 14.2% decrease compared to 2011, R\$658.1 million. This result is due to economic scenario and lower interest rate in 2012.

Income Tax and Social Contribution

Income tax and social contribution expenses reached R\$231.3 million in 2012, 11.0% improvement compared to 2011, R\$259.8 million.

Net Income and Return on Average Equity (ROAE).

SulAmérica group ended 2012 with net income of R\$483.7 million, 7.8% increase compared to net income in 2011. Return on average equity (ROAE) in 2012 was 15.0% while in the previous year was 15.0%.

Operating Income of the year ending as of December 31st 2011 compared to the year ending as of December 31st 2010.

Insurance premiums

In 2011, SulAmérica group presented insurance premiums of R\$9.4 billion, increase of 14.0% (14.7% when adjusted to retrotac¹² effects), over 2010. Insurance premiums of the Company and its subsidiaries were composed by the following segments: (i) health and dental insurance, which accounted for 66.2% of premiums, (ii) auto insurance, which accounted for 23.6%, (iii) other property and casualty, which accounted for 5.2%, and (iv) life and personal accident insurance, with 5.0% of total premiums in 2011. The table below shows the premiums breakdown by business segment for the years of 2011 and 2010

(In R\$ million)	Insurance Premiums									
	Health and Dental		Auto		other property and casualty		life		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Insurance premiums	6,237.3	5,295.0	2,220.9	2,070.6	493.9	460.7	473.9	439.8	9,426.1	8,266.1
Adjusted insurance premiums	6,247.8	5,258.3	2,220.9	2,070.6	493.9	460.7	473.9	439.8	9,436.6	8,229.4
Earned Premiums	6,111.0	5,279.4	2,170.2	1,842.8	318.7	329.9	344.7	412.3	8,944.5	7,864.5
Adjusted earned premiums	6,121.4	5,242.7	2,170.2	1,842.8	318.7	329.9	344.7	412.3	8,955.0	7,827.8

Health Insurance Premiums

In 2011, health and dental insurance premiums, comprised of group and individual segments, totaled R\$6.3 billion, an increase of 17.8% (18.8% when adjusted to retrotac effects) compared to the year of 2010.

(In R\$ million)	Insurance Premiums					
	Group		Individual		Total	
	2011	2010	2011	2010	2011	2010
Insurance premiums	4,730.5	3,789.9	1,506.8	1,505.1	6,237.3	5,295.0
Adjusted insurance premiums	4,730.5	3,789.9	1,517.3	1,468.3	6,247.8	5,258.3

¹² In July 2005, the ANS authorized SulAmérica to readjust the prices of individual health insurance policies issued prior to January 1, 1999 in 26.1%. This adjustment should have been applied from July 2005 to June 2006, observed the anniversary date of each contract. Due to a provisional ruling, the adjustment was suspended at that time. Those contracts were charged the same percentage of readjustment of new policies, issued after January, 1999 (11.69%). In late November 2009, the provisional decision was revoked, restoring the right of SulAmérica to have their tuition adjusted, as occurred in other states. From December 2009, health insured members of the State of Bahia were added to the monthly payment a difference of 12.9% relative to the adjustment applied in 2005. The adjustments related to the issuance of supplementary health insurance premiums were recorded in the individual financial statement segment lines for: premiums, other operating expenses, tax expenses and income tax and social contribution.

Earned Premiums	4,606.6	3,778.7	1,504.4	1,500.8	6,111.0	5,279.4
Adjusted earned premiums	4,606.6	3,778.7	1,514.9	1,464.1	6,121.4	5,242.7

At the end of 2011, the Company had 2.1 million beneficiaries in the segment of health and dental insurance, 26.3% growth over the previous year. When beneficiaries served by ASO plans (Administrative Services Only) are considered, the Company reached 2.4 million beneficiaries, 19.0% growth compared to 2010.

(In R\$ million)	Beneficiaries	
	2011	2010
Corporate	1,176	991
SME	272	222
Dental	450	221
Individual	241	259
ASO	263	326
Total	2.403	2.019

In 2011, premiums of group health insurance, which is divided into three subgroups: corporate, small and medium enterprises (SMEs) and dental plans totaled R\$4.7 billion and expanded 24.8% over the previous year.

In 2011, health premiums of the corporate segment increased 20.9% compared to 2010. In December 2011, the corporate group health portfolio had 1,176 thousand members, 49.0% of total beneficiaries of the health segment.

Premiums for health SME segment grew 37.0% between 2010 and 2011. This performance was achieved due to the adjustments applied to the plans and to the increase in the number of insured members of this portfolio, which amounted to 272 thousand members at the end of 2011, 22.5% above 2010.

In the dental plans segment, premiums growth was 93.7% in 2011. Total revenues of the dental plans segments reached R\$73.9 million. At the end of 2011, the Company had 450 thousand beneficiaries, 103.4% augment over 2010, reflecting both organic growth and Dental Plan acquisition.

Premiums of the individual health insurance segment amounted to R\$1.5 billion in 2011, growth of 0.1% compared to 2010 (growth of 3.3% when adjusted for retroactive effects). The portfolio of individual health insurance ended 2011 with 241 thousand members, a decrease of 6.7% over 2010. Premiums readjustments of 7.69% (policies issued after the enactment of Law 9656/98) and 7.35% (policies issued after the enactment of Law 9656/98) authorized by the ANS and applied from the second quarter of 2011 partially offset the reduction in the insured portfolio.

Auto Insurance Premiums

Auto insurance premiums totaled R\$2.2 billion in 2011, expanding 7.3% in relation to 2010, that were of R\$2.1 billion. This expansion was due the pricing recovery of policies issued from the beginning of the third quarter and by the increase of 8.2% in the insured fleet, which reached 1.5 million vehicles at the end of 2011.

In 2011, the SulAmérica group improved the pricing processes for the auto segment, and the claims management process in views to deliver and achieve an even faster customer service. In contribution to this strategy, in 2011, SulAmérica inaugurated six new C.A.S.As (Centros Automotivos de Super Atendimento - Super Service Auto Centers), and now has 35 units in major Brazilian cities.

As a strategy to expand its physical presence nationwide, the Company strengthened its relationship with the brokers and improved broker's network offering constant training and education, enhancing the commissioning policy and the recognition of sales performance. Also the Company expanded the number of branches, ending the year with 63 units and presence in the major economic centers and regions with strategic potential. During 2011, SulAmérica also increased its premium income through partnerships, extended with the agreement signed in April 2011 with Caixa Seguros for the auto segment.

Property and Casualty Insurance Premiums

Insurance premiums for the other property and casualty segment reached R\$493.9 million in 2011, increase of 7.2% compared to 2010, R\$460.7 million. This increase was mainly due the premiums growth in the lines of transport insurance (+7.4%), massified insurance (+4.6%) and general liability insurance (+89.3%). In 2011, together these insurance lines grew 17.6% and represented 55.7% of the total segment portfolio.

SulAmérica has been improving its risk acceptance policy in the other property and casualty segment and expanding its portfolio of massified insurance products. In 2011, the Company launched new products and initiated the pricing policy reorganization, aiming to offer competitive products that meet market demand and its customers' needs.

Life and Personal Accident Insurance Premiums

In 2011, the segment of life and personal accident represented 5.0% of total premiums, totaling R\$473.9 million. Premiums rose 7.8% compared with the previous year, R\$439.8 million, in line with the increase in sales of products with higher average ticket and the performance improvement of distribution partnerships with in the massified sales channels. The portfolio of life insurance ended 2011 with 2.3 million insured beneficiaries.

Retained Claims and Benefits Expenses.

In 2011, retained claims and benefit expenses totaled R\$6.7 billion, increase of 19.4% over the previous year (19.5% increase when adjusted for retrotac effects). Such expenditures with claims and benefits reflects the insured base growth in the various branches of business in which the Company operates. The total loss ratio of the Company rose 350 basis points, ending the year of 2011 at 74.6% (74.5% when adjusted for retrotac effects).

In 2011, the loss ratio of the health insurance segment was 79.8%, up 220 bps from the previous year, 77.6%. This augment was due to the greater frequency of use observed in 2011 and the increase in prices of materials and medicines. SulAmérica has expanded activities to control the frequency of use and risk management. The loss ratio of the group health segment was 77.7%, 200 bps higher than last year, 75.7%.

The loss ratio of the individual health segment was 87.0%, 590 bps above 2010, which was 81.1%. The adjusted loss ratio for individual health segment in 2011 was 86.4%, up 350 bps over 2010, 82.9%.

Loss ratio of the auto insurance segment increased 370 bps compared to the previous year, from 60.4% to 64.1%. This increase was due, in part to, the characteristics of the competitive environment especially in the first half of the year and the increase in claims cost (spare parts and labor in the automotive workshops).

In 2011, the loss ratio of the other property and casualty segment reached 54.3%, an improvement of 270 bps compared to 2010, 57.0%, becoming the lowest annual loss ratio in this segment since the Company's IPO in 2007.

In the personal and life insurance segment, the loss ratio was 64.0%, negatively impacted by a provision for premium insufficiency (PIP) of R\$97.8 million made in the first half of 2011. Compared to 2010, 50.5%, the loss ratio increased 1,350 bps.

Acquisition Costs¹³

In 2011, the Company's acquisition costs totaled R\$1.0 billion, increase of 14.7% compared to 2010. In the year, SulAmérica group acquisition costs ratio was 11.8%, 10 bps higher than the previous year, 11.7%.

The acquisition costs ratio in the health insurance segment was 6.8%, 40 bps increase compared to 2010, 6.4%.

In the auto insurance segment, acquisition costs ratio was 21.0% in 2011, a 180 bps reduction from the previous year, 22.8%.

The acquisition costs ratio of other property and casualty insurance segment was 21.2% in 2011, 10 bps decrease from 2010, 21.1%.

In the segment of personal accident and life insurance the acquisition costs ratio reached 34.1% in 2011, 1,100 bps increase compared to last year, 23.2%.

Other Insurance Operating Income (Expenses)

Other insurance operating expenses totaled R\$257.5 million in 2011 (R\$263.7 million when adjusted for non-recurring effects related to retrotac). This result was 22.0% lower (18.3% reduction when adjusted to nonrecurring retrotac) than other insurance operating expenses in 2010. The other operating income expenses ratio¹⁴ was 2.8% in 2011 (2.9% when adjusted for nonrecurring effects related to retrotac), an improvement of 130 bps (110 bps when adjusted for nonrecurring effects related to retrotac).

Net Operating Income from Asset Management Business

¹³ Until 2010, the line income statement line corresponding to this index was named marketing expenses

¹⁴ Ratio based on retained premiums

Asset management operations reported earnings of R\$26.4 million in 2011, an increase of 26.3% compared to 2010, R\$20.9 million. Most of these gains, R\$22.1 million came from management fees and R\$4.3 million was due to performance fees.

Based on public data released by ANBIMA, the volume of assets managed by Sul America Investimentos D.T.V.M grew 12.0% in 2011, ending the year with a total of R\$19.6 billion. Total proprietary assets managed amounted to R\$8.4 billion while the third-party assets under management totaled R\$11.2 billion.

Net Operating Income from ASO business

The net operating income from Administrative Services Only (ASO) plans decreased 2.0% in 2011 compared to 2010, declining from R\$30.3 million to R\$29.8 million. The portfolio of insured members of ASO plans ended the year with 263 thousand members, 19.2% lower than in December 31st, 2010. Mainly due to client's decision to migrate certain contracts to the regular insurance plans.

Net Operating Income from Pension Funds Operations

Net operating income from pension funds operations recorded R\$12.3 million in 2011, R\$20.5 million expansion compared to 2010 results, which were negative by R\$8.2 million. Contributions rose by 7.7%, totaling R\$398.0 million, and VGBL reserves amounted to R\$3.3 billion in 2011, 15.7% above 2010, R\$2.8 billion.

Administrative expenses

Administrative expenses were R\$795.0 million in 2011, 8.9% above 2010. The administrative expenses ratio was 8.7% of retained premiums, 30 bps improvement compared to 2010, 9.0%. The administrative expenses ratio improvement was caused by the reduction in staff costs, reached through optimization of internal processes and partially offset by an increase in outsourcing contracts, especially those related to information technology.

Tax Expenses

Tax expenses totaled R\$152.4 million in 2011, 3.4% rise compared to 2010, R\$147.4 million. Considering adjusted numbers, tax expenses totaled R\$152.6 million, 4.7% increment over 2010.

Combined Ratio

In 2011, the combined ratio was 99.6%, 170 bps higher than in 2010, 97.9%. Higher lost ratio recorded in 2011 in comparison to 2010 was offset by reductions in acquisition costs, other operating income and expenses, administrative expenses and taxes, as previous mentioned.

Net Financial Income

The Company's portfolio of assets not linked to private pension and VGBL transactions increased 1.9% in 2011 over 2010, totaling R\$4.8 billion in 2011. From this total, about 98% were allocated to fixed income assets, which were primarily invested in

securities with "AAA" ratings or sovereign risk ratings (government bonds). The SulAmérica group return on invested securities not linked to private pension and VGBL transactions was 110.4% of CDI. The balance of pension and VGBL totaled R\$3.3 billion in December 2011, 16.8% above 2010.

In 2011, the financial income totaled R\$658.1 million, 29.0% increment compared to 2010, R\$510.1 million. This result is due to the increase in the average investment balance (gain on sale of fixed income securities and in those pegged to inflation) and the rise of interest rates observed in the first half of 2011. On December 31st 2011, the balance of the Senior Notes payable, net of amortizations, totaled R\$352.0 million

Income Tax and Social Contribution

Income tax and social contribution expenses reached R\$258.2 million in 2011, 26.9% decrease compared to 2010, R\$353.4 million. Adjusted income tax and social contribution expenses totaled R\$259.8 million in 2011, 13.7% higher than in 2010, R\$228.5 million.

Net Income and Return on Average Equity (ROAE).

SulAmérica group ended 2011 with net income of R\$445.7 million, R\$168.3 million or 27.4% decrease compared to net income in 2010. Return on average equity (ROAE) in 2011 was 14.9% while in the previous year was 21.5%. When assessing the Company's adjusted results¹⁵, net income was R\$448.1 million in 2011, 5.0% increase over the adjusted figures for 2010, R\$426.6 million. Return on average equity (ROAE) was 15.0%, 10 bps above 2010.

Operating Income of the year ending as of December 31st, 2010 compared to the year ending as of December 31st, 2009

Insurance premiums.

SulAmérica group had a Premium income of R\$8.4 billion in 2010, with a negative 3.0% compared to 2009. The small decrease reflects the fact that controlled company Brasilveículos Companhia de Seguros ceased to appear in the consolidated financial statements as of 2010, because of its disposal to Banco do Brasil, which took place on October 29th, 2010. Once Brasilveículos contribution was no longer considered in 2009, the consolidated Premium revenues showed an increase of 15.2% in 2010, which was higher than the average expansion of the industry in that year. The Company and its controlled companies' total premiums were constituted by the following segments: (i) health insurance, which represented 62.7% of the premiums; (ii) auto insurance, which represented 24.7%; (iii) other property and casualty insurance, which represented 5.5%; and (iv) personal insurance, which represented 7.1%.

Health insurance premiums totaled R\$5.3 billion in 2010, with a growth of 17.3% compared to 2009. Group health insurance premiums totaled R\$3.8 billion in the year, with a growth of 21.7% compared to 2009. The group health insurance segment had a

¹⁵ Brasil Veículos sale, Brasilsaúde and Dental Plan acquisitions and disposal of the Morumbi building.

total of 1,435 thousand insured members at the end of the year, with a growth of 15.1% compared to 2009. Health insurance premiums growth is due to the increase of new sales, with 293 thousand new members being added to group health portfolio in 2010, and adjustments applied to the policies in effect. Premiums for the health insurance segment for small and medium companies (PME) showed an expansion of 29.9% in 2010 compared to 2009, totaling R\$752.2 million. Such expansion compared to the previous year resulted mainly from the increase of 23.5% in the number of insured members, with a portfolio that reached 222,470 members at the end of the year. Dental plan portfolios ended year 2010 with 264,851 beneficiaries, showing a growth of 57.4% compared to 2009.

In the individual health segment, premiums totaled R\$1.5 billion in the year, showing a growth of 7.4% compared to 2009. The portfolio of individual health insured members showed a decrease of 7.1% in 2010 compared to the previous year, ending the year with 258,609 members. The effect of the decrease in the number of insured members on the premiums of individual health insurance was partially counterbalanced by the adjustments of individual policies applied in the year. ANS approved an increase of 6.73% for individual health insurance policies issued pursuant to Law No. 9.656/98, in effect as of May, 2010, being applied in the anniversary month of the relevant policy. Additionally, ANS approved an increase of 10.91% for policies issued before the effective date of the Law referred to above, which was July, 2010.

Auto Insurance Premiums

Auto insurance premiums totaled R\$2.1 billion, with a decrease of 29.4% compared to 2009. Such decrease is due to the fact that controlled company Brasilveículos was not included in the consolidated statement in 2010 because of its disposal to Banco do Brasil, which was entered into as of October 29th, 2010. Since the contribution of Brasilveículos in 2009 was not considered, insurance premiums had an increase of 25.4%, surmounting the market growth in the auto segment, which was 15.3%.

Property and Casualty Insurance Premiums

For insurance of property and casualty insurance segments, the premiums totaled R\$460.7 million in 2010, a decrease of 37.2% compared to 2009. The decrease of insurance premiums is an effect of the of risk acceptance policy review adopted for that portfolio.

Life and Personal Accident Insurance Premiums

In the segment of personal insurance, which also encompasses personal accident insurances and VGBL, premiums had an increase of 19.6% compared to 2009, totaling R\$594.9 million. The Personal portfolio ended 2010 with 2,347 ensured clients, a decrease of 5.5% compared to 2009.

Retained claims and expenditures with benefits.

In 2010, retained claims and expenditures with benefits reached R\$5.6 billion, a decrease of 2.0%, due mainly to the non-consolidation of Brasilveículos in the financial statements of SulAmérica group. Loss ratio (Retained claims and benefit expenses divided by earned premiums) decreased 2.2% ending the year with 71.1%.

Total health loss ratio was 77.2% in the year, an improvement of 3.6% compared to 2009. Such claim improvements in the health insurance segment reflects the positive

gains obtained with the implementation of measures aiming at a greater control of services use. Such improvement also reflected adjustment applied to group policies, aligned with the pricing policy of SulAmérica group; and readjustments approved by ANS for individual policies.

The loss ratio of the auto insurance segment was 60.4%, a decrease of 0.6% compared to 2009.

The loss ratio for other property and casualty insurance segments was 57.0%, a decrease of 22.8% compared to 2009. Such decrease is explained mainly by the better organization of the portfolio obtained with the revision of the risk acceptance policy.

The loss ratio of personal insurances decreased 6.4%, ending the year in 52.1%. Such decrease is mainly to the change in the insurance portfolio organization, and the growth of the personal accident insurances share in the total portfolio composition.

Acquisition Costs

Acquisition Costs totaled R\$927.7 million in 2010, showing an increase of 5.3%. The acquisition cost ratio (acquisitions costs divided by earned premiums) of SulAmérica group showed a small increase of 0.5%, reaching 11.8% in 2010.

Acquisition cost ratio for health insurance showed a growth of 0.5% compared to 2009, reaching 6.4% in the year. Such growth is explained by the change in the portfolio's composition with a higher share for the group health insurance and the small and medium companies segment, without any change in the commissioning policy adopted by SulAmérica group.

The acquisition cost ratio for auto insurance increased 4.4 % in the year, ending at 22.8% in 2010, in line with the non-inclusion of controlled company Brasilveículos in the consolidated financial statements in 2010. Comparatively, The acquisition cost ratio decreased 0.5%.

The acquisition cost ratio for insurances of other property and casualty insurance segments remained stable compared to 2009, 21.1% in 2010.

The acquisition cost ratio for personal insurance was 25.5%, an increase of 2.6 % in 2010 compared to 2009. Such increase is explained by the business conditions carried out in regard to personal accident insurances, with a stronger share in the portfolio's composition.

Other personal insurance revenues and expenditures.

Other operational expenditures showed increased 205.3% in 2010. Such increase is an effect of re-classification of costs and revenues directly related to the process of procuring and/or renewing new agreements, such as risk inspection, prior inspection, policy cost and related expenditures, which started to be accounted for in the marketing expenditures line; and an increase in provision for legal contingencies.

Net Operating Income from Pension Funds Operations

Private pension operations income decreased 84.4%, resulting in R\$4.3 million in the year. Such decrease is an effect of a provision increase in the amount of R\$29.4 million, due to the adoption of the BR-EMS mortality table (Tábua de mortalidade, Experiência do Mercado Segurador Brasileiro) without taking into consideration the respective part of the guarantee assets accounted as held to maturity.

Net Operating Income from ASO business.

The Income of health administrative services (post-payment managed healthcare plans) showed a decrease of 2.0% in 2010 compared to 2009, totaling R\$30.3 million. The decrease is explained by accounting adjustments made in the year, which involved re-classification of accounts previously recorded in administrative expenditures, partially counterbalanced by the increase of 21.4% in the number of beneficiaries of this portfolio, which had 326.0 thousand members at the end of the year, and also by the increase of the average rate of management, in line with the adjustment conditions provided in the respective agreements.

Net Operating Income from Asset Management Business

The amount of managed funds by Sul América Investimentos D.T.V.M. S.A. increased 21.3% in 2010, and ended the year with a total of R\$17.5 billion under management, according to data disclosed by ANBIMA. According to the same source, total assets under management in the industry increased 16.8% in the period. Income from asset management operations increased 14.9% in the year, due to the increase in the number of assets under management and bigger allocation of clients' resources to funds with a diversified profile and better management fees.

Administrative expenses.

Administrative expenses decreased 22.5%. The administrative expenses ratio (administrative expenses divided by retained premiums) corresponded to 8.9% of withheld premiums, an improvement of 2.5% compared to the previous year. The decrease of administrative expenditures was positively influenced by the non-inclusion of the controlled company Brasilveículos in the 2010 consolidated financial statements. The improvement is explained not only by the gains obtained with the operational efficiency enhancement plan currently in progress, but also by the positive effect of the recovery of expenditures incurred with the shared use of SulAmérica group operational systems and administrative structure by the controlled company Brasilveículos.

Tax expenses.

Tax expenses decreased 17.1% in 2010, representing 1.8% of the withheld premiums. There was a decrease of tax expenses reflecting the non-inclusion of controlled company Brasilveículos in the 2010 consolidated financial statements.

Financial income.

The Company and its controlled companies' balance of investments in securities increased 9.9% in 2010 compared to 2009, totaling R\$7.5 billion. From that amount, approximately 99.0% are allocated in fixed income assets whereas 1% is represented by equity investments, being approximately 92.4% of the investments in fixed income allocated to AAA risk securities or sovereign debt (government securities). The total profitability of the investment portfolio was 117.1% of the CDI in 2010.

Income tax and welfare contribution.

Expenses related to income tax and welfare contribution increased 179.8% in 2010, which is mainly explained by the better use of SulAmérica group 2009's tax losses. The effective rate in 2010 was 35.0%, with an increase of 14.3 % regarding the effective rate recorded in 2009, which was 20.7%.

Net profit and return on average net equity (ROAE).

SulAmérica group ended 2010 with a net profit of R\$614.0 million, which corresponds to a growth rate of 48.5% compared to the net profit of 2009. The average net equity return in 2010 was 21.5%. The Company's management sent to its shareholders a proposal for allocation of the net income that contemplates payment of dividends in the amount of R\$291.7 million, equivalent to 50% of the adjusted net profit of the year.

b. Variation of revenues resulting from change in prices, taxes, exchange rates, inflation, change in amounts and launching of new products and services in the market.

There were no significant variations in revenues resulting from changes in prices, exchange rates, inflation rates, changes in amounts and launching of new products and services in the market, besides the ones explained in the foregoing sections.

c. Impact of inflation, price variation of main products and services, exchange rate and interest rate in operational result and financial result.

There was no significant impact in the Company and its controlled companies' operational and financial income due to variation of prices of main products and services, exchange rate and interest rate, besides those already explained above.

10.3 The Company's officers should comment on the significant effects that the events below had or are expected to have on the issuer's financial statements and its profit¹⁶:

a. Introduction or alienation of the operational segment.

There was no introduction or alienation of operational segments in 2010, 2011 and 2012.

b. Creation, acquisition or alienation of corporate interest.

On April 5th, 2010, Sul América S.A. informed the market that its controlled company Sul América Companhia Nacional de Seguros entered into an agreement for the sale of the property where its headquarters were located, in the City of São Paulo, at Rua Pedro Avancine 73. The transaction was completed on June 4th, 2010, and generated a net income of R\$41.0 million.

On July 8th, 2010, Sul América Seguro de Saúde S.A. purchased from BB Seguros e Participações S.A. a stake of 49.92% in the capital stock of BrasilSaúde Companhia de Seguros which operates with group and individual health, for the amount of R\$29.2 million with a premium of R\$6.9 million.

On October 5th, 2010, SUSEP approved the sale of Brasileículos Companhia de Seguros's shares owned by Sul América Companhia Nacional de Seguros to BB Aliança REV Participações S.A. The payment of R\$359.0 million, including approximately R\$19.0 million related to CDI adjustment between the date of the agreement and

¹⁶ In the texts that follow Sul América S.A. will be referred to as "the Company" and the term "SulAmérica group" will be used in regard to the group of companies constituted by Sul América S.A. and its controlled companies.

payment date was on October 29th, 2010. This transaction generated a non-recurrent gain of approximately R\$135.0 million.

On December 13th, 2010, the controlled company Sul América Companhia de Seguro de Saúde entered into an agreement for the purchase of Dental Plan Ltda. for R\$28.5 million. On April 18th, 2011, was approved the acquisition of DentalPlan Ltda, for the amount of R\$31.1 million. Goodwill of R\$30.3 million generated in the transaction, due to the expected future profitability, based on present value of projected cash flows, considers strategic assumptions determined by management and was recorded in the consolidated under the "Intangible" and "Investments" in Sul América Companhia de Seguro Saúde ("Cia Saúde").

On November 30th 2011, Sul América Santa Cruz Participações S.A. acquired from the company Sul América Seguros de Pessoas e Previdência S.A. ("SULASEG"), 343.350 shares (three hundred forty-three thousand, three hundred and fifty) issued by Executivos S.A. Administração e Promoção de Seguros ("Executivos"), for a total price of R\$1.6 million. The valuation of Executivos was promoted by the company Acal Auditores Independentes S.A considering data from October 31st, 2011. The goal of this transaction was cost reduction and cost optimization, aiming at improving operational and administrative efficiency. The incorporation of Executivos by Santa Cruz, was approved, and thus Executivos was terminated.

On May 28, 2012, the Company published a material fact informing that its subsidiary Sul América Santa Cruz Participações S.A. entered into an agreement for the purchase and sale of shares with Saspar Participações S.A. (SASPAR) aiming at purchasing the totality of shares held by SASPAR in the capital of Sul América Capitalização S.A. (SULACAP), that represents 83.27% of the capital of SULACAP, for the base price of R\$214 million, which amount may increase up to R\$71 million provided that certain agreement conditions are met. The seller is controlled by Sulasa Participações S.A. (SULASA), the parent company of the Company.

The completion of this acquisition shall be timely submitted to the Shareholders' Meeting and shall depend on the fulfillment of certain suspensive conditions that are usual in similar transactions, including the approval from the appropriate regulating authorities.

c. Unusual events or operations.

Not applicable.

10.4 The Company's officer must comment on¹⁷:

- a. Relevant changes in accounting practices, and**
- b. Relevant effects of changes in accounting practices**

¹⁷ In the texts that follow Sul América S.A. will be referred to as "the Company" and the term "Sul América group" will be used in regard to the group of companies constituted by Sul América S.A. and its controlled companies.

SUSEP issued on April 29, 2011 the Circular No. 424 which provided for changes in the chart of accounts and disclosure template that produced an impact on the financial statements. The financial statements for 2010 were reclassified for purposes of uniformity among the comparative periods presented and, accordingly, differ from that published on February 25, 2011.

The presented reclassifications do not have impact on profit or loss or shareholders' equity. In addition, the Management judged that the impacts of reclassifications on the statement of financial position as of January 1, 2010 were not significant for the understanding of these financial statements, not being necessary to present the statement of financial position reclassified as at that date.

The reconciliation between the financial statements as of December 31st 2010, published on February 25, 2011, and those used for comparison purposes is as follows:

(in R\$ thousand)	December 31st 2010		
	Published	Reclassification	Reclassified
ASSETS			
Cash, cash equivalents and marketable securities	7,560,950	-	7,560,950
Receivables from insurance and reinsurance operations and private pension operations ^(a)	1,354,903	(399,019)	955,884
Reinsurance assets - technical reserves ^(a)	-	454,095	454,095
Accounts receivables	2,533,670	-	2,533,670
Assets held for sale and other assets	47,795	-	47,795
Prepaid expenses	29,969	-	29,969
Deferred acquisition costs ^(a)	493,845	3,401	497,246
Reinsurance and retrocession expenses - deferred ^(a)	83,991	(83,991)	-
Investments, property and equipment and intangible assets	163,106	-	163,106
TOTAL	12,268,229	(25,514)	12,242,715

(in R\$ thousand)	December 31st 2010		
	Published	Reclassification	Reclassified
LIABILITIES			
Accounts payable, other lawsuits, other debts and sundry debts	2,470,053	10	2,470,063
Payables for insurance, reinsurance and private pension operations ^(a)	357,991	(15,980)	342,011
Third-party deposits ^(a)	63,758	(9,440)	54,318
Technical reserves - insurance and private pension operations	6,484,570	(104)	6,484,466
Shareholders' equity	2,891,857	-	2,891,857
TOTAL	12,268,229	(25,514)	12,242,715

(a) These basically refers to the transfer of the reserves for reinsurance from the headings "Receivables from Insurance and Reinsurance Operations" and "Reinsurance and Retrocession Operations - Deferred" to the new heading "Reinsurance Assets - Technical Reserves" in assets, and of the reinsurance commissions for the heading "Insurance and Reinsurance Operations" in liabilities

(in R\$ thousand)

	December 31st 2010		
	Published	Reclassification	Reclassified
Income Statement			
Insurance operations			
Retained premiums ^(b)	8,248,633	(155,039)	8,093,594
Changes in technical reserves ^(b)	(397,830)	168,723	(229,107)
Earned Premiums	7,850,803	13,684	7,864,487
Asset management fees ^(b)	6,774	(6,774)	-
Incurred claims	(5,562,909)	-	(5,562,909)
Benefits expenses ^(b)	(22,554)	(761)	(23,315)
Acquisition costs ^(b)	(927,670)	6,311	(921,359)
Other insurance operating income/expenses	(330,060)	-	(330,060)
Private pension operations			
Premiums and Income from retained contributions ^(b)	214,326	155,039	369,365
Changes in technical reserves ^(b)	(215,657)	(168,723)	(384,380)
Asset management fees ^(b)	18,333	6,774	25,107
Benefits and redemption expenses ^(b)	(5,765)	761	(5,004)
Acquisition costs ^(b)	(6,397)	(6,311)	(12,708)
Other insurance operating income/expenses	(557)	-	(557)
Net operating income from ASO business, financial income/expenses, administrative and tax expenses	(826,061)	-	(826,061)
Net financial and equity income	816,683	-	816,683
Income before income tax, social contribution and profit sharing	1,009,289		1,009,289
Income tax and social contribution	(353,414)	-	(353,414)
Profit sharing	(42,974)	-	(42,974)
Net income for the year	612,901	-	612,901

(b) These basically refer to the transfer of the entire operation of VGBL (Vida Gerador de Benefício Livre) from the Insurance to the Private Pension group (contributions, technical reserves, fees, etc.).

The 2011 financial statements have been reclassified to meet SUSEP Circular No. 430/2012. The only change occurred in the balance sheet related to the reclassification of the subaccount "Other Operating Credit" for the account level, removing it from the group of accounts "Loans from insurance and reinsurance". On 31/12/2011 the amount was R\$206,013 on a consolidated basis.

The Company's management felt that the impact of this reclassification on the individual and consolidated balance sheets on 01/01/2011 is not relevant because it does not affect net working capital, shareholders' equity or net income and therefore is not significant to understand these financial statements and are not necessary to present the reclassified balance sheet for that date.

c. Emphasis in Independent Auditors' Report

The Financial Statements incorporate, among other information, the Independent Auditors' Report. It is responsibility of the auditors express an opinion on these financial statements based on the audit conducted.

In fiscal years 2012, 2011 and 2010 our Independent Auditor expressed an opinion, stating that the financial statements presented fairly, in all material respects, the financial condition of equity and SulAmérica.

However, in these Financial Statements were included a paragraph for emphasis, as reproduced below:

"(...) the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. With regards to Sul América S.A., these practices only differ from the IFRS, applicable to separated financial statements, in respect to the valuation of investments in subsidiaries using the equity method, since under IFRS these investments would be presented under cost or fair value methods. Our opinion is not qualified due to this matter."

It means that the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) and also in accordance with the accounting practices adopted in Brazil (BR GAAP), while the individual financial statements of the Company are prepared in accordance with Brazilian GAAP comprising Brazilian Corporate Law and the pronouncements, interpretation and guidelines issued by the Accounting Pronouncements Committee (CPC), approved by the Brazilian Securities and Exchange Commission (CVM).

Therefore, the individual financial statements of the Company were prepared in accordance with the BR GAAP, and such practices differ from those of IFRS, as there are no individual financial statements according to the IFRS, but separate financial statements, in which investments in subsidiaries, associates and joint ventures are not accounted for using the equity method, as in the individual financial statements prepared in accordance with the BR GAAP, but stated at cost or fair value

It should be noted that the Audit adds in his opinion, the consolidated and individual financial statements are presented together because there is no difference between their shareholders' equity and profit or loss for the year.

Additionally, the Board judged that the impacts of the adoption of different standards for the individual and consolidated financial statements is not significant to understand these financial statements and are not necessary to present the reclassified balance sheet for that date.

10.5 Significant Accounting Policies of the Company¹⁸

1. Significant accounting policies

The accounting practices described below have been applied consistently in all periods presented in the financial statements.

1.1. Summary accounting policies

The significant accounting practices adopted are:

¹⁸In the texts that follow Sul América S.A. will be referred to as "the Company" and the term "SulAmérica group" will be used in regard to the group of companies constituted by Sul América S.A. and its controlled companies.

1.1.1. Profit or loss

Determined on the accrual basis of accounting and considers the following:

- Insurance premiums are recorded over the risk coverage of the underlying policies/invoices. Premiums for policies/invoices not yet issued, but with risks already being insured, are actuarially calculated;
- Private pension contributions are recognized as Income from Retained Contributions when they are effectively received. The participant's rights are reflected by the recognition of technical reserves as contra-entry to profit or loss for the year;
- Commissions from insurance of unexpired risks lines, brokerage from insurance, costs directly related to soliciting insurance contracts (INSS- Social Security Contribution on brokerage commission, risk inspection, sales performance bonus, third-party costs and personnel expenses), net of the revenue from policy costs, are recorded as deferred acquisition costs when payable. Commissions from damage insurance are amortized based on the insurance contract period and the brokerage from health insurance and private pension are amortized over the average period the policyholders remain in the portfolio, taking into consideration the terms of the policies, the coverage period and the expectation of cancellation or renewal of policies. Other deferred costs and revenues from "policy costs" are appropriated on straight-line basis over the term of the insurance contracts, except for health insurance and private pension products, in relation to which the other costs are amortized for the average time policyholders remain as such. Commissions related to current risks, whose policies/invoices have not yet been issued, are estimated based on actuarial calculations that take into account the historical experience;
- Claims are reflected in profit or loss based on the methodology known as Incurred But Not Paid (IBNP) which aims at reflecting the final claim rate estimated for contracts with coverage risk in force. Claims include estimated indemnification and expenses to be incurred from the processing and regularization of claims, for both the individually Allocated Loss Adjustment Expenses (ALAE) and the Unallocated Loss Adjustment Expenses (ULAE).

1.1.2. Statement of financial position

- Receivables and payables falling due after 12 months are recorded in non-current assets and liabilities, respectively, except those arising from marketable securities, which are classified according to the expectation of realization;
- Transactions denominated in foreign currency are translated into the functional currency at the exchange rate prevailing on the transaction date. Assets or liabilities denominated in foreign currency are translated into the functional currency at the exchange rate prevailing at the reporting date of financial statements;
- Assets and liabilities subject to monetary variation are adjusted based on indexes as provided for by the Law or agreement;
- Deferred tax assets are not adjusted to present value.

1.2. Financial instruments

The classification of financial instruments is as follows:

1.2.1. Measured at fair value through profit or loss

- **Securities**

Securities acquired for the purpose of being actively and frequently traded are recognized at fair value and classified in current assets. The earnings, gains and losses on these securities are recognized in profit or loss.

In certain cases, securities may be classified into this category, even though they are not frequently traded, based on the investment strategy (Note 5.4.2. – item a) and according to the documented risk management.

- **Derivatives**

These are classified in current assets or current liabilities as securities at fair value through profit or loss, being composed of swaps, options and futures contracts. The swap operation, which purpose was to hedge the principal amount of Senior Notes (see Notes 6.2 and 16.4) was measured at fair value according to the method for accounting cash flow hedge transactions, with gains or losses, net of their tax effects, accounted for directly under "Equity Adjustment" in shareholders' equity. The effectiveness of this hedge is within the range of 80% to 125%.

1.2.2. Available-for-sale securities

Securities that cannot be classified as "securities at fair value through profit or loss", "loans and receivables" or "held-to-maturity securities" are classified into "available for sale" and recognized at cost, plus income earned in the period, recorded in profit or loss and adjusted to respective fair values. Unrealized gains and losses are recorded in a separate shareholders' equity account, net of their corresponding tax effects and, when realized or when there is impairment, are allocated to profit or loss as a contra entry to a separate shareholders' equity account.

1.2.3. Held-to-maturity securities

Securities for which SulAmérica has the intent and financial condition to maintain in portfolio to maturity are stated at cost, plus income earned through the period which is recorded in profit or loss.

1.2.4. Loans and receivables

Loans and receivables are financial assets represented by premium receivable and other accounts receivable, which are initially measured at fair value plus transaction costs. After the initial recognition, these financial assets are measured at the amortized cost, adjusted for impairment, when applicable.

1.3. Judicial deposits

Judicial deposits are classified into non-current assets, and the gains and monetary variations on such assets are recognized in profit or loss.

1.4. Loans and financing

The loans named senior notes were settled in February 2012 and they were stated at agreed-upon amounts plus agreed charges, which include interest and exchange variation charged, net of transaction costs incurred. Loans and financing in foreign currency are protected by derivative financial instruments of cash flow hedge (see Note 16.4).

On February 6, 2012, the Company issued debentures that are stated at contractual amounts, net of transaction costs incurred, adjusted for the cumulative variation of daily average rate of one-day Interbank Deposits (DI), over extra-group, plus a surcharge at 1.15% per year, on a 252 business days basis (see Note 16.4).

1.5. Investments – Ownership interests

Investments are initially recognized at fair value, adjusted for impairment, combined with the following aspects:

- In the individual financial statements, ownership interests in subsidiaries are measured by the equity method;
- The goodwill arising from acquisition, which economic rationale is the expected future profitability, is classified into intangible assets in the consolidated financial statements and in investments in individual financial statements; and
- Goodwill arising from acquisition of the shares of subsidiary, considered a capital transaction, is accounted for in shareholders' equity.

1.6. Impairment

- **Financial assets (including receivables)**

A financial asset not measured at fair value through profit or loss has its impairment stated whenever there are signs of loss.

An asset is impaired if there is objective evidence that a loss event occurred after the initial recognition of the asset, and that such loss event had a negative impact on the estimated future cash flows that can be estimated reliably, such as: significant and prolonged impairment of financial instruments that is publicly recognized by the market, discontinuance of an operation in which SulAmérica invested, historical trends in the probability of default, period for recovery, and amounts of incurred losses, adjusted to reflect the management's judgment on assumptions about whether current economic and credit conditions are such that actual losses might be higher or lower than those suggested by historical trends.

- **Non-financial assets**

The carrying amounts of non-financial assets are reviewed at least annually for indications of impairment. In the case of goodwill and intangible assets that have indefinite useful lives or intangible assets under development that are not yet available for use, the recoverable amount is estimated at least annually.

Impairment is recorded when the carrying amount exceeds the recoverable amount, which is the higher between the estimated costs to sell and the value in use, determined by the present value of estimated future cash flows as a result of the use of the asset or the cash-generating unit.

1.7. Current and deferred income and social contribution taxes

The accrued liabilities for current and deferred income and social contribution taxes are recognized at the effective rates at the reporting date of financial statements.

The recognition of deferred income and social contribution tax assets takes into account the Management's expectation about the realization of future taxable profit and certain temporary differences, based on budgets prepared and approved for a period from three to ten years.

1.8. Current and non-current assets and liabilities of insurance, reinsurance and private pension operations

The assets and liabilities are stated at the amounts known or estimated, plus, when applicable, the related charges and monetary or exchange variation incurred through the reporting date of the financial statements.

1.8.1. Technical reserves for insurance, reinsurance and private pension operations

Technical reserves are recognized according to the rules established by the Superintendency of Private Insurance (SUSEP) and National Supplementary Health Plan Agency (ANS), adjusted, when applicable, by the following aspects:

- The Supplementary Premium Reserve required by SUSEP is reversed for consolidation purposes insofar it is not a current obligation;
- The Unearned Premium Reserve in current liabilities, which is not required by ANS, is reclassified from Premiums Receivable – Advance (adjustment account in assets), for consolidation purposes, aimed at ensuring uniformity in the accounting criteria established by SUSEP.

The technical reserves related to the DPVAT (Mandatory Third-party Liability for Vehicle Owners) insurance are recorded based on the information received from Seguradora Líder dos Consorcios DPVAT S.A.

a) Unearned premium reserve

The unearned premium reserve is recognized on a daily pro rata basis, based on the amount of premiums divided by the number of days of total coverage, multiplied by the number of days of unexpired risk coverage, for damage, and individuals insurance contracts.

b) Unearned premium reserve related to risks in force associated with policy / invoice not issued

The unearned premium reserve related to risks in force associated with policy / invoice not issued is recognized for determining the portion of premiums not yet earned relating to policies/invoices not yet issued which risks are already in force. It is calculated by multiplying the unearned premium reserve by the expected late payment factor. The expected late payment factor is calculated based on the historical weighted average between the unearned premium reserve that is overdue and the one that is issued, in accordance with the annual actuarial evaluation made on the reporting date of the accompanying financial statements for insurance contracts relating to damage lines. For some business lines which individual risk coverage periods do not expire by the following month and for the individuals insurance line, the late payment factor is applied and calculated based on the monthly premium issued and not on the unearned premium reserve, adopting the above-mentioned methodology for calculating the expected late payment factor.

c) Unexpired risk reserve

The unexpired risk reserve is recognized on a daily pro rata basis, based on the insurance premium or pension contribution net of entry fee, divided by the number of days of total coverage, multiplied by the number of days of unexpired risk coverage for individual life insurance and private pension contracts.

d) Unexpired risk reserve for risks in force associated with policy not received

The unexpired risk reserve for risks in force associated with policies, contracts and certificates not issued is recognized for determining the portion of premiums and contributions not yet received relating to the policies, contracts and certificates not yet issued which risks are already in force. It is calculated by multiplying the premium and the contribution by the expected late payment factor. The expected late payment factor is calculated based on the historical weighted average of late payment, in accordance with the annual actuarial evaluation, made on the reporting date of the accompanying financial statements, for individual life insurance and private pension contracts.

e) Claims reserve

The Claims reserve is recognized to cover amounts payable for claims already reported until the reporting date of the financial statements comprising the following:

- For damage, and individuals insurance lines, the claims reserve is calculated using the reported claims until the reporting date, plus

the Allocated Loss Adjustment Expense (ALAE). After the Claims reserve is calculated by reported claim, an additional amount is recorded based on the IBNP methodology, which takes into consideration the estimated claim ratio at the end of the coverage periods of the insurance contracts in effect. After determined, the adjustment amount is classified proportionally between Claims reserve and Incurred But Not Reported (IBNR).

- In order to determine the Incurred But Not Paid (IBNP), the final estimate of claims incurred but not paid is calculated based on monthly run-off triangles, statistical and actuarial methods, which consider the historical development of claims paid, plus ALAE, in order to make a future projection per period of incurrence. Depending on the insurance line, the noted historical development ranges from 60 (sixty) to 140 (one hundred and forty) months. The final estimate of incurred but not paid claims is net of the estimate of salvage recoverable, also calculated by run-off triangles method;
- The Incurred But Not Reported (IBNR) is calculated as described in Note 3.6.1 item (h);
- For the health insurance line, the Claims reserve expenses is recognized at the amount of services invoiced plus the allocated loss expenses (ALAE), based on the notices of claims received; and
- In addition to the Claims reserve, the subsidiaries that have insurance and private pension operations accrue expenses for the management of claim adjustment that are still being technically analyzed, but that are not directly allocated to each claim separately, named Unallocated Loss Adjustment Expenses (ULAE). ULAE of Claims reserve are calculated for all segments of the insurance and private pension subsidiaries. The unallocated loss adjustment expenses for the damage, and individuals insurance lines are determined through the unit cost, based on the history of expenses, applied to the number of pending claims in the Claims reserve. For the health insurance line, the ULAE are calculated based on the history percentage, obtained by the ratio between the total expenses for adjusting claims and the total claims paid multiplied by the balance of the Claims reserve, deducting from the estimate the amount corresponding to expenditures already incurred in the claim adjustment.

f) Claims reserve under legal dispute

The outstanding claims reserve related to lawsuits are estimated and recorded based on the opinion of the internal legal department, independent legal counsel and Management taking into account the estimate of losses that can be classified into probable, possible or remote. In the case of lawsuits considered similar and usual, that is, those lawsuits which the plaintiff is a client of the Company or of its subsidiaries, and which cause of action is recurring and related to the

business, the outstanding claims reserve take also into account specific factors calculated based on the application of statistical percentages, which are calculated based on the analysis of amounts spent with lawsuits settled in the past 60 months and their corresponding estimate history of exposure to risk. The calculation also takes into account the nature of the lawsuits, the respective estimate of loss (probable, possible or remote), the financial expenditure and the group of the insurance line involved, when applicable.

In all cases, the reserves are periodically reviewed according to the lawsuits progress and monthly adjusted by the Brazilian Extended Consumer Price Index (IPCA) and interest of 0.78% per month.

The reserves and the attorney fee awards in civil lawsuits related to contractual claim indemnification are recorded under the heading "Technical Reserves – Insurance" in current and non-current liabilities. The corresponding judicial deposits are recorded as "Judicial Deposits" in non-current assets, and are monetarily adjusted by the Referential Rate (TR) and interest of 6% per year, according to the prevailing legislation.

g) Reserve for future policy benefits

The reserve for future policy benefits related to private pension and individual life insurance contracts corresponds to the sum of total lump benefits and annuities overdue and not paid to participants and beneficiaries, calculated based on notices received arising from events already occurred, including monetary adjustment. For individual life insurance contracts, the reserve for future policy benefits is adjusted based on statistical and actuarial calculations. Such calculations use the final estimate of Incurred But Not Paid (IBNP) claims and calculated based on statistical methods known as monthly run-off triangles, which consider the history of claim payments in order to make a future projection per period of claim incurrence. The history of claim payments considered is 140 months. By subtracting from the final estimate of unpaid claims incurred the final estimate of claims incurred but not reported, the result is the statistical amount of adjustment, which refers to future claims incurred, and is proportionally recorded, a portion of which as adjustment to reserve for future policy benefits and another portion as adjustment to incurred but not reported reserve.

h) Incurred but not reported reserve (IBNR)

The incurred but not reported reserve is recognized to cover claims incurred but not reported until the reporting date of financial statements and includes:

- For insurance relating to damage, and individuals insurance lines, except individual life insurance contracts and risk benefits of private pension, the incurred but not reported reserve is recognized based

on the final estimate of claims incurred but not reported, plus allocated loss adjustment expenses (ALAE). The IBNR is calculated based on statistical and actuarial methods, known as run-off triangles, that consider the history of monthly and/or quarterly figures of claim notices to make a future projection per period of incurrence. Such history is traced based on the number of claims as well as on involved amount of claims, depending on the characteristics of contract lines, and the most appropriate methodology considering the past experience. Depending on the insurance line, the observed history period ranges from 60 (sixty) to 140 (one hundred and forty) months. In addition to the final estimate of claims incurred but not reported, the incurred but not reported reserve includes the adjustment related to the future development of claims already incurred. Such adjustment is calculated as described in Note 3.6.1 item (e);

- For health insurance lines, the IBNR reserve is calculated based on the Incurred But Not Paid (IBNP) less the Claims reserve . In order to determine the Incurred But Not Paid (IBNP), the final estimate of incurred but not paid claims is calculated based on monthly run-off triangles, statistical and actuarial methods, which consider the historical development of claims paid, plus the allocated loss adjustment expenses (ALAE), in order to make a future projection per period of incurrence. For health insurance lines, the noted historical development is 36 months;
- For individual life insurance and private pension contracts, as there is no representative history of internal experience, the incurred but not reported reserve is calculated using the percentages established by legislation in effect in the sum of contributions or premiums and in the sum of benefits or claims paid over the latest 12 months;
- The ULAE of incurred but not reported reserve are calculated for all lines of insurance and private pension subsidiaries. The ULAE for the damage, and individuals insurance are obtained through the unit cost, based on the history of expenses, applying the estimated number of incurred but not reported claims. For the health insurance line, the ULAE are calculated based on the history percentage, obtained by the ratio between the total expenses on regularization of claims and the total claims paid multiplied by the incurred but not reported reserve balance.

i) IBNR reserve - judicial

The incurred but not reported (IBNR) reserve related to lawsuits is set up to cover claims that, based on past experience, give rise to financial expenses at the judicial level to subsidiaries that operate insurance businesses, even though these claims are denied on technical basis by such subsidiaries, or have not been reported yet because the insured or third-party decided to directly file a lawsuit without requesting first an indemnification to such subsidiaries.

The IBNR reserve for legal claims is recognized for damage and individuals lines based on mathematical methods, taking into consideration the history of payments of up 60 months, which comprise the following:

- History of average periods between the date the claim is denied and the date the summons is registered, and between the date the claim is incurred and the date of summons;
- Percentage of history of indemnification requests which were not administratively granted, and that the past experience showed a financial expense later on at the judicial level, and the percentage of claims that directly gave rise to lawsuits, over the same periods, resulting in an estimate number of future expenses at the judicial level;
- Average value of judicial claims recorded in the headings "Technical reserves – Insurance" and "Technical reserves– Private Pension" that are being disputed in court, resulting in the average value of lawsuits.

j) Mathematical reserve for benefits to be granted

The mathematical reserve for benefits to be granted is related to private pension and individual life insurance contracts and comprises the commitments taken with participants/policyholders while the event that generates the benefit does not occur. The mathematical reserve for benefits to be granted is calculated based on the financial movements of each participant. Allocation to current and non-current liabilities is based on the projected cash flow of benefits payable for the next years, which considers actuarial assumptions, such as mortality table, cancellation rates, and retirement age.

k) Mathematical reserve for benefits granted

The mathematical reserve for benefits granted is related to private pension, health and individual life insurance contracts, and corresponds to the amount of benefits which generating event has already occurred and reported. The mathematical reserve for benefits granted related to private pension and individual life insurance contracts is calculated based on the value of the expected future benefits discounted at the interest rates of contracts to the reporting date of the financial statements for the participants who are already receiving the benefits, and estimated based on contracted guarantees of mortality tables and interest rates. The mathematical reserve for benefits granted for health insurance lines is recorded to guarantee the benefits of premium refund to beneficiary's dependent over the term set in each policy, the maximum being 5 years, in view of the death of the policyholder. The

reserve is calculated based on the estimated future claims of beneficiaries discounted to the reporting date of financial statements.

l) Financial surplus reserve

The financial surplus reserve is related to private pension plans that provide their members with minimum income guarantee and the credit of a portion of earnings in excess of interest and/or monetary adjustment guaranteed in the plans, as established in contract.

m) Risk fluctuation reserve

The risk fluctuation reserve is aimed at reducing the risk of possible fluctuations in the volume of private pension claims. The risk fluctuation reserve is calculated stochastically, based on the past experience of the fluctuations of claim rates, by projecting 30,000 possible claim ratio scenarios, and considering the possible need of an additional reserve for each of such scenarios. The risk fluctuation reserve corresponds to the sum of such additional reserves required for the 29,700 most likely scenarios, thus ensuring a reserve that is sufficient to reduce the probability of default of the portfolio to one percent (1%).

n) Reserve for administrative expenses

The reserve for administrative expenses is recognized to cover expenses arising from payments of future benefits due to claims that have been and will be incurred in private pension plans. The reserve for administrative expenses is recorded under "Technical reserves - Insurance" and "Technical reserves - Private pension", in current and non-current liabilities. The reserve for administrative expenses is calculated based on the administrative expenses estimated for payments of future benefits discounted at the contract's interest rate to the reporting date of financial statements. For this purpose, the flow of expected payments is projected, including assumptions of the average time the participant remains in the portfolio, using the BR-EMS life table and the beginning of benefit payments.

o) Financial fluctuation reserve

The financial fluctuation reserve is recognized for private pension plans known as "Traditional Plans". The financial fluctuation reserve is recorded when necessary under the heading "Technical reserves - Insurance" and "Technical reserves - Private Pension", in non-current liabilities, and is calculated to cover occasional future deviations between the inflation index established for the private pension plans, and the annual variation of the pension benefits paid by the National Institute of Social Security (INSS), according to specific conditions

established in a collective agreement entered into by the subsidiary Sul América Seguros de Pessoas e Previdência S.A. (SULASEG). The methodology takes into consideration an interest rate in accordance with the minimum guarantee defined and stochastic scenarios of inflation indexes, from which 100 possible economic scenarios are projected. The financial fluctuation reserve is equivalent to the sum of such additional technical reserves for the 50 most likely cases, thus guaranteeing a sufficient reserve according to the best estimate. In the study, the calculation of the financial fluctuation reserve only arrived at an amount from 87% upwards, guaranteeing the reserve reliability.

p) Premium deficiency reserve

The premium deficiency reserve is aimed at covering possible insufficiencies of the premiums of contracts in force to meet the future commitments taken on these contracts.

- For life insurance contracts, the premium deficiency reserve is required because the premium of most contracts was refunded. For these contracts, the premium deficiency reserve is equivalent to the expected future obligations arising from benefits and other future expenses discounted to the reporting date of the financial expenses;
- For health insurance contracts, the premium deficiency reserve is aimed at covering possible insufficiencies of the premiums of contracts in force to meet the future commitments taken on these contracts. The methodology follows the formula established in the legislation in effect and does not show any need to recognize a premium deficiency reserve;
- For some individual life insurance contracts with a contracting party, the premium deficiency reserve is also required and equivalent to the value discounted to the reporting date of the financial statements of the expected projected flow of claims and future expenses less the corresponding future premiums of these contracts and;
- For the other individuals, damage contracts, an analysis was performed by projecting the future cash flow considering the contracts in force at the reporting date of the statement of financial position and the current actuarial assumptions. The monthly result of cash flow was brought to present value using the country's base rate, the SELIC (Special Settlement and Custody System). Contracts were grouped based on the nature of covered risks, according to the SUSEP classification.

As of December 31, 2012 and 2011, the result of this analysis indicated that the carrying amount of liabilities was lower than the expected future cash flows only in group contracts of individuals insurance.

q) Contribution deficiency reserve

For private pension contracts, the premium deficiency reserve is aimed at covering possible deficiencies of mathematical reserves for benefits to be granted and granted, and unexpired risk reserve in relation to the updated estimate of amounts payable, considering the contract commitments taken. Such deficiencies are determined through calculations that take into consideration the projection of inflows of contribution and outflows of benefits and associated expenses. In order to prepare the projections, presumptions and assumptions are used, of which the most important ones are the mortality of participants, calculated based on the BR-EMS Male mortality table, the expected time the participant remains in the portfolio, and the retirement age. The contribution deficiency reserve is set up when the balance of reserves is insufficient to meet the value of projected inflow and outflow of financial funds discounted to present value at the calculation date.

1.9. Liability adequacy test (LAT)

The IFRS 4 – Insurance Contracts (CPC 11) requires insurer and insurance companies that issue contracts classified into insurance contracts analyze the adequacy of liabilities recorded at each disclosure date of financial statements through a minimum adequacy test. This test shall be carried out based on current actuarial assumptions about the future cash flows of all contracts classified into insurance contracts.

The current cash flow estimates take into account all risks that were assumed until the base date of the test, gross of reinsurance. The test result was determined by the difference between the current cash flow estimates and the recorded balance of technical reserves (except Premium Deficiency Reserve and Contribution Deficiency Reserve) at the reporting date, less the deferred acquisition costs and the intangible assets directly related to technical reserves.

Maintenance expenses directly related to the operation were taken into account in the assumptions. The monthly result of the realistic cash flow was brought to present value based on the term structure of interest rates released by SUSEP.

For private pension contracts, the survivorship estimate used was the BR-EMS mortality table, and for the estimates of the conversion into single-life annuity, cancellation and redemption, the experience data of its insurance subsidiaries was used. Cash flows were discounted to present value at the internal return rate of related assets. The adequacy test result showed a sufficiency of reserves, accordingly, there is no need to recognize an additional amount. In addition, its subsidiaries that have insurance operations opted for maintaining the procedures, methods, presumptions and assumptions adopted in the calculation of the Contribution Deficiency Reserve using the prerogative of adopting a more conservative calculation. The amount recorded in December 2012 is R\$ 113,849.

SUSEP Circular No. 457 changed the grouping of insurance lines used in the LAT calculation, established by SUSEP Circular No. 410. In the adoption of this new grouping, the subsidiaries that have insurance operations had a reduction in the Premium Deficiency Reserve of R\$4,062. When applicable, the deficiencies found in the Adequacy Test are recorded in profit or loss.

1.10. Accrued liabilities for lawsuits

1.10.1. Civil and labor lawsuits

The Company and its subsidiaries recognize accrued liabilities for future expenditures arising from civil lawsuits not related to contractual claim indemnification, labor claims or tax lawsuits. The amounts are recognized from the individual analysis of the estimated loss and the risk classification (probable, possible or remote), carried out by the internal legal department, independent legal counsel and the Management of the Company and its subsidiaries.

In the case of labor and civil lawsuits, which claims are considered similar and usual, that is, those lawsuits which the plaintiff is a client of the Company or of its subsidiaries, and which cause of action is recurring and related to the business, in addition to the individual risk assessment (probable, possible or remote), the amounts of the accrued liabilities are recognized based on the application of statistical percentages, which are calculated based on the analysis of amounts spent with lawsuits settled in the past 60 months and their corresponding estimate history of exposure to risk. The calculation also takes into account the nature of the lawsuits, the respective estimate of loss (probable, possible or remote), the financial expenditure and the group of the insurance line involved, when applicable.

In all cases, the accrued liabilities are periodically reviewed according to the lawsuits progress and monthly adjusted by the Brazilian Extended Consumer Price Index (IPCA) and interest of 0.78% per month in the case of civil lawsuits, and by the TR and interest at 0.78% per month in the case of labor lawsuits.

The accrued liabilities for lawsuits are recorded in current and non-current liabilities under the heading "Other debts". The attorney fee awards in civil lawsuits not related to contractual claim indemnification, as well as the labor ones, are recorded under the heading "Other Accounts Payable" in current and non-current liabilities.

The corresponding judicial deposits are recorded as "Judicial Deposits" in non-current assets, and are monetarily adjusted by the Referential Rate (TR) and interest of 6% per year for civil judicial deposits, and TR and interest of 12% per year for labor judicial deposits, according to the prevailing legislation.

1.10.2. Tax contingencies

Accrued liabilities for lawsuits related to tax, contribution and other tax liabilities, which are being challenged in court, are periodically reviewed and monthly adjusted by the SELIC, pursuant to the prevailing legislation, and are recorded based on the opinion of the independent legal counsel and Management regarding the probable outcome of lawsuits. The accrued liabilities are recorded when Management considers that it is probable that an outflow of funds will occur until the settlement of the lawsuits and such amount may be reasonably estimated. The amounts referring to challenges related to the illegality or unconstitutionality of taxes, contributions and other tax liabilities are accrued and recorded under "Accounts Payable", in non-current liabilities. The amounts related to other existing obligations in relation to which the outflow of funds is probable, are recorded in "Tax contingencies", in non-current liabilities. The corresponding judicial deposits are recorded under "Judicial Deposits", in non-current assets, and are adjusted by the SELIC, pursuant to the prevailing legislation.

1.11. Post-employment benefits

Benefits comprise the Defined Contribution Plan, through the Plan that Generates Free Benefits (PGBL), the Single Life Annuity, and the Indemnity to Executives Program.

PGBL costs are recognized in statement of profit or loss at the amount of contributions made. The commitments with single-life annuity and indemnity to executives program are provisioned on accrual basis, based on calculations made by internal actuaries according to the Projected Unit Credit Method and other actuarial assumptions. The actuarial gains and/or losses of the Single Life Annuity and the Indemnity to Executives Program are being amortized and recognized in profit or loss for the year over the average remaining term of service estimated for employees who are participating in the Plan, and the amount recognized of the actuarial gains or losses will correspond to the portion of gains or losses in excess of 10% of present value of the actuarial obligation or 10% of the fair value of the plan assets.

1.12. Share-based payment

The fair value of the compensation of participants of the Company's Stock Option Plan is recognized on the granting date, as "Administrative Expenses", with a corresponding increase to the shareholders' equity, in the heading "Capital Reserves", for the period over which beneficiaries are unconditionally vested in the right to benefits. The amount recognized as administrative expense is adjusted based on the Black-Scholes model to recognize the simple options issued under the 2008, 2009 and 2010 plans and based on the binominal model for simple options issued under the 2011 and 2012 plans, and thus reflect the number of shares in relation to which there is expectation that the service and vesting conditions of the market ones shall be met, in such way that the amount finally recognized as expense is based on the number of shares that actually meet the service and vesting conditions, other than market conditions, on the vesting date. For non-vesting

share-based payment, the fair value on the granting date of stock option plan is measured to reflect such conditions and there is no change between the expected and actual benefits.

1.13. Dividends

Dividends are recognized in financial statements upon their effective distribution or when their distribution is approved by shareholders, whichever occurs first. When the Board of Directors approves the annual financial statements, it presents its proposal for distribution of profit for the year. The amount of dividends proposed by the Board of Directors is recorded in the accounts under shareholders' equity and only a portion corresponding to mandatory dividends is recognized in liabilities in the annual financial statements.

1.14. Earnings per share

Earnings per share is calculated based on net income for the year attributable to shareholders and takes into consideration the weighted average of the shares outstanding over the year and the methodologies for calculation named "basic" and "diluted".

The calculation of the weighted average of common and preferred shares takes the following into consideration:

- The calculation based on the daily average;
- The weighted average of common and preferred shares held in treasury, deducted from the number of total shares; and
- The number of vesting and forfeiture issued in connection with the stock option plan of the Company over the year, in the adjustment to the weighted average.

1.15. Operating segments

The presentation per business segment (Note 23) takes into consideration the structure used by the Management for analyzing the profit or loss in order to make decisions, creating and presenting segments in internal reports with characteristics, risks and returns similar to each other, and considering the relevance of this information. The business segments used by the Management are as follows:

- **Health**

This segment, which includes dental care, is divided into group and individual insurance.

Group health insurance is targeted at small, medium and large-sized companies. The available products have differentiated conditions in order to meet the profile of each company.

Individual health insurance is targeted at individuals and has standard characteristics.

- **Damage**

This product is composed of automobile and other property and casualty insurance, called Industrial and Commercial Risks.

Automobile insurance ensures to the policyholder indemnity for loss incurred because of events covered by the policy. The several types of indemnification, services and benefits vary according to the policyholder profile and contract terms.

In other property and casualty lines, there are industrial and commercial risks, formed by insurance of condominium, transportation, hull marine, civil liability, engineering and miscellaneous risks.

- **Individuals**

The Individuals segment is formed by life insurance and private pension.

Life insurance is composed of individual and group life lines, and individual and group personal accidents lines. The total coverage and premiums paid vary according to the profile and objective of each policyholder or group of policyholders.

Private pension is a product in which the client chooses a profile with which it has identification (moderate, aggressive and conservative) and makes periodic contribution payments, based on the amount it wishes to have at retirement. Benefit payment types are negotiated upon retirement.

- **Other**

These are the result of the Occupational Health and Service (ASO) activities, managed by the subsidiary Sul América Serviços de Saúde S.A. (NOVA SULAMED) and the financial activities, carried out by the subsidiary Sul América Investimentos Distribuidora de Títulos e Valores Mobiliários S.A. (SAMI), and those allocated to the corporate back office units.

1.16. Statements of value added

The statements of value added were prepared in accordance with CPC 09 – Statement of Value Added, and are an integral part of these consolidated financial statements (which under IFRS represent supplementary information)

and individual financial statements (which under the BR GAAP are mandatory to publicly-held companies).

1.17. Insurance contracts

The IFRS 4 – Insurance Contracts (CPC 11) defines the characteristics that a contract shall have to be classified as “insurance contract”. Management analyzed its businesses in order to determine which operations are characterized as “insurance contract”. In such analysis, it considered the provisions of IFRS 4 (CPC 11).

1.18. Use of estimates

The preparation of the individual and consolidated financial statements in accordance with the IFRS and the CPCs requires the Management to make judgments, estimates and assumptions that affect the application of accounting policies and the recording of assets, liabilities, income and expenses, as well as the disclosure of information on the financial statements data. Actual results may differ from the estimates. The main estimates related to the financial statements refer to the recording of liabilities related to claims, the period for deferring certain acquisition costs, the likelihoods of favorable outcomes in lawsuits, and the probable amount of disbursement reflected in accrued liabilities for lawsuits, and the calculation of the fair value of financial instruments and other balances subject to this valuation.

Estimates and assumptions are reviewed on an ongoing basis, and the possible effects are recognized in profit or loss for the period in which the reviews are made.

Additional information on estimates is in the following notes:

- Fair value of cash equivalents (Note 7);
- Fair value of marketable securities at fair value through profit or loss and available for sale securities (Notes 6 and 8);
- Changes in deferred tax assets and liabilities (Note 11.1.2);
- Deferred acquisition costs (Note 14);
- Claim reserves (Note 19);and
- Tax lawsuits (Note 21.3).

1.19. Reclassification

The comparative financial statements as of December 31, 2011 were reclassified in order to meet the provisions of SUSEP Circular No. 430/2012. The only change was made in the statement of financial position accounts and

refers to the reclassification of the subaccount "Other" to account level, removing it from the group of accounts "Receivables arising from Insurance and Reinsurance Operations". The amount as of December 31, 2011 totaled R\$206,013 in the consolidated balance.

The Company management judged that the impact of this reclassification on the individual and consolidated statements of financial position is not material at January 1, 2011, because it does not affect the net working capital, the shareholders' equity or the net income for the period, and, accordingly, is not material for the understanding of the accompanying financial statements, not being necessary to present a reclassified statement of financial position at that date.

1.20. Standards issued and not yet adopted

Several IFRS standards and amendments, issued by IASB, are not effective for the year ended December 31, 2012. For some of them, CPC has not issued equivalent pronouncements yet. The early adoption of these standards by SulAmérica is conditional upon the prior approval from CVM.

The standards are as follows:

- **Revised standards**

- (a) **IAS 1 – Presentation of financial statements**

In May 2012, another revision was released to this standard that clarifies the requirements for comparative information.

This revision shall enter into effect on January 1, 2013.

- (b) **IAS 16 – Property, plant and equipment**

In May 2012, another revision was released to this standard that classifies servicing equipment.

This revision shall enter into effect on January 1, 2013.

- (c) **IAS 19 / CPC 33 (R1) – Employee benefits**

In June 2011, the revision of this standard was completed, and it basically focused on post-employment benefit.

This revision shall enter into effect on January 1, 2013.

- (d) **IAS 28 / CPC 18 (R2) – Investments in associates**

In May 2011, this standard was revised once more to align it with the new standard IFRS 11.

This revision shall enter into effect on January 1, 2013.

(e) IAS 32 - Financial Instruments: Presentation

In December 2011, a revision was released to this standard that deals with the offset of financial assets and liabilities.

This revision shall enter into effect on January 1, 2014.

In May 2012, another revision was released to this standard, clarifying that the tax effects of a distribution of equity instruments to their holders should be accounted for according to IAS 12.

This revision shall enter into effect on January 1, 2013.

(f) IAS 34 – Interim financial reporting

In December 2011, another revision was released to this standard, which deals with segment information for total assets and liabilities in compliance with the requirements of IFRS 8.

This revision shall enter into effect on January 1, 2013.

(g) IFRS 7 / CPC 40 (R1) – Financial Instruments: Disclosures

In December 2011, another revision was released to this standard requiring more extensive disclosure of financial assets, whether unrecognized or not.

This revision shall enter into effect on January 1, 2013.

- **New standards**

The following new international standards (IFRS and CPC) have also been issued:

(a) IFRS 9 – Financial instruments

In October 2010, a revision of IFRS 9, contemplating instructions regarding classification and measurement of financial assets and liabilities, was issued by IASB, and the mandatory effective date was set to enter into effect on January 1, 2013. However, in view of the alignments necessary to the phase II of IFRS 4, and the projects on impairment and hedge accounting (including macro hedging), which put in doubt whether such date is appropriate,

the IASB committee shall postpone the mandatory effective date to January 1, 2015.

(b) IFRS 10 / CPC 36 (R3) – Consolidated financial statements

In May 2011 a new standard was issued with the objective of establishing principles for the preparation and presentation of consolidated financial statements when an entity controls one or more entities.

This standard shall enter into effect on January 1, 2013.

(c) IFRS 11 / CPC 19 (R2) – Joint arrangements

In May 2011 this standard was issued establishing the principle that one of the parties to a joint arrangement determines the type of joint arrangement in which it is involved, by assessing its rights and obligations and accounts for those rights and obligations in accordance with such type of joint arrangement, considering that a joint arrangement is defined when two or more parties have joint control.

This standard shall enter into effect on January 1, 2013.

(d) IFRS 12 / CPC 45 – Disclosure of interests in other entities

In May 2011 this standard was issued with the objective of requiring a disclosure that enables users of financial statements to evaluate the nature of, and risks associated with their interests in other entities, the effects of such interests on their financial position, financial performance and cash flows. This IFRS is required for entities that have interest in subsidiaries, joint arrangements (joint operations or joint ventures), associates and unconsolidated structured entities.

This standard shall enter into effect on January 1, 2013.

(e) IFRS 13 / CPC 46 – Fair value measurement

In May 2011 this standard was issued with the objective of defining "fair value" in a specific IFRS in which fair value disclosures are required, in a specific way.

This standard shall enter into effect on January 1, 2013.

Except for the IFRS 9, which impact is still being assessed, SulAmérica analyzed the new standards and revisions and considers that there is no significant impact on its financial statements after the adoption of the above-mentioned standards.

10.6 Company's Management comment regarding internal controls adopted to ensure the financial statements reliability

a. Degree of effectiveness of such controls, indicating occasional imperfections and measures adopted to correct them

The Company's Management believes that the internal control system is structured to ensure the effectiveness of its operations, information systems and compliance with the applicable law. The system effectiveness is permanently evaluated by independent auditors and by the internal auditing department, the periodic reports of which contribute to its continuous improvement. Failures that may put at risk the effectiveness of the Company's internal controls and continuity of its business were not identified in reports issued in the last years.

b. Deficiencies and advices on internal controls included in the independent public accountant report

The Company did not receive a report from the independent auditor about its internal controls updated to December 31st, 2012. Such report is being prepared and Management will comment about occasional suggestions made by the independent public accountants upon sending the Form in May, 2013.

10.7 Public offers for distribution of Securities¹⁹

a. How the funds resulting from the offer were used.

In 2007, the Company earned R\$775 million with the primary issuance of 25 million Units, at the price of R\$31.00. The net funds of this initial public offering (IPO) were used in the settlement of loans and short-term facilities and advanced repayment of 35% of the senior notes issuance corresponding to US\$71.7 million. The issuance of Units resulted in an increase of the Company's consolidated net equity from R\$917.7 million in 2006 to R\$1,960.4 million in 2007, and had an impact of R\$42.4 million on the administrative expenditures.

Additionally, the Company used part of the funds of the offer to consolidate its interest in operational subsidiary, through controlled company Saepar Serviços e Participações S.A., successfully participating in the auction for purchase of Sul América Companhia Nacional de Seguros outstanding shares on April 29th, 2008. On July 29th, 2008, the term for purchase of the remaining shares after the Public Offer of Purchase (OPA) for cancellation of the recording of SALIC as a publicly held company ended. The Company purchased 50,126,651 shares from SALIC and invested R\$51.3 million in that transaction.

¹⁹ In the texts that follow Sul América S.A. will be referred to as "the Company" and the term "SulAmérica group" will be used in regard to the group of companies constituted by Sul América S.A. and its controlled companies.

The funds earned with the initial public offer were used (i) in connection with the business partnership to promote SulAmérica Auto insurance in all BV Financeira and BV Leasing chain, which contemplated the initial payment of R\$30.0 million, and also the possibility of an additional payment up to R\$40.0 million, subject to the clause of future marketing performance, (ii) for the purchase of BrasilSaúde and DentalPlan Ltda., companies of the health insurance segment, for R\$29.2 and R\$31.1 million, respectively (iii) for the expansion of physical presence including expansion of the number of support units for the operations of brokers and new customer service desks (inaugurated in 2008, 2009, 2010 and 2011), and (iv) for the purchase and development of new subscription, claim management and decision support systems.

b. Material deviations between the actual investment of funds and proposals of investment disclosed in the prospects of the respective distribution.

There were no deviations.

c. In case of deviation state the reasons for such.

Not applicable.

10.8 Material items not evidenced in the issuer's financial statements²⁰

a. Assets and liabilities directly or indirectly held by the issuer that do not appear in its balance sheet (off-balance sheet items).

There are no assets and liabilities held by the Company that are not recorded in its balance sheet.

b. Other items not evidenced in the financial statements.

There are no other items that are not evidenced in the financial statements.

10.9 Compared to each one of the items not evidenced in the financial statements indicated in item 10.8²¹

a. The manner in which those items change or may change revenues, expenditures, operational result, financial expenditures or other items of the issuer's financial statements.

Not applicable as there are no assets and liabilities held by the Company not recorded in its balance sheet.

b. Nature and purpose of the operation.

²⁰ In the texts that follow Sul América S.A. will be referred to as "the Company" and the term "SulAmérica group" will be used in regard to the group of companies constituted by Sul América S.A. and its controlled companies.

²¹ In the texts that follow Sul América S.A. will be referred to as "the Company" and the term "SulAmérica group" will be used in regard to the group of companies constituted by Sul América S.A. and its controlled companies.

Not applicable as there are no assets and liabilities held by the Company not recorded in its balance sheet.

c. Nature and amount of liabilities assumed and rights generated in the issuer's benefit due to the operation.

Not applicable as there are no assets and liabilities held by the Company not recorded in its balance sheet.

10.10 Main elements of the issuer's business plan, specifically exploring the following topics²²

a. Investments, including:

i. Quantitative and qualitative description of investments in progress and forecasted investments.

As of December 2012, the Company held direct investments in the following companies: Sul América Companhia Nacional de Seguros in the amount of R\$629.7 million, Sul América Companhia de Seguro de Saúde in the amount of R\$732.0 million and Saepar Serviços e Participações S.A. in the amount of R\$2.1 billion.

The SulAmérica group continued investing in the development of differentiated products and services, aiming to meet the demands of the Brazilian insurance market and improve services to brokers and clients. In 2012 investments were made in the amount of R\$56.2 million, out of that R\$50.5 million linked with information technology.

In the information technology area, the Company has allocated R\$46.9 million in software aiming to streamline the processes of all business units. The remaining R\$3.5 million was invested in hardware, chiefly to technological modernization for employees. Among the major projects related to information technology, we can mention: i) the new support claims system, ii) the development of an online quotation system for brokers iii) The platform of email, calendar and file sharing migration to a cloud computing system and iv) creation of a "mobile" platform, which allows access to health services by phone.

During 2011, new business partnerships were accomplished, among them the agreement signed with Caixa Seguradora S.A (Caixa Seguros) in the auto insurance segment.

SulAmérica has expanded its network of service to brokers and customers ending 2012 with 35 Super Service Auto Centers - C.A.S.As and 69 branches throughout Brazil.

In 2013, the SulAmérica group intends to continue investing in process and services improvements by constantly updating underwriting systems, claims management and customer relations and expanding its network of branches and C.A.S.As.

²² In the texts that follow Sul América S.A. will be referred to as "the Company" and the term "SulAmérica group" will be used in regard to the group of companies constituted by Sul América S.A. and its controlled companies.

ii. Sources of investment financing.

In February, 2007, the Company completed the issuance of US\$200 million in senior notes, and in October, 2007 made a initial public offer of shares (IPO), fully primary, earning the amount of R\$775 million. The net proceeds were used to settle loans, lines of credit and short-term prepayment of 35% of the issuance of senior notes, amounting to R\$71.7 million in that same year. These operations intended to promote capital structure adequacy facing development opportunities in main operational markets. Other than that, the Company relies on operational revenues and previous year's profit.

On February, 2012, the Company issued debentures, not convertible into shares, unsecured, single series, totaling R\$500.0 million for public distribution with restricted placement efforts. On that same month, were settled the senior notes and the swap operation hired to protect the senior notes currency fluctuations. The total amount paid for the senior notes settlement was R\$ 358.4 million

iii. Material De-investments in progress and forecasted de-investments.

There were no relevant divestments 2012.

b. Purchase of plants, equipment, patents or other assets that are likely to relevantly influence the issuer's productive capacity.

Not applicable.

c. New products and services.

i./ii. Description and disclosure of ongoing research projects, , and the total amount spent by the Company in research for development of new products and services.

The development of SulAmérica group's product is a responsibility of each business area. Currently, the group has several products and services currently in research and development and which will be disclosed to the market only at their launching due to the competitive environment of the Brazilian insurance market.

iii. Projects in progress already disclosed.

SulAmérica group has been investing in several projects to improve its processes and services through the development of systems for claim management and client relationship, in specialized channels of service and modernization and implementation of business units and C.A.S.As (Centros Automotivos de Super Atendimento - *Super Service Auto Centers*). Further information about projects in progress and already disclosed are available in item 10.10."a.1." of this Reference Form.

iv. Total amounts spent by the issuer in the development of new products or services.

Investments made by SulAmérica group in 2012 are described in section 10.10. "A.1" of this Form.

10.11 Comment on other factors that materially influenced the operational performance and were not identified or commented on in the other items of this section

There are no other factors that materially influenced the Company's operational performance and have not been identified or commented on in the other items of this section.

EXHIBIT 9-1-II OF CVM INSTRUCTION 481/09

(Supplementary information regarding the allocation of the net income for the year ended December 31, 2012)

1. Inform the net income in the fiscal year.

R\$483,247,945.07

The total amount proposed for the payment of dividends is R\$137,725,664.34, corresponding to 30% of annual adjusted net income, as follows

(a) R\$114,771,386.95 to the mandatory dividend distribution.

To the amount of mandatory dividend the following values were charged:

a.1. Interim dividends, deliberated on 04.30.2012, in the amount of R\$10,138,222.12, equivalent to R\$ 0.011999987165 per common or preferred share not represented by a Unit, or R\$0.035999961494 per Unit;

a.2. Interim dividends, deliberated on 07.30.2012, in the amount of R\$10,128,389.52, equivalent to R\$ 0.012000000000 per common or preferred share not represented by a Unit, or R\$0.036000000000 per Unit;

a.3. Interim dividends, deliberated on 10.30.2012, in the amount of R\$10,106,683.41, equivalent to R\$0.011999989421 per common or preferred share not represented by a Unit, or R\$0.035999968263 per Unit; and

a.4. Interest on Capital, deliberated on 12.17.2012, in the net amount of R\$22,954,340.08, equivalent to R\$ 0.027254424352 per common or preferred share not represented by a Unit, or R\$ 0.081763273057 per unit.

Thus, the balance of mandatory dividends to be distributed is R\$61,443,751.82.

(b) R\$22,954,277.39 for distribution of additional dividend.

2. Inform the total amount and amount per share of dividends paid, including the prepayment of dividends and interest on equity already declared.

The additional dividend, aggregated to the balance of the net mandatory dividend, totals **R\$84,398,029.21**, to be paid at the rate of **R\$0.100208** per common or preferred share not represented by unit and **R\$0.300625** per unit, as indicated in item 5(a) below.

3. Inform the percentage of net income in the fiscal year distributed.

The present management proposal corresponds to 30% of adjusted net income, subject to the approval of the General Meeting.

4. Inform the total amount and amount per share of dividends distributed based on net income from previous fiscal years.

There was no distribution of dividends based on income from previous years.

5. Inform, deducting the prepayment of dividends and interest on equity already declared:

R\$84,398,029.21

a. The gross amount of dividends and interest on equity separately for each type and class of share.

The amount indicated in item 5 is equivalent to **R\$0.100208** per each common or preferred share not represented by units or **R\$0.300625** per unit.

Gross Amount (R\$)	Common Shares (Quantity)	Amount per Common Share (R\$)	Preferred Shares (Quantity)	Amount per Preferred Share (R\$)	Unit(*) (Quantity)	Amount per Unit(*) (R\$)
84,398,029.21	468,767,912	0.100208	373,456,447	0.100208	186,727,605	0.300625

(*) Each Unit is composed of 1 common share and 2 preferred shares.

b. The form and period for the payment of dividends and interest on equity.

The dividends will be paid on demand in local currency, starting on April, 18th 2013.

c. Any monetary restatement and interest on dividends and interest on equity.

None.

d. Declaration date of the payment of dividends and interest on equity considered for identifying the shareholders entitled to these payments.

April 4th, 2013.

6. If dividends or interest on equity were declared based on semiannual balance sheets or for shorter periods:

None

a. Inform the amount of dividends and interest on equity already declared.

Interim dividends
R\$30,373,307.55

Interest on capital
gross value R\$26,630,000.00
net value R\$22,954,340.08

b. Inform the date of the respective payments.

Interim dividends:
05.18.12
08.20.12
11.22.12.

Interest on Capital:
01.15.2013

7. Provide a comparative table indicating the following amounts for each type and class of share:

a. Net income in the fiscal year and in the three previous fiscal years.

	Fiscal years ended December 31			
	2012	2011	2010	2009
Net income (in R\$ thousands)	483,248	445,682	614,021	419,093
Common Shares ¹	468,767,912	461,629,237	462,115,137	154,824,951
Preferred Shares ¹	373,456,447	368,805,503	369,777,303	124,832,245
Total number of shares ¹	842,224,359	830,434,740	831,892,440	279,657,196
Earnings per thousand common share (R\$) ²	573,78	536,69	738,10	1.498,60
Earnings per thousand preferred share (R\$) ²	573,78	536,69	738,10	1.498,60

¹ The reported numbers excluding treasury shares.

² Net income per share was calculated excluding treasury shares.

b. Dividends and interest on equity distributed in the last three fiscal years.

	Fiscal years ended December 31			
	2012	2011	2010	2009
Total Dividends (R\$)	-	211,698,774.55	291,659,776.45	199,069,342.20
Dividends per Common Share (R\$)	-	0.254925239	0.35059794	0.71397799
Dividends per Preferred Share (R\$)	-	0.254925239	0.350597949	0.71397799

8. If profits were allocated to the legal reserve:

a. Identify the amount destined to the legal reserve.

R\$24,162,397.25

b. Detail the method for calculating the legal reserve.

5% of net income, pursuant to article 193 of Law 6,404/76.

9. If the company has preferred shares with the right to fixed or minimum dividends:

Not applicable

a. Describe the method for calculating the fixed or minimum dividends.

Not applicable.

b. Inform if the net income in the fiscal year is sufficient to pay in full the fixed and minimum dividends.

Not applicable.

c. Identify if any unpaid installment is cumulative.	Not applicable.
d. Identify the total amount of fixed or minimum dividends to be paid for each class of preferred shares.	Not applicable.
e. Identify the amount of fixed or minimum dividends to be paid for each class of preferred shares.	Not applicable.
10. For the mandatory dividend:	
a. Describe the calculation method set forth in the bylaws.	25% of the adjusted net income, pursuant to article 202 of Law 6,404/76.
b. Inform if it is being paid in full.	Management proposed the payment of dividends corresponding to 30% of the adjusted net income, more than the mandatory dividend set forth in the Company's Bylaws.
c. Inform any amount retained.	Not applicable.
11. if the mandatory dividend is retained due to the company's financial situation:	Not applicable.
a. Inform the amount retained.	Not applicable.
b. Describe in detail the Company's financial situation, including also any aspects concerning the analysis of liquidity, working capital and positive cash flow.	Not applicable.
c. Justify the retention of dividends.	Not applicable.
12. if income is allocated to the contingency reserve:	
a. Identify the amount allocated to the reserve.	Not applicable.
b. Identify the losses considered probable and their causes.	Not applicable.
c. Explain why the loss is considered probable	Not applicable.
d. Justify the constitution of the reserve.	Not applicable.
13. if income is allocated to the unrealized profit reserve:	
a. Inform the amount allocated to the	Not applicable.

unrealized profit reserve.

b. Inform the nature of the unrealized profits that originated the reserve.

Not applicable.

14. If income is allocated to the statutory reserve:

a. Describe the statutory clauses that establish the reserve.

Bylaws of Sul América S.A., article 29, item "c":
"observing the allocations of the previous items, up to seventy-one point two five percent (71.25%) shall be intended for creation of statutory reserve for the development of company business, which may not exceed the total amount of the capital stock, pursuant to Article 199 of Law 6,404/76, the purpose of which is (i) assure funds for investment in permanent assets; (ii) strengthen working capital to ensure operating conditions adequate for performing the corporate purpose; and (iii) finance transactions involving the redemption, reimbursement or acquisition of shares issued by the Company. The creation of a statutory reserve may be waived by a resolution taken by the General Meeting in the event of the payment of dividends in excess of the minimum mandatory dividend. Once the limit provided for by Article 199 of Law 6,404/76 is reached, the General Meeting, by proposal of the administrative bodies, shall resolve on the respective allocation: (a) for capitalization; or (b) for the distribution of dividends to shareholders.

* Legal Reserve and mandatory dividends.

b. Identify the amount allocated to the reserve.

R\$317,684,233.43

c. Describe how the amount was calculated.

The amount destined to the statutory reserve corresponds to the adjusted net income, deducting the amount of the proposed dividends (in which are included the dividends approved and paid in 2012 and the net amount of interests over capital approved and paid) and taxes accrued during the payment of interests over capital.

15. If profit retention is provided for in the capital budget:

Not applicable

a. Identify the amount retained.

Not applicable.

b. Supply copy of the capital budget.

Not applicable.

16. If income is allocated to tax incentive reserve:

Not applicable.

a. Inform the amount allocated to the

Not applicable.

reserve.

b. Explain the nature of the allocation. Not applicable.

SUL AMÉRICA S.A.

Corporate taxpayers' ID (CNPJ/MF) nº 29.978.814/0001-87

Company Registry (NIRE) 3330003299-1

Authorized Capital Publicly-held Company

Summary of the report on the activities performed by the Statutory Audit Committee, related to the year ended on December 31, 2012

According to the Bylaws of Sul América S.A.'s Audit and Compliance Committee ("Committee"), and in accordance with CVM Administrative Ruling No. 308, dated May 14, 1999 (as altered), the members of the Committee hereby present the Yearly Summary of the Report related to the year ended on December 31, 2012.

Activities performed by the Committee:

The Committee held 6 (six) meetings related to the year of 2012, in which the following activities were carried out:

a) The Committee has reviewed the independent auditors work plan for the year of 2012, and has considered it adequate;

b) The Committee has supervised, by meetings and reports, the activities performed by the independent auditors, with an aim to assess (i) their level of independence; (ii) the quality of the services rendered; and (iii) the adequacy of those services when weighted against the Company's requirements;

c) The Committee has supervised, by meetings and reports, the activities performed by the area in charge of the Company's internal controls; the Committee has also engaged in discussions with the Company's management and independent auditors in order to assess the efficacy and adequacy of the Company's internal controls, finding the Company's risk monitoring process satisfactory, based on information reported by the area in charge of internal controls;

d) The Committee has followed, by meetings and reports, the drafting of the Company's financial statements, reviewing the analyses and parameters used by the Company's management (supported by its independent auditors) to prepare the above mentioned documents;

e) The Committee, alongside the Company's management and independent auditors, has assessed and monitored the adequacy of transactions with related parties involving the Company, and their respective disclosures;

f) The Committee held a meeting with the executive officer in charge of internal audit and (i) approved the Internal Audit work plan for the year of 2012; (ii) the Committee also followed the results of activities performed during the year by the internal audit; and (iii) the Committee has reviewed the audit's reports and recommendations.

Finally, after meeting with KPMG Auditores Independentes and reviewing the independent auditors' report on the year ended on December 31, 2012, the Committee has found the information and clarifications it received to be sufficient and has recommended the report to be approved by the Company's Board of Directors. After meeting with the same auditors to review the Company's quarterly financial statements, the Committee has also recommended their approval by the Company's Board of Directors.

During the course of these activities, there was no significant disagreement between the Company's management, its independent auditors and the Committee with regard to the Company's financial statements.

Rio de Janeiro, February 25, 2013.

Carlos José da Silva Azevedo
President

Jorge Augusto Hirs Saab
Member

Walter Iorio
Member

Pierre Claude Perrenoud
Member

Timothy Scott Mackenzie
Member

ITEMS 12.06 to 12.10 FROM THE REFERENCE FORM

(Supplementary information regarding the proposal to elect the members of the Board of Directors)

12.6 Main information on directors of Sul América S.A. to be (re)elected at the 2013 Annual General Meeting, held on April 4th, 2013:

Name	Age	Profession	Individual Taxpayer number (CPF)	Position	Date of election	Date of investiture	Term of Office	Other positions	Appointed by the controlling shareholder
Patrick Antonio Claude de Larragoiti Lucas	53	Business Manager	718.245.297-91	Chairman	04.04.2013	04.04.2013	1 year	Committee member	Yes
Johannes Martinus Maria Boers	60	Business Manager	Passport NX8P25H87	Vice Chairman	04.04.2013	04.04.2013	1 year	Committee member	Yes
Fernando Alves Meira	44	Lawyer	201.166.928-63	Member (alternate for John Boers)	04.04.2013	04.04.2013	1 year	-	Yes
Arthur John Kalita	64	Business Manager	060.106.517-43	Member	04.04.2013	04.04.2013	1 year	Committee member	Yes
Francisco Werneck de Albuquerque Maranhão	35	Lawyer	025.945.917-85	Member (alternate for John Kalita)	04.04.2013	04.04.2013	1 year	-	Yes
Carlos Infante Santos de Castro	62	Engineer	339.555.907-63	Member	04.04.2013	04.04.2013	1 year	Committee member	Yes
Guilherme Affonso Ferreira	61	Engineer	762.604.298-00	Member	04.04.2013	04.04.2013	1 year	Committee member	Yes
Isabelle Rose Marie de Ségur Lamoignon.	60	Insurance	029.102.447-50	Member	04.04.2013	04.04.2013	1 year	-	Yes
Jorge Hilário Gouvêa Vieira	69	Lawyer	008.563.637-15	Member	04.04.2013	04.04.2013	1 year	-	Yes
Pierre Claude Perrenoud	77	Business Manager	056.932.027-55	Member	04.04.2013	04.04.2013	1 year	Committee member	Yes
Roberto Teixeira da Costa	78	Economist	007.596.358-20	Member	04.04.2013	04.04.2013	1 year	Committee member	Yes

¹ This column indicates the positions currently occupied.

12.7 Composition of statutory committees and audit, financial and remuneration committees

The members of the Company's advisory committees will be indicated by the Board of Directors that shall be elected at the 2013 Annual General Meeting, held on April 4th, 2013.

12.8. Other information of the persons indicated or supported by the Company's management to be (re) elected at the 2013 Annual General Meeting to be held on April 4th, 2013, as members of the Board of Directors

(a) Résumés:

Chairman

Patrick Antonio Claude de Larragoiti Lucas is the president of the board of Directors of Sul America S.A. and its subsidiaries since 1997 and is the president officer for the Investment Committee, Compensation Committee and Governance and Disclosure Committee. He joined Sul America S.A. in 1987, and has served as the CEO of the Company from 1998 to 2010 and of its subsidiaries from 1999 to 2010. He serves on the board of Geneva Association since 1999, being also chairman of the Instituto de Estudos em Saúde Suplementar and first

vice-president of the Confederação Nacional das Empresas de Seguros Gerais, Previdência Privada e Vida, Saúde Suplementar e Capitalização (CNSeg). and also been a member of the board of directors of Unibanco Holding. In 1987, he worked for Compagnie Suisse de Reassurances Schweizer Ruck in Switzerland. From 1985 to 1986, he worked in the capital markets department of Chase Manhattan Bank in Sao Paulo and New York. He holds a bachelor's degree in Business Administration from the Getúlio Vargas Foundation in São Paulo (FGV-SP).

Vice Chairman

Johannes Martinus Maria Boers, a member of ING Group for over 26 years, serving in senior management positions in finance, audit and risk management. He currently holds the post of Head of ING Insurance Investments. From 1999 to 2000 he served as Chief Auditor for the ING Group in Amsterdam from 2002 to 2004 was the Regional CFO and CRO of ING Insurance Americas. From 2004 to 2009 was CFO and CRO of the Dutch insurance company Nationale-Nederlanden and from 2009 to 2012 was CFO and CRO of ING Life India. Before joining ING Group, served as an officer of the Dutch army for 10 years after his training at the Royal Military Academy.

Board Members

Arthur John Kalita has been an alternate member of the board of directors of Sul América S.A. since 2006 as well as a member of its Investment Committee. Kalita is now a senior adviser to ING Group, where he was Head of Investment Management for Latin America, from 1998 to 2011. Before joining ING, he worked at JP Morgan and Company from 1982 to 1998, at the Public Securities Association as executive officer from 1978 to 1982 and at the Power Authority of the State of New York from 1976 to 1978. He holds degrees from Hamilton College and Albany Law School - Union University.

Carlos Infante Santos de Castro has been a member of the board of directors of Sul America S.A. since 2006 and member of its Investment Committee since 2002. He currently serves as chief executive officer of Sul America Capitalização S.A. – Sulacap and member of the board of directors of Brasilcap Capitalização S.A. and Nossa Caixa Capitalização S.A. He has served as corporate vice-president and financial vice-president, as well as vice-president and member of board of directors at various operational subsidiaries of the SulAmerica group in the property and casualty insurance, health insurance, private pension, investments, life insurance and capitalization areas. He was chief executive officer of GTE-Multitel and new business executive officer at the Cataguazes-Leopoldina Group in Rio de Janeiro. He holds a bachelor's degree in Electrical Engineering from Pontifical Catholic University of Rio de Janeiro (PUC-RJ), and a MBA and Master of Sciences in Industrial Engineering from the University of Stanford in the United States.

Guilherme Affonso Ferreira has been member of the board of directors of Sul America S.A. since March 2010 and member of its Compensation Committee since November 2010. He has served as CEO of Bahema Participações S.A. since 1975. He currently sits on the board of directors of Eternit S.A., Tavex, Companhia Brasileira de Distribuição (grupo Pão de Açúcar), Valid S.A., Ideiasnet S.A., Arezzo S.A., Gafisa S.A., Banco Indusval S.A. and also of the not-for-profit outfit "Esporte Solidário". He is also member of the Advisory Board of the asset manager company Rio Bravo Investimentos S.A. DTVM and of the investment bank Signatura Lazard Assessoria Financeira. He also works with philanthropic institutions, such as Instituto de Cidadania Empresarial, Lar Escola Sao Francisco, Sociedade Harmonia de Tênis, Associação Esporte Solidário and Instituto Ortopédico de Campinas. In the last five years he has sat on the board of directors of Unibanco Holding, Submarino S.A., Santista Têxtil, B2W, and Avipal. He holds a bachelor's degree in Production Engineering from the Polytechnic School at the University of São Paulo (USP) and also studied Economics and Politics at Macalester College. He meets the independence

requirements set forth in the Corporate Governance Level 2 Listing Rules of BM&FBovespa S.A.

Isabelle Rose Marie de Ségur Lamoignon has been a member of the board of directors of Sul América S.A. since 1997 and a member of the board of directors of its subsidiaries since 2005. She has been an officer of Sulasa Participações S.A. since 1993 and a member of the board of directors of Sul América Capitalização S.A. – Sulacap since 2002. She holds a position in the Strategy Committee from 1998 to 2002. From 1993 to 1994 she participated in the Management Development Program (“PDG”) in Rio de Janeiro.

Jorge Hilário Gouvêa Vieira has been a member of the board of directors of Sul América S.A. since 1996, and he was a member of its Audit Committee from 2002 to 2012. He has been chairman of Confederação Nacional das Empresas de Seguros Gerais, Previdência Privada e Vida, Saúde Suplementar e Capitalização (CNSeg) and chairman of Federação Nacional das Empresas de Seguros Privados e de Capitalização (FENASEG) since 2010. He served as finance secretary for the State of Rio de Janeiro from 1987 to 1990, chairman of the National Private Insurance Council from 1985 to 1987, member of the National Monetary Council (CMN) from 1985 to 1987 and from 1979 to 1981, member of the board of directors of the Rio de Janeiro Stock Exchange from 1983 to 1985 and president and executive director of the Securities and Exchange Commission of Brazil (CVM) from 1979 to 1981 and 1977 to 1979, respectively. He was vice-president of the Brazilian Association of Publicly Traded Companies (Abrasca) from 1981 to 1985 and a member of its board of directors in 1995. He was also a member of the executive board of the Brazilian Capital Markets Institute (IBMEC) and sat on the board of directors of Companhia Brasileira de Petróleo Ipiranga, MBR - Minerações Brasileiras Reunidas S.A., Generali do Brasil - Companhia Nacional de Seguros, White Martins S.A., MRS Logística S.A., Caemi Mineração e Metalurgia S.A., VARIG - Viação Aérea Rio Grandense, VivaCred and IRB-Brasil Resseguros S.A. He is currently a partner at the law firm Gouvêa Vieira Advogados and a member of the board of directors of Boa Esperança S.A. He earned a law degree from Pontifical Catholic University of Rio de Janeiro (PUC-RJ) and a master’s degree in law from the University of California at Berkeley.

Pierre-Claude Perrenoud has been a member of the board of directors of Sul América S.A. since 2000 and he is a member of the Company’s audit committee since 2012. From 1960 to 1990, he held several management positions at Swiss Reinsurance Company Ltd (Swiss Re) and was responsible for its operations in Latin America and other countries. He currently sits on the board of directors of captive insurers and reinsurers in various countries. He received bachelor’s degrees in Business Administration from Neuchatel Business School in Switzerland and in Hispanic Studies from the University of Madrid. He meets the independence requirements set forth in the Corporate Governance Level 2 Listing Rules of BM&FBovespa S.A.

Roberto Teixeira da Costa has been a member of the board of directors of Sul América S.A. since 1999, and has served on the Compensation Committee since 2002 and on the Governance and Disclosure Committee since 2008 and has been a member for the Corporate Sustainability committee since 2011. He was member of the Audit Committee of the Company from 2008 to 2010. He was the international president of the Latin American Business Council (CEAL) from 1998 to 2000 and the first president of the Securities and Exchange Commission of Brazil (CVM). He served as trustee at the International Accounting Standards Committee Foundation (IASCF) since its creation in 2001 until 2007. He is chairman of the BM&FBovespa Arbitration Chamber, chairman of the board of directors of BRIX – Energia e Futuros and member of the board of directors of BNDESPAR - BNDES Participações S.A. and member of the advisory boards of HVS - Consultoria e Participações and Banco Latinoamericano de Exportaciones S.A. and member of the board of trustees of Fundação Padre Anchieta. He is founding partner and board member at the Brazilian Center for International Relations (CEBRI) and member of the International Conjuncture Analysis Group (GACINT) at the University of São Paulo (USP). He holds a bachelor’s degree in

economics from the Federal University of Rio de Janeiro (UFRJ). He graduated in Economics from the Universidade Federal do Rio de Janeiro. He meets the independence requirements set forth by the Corporate Governance Level 2 Listing Rules of BM&FBovespa.

Alternate Members

Fernando Alves Meira is a lawyer and partner at the firm Pinheiro Neto Advogados, working in the areas of corporate law in general, foreign investments, mergers and acquisitions, capital markets, public companies, structured financial transactions, corporate finance and audits. He was a foreign associate of the office Cravath, Swaine & Moore in New York, USA between 1995 and 1997. Bachelor's in Law from the University of São Paulo (1991).

Francisco Werneck de Albuquerque Maranhão is lawyer and partner of Pinheiro Neto Lawyers office, working in the areas of corporate law, financial transactions, foreign investments, mergers and acquisitions, privatization and information technology (software, computing, technology transfer, internet and telecommunications). He was foreign associated of Slaughter & May in London, England, from 2003 to 2004. He is currently member of the Foreign Trade and Investment Committee at the British Chamber of Commerce. He holds law degree from Pontifícia Universidade Católica do Rio de Janeiro (PUC-RJ) and master's degree in Infrastructure Regulation from the London School of Economics and Political Sciences (2005).

(b) Declaration of no convictions:

All of the Managers mentioned in subitem "a" of this item 12.8 declare that for all legal purposes they have not been subject, in the past five (5) years, to any conviction, criminal or otherwise, or penalty in any administrative proceeding at the Securities and Exchange Commission of Brazil (CVM) or any final conviction in the judicial or administrative spheres that led to their suspension or inability to practice any professional or commercial activity.

12.9 Existence of any marital relationship, steady union or kinship to the second degree between:

a. Managers of the issuer

None.

b. (i) Managers of the issuer and (ii) Managers of the direct or indirect subsidiaries of the issuer:

Isabelle Rose Marie de Ségur Lamoignon, member of the Board of Directors of Sul América S.A. is the mother of Gabriel Antoine de Ségur Charbonnieres, executive officer of Sul América Seguro Saúde S.A., an indirect subsidiary of Sul América S.A.

c. (i) Managers of the issuer or its direct or indirect subsidiaries and (ii) direct or indirect controlling shareholders of the issuer:

Patrick Antonio Claude de Larragoiti Lucas and Isabelle Rose Marie de Ségur Lamoignon, the current members of the board of directors of Sul América S.A., are also members of the board of directors of the direct controlling shareholder of the issuer, Sulasapar Participações S.A., and members of the executive board and controlling shareholders of the indirect controller of the issuer, Sulasa Participações S.A., both having kinship to the second degree with other controlling shareholders of Sulasa Participações S.A.

d. (i) Managers of the issuer and (ii) Managers of the direct or indirect controlling companies of the issuer: None.

12.10. Subordination, service provision or control relations between managers and subsidiaries, controlling shareholders and others in the last 3 fiscal years: (a) a company controlled, directly or indirectly by the issuer, (b) direct or indirect controlling shareholder of the issuer, and (c) where applicable, supplier, customer, debtor or creditor of the issuer, its subsidiary or parent or subsidiaries of some these people.

Name: Arthur John Kalita **Individual Taxpayer number (CPF):** 060.106.517-43
Position he holds at the issuer: Member of the Board of Directors

Company	CNPJ	2010		2011		2012	
		Position	Relationship with the issuer	Position	Relationship with the issuer	Position	Relationship with the issuer
Sulasapar Participações S.A.	03.759.567/0001-34	Member of the Board of Directors	Controlling Shareholder	Member of the Board of Directors	Controlling Shareholder	Member of the Board of Directors	Controlling Shareholder
Sul América Companhia Nacional de Seguros	33.041.062/0001-09	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary
Sul América Seguros de Pessoas e Previdência S.A.	01.704.513/0001-46	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary
Sul América Companhia Seguro Saúde	01.685.053/0001-56	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary
Sul América Investimentos Distribuidora de Títulos e Valores Imobiliários S.A.	32.206.435/0001-83	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary
Sul América Seguro Saúde S.A.	86.878.469/0001-43	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary

Sul América Saúde Companhia de Seguros	60.831.427/0001-63	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary
Sul América Odontológico S.A.	11.973.134/0001-05	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary	Vice Chairman of the Board of Directors	Indirect Subsidiary

Name: Carlos Infante Santos de Castro **Individual Taxpayer number (CPF):** 339.555.907-63
Position he holds at the issuer: Member of the Board of Directors

Company	CNPJ	2010			2011			2012		
		Position	Relationship with the issuer	Position	Relationship with the issuer	Position	Relationship with the issuer	Position	Relationship with the issuer	
Sulasapar Participações S.A.	03.759.567/0001-34	Member of the Board of Directors	Controlling Shareholder	Member of the Board of Directors	Controlling Shareholder	Member of the Board of Directors	Controlling Shareholder	Member of the Board of Directors	Controlling Shareholder	
Sul América Companhia Nacional de Seguros	33.041.062/0001-09	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	
Sul América Seguros de Pessoas e Previdência S.A.	01.704.513/0001-46	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	
Sul América Companhia Seguro Saúde	01.685.053/0001-56	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	
Sul América Investimentos Distribuidora de Títulos e Valores Imobiliários S.A.	32.206.435/0001-83	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	
Sul América Saúde Companhia de Seguros	60.831.427/0001-63	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	
Sul América Odontológico S.A.	11.973.134/0001-05	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	

Name: Fernando Alves Meira

Individual Taxpayer number (CPF): 201.166.928-63

Position he holds at the issuer: Alternate Member of the Board of Directors

Company	CNPJ			2010		2011		2012	
	Position	Relationship with the issuer	Position	Relationship with the issuer	Position	Relationship with the issuer	Position	Relationship with the issuer	
Sulasapar Participações S.A.	03.759.567/0001-34	Alternate member of the Board of Directors	Controlling Shareholder	Member of the Board of Directors	Alternate Board of Directors	Controlling Shareholder	Member of the Board of Directors	Alternate Board of Directors	Controlling Shareholder
Sul América Companhia Nacional de Seguros	33.041.062/0001-09	Alternate member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Alternate Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Alternate Board of Directors	Indirect Subsidiary
Sul América Seguros de Pessoas e Previdência S.A.	01.704.513/0001-46	Alternate member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Alternate Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Alternate Board of Directors	Indirect Subsidiary
Sul América Companhia Seguro Saúde	01.685.053/0001-56	Alternate member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Alternate Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Alternate Board of Directors	Indirect Subsidiary
Sul América Seguro Saúde S.A.	86.878.469/0001-43	Alternate member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Alternate Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Alternate Board of Directors	Indirect Subsidiary
Sul América Saúde Companhia de Seguros	60.831.427/0001-63	Alternate member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Alternate Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Alternate Board of Directors	Indirect Subsidiary
Sul América Odontológico S.A.	11.973.134/0001-05	Alternate member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Alternate Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Alternate Board of Directors	Indirect Subsidiary

Name: Isabelle Rose Marie de Ségur Lamoignon

Individual Taxpayer number (CPF): 029.102.447-50

Position she holds at the issuer: Member of the Board of Directors

Company	CNPJ	2010			2011			2012		
		Position	Relationship with the issuer	Position	Relationship with the issuer	Position	Relationship with the issuer	Position	Relationship with the issuer	
Sulasapar Participações S.A.	03.759.567/0001-34	Member of the Board of Directors	Controlling Shareholder	Member of the Board of Directors	Controlling Shareholder	Member of the Board of Directors	Controlling Shareholder	Member of the Board of Directors	Controlling Shareholder	

Name: Jorge Hilário Gouvêa Vieira **Individual Taxpayer number (CPF):** 008.563.637-15
Position he holds at the issuer: Member of the Board of Directors

Company	CNPJ	2010		2011		2012	
		Position	Relationship with the issuer	Position	Relationship with the issuer	Position	Relationship with the issuer
Sul América Seguro Saúde S.A.	86.878.469/0001-43	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary

Name: Johannes Martinus Maria Boers **Passport:** NX8P25H87
Position he holds at the issuer: Member of the Board of Directors

Company	CNPJ	2010		2011		2012	
		Position	Relationship with the issuer	Position	Relationship with the issuer	Position	Relationship with the issuer
Sulasapar Participações S.A.	03.759.567/0001-34	-	-	-	-	Member of the Board of Directors	Controlling Shareholder

Name: Patrick Antonio Claude de Larragoiti Lucas **Individual Taxpayer number (CPF):** 718.245.297-91
Position he holds at the issuer: President of the Board of Directors

Company	CNPJ	2010		2011		2012	
		Position	Relationship with the issuer	Position	Relationship with the issuer	Position	Relationship with the issuer
Sulasapar Participações S.A.	03.759.567/0001-34	Chairman of the Board of Directors	Controlling Shareholder	Chairman of the Board of Directors	Controlling Shareholder	Chairman of the Board of Directors	Controlling Shareholder
Sul América Nacional de Seguros	33.041.062/0001-09	Chairman of the Board of Directors	Indirect Subsidiary	Chairman of the Board of Directors	Indirect Subsidiary	Chairman of the Board of Directors	Indirect Subsidiary
Sul América Seguros de	01.704.513/0001-46	Chairman of the	Indirect	Chairman of	Indirect	Chairman of	Indirect

Pessoas e Previdência S.A.									
Sul América Companhia Seguro Saúde	01.685.053/0001-56	Chairman of the Board of Directors	Indirect Subsidiary	the Board of Directors	Subsidiary	the Board of Directors	Indirect Subsidiary	Chairman of the Board of Directors	Indirect Subsidiary
Sul América Investimentos Distribuidora de Títulos e Valores Imobiliários S.A.	32.206.435/0001-83	Chairman of the Board of Directors	Indirect Subsidiary	Chairman of the Board of Directors	Indirect Subsidiary	Chairman of the Board of Directors	Indirect Subsidiary	Chairman of the Board of Directors	Indirect Subsidiary
Sul América Seguro Saúde S.A.	86.878.469/0001-43	Chairman of the Board of Directors	Indirect Subsidiary	Chairman of the Board of Directors	Indirect Subsidiary	Chairman of the Board of Directors	Indirect Subsidiary	Chairman of the Board of Directors	Indirect Subsidiary
Sul América Saúde Companhia de Seguros	60.831.427/0001-63	Chairman of the Board of Directors	Indirect Subsidiary	Member of the Board of Directors	Indirect Subsidiary	Chairman of the Board of Directors	Indirect Subsidiary	Chairman of the Board of Directors	Indirect Subsidiary
Sul América Odontológico S.A.	11.973.134/0001-05	Chairman of the Board of Directors -	Indirect Subsidiary	Chairman of the Board of Directors	Indirect Subsidiary	Chairman of the Board of Directors	Indirect Subsidiary	Chairman of the Board of Directors	Indirect Subsidiary

The other members indicated to the Board of Directors did not maintain subordination, service provision or control relations with subsidiaries, controlling shareholders and others in the last 3 fiscal years.

Item 13 from the Reference Form

13. Management compensation

13.1 Compensation policies or practices for the Board of Directors, the statutory and non statutory Board of Executive Officers, the Fiscal Council, the statutory committees and the Audit, Risk, Financial and Compensation Committees:

Sul America ("Company") and its subsidiaries ("SulAmérica group") adopt a single compensation policy ("Compensation Policy" or "Policy") which establishes the directives to be observed in relation to the Management Key-Personnel compensation.

SulAmérica group Management Key-Personnel, for the purposes of the Policy, are represented by the members of following groups: the Board of Directors, Board of Executive Officers, Fiscal Council and the statutory and non-statutory Board of Directors advisement committees ("Management Key-Personnel").

All members of the Board of Executive Officers and some members of the Board of Directors of Sul America S.A. are engaged in equivalent positions in controlled companies. Their full compensation is established in a consolidated manner, according to the terms of the Compensation Policy, being supported in part by Sul America S.A. and in part by its subsidiaries.

The total compensation assigned to the Management Key-Personnel takes into consideration the global amounts approved in the shareholders general meetings of the respective companies.

Compensation philosophy

The SulAmerica group believes that to achieve success is vital that the Management Key-Personnel be aligned and committed to the business future in the short, medium and long term.

The group believes that is crucial to offer a fair and meritocratic opportunity for total compensation, dependent on the scope of work of its executives. The opportunity to earn a fair compensation is proportional to the Company's performance and each executive contribution.

Structuring a compensation policy strategy involves using various mechanisms in order to strengthen the role of groups and ensure focus and excellence in the execution of their mandates.

a. Objectives of the policy or compensation practice

The main purpose of the Compensation Policy is to align SulAmérica group's interests and the Management Key-Personnel interests, assigning a total compensation compatible to the market best practices.

The Policy establishes fair and meritocratic criteria for defining the opportunity to gain in the short, medium and long term contributing not only to

encourage, attract, and maintain qualified professionals to perform their duties, but also to generate profit to the shareholders.

b. Compensation composition

i. Description of the elements of compensation and the purposes of each one

The SulAmérica group Management Key-Personnel compensation consists of the following components: (a) fixed compensation; (b) variable compensation; (c) post-employment benefits; and (d) share based compensation.

(a) Fixed compensation

Board of Directors and Fiscal Council

Fixed compensation for the Board of Directors is defined based on the responsibilities, duties and dedication of its members to SulAmérica group, in accordance with the principles of good corporate governance where the amount received should not represent the main source of income for its participants. Values are set annually, based on market best practices adopted by companies with complexity and governance practices similar to SulAmérica group.

The Fiscal Council

In 2012 there was no installation of the Fiscal Council. When the Fiscal Council is installed, its members will be compensated as provided in article 162, § 3 of Law 6404/76 (*Lei das S.A.*).

Executive Officers

Management Key-Personnel fixed compensation is part of the common compensation and is established based on the responsibilities and duties of the position. The SulAmérica group observes the market best practices for companies operating in the same business segments, similar major publicly-traded companies and companies with similar compensation strategies as the SulAmérica group. The SulAmérica group also takes recommendation from specialized consulting firms, being the fixed compensation an important component for the basis calculation of the others compensation elements.

Benchmark reference: selected companies that include direct competitors and publicly traded companies with similar size and complexity as the SulAmérica group.

(b) Variable compensation

A portion of the Management Key-Personnel is eligible to receive common variable compensation, represented by complementary payments, paid in the form of annual bonus, aiming a greater alignment of their interests and SulAmérica group's. Assigned amounts result of a performed assessment

process based on management contracts established goals, as well as a subjective assessment.

The objective indicators are set annually, based on the business plan and budget, linked to financial and operational performance of SulAmérica group.

The individual performance evaluation is performed using a standard "nine box" model, in which are considered elements such as: accomplishment of established goals, as well as competence appraisals. In the assessment of competence the eligible personnel are evaluated by their superiors, peers and subordinates. Such process allows a wide view of performance in a 360 degree perspective.

(c) Post-employment benefits

The portion of the compensation represented by post-employment benefits is composed of a pension plan on behalf of the members of the Board of Executive Officers of SulAmérica group which aims to establish a long term saving account and complementary source of income during retirement.

(d) Share based compensation

The share based compensation is composed of options to acquire shares or Units issued by Sul America S.A., granted to the members of the Board of Executive Officers of SulAmérica group, and aims to stimulate the expansion and accomplishment of its social goals, aligning the interests of the shareholders and managers, both at medium or long term, by linking part of the compensation to the future performance of the shares issued by Sul America S.A.

The granting of options to acquire shares or Units can be done in two ways not mutually exclusive: by simply granting options to purchase shares at a set price at the time of grant, and/or grant options to purchase bonus shares depending on the level of investment of the eligible's in shares of Sul America S.A.

ii. Proportion of each element of the total compensation

The table below indicates the proportion of the elements described above in the compensation assigned to the management of SulAmérica group in the fiscal year ended on 12.31.2012:

**Proportion of each element of the total compensation recognized in the statement
Fiscal year ended on 12.31.2012
Sul América S.A. (Issuer)**

	Board of Directors	Board of Officers	Fiscal Council	Total
Annual fixed compensation	100.00%	16.10%	0.00%	49.77%
Variable compensation	0.00%	0.00%	0.00%	0.00%
Post-Employment Benefits	0.00%	10.02%	0.00%	6.00%
Share based compensation	0.00%	73.88%	0.00%	44.23%
Total	100.00%	100.00%	100.00%	100.00%

Proportion of each element of the total compensation recognized in the statement

Fiscal year ended on 12.31.2012
Sul America S.A. and subsidiaries (Consolidated)

	Board of Directors	Board of Officers	Fiscal Council	Total
Annual fixed compensation	71.36%	49.01%	0.00%	50.79%
Variable compensation	28.64%	28.59%	0.00%	28.60%
Post-Employment Benefits	0.00%	2.87%	0.00%	2.64%
Share based compensation	0.00%	19.53%	0.00%	17.97%
Total	100.00%	100.00%	100.00%	100.00%

iii Calculation and adjustment methodology for each one of the compensation elements

The amounts assigned as Management Key-Personnel compensation are established based on the desired proportion of the total compensation composition, which are periodically reviewed by means of market research or by recommendation from a specialized consulting company, in order to verify its adequacy and eventual need of review of its components distribution according to the observed market practices.

(a) Fixed compensation

The amounts assigned as common fixed compensation for the Management Key-Personnel may at the discretion of the Compensation Committee or the Board of Directors be updated monetarily and reviewed periodically in order to be adjusted to the market best practices.

Benchmark reference: selected companies that include direct competitors and publicly traded companies with similar size and complexity as the SulAmérica group.

