

Guilherme Assis, Raymond James:

Hi, Arthur. Good morning. I have one question, regarding the sale in the Affinity plan segment for Health Care. I understand you guys have a very strong relationship and partnership with Qualicorp, and what we saw over the last quarter is that Qualicorp has signed other partnerships, one with Amil and another one with Bradesco, a little longer ago. I would like to know if these partnerships of Qualicorp could, in any way, affect your growth in the Affinity plan segment, and how you have been doing this specific segment over the past few months. That is my question, thank you.

Gabriel Portella:

Hi, Guilherme. Let me answer your question. First, I think you have mentioned that we have a strong relationship with Qualicorp and other big brokers related to the Affinity group. For sure, Qualicorp is one of the first that took advantