

UNIVERSO ONLINE S.A.
Publicly Held Company
CNPJ/MF 01.109.184/0001-95

Material Fact

UNIVERSO ONLINE S.A. (“UOL”), with due regard to § 4º of article 157, of Law No. 6.404/76, as amended, and CVM Instruction No. 358/02, hereby inform its shareholders and the market in general that, on the date hereof, its subsidiary **DH&C OUTSOURCING S.A.** (“DH&C”), which since 2000 has been primarily focused on datacenter and webhosting activities, entered into an “Agreement and Plan of Merger” (“Agreement”) with Diveo Broadband Networks, Inc. (“DBNI”), a company with headquarters in the United States of America that develops datacenter and webhosting activities in Brazil and Colombia, and other parties, for the purpose of acquiring shares representing the totality of the capital stock of DBNI.

The Agreement sets forth that the acquisition will be performed through a merger, in the United States of America, involving DH&C Merger Sub Inc., a wholly owned subsidiary of DH&C into and with DBNI. As a result of the merger, DH&C Merger Sub Inc. will cease to exist and the ownership of the totality of the shares issued by DBNI shall be transferred to DH&C.

The transaction is subject to customary closing conditions and is expected to close before December 30, 2010. Also, UOL shall disclose to the market any new developments.

DBNI was founded in 1996, in the United States of America, with the purpose of rendering broadband and internet access services and, since its founding, the company has operated in the Brazilian and Colombian markets. Since 2000, DBNI has expanded its products and services portfolio to offer datacenter solutions.

If consummated, the merger will increase DH&C’s customer base and will enhance its scale, resulting in a dilution of its general and administrative expenses. Additionally, the merger is expected to reinforce DH&C’s notable position in the Brazilian datacenter and outsourcing market.

São Paulo, December 13, 2010.

MIGUEL LONGO
Financial and Investors Relation Officer