Fixed compensation target: SulAmérica group aims to maintain the fixed compensation in line with the median of its benchmark. The objective is to ensure a fair level of compensation, without incurring any fixed costs above the benchmarked performed values.

(b) Variable compensation

The amounts assigned as common variable compensation are the outcome of an assessment performed process based on management contracts established goals executed each year.

Since variable compensation is linked to management contracts, the gains may be higher than the ones prevailing in the market in case of high performance of the company or participant, and may not exist if the company's performance or participant is below an established minimum.

(c) Post Employment Benefits

The post-employment benefits assigned to the Management Key-Personnel are composed of a pension plan and life insurance on behalf of the members of the Board of Executive Officers. The contributions for the

pension plan are made at a 40% ratio by the plan participant and 60% ratio by SulAmérica group, according to the terms of the respective plan (see item 13.10). Life insurance for members of the Board of Executive Officers is supported by the SulAmérica group.

(d) Share based compensation

The quantity of options granted for the purchase of shares or Units of Sul América S.A. results from a timely basis evaluation process based on the management established goals achievements of each year previous entered agreements.

The value of the granted options is calculated based on the *Black-Scholes* pricing model for years 2008, 2009 and 2010 and the binomial model for the years 2011 and 2012. The pricing model takes into consideration the characteristics of each respective share and/or Units options purchase programs, according to the information presented in item 13.4.

iv. Reasons that justify the composition of the compensation

The Management Key-Personnel assigned compensation aims to recognize each participant responsibilities and the market practices. In relation to the assigned compensation for the members of the Board of Executive Officers, the proportion of the respective components aims to promote alignment to the SulAmérica group interests, in the medium and long term, contributing to generate value to shareholders.

c. Main performance indicators taken into consideration for determining each element of compensation composition

The components of compensation assigned to the Management Key-Personnel are based on indicators of financial and operational performance, as well as in satisfaction indexes of the main stakeholders and in sustainability goals.

<i>Elements of Compensation</i>	Performance Indicators
<i>Honorarium</i>	Not Indexed to Indicators.
<i>Variable Compensation</i>	Financial and Operational Indicators, Stakeholders Satisfaction and Individual Competences
<i>Post Employment Benefits</i>	Not Indexed to Indicators
<i>Share based compensation</i>	Financial and Operational Indicators, Stakeholders Satisfaction and Individual Competences

d. How the compensation is structured in order to reflect the evolution of the performance indicators

The evolution of the performance indicators is reflected in the variable portion of the compensation assigned to the members of the Board of Executive Officers of SulAmérica group. The amounts relative to such portion are the result of an assessment process based on the goals established by management contracts, reviewed each year by the Board of Directors or Compensation Committee.

e. How the compensation policy or practice align to short, medium and long term interests of SulAmérica group

The Compensation policy aligns SulAmérica group's interests with those of key Management Employees by paying total compensation and the corresponding components of it, meeting the best practices noted in similar major public corporations, in the markets in which SulAmérica operates. The policy observes short, medium and long term interests as well as sustainability interests, and the value generation to shareholders.

The success of the SulAmérica group relies heavily on the ability to execute the business plan and to comply with its budget. The variable compensation is a key element of reward that is directly connected to such execution abilities.

The consistency in achieving results and the quality of SulAmérica group Management generate shareholder value, consequently impacting stock price. The equity compensation plan serves as an important element for participants to act as business partners, favoring the generation of long-term shareholders value.

f. Existence of compensation supported by the subsidiaries and direct or indirect controlling companies

The members of the Board of Executive Officers and some members of the Board of Directors of Sul America S.A. hold positions simultaneously in controlled companies, through which the Company takes part in its operating markets. The compensation amounts assigned to the management of Sul America S.A. by its subsidiaries were informed in item 13.15. There is no compensation assigned to the management by the controlling companies of Sul America S.A. In addition to that, the consolidated compensation assigned to the Management Key-Personnel, including the ones not holding positions in Sul America S.A., was informed in item 13.16 "a".

The portion of compensation assigned to the Executive Officers of the SulAmérica group represented by share and/or Units purchase options issued by Sul America S.A. is paid by the Company, as provided in the table of item 13.16 "a" Sul America S.A. and subsidiaries (Consolidated). This cost will be transferred to affiliated companies of Sul América S.A. in the fiscal year of 2012, in accordance with CVM Deliberation No. 650, which approves CPC Technical Statement No. 10.

The compensation of members of the Company's Fiscal Council, if installed, will be fully paid by Sul America S.A.

No compensation is paid to the Management Key-Personnel by direct or indirect controlling companies of Sul America S.A.

g. Existence of any compensation or benefit related to the occurrence of determined corporate event, such as the sale of the corporate control of the issuer

SulAmérica does not foresee the payment of compensation or benefits connected to the occurrence of corporate events of Sul America S.A. and its subsidiaries.

13.2. Compensation recognized in the statements relative to the fiscal years ended on 12.31.2010, 12.31.2011, 12.31.2012 and estimated for the current fiscal year, for the Board of Directors, the Board of Officers and the Fiscal Council.

Total compensation estimated for the current fiscal year (2013) Sul America S.A. (Issuer) (in R\$ thousand)				
a. Body	Board of Directors	Board of Officers	Fiscal Council	Total
b. Number of members	9.00	4.00	0.00	13.00
C. Compensation:				
I, Anual fixed compensation				
· Salary or pro labore fees	2,150	33	-	2,183
· Direct and indirect benefits	2	593	-	595
· Participation in committees	-	-	-	-
· Others	430	7	-	435
Ii, Variable Compensation				
· Bonus	0	-	-	0
· Share profits	-	-	-	-
· Meetings participation	-	-	-	-
· Comissions	-	-	-	-
· Others ¹	-	-	-	-
Iii, Post-employment benefits	-	386	-	386
Iv, Job termination	-	-	-	-
V, Share based compensation	-	2,845	-	2,845
D. Total compensation per body	2,582	3,862	-	6,444
Total compensation recognized for Fiscal year ended on 12.31.2012 Sul America S.A. (Issuer) (in R\$ thousand)				

a. Body	Board of Directors	Board of Officers	Fiscal Council	Total
b. Number of members ¹	9.00	3.75	0.00	12.75
C. Compensation:				
I, Anual fixed compensation				
· Salary or pro labore fees	2,150	22	-	2,172
· Direct and indirect benefits	-	593	-	-
· Participation in committees	-	-	-	-
· Others ²	430	5	-	435
Ii, Variable Compensation				

· Bonus	-	-	-	-
· Share profits	-	-	-	-
· Meetings participation	-	-	-	-
· Comissions	-	-	-	-
· Others ²	-	-	-	-
Iii, Post-employment benefits	-	386	-	386
Iv, Job termination	-	-	-	-
V, Share based compensation	-	2,845	-	2,845
D. Total compensation per body	2,582	3,851	-	6,433

¹ The number of members of each body was calculated in accordance with Circular Letter/CVM/SEP/No. 001/2013. The number does not take into consideration the simultaneous occupation of positions in the issuer and its controlled companies.

² Contribution to Social Security (INSS).

Total compensation recognized in the statement
Fiscal year ended on 12.31.2011
Sul America S.A. (Issuer)
(in R\$ thousand)

a. Body	<u>Board of Directors</u>	<u>Board of Officers</u>	<u>Fiscal Council</u>	<u>Total</u>
b. Number of members ¹	9.00	3.66	0.00	12.66
C. Compensation:				
I. Anual fixed compensation				
· Salary or pro labore fees	2,168	24	-	2,192
· Direct and indirect benefits	-	-	-	-
· Participation in committees	-	-	-	-
· Others ²	398	5	-	403
Ii. Variable Compensation				
· Bonus	180	-	-	180
· Share profits	-	-	-	-
· Meetings participation	-	-	-	-
· Comissons	-	-	-	-
· Others ²	-	-	-	-
Iii. Post-employment benefits	-	-	-	-
Iv. Job termination	-	-	-	-
V. Share based compensation	-	4,426	-	4,426
D. Total compensation per body	2,746	4,455	-	7,201

¹ The number of members of each body was calculated in accordance with Circular Letter/CVM/SEP/No. 003/2012. The number does not take into consideration the simultaneous occupation of positions in the issuer and its controlled companies.

² Contribution to Social Security (INSS).

**Total compensation recognized in the statement
Fiscal year ended on 12.31.2010
Sul America S.A. (Issuer)
(in R\$ thousand)**

a. Body	Board of Directors	Board of Officers	Fiscal Council	Total
b. Number of members ¹	8.92	4.00	3.00	15.92
C. Compensation:				
I. Anual fixed compensation				
· Salary or pro labore fees	1,875	24	2	1,901
· Direct and indirect benefits	24	-	-	24
· Participation in committees	-	-	-	-
· Others ²	308	5	-	313
Ii. Variable Compensation				
· Bonus	1,430	-	-	1,430
· Share profits	-	-	-	-
· Meetings participation	-	-	-	-
· Comissions	-	-	-	-
· Others ²	310	-	-	310
Iii. Post-employment benefits				
Iv. Job termination				
V. Share based compensation				
	-	1,522	-	1,522
D. Total compensation per body	3,948	1,551	2	5,502

¹ The number of members of each body was calculated in accordance with Circular Letter/CVM/SEP/No. 007/2011. The number does not take into consideration the simultaneous occupation of positions in the issuer and its controlled companies.

² Contribution to Social Security (INSS).

13.3 Variable compensation recognized in the fiscal years ended on 12.31.2010, 12.31.2011, 12.31.2012 and the estimate for the current fiscal year, for the Board of Directors, Board of Executive Officers of officers and Fiscal Council of the Company and SulAmérica group

**Variable compensation estimated for the current Fiscal Year (2013)
Sul America S.A.
(in R\$ thousand)**

a. body	Board of Directors	Board of Officers	Fiscal Council	Total
b. number of members ¹	0	0	0	0

c. in relation to bonus				
i. minimum amount estimated in compensation plan	0	0	0	0
ii. maximum amount estimated in compensation plan	0	0	-	0
iii. amount estimated in the compensation plan if the established goals are reached	0	0	-	0
iv. amount effectively recognized in the income statements	-	-	-	-
d. in relation to share profit				
i. minimum amount estimated in compensation plan	-	-	-	-
ii. maximum amount estimated in compensation plan	-	-	-	-
iii. amount estimated in the compensation plan if the established goals are reached	-	-	-	-
iv. amount effectively recognized in the income statements	-	-	-	-

¹ Number of members to whom variable compensation was assigned.

**Recognized variable compensation in the income statements of the
Fiscal Year ended in 12.31.2012
(in R\$ thousand)**

a. body	Board of Directors	Board of Officers	Fiscal Council	Total
b. number of members¹	0	0	0	0
c. in relation to bonus				
i. minimum amount estimated in compensation plan	0	0	0	0
ii. maximum amount estimated in compensation plan	0	0	-	0
iii. amount estimated in the compensation plan if the established goals are reached	0	0	-	0
iv. amount effectively recognized in the income statements	-	-	-	-
d. in relation to share profit				
i. minimum amount estimated in compensation plan	-	-	-	-
ii. maximum amount estimated in compensation plan	-	-	-	-
iii. amount estimated in the compensation plan if the established goals are reached	-	-	-	-
iv. amount effectively recognized in the income statements	-	-	-	-

¹ Number of members to whom variable compensation was assigned.

**Recognized variable compensation in the income statements of the
Fiscal Year ended in 12.31.2011
Sul America S.A.
(in R\$ thousand)**

a. body	Board of Directors	Board of Officers	Fiscal Council	Total
b. number of members¹	1.00	0.00	0.00	1.00
c. in relation to bonus				
i. minimum amount estimated in compensation plan	0	0	0	0
ii. maximum amount estimated in compensation plan	246	0	-	246
iii. amount estimated in the compensation plan if the established goals are reached	126	0	-	126
iv. amount effectively recognized in the income statements ²	180	0	-	180
d. in relation to share profit				
i. minimum amount estimated in compensation plan	-	-	-	-
ii. maximum amount estimated in compensation plan	-	-	-	-

iii. amount estimated in the compensation plan if the established goals are reached	-	-	-	-
iv. amount effectively recognized in the income statements	-	-	-	-
¹ Number of members to whom variable compensation was assigned.				
² Accrued amount				

**Recognized variable compensation in the income statements of the Fiscal Year ended in
12.31.2010
Sul America S.A.
(in R\$ thousand)**

	Board of Directors	Board of Officers	Fiscal Council	Total
a. body				
b. number of members¹	1.00	4.00	0.00	5.00
c. in relation to bonus				
i. minimum amount estimated in compensation plan	0	0	-	0
ii. maximum amount estimated in compensation plan	750	1,380	-	2,130
iii. amount estimated in the compensation plan if the established goals are reached	375	690	-	1,065
iv. amount effectively recognized in the income statements ²	1,430	-	-	-
d. in relation to share profit				
i. minimum amount estimated in compensation plan	-	-	-	-
ii. maximum amount estimated in compensation plan	-	-	-	-
iii. amount estimated in the compensation plan if the established goals are reached	-	-	-	-
iv. amount effectively recognized in the income statements	-	-	-	-
¹ Number of members to whom variable compensation was assigned.				
² Accrued amount				

**Variable compensation estimated for the current Fiscal Year (2013)
Sul America S.A. and subsidiaries (Consolidated)
(in R\$ thousand)**

	Board of Directors	Board of Officers	Fiscal Council	Total
a. body				
b. number of members¹	1.00	33.00	0.00	34.00
c. in relation to bonus				
i. minimum amount estimated in compensation plan	0	0	-	0
ii. maximum amount estimated in compensation plan	2,936	27,602	-	30,538
iii. amount estimated in the compensation plan if the established goals are reached	1,498	14,161	-	15,660
iv. amount effectively recognized in the income statements				
d. in relation to share profit				
i. minimum amount estimated in compensation plan	-	-	-	-
ii. maximum amount estimated in compensation plan	-	-	-	-
iii. amount estimated in the compensation plan if the established goals are reached	-	-	-	-
¹ Number of members to whom variable compensation was assigned.				

**Variable compensation estimated for the current Fiscal Year (2012)
Sul America S.A. and subsidiaries (Consolidated)
(in R\$ thousand)**

	Board of Directors	Board of Officers	Fiscal Council	Total
a. body				
b. number of members¹	1.00	33.00	0.00	34.00
c. in relation to bonus				
i. minimum amount estimated in compensation plan	0	0	-	0
ii. maximum amount estimated in compensation plan	2,757	25,917	-	28,674
iii. amount estimated in the compensation plan if the established goals are reached	1,407	13,297	-	14,704
d. in relation to share profit				
i. minimum amount estimated in compensation plan	-	-	-	-
ii. maximum amount estimated in compensation plan	-	-	-	-
iii. amount estimated in the compensation plan if the established goals are reached	-	-	-	-

¹ Number of members to whom variable compensation was assigned.

**Recognized variable compensation in the income statements of the
Fiscal Year ended in 12.31.2011
Sul America S.A. and subsidiaries (Consolidated)
(in R\$ thousand)**

	Board of Directors	Board of Officers	Fiscal Council	Total
a. body				
b. number of members¹	1.00	30.33	0.00	31.33
c. in relation to bonus				
i. minimum amount estimated in compensation plan	0	0	-	0.00
ii. maximum amount estimated in compensation plan	2,656	27,500	-	30,156
iii. amount estimated in the compensation plan if the established goals are reached	1,844	18,483	-	20,326
iv. amount effectively recognized in the income statements	1,799	17,670		
d. in relation to share profit				
i. minimum amount estimated in compensation plan	-	-	-	-
ii. maximum amount estimated in compensation plan	-	-	-	-
iii. amount estimated in the compensation plan if the established goals are reached	-	-	-	-
iv. amount effectively recognized in the income statements	-	-	-	-

¹ Number of members to whom variable compensation was assigned.

**Recognized variable compensation in the income statements of the
Fiscal Year ended in 12.31.2010
Sul America S.A. and subsidiaries (Consolidated)
(in R\$ thousand)**

	Board of Directors	Board of Officers	Fiscal Council	Total
a. body				
b. number of members¹	1.00	30.33	0.00	31.33
c. in relation to bonus				
i. minimum amount estimated in compensation plan	0	0	-	0.00
ii. maximum amount estimated in compensation plan	750	36,814	-	37,564
iii. amount estimated in the compensation plan if the established goals are reached	375	24,365	-	24,740
iv. amount effectively recognized in the income statements	1,430	59,975	-	61,405
d. in relation to share profit				
i. minimum amount estimated in compensation plan	-	-	-	-
ii. maximum amount estimated in compensation plan	-	-	-	-
iii. amount estimated in the compensation plan if the established goals are reached	-	-	-	-

iv. amount effectively recognized in the income statements

¹ Number of members to whom variable compensation was assigned.

13.4 Share based compensation plan for the Board of Directors and Board of Executive Officers, in force in the last fiscal year and estimated for the current fiscal year.

a. General terms and conditions

The share based compensation assigned to the members of the Board of Executive Officers of SulAmérica group obeys the conditions provided in General Stock Option Plan ("General Plan"), approved by the General Shareholders Meeting on March 31, 2008, of which amendment was approved by the General Shareholders Meeting on March 30, 2012. The management of the General Plan is a Company's Board of Directors responsibility that may choose to adopt periodically share or Units² option purchase programs ("Programs") issued by Sul America S.A.

In the scope of the General Plan, the Board of Directors of Sul America S.A. approved programs for the years 2008, 2009, 2010, 2011 and 2012 and delegated to the Compensation Committee the definition of the respective beneficiaries, among the SulAmérica group members of the Board of Executive Officers, as well as the amount of Units that they are entitled to.

A review of the General Plan approved by the General Shareholders Meeting on March 30, 2012 resulted on a single relevant modification: the reduction of approximately 50% in the targets set out by the program granting Simple Options on 2012. In exchange, the plan provided for a more aggressive matching involving bonus options for the acquisition of stock ("Bonus Options"), which may be granted in the programs to certain beneficiaries against their purchase of the Company's Units by using a portion of the short term variable compensation ("Bound Units"), according to the percentages, terms and conditions established in each program. The Board of Directors or the Compensation Committee, as may be the case, may determine, upon the launching of each program, a discount up to a maximum of 20% to be granted to beneficiaries on the establishment of the purchase price of Bound Units, in the case that Units representing shares under treasury are sold. The strike price of the Bonus Options will be based on keeping Bound Shares for a pre-determined period in the corresponding contract.

In 2008, 2009 and 2010 programs, only Simple Options were granted while in 2011 and 2012 programs both Simple and Bonus Options were granted to beneficiaries.

The Simple Options granted in the scope of the 2008, 2009, 2010, 2011 and 2012 programs may be exercised at the ratio of 1/3 of the total granted, per year, as of the ending of the first, second and third following years starting from the date of the execution of Option Purchase Contract of Units signed by each beneficiary ("Simple Options Contract"), respecting the maximum period of five years starting from the referred data of signature of the respective Option Contract. The price to exercise Simple Options will be equivalent to the average Units closing market price of the thirty trading sessions of BM&FBovespa immediately before the date in which the Option Contract is entered, which, as established in the corresponding Option Program and Contract, may be increased by interest and monetary restatement based on

the variation of a price index to be established by the Board of Directors or by the Compensation Committee.

Bonus Options granted in the 2011 program may be exercised at the ratio of 25%, 25% and 50% of the total amount granted after the end of the third, fourth and fifth years, counted from the signature of the Units Option Purchase Contract with each beneficiary ("Bonus option contract"), up to the maximum exercise period of six years, counted from the aforesaid date of signature of the corresponding Option Contract. Also, in compliance with the General Plan terms, Bonus Options may be granted to certain beneficiaries against their purchase of the Company's Units by using a portion of their short-term variable compensation ("Bound Units"), according to the percentages, terms and conditions established in each program, of which exercise shall be necessarily based on the performance of the obligation to do, consisting of maintaining the property of the Bound Units property until the exercise of the portion corresponding to the Bonus Option.

Both Simple and Bonus Options shall depend on the beneficiary's maintenance of his/her term of office at the Company or its affiliates, unless otherwise established by the Board of Directors and/or Compensation Committee.

b. Plan main objectives

Granting Options for acquisitions of shares and Units issued by Sul America S.A. aims to align shareholders and the members of the Board of Executive Officers interests, assigning a total compensation compatible with the best market practices for companies of the same operating business segments as SulAmérica's, major public corporations and companies with similar characteristics or which compensation strategies are similar to the Company's. The General Plan and the Programs aim at not only stimulating, attracting and retaining skilled professionals in the performance of their duties, but also contributing to adding value to shareholders in the medium and long term.

c. Form in which the plan contributes for such goals

The General Plan associates part of the compensation of the Board of Executive Officers to the future performance of the Sul America S.A. shares. The approved programs promote interests alignment between shareholders and members of the Board of Executive Officers, at medium and long term, contributing to retain qualified professionals.

d. How the plan applies to the compensation policy of the SulAmérica group

The General Plan and the approved Programs integrate the total compensation of the members of the Board of Executive Officers of the SulAmérica group, contributing for its alignment to market best practices adopted by companies of the same scope of operation as SulAmérica group, major publicly held company with similar characteristics or compensation strategies similar to the group. The General Plan and Programs aim not only to stimulate, attract and retain qualified professionals for the performance of their duties, at medium and long term, associating a portion of the compensation to the valuation of the Sul America S.A. shares;

e. How the plan aligns the interest of the managers and the SulAmérica group at short, medium and long term

Options granted to the members of the Board of Executive Officers of SulAmérica group link part of the total compensation to the future performance of Sul America S.A issued shares, promoting managers and shareholders' interests alignment at medium and long term.

f. Maximum number of shares enclosed

As provided for in the General Plan, the granted Options will represent the maximum of 4% of the total of shares of the existing capital of Sul America S.A. by the time of the approval of the respective Program, accrued of the Units shares that might have been issued considering all granted Options, net of canceled and exercised Options.

g. Maximum number of options to be granted

The General Plan does not estimate the maximum number of Options to be granted, observing the limit described in item "f" above.

h. Conditions for purchase of shares

The conditions for shares or Units purchase issued by Sul America S.A. are provided in the Programs and respective Option Contracts.

In the scope of the 2008, 2009, 2010, 2011 and 2012 Programs, the Simple Options may be exercised at the ratio of 1/3 of the total granted, per year, as of the ending of the first, second and third following years starting from the date of the execution of the respective Option Contract, provided the maximum period of five years starting from the referred data of signing of the respective Option Contract.

Bonus Options granted in the 2011 program may be exercised at the ratio of 25%, 25% and 50% of the total amount granted a year from the end of the following third, fourth and fifth years, counted from the signature of the Units Purchase Option Contract entered into with each beneficiary, up to the maximum exercise period of six years, counted from the aforesaid date of signature of the corresponding Option Contract. Similarly, the 2012 program Bonus Options may be exercised, respectively, at the ration of 33%, 33% and 34% of the total amount granted a year from the end of the following third, fourth and fifth years, counted from the signature of the Units Purchase Option Contract entered into with each beneficiary, up to the maximum exercise period of six years, counted from the aforesaid date of signature of the corresponding Option Contract. Also, in compliance with the General Plan terms, the acquisition of the right to exercise Bonus Options shall be necessarily based on the performance of the obligation to do, consisting of maintaining the property of the Bound Units until the exercise of the portion corresponding to the Bonus Option.

Both Simple and Bonus Options shall depend on the beneficiary's maintenance of his/her term of office at the Company or its affiliates, unless otherwise established by the Board of Directors and/or Compensation Committee.

i. Criteria for setting the strike price or the exercise price

According to the terms of the 2008, 2009, 2010, 2011 and 2012 programs, the strike price of shares or Units to be purchased by the beneficiaries as a result of the exercise: (i) of the Simple Options shall be equivalent to the average quotation of the Units of the Company by the time of the closing of thirty trading sessions at BM&FBovespa immediately prior to the date of the signing of the respective Option Contract, and (ii) of Bonus Options shall be equivalent to the average quotation of the last trading session, weighted against stock position changes. A discount of up to 20% over the average quotation may be granted to beneficiaries.

j. Exercise period

The Board of Directors defined the Options exercise periods for the 2008, 2009, 2010, 2011 and 2012 programs, as described in item "h" above, aiming beneficiaries and SulAmérica group interests alignment in the medium and long term.

k. Form of liquidation

Observing the special provisions established in each Option Contract, the General Plan resolves that the price of each Unit, object of the granted Simple Options and Bound Units, where applicable, shall be fully paid in cash, by the date of the exercise of the respective option. In the case of Bonus Options, to liquidate them, the beneficiary shall provide evidences to the Company of the compliance with the obligation referred to under item "h" above.

l. Restrictions related to the transfer of shares

Since, as informed under item "i" above, maintaining the property of the Bound Units consist as the strike price of the Bonus Options. Selling the Bound Units implies the termination of the corresponding Bonus Options, by operation of the law.

In the 2008, 2009, 2010, 2011 and 2012 programs, after exercising the corresponding Option, the Units purchased by virtue of the Bonus Option and the corresponding portion of the Bound Units, as the case may be, shall be immediately free for sale by the beneficiary. However, the Company has the preferred right to purchase 100% of the Units provided from the exercise of the Options, as well as the Bound Units.

m. Criteria and events that, after verification, may result in suspension, alteration or extinction of the plan

In the event of dissolution and liquidation of Sul America S.A. the Plan and the Options granted shall become automatically terminated. The General Plan may also be terminated at any time at the discretion and decision of the General Shareholders Meeting. In this case, the ending of effectiveness of the General Plan shall not affect the validity of the Options still in effect and granted based on the Plan.

In the event of operations of corporate restructuring involving Sul America S.A., such as transformation, merging, acquisitions and spin-offs, in which it is not the remaining company, the General Plan shall terminate and any so far granted Option shall be extinct, unless the Board of Directors and/or

Compensation Committee and the involved companies deliberate on the applicable adjustments.

n. Effects of management exit from SulAmérica group related to its rights provided in the share based compensation plan

According to the terms of the General Plan, whenever the term of office of any member of management of the SulAmérica group is terminated, regardless of the reasons, the Option is considered null and void, which the right of exercise are not yet acquired by the beneficiary by the date of the exit, except in the case of death and permanent disability of the beneficiary to exercise his/her duties. Additionally, in exception cases, provided that the assignment of the mandate or of the labor agreement occurs by the Company's decision and without just cause, the Board of Directors or the Compensation Committee, may at their sole discretion, (i) anticipate the date of purchase of the right of exercise of the Option, which may not yet be purchased by the time of the exit, establishing a special stated period for the respective exercise and payment; or (ii) decide to keep in force the Options so that they may be exercised in the terms and conditions established in the corresponding Programs.

In regards to the Option, which the right of exercise is not yet acquired, observed the rules of each Option Contract, the Board of Directors or the Compensation Committee may establish a special period for the exercise and the respective payment of the Option, which cannot be lesser than the stated period previously granted.

13.5 Amount of shares or quotas, directly or indirectly held, in Brazil or overseas, and other convertible securities in shares or quotas, issued by Sul America S.A., their direct or indirect controlling companies, subsidiaries or under common control, by members of the Board of Directors, Board of Executive Officers or Fiscal Council, grouped by body, in the closing date of the last fiscal year.

Securities held, on the closing date of the last fiscal year (12.31.2012), by members of the Board of Directors, the statutory Board of Executive Officers and the Fiscal Council of Sul América S.A., issued by Sul América S.A.

	Amount of Units* (in Units)	Amount of Common Shares (in Units)	Amount of Preferred Shares (in Units)
Board of Directors	29,538	29,538	0
Board of Executive Officers	169,523	-	-
Fiscal Council	-	-	-

*Certificates of deposits of shares, nominative, book-entry, with no par value, representing, individually, one common share and two preferred shares, all nominative, book-entry, and with no par value issued by the Company.

Securities held, on the closing date of the last fiscal year (12.31.2012), by members of the Board of Directors, the statutory Board of Executive Officers and the fiscal Council of Sul América S.A. issued by Sulasapar Participações S.A (direct controlling company).

	Amount of Units (in Units)	Amount of Common Shares (in Units)	Amount of Preferred Shares (in Units)
Board of Directors	-	0	-

Board of Executive Officers	-	-	-
Fiscal Council	-	-	-

Securities held by members of the Board of Directors, the statutory Board of Executive Officers and the fiscal Council of Sul América S.A. issued by Sulasa Participações S.A (indirect controlling company) in the Fiscal Year ended in 12.31.2012.

	Amount of Units (in Units)	Amount of Common Shares (in Units)	Amount of Preferred Shares (in Units)
Board of Directors of Sul América S.A.	-	0	0
Statutory Board of Executive Officers of Sul América S.A.	-	-	-
Fiscal Council of Sul América S.A.	-	-	-

In compliance with legal requirements in effect until 2011, some members of the Board of Directors of the Company, that also participate in the Board of Directors of some controlled companies, may hold a share of the following companies: Sul América Companhia Nacional de Seguros, Sul América Seguros de Pessoas e Previdência S.A., Sul América Companhia de Seguro Saúde, Sul América Investimentos Distribuidora de Títulos e Valores Mobiliários S.A., Sul América Seguro Saúde S.A., Sul América Saúde Companhia de Seguros and Sul América Odontológico S.A. Also, Mr. Patrick Antonio Claude de Larragoiti Lucas holds one share in the following company: Saepar Serviços e Participações S.A.

13.6 Share based compensation of the Board of Directors and statutory Board of Executive Officers, recognized in the fiscal year ending in 12.31.2010, 31.12.2011 and 31.12.2012 and the one estimated for the current fiscal year

The 2008, 2009, 2010, 2011 and 2012 programs granted options on Units issued by Sul America S.A. to the members of its Board of Executive Officers, as well as of the subsidiaries, as stated below.

Sul America S.A. (Issuer)

Board: Board of Executive Officers²

Number of Members: 4

**Share based payment estimated for the current fiscal year (2013)^{1 and 2}
Sul America S.A. (Issuer)**

	date of granting	amount (Units)	date in which the options will become exercisable	maximum stated period for the exercise of options	term of restriction to the transfer of Units	fair value of the options on the date of granting (R\$)	potential dilution in case of exercise of all granted options
2009 program	04.02.2009	25,025	04.02.2012	04.02.2014	-	2.09	N/A ³
2010 program	04.01.2010	128,917	04.01.2011	04.01.2015	-	2.65	N/A ³

	04.01.2010	128,917	04.01.2012	04.01.2015	-	3.96	N/A ³
	04.01.2010	128,917	04.01.2013	04.01.2015	-	4.83	N/A ³
2011							
program	04.05.2011	143,818	04.05.2012	04.05.2016	-	5.06	N/A ³
	04.05.2011	143,818	04.05.2013	04.05.2016	-	5.43	N/A ³
	04.05.2011	143,818	04.05.2014	04.05.2016	-	5.61	N/A ³
	04.06.2011 ⁴	27,301	04.06.2014	04.06.2017	-	19.33	N/A ³
	04.06.2011 ⁴	27,301	04.06.2015	04.06.2017	-	19.33	N/A ³
	04.06.2011 ⁴	54,600	04.06.2016	04.06.2017	-	19.33	N/A ³
	10.18.2011	4,982	10.18.2012	10.18.2016	-	3.03	N/A ³
	10.18.2011	4,982	10.18.2013	10.18.2016	-	3.07	N/A ³
	10.18.2011	4,982	10.18.2014	10.18.2016	-	3.11	N/A ³
2012							
program	04.20.2012	124,755	04.20.2013	04.20.2017	-	3.56	N/A ³
	04.20.2012	124,755	04.20.2014	04.20.2017	-	3.83	N/A ³
	04.20.2012	124,755	04.20.2015	04.20.2017	-	3.98	N/A ³
	04.04.2012 ⁴	62,206	04.04.2015	04.04.2018	-	15.91	N/A ³
	04.04.2012 ⁴	62,206	04.04.2016	04.04.2018	-	15.91	N/A ³
	04.04.2012 ⁴	64,089	04.04.2017	04.04.2018	-	15.91	N/A ³

¹ In accordance with the outstanding positions in the beginning of 2012 Fiscal Year

² The information provided in this table includes the Company stock split (by the ratio of 3:1) occurred in 07.28.2010

³ Shares held in treasury as effect of SulAmérica S.A shares repurchase program intend for posterior use in the Stock Option General Plan

⁴ Lots that refer to the Bonus Options Plan. The other lots refer to the Simple Options Plan

Sul América S.A. (Issuer)
Board: Board of Executive Officers²
Number of Members: 3.75

Share based payment for the fiscal year (2012)^{1 and 2}
Sul America S.A. (Issuer)

	<u>date of granting</u>	<u>amount (Units)</u>	<u>date in which the options will become exercisable</u>	<u>maximum stated period for the exercise of options</u>	<u>term of restriction to the transfer of Units</u>	<u>fair value of the options on the date of granting (R\$)</u>	<u>Potential Dilution in Case of Exercise of all Granted Options</u>
Program 2008	04.02.2008	39,147	04.02.2011	04.02.2013	-	2.53	N/A ³
Program 2009	04.02.2009	78,495	04.02.2011	04.02.2014	-	1.76	N/A ³
		78,495	04.02.2012	04.02.2014	-	2.09	N/A ³
Program 2010	04.01.2010	128,917	04.01.2011	04.01.2015	-	2.65	N/A ³
	04.01.2010	128,917	04.01.2012	04.01.2015	-	3.96	N/A ³
	04.01.2010	128,917	04.01.2013	04.01.2015	-	4.83	N/A ³
Program 2011	04.05.2011	143,818	04.05.2012	04.05.2016	-	5.06	N/A ³
	04.05.2011	143,818	04.05.2013	04.05.2016	-	5.43	N/A ³
	04.05.2011	143,818	04.05.2014	04.05.2016	-	5.61	N/A ³
	04.06.2011 ⁴	27,301	04.06.2014	04.06.2017	-	19.33	N/A ³
	04.06.2011 ⁴	27,301	04.06.2015	04.06.2017	-	19.33	N/A ³
	04.06.2011 ⁴	54,600	04.06.2016	04.06.2017	-	19.33	N/A ³

¹In accordance with the outstanding positions in the beginning of 2012 Fiscal Year

²Shares held in treasury as effect of SulAmérica S.A shares repurchase program intend for posterior use in the Stock Option General Plan

³Shares held in treasury as effect of SulAmérica S.A shares repurchase program intend for posterior use in the Stock Option General Plan

⁴ Lots related to the Bonus Options Plan. The other lots refer to the Simple Options Plan.

Sul América S.A. (Issuer)
Body: Board of Executive Officers
Number of Members: 4

Share based payment for the fiscal year (2011)^{1 and 2}
Sul America S.A. (Issuer)

	<u>date of granting</u>	<u>amount (Units)</u>	<u>date in which the options will become exercisable</u>	<u>maximum stated period for the exercise of options</u>	<u>term of restriction to the transfer of Units</u>	<u>fair value of the options on the date of granting (R\$)</u>	<u>Potential Dilution in Case of Exercise of all Granted Options</u>
Program 2008	04.02.2008	159,378	04.02.2011	04.02.2013	-	2.53	N/A ³
Program 2009	04.02.2009	316,872	04.02.2011	04.02.2014	-	1.76	N/A ³
	04.02.2009	316,872	04.02.2012	04.02.2014	-	2.09	N/A ³
Program 2010	04.01.2010	172,404	04.01.2011	04.01.2015	-	2.65	N/A ³
	04.01.2010	172,401	04.01.2012	04.01.2015	-	3.96	N/A ³
	04.01.2010	172,401	04.01.2013	04.01.2015	-	4.83	N/A ³

¹In accordance with the outstanding positions in the beginning of 2010 Fiscal Year

²Shares held in treasury as effect of SulAmérica S.A shares repurchase program intend for posterior use in the Stock Option General Plan

³Shares held in treasury as effect of SulAmérica S.A shares repurchase program intend for posterior use in the Stock Option General Plan

Share based compensation for the fiscal year ended on 12.31.2010^{1 2}
Sul America S.A. (Issuer)

	<u>date of granting</u>	<u>amount (Units)</u>	<u>date in which the options will become exercisable</u>	<u>maximum stated period for the exercise of options</u>	<u>term of restriction to the transfer of Units</u>	<u>fair value of the options on the date of granting (R\$)</u>	<u>potential dilution in case of exercise of all granted options</u>
Program 2008	04.02.2008	53,126	04.02.2010	02.04.2013	-	5,95	N/A ²
	04.02.2008	53,126	04.02.2011	02.04.2013	-	7.60	N/A ²
							N/A ²
Program 2009	04.02.2009	105,624	04.02.2010	02.04.2014	-	3.79	N/A ²
	04.02.2009	105,624	04.02.2011	02.04.2014	-	5.27	N/A ²
	04.02.2009	105,624	04.02.2012	02.04.2014	-	6.27	N/A ²

¹In accordance with the outstanding positions in the beginning of 2010 Fiscal Year

²Shares held in treasury as effect of SulAmérica S.A shares repurchase program intend for posterior use in the Stock Option General Plan

Weighted Average price of exercise of each one of the following group of options:
Sul America S.A. (Issuer)

	<u>Options (amount in Units)</u>	<u>Weighted average price (in Reais)</u>
. outstanding by the beginning of the fiscal year of 2010	104,591	21.72
. granted from 01.01.2010 to 07.28.2010	128,917	47.70
. lost from 01.01.2010 to 07.28.2010	-	-
. exercised from 01.01.2010 to 07.28.2010	39,212	22.69
. expired from 01.01.2010 to 07.28.2010	-	-
. outstanding Simple Options by 07.28.2010 (prior the 3:1 split)	194,296	38.85
.outstanding Simple Options by 07.29.2010 (after the 3:1 split)¹	582,888	12.95
. granted between 07.29.2010 and 12.31.2010	-	-
. lost between 07.29.2010 and 12.31.2010	-	-
. exercised between 07.29.2010 and 12.31.2010	-	-
. expired between 07.29.2010 and 12.31.2010	-	-
. outstanding Simple Options by 12.31.2010	582,888	12.95
. granted during the fiscal year of 2011	446,400	19.09
. lost during the fiscal year of 2011	-	-
. exercised during the fiscal year of 2011	-	-
. expired during the fiscal year of 2011	-	-
.outstanding Simple Options by 12.31.2011	1,029,288	15.61
. granted during the fiscal year of 2012	374,265	16.52
. lost during the fiscal year of 2012	-	-
. exercised during the fiscal year of 2012	171,112	9.94
. expired during the fiscal year of 2012	-	-
.outstanding Simple Options by the beginning of 2013	1,232,441	17.32

. outstanding Bonus Options by 12.31.2010	-	-
. granted during the fiscal year of 2011	109,202	-
. lost during the fiscal year of 2011	-	-
. exercised during the fiscal year of 2011	-	-
. expired during the fiscal year of 2011	-	-
. outstanding Bonus Options by 12.31.2011	109,202	-
. granted during the fiscal year of 2012	188,501	-
. lost during the fiscal year of 2012	-	-
. exercised during the fiscal year of 2012	-	-
. expired during the fiscal year of 2012	-	-
. outstanding Bonus Options by the beginning of 2013	297,703	-
. outstanding Simple and Bonus Options by the beginning of 2013	1,530,144	-

¹As effect of the split approved by the General Meeting held on 07.28.2010, in which each share, common or preferred, was split into three shares of the same species, including the shares represented by Units, it became necessary to adjust the number of Units and price related to unvested portions of stock options granted, observing the same split proportion

Sul America S.A. and subsidiaries (Consolidated)

Board: Sul America S.A. and subsidiaries Board of Executive Officers

Number of Members: 33

Share based compensation estimated for the current fiscal year (2013)^{1 and 2} Sul America S.A. and subsidiaries (Consolidated)

	<u>date of granting</u>	<u>amount (Units)</u>	<u>Date of vesting</u>	<u>maximum stated period for the exercise of options</u>	<u>term of restriction to the transfer of Units</u>	<u>fair value of the options on the date of granting (in Reais)</u>	<u>potential dilution in case of exercise of all granted options</u>
2008 program	04.02.2008	38,267	04.02.2009	04.02.2013	-	1.24	N/A ³
	04.02.2008	50,159	04.02.2010	04.02.2013	-	1.98	N/A ³
	04.02.2008	105,087	04.02.2011	04.02.2013	-	2.53	N/A ³
	04.30.2008	7,173	04.30.2009	04.30.2013	-	1.52	N/A ³
	04.30.2008	7,173	04.30.2010	04.30.2013	-	2.26	N/A ³
	04.30.2008	7,173	04.30.2011	04.30.2013	-	2.80	N/A ³
	08.11.2008	3,397	08.11.2011	08.11.2013	-	3.10	N/A ³
	2009 program	04.02.2009	22,847	04.02.2010	04.02.2014	-	1.26
04.02.2009		116,055	04.02.2011	04.02.2014	-	1.76	N/A ³
04.02.2009		327,924	04.02.2012	04.02.2014	-	2.09	N/A ³
2010 program	04.01.2010	275,771	04.01.2011	04.01.2015	-	2.65	N/A ³
	04.01.2010	377,830	04.01.2012	04.01.2015	-	3.96	N/A ³
	04.01.2010	363,269	04.01.2013	04.01.2015	-	4.83	N/A ³
	10.01.2010	12,193	10.01.2011	10.01.2015	-	4.72	N/A ³
	10.01.2010	12,193	10.01.2012	10.01.2015	-	6.11	N/A ³
	10.01.2010	12,194	10.01.2013	10.10.2015	-	7.02	N/A ³
	10.05.2010	4,176	10.05.2011	10.05.2015	-	3.53	N/A ³
	10.05.2010	4,176	10.05.2012	10.05.2015	-	5.08	N/A ³
10.05.2010	4,176	10.05.2013	10.05.2015	-	6.12	N/A ³	
2011 program	04.05.2011	510,926	04.05.2012	04.05.2016	-	5.06	N/A ³
	04.05.2011	455,129	04.05.2013	04.05.2016	-	5.43	N/A ³
	04.05.2011	455,129	04.05.2014	04.05.2016	-	5.61	N/A ³
	04.06.2011 ⁴	41,038	04.06.2015	04.06.2017	-	19.33	N/A ³
	04.06.2011 ⁴	41,038	04.06.2016	04.06.2017	-	19.33	N/A ³
	04.06.2011 ⁴	82,059	04.06.2017	04.06.2017	-	19.33	N/A ³
	04.18.2011	13,097	04.18.2012	04.18.2016	-	5.05	N/A ³
	04.18.2011	13,097	04.18.2013	04.18.2016	-	5.45	N/A ³
	04.18.2011	13,097	04.18.2014	04.18.2016	-	5.62	N/A ³
	05.12.2011	15,223	05.12.2012	05.12.2016	-	4.93	N/A ³
	05.12.2011	15,223	05.12.2013	05.12.2016	-	5.30	N/A ³
	05.12.2011	15,223	05.12.2014	05.12.2016	-	5.45	N/A ³
	06.01.2011	43,085	06.01.2012	06.01.2016	-	5.00	N/A ³
	06.01.2011	43,085	06.01.2013	06.01.2016	-	5.33	N/A ³
	06.01.2011	43,085	06.01.2014	06.01.2016	-	5.46	N/A ³
	06.15.2011	5,409	06.15.2012	06.15.2016	-	4.45	N/A ³
	06.15.2011	5,409	06.15.2013	06.15.2016	-	4.70	N/A ³
	06.15.2011	5,409	06.15.2014	06.15.2016	-	4.83	N/A ³
	08.01.2011	6,887	08.01.2012	08.01.2016	-	3.59	N/A ³
	08.01.2011	6,887	08.01.2013	08.01.2016	-	3.72	N/A ³
	08.01.2011	6,887	08.01.2014	08.01.2016	-	3.81	N/A ³
08.11.2011	29,653	08.11.2012	08.11.2016	-	2.33	N/A ³	
08.11.2011	29,653	08.11.2013	08.11.2016	-	2.36	N/A ³	
08.11.2011	29,653	08.11.2014	08.11.2016	-	2.42	N/A ³	
10.18.2011	28,896	10.18.2012	10.18.2016	-	3.03	N/A ³	
10.18.2011	28,896	10.18.2013	10.18.2016	-	3.07	N/A ³	
10.18.2011	28,897	10.18.2014	10.18.2016	-	3.11	N/A ³	
2012 program	04.04.2012 ⁴	160,872	04.04.2015	04.04.2018	-	15.91	N/A ³
	04.04.2012 ⁴	160,872	04.04.2016	04.04.2018	-	15.91	N/A ³
	04.04.2012 ⁴	165,728	04.04.2017	04.04.2018	-	15.91	N/A ³
	04.20.2012	488,833	04.20.2013	04.20.2017	-	3.56	N/A ³
	04.20.2012	488,833	04.20.2014	04.20.2017	-	3.83	N/A ³
	04.20.2012	488,833	04.20.2015	04.20.2017	-	3.98	N/A ³

¹ In accordance with the outstanding positions in the beginning of 2012 Fiscal Year

² The information provided in this table includes the Company stock split (by the ratio of 3:1) occurred in 07.28.2010

³ Shares held in treasury as effect of SulAmérica S.A shares repurchase program intend for posterior use in the Stock Option General Plan

⁴ Lots related to the Bonus Options Plan. The other lots refer to the Simple Options Plan.

Sul America S.A. and subsidiaries (Consolidated)

Board: Sul America S.A. and subsidiaries Board of Executive Officers

Number of Members: 33

Share based compensation for the fiscal year (2012) ^{1 and 2}							
Sul America S.A. and subsidiaries (Consolidated)							
	<u>date of granting</u>	<u>amount (Units)</u>	<u>Date of vesting</u>	<u>maximum stated period for the exercise of options</u>	<u>term of restriction to the transfer of Units</u>	<u>fair value of the options on the date of granting (in Reais)</u>	<u>potential dilution in case of exercise of all granted options</u>
2008 program	04.02.2008	38,270	04.02.2009	04.02.2013	-	1.24	N.A ³
	04.02.2008	61,486	04.02.2010	04.02.2013	-	1.98	N.A ³
	04.02.2008	238,095	04.02.2011	04.02.2013	-	2.53	N.A ³
	04.30.2008	7,173	04.30.2009	04.30.2013	-	1.52	N.A ³
	04.30.2008	7,173	04.30.2010	04.30.2013	-	2.26	N.A ³
	04.30.2008	7,173	04.30.2011	04.30.2013	-	2.80	N.A ³
	08.11.2008	3,398	08.11.2010	08.11.2013	-	2.48	N.A ³
	08.11.2008	3,397	08.11.2011	08.11.2013	-	3.10	N.A ³
2009 program	04.02.2009	137,266	04.02.2010	04.02.2014	-	1.26	N.A ³
	04.02.2009	489,288	04.02.2011	04.02.2014	-	1.76	N.A ³
	04.02.2009	785,962	04.02.2012	04.02.2014	-	2.09	N.A ³
2010 program	04.01.2010	275,771	04.01.2011	04.01.2015	-	2.65	N.A ³
	04.01.2010	417,362	04.01.2012	04.01.2015	-	3.96	N.A ³
	04.01.2010	417,362	04.01.2013	04.01.2015	-	4.83	N.A ³
	10.01.2010	12,193	10.01.2011	10.01.2015	-	4.72	N.A ³
	10.01.2010	12,193	10.01.2012	10.01.2015	-	6.11	N.A ³
	10.01.2010	12,194	10.01.2013	10.10.2015	-	7.02	N.A ³
	10.05.2010	4,176	10.05.2011	10.05.2015	-	3.53	N.A ³
	10.05.2010	4,176	10.05.2012	10.05.2015	-	5.08	N.A ³
	10.05.2010	4,176	10.05.2013	10.05.2015	-	6.12	N.A ³
2011 program	04.05.2011	510,926	04.05.2012	04.05.2016	-	5.06	N/A ³
	04.05.2011	510,926	04.05.2013	04.05.2016	-	5.43	N/A ³
	04.05.2011	510,926	04.05.2014	04.05.2016	-	5.61	N/A ³
	04.06.2011 ⁴	46,751	04.06.2015	04.06.2017	-	19.33	N/A ³
	04.06.2011 ⁴	46,751	04.06.2016	04.06.2017	-	19.33	N/A ³
	04.06.2011 ⁴	93,484	04.06.2017	04.06.2017	-	19.33	N/A ³
	04.18.2011	13,097	04.18.2012	04.18.2016	-	5.05	N/A ³
	04.18.2011	13,097	04.18.2013	04.18.2016	-	5.45	N/A ³
	04.18.2011	13,097	04.18.2014	04.18.2016	-	5.62	N/A ³
	05.12.2011	15,223	05.12.2012	05.12.2016	-	4.93	N/A ³
	05.12.2011	15,223	05.12.2013	05.12.2016	-	5.45	N/A ³
	05.12.2011	15,223	05.12.2014	05.12.2016	-	5.30	N/A ³
	06.01.2011	43,085	06.01.2012	06.01.2016	-	5.00	N/A ³
	06.01.2011	43,085	06.01.2013	06.01.2016	-	5.33	N/A ³
	06.01.2011	43,085	06.01.2014	06.01.2016	-	5.46	N/A ³
	06.15.2011	5,409	06.15.2012	06.15.2016	-	4.45	N/A ³
	06.15.2011	5,409	06.15.2013	06.15.2016	-	4.70	N/A ³
	06.15.2011	5,409	06.15.2014	06.15.2016	-	4.83	N/A ³
	08.01.2011	6,887	08.01.2012	08.01.2016	-	3.59	N/A ³
	08.01.2011	6,887	08.01.2013	08.01.2016	-	3.72	N/A ³
08.01.2011	6,887	08.01.2014	08.01.2016	-	3.81	N/A ³	
08.11.2011	29,653	08.11.2012	08.11.2016	-	2.33	N/A ³	
08.11.2011	29,653	08.11.2013	08.11.2016	-	2.36	N/A ³	
08.11.2011	29,653	08.11.2014	08.11.2016	-	2.42	N/A ³	
10.18.2011	28,896	10.18.2012	10.18.2016	-	3.03	N/A ³	
10.18.2011	28,896	10.18.2013	10.18.2016	-	3.07	N/A ³	
10.18.2011	28,896	10.18.2014	10.18.2016	-	3.11	N/A ³	

¹ In accordance with the outstanding positions in the beginning of 2012 Fiscal Year

² The information provided in this table includes the Company stock split (by the ratio of 3:1) occurred in 07.28.2010

³ Shares held in treasury as effect of SulAmérica S.A shares repurchase program intend for posterior use in the Stock Option General Plan

⁴ Lots related to the Bonus Options Plan. The other lots refer to the Simple Options Plan

Sul America S.A. and subsidiaries (Consolidated)

Board: Sul America S.A. and subsidiaries Board of Executive Officers

Number of Members: 32

Share based compensation estimated for the current fiscal year (2011)^{1 and 2} Sul America S.A. and subsidiaries (Consolidated)

	<u>date of granting</u>	<u>amount (Units)</u>	<u>Date of vesting</u>	<u>maximum stated period for the exercise of options</u>	<u>term of restriction to the transfer of Units</u>	<u>fair value of the options on the date of granting (in Reais)</u>	<u>potential dilution in case of exercise of all granted options</u>
2008 program	04.02.2008	38,271	04.02.2009	04.02.2013	-	1.24	N/A ³
	04.02.2008	73,382	04.02.2010	04.02.2013	-	1.98	N/A ³
	04.02.2008	481,614	04.02.2011	04.02.2013	-	2.53	N/A ³
	04.30.2008	7,173	04.30.2009	04.30.2013	-	1.52	N/A ³
	04.30.2008	7,173	04.30.2010	04.30.2013	-	2.26	N/A ³
	04.30.2008	7,173	04.30.2011	04.30.2013	-	2.80	N/A ³
	08.11.2008	3,399	08.11.2010	08.11.2013	-	2.48	N/A ³
	08.11.2008	3,396	08.11.2011	08.11.2013	-	3.10	N/A ³
2009 program	04.02.2009	160,113	04.02.2010	04.02.2014	-	1.26	N/A ³
	04.02.2009	1,082,471	04.02.2011	04.02.2014	-	1.76	N/A ³
	04.02.2009	1,082,467	04.02.2012	04.02.2014	-	2.09	N/A ³
2010 program	04.01.2010	576,531	04.01.2011	04.01.2015	-	2.65	N/A ³
	04.01.2010	576,531	04.01.2012	04.01.2015	-	3.96	N/A ³
	04.01.2010	576,534	04.01.2013	04.01.2015	-	4.83	N/A ³
	10.01.2010	12,194	10.01.2011	10.01.2015	-	4.72	N/A ³
	10.01.2010	12,193	10.01.2012	10.01.2015	-	6.11	N/A ³
	10.01.2010	12,193	10.01.2013	10.01.2015	-	7.02	N/A ³
	10.05.2010	4,176	10.05.2011	10.05.2015	-	3.53	N/A ³
	10.05.2010	4,176	10.05.2012	10.05.2015	-	5.08	N/A ³
	10.05.2010	4,176	10.05.2013	10.05.2015	-	6.12	N/A ³

¹In accordance with the outstanding positions in the beginning of 2011 Fiscal Year

²The information provided in this table includes the Company stock split (by the ratio of 3:1) occurred in 07.28.2010

³Shares held in treasury as effect of SulAmérica S.A shares repurchase program intend for posterior use in the Stock Option General Plan

Share based compensation estimated for the current fiscal year (2010)¹ Sul America S.A. and subsidiaries (Consolidated)

	<u>date of granting</u>	<u>amount (Units)</u>	<u>Date of vesting</u>	<u>maximum stated period for the exercise of options</u>	<u>term of restriction to the transfer of Units</u>	<u>fair value of the options on the date of granting (in Reais)</u>	<u>potential dilution in case of exercise of all granted options</u>	
2008 program	04.02.2008	16,910	04.02.2009	04.02.2013	-	3.73	N.A ²	
	04.02.2008	186,688	04.02.2010	04.02.2013	-	5.95	N.A ²	
	04.02.2008	186,687	04.02.2011	04.02.2013	-	7.60	N.A ²	
	04.30.2008	2,391	04.30.2009	04.30.2013	-	4.57	N.A ²	
	04.30.2008	2,391	04.30.2010	04.30.2013	-	6.78	N.A ²	
	04.30.2008	2,391	04.30.2011	04.30.2013	-	8.40	N.A ²	
	05.02.2008	2,228	05.02.2009	05.02.2013	-	6.06	N.A ²	
	05.02.2008	2,228	05.02.2010	05.02.2013	-	8.31	N.A ²	
	05.02.2008	2,229	05.02.2011	05.02.2013	-	9.90	N.A ²	
	08.11.2008	1,133	08.11.2010	08.11.2013	-	7.43	N.A ²	
	08.11.2008	1,132	08.11.2012	08.11.2013	-	9.29	N.A ²	
	2009 program	04.02.2009	417,976	04.02.2010	04.02.2014	-	3,79	N/A ²
		04.02.2009	417,976	04.02.2011	04.02.2014	-	5,27	N/A ²
04.02.2009		417,977	04.02.2012	04.02.2014	-	6,27	N/A ²	
07.15.2009		2,559	07.15.2010	07.15.2014	-	6,22	N/A ²	
07.15.2009		2,559	07.15.2011	07.15.2014	-	9,03	N/A ²	
07.15.2009		2,559	07.15.2012	07.15.2014	-	11,13	N/A ²	

¹ In accordance with the outstanding positions in the beginning of 2010 Fiscal Year

²Shares held in treasury as Effect of SulAmérica S.A shares repurchase program intend for posterior use in the Stock Option General Plan

Weighted average price of exercise of each one of the following group of options:

Sul America S.A. and subsidiaries (Consolidated)		
	Options (amount in Units)	Weighted average price (in Reais)
. outstanding by the beginning of the fiscal year of 2010	1,668,014	21.72
. granted during the fiscal year of 2010		47.69
	647,323	
. lost during the fiscal year of 2010		28.66
	174,750	
. exercised during the fiscal year of 2010		22.14
	469,909	
. expired during the fiscal year of 2010	-	-
.outstanding Simple Options by 07.28.2010 (prior the 3:1 split)	1,670,678	30.94
.outstanding Simple Options by 07.29.2010 (after the 3:1 split)¹	5,012,034	10.31
. granted between 07.29.2010 and 12.31.2010		17.17
	49,108	
. lost between 07.29.2010 and 12.31.2010		11.96
	131,532	
. exercised between 07.29.2010 and 12.31.2010		7.51
	204,274	
. expired between 07.29.2010 and 12.31.2010	-	-
.outstanding Simple Options by 12.31.2010	4,725,336	10.46
. granted during the fiscal year of 2011		19.07
	2,334,229	
. lost during the fiscal year of 2011		14.18
	1,035,956	
. exercised during the fiscal year of 2011		9.53
	1,125,797	
. expired during the fiscal year of 2011	-	-
.outstanding Simple Options by 12.31.2011	4,897,812	13.99
. granted during the fiscal year of 2012		16.52
	1,602,966	
. lost during the fiscal year of 2012		17.40
	302,154	
. exercised during the fiscal year of 2012		7.31
	1,132,957	
. expired during the fiscal year of 2012	-	-
.outstanding Simple Options by the beginning of 2013	5,065,667	11.30
. outstanding Bonus Options by 12.31.2010	-	-
. granted during the fiscal year of 2011		-
	236,661	
. lost during the fiscal year of 2011		-
	49,675	
. exercised during the fiscal year of 2011		-
	-	
. expired during the fiscal year of 2011		-
	-	
. outstanding Bonus Options by 12.31.2011	186,986	-
. granted during the fiscal year of 2012		-
	499,253	
. lost during the fiscal year of 2012		-
	34,632	
. exercised during the fiscal year of 2012		-
	-	
. expired during the fiscal year of 2012		-
	-	
. outstanding Bonus Options by the beginning of 2013	651,607	-
. outstanding Simple and Bonus Options by the beginning of 2013	5,717,274	-

¹ As a result of the Company stock split (by the ratio of 3:1) occurred in 07.28.2010, in which each stock, common or preferred, was split in 3 shares of the same species, including shares represented by Units, the number of Units and the price of portions of options that have not been exercised had to be adjusted, following the split ratio.

13.7 Outstanding options of the Board of Directors and Statutory Board of Executive Officers, at the end of the fiscal year ending on 12.31.2012

Sul America S.A. (Issuer)

Board: Board of Executive Officers

Number of Members: 3,75

Not exercisable options:

Outstanding options and not exercisable at the end of the fiscal year ended on 12.31.2012¹ Sul América S.A. (Issuer)

	amount (Units)	Date of vesting	maximum stated period for the exercise of options	term of restriction to the transfer of Units	average weighted price of the exercise (in Reais)	fair value of the options on the last day of the fiscal year (in Reais)
2010 program	128,917	04.01.2013	04.01.2015	-	15.90	4.83
2011 program	143,818	04.05.2013	04.05.2016	-	19.21	5.43
	143,818	04.05.2014	04.05.2016	-	19.21	5.61
	4,982	10.18.2013	10.18.2016	-	15.54	3.07
	4,982	10.18.2014	10.18.2016	-	15.54	3.11
	27,301	04.06.2014	04.06.2017	-	-	19.33
	27,301	04.06.2015	04.06.2017	-	-	19.33
	54,600	04.06.2016	04.06.2017	-	-	19.33
2012 program	124,755	04.20.2013	04.20.2017	-	16.52	3.56
	124,755	04.20.2014	04.20.2017	-	16.52	3.83
	124,755	04.20.2015	04.20.2017	-	16.52	3.98
	62,206	04.04.2015	04.04.2018	-	-	15.91
	62,206	04.04.2016	04.04.2018	-	-	15.91
	64,089	04.04.2017	04.04.2018	-	-	15.91

Exercisable Options:

Outstanding options and exercisable at the end of the Fiscal year ended on 12.31.2012 Sul América S.A. and controlled companies (Issuer)

	amount (Units)	maximum stated period for the exercise of options	term of restriction to the transfer of Units	average weighted price of the exercise (in Reais)	fair value of the options on the last day of the fiscal year (in Reais)	fair value of the options on the last day of the fiscal year (in Reais)
2009 program	25,025	04.02.2012	-	6.71	2.09	52
2010 program	128,917	04.01.2011	-	15.90		
	128,917	04.01.2012	-	15.90		
2011 program	143,818	04.05.2012	-	19.21	2.65	342
	4,982	10.18.2012	-	15.54		

Sul America S.A. and subsidiaries¹ (Consolidated)**Board:** Board of Executive Officers of Sul America S.A. and subsidiaries**Number of Members:** 33**Not exercisable options:****Outstanding options and not exercisable at the end of the
fiscal year ended on 12.31.2012¹
Sul America S.A. and subsidiaries (Consolidated)**

	<u>amount (Units)</u>	<u>Date of vesting</u>	<u>maximum stated period for the exercise of options</u>	<u>term of restriction to the transfer of Units</u>	<u>average weighted price of the exercise (in Reais)</u>	<u>fair value of the options on the last day of the fiscal year (in Reais)</u>
2010 program						
	363,269	04.01.2013	04.01.2015	-	15.90	4.83
	12,194	10.01.2013	10.01.2015	-	16.58	7.02
	4,176	10.05.2013	10.05.2015	-	18.90	6.12
2011 program						
	455,129	04.05.2013	04.05.2016	-	19.21	5.43
	455,129	04.05.2014	04.05.2016	-	19.21	5.61
	13,097	04.18.2013	04.18.2016	-	19.31	5.45
	13,097	04.18.2014	04.18.2016	-	19.31	5.62
	15,223	05.12.2013	05.12.2016	-	19.81	5.45
	15,223	05.12.2014	05.12.2016	-	19.81	5.3
	43,085	06.01.2013	06.01.2016	-	19.76	5.33
	43,085	06.01.2014	06.01.2016	-	19.76	5.46
	5,409	06.15.2013	06.15.2016	-	19.29	4.7
	5,409	06.15.2014	06.15.2016	-	19.29	4.83
	6,887	08.01.2013	08.01.2016	-	18.99	3.72
	6,887	08.01.2014	08.01.2016	-	18.99	3.81
	29,653	08.11.2013	08.11.2016	-	17.89	2.36
	29,653	08.11.2014	08.11.2016	-	17.89	2.42
	28,896	10.18.2013	10.18.2016	-	15.54	3.07
	28,897	10.18.2014	10.18.2016	-	15.54	3.11
	41,038	04.06.2014	04.06.2017	-	-	19.33
	41,038	04.06.2015	04.06.2017	-	-	19.33
	82,059	04.06.2016	04.06.2017	-	-	19.33
2012 program						
	488,833	04.20.2013	04.20.2017	-	16.52	3.56
	488,833	04.20.2014	04.20.2017	-	16.52	3.83
	488,833	04.20.2015	04.20.2017	-	16.52	3.98
	160,872	04.04.2015	04.04.2018	-	-	15.91
	160,872	04.04.2016	04.04.2018	-	-	15.91
	165,728	04.04.2017	04.04.2018	-	-	15.91

Exercisable options:

Outstanding options and exercisable at the end of the fiscal year ended on 12.31.2012 Sul America S.A. and subsidiaries (Consolidated)

	amount (Units)	Date of vesting	term of restriction to the transfer of Units	average weighted price of the exercise (in Reais)	fair value of the options on the last day of the fiscal year (in Reais)	fair value of the options on the last day of the fiscal year (in Reais)
2008 program	38,267	04.02.2013	-	8,84	1.24	47
	50,159	04.02.2013	-	8,84	1.98	99
	105,087	04.02.2013	-	8,84	2.53	266
	7,173	04.30.2013	-	8,41	1.52	11
	7,173	04.30.2013	-	8,41	2.26	16
	7,173	04.30.2013	-	8,41	2.80	20
2009 program	3,397	08.11.2013	-	9,71	3.10	11
	22,849	04.02.2014	-	6,71	1.26	29
	116,055	04.02.2014	-	6,71	1.76	204
2010 program	327,924	04.02.2014	-	6,71	2.09	685
	275,771	04.01.2015	-	15.90	2.65	731
	377,830	04.01.2015	-	15.90	3.96	1,496
	12,193	10.01.2015	-	16.58	4.72	58
	12,193	10.01.2015	-	16.58	6.11	74
	4,176	10.05.2015	-	18.90	3.53	15
2011 program	4,176	10.05.2015	-	18.90	5.08	21
	510,926	04.05.2016	-	19.21	5.06	2,585
	13,097	04.18.2016	-	19.31	5.05	66
	15,223	05.12.2016	-	19.81	4.93	75
	43,085	06.01.2016	-	19.76	5.00	215
	5,409	06.15.2016	-	19.29	4.45	24
	6,887	08.01.2016	-	18.99	3.59	25
	29,653	08.11.2016	-	17.89	2.33	69
28,896	10.18.2016	-	15.54	3.03	88	

13.8 Exercised options and delivered shares related to the share based compensation of the Board of Directors and the statutory Board of Executive Officers in the fiscal year ended in 12.31.2012

Exercised options at the end of the fiscal year ended on 12.31.2012¹ Sul America S.A. (Issuer)

	Board of Directors	Board of Officers
a. Body		
b. Number of members	-	3.75
c. Exercised options		
. Number of Units	-	171,012
. Weighted average strike price (in reais)	-	7.20
. Difference between the exercise value and market value of shares related to options exercised (in thousands of reais)	-	1,701
d. Granted shares		
. Number of granted shares	-	-
. Weighted average purchase price (in reais)	-	-
. Difference between the exercise value and market value of shares related to options exercised (in thousands of reais)	-	-

¹The information provided in this table include the Company stock split at a 3:1 ratio performed on 07.28.2010

Exercised options at the end of the fiscal year ended on 12.31.2011¹
Sul America S.A. (Issuer)

	Board of Directors	Board of Officers
a. Body		
b. Number of members	-	3.66
c. Exercised options		
. Number of <i>Units</i>	-	162,665
. Weighted average strike price (in reais)	-	9.67
. Difference between the exercise value and market value of shares related to options exercised (in thousands of reais)	-	1,551
d. Granted shares		
. Number of granted shares	-	-
. Weighted average purchase price (in reais)	-	-
. Difference between the exercise value and market value of shares related to options exercised (in thousands of reais)	-	-

¹The information provided in this table include the Company stock split at a 3:1 ratio performed on 07.28.2010

Exercised options at the end of the fiscal year ended on 12.31.2010¹
Sul America S.A. (Issuer)

	Board of Directors	Board of Officers
a. Body		
b. Number of members	-	4.00
c. Exercised options		
. Number of <i>Units</i>	-	476,250
. Weighted average strike price (in reais)	-	7.42
. Difference between the exercise value and market value of shares related to options exercised (in thousands of reais)	-	3,506
d. Granted shares		
. Number of granted shares	-	-
. Weighted average purchase price (in reais)	-	-
. Difference between the exercise value and market value of shares related to options exercised (in thousands of reais)	-	-

¹The information provided in this table includes the Company stock split at a 3:1 ratio performed on 07.28.2010

Exercised options at the end of the fiscal year ended on 12.31.2012¹
Sul America S.A. and subsidiaries (Consolidated)

	Board of Directors	Board of Officers
a. Body		
b. Number of members	-	33.00
c. Exercised options		
. Number of <i>Units</i>	-	1,132.957
. Weighted average strike price (in reais)	-	7.31
. Difference between the exercise value and market value of shares related to options exercised (in thousands of reais)	-	10,499
d. Granted shares		
. Number of granted shares	-	-
. Weighted average purchase price (in reais)	-	-
. Difference between the exercise value and market value of shares related to options exercised (in thousands of reais)	-	-

¹The information provided in this table includes the Company stock split at a 3:1 ratio performed on 07.28.2010

Exercised options at the end of the fiscal year ended on 12.31.2011¹
Sul America S.A. and subsidiaries (Consolidated)

	<u>Board of Directors</u>	<u>Board of Officers</u>
a. Body		
b. Number of members	-	32.00
c. Exercised options		
. Number of <i>Units</i>	-	1,125.797
. Weighted average strike price (in reais)	-	9.53
. Difference between the exercise value and market value of shares related to options exercised (in thousands of reais)	-	11,019
d. Granted shares		
. Number of granted shares	-	-
. Weighted average purchase price (in reais)	-	-
. Difference between the exercise value and market value of shares related to options exercised (in thousands of reais)	-	-

¹The information provided in this table includes the Company stock split at a 3:1 ratio performed on 07.28.2010

Exercised options at the end of the fiscal year ended on 12.31.2010¹
Sul America S.A. and subsidiaries (Consolidated)

	<u>Board of Directors</u>	<u>Board of Officers</u>
a. Body		
b. Number of members	-	32.00
c. Exercised options		
. Number of <i>Units</i>	-	1,614.001
. Weighted average strike price (in reais)	-	7.40
. Difference between the exercise value and market value of shares related to options exercised (in thousands of reais)	-	12,378
d. Granted shares		
. Number of granted shares	-	-
. Weighted average purchase price (in reais)	-	-
. Difference between the exercise value and market value of shares related to options exercised (in thousands of reais)	-	-

¹The information provided in this table includes the Company stock split at a 3:1 ratio performed on 07.28.2010

13.9 Condensed description of the necessary information for the comprehension of the provisions on items 13.6 to 13.8, as definition of the options pricing methodology:

a. Pricing model

Black-Scholes model for 2008, 2009 and 2010 Programs and Binomial model for 2011 and 2012 Programs.

b. Data and assumptions used in the pricing model, including the weighted average price of the shares, strike price, expected volatility, option life span, expected dividends and the risk free interest rate:

In 2008, 2009, 2010 and 2011 Programs, the options strike price was equivalent to the average quotation of the Units by the time of the closing of the thirty trading sessions at BM&FBovespa immediately prior to the execution of the respective Option Contract. The weighted average strike price of the simple options on 2011 was R\$ 19.21 The average expected

volatility was of 34.24% per year, the life span term of the option was five years, in which the right to purchase options was acquired at a ratio of 1/3 in one year, 1/3 in two years and 1/3 in three years, the expected average dividend was of 3.81% and risk free interest rate is of 11.93% per year.

In 2012 program, the simple options price was equivalent to the average Units quotation upon the closing of the thirty trading sessions at BM&FBovespa immediately before the date in which the corresponding Option Contract was signed. The strike price used in the simple options granted in 2012 was R\$ 16.52. Average volatility used was of 34.36% per year, and the useful life of the option was 5 years; the right on the simple options was acquired at the ratio of 1/3 in the first year, 1/3 in the second year and 1/3 in the third year, average dividend estimated was 3.82% per year and interest rate free of risk used was of 11.72% a year.

c. Employed method and undertaken assumptions to incorporate the expected effects of early exercise:

The Black-Scholes model used in the 2008, 2009 and 2010 programs adopted the premise that the options would be exercised upon the moment in which their beneficiaries are entitled to exercise them. So, despite the fact that the option had a maturity period of 5 years, the model provided for a 1 year-validity period for the first trench, 2 years for the second trench and 3 years for the third.

The Binomial model used in the 2011 and 2012 programs adopted the premise that the simple options subject to being exercised would be exercised when the unit reached the value in excess of 50% of its strike price. In both cases, beneficiaries may expect an exit fee of 5% per year, during the grace period, resulting in the cancellation of such options, and, following the grace period, a 10% exit fee.

d. Form of determination of expected volatility:

The historic volatility of returns for the last two years of negotiation (if available) was used to determine the expected volatility.

e. If any other option characteristic was attached to the measurement of its fair price:

None.

13.10 Pension plans for the members of the Board of Directors and of the Board of Executive Officers

Sul America S.A. and its subsidiaries offer to the members of its Board of Executive Officers the option to participate in the private pension plan described below.

Sul America S.A. and subsidiaries (Consolidated)	
a. body	Board of Officers
b. number of members	35
c. name of plan	Sul America Excellence
d. quantity of managers that are able to retire	2
e. conditions to early retirement . . .	- 60 years old, and - 10 years minimum of participation in the plan, and - ending of the term of office or ending of employment relationship with the company by unfair dismissal.
f. updated amount of accumulated contributions in the pension plan up to the closing of the last fiscal year, deducted of the portion relative to the contribution paid directly by the management	R\$28,153,344.36 of which R\$1,419,389.69 represents the updated amount of accumulated contribution relative to the four members of the Board of Executive Officers of Sul America S.A.
g. total accumulated amount of the contribution made during the last fiscal year, deducted the portion relative to the contribution paid directly by the management	R\$1,675,935 of which R\$ 385,930 represents the amount of accumulated contribution relative to the four members of the Board of Executive Officers of Sul America S.A.
h. if there is the possibility of anticipated call and conditions	Yes. There is the possibility to promote the anticipated call of the own contributions, totally or partially. In this case, the participant shall lose the right to risk cover and the contributions and or transfers made by the SulAmérica group, being the count of the minimum time of the plan reinitiated as of the first month following the new subscription.

³ Calculated based on the number of members informed in letter "b" of item 13.2, even if they don't have the compensation recognized in the consolidated result of the Company.

13.11 – Maximum, minimum and average individual compensation of the Board of Directors, the statutory Board of Executive Officers and the fiscal Council

Maximum, minimum and average compensation paid during the fiscal year ended on December 31, 2012
Sul América S.A. (Issuer)
(thousands of Reals)

	Board of Directors	Statutory board of officer	Fiscal Council
Nr. of members	9.00	3.75	0.00
Maximum compensation (Reals)	777	1,749	0.00
Minimum compensation (Reals)	165	249	0.00
Average compensation (Reals)	323	1,030	0.00

Note

Statutory Board of Executive Officers	
12.31.2012	(i) The individual average compensation was calculated based on the number of members who effectively receive compensation (8 members).
	(ii) The reported value includes the accrued values.
	(iii) The highest and the lowest compensation reported for the Board of Directors and the Statutory board refers to 12 months in office.
	(iv) One of the executive directors has held his position for less than 12 months. For that reason, he was not included in the calculation for the lowest amount.

Maximum, minimum and average compensation paid during the fiscal year ended on December 31, 2011
Sul América S.A. (Issuer)
(thousands of Reals)

	Board of Directors	Statutory board of officer	Fiscal Council
Nr. of members	9.00	3.66	0
Maximum compensation (Reals)	595	2,250	0
Minimum compensation (Reals)	1.16	202	0
Average compensation (Reals)	305	1,217	0

Note

Statutory Board of Executive Officers	
12.31.2011	(i) The individual average compensation was calculated based on the number of members informed in letter "b" of item 13.2, though no compensation was recognized in the income of the Issuer.
	(ii) The reported value includes the accrued values.
	(iii) The highest and the lowest compensation reported for the Board of Directors and the Statutory board refers to 12 months in office.

Maximum, minimum and average compensation paid during the fiscal year ended on December 31, 2010
Sul América S.A. (Issuer)
(thousands of Reais)

	Board of Directors	Statutory board of officer	Fiscal Council
Nr. of members	8.92	4	3,00
Maximum compensation (Reais)	865	388	1
Minimum compensation (Reais)	168	123	1
Average compensation (Reais)	443	388	1

Note

Statutory Board of Executive Officers	
12.31.2010	(i) The individual average compensation was calculated based on the number of members informed in letter "b" of item 13.2, though no compensation was recognized in the income of the Issuer.
	(ii) The reported value includes the accrued values.
	(iii) The highest and the lowest compensation reported for the Board of Directors and the Statutory board refers to 12 months in office.

13.12 Description of contractual arrangements, insurance policies or other instruments which establish mechanisms of compensation or indemnity for the managers in the event of destitution of the position or retirement, indicating the financial consequences to the SulAmérica group.

Sul America S.A. and its subsidiaries contracted a Free Benefit Generating Plan ("PGBL") which benefits the member of its respective Board of Executive Officers. According to the terms of the referred plan, instituted in the year 2004, the SulAmérica group is responsible for 60% of the contributions, and the remaining part is paid by the beneficiaries. The plan recognizes the time of service rendered to the determined direct and indirect subsidiaries up to the date of its implementation. The value of the past benefit, calculated at the date of implementation of the plan, is updated according to the return of the investments of the Free Benefit Generating Plan – PGBL. See item 13.10.

13.13 Percentage of the total compensation recognized in the Income Statements of the fiscal years ended on December 31, 2010 and December 31, 2011 and December 31,2012, of the Company and the SulAmérica group relative to members of the Board of Directors, Statutory Board of Executive Officers and the Fiscal Council which are related parties to the direct or indirect controlling shareholders, as defined by the accounting regulations ruling the matter.

Fiscal year ended on 12.31.2012			
	<u>Board of Directors</u>	<u>Board of Officer</u>	<u>Fiscal Council</u>
Recognized in the income statements of the Issuer	15%	-	-
Recognized in the consolidated Income statement	33%	-	-
Fiscal year ended on 12.31.2011			
	<u>Board of Directors</u>	<u>Board of Officer</u>	<u>Fiscal Council</u>
Recognized in the income statements of the Issuer	15%	-	-
Recognized in the consolidated Income statement	33%	-	-
Fiscal year ended on 12.31.2010			
	<u>Board of Directors</u>	<u>Board of Officer</u>	<u>Fiscal Council</u>
Recognized in the income statements of the Issuer	52%	100%	-
Recognized in the consolidated Income statement	43%	10%	-

13.14 Amounts recognized in the Company and in the SulAmérica group Income Statements as compensation for the members of the Board of Directors, Statutory Board of Executive Officers and the Board of Audit. Grouped by body, for any other reason than the position held, such as, commissions and consulting services rendered:

None.

13.15 Amounts recognized in the Income Statements of direct or indirect controlling companies, of companies under common control and of the Company's subsidiaries, as compensation for members of the Board of Directors, Statutory Board of Executive Officers and the Fiscal Council,

grouped by organ, specifying in what capacity those values were attributed to such individuals.

The members of the Board of Directors, corporate board of officers or of the Fiscal Council of Sul América S.A. do not receive payment from direct or indirect holdings or from companies under common control. They receive compensation only from the issuer's affiliates, as per the amounts described below.

**Total compensation recognized in the income statements
of the Fiscal Year ended on 12.31.2012
(in thousands of Reais)**

	Board of Directors	Board of Officers	Fiscal Council	Total
a. Body				
b. Number of members ¹	8.00	3.75	-	11.75
c. Compensation segregated in				
i. Fixed annual compensation				
. Salary or pro labore	2,150	22	-	2,177
. direct or indirect benefits ⁴	2	593	-	595
. compensation by participation in committees	-	-	-	-
. others ²	430	5	-	606
ii. Variable compensation				
. bonus	-	-	-	-
. profit share	-	-	-	-
. compensation by participation in meetings	-	-	-	-
. commissions	-	-	-	-
. others ²	-	-	-	-
iii. Post employment benefits³	-	386	-	386
iv. Benefits motivated by the termination of the duty	-	-	-	-
v. share based compensation	-	2,845	-	2,845
d. amount of compensation per body	2,582	3,851	-	6,609

¹ The number of members of each body was verified according determined by the Circular Letter/CVM/SEP/No. 001/2013

² Social Security contribution

³ Company's payment to private pension plan

⁴ Fuel and auto corporate benefits

**Total compensation recognized in the income statements
of the Fiscal Year ended on 12.31.2011
(in thousands of reais)**

	Board of Directors	Board of Officers	Fiscal Council	Total
a. Body				
b. Number of members ¹	8.91	3.66	-	12.57
c. Compensation segregated in				
i. Fixed annual compensation				
. Salary or pro labore	2,168	4,293	-	6,461
. direct or indirect benefits ⁴	22	47	-	69
. compensation by participation in committees	-	-	-	-
. others ²	398	2,125	-	2,523
ii. Variable compensation				
. bonus	180	5,152	-	5,332
. profit share	-	-	-	-
. compensation by participation in meetings	-	-	-	-
. commissions	-	-	-	-
. others ²	-	-	-	-
iii. Post employment benefits³	-	364	-	364
iv. Benefits motivated by the termination of the duty	-	-	-	-
v. share based compensation	-	4,426	-	4,426
d. amount of compensation per body	2,768	11,981	-	14,749

¹ The number of members of each body was verified according determined by the Official Memorandum/CVM/SEP/No. 007/2011.

² Social Security contribution

³ Company's payment to private pension plan

⁴ Fuel and auto corporate benefits

**Total compensation recognized in the income statements
of the Fiscal Year ended on 12.31.2010
(in thousands of reais)**

	Board of Directors	Board of Officers	Fiscal Council	Total
a. Body				
b. Number of members ¹	8.92	4.00	-	12.92
c. Compensation segregated in				
i. Fixed annual compensation				
. Salary or pro labore	1,340	2,885	-	4,225
. direct or indirect benefits	53	366	-	419
. compensation by participation in committees	-	-	-	-
. others ²	301	649	-	950
ii. Variable compensation				
. bonus	-	5,712	-	5,712
. profit share	-	-	-	-
. compensation by participation in meetings	-	-	-	-
. commissions	-	-	-	-
. others ²	-	1,285	-	1,285
iii. Post employment benefits	-	-	-	-
iv. Benefits motivated by the termination of the duty	-	-	-	-
v. share based compensation	-	-	-	-
d. amount of compensation per body	1,694	10,897	-	12,591

¹ The number of members of each body was verified according determined by the Official Memorandum.CVM.SEP.No. 007. 2011.

² Social Security contribution

13.16 Other information considered relevant by the issuer.

- a) Additional information to item 13.2, related to compensation recorded under consolidated income/loss accounts of the Company for the fiscal years ended on December 31, 2010, December 31, 2011 and December 31, 2012 as well as the one estimated for the current fiscal year, of the Board of Directors, corporate board of officers and Fiscal Council of SulAmérica group.

**Total compensation recognized in the income statements of the
Fiscal Year ended on 12.31.2012
Sul America S.A. and subsidiaries (Consolidated)
(in thousands of Reais)**

	Board of Directors	Board of Officers	Fiscal Council	Total
a. Body				
b. Number of members ¹	8.00	33	-	41
c. compensation segregated in				
i. Fixed annual compensation				
. Salary or pro labore	3,005	22,285	-	25,290
. direct or indirect benefits ³	2	1,316	-	1,318
. compensation by participation in committees	-	-	-	-
. others ²	601	5,014	-	5,615
ii. Variable compensation				
. bonus	1,448	16,693	-	18,141
. profit share	-	-	-	-
. compensation by participation in meetings	-	-	-	-
. commissions	-	-	-	-
. others ²	-	-	-	-
iii. Post employment benefits				
iv. Benefits motivated by the termination of the duty	-	1,675	-	1,675
v. share based compensation	-	-	-	-
v. share based compensation	-	11,400	-	11,400
d. amount of compensation per body	5,056	58,383	-	63,439

¹ The number of members of each body was verified according determined by the Official Memorandum.CVM.SEP.No. 007. 2011.

² Social Security contribution

³ Fuel and auto corporate benefits

**Total compensation recognized in the income statements of the current Fiscal Year ended on
December 31, 2011
Sul America S.A. and subsidiaries (Consolidated)
(in thousands of Reais)**

	Board of Directors	Board of Officers	Fiscal Council	Total
a. Body				
b. Number of members ¹	9.91	32	8.33	50.24
c. compensation segregated in				
i. Fixed annual compensation				
. Salary or pro labore	3,015	18,477	-	21,492
. direct or indirect benefits ³	22	1,592	-	1,614
. compensation by participation in committees	-	-	-	-
. others ²	952	8,133	-	9,085
ii. Variable compensation				
. bonus	1,799	17,671	-	19,470
. profit share	-	-	-	-
. compensation by participation in meetings	-	-	-	-
. commissions	-	-	-	-
. others ²	-	-	-	-
iii. Post employment benefits		1,382	-	1,382
iv. Benefits motivated by the termination of the duty	-	-	-	-
v. share based compensation	-	13,600	-	13,600
d. amount of compensation per body	5,788	60,855	-	66,643

¹ The number of members of each body was verified according determined by the Official Memorandum.CVM.SEP.No. 007. 2011.

² Social Security contribution

³ Fuel and auto corporate benefits

**Total compensation recognized in the income statements of the current Fiscal Year (2010)
Sul America S.A. and subsidiaries (Consolidated)
(in thousands of Reais)**

	Board of Directors	Board of Officers	Fiscal Council	Total
a. Body				
b. Number of members ¹	12.00	30.33	3.00	45.33
c. compensation segregated in				
i. Fixed annual compensation				
. Salary or pro labore	3,347	32,949	2	36,297
. direct or indirect benefits	178	7,591	-	7,768
. compensation by participation in committees	-	-	-	-
. others ²	648	3,590	0	4,238
ii. Variable compensation				
. bonus	1,430	59,975	-	61,405
. profit share	-	-	-	-
. compensation by participation in meetings	-	-	-	-
. commissions	-	-	-	-
. others ²	310	6,787	-	7,097
iii. Post employment benefits		8,007	-	8,007
iv. Benefits motivated by the termination of the duty	-	-	-	-
v. share based compensation	-	5,162	-	5,162
d. amount of compensation per body	5,913	124,061	2	129,976

¹ The number of members of each body was verified according determined by the Official Memorandum.CVM.SEP.No. 007. 2011.

² Social Security contribution

b) Additional information to item 13.6, 13.7 and 13.8 related to directors' fees based on shares.

Split of shares of Sul América S.A.

The Extraordinary General Meeting of Sul America S.A., held on July 28, 2010, approved the stock split issued by the Company, so that each share, common or preferred, was split into three shares of the same type. Any shares resulting from the split that were previously represented by Units were constituted as Units, based on the ratio of 1 common share and 2 preferred shares per unit.

In view of the split, it was required to adjust the number of Units and the price related to the unexercised portions of the granted options, proportionally to the split. Accordingly, items 13.6, 13.7 and 13.8, where appropriate, present information on options including the effects of the aforementioned split.

EXHIBIT 14 OF CVM INSTRUCTION 481/09

(Supplementary information regarding the proposal to increase the Capital Stock)

1. Inform value of increase and new capital stock

Increase of R\$1.000.000.000,00 (one billion Reais), resulting in a new capital stock of R\$2,319,882,346.85 (two billions, three hundred and nineteen million, eight hundred and eighty-two thousand, three hundred forty-six Reais and eighty five cents).

2. State whether the increase will be accomplished through: (a) conversion of debentures into shares, (b) the exercise of subscription rights or warrants, (c) capitalization of profits or reserves, or (d) subscription of new shares

The increase will be carried out through the capitalization of part of the balance of the "statutory reserve" account, included in the Company profit reserves, with the issuance of new shares to be distributed to shareholders in proportion to their participation in the company's capital stock.

3. Explain in detail the reasons for the increase and its legal and economical consequences

The proposed increase herein is intended to meet the provisions of Article 199 of Law No. 6,404/76, considering that the total amount of the Company profit reserves exceeded the amount of its social capital. This is a book entry increase, in which the amount of the profit reserve account (notably, the account "legal reserve") that exceeds the social capital value is relocated to the capital account, relocating reserves among equity accounts.

4. Provide copy of the opinion of the fiscal council, if applicable

Not applicable.

5. In case of capital increases through subscription of shares

Not applicable.

6. In case of capital increase by capitalization of profits or reserves

a. State whether it will imply a change in par value of shares, if any, or distribution of new shares among shareholders

The Company's shares, according to statutory provision, have no par value. The capital increase, if approved by the shareholders, will involve the distribution of 163,666,122 new shares through stock bonus to the shareholders registered on

April 4th, 2013, being 90,399,463 common shares and 73,266,659 preferred shares, without par value, at a ratio of 19.06332157 new common shares for each 100 common shares, and 19.06332157 new preferred shares for each 100 preferred shares. The shares resulting from the bonus will automatically be converted in units, in the proportion of one common share and two preferred shares per unit.

The shareholders registered in the Company's records on April 4th, 2013 – the same date in which the General Meetings will be held – will be entitled to bonus stock. Company's shares will be traded ex-bonus as of April 5th, 2013.

b. State whether the capitalization of profits or reserves shall be effected with or without change of the number of shares in companies with shares with no par value

The capital increase, if approved by shareholders, will modify the Company number of shares through stock bonus. Once approved the proposal for stock bonus, the amount of shares will be amended as follows

SHARES QUANTITY								
ACTUAL POSITION			BONUS SHARES			FINAL POSITION		
ON	PN	TOTAL	ON	PN	TOTAL	ON	PN	TOTAL
474,206,251	384,333,120	858,539,371	90,399,463	73,266,659	163,666,122	564,605,714	457,599,779	1,022,205,492

c. In case of distribution of new shares

i. State the number of issued shares of each type and class

The increase in capital stock, if approved by shareholders, will be effective with the issuance of 163,666,122 new shares, from which 90,399,463 are common shares and 73,266,659 are preferred shares, without par value.

ii. State the percentage that shareholders will receive in shares

Shareholders will receive 19.06332157 new common shares for each 100 common shares, and 19.06332157 new preferred shares for each 100 preferred shares, representing a rate of 19.06332157%.

iii. Describe the rights, advantages and restrictions attaching to shares to be issued.

The shares to be issued shall have the same rights under the Company's Bylaws and applicable law to the existing shares and shall be entitled the full dividends realization and / or interest on equity declared after the Extraordinary General Meeting that

approve the bonus shares.

iv. Inform the cost in Reais per share to be allocated to shareholders to attend the art. 10 of Law 9249 of December 26, 1995.

The value assigned to the bonus shares for tax purposes, will be R\$6.11 (six Reais and eleven cents) per share.

v. Inform the treatment of the fractions shares after the bonus conversion , if applicable

The bonus shares will be distributed always in whole numbers, so that, pursuant to Article 169, paragraph 3, of Law 6.404/76, the fractions resulting from the bonus shares will be sold on the BM&FBOVESPA trading session on a date to be timely disclosed by the Company, and the net amount raised in the sale will be made available to shareholders entitled to the fractions in the respective proportions.

d. Inform the deadline provided for in the 3rd paragraph of section 169 of Law 6,404/1976

Prior to the sales procedure on BM&FBOVESPA above mentioned, the shareholders may, from April 5th, 2013 to May 4th, 2013, negotiate among them the fractions to which they are entitled so as to receive whole shares.

e. Report and provide information and documents required under item 5 above, as appropriate

Not applicable.

7. In case of capital increase by conversion of debentures into shares or exercise of subscription warrants

Not applicable.

PROPOSED AMENDMENT TO THE BYLAWS

(Additional information concerning proposed amendments to the Bylaws - Art. 11 of CVM Instruction 481/09)

Statutory amendments: Should the shareholders approve the management proposal, Article 5, *caput*, of the Company's Bylaws shall be amended.

Source and rationale of the proposed amendment: The amendment to the Company's Bylaws derives from the proposal made to the Extraordinary General Meeting for the Capital Stock of the Company to be increased through the capitalization of part of the balance of the "legal reserve" account, included in the Company's profit reserves, with the issuance of new shares.

The amendment to the Company's Bylaws is proposed solely with the purpose of updating Article 5, *caput*, of the aforementioned Bylaws, so that the wording of the clause reflects the new amount of the Capital Stock and the new number of shares derived from the capital increase.

There are no legal or economic consequences deriving from the capital increase.

Comparative Chart:

Below is the comparison chart containing the current wording and proposed wording for the items to be changed:

Current Writing

Proposed Amendment

CHAPTER I

Corporate Name, Headquarters, Purpose and Duration

Article 1 - SUL AMÉRICA S.A. is a Company governed by laws and uses of trade, by these bylaws and applicable legal provisions.

Sole Paragraph – The Company, its shareholders, Managers and members of the Fiscal Council, if instated, shall also be subject to the provisions of the Corporate Governance Level 2 Listing Rules of BM&FBOVESPA S.A. - Securities, Commodities and Futures Exchange (respectively "Level 2 Rules", "Level 2", and "BM&FBOVESPA").

Article 2 – The Company is headquartered in the city and state of Rio de Janeiro. The Company may open and close branches, offices, agencies, warehouses in any part of the Brazilian territory or abroad.

Article 3 – The Company's purpose is the management of own assets and interest in other companies.

Article 4 – The Company's duration is indeterminate.

CHAPTER II

Capital and Shares

Article 5 - The capital stock of the Company is R\$1,319,882,346.85 (one billion, three hundred and nineteen million, eight hundred and eighty-two thousand, three hundred and forty-six

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CHAPTER II

Capital and Shares

Article 5 - The capital stock of the Company is R\$2,319,882,346.85 (two billions, three hundred and nineteen million, eight hundred and eighty-two thousand, three hundred and forty-six

Reais and eighty five cents), divided into 858,539,371 (eight hundred and fifty-eight million, five hundred and thirty-nine thousand, three hundred seventy-one) shares, being 474,206,251 (four hundred seventy-four million, two hundred and six thousand, two hundred and fifty-one) common shares and 384,333,120 (three hundred and eighty-four million, three hundred and thirty-three thousand, one hundred and twenty) preferred shares. All shares are registered shares with no par value.

Sole Paragraph - Each common share shall entitle to one vote at the Company's General Meetings

Article 6 - All the Company's shares are book-entry and shall be kept in a trust account, on behalf of their holders, in an authorized financial institution, without issuing certificates.

Article 7 - The Company is authorized to create and issue preferred shares, all of them without voting rights, in one or more classes, even if they have more benefits than the shares already existing, up to the maximum limit of fifty percent (50%) of the total shares issued, thus establishing the respective preferences and advantages thereof and, within such limit, may increase the number of preferred shares of any class, without any ratio vis-à-vis other shares or common shares and, further, increase the number of common shares without any ratio vis-à-vis preferred shares.

Paragraph 1 - Unless as provided for in Paragraph 2 below, the preferred shares shall not entitle

Reais and eighty five cents), divided into 1.022.205.492 (one billion, twenty two million, two hundred and five thousand, four hundred and ninety two) shares, being 564.605.714 (five hundred sixty-four million, six hundred and five thousand, seven hundred fourteen) common shares and 457.599.779 (four hundred fifty seven million, five hundred and ninety nine thousand, seven hundred and seventy nine) preferred shares. All shares are registered shares with no par value.

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Paragraph 1 - Unless as provided for in Paragraph 2 below, the preferred shares shall not entitle

to vote and to minimum or fixed dividends, thus securing, however, (i) the priority as to the reimbursement of its book value in the event of winding-up of the Company, without any premium; (ii) right of being included in public offering in view of disposal of the Company's share control, pursuant to Chapter VII hereof, so as to secure a treatment equal to that provided to the selling controlling shareholder; and (iii) dividends at least equal to those arising out of the common shares.

Paragraph 2 – The preferred shares shall entitle to vote in the following matters: (a) transformation, merger, amalgamation or spin-off of the Company; (b) approval of agreements between the Company and its controlling shareholder, whether directly or through third parties, as well as agreements involving other companies in which the controlling shareholder is interested, whenever pursuant to legal or statutory provision, the approval thereof is resolved at General Meeting; (c) appraisal of assets for payment of the Company's capital increase; (d) selection of institution or specialized company for ascertainment of the economic value of the Company or its shares, for the purposes of the public offering dealt with in Chapter VII hereof; and (e) amendment and revocation of the provisions hereof that may alter or modify any of the requirements

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provided for in Section IV, item 4.1 of Level 2 Rules, unless, however, that the voting right established in this item (e) of the Agreement for Adoption of Best Practices for Corporate Governance – Level 2 shall prevail during the effectiveness thereof in relation to the Company, which new denomination is Contract of Level 2 Listing Rules.

Article 8 – Irrespectively of any capital increases to be resolved at General Meetings, the Company is authorized to increase its capital stock, without any statutory amendment, up to the limit of 450,000,000 (four hundred fifty million) of new common and/or preferred shares, with due regard for the legal limit established for each kind of share, by Board of Directors’ resolution, which shall establish the type and class of the shares to be issued, the issuance price thereof and the placement conditions.

Sole Paragraph – The Company may, by Board of Directors’ resolution, within the limit of authorized capital, and pursuant to the plan approved at General Meeting, grant call option to the managers or employees pertaining to the Company or companies under its control.

Article 9 – The Board of Directors may exclude the preemptive right over the issuance of shares, convertible debentures or subscription bonus, the placement of which is conducted through trade in stock exchange or public subscription, as provided for in Article 172 of the Brazilian Corporate Law.

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Article 10 – If the right to withdraw is exercised, the total amount to be paid by the Company to the shareholders as reimbursement of said shares, in the cases provided for in Law 6,404/76, as amended by Law 10,303/01, shall be calculated according to the economic value of such shares to be ascertained in accordance with the appraisal procedure accepted by Law 9,457/97, whenever such amount is lower than the book value ascertained pursuant to Article 45 of Law 6,404/76.

**CHAPTER III
Management**

Article 11 – The Company shall be managed by the Board of Directors and the Board of Executive Officers.

Paragraph 1 – The General Meeting shall establish the total compensation of the members of the Board of Directors and Board of Executive Officers.

Paragraph 2 – The provision for fees paid in twelfth, including any *pro labore* supplementary amounts, shall be jointly paid to Officers, Board of Directors' resolution, and shall be drawn up in instrument filed in proper book.

Paragraph 3 – The members of the Board of Directors and the Board of Executive Officers are hereby discharged from posting bond for their management.

Paragraph 4 – The managers shall be invested in office upon

Article 10 – If the right to withdraw is exercised, the total amount to be paid by the Company to the shareholders as reimbursement of said shares, in the cases provided for in Law 6,404/76, as amended by Law 10,303/01, shall be calculated according to the economic value of such shares to be ascertained in accordance with the appraisal procedure accepted by Law 9,457/97, whenever such amount is lower than the book value ascertained pursuant to Article 45 of Law 6,404/76.

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Paragraph 3 – The members of the Board of Directors and the Board of Executive Officers are hereby discharged from posting bond for their management.

Paragraph 4 – The managers shall be invested in office upon

execution of the Instrument of Managers Consent mentioned in the Level 2 Rules, and shall comply with applicable legal requirements. The managers shall further communicate the Company, upon their investiture in office, the number and the characteristics of the securities issued by the Company, directly or indirectly held by it, including its derivatives.

**Section I
Board of Directors**

Article 12 – The Company’s Board of Directors shall be composed by nine (09) sitting members (up to the same number of alternate members may be elected at the General Meeting), of which one (1) shall be Chairman and another one (1) Vice-Chairman, all of them individuals, whether residing or not in Brazil, elected at the General Meeting for an unified one (1) year term of office; reelection is allowed.

Paragraph 1 – Without prejudice to the provisions of Paragraph 4 of Article 11 above, the members of the Board of Directors shall be invested in office by instrument signed and drawn up in Book of Minutes of the Board of Directors’ Meetings and shall serve until such time as their successors are invested in office.

Paragraph 2 – At least twenty percent (20%) of the members of the Company’s Board of Directors shall be Independent Board members, as defined in the Level

execution of the Instrument of Managers Consent mentioned in the Level 2 Rules, and shall comply with applicable legal requirements. The managers shall further communicate the Company, upon their investiture in office, the number and the characteristics of the securities issued by the Company, directly or indirectly held by it, including its derivatives.

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Paragraph 2 – At least twenty percent (20%) of the members of the Company’s Board of Directors shall be Independent Board members, as defined in the Level

2 Rules, and expressly declared independent board members in the minutes of the General Meeting electing them and board members elected as per Paragraphs 4 and 5 of Article 141 of Law 6,404/76, as amended by Law 10,303/01 shall be also deemed as independent board members.

Paragraph 3 – If, as a result of observance of the percentage of twenty percent (20%) provided for in the previous Paragraph, the number of board members is a fraction, it shall be rounded to (i) the number subsequent to it, if the fraction is equal or higher than five tenth (0.5); or (ii) to the previous number, if the fraction is lower than five tenth (0.5).

Paragraph 4 – The positions of Chairman of the Board of Directors and Chief Executive Officer cannot be cumulated by same person.

Article 13 – The Board of Directors shall not elect members (i) acting as controlling shareholders in companies deemed as competitors in the market in which the Company is engaged; (ii) occupying positions that may be deemed as competitor in the market in which it is engaged, specially administrative or tax advisory councils; or (iii) have conflict of interest with the Company, unless as expressly approved at the General Meeting. Furthermore, the board member with any conflict of interest with the Company may not vote at the Board of Directors' meetings.

Paragraph 1 – The statement

2 Rules, and expressly declared independent board members in the minutes of the General Meeting electing them and board members elected as per Paragraphs 4 and 5 of Article 141 of Law 6,404/76, as amended by Law 10,303/01 shall be also deemed as independent board members.

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Paragraph 1 – The statement

relating to any impairment of board member that may have conflict of interest with the Company as to certain matter (s) to be resolved in meeting shall be submitted to vote of the members in said meeting and the impairment thereof shall be stated by a majority of votes.

Paragraph 2 – If certain Board Member is deemed impaired by the members attending the meeting, the Chairman of the Board of Directors shall not compute the vote to be cast by such Board Member regarding the matter in connection with which the latter has a conflict of interest.

Article 14 – The Board of Directors shall:

- a) establish general guidelines for the Company's business and approve the annual general budget, in addition to the business plan and targets and business strategy for the budget term;
- b) elect and dismiss Company's Officers;
- c) inspect the Officers' management, review, at any time, the Company's books and documents, request information on the agreements executed or to be executed and any instrument that it may deem necessary;
- d) call the General Meeting;
- e) issue opinion on the management's report or the Board of Executive Officers' accounts;
- f) appoint and dismiss independent auditors, as well as approve the contracting of any other services with

relating to any impairment of board member that may have conflict of interest with the Company as to certain matter (s) to be resolved in meeting shall be submitted to vote of the members in said meeting and the impairment thereof shall be stated by a majority of votes.

Paragraph 2 – If certain Board Member is deemed impaired by the members attending the meeting, the Chairman of the Board of Directors shall not compute the vote to be cast by such Board Member regarding the matter in connection with which the latter has a conflict of interest.

Article 14 – The Board of Directors shall:

- a) establish general guidelines for the Company's business and approve the annual general budget, in addition to the business plan and targets and business strategy for the budget term;
- b) elect and dismiss Company's Officers;
- c) inspect the Officers' management, review, at any time, the Company's books and documents, request information on the agreements executed or to be executed and any instrument that it may deem necessary;
- d) call the General Meeting;
- e) issue opinion on the management's report or the Board of Executive Officers' accounts;
- f) appoint and dismiss independent auditors, as well as approve the contracting of any other services with

the Company's independent auditors, or said auditors same group companies, rather than the audit of the financial statements;

g) resolve on the acquisition of shares issued by the Company for cancellation or to be kept in the treasury;

h) resolve on the disposal or cancellation of shares issued by the Company which, by any reason, are kept in the treasury;

i) resolve on the acquisition, disposal or encumbrance of assets pertaining to the permanent assets, the value of which exceeds five percent (5%) of the Company's shareholders equity ascertained in the last balance sheet audited, in a sole transaction or successive transactions in the same fiscal year;

j) resolve on the establishment of *in rem* guarantees and tendering of guarantees for own obligations, the amount of which exceeds five percent (5%) of the Company's shareholders equity ascertained in the last balance sheet audited, in a sole transaction or successive transactions in the same fiscal year;

k) resolve on the issuance of promissory notes for public offering, pursuant to CVM Rule 134/90, as amended by CVM Rule 292/98 and CVM Rule 480/09;

l) resolve on the Company's capital increase up to the limit of authorized capital, and can authorize the issuance of shares or subscription bonus;

m) propose the attribution of interest over the profits earned by the Company's managers or employees and carry out the respective

the Company's independent auditors, or said auditors same group companies, rather than the audit of the financial statements;

g) resolve on the acquisition of shares issued by the Company for cancellation or to be kept in the treasury;

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l) resolve on the Company's capital increase up to the limit of authorized capital, and can authorize the issuance of shares or subscription bonus;

m) propose the attribution of interest over the profits earned by the Company's managers or employees and carry out the respective

distribution thereof, with due regard for the limits established at the General Meeting;

n) attribute, in the event of approval of total amount of Board of Directors or Board of Executive Officers' remuneration at the General Meeting, the monthly salary of each member of the Board of Directors or Board of Executive Officers;

o) review and, as applicable, propose the adoption of the General Plan for Call Option to the Company's managers or employees or individuals rendering services to the Company or companies under its control;

p) establish the stock option conditions and rules, within limits and pursuant to the Stock Option Plan approved at the General Meeting, as well as for the management of said Plan, if committee is not created for this purpose;

q) create permanent or temporary committees and commissions, as well as elect its members in order to support the Company's Board of Directors;

r) resolve on any Company's associations, as well as on the participation in any shareholders' agreements;

s) resolve (i) on leasing, financings and loans exceeding ten percent (10%) of the Company's shareholders equity ascertained in the last balance sheet audited, and/or (ii) on the issuance of debentures, not convertible into shares, pursuant to Article 59, Paragraph 1 of Law 6,404/76;

t) authorize, when deemed necessary, the representation of the Company by a sole member of the Board of Executive Officers or by one attorney-

distribution thereof, with due regard for the limits established at the General Meeting;

n) attribute, in the event of approval of total amount of Board of Directors or Board of Executive Officers' remuneration at the General Meeting, the monthly salary of each member of the Board of Directors or Board of Executive Officers;

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<p>in-fact;</p> <p>u) open and close branches, offices, agencies in any part of the country or abroad;</p> <p>v) establish rules for issuance and cancellation of share deposit certificates ("Units"); and</p> <p>w) agree or disagree with any tender offer for the acquisition of the Company shares by means of substantiated opinion, published within fifteen (15) days as of the publication of tender offer public notice, which shall comprise, at least (i) the convenience and the timing of the tender offer concerning the group of shareholders interest and in relation to the liquidity of their securities; (ii) the tender offer effects on the Company's interests; (iii) strategic plans disclosed by the offeror in relation to the Company; (iv) other matters the Board of Directors may deem relevant, as well as the information required by Brazilian Securities and Exchange Commission's applicable rules ("CVM");</p> <p>x) define and submit for the General Meeting's decision, a three-name list of companies specialized in companies economic valuation to prepare an appraisal report on the Company's shares, in cases of tender offer (OPA) for the company's deregistering as a publicly-held company or delisting from Level 2;</p> <p>y) define the Company's securities trading policy, policy for disclosure of material fact or act and related parties transactions; and</p> <p>z) perform other legal attributions or to be attributed thereto at the General Meeting, as well as resolve on the</p>	<p>in-fact;</p> <p>u) open and close branches, offices, agencies in any part of the country or abroad;</p> <p>v) establish rules for issuance and cancellation of share deposit certificates ("Units"); and</p> <p>w) agree or disagree with any tender offer for the acquisition of the Company shares by means of substantiated opinion, published within fifteen (15) days as of the publication of tender offer public notice, which shall comprise, at least (i) the convenience and the timing of the tender offer concerning the group of shareholders interest and in relation to the liquidity of their securities; (ii) the tender offer effects on the Company's interests; (iii) strategic plans disclosed by the offeror in relation to the Company; (iv) other matters the Board of Directors may deem relevant, as well as the information required by Brazilian Securities and Exchange Commission's applicable rules ("CVM");</p> <p>x) define and submit for the General Meeting's decision, a three-name list of companies specialized in companies economic valuation to prepare an appraisal report on the Company's shares, in cases of tender offer (OPA) for the company's deregistering as a publicly-held company or delisting from Level 2;</p> <p>y) define the Company's securities trading policy, policy for disclosure of material fact or act and related parties transactions; and</p> <p>z) perform other legal attributions or to be attributed thereto at the General Meeting, as well as resolve on the</p>
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Paragraph 1 – The attributions dealt with in items “d”, “m”, “n”, “q”, “t”, and “u” may be delegated to the Board of Directors’ Chairman, by favorable vote cast by a majority of members of the Board of Directors.

Paragraph 2 – The transactions provided for in items “i”, “j” and “s”, involving an amount lower than that established in said items, shall be incumbent upon the Board of Executive Officers, as to the residual value thereof, pursuant these Bylaws.

Paragraph 3 – The Board of Directors shall meet, on an ordinary basis, once every three months and, on an extraordinary basis, whenever it is called by its Chairman or by two of its members. The call notices shall contain the agenda and delivered, in writing, within at least six (06) business days in advance or, in the event of meetings held by video conference or conference call, or another similar way that enables the remote participation therein, within four (04) business days in advance. The attendance of seven (7) board members is required for instatement of the Board of Directors’ Meeting, at the first call. If such quorum is not established, a second call notice shall be sent, in written, within two (2) business days in advance, or, in the event of meeting held by

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video conference or similar way, within one (1) business day in advance, which shall be deemed instated in the event of attendance of at least three (3) board members.

Paragraph 4 – With due regard for Paragraph 1 hereof, the Board of Directors’ resolutions shall be taken by a majority of votes cast by members present thereat and the Chairman shall issue the casting vote. The resolution taken thereat shall be drawn up in the Book of Minutes of the Board of Directors’ Meetings.

Paragraph 5 – The Board of Directors’ Chairman may stay any resolution on matters submitted for Board of Directors’ review, thus submitting them to the General Meeting immediately called, so as to resolve, on a definitive basis, the matter.

Article 15 – In the event of absences or temporary impairments of any board member, with due regard for Paragraph 1 hereof, such board member shall be replaced by alternate member or by Board Member appointed, in writing, which shall perform all duties and shall have all powers, duties and rights of the board member replaced, including the voting right. For evidencing said appointment, the Board Member replaced shall present a copy of the instrument of appointment to the other Board Members present at the meeting.

Paragraph 1 – In the event of absence of temporary impairment

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of the Board of Directors' Chairman, the latter shall be replaced by its alternate or Board Member appointed, in writing, which shall perform his/her duties and shall have all powers, duties and rights of the board member replaced, including the voting right held thereby.

Paragraph 2 – In the event the position of board member is vacant, this member shall be replaced by his alternate, or, in the lack of alternate, a General Meeting shall be called to elect the alternate, who shall assume the position of board member for the remainder term of office of the replaced board member.

SECTION II Committees

Article 16 – The Board of Directors shall be advised by technical and advisory committees referred to as: Investments Committee, Audit Committee, Compensation Committee, Governance and Disclosure Committee and Sustainability Committee.

Paragraph 1 – The Board of Directors, whenever it deems necessary, may also create other committees with technical or advisory roles, rather than those provided for permanent committees referred to in the "**caput**" of this Article.

Paragraph 2 – It shall be incumbent upon the Board of Directors to set the rules applicable

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to the committees, including rules on authority, composition, term of office, compensation, operation and scope. The Board of Directors may delegate to these Committees the authority to prepare a charter containing the aforementioned rules, which after the respective committee's approval, shall be ratified by the Board of Directors.

SECTION III
Board of Executive Officers

Article 17 – The Company's Board of Executive Officers shall be composed of three (3) to six (6) members, one (1) of which shall be Chief Executive Officer, all of them individuals, whether shareholders or not, residing in Brazil, elected and who may be dismissed at any time by the Board of Directors for one (1) year term of office; reelection is allowed.

Paragraph 1 – From among members of the Board of Executive Officers of the financial, oversight or corporate areas, the Board of Directors shall attribute the position of Vice C.E.O.

Paragraph 2 – Without prejudice to the execution of the instruments required for the Level 2 Rules, the Officer shall be invested in office by means of instrument signed and drawn up in the Book of Minutes of the Board of Executive Officers' Meetings and shall serve until such time as new Executive Officers are invested in office.

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Paragraph 3 The positions of the Board of Executive Officers to be vacant during the term of office, the Board of Directors' may elect a new Executive Officer for the remainder term, and shall always do it (i) referring to the position of Chief Executive Officer, and (ii) when necessary in order to re-establish the minimum number of Officers provided for herein.

Paragraph 4 – In the event of impairments and absences of the Chief Executive Officer, the latter shall appoint an alternate Officer to replace him/her in the performance of his/her duties and shall have powers, duties and rights of the officer replaced, including the right to vote in the Board of Executive Officers' meetings. The other Officers shall replace each other, as established by the Chief Executive Officer.

Article 18 – The Chief Executive Officer shall coordinate the Board of Executive Officers' activities and supervise all the Company's activities.

Sole Paragraph – Without prejudice to the attributions to be established by the Board of Directors to the other officers, the Chief Executive Officer may establish other attributions to such officers.

Article 19 – From among the Company's officers, the Board of Directors shall appoint an officer to occupy the position of Investors Relations Officer that shall be incumbent

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upon the disclosure of material acts or facts in the Company's business, to all markets participants and regulatory and inspecting entities.

Article 20 – Upon meeting of all members, the Board of Executive Officers shall have full powers to resolve on any matters or business of the Company's interest, unless as provided by law or herein, within the private authority of the General Meeting or Board of Directors.

Sole Paragraph – The Board of Executive Directors shall be called, in writing, within three (3) days in advance, by its Chief Executive Officer or by two (2) officers acting jointly. A quorum of at least half of members is required to instate the Board of Executive Officers' meetings and the resolutions shall be taken by a majority of votes cast by present thereat. The Board of Executive Officers' resolutions shall be registered in proper book.

Article 21 – The Company shall be solely represented by its Chief Executive Officer; and jointly by any two (2) other members of the Board of Executive Officers or, even, by one Officer and by one attorney-in-fact legally appointed and with powers to that effect.

Paragraph 1 – The Company shall be represented, as plaintiff or defendant, vis-à-vis government agencies or federal, state and municipal authorities, as well as independent agencies, public companies, mixed capital

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companies and quasigovernmental entities, pursuant to the main section hereof and, further, an attorney-in-fact may be appointed with special powers for such purpose.

Paragraph 2 – The powers of attorney shall be granted on behalf of the Company by two (02) members of the Board of Executive Officers, acting jointly. Unless *ad judicium* powers of attorney and those intended for defense in administrative proceedings, all the other powers of attorney shall be granted for definite term that shall not exceed one year and specify the powers granted therein. The powers of attorney granted to the Company's employees shall be cancelled and, consequently, automatically revoked upon termination of the employment contract of the grantee or if the latter no longer occupy the position.

Paragraph 3 – All members of the Board of Executive Directors and attorneys-in-fact shall not create any obligation for the Company, involving business not related to its corporate purpose, as well as perform forbearance acts on behalf of the Company.

SECTION IV Managers' Liabilities

Article 22 – The managers shall be liable for the acts performed during the carrying out of its duties vis-à-vis the Company and third parties, pursuant to

companies and quasigovernmental entities, pursuant to the main section hereof and, further, an attorney-in-fact may be appointed with special powers for such purpose.

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Article 23 – The Company shall secure the legal technical defense of its Officers, members of the Board of Directors or the Fiscal Council, if any, in legal and administrative proceedings, the subjects matter of which are facts or acts occurred during the performance of their legal or corporate attributions in the ordinary course of business, and the Company may contract insurance policy to cover the legal expenses, attorneys’ fees and indemnifications arising out of said proceedings.

Paragraph 1 – The defense guarantee shall be secured even after the managers giving up their positions or end of their term of office, for any reason.

Paragraph 2 - The Company and the manager interested therein shall jointly appoint the person responsible for the defense of the interests of the latter and it may be represented by the Company’s attorneys, provided that there is no conflict of interest.

Paragraph 3 – In addition to the legal defense, the Company shall borne all court costs, fees of any nature, administrative expenses and bonds posted to secure instance.

Paragraph 4 – In the event of adverse judgment not favorable to the manager or if the latter is held liable by final and

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unappealable decision, he/she shall refund the amounts actually paid to the Company, except if it is evidenced that he/she acts in *bona fine* in the Company's interests.

Article 24 - Related parties transactions shall comply with applicable legal rules, as well as those adopted in policy duly approved by the Board of Directors.

CHAPTER IV Fiscal Council

Article 25 - The Company's Fiscal Council shall be instated on a temporary basis upon request of the shareholders, pursuant to law, and shall be composed of three (03) to five (05) sitting members and same number of alternate members, whether shareholders or not, elected at the General Meeting in which the instatement thereof was requested.

Paragraph 1 - The Fiscal Council's members and the alternate members thereof shall serve until the first Ordinary General Meeting that shall elect them and may be reelected.

Paragraph 2 - The Fiscal Council's authority shall be established by Law 6,404/76, as amended by Law 10,303/01 and the remuneration of its members shall observe the restrictions provided by law.

Paragraph 3 - The Fiscal Council's members shall be invested in office upon execution

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Paragraph 3 - The Fiscal Council's members shall be invested in office upon execution

of the Consent Instrument of Fiscal Council's members mentioned in the Level 2 Rules, and compliance with applicable legal requirements. The Fiscal Council's members shall further communicate the Company, upon investiture in office, the number and characteristics of the securities issued by the Company, directly or indirectly owned thereby, including its derivatives.

CHAPTER V
General Meeting

Article 26 – The General Meeting shall meet, on an ordinary basis, within four (4) months as of the end of the fiscal year and, on an extraordinary basis, whenever it is called by the Board of Directors, the Fiscal Council or its shareholders, pursuant to law.

Sole Paragraph – The General Meeting shall be chaired by the Chairman of the Company's Board of Directors and, in the absence thereof, by the shareholders appointed at the General Meeting. The Chairman shall appoint one shareholder or attorney, from among those present thereat to act as secretary of the meeting.

Article 27 – The shareholders shall participate in the General Meeting if they evidence their shareholder's status by presenting document proving the holding thereof.

Article 28 – The shareholders may be represented at the General Meetings by proxy appointed for less than 1 year,

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whether shareholder, the Company's manager, attorney or financial institution.

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CHAPTER VI

Fiscal Year and Financial Statements

Article 29 – The fiscal year shall be of twelve (12) months and shall end on December 31 each year when the financial statements provided by law shall be prepared.

Article 30 – After deducting all accrued losses, if any, and the income tax provision, the outstanding balance shall be used to satisfy the profit sharing of the Company's managers, up to ten percent (10%) of the outstanding balance of the income ascertained and shall not exceed the annual total remuneration established for the managers at the General Meeting, with due regard for Article 152, Paragraph 2 of Law 6,404/76.

Article 31 – The outstanding balance of the income ascertained after the deduction of profit sharing mentioned above shall be the net income ascertained in the fiscal year and shall be used as follows:

- a) five percent (5%) shall be used for creation of legal reserve, up to the amount of twenty percent (20%) of the capital stock. The creation of legal reserve may be waived if the outstanding balance plus the amount of the capital reserves exceeds thirty percent (30%) of the capital stock;
- b) twenty-five percent (25%) of the net income adjusted pursuant to Article 202 of Law 6,404/76, to be

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- b) twenty-five percent (25%) of the net income adjusted pursuant to Article 202 of Law 6,404/76, to be

distributed among the shareholders, as mandatory dividends; and

- c) with due regard for the uses established in the items above, up to seventy-one point two five percent (71.25%) shall be intended for creation of statutory reserve for development of corporate business, which may not exceed the total amount of the capital stock, pursuant to Article 199 of Law 6,404/76, the purpose of which is (i) to secure funds in permanent assets; (ii) injection of working capital to secure operating conditions adequate for performing the corporate purpose; and (iii) finance transactions of redemption, reimbursement or acquisition of shares issued by the Company. The creation of a statutory reserve may be waived by General Meeting's resolution in the event of additional payment of mandatory minimal dividend. Once the limit provided for in Article 199 of Law 6,404/76 is reached, the General Meeting, by proposal of the administrative bodies, shall resolve on the respective use thereof: (a) capitalization; or (b) distribution of dividends to shareholders.

Article 32 – The Company shall prepare annual or *interim* balance sheets and post, as per Board of Directors' resolution, dividends in the income earned account of these balance sheets, in the total amount to be distributed at the end of the fiscal year, with due regard of the restrictions provided by law.

Paragraph 1 – Furthermore, as per Board of Directors' resolution,

distributed among the shareholders, as mandatory dividends; and

- c) with due regard for the uses established in the items above, up to seventy-one point two five percent (71.25%) shall be intended for creation of statutory reserve for development of corporate business, which may not exceed the total amount of the capital stock, pursuant to Article 199 of Law 6,404/76, the purpose of which is (i) to secure funds in permanent assets; (ii) injection of working capital to secure operating conditions adequate for performing the corporate purpose; and (iii) finance transactions of redemption, reimbursement or acquisition of shares issued by the Company. The creation of a statutory reserve may be waived by General Meeting's resolution in the event of additional payment of mandatory minimal dividend. Once the limit provided for in Article 199 of Law 6,404/76 is reached, the General Meeting, by proposal of the administrative bodies, shall resolve on the respective use thereof: (a) capitalization; or (b) distribution of dividends to shareholders.

Article 32 – The Company shall prepare annual or *interim* balance sheets and post, as per Board of Directors' resolution, dividends in the income earned account of these balance sheets, in the total amount to be distributed at the end of the fiscal year, with due regard of the restrictions provided by law.

Paragraph 1 – Furthermore, as per Board of Directors' resolution,

interim dividends may be posted in the accrued profit or profit reserve account ascertained in the last annual or half-yearly balance sheet.

Paragraph 2 – Furthermore, as per Board of Directors’ resolution, the dividends, including *interim* and/or intermediary dividends may be paid as interest on capital stock.

Paragraph 3 – *Interim* and/or intermediary dividends shall be always credited and deemed as prepayment of mandatory dividend.

Paragraph 4 – The amount paid or credited as interest on capital stock, pursuant to Article 9, Paragraph 7 of Law 9,249/95 and applicable legislation and regulation, may be attributed to the mandatory dividend, thus including such amount in the dividends distributed by the Company, for all legal purposes.

CHAPTER VII
**Disposal of Share Control,
Deregistering as Publicly-held
Company and Discontinuance of the
Best Practices of Corporate
Governance**

Article 33 – The disposal of the Company’s share control by a sole transaction or by successive transactions shall be contracted under the suspensive or resolutive condition that the Buyer shall undertake to conduct a Tender Offer to other Company’s shareholders

interim dividends may be posted in the accrued profit or profit reserve account ascertained in the last annual or half-yearly balance sheet.

Paragraph 2 – Furthermore, as per Board of Directors’ resolution, the dividends, including *interim* and/or intermediary dividends may be paid as interest on capital stock.

Paragraph 3 – *Interim* and/or intermediary dividends shall be always credited and deemed as prepayment of mandatory dividend.

Paragraph 4 – The amount paid or credited as interest on capital stock, pursuant to Article 9, Paragraph 7 of Law 9,249/95 and applicable legislation and regulation, may be attributed to the mandatory dividend, thus including such amount in the dividends distributed by the Company, for all legal purposes.

CHAPTER VII
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Article 33 – The disposal of the Company’s share control by a sole transaction or by successive transactions shall be contracted under the suspensive or resolutive condition that the Buyer shall undertake to conduct a Tender Offer to other Company’s shareholders

(including shareholders of preferred shares), so as to secure a treatment equal to that provided to the selling controlling shareholder (including the minimal price of one hundred percent (100%) of the price paid per each voting share held by the selling controlling shareholder), with due regard for the prevailing legislation and the Level 2 Rules.

Article 34 - The Tender Offer set forth in the previous Article shall be also carried out:

- (a) In the events of onerous assignment of share subscription rights and other titles and rights relating to securities convertible into shares, which may entail the disposal of the Company's Control; or
- (b) In the event of disposal of Company's Control by the company holding the Controlling Stake, and, in such event, the Selling Controlling Shareholder shall state the price established for the Company in such disposal to BM&FBOVESPA and attach documentation evidencing such transaction.

Article 35 - The party that acquires the Controlling Stake under the private share purchase agreement executed with the Controlling shareholder(s), involving any number of shares, shall:

- (a) carry out the Tender Offer provided for in Article 33 hereof; and
- b) pay, as indicated herein below, the amount corresponding to the difference between the tender offer

(including shareholders of preferred shares), so as to secure a treatment equal to that provided to the selling controlling shareholder (including the minimal price of one hundred percent (100%) of the price paid per each voting share held by the selling controlling shareholder), with due regard for the prevailing legislation and the Level 2 Rules.

Article 34 - The Tender Offer set forth in the previous Article shall be also carried out:

- (b) In the events of onerous assignment of share subscription rights and other titles and rights relating to securities convertible into shares, which may entail the disposal of the Company's Control; or
- (b) In the event of disposal of Company's Control by the company holding the Controlling Stake, and, in such event, the Selling Controlling Shareholder shall state the price established for the Company in such disposal to BM&FBOVESPA and attach documentation evidencing such transaction.

Article 35 - The party that acquires the Controlling Stake under the private share purchase agreement executed with the Controlling shareholder(s), involving any number of shares, shall:

- (b) carry out the Tender Offer provided for in Article 33 hereof; and
- b) pay, as indicated herein below, the amount corresponding to the difference between the tender offer

price and the amount paid per share eventually bought at the stock exchange within six (6) months prior to the acquisition date of Power of Control, duly adjusted until date of payment. Said amount shall be distributed among all individuals who sold the Company's shares at the trading sessions where the Buyer made the acquisitions, proportionally to the daily selling net balance of each share, and it shall be incumbent upon BM&FBOVESPA to carry out the distribution, pursuant to its rules.

Article 36 – The Company shall register any transfer of shares to the purchaser of the control power or to those that acquires the control power, only upon execution of the Consent Instrument of the Controlling Shareholders mentioned in the Level 2 Rules.

Article 37 - A tender offer shall be carried out:

- (i) by the Company or the controlling shareholder for deregistering of the Company; ~~or~~
- (ii) by the controlling shareholder for discontinuance of the Level 2 best practices or due to corporate restructuring operations in which the resulting Company does not have its securities accepted for trading at Level 2 within 120 days of the General Meeting that approved the aforementioned operation; or
- (iii) by the controlling shareholder in the event the authorization for trading securities issued by the Company in Level 2 is revoked, due to the eventual non-compliance with the provisions in the Level 2 Rules not

price and the amount paid per share eventually bought at the stock exchange within six (6) months prior to the acquisition date of Power of Control, duly adjusted until date of payment. Said amount shall be distributed among all individuals who sold the Company's shares at the trading sessions where the Buyer made the acquisitions, proportionally to the daily selling net balance of each share, and it shall be incumbent upon BM&FBOVESPA to carry out the distribution, pursuant to its rules.

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- (iii) by the controlling shareholder in the event the authorization for trading securities issued by the Company in Level 2 is revoked, due to the eventual non-compliance with the provisions in the Level 2 Rules not

remedied within the period determined by BM&FBOVESPA.

Paragraph 1 - The minimum price to be offered_in cases mentioned in items (i) to (iii) in the *caput* of this Article shall be ascertained in appraisal report prepared as per Article 38 with due regard, also, for other legal and regulatory rules applicable thereto.

Paragraph 2 - The controlling shareholder shall be discharged from carrying out the public offering provided for in the main section hereof, should the Company discontinue the Level 2 practices in view of execution of the BM&FBOVESPA "Novo Mercado" listing agreement or if the company resulting from the corporate restructuring obtains authorization to trade securities at the "Novo Mercado" within one hundred and twenty (120) days as of the General Meeting that approved the aforementioned operation.

Paragraph 3 - In the event there is no controlling shareholder, the tender offer shall be conducted as specified herein below:

(a) in case of item (ii) of *caput* of this Article, the General Meeting that approved the operation shall define that one (those) liable for conducting the tender offer under same conditions provided for above, who, in attendance of the Meeting, shall expressly assume the obligation to conduct the offer. If those persons responsible for

remedied within the period determined by BM&FBOVESPA.

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Paragraph 2 - The controlling shareholder shall be discharged from carrying out the public offering provided for in the main section hereof, should the Company discontinue the Level 2 practices in view of execution of the BM&FBOVESPA "Novo Mercado" listing agreement or if the company resulting from the corporate restructuring obtains authorization to trade securities at the "Novo Mercado" within one hundred and twenty (120) days as of the General Meeting that approved the aforementioned operation.

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conducting the tender offer are not defined, shareholders who voted favorably to the corporate restructuring shall conduct said tender offer.

(b) in case of item (iii) of *caput* of this Article, when delisting from Level 2 occurs due to non-compliance with the obligations provided for in Level 2 Rules **(i)** resulting from resolution at the General Meeting, shareholders who voted favorably to the resolution that implied the respective failure to comply shall conduct the tender offer provided for in the *caput*; or **(ii)** due to Management act of fact, the Company's Management shall call for a Shareholders' Meeting, whose Agenda shall resolve on how to remedy the failure to comply with obligations provided for in Level 2 Rules or, where applicable, to resolve on the Company's delisting from Level 2, and in this case, said Meeting shall define that one(those) liable for conducting the tender offer provided for in the *caput*, who in attendance of the meeting shall expressly assume the responsibility for conducting the offer.

Article 38 – The appraisal report dealt with in the first Paragraph of the previous Article shall be prepared by institution or specialized company, with proved experience and independent as to the decision power of the Company, its managers and controlling shareholders, and the report shall meet the requirements set forth in Paragraph 1 of Article 8 of Law 6,404/76, as amended by Law 10,303/01 and

conducting the tender offer are not defined, shareholders who voted favorably to the corporate restructuring shall conduct said tender offer.

(b) in case of item (iii) of *caput* of this Article, when delisting from Level 2 occurs due to non-compliance with the obligations provided for in Level 2 Rules **(i)** resulting from resolution at the General Meeting, shareholders who voted favorably to the resolution that implied the respective failure to comply shall conduct the tender offer provided for in the *caput*; or **(ii)** due to Management act of fact, the Company's Management shall call for a Shareholders' Meeting, whose Agenda shall resolve on how to remedy the failure to comply with obligations provided for in Level 2 Rules or, where applicable, to resolve on the Company's delisting from Level 2, and in this case, said Meeting shall define that one(those) liable for conducting the tender offer provided for in the *caput*, who in attendance of the meeting shall expressly assume the responsibility for conducting the offer.

Article 38 – The appraisal report dealt with in the first Paragraph of the previous Article shall be prepared by institution or specialized company, with proved experience and independent as to the decision power of the Company, its managers and controlling shareholders, and the report shall meet the requirements set forth in Paragraph 1 of Article 8 of Law 6,404/76, as amended by Law 10,303/01 and

mention the liability provided for in Paragraph 6 of said law.

Paragraph 1 – The General Meeting shall choose the institution or specialized company responsible for establishing the economic value of the Company as from the submission by the Board of Directors of a three-name list, and the respective resolution not computing the blank votes and each share (irrespectively of the type and class) entitling to one vote - shall be taken by a majority vote of shareholders representing the outstanding shares in attendance of that Meeting pursuant to the Level 2 Rules, if instated in first call, shall be attended by the shareholders representing at least twenty percent (20%) of the total outstanding shares or, if instated in second call, by any number of shareholders representing the outstanding shares.

Paragraph 2 – The costs for preparation of an appraisal report shall be fully borne by the parties responsible for the Tender Offer.

CHAPTER VIII Protection Mechanisms

Article 39 – All Company's shareholder or Group of shareholders shall disclose, by means of communication to the Company, the acquisition of shares that, added to those already existing, exceed 5% of the Company's capital stock or multiple value of such percentage.

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Article 39 – All Company's shareholder or Group of shareholders shall disclose, by means of communication to the Company, the acquisition of shares that, added to those already existing, exceed 5% of the Company's capital stock or multiple value of such percentage.

Paragraph 1 – The holders of debentures convertible in shares, call option and subscription bonus securing their holders the acquisition of shares in the number provided for herein shall have the same obligation.

Paragraph 2 – The penalties provided for in Article 40 below shall be applied in the event of violation established herein.

Article 40 – The General Meeting may suspend the exercise of the rights, including the voting rights, of the shareholder that does not comply with the obligation provided by law, the regulation or these Bylaws, including to disclose the acquisition of share interest, as per Article 39 hereof.

Paragraph 1 – The suspension of the exercise of rights may be resolved at any Ordinary or Extraordinary General Meeting in which such matter is included in the agenda.

Paragraph 2 – The shareholders representing at least five percent (5%) of the capital stock may call General Meeting, if the Board of Directors does not comply with the call notice, within eight (08) days, mentioning the non-compliance with such obligation and the name of the breaching shareholder.

Paragraph 3 – In addition to other aspects, the General Meeting that approves the suspension of political rights shall further establish the

Paragraph 1 – The holders of debentures convertible in shares, call option and subscription bonus securing their holders the acquisition of shares in the number provided for herein shall have the same obligation.

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Paragraph 3 – In addition to other aspects, the General Meeting that approves the suspension of political rights shall further establish the

scope and term thereof, thus being prohibited the suspension of inspection and information rights provided by law.

Paragraph 4 – The suspension of rights shall cease after compliance with the obligation.

Article 41 – With due regard for Paragraph 8 of this Article 41, any Acquiring Shareholder (as defined in Paragraph 11 below), which acquired or became holder of shares issued by the Company in a number equal or higher than twenty-five percent (25%) of the total common shares issued by the Company undertakes to, within up to ninety (90) days as of the acquisition or event that triggered the holding thereof in a number equal or higher than twenty-five percent (25%) of the total common shares issued by the Company, carry out or request the registration, as applicable, public tender offer for acquisition of all shares issued by the Company ("OPA"), with due regard for the applicable regulation issued by the CVM, the Level 2 Rules, as well as the terms hereof.

Paragraph 1 – The OPA shall be (i) addressed, on an indistinct basis, to all Company's shareholders, (ii) in auction carried out at BM&FBOVESPA, (iii) at the price established pursuant to Paragraph 2 below, and (iv) paid in cash, in Brazilian currency, for the acquisition of the shares issued by the Company under the OPA.

Paragraph 2 – The acquisition price under the OPA of each share

scope and term thereof, thus being prohibited the suspension of inspection and information rights provided by law.

Paragraph 4 – The suspension of rights shall cease after compliance with the obligation.

Article 41 – With due regard for Paragraph 8 of this Article 41, any Acquiring Shareholder (as defined in Paragraph 11 below), which acquired or became holder of shares issued by the Company in a number equal or higher than twenty-five percent (25%) of the total common shares issued by the Company undertakes to, within up to ninety (90) days as of the acquisition or event that triggered the holding thereof in a number equal or higher than twenty-five percent (25%) of the total common shares issued by the Company, carry out or request the registration, as applicable, public tender offer for acquisition of all shares issued by the Company ("OPA"), with due regard for the applicable regulation issued by the CVM, the Level 2 Rules, as well as the terms hereof.

Paragraph 1 – The OPA shall be (i) addressed, on an indistinct basis, to all Company's shareholders, (ii) in auction carried out at BM&FBOVESPA, (iii) at the price established pursuant to Paragraph 2 below, and (iv) paid in cash, in Brazilian currency, for the acquisition of the shares issued by the Company under the OPA.

Paragraph 2 – The acquisition price under the OPA of each share

issued by the Company shall be the highest amount established between: (i) the unit price of the shares issued by the Company ascertained in the appraisal report on the economic value ascertained within up to sixty (60) days as of the Extraordinary General Meeting in which the company responsible for the preparation of the appraisal report shall be appointed; and (ii) the average amount paid by the Acquiring Shareholder relating to the last five percent (5%) of the shares issued by the Company before the acquisition of twenty-five percent (25%) provided for in main section hereof, duly adjusted according to the Special System for Settlement and Custody (SELIC).

Paragraph 3 – The OPA mentioned in the main section hereof shall not exclude the possibility of another shareholder of the Company or, as applicable, the Company itself, carrying out a competing OPA, pursuant to applicable regulation.

Paragraph 4 – The Acquiring Shareholder undertakes to respond any requests or meet CVM requirements relating to the OPA, within the maximum terms provided for in the applicable regulation.

Paragraph 5 – If the Acquiring Shareholder does not comply with the obligations provided for herein, including as to the observance of the maximum terms (i) for carrying and application of OPA registration,

issued by the Company shall be the highest amount established between: (i) the unit price of the shares issued by the Company ascertained in the appraisal report on the economic value ascertained within up to sixty (60) days as of the Extraordinary General Meeting in which the company responsible for the preparation of the appraisal report shall be appointed; and (ii) the average amount paid by the Acquiring Shareholder relating to the last five percent (5%) of the shares issued by the Company before the acquisition of twenty-five percent (25%) provided for in main section hereof, duly adjusted according to the Special System for Settlement and Custody (SELIC).

Paragraph 3 – The OPA mentioned in the main section hereof shall not exclude the possibility of another shareholder of the Company or, as applicable, the Company itself, carrying out a competing OPA, pursuant to applicable regulation.

Paragraph 4 – The Acquiring Shareholder undertakes to respond any requests or meet CVM requirements relating to the OPA, within the maximum terms provided for in the applicable regulation.

Paragraph 5 – If the Acquiring Shareholder does not comply with the obligations provided for herein, including as to the observance of the maximum terms (i) for carrying and application of OPA registration,

or (ii) for responding any request or meeting any CVM requirements, the Company's Board of Directors shall call Extraordinary General Meeting in which the Acquiring Shareholder shall not vote, to resolve on the suspension of voting rights of the Acquiring Shareholders not complying with the obligations provided for herein, as per Article 120 of Law 6,404/76.

Paragraph 6 - Any Acquiring Shareholder (as defined in Paragraph 11 below) that acquired or became holder of other rights, including right of enjoyment or trust, in connection with the common shares issued by the Company in a number equal or higher than twenty-five percent (25%) of the total common shares issued by the Company undertakes, within up to ninety (90) days as of the acquisition or event that triggered the holding of such rights, to carry out, as applicable, an OPA, under the terms provided for in Article 41.

Paragraph 7 - The obligations set forth in Article 254-A of Law 6,404/76 and Articles 33, 34 and 35 hereof shall not exclude the compliance with the obligations provided for herein by the Acquiring Shareholder.

Paragraph 8 - The provisions dealt with in Article 41 shall not be applied if an individual becomes holder of shares issued by the Company in a number equal or higher than twenty-five percent

or (ii) for responding any request or meeting any CVM requirements, the Company's Board of Directors shall call Extraordinary General Meeting in which the Acquiring Shareholder shall not vote, to resolve on the suspension of voting rights of the Acquiring Shareholders not complying with the obligations provided for herein, as per Article 120 of Law 6,404/76.

Paragraph 6 - Any Acquiring Shareholder (as defined in Paragraph 11 below) that acquired or became holder of other rights, including right of enjoyment or trust, in connection with the common shares issued by the Company in a number equal or higher than twenty-five percent (25%) of the total common shares issued by the Company undertakes, within up to ninety (90) days as of the acquisition or event that triggered the holding of such rights, to carry out, as applicable, an OPA, under the terms provided for in Article 41.

Paragraph 7 - The obligations set forth in Article 254-A of Law 6,404/76 and Articles 33, 34 and 35 hereof shall not exclude the compliance with the obligations provided for herein by the Acquiring Shareholder.

Paragraph 8 - The provisions dealt with in Article 41 shall not be applied if an individual becomes holder of shares issued by the Company in a number equal or higher than twenty-five percent

(25%) of the total common shares issued by it as a result (i) of merger of another company by the Company, (ii) the merger of shares of another Company by the Company, (iii) the subscription of the Company's shares conducted in a sole issuance or more than one primary offering approved at the Company's shareholders General Meeting and/or Board of Directors, and the proposal of which for capital increase established the issuance price of the shares based on the economic value ascertained in the appraisal report prepared by specialized institution or company, with proved experience in appraising publicly-held companies; (iv) succession in view of corporate restructuring or legal provision — including the succession resulting from inheritance — involving persons that are shareholders of the Company as of October 1, 2007 and (a) its respective direct or indirect controlled companies as of October 1, 2007, or (b) its respective direct or indirect controlling companies as of October 1, 2007. For the purposes hereof, control shall mean the holding of at least fifty percent (50%) plus one share of the voting capital of the controlled company and the exercise of rights provided for in items (a) and (b) of Article 116 of the Brazilian Corporate Law.

Paragraph 9 – The provisions of Article 41 shall be also observed in the event of Acquiring Shareholder reaching twenty-five percent (25%) of the total common shares issued

(25%) of the total common shares issued by it as a result (i) of merger of another company by the Company, (ii) the merger of shares of another Company by the Company, (iii) the subscription of the Company's shares conducted in a sole issuance or more than one primary offering approved at the Company's shareholders General Meeting and/or Board of Directors, and the proposal of which for capital increase established the issuance price of the shares based on the economic value ascertained in the appraisal report prepared by specialized institution or company, with proved experience in appraising publicly-held companies; (iv) succession in view of corporate restructuring or legal provision — including the succession resulting from inheritance — involving persons that are shareholders of the Company as of October 1, 2007 and (a) its respective direct or indirect controlled companies as of October 1, 2007, or (b) its respective direct or indirect controlling companies as of October 1, 2007. For the purposes hereof, control shall mean the holding of at least fifty percent (50%) plus one share of the voting capital of the controlled company and the exercise of rights provided for in items (a) and (b) of Article 116 of the Brazilian Corporate Law.

Paragraph 9 – The provisions of Article 41 shall be also observed in the event of Acquiring Shareholder reaching twenty-five percent (25%) of the total common shares issued

by the Company by means of mandatory tender offer, pursuant to CVM Rule 361/02 or any other prevailing rule. Any difference in the unit price between the OPA carried out pursuant to this Article and that under CVM Rule 361/02 mentioned above shall be paid to the shareholders accepting the OPA.

Paragraph 10 – For the purposes of calculating twenty-five percent (25%) of the common shares issued by the Company provided for herein, involuntary increases in the ownership interest arising from the cancellation of treasury shares and reduction of the Company's capital stock upon cancellation of shares or reverse split of shares shall not be computed.

Paragraph 11 – For the purposes hereof, the capitalized term below shall have the following meaning:

"Acquiring Shareholder " shall mean, except for shareholders holding common shares as of the approval hereof, any person (including, but not limited to, any individual or legal entity, including any affiliated companies — that is, any persons (a) directly or indirectly controlled by the Acquiring Shareholder, or (b) controlling, whether directly or indirectly, the Acquiring Shareholder, or (c) directly or indirectly controlled by any person controlling, whether directly or indirectly, the Acquiring Shareholder, provided that at least

by the Company by means of mandatory tender offer, pursuant to CVM Rule 361/02 or any other prevailing rule. Any difference in the unit price between the OPA carried out pursuant to this Article and that under CVM Rule 361/02 mentioned above shall be paid to the shareholders accepting the OPA.

Paragraph 10 – For the purposes of calculating twenty-five percent (25%) of the common shares issued by the Company provided for herein, involuntary increases in the ownership interest arising from the cancellation of treasury shares and reduction of the Company's capital stock upon cancellation of shares or reverse split of shares shall not be computed.

Paragraph 11 – For the purposes hereof, the capitalized term below shall have the following meaning:

"Acquiring Shareholder " shall mean, except for shareholders holding common shares as of the approval hereof, any person (including, but not limited to, any individual or legal entity, including any affiliated companies — that is, any persons (a) directly or indirectly controlled by the Acquiring Shareholder, or (b) controlling, whether directly or indirectly, the Acquiring Shareholder, or (c) directly or indirectly controlled by any person controlling, whether directly or indirectly, the Acquiring Shareholder, provided that at least

fifty percent (50%) plus one share of the voting capital of such person is held by such Acquiring Shareholder or affiliate company —, investment fund, collective investment entities, securities portfolio, universality of rights, or any other type of organization, resident, domiciled or headquartered in Brazil or abroad), or group of persons bound by voting agreement and/or representing a single interest to subscribe and/or acquire the Company's shares, or (d) spouse, companion, dependents included in the income tax return, ascendant or descendants and relatives up to the third degree of affinity of such persons. Among the examples of a person acting in the interest of the Acquiring Shareholders, we should mention any person (i) directly or indirectly controlled or managed by such Acquiring Shareholder, (ii) controlling or managing, under any system, the Acquiring Shareholder, (iii) directly or indirectly controlled or managed by any person controlling or managing, whether directly or indirectly, such Acquiring Shareholder, (iv) in which the controlling shareholder of such Acquiring Shareholder holds, directly or indirectly, an ownership interest equal or higher than thirty percent (30%) of the capital stock, (v) in which such Acquiring Shareholder holds direct or indirect ownership interest equal or higher than thirty (30%) of the capital stock, or (vi) holds direct or indirect ownership interest equal or higher than thirty (30%) of the capital

fifty percent (50%) plus one share of the voting capital of such person is held by such Acquiring Shareholder or affiliate company —, investment fund, collective investment entities, securities portfolio, universality of rights, or any other type of organization, resident, domiciled or headquartered in Brazil or abroad), or group of persons bound by voting agreement and/or representing a single interest to subscribe and/or acquire the Company's shares, or (d) spouse, companion, dependents included in the income tax return, ascendant or descendants and relatives up to the third degree of affinity of such persons. Among the examples of a person acting in the interest of the Acquiring Shareholders, we should mention any person (i) directly or indirectly controlled or managed by such Acquiring Shareholder, (ii) controlling or managing, under any system, the Acquiring Shareholder, (iii) directly or indirectly controlled or managed by any person controlling or managing, whether directly or indirectly, such Acquiring Shareholder, (iv) in which the controlling shareholder of such Acquiring Shareholder holds, directly or indirectly, an ownership interest equal or higher than thirty percent (30%) of the capital stock, (v) in which such Acquiring Shareholder holds direct or indirect ownership interest equal or higher than thirty (30%) of the capital stock, or (vi) holds direct or indirect ownership interest equal or higher than thirty (30%) of the capital

stock of the Acquiring Shareholder.

Paragraph 12 - If the CVM rule applicable to the OPA provided for herein establishes the adoption of criterion for calculation of the acquisition price of each share of the Company under OPA, entailing an acquisition price higher than that calculated under Paragraph 2 above, the acquisition price calculated under the CVM rule shall prevail for application of the OPA.

Article 42 – Notwithstanding Article 41 hereof, the provisions of the Level 2 Rules shall prevail in the event of prejudice to the rights of the addressees of the offerings mentioned in said Article.

Article 43 – The provisions hereof, as applicable, shall be applicable to the Unit, in the event and upon issuance thereof, representing common and preferred shares of the Company.

CHAPTER IX Winding up and Liquidation

Article 44 – The Company shall be wound up and liquidated in the cases provided by law or by General Meeting’s resolution that shall establish the conditions for the winding-up, pursuant to law, instate the Fiscal Council, for the winding-up term, thus electing its members and fixing the respective remunerations thereof.

CHAPTER X Shareholders’ Agreements

Article 45 – The shareholders’

stock of the Acquiring Shareholder.

Paragraph 12 - If the CVM rule applicable to the OPA provided for herein establishes the adoption of criterion for calculation of the acquisition price of each share of the Company under OPA, entailing an acquisition price higher than that calculated under Paragraph 2 above, the acquisition price calculated under the CVM rule shall prevail for application of the OPA.

Article 42 – Notwithstanding Article 41 hereof, the provisions of the Level 2 Rules shall prevail in the event of prejudice to the rights of the addressees of the offerings mentioned in said Article.

Article 43 – The provisions hereof, as applicable, shall be applicable to the Unit, in the event and upon issuance thereof, representing common and preferred shares of the Company.

CHAPTER IX Winding up and Liquidation

Article 44 – The Company shall be wound up and liquidated in the cases provided by law or by General Meeting’s resolution that shall establish the conditions for the winding-up, pursuant to law, instate the Fiscal Council, for the winding-up term, thus electing its members and fixing the respective remunerations thereof.

CHAPTER X Shareholders’ Agreements

Article 45 – The shareholders’

agreements duly filed at the Company's headquarters which, among other settlements, establish terms and conditions for disposal of shares issued by the Company, govern the preemptive right or the exercise of the voting right of the shareholders, shall be observed by the Company and its management.

Sole Paragraph - The obligations and liabilities arising out of such agreements shall be valid and enforceable vis-à-vis third parties upon registering thereof in the Company's records and in the certificates, if issued. The Company's managers shall ensure compliance with such agreements and the chairman of the General Meetings or of Board of Directors, as applicable, shall deemed invalid the vote cast by the shareholder or board member not complying with such agreements or even in the event of absence or non-attendance of shareholders or board members, the shareholders adversely affected or board members elected may vote with shares or votes pertaining to the shareholders and board members absent or that do not cast their votes, as applicable, pursuant to Articles 118, Paragraphs_8 and 9 of Law 6,404/76, as amended by Law 10,303/01.

Article 46 – The Company shall file any Shareholders' Agreement provided for the exercise of control power at the Company's headquarters only upon execution of the Consent Instrument of the Controlling Shareholders set forth in Article 36.

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**CHAPTER XI
Arbitration**

Article 47 - The Company, its shareholders, managers and members of the Fiscal Council, undertake to resolve, by means of arbitration, before the Market Arbitration Panel, any and all dispute or controversy arising among them, related to or deriving from, especially, the application, validity, effectiveness, construal, infringement and its effects, of the provisions contained in Law 6,404/76, as amended by Law 10,303/01, the Company's Bylaws, the rules issued by the Brazilian Monetary Council, the Brazilian Central Bank and CVM, as well as the other rules applicable to the operation of the capital markets in general, in addition to those included in the Level 2 Rules of the Agreement for Adoption of Best Practices of Corporate Governance Level 2, which new denomination is Contract of Level 2 Listing Rules, of the Regulation on the Application of Monetary Sanctions of the Corporate Governance Level 2 and the Arbitration Rule issued by the Market Arbitration Panel.

**CHAPTER XII
Issuance of Units**

Article 48 – The Company may ensure the issuance of share deposit certificates ("Units").

Paragraph 1 – Each Unit represent one (1) common share

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and two (02) preferred shares issued by the Company and shall be issued only upon request of the shareholders wishing to do so, with due regard for the rules established by the Board of Directors pursuant to this Chapter XII, Article 24 of Law 6,404/76 and other legal provisions applicable thereto.

Paragraph 2 – Only shares free and clear of any burden and encumbrance shall be deposit for purposes of issuance of Units.

Article 49 – Except for cancellation of the Units, the holding of the shares represented by the Units shall be transferred only by means of transfer of the Units.

Paragraph 1 – The Units' holder shall be entitle to request, at any time, the issuing and registering financial institution to cancel the Units and deliver the respective shares deposited, with due regard for the rules established by the Board of Directors, pursuant to these Bylaws.

Paragraph 2 – The Company's Board of Directors may, at any time, suspend, for an indefinite term, the possibility of cancellation of Units provided for herein, upon primary and/or secondary public offering, in local and/or international market and, in such event, the suspension term shall not exceed thirty (30) days.

Paragraph 3 - The Units with any burden, encumbrances or lien shall

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Paragraph 3 - The Units with any burden, encumbrances or lien shall

not be canceled.

Article 50 – The Units shall entitle its holders the same rights, advantages and restrictions of the shares issued by the Company represented thereby.

Paragraph 1 – The Units' holder shall be entitle to participate in the Company's General Meetings and exercise the rights arising from the shares represented by the Units, by evidencing the holding thereof.

Paragraph 2 – The Units' holders may be represented at the Company's General Meetings by proxy appointed pursuant to Article 126 of Law 6,404/76.

Paragraph 3 – In the event of division, reverse split, payment of dividends or issuance of new shares by capitalization of profits and reserves, the following rules shall be observed as to the Units:

- a) In the event of increase in the number of shares issued by the Company, issuing and registering financial institution shall register the deposit of the new shares and credit the new Units in the account of the respective holders so as to reflect the new number of shares held by the respective Units' holders, at a ratio of one (1) for two (2) preferred shares issued by the Company for each Unit. The shares not triggering the issuance of Units shall be credited directly to its shareholders, without the issuance of Units; and

not be canceled.

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b) In the event of reduction in the number of shares issued by the Company, the issuing and registering financial institution shall debit the deposit account of holders of reverse split shares, thus automatically canceling the Units in a number sufficient to reflect the new number of shares held by the Units' holders, at a ratio of one (1) common share and two (2) preferred shares issued by the Company for each Unit and the other shares not triggering the issuance of Units shall be delivered directly to the shareholders, without issuance of Units.

CHAPTER XIII
Shares' Conversion

Article 51 - The Company's shareholders may convert their common shares into preferred shares issued by the Company, at a ratio of one (1) common share for one (1) preferred share up to the legal maximum limit of preferred shares.

Paragraph 1 - The Company's Board of Directors shall establish conditions and terms for exercise of the conversion right provided for herein and may perform all acts required for the implementation thereof.

Paragraph 2 - If the exercise of the conversion of shares by the shareholders holding common shares, pursuant to main section hereof, results in a number of preferred shares higher than fifty (50%) percent of the total

d) In the event of reduction in the number of shares issued by the Company, the issuing and registering financial institution shall debit the deposit account of holders of reverse split shares, thus automatically canceling the Units in a number sufficient to reflect the new number of shares held by the Units' holders, at a ratio of one (1) common share and two (2) preferred shares issued by the Company for each Unit and the other shares not triggering the issuance of Units shall be delivered directly to the shareholders, without issuance of Units.

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shares issued by the Company, said conversion shall be carried by apportionment among the shareholders interested therein, ratably to the interested held in the capital stock, until reaching said legal limit.	shares issued by the Company, said conversion shall be carried by apportionment among the shareholders interested therein, ratably to the interested held in the capital stock, until reaching said legal limit.
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The following is the restated Bylaws with the proposed amendment, pursuant to section 11 of CVM Instruction No. 481/09:

SUL AMÉRICA S.A.

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

Corporate Registry ID (NIRE) 3330003299-1

Publicly-held Company

BYLAWS

(Approved by the shareholders at the Extraordinary General Meeting held cumulatively with the Annual General Meeting on April 4th, 2013)

CHAPTER I

Corporate Name, Headquarters, Purpose and Duration

Article 1 - SUL AMÉRICA S.A. is a Company governed by laws and uses of trade, by these bylaws and applicable legal provisions.

Sole Paragraph – The Company, its shareholders, Managers and members of the Fiscal Council, if instated, shall also be subject to the provisions of the Corporate Governance Level 2 Listing Rules of BM&FBOVESPA S.A. - Securities, Commodities and Futures Exchange (respectively "Level 2 Rules", "Level 2", and "BM&FBOVESPA").

Article 2 – The Company is headquartered in the city and state of Rio de Janeiro. The Company may open and close branches, offices, agencies, warehouses in any part of the Brazilian territory or abroad.

Article 3 – The Company's purpose is the management of own assets and interest in other companies.

Article 4 – The Company's duration is indeterminate.

CHAPTER II

Capital and Shares

Article 5 - The capital stock of the Company is R\$2,319,882,346.85 (two billions, three hundred and nineteen million, eight hundred and eighty-two thousand, three hundred and forty-six Reais and eighty five cents), divided into 858,539,371 (eight hundred and fifty-eight million, five hundred and thirty-nine thousand, three hundred seventy-one) shares, being 474,206,251 (four hundred seventy-four million, two hundred and six thousand, two hundred and fifty-one) common shares and 384,333,120 (three hundred and eighty-four million, three hundred and thirty-three thousand, one hundred and twenty) preferred shares. All shares are registered shares with no par value.

Sole Paragraph - Each common share shall entitle to one vote at the Company's General Meetings.

Article 6 - All the Company's shares are book-entry and shall be kept in a trust account, on behalf of their holders, in an authorized financial institution, without issuing certificates.

Article 7 - The Company is authorized to create and issue preferred shares, all of them without voting rights, in one or more classes, even if they have more benefits than the shares already existing, up to the maximum limit of fifty percent (50%) of the total shares issued, thus establishing the respective preferences and advantages thereof and, within such limit, may increase the number of preferred shares of any class, without any ratio vis-à-vis other shares or common shares and, further, increase the number of common shares without any ratio vis-à-vis preferred shares.

Paragraph 1 - Unless as provided for in Paragraph 2 below, the preferred shares shall not entitle to vote and to minimum or fixed dividends, thus securing, however, (i) the priority as to the reimbursement of its book value in the event of winding-up of the Company, without any premium; (ii) right of being included in public offering in view of disposal of the Company's share control, pursuant to Chapter VII hereof, so as to secure a treatment equal to that provided to the selling controlling shareholder; and (iii) dividends at least equal to those arising out of the common shares.

Paragraph 2 - The preferred shares shall entitle to vote in the following matters: (a) transformation, merger, amalgamation or spin-off of the Company; (b) approval of agreements between the Company and its controlling shareholder, whether directly or through third parties, as well as agreements involving other companies in which the controlling shareholder is interested, whenever pursuant to legal or statutory provision, the approval thereof is resolved at General Meeting; (c) appraisal of assets for payment of the Company's capital increase; (d) selection of institution or specialized company for ascertainment of the economic value of the Company or its shares, for the purposes of the public offering dealt with in Chapter VII hereof; and (e) amendment and revocation of the provisions hereof that may alter or modify any of

the requirements provided for in Section IV, item 4.1 of Level 2 Rules, unless, however, that the voting right established in this item (e) of the Agreement for Adoption of Best Practices for Corporate Governance – Level 2 shall prevail during the effectiveness thereof in relation to the Company, which new denomination is Contract of Level 2 Listing Rules.

Article 8 – Irrespectively of any capital increases to be resolved at General Meetings, the Company is authorized to increase its capital stock, without any statutory amendment, up to the limit of 450,000,000 (four hundred fifty million) of new common and/or preferred shares, with due regard for the legal limit established for each kind of share, by Board of Directors’ resolution, which shall establish the type and class of the shares to be issued, the issuance price thereof and the placement conditions.

Sole Paragraph – The Company may, by Board of Directors’ resolution, within the limit of authorized capital, and pursuant to the plan approved at General Meeting, grant call option to managers or employees pertaining to the Company or companies under its control.

Article 9 – The Board of Directors may exclude the preemptive right over the issuance of shares, convertible debentures or subscription bonus, the placement of which is conducted through trade in stock exchange or public subscription, as provided for in Article 172 of the Brazilian Corporate Law.

Article 10 – If the right to withdraw is exercised, the total amount to be paid by the Company to the shareholders as reimbursement of said shares, in the cases provided for in Law 6,404/76, as amended by Law 10,303/01, shall be calculated according to the economic value of such shares to be ascertained in accordance with the appraisal procedure accepted by Law 9,457/97, whenever such amount is lower than the book value ascertained pursuant to Article 45 of Law 6,404/76.

CHAPTER III Management

Article 11 – The Company shall be managed by the Board of Directors and the Board of Executive Officers.

Paragraph 1 – The General Meeting shall establish the total compensation of the members of the Board of Directors and Board of Executive Officers.

Paragraph 2 – The provision for fees paid in twelfth, including any *pro labore* supplementary amounts, shall be jointly paid to Officers, Board of Directors’ resolution, and shall be drawn up in instrument filed in proper book.

Paragraph 3 – The members of the Board of Directors and the Board of Executive Officers are hereby discharged from posting bond for their management.

Paragraph 4 – The managers shall be invested in office upon execution of the Instrument of Managers Consent mentioned in the Level 2 Rules, and shall comply with applicable legal requirements. The managers shall further communicate the Company, upon their investiture in office, the number and the characteristics of the securities issued by the Company, directly or indirectly held by it, including its derivatives.

Section I Board of Directors

Article 12 – The Company’s Board of Directors shall be composed by nine (09) sitting members (up to the same number of alternate members may be elected at the General Meeting), of which one (1) shall be Chairman and another one (1) Vice-Chairman, all of them individuals, whether residing or not in Brazil, elected at the General Meeting for an unified one (1) year term of office; reelection is allowed.

Paragraph 1 – Without prejudice to the provisions of Paragraph 4 of Article 11 above, the members of the Board of Directors shall be invested in office by instrument signed and drawn up in Book of Minutes of the Board of Directors’ Meetings and shall serve until such time as their successors are invested in office.

Paragraph 2 – At least twenty percent (20%) of the members of the Company’s Board of Directors shall be Independent Board members, as defined in the Level 2 Rules, and expressly declared independent board members in the minutes of the General Meeting electing them and board members elected as per Paragraphs 4 and 5 of Article 141 of Law 6,404/76, as amended by Law 10,303/01 shall be also deemed as independent board members.

Paragraph 3 – If, as a result of observance of the percentage of twenty percent (20%) provided for in the previous Paragraph, the number of board members is a fraction, it shall be rounded to (i) the number subsequent to it, if the fraction is equal or higher than five tenth (0.5); or (ii) to the previous number, if the fraction is lower than five tenth (0.5).

Paragraph 4 – The positions of Chairman of the Board of Directors and Chief Executive Officer cannot be cumulated by same person.

Article 13 – The Board of Directors shall not elect members (i) acting as controlling shareholders in companies deemed as competitors in the market in which the Company is engaged; (ii) occupying positions that may be deemed as competitor in the market in which it is engaged, specially administrative or tax advisory councils; or (iii) have conflict of interest with the Company, unless as expressly approved at the General Meeting.

Furthermore, the board member with any conflict of interest with the Company may not vote at the Board of Directors' meetings.

Paragraph 1 – The statement relating to any impairment of board member that may have conflict of interest with the Company as to certain matter (s) to be resolved in meeting shall be submitted to vote of the members in said meeting and the impairment thereof shall be stated by a majority of votes.

Paragraph 2 – If certain Board Member is deemed impaired by the members attending the meeting, the Chairman of the Board of Directors shall not compute the vote to be cast by such Board Member regarding the matter in connection with which the latter has a conflict of interest.

Article 14 – The Board of Directors shall:

- a) establish general guidelines for the Company's business and approve the annual general budget, in addition to the business plan and targets and business strategy for the budget term;
- b) elect and dismiss Company's Officers;
- c) inspect the Officers' management, review, at any time, the Company's books and documents, request information on the agreements executed or to be executed and any instrument that it may deem necessary;
- d) call the General Meeting;
- e) issue opinion on the management's report or the Board of Executive Officers' accounts;
- f) appoint and dismiss independent auditors, as well as approve the contracting of any other services with the Company's independent auditors, or said auditors same group companies, rather than the audit of the financial statements;
- g) resolve on the acquisition of shares issued by the Company for cancellation or to be kept in the treasury;
- h) resolve on the disposal or cancellation of shares issued by the Company which, by any reason, are kept in the treasury;
- i) resolve on the acquisition, disposal or encumbrance of assets pertaining to the permanent assets, the value of which exceeds five percent (5%) of the Company's shareholders equity ascertained in the last balance sheet audited, in a sole transaction or successive transactions in the same fiscal year;
- j) resolve on the establishment of *in rem* guarantees and tendering of guarantees for own obligations, the amount of which exceeds five percent (5%) of the Company's shareholders equity ascertained in the last balance sheet audited, in a sole transaction or successive transactions in the same fiscal year;
- k) resolve on the issuance of promissory notes for public offering, pursuant to CVM Rule 134/90, as amended by CVM Rule 292/98 and CVM Rule 480/09;
- l) resolve on the Company's capital increase up to the limit of authorized capital, and can authorize the issuance of shares or subscription bonus;

- m) propose the attribution of interest over the profits earned by the Company's managers or employees and carry out the respective distribution thereof, with due regard for the limits established at the General Meeting;
- n) attribute, in the event of approval of total amount of Board of Directors or Board of Executive Officers' remuneration at the General Meeting, the monthly salary of each member of the Board of Directors or Board of Executive Officers;
- o) review and, as applicable, propose the adoption of the General Plan for Call Option to the Company's managers or employees or individuals rendering services to the Company or companies under its control;
- p) establish the stock option conditions and rules, within limits and pursuant to the Stock Option Plan approved at the General Meeting, as well as for the management of said Plan, if committee is not created for this purpose;
- q) create permanent or temporary committees and commissions, as well as elect its members in order to support the Company's Board of Directors;
- r) resolve on any Company's associations, as well as on the participation in any shareholders' agreements;
- s) resolve (i) on leasing, financings and loans exceeding ten percent (10%) of the Company's shareholders equity ascertained in the last balance sheet audited, and/or (ii) on the issuance of debentures, not convertible into shares, pursuant to Article 59, Paragraph 1 of Law 6,404/76;
- t) authorize, when deemed necessary, the representation of the Company by a sole member of the Board of Executive Officers or by one attorney-in-fact;
- u) open and close branches, offices, agencies in any part of the country or abroad;
- v) establish rules for issuance and cancellation of share deposit certificates ("Units"); and
- w) agree or disagree with any tender offer for the acquisition of the Company shares by means of substantiated opinion, published within fifteen (15) days as of the publication of tender offer public notice, which shall comprise, at least (i) the convenience and the timing of the tender offer concerning the group of shareholders interest and in relation to the liquidity of their securities; (ii) the tender offer effects on the Company's interests; (iii) strategic plans disclosed by the offeror in relation to the Company; (iv) other matters the Board of Directors may deem relevant, as well as the information required by Brazilian Securities and Exchange Commission's applicable rules ("CVM");
- x) define and submit for the General Meeting's decision, a three-name list of companies specialized in companies economic valuation to prepare an appraisal report on the Company's shares, in cases of tender offer (OPA) for the company's deregistering as a publicly-held company or delisting from Level 2;
- y) define the Company's securities trading policy, policy for disclosure of material fact or act and related parties transactions; and
- z) perform other legal attributions or to be attributed thereto at the General Meeting, as well as resolve on the cases not dealt with or provided for herein.

Paragraph 1 – The attributions dealt with in items "d", "m", "n", "q", "t", and "u" may be delegated to the Board of Directors' Chairman, by favorable vote cast by a majority of members of the Board of Directors.

Paragraph 2 – The transactions provided for in items “i”, “j” and “s”, involving an amount lower than that established in said items, shall be incumbent upon the Board of Executive Officers, as to the residual value thereof, pursuant these Bylaws.

Paragraph 3 – The Board of Directors shall meet, on an ordinary basis, once every three months and, on an extraordinary basis, whenever it is called by its Chairman or by two of its members. The call notices shall contain the agenda and delivered, in writing, within at least six (06) business days in advance or, in the event of meetings held by video conference or conference call, or another similar way that enables the remote participation therein, within four (04) business days in advance. The attendance of seven (7) board members is required for instatement of the Board of Directors’ Meeting, at the first call. If such quorum is not established, a second call notice shall be sent, in written, within two (2) business days in advance, or, in the event of meeting held by video conference or similar way, within one (1) business day in advance, which shall be deemed instated in the event of attendance of at least three (3) board members.

Paragraph 4 – With due regard for Paragraph 1 hereof, the Board of Directors’ resolutions shall be taken by a majority of votes cast by members present thereat and the Chairman shall issue the casting vote. The resolution taken thereat shall be drawn up in the Book of Minutes of the Board of Directors’ Meetings.

Paragraph 5 – The Board of Directors’ Chairman may stay any resolution on matters submitted for Board of Directors’ review, thus submitting them to the General Meeting immediately called, so as to resolve, on a definitive basis, the matter.

Article 15 – In the event of absences or temporary impairments of any board member, with due regard for Paragraph 1 hereof, such board member shall be replaced by alternate member or by Board Member appointed, in writing, which shall perform all duties and shall have all powers, duties and rights of the board member replaced, including the voting right. For evidencing said appointment, the Board Member replaced shall present a copy of the instrument of appointment to the other Board Members present at the meeting.

Paragraph 1 – In the event of absence of temporary impairment of the Board of Directors’ Chairman, the latter shall be replaced by its alternate or Board Member appointed, in writing, which shall perform his/her duties and shall have all powers, duties and rights of the board member replaced, including the voting right held thereby.

Paragraph 2 – In the event the position of board member is vacant, this member shall be replaced by his alternate, or, in the lack of alternate, a General Meeting shall be called to elect the alternate, who shall assume the position of board member for the remainder term of office of the replaced board member.

SECTION II

Committees

Article 16 – The Board of Directors shall be advised by technical and advisory committees referred to as: Investments Committee, Audit Committee, Compensation Committee, Governance and Disclosure Committee and Sustainability Committee.

Paragraph 1 – The Board of Directors, whenever it deems necessary, may also create other committees with technical or advisory roles, rather than those provided for permanent committees referred to in the "**caput**" of this Article.

Paragraph 2 – It shall be incumbent upon the Board of Directors to set the rules applicable to the committees, including rules on authority, composition, term of office, compensation, operation and scope. The Board of Directors may delegate to these Committees the authority to prepare a charter containing the aforementioned rules, which after the respective committee's approval, shall be ratified by the Board of Directors.

SECTION III

Board of Executive Officers

Article 17 – The Company's Board of Executive Officers shall be composed of three (3) to six (6) members, one (1) of which shall be Chief Executive Officer, all of them individuals, whether shareholders or not, residing in Brazil, elected and who may be dismissed at any time by the Board of Directors for one (1) year term of office; reelection is allowed.

Paragraph 1 – From among members of the Board of Executive Officers of the financial, oversight or corporate areas, the Board of Directors shall attribute the position of Vice C.E.O.

Paragraph 2 – Without prejudice to the execution of the instruments required for the Level 2 Rules, the Officer shall be invested in office by means of instrument signed and drawn up in the Book of Minutes of the Board of Executive Officers' Meetings and shall serve until such time as new Executive Officers are invested in office.

Paragraph 3 The positions of the Board of Executive Officers to be vacant during the term of office, the Board of Directors' may elect a new Executive Officer for the remainder term, and shall always do it (i) referring to the position of Chief Executive Officer, and (ii) when necessary in order to re-establish the minimum number of Officers provided for herein.

Paragraph 4 – In the event of impairments and absences of the Chief Executive Officer, the latter shall appoint an alternate Officer to replace him/her in the

performance of his/her duties and shall have powers, duties and rights of the officer replaced, including the right to vote in the Board of Executive Officers' meetings. The other Officers shall replace each other, as established by the Chief Executive Officer.

Article 18 – The Chief Executive Officer shall coordinate the Board of Executive Officers' activities and supervise all the Company's activities.

Sole Paragraph – Without prejudice to the attributions to be established by the Board of Directors to the other officers, the Chief Executive Officer may establish other attributions to such officers.

Article 19 – From among the Company's officers, the Board of Directors shall appoint an officer to occupy the position of Investors Relations Officer that shall be incumbent upon the disclosure of material acts or facts in the Company's business, to all markets participants and regulatory and inspecting entities.

Article 20 – Upon meeting of all members, the Board of Executive Officers shall have full powers to resolve on any matters or business of the Company's interest, unless as provided by law or herein, within the private authority of the General Meeting or Board of Directors.

Sole Paragraph – The Board of Executive Directors shall be called, in writing, within three (3) days in advance, by its Chief Executive Officer or by two (2) officers acting jointly. A quorum of at least half of members is required to instate the Board of Executive Officers' meetings and the resolutions shall be taken by a majority of votes cast by present thereat. The Board of Executive Officers' resolutions shall be registered in proper book.

Article 21 – The Company shall be solely represented by its Chief Executive Officer; and jointly by any two (2) other members of the Board of Executive Officers or, even, by one Officer and by one attorney-in-fact legally appointed and with powers to that effect.

Paragraph 1 – The Company shall be represented, as plaintiff or defendant, vis-à-vis government agencies or federal, state and municipal authorities, as well as independent agencies, public companies, mixed capital companies and quasigovernmental entities, pursuant to the main section hereof and, further, an attorney-in-fact may be appointed with special powers for such purpose.

Paragraph 2 – The powers of attorney shall be granted on behalf of the Company by two (02) members of the Board of Executive Officers, acting jointly. Unless *ad judicia* powers of attorney and those intended for defense in administrative proceedings, all the other powers of attorney shall be granted for definite term that shall not exceed one year and specify the powers granted therein. The powers of attorney granted to the Company's employees shall be cancelled and, consequently, automatically revoked

upon termination of the employment contract of the grantee or if the latter no longer occupy the position.

Paragraph 3 – All members of the Board of Executive Directors and attorneys-in-fact shall not create any obligation for the Company, involving business not related to its corporate purpose, as well as perform forbearance acts on behalf of the Company.

SECTION IV Managers' Liabilities

Article 22 – The managers shall be liable for the acts performed during the carrying out of its duties vis-à-vis the Company and third parties, pursuant to the law and these Bylaws.

Article 23 – The Company shall secure the legal technical defense of its Officers, members of the Board of Directors or the Fiscal Council, if any, in legal and administrative proceedings, the subjects matter of which are facts or acts occurred during the performance of their legal or corporate attributions in the ordinary course of business, and the Company may contract insurance policy to cover the legal expenses, attorneys' fees and indemnifications arising out of said proceedings.

Paragraph 1 – The defense guarantee shall be secured even after the managers giving up their positions or end of their term of office, for any reason.

Paragraph 2 - The Company and the manager interested therein shall jointly appoint the person responsible for the defense of the interests of the latter and it may be represented by the Company's attorneys, provided that there is no conflict of interest.

Paragraph 3 – In addition to the legal defense, the Company shall borne all court costs, fees of any nature, administrative expenses and bonds posted to secure instance.

Paragraph 4 – In the event of adverse judgment not favorable to the manager or if the latter is held liable by final and unappealable decision, he/she shall refund the amounts actually paid to the Company, except if it is evidenced that he/she acts in *bona fide* in the Company's interests.

Article 24 – Related parties transactions shall comply with applicable legal rules, as well as those adopted in policy duly approved by the Board of Directors.

CHAPTER IV Fiscal Council

Article 25 – The Company’s Fiscal Council shall be instated on a temporary basis upon request of the shareholders, pursuant to law, and shall be composed of three (03) to five (05) sitting members and same number of alternate members, whether shareholders or not, elected at the General Meeting in which the instatement thereof was requested.

Paragraph 1 – The Fiscal Council’s members and the alternate members thereof shall serve until the first Ordinary General Meeting that shall elect them and may be reelected.

Paragraph 2 – The Fiscal Council’s authority shall be established by Law 6,404/76, as amended by Law 10,303/01 and the remuneration of its members shall observe the restrictions provided by law.

Paragraph 3 - The Fiscal Council’s members shall be invested in office upon execution of the Consent Instrument of Fiscal Council’s members mentioned in the Level 2 Rules, and compliance with applicable legal requirements. The Fiscal Council’s members shall further communicate the Company, upon investiture in office, the number and characteristics of the securities issued by the Company, directly or indirectly owned thereby, including its derivatives.

CHAPTER V General Meeting

Article 26 – The General Meeting shall meet, on an ordinary basis, within four (4) months as of the end of the fiscal year and, on an extraordinary basis, whenever it is called by the Board of Directors, the Fiscal Council or its shareholders, pursuant to law.

Sole Paragraph – The General Meeting shall be chaired by the Chairman of the Company’s Board of Directors and, in the absence thereof, by the shareholders appointed at the General Meeting. The Chairman shall appoint one shareholder or attorney, from among those present thereat to act as secretary of the meeting.

Article 27 – The shareholders shall participate in the General Meeting if they evidence their shareholder’s status by presenting document proving the holding thereof.

Article 28 – The shareholders may be represented at the General Meetings by proxy appointed for less than 1 year, whether shareholder, the Company’s manager, attorney or financial institution.

CHAPTER VI Fiscal Year and Financial Statements

Article 29 – The fiscal year shall be of twelve (12) months and shall end on December 31 each year when the financial statements provided by law shall be prepared.

Article 30 – After deducting all accrued losses, if any, and the income tax provision, the outstanding balance shall be used to satisfy the profit sharing of the Company's managers, up to ten percent (10%) of the outstanding balance of the income ascertained and shall not exceed the annual total remuneration established for the managers at the General Meeting, with due regard for Article 152, Paragraph 2 of Law 6,404/76.

Article 31 – The outstanding balance of the income ascertained after the deduction of profit sharing mentioned above shall be the net income ascertained in the fiscal year and shall be used as follows:

- a) five percent (5%) shall be used for creation of legal reserve, up to the amount of twenty percent (20%) of the capital stock. The creation of legal reserve may be waived if the outstanding balance plus the amount of the capital reserves exceeds thirty percent (30%) of the capital stock;
- b) twenty-five percent (25%) of the net income adjusted pursuant to Article 202 of Law 6,404/76, to be distributed among the shareholders, as mandatory dividends; and
- c) with due regard for the uses established in the items above, up to seventy-one point two five percent (71.25%) shall be intended for creation of statutory reserve for development of corporate business, which may not exceed the total amount of the capital stock, pursuant to Article 199 of Law 6,404/76, the purpose of which is (i) to secure funds in permanent assets; (ii) injection of working capital to secure operating conditions adequate for performing the corporate purpose; and (iii) finance transactions of redemption, reimbursement or acquisition of shares issued by the Company. The creation of a statutory reserve may be waived by General Meeting's resolution in the event of additional payment of mandatory minimal dividend. Once the limit provided for in Article 199 of Law 6,404/76 is reached, the General Meeting, by proposal of the administrative bodies, shall resolve on the respective use thereof: (a) capitalization; or (b) distribution of dividends to shareholders.

Article 32 – The Company shall prepare annual or *interim* balance sheets and post, as per Board of Directors' resolution, dividends in the income earned account of these balance sheets, in the total amount to be distributed at the end of the fiscal year, with due regard of the restrictions provided by law.

Paragraph 1 – Furthermore, as per Board of Directors' resolution, *interim* dividends may be posted in the accrued profit or profit reserve account ascertained in the last annual or half-yearly balance sheet.

Paragraph 2 – Furthermore, as per Board of Directors' resolution, the dividends, including *interim* and/or intermediary dividends may be paid as interest on capital stock.

Paragraph 3 – *Interim* and/or intermediary dividends shall be always credited and deemed as prepayment of mandatory dividend.

Paragraph 4 – The amount paid or credited as interest on capital stock, pursuant to Article 9, Paragraph 7 of Law 9,249/95 and applicable legislation and regulation, may be attributed to the mandatory dividend, thus including such amount in the dividends distributed by the Company, for all legal purposes.

CHAPTER VII

Disposal of Share Control, Deregistering as Publicly-held Company and Discontinuance of the Best Practices of Corporate Governance

Article 33 – The disposal of the Company’s share control by a sole transaction or by successive transactions shall be contracted under the suspensive or resolutive condition that the Buyer shall undertake to conduct a Tender Offer to other Company’s shareholders (including shareholders of preferred shares), so as to secure a treatment equal to that provided to the selling controlling shareholder (including the minimal price of one hundred percent (100%) of the price paid per each voting share held by the selling controlling shareholder), with due regard for the prevailing legislation and the Level 2 Rules.

Article 34 - The Tender Offer set forth in the previous Article shall be also carried out:

- (c) In the events of onerous assignment of share subscription rights and other titles and rights relating to securities convertible into shares, which may entail the disposal of the Company’s Control; or
- (b) In the event of disposal of Company’s Control by the company holding the Controlling Stake, and, in such event, the Selling Controlling Shareholder shall state the price established for the Company in such disposal to BM&FBOVESPA and attach documentation evidencing such transaction.

Article 35 - The party that acquires the Controlling Stake under the private share purchase agreement executed with the Controlling shareholder(s), involving any number of shares, shall:

- (c) carry out the Tender Offer provided for in Article 33 hereof; and
- b) pay, as indicated herein below, the amount corresponding to the difference between the tender offer price and the amount paid per share eventually bought at the stock exchange within six (6) months prior to the acquisition date of Power of Control, duly adjusted until date of payment. Said amount shall be distributed among all individuals who sold the Company’s shares at the trading sessions where the Buyer made the acquisitions, proportionally to the daily selling net balance of each share, and it shall be incumbent upon BM&FBOVESPA to carry out the distribution, pursuant to its rules.

Article 36 – The Company shall register any transfer of shares to the purchaser of the control power or to those that acquires the control power, only upon execution of the Consent Instrument of the Controlling Shareholders mentioned in the Level 2 Rules.

Article 37 - A tender offer shall be carried out:

- (i) by the Company or the controlling shareholder for deregistering of the Company; or
- (ii) by the controlling shareholder for discontinuance of the Level 2 best practices or due to corporate restructuring operations in which the resulting Company does not have its securities accepted for trading at Level 2 within 120 days of the General Meeting that approved the aforementioned operation; or
- (iii) by the controlling shareholder in the event the authorization for trading securities issued by the Company in Level 2 is revoked, due to the eventual non-compliance with the provisions in the Level 2 Rules not remedied within the period determined by BM&FBOVESPA.

Paragraph 1 - The minimum price to be offered in cases mentioned in items (i) to (iii) in the *caput* of this Article shall be ascertained in appraisal report prepared as per Article 38 with due regard, also, for other legal and regulatory rules applicable thereto.

Paragraph 2 – The controlling shareholder shall be discharged from carrying out the public offering provided for in the main section hereof, should the Company discontinue the Level 2 practices in view of execution of the BM&FBOVESPA “Novo Mercado” listing agreement or if the company resulting from the corporate restructuring obtains authorization to trade securities at the “Novo Mercado” within one hundred and twenty (120) days as of the General Meeting that approved the aforementioned operation.

Paragraph 3 – In the event there is no controlling shareholder, the tender offer shall be conducted as specified herein below:

(a) in case of item (ii) of *caput* of this Article, the General Meeting that approved the operation shall define that one (those) liable for conducting the tender offer under same conditions provided for above, who, in attendance of the Meeting, shall expressly assume the obligation to conduct the offer. If those persons responsible for conducting the tender offer are not defined, shareholders who voted favorably to the corporate restructuring shall conduct said tender offer.

(b) in case of item (iii) of *caput* of this Article, when delisting from Level 2 occurs due to non-compliance with the obligations provided for in Level 2 Rules **(i)** resulting from resolution at the General Meeting, shareholders who voted favorably to the resolution that implied the respective failure to comply shall conduct the tender offer provided for in the *caput*; or **(ii)** due to Management act of fact, the Company’s Management shall call for a Shareholders’ Meeting, whose Agenda shall resolve on how to remedy the failure to comply with obligations provided for in Level 2 Rules or, where applicable, to resolve on the Company’s delisting from Level 2, and in this case, said Meeting shall define that one(those) liable for conducting the tender offer provided for in the *caput*,

who in attendance of the meeting shall expressly assume the responsibility for conducting the offer.

Article 38 – The appraisal report dealt with in the first Paragraph of the previous Article shall be prepared by institution or specialized company, with proved experience and independent as to the decision power of the Company, its managers and controlling shareholders, and the report shall meet the requirements set forth in Paragraph 1 of Article 8 of Law 6,404/76, as amended by Law 10,303/01 and mention the liability provided for in Paragraph 6 of said law.

Paragraph 1 – The General Meeting shall choose the institution or specialized company responsible for establishing the economic value of the Company as from the submission by the Board of Directors of a three-name list, and the respective resolution not computing the blank votes and each share (irrespective of the type and class) entitling to one vote - shall be taken by a majority vote of shareholders representing the outstanding shares in attendance of that Meeting pursuant to the Level 2 Rules, if instated in first call, shall be attended by the shareholders representing at least twenty percent (20%) of the total outstanding shares or, if instated in second call, by any number of shareholders representing the outstanding shares.

Paragraph 2 – The costs for preparation of an appraisal report shall be fully borne by the parties responsible for the Tender Offer.

CHAPTER VIII

Protection Mechanisms

Article 39 – All Company's shareholder or Group of shareholders shall disclose, by means of communication to the Company, the acquisition of shares that, added to those already existing, exceed 5% of the Company's capital stock or multiple value of such percentage.

Paragraph 1 – The holders of debentures convertible in shares, call option and subscription bonus securing their holders the acquisition of shares in the number provided for herein shall have the same obligation.

Paragraph 2 – The penalties provided for in Article 40 below shall be applied in the event of violation established herein.

Article 40 – The General Meeting may suspend the exercise of the rights, including the voting rights, of the shareholder that does not comply with the obligation provided by law, the regulation or these Bylaws, including to disclose the acquisition of share interest, as per Article 39 hereof.

Paragraph 1 – The suspension of the exercise of rights may be resolved at any Ordinary or Extraordinary General Meeting in which such matter is included in the agenda.

Paragraph 2 – The shareholders representing at least five percent (5%) of the capital stock may call General Meeting, if the Board of Directors does not comply with the call notice, within eight (08) days, mentioning the non-compliance with such obligation and the name of the breaching shareholder.

Paragraph 3 – In addition to other aspects, the General Meeting that approves the suspension of political rights shall further establish the scope and term thereof, thus being prohibited the suspension of inspection and information rights provided by law.

Paragraph 4 – The suspension of rights shall cease after compliance with the obligation.

Article 41 – With due regard for Paragraph 8 of this Article 41, any Acquiring Shareholder (as defined in Paragraph 11 below), which acquired or became holder of shares issued by the Company in a number equal or higher than twenty-five percent (25%) of the total common shares issued by the Company undertakes to, within up to ninety (90) days as of the acquisition or event that triggered the holding thereof in a number equal or higher than twenty-five percent (25%) of the total common shares issued by the Company, carry out or request the registration, as applicable, public tender offer for acquisition of all shares issued by the Company ("OPA"), with due regard for the applicable regulation issued by the CVM, the Level 2 Rules, as well as the terms hereof.

Paragraph 1 – The OPA shall be (i) addressed, on an indistinct basis, to all Company's shareholders, (ii) in auction carried out at BM&FBOVESPA, (iii) at the price established pursuant to Paragraph 2 below, and (iv) paid in cash, in Brazilian currency, for the acquisition of the shares issued by the Company under the OPA.

Paragraph 2 – The acquisition price under the OPA of each share issued by the Company shall be the highest amount established between: (i) the unit price of the shares issued by the Company ascertained in the appraisal report on the economic value ascertained within up to sixty (60) days as of the Extraordinary General Meeting in which the company responsible for the preparation of the appraisal report shall be appointed; and (ii) the average amount paid by the Acquiring Shareholder relating to the last five percent (5%) of the shares issued by the Company before the acquisition of twenty-five percent (25%) provided for in main section hereof, duly adjusted according to the Special System for Settlement and Custody (SELIC).

Paragraph 3 – The OPA mentioned in the main section hereof shall not exclude the possibility of another shareholder of the Company or, as applicable, the Company itself, carrying out a competing OPA, pursuant to applicable regulation.

Paragraph 4 – The Acquiring Shareholder undertakes to respond any requests or meet CVM requirements relating to the OPA, within the maximum terms provided for in the applicable regulation.

Paragraph 5 – If the Acquiring Shareholder does not comply with the obligations provided for herein, including as to the observance of the maximum terms (i) for carrying and application of OPA registration, or (ii) for responding any request or meeting any CVM requirements, the Company's Board of Directors shall call Extraordinary General Meeting in which the Acquiring Shareholder shall not vote, to resolve on the suspension of voting rights of the Acquiring Shareholders not complying with the obligations provided for herein, as per Article 120 of Law 6,404/76.

Paragraph 6 – Any Acquiring Shareholder (as defined in Paragraph 11 below) that acquired or became holder of other rights, including right of enjoyment or trust, in connection with the common shares issued by the Company in a number equal or higher than twenty-five percent (25%) of the total common shares issued by the Company undertakes, within up to ninety (90) days as of the acquisition or event that triggered the holding of such rights, to carry out, as applicable, an OPA, under the terms provided for in Article 41.

Paragraph 7 – The obligations set forth in Article 254-A of Law 6,404/76 and Articles 33, 34 and 35 hereof shall not exclude the compliance with the obligations provided for herein by the Acquiring Shareholder.

Paragraph 8 – The provisions dealt with in Article 41 shall not be applied if an individual becomes holder of shares issued by the Company in a number equal of higher than twenty-five percent (25%) of the total common shares issued by it as a result (i) of merger of another company by the Company, (ii) the merger of shares of another Company by the Company, (iii) the subscription of the Company's shares conducted in a sole issuance or more than one primary offering approved at the Company's shareholders General Meeting and/or Board of Directors, and the proposal of which for capital increase established the issuance price of the shares based on the economic value ascertained in the appraisal report prepared by specialized institution or company, with proved experience in appraising publicly-held companies; (iv) succession in view of corporate restructuring or legal provision — including the succession resulting from inheritance — involving persons that are shareholders of the Company as of October 1, 2007 and (a) its respective direct or indirect controlled companies as of October 1, 2007, or (b) its respective direct or indirect controlling companies as of October 1, 2007. For the purposes hereof, control shall mean the holding of at least fifty percent (50%) plus one share of the voting capital of the controlled company and the exercise of rights provided for in items (a) and (b) of Article 116 of the Brazilian Corporate Law.

Paragraph 9 – The provisions of Article 41 shall be also observed in the event of Acquiring Shareholder reaching twenty-five percent (25%) of the total common shares issued by the Company by means of mandatory tender offer, pursuant to CVM Rule 361/02 or any other prevailing rule. Any difference in the unit price between the OPA carried out pursuant to this Article and that under CVM Rule 361/02 mentioned above shall be paid to the shareholders accepting the OPA.

Paragraph 10 – For the purposes of calculating twenty-five percent (25%) of the common shares issued by the Company provided for herein, involuntary increases in the ownership interest arising from the cancellation of treasury shares and reduction of the Company's capital stock upon cancellation of shares or reverse split of shares shall not be computed.

Paragraph 11 – For the purposes hereof, the capitalized term below shall have the following meaning:

"Acquiring Shareholder " shall mean, except for shareholders holding common shares as of the approval hereof, any person (including, but not limited to, any individual or legal entity, including any affiliated companies — that is, any persons (a) directly or indirectly controlled by the Acquiring Shareholder, or (b) controlling, whether directly or indirectly, the Acquiring Shareholder, or (c) directly or indirectly controlled by any person controlling, whether directly or indirectly, the Acquiring Shareholder, provided that at least fifty percent (50%) plus one share of the voting capital of such person is held by such Acquiring Shareholder or affiliate company —, investment fund, collective investment entities, securities portfolio, universality of rights, or any other type of organization, resident, domiciled or headquartered in Brazil or abroad), or group of persons bound by voting agreement and/or representing a single interest to subscribe and/or acquire the Company's shares, or (d) spouse, companion, dependents included in the income tax return, ascendant or descendants and relatives up to the third degree of affinity of such persons. Among the examples of a person acting in the interest of the Acquiring Shareholders, we should mention any person (i) directly or indirectly controlled or managed by such Acquiring Shareholder, (ii) controlling or managing, under any system, the Acquiring Shareholder, (iii) directly or indirectly controlled or managed by any person controlling or managing, whether directly or indirectly, such Acquiring Shareholder, (iv) in which the controlling shareholder of such Acquiring Shareholder holds, directly or indirectly, an ownership interest equal or higher than thirty percent (30%) of the capital stock, (v) in which such Acquiring Shareholder holds direct or indirect ownership interest equal or higher than thirty (30%) of the capital stock, or (vi) holds direct or indirect ownership interest equal or higher than thirty (30%) of the capital stock of the Acquiring Shareholder.

Paragraph 12 - If the CVM rule applicable to the OPA provided for herein establishes the adoption of criterion for calculation of the acquisition price of each share of the Company under OPA, entailing an acquisition price higher than that calculated under

Paragraph 2 above, the acquisition price calculated under the CVM rule shall prevail for application of the OPA.

Article 42 – Notwithstanding Article 41 hereof, the provisions of the Level 2_Rules shall prevail in the event of prejudice to the rights of the addressees of the offerings mentioned in said Article.

Article 43 – The provisions hereof, as applicable, shall be applicable to the Unit, in the event and upon issuance thereof, representing common and preferred shares of the Company.

CHAPTER IX Winding up and Liquidation

Article 44 – The Company shall be wound up and liquidated in the cases provided by law or by General Meeting's resolution that shall establish the conditions for the winding-up, pursuant to law, instate the Fiscal Council, for the winding-up term, thus electing its members and fixing the respective remunerations thereof.

CHAPTER X Shareholders' Agreements

Article 45 – The shareholders' agreements duly filed at the Company's headquarters which, among other settlements, establish terms and conditions for disposal of shares issued by the Company, govern the preemptive right or the exercise of the voting right of the shareholders, shall be observed by the Company and its management.

Sole Paragraph - The obligations and liabilities arising out of such agreements shall be valid and enforceable vis-à-vis third parties upon registering thereof in the Company's records and in the certificates, if issued. The Company's managers shall ensure compliance with such agreements and the chairman of the General Meetings or of Board of Directors, as applicable, shall deemed invalid the vote cast by the shareholder or board member not complying with such agreements or even in the event of absence or non-attendance of shareholders or board members, the shareholders adversely affected or board members elected may vote with shares or votes pertaining to the shareholders and board members absent or that do not cast their votes, as applicable, pursuant to Articles 118, Paragraphs_8 and 9 of Law 6,404/76, as amended by Law 10,303/01.

Article 46 – The Company shall file any Shareholders' Agreement provided for the exercise of control power at the Company's headquarters only upon execution of the Consent Instrument of the Controlling Shareholders set forth in Article 36.

CHAPTER XI Arbitration

Article 47 - The Company, its shareholders, managers and members of the Fiscal Council, undertake to resolve, by means of arbitration, before the Market Arbitration Panel, any and all dispute or controversy arising among them, related to or deriving from, especially, the application, validity, effectiveness, construal, infringement and its effects, of the provisions contained in Law 6,404/76, as amended by Law 10,303/01, the Company's Bylaws, the rules issued by the Brazilian Monetary Council, the Brazilian Central Bank and CVM, as well as the other rules applicable to the operation of the capital markets in general, in addition to those included in the Level 2 Rules of the Agreement for Adoption of Best Practices of Corporate Governance Level 2, which new denomination is Contract of Level 2 Listing Rules, of the Regulation on the Application of Monetary Sanctions of the Corporate Governance Level 2 and the Arbitration Rule issued by the Market Arbitration Panel.

CHAPTER XII Issuance of Units

Article 48 – The Company may ensure the issuance of share deposit certificates (“Units”).

Paragraph 1 – Each Unit represent one (1) common share and two (02) preferred shares issued by the Company and shall be issued only upon request of the shareholders wishing to do so, with due regard for the rules established by the Board of Directors pursuant to this Chapter XII, Article 24 of Law 6,404/76 and other legal provisions applicable thereto.

Paragraph 2 – Only shares free and clear of any burden and encumbrance shall be deposit for purposes of issuance of Units.

Article 49 – Except for cancellation of the Units, the holding of the shares represented by the Units shall be transferred only by means of transfer of the Units.

Paragraph 1 – The Units' holder shall be entitle to request, at any time, the issuing and registering financial institution to cancel the Units and deliver the respective shares deposited, with due regard for the rules established by the Board of Directors, pursuant to these Bylaws.

Paragraph 2 – The Company's Board of Directors may, at any time, suspend, for an indefinite term, the possibility of cancellation of Units provided for herein, upon primary and/or secondary public offering, in local and/or international market and, in such event, the suspension term shall not exceed thirty (30) days.

Paragraph 3 - The Units with any burden, encumbrances or lien shall not be canceled.

Article 50 – The Units shall entitle its holders the same rights, advantages and restrictions of the shares issued by the Company represented thereby.

Paragraph 1 – The Units' holder shall be entitle to participate in the Company's General Meetings and exercise the rights arising from the shares represented by the Units, by evidencing the holding thereof.

Paragraph 2 – The Units' holders may be represented at the Company's General Meetings by proxy appointed pursuant to Article 126 of Law 6,404/76.

Paragraph 3 – In the event of division, reverse split, payment of dividends or issuance of new shares by capitalization of profits and reserves, the following rules shall be observed as to the Units:

- e) In the event of increase in the number of shares issued by the Company, issuing and registering financial institution shall register the deposit of the new shares and credit the new Units in the account of the respective holders so as to reflect the new number of shares held by the respective Units' holders, at a ratio of one (1) for two (2) preferred shares issued by the Company for each Unit. The shares not triggering the issuance of Units shall be credited directly to its shareholders, without the issuance of Units; and
- f) In the event of reduction in the number of shares issued by the Company, the issuing and registering financial institution shall debit the deposit account of holders of reverse split shares, thus automatically canceling the Units in a number sufficient to reflect the new number of shares held by the Units' holders, at a ratio of one (1) common share and two (2) preferred shares issued by the Company for each Unit and the other shares not triggering the issuance of Units shall be delivered directly to the shareholders, without issuance of Units.

CHAPTER XIII **Shares' Conversion**

Article 51 – The Company's shareholders may convert their common shares into preferred shares issued by the Company, at a ratio of one (1) common share for one (1) preferred share up to the legal maximum limit of preferred shares.

Paragraph 1 – The Company's Board of Directors shall establish conditions and terms for exercise of the conversion right provided for herein and may perform all acts required for the implementation thereof.

Paragraph 2 – If the exercise of the conversion of shares by the shareholders holding common shares, pursuant to main section hereof, results in a number of preferred shares

higher than fifty (50%) percent of the total shares issued by the Company, said conversion shall be carried by apportionment among the shareholders interested therein, ratably to the interested held in the capital stock, until reaching said legal limit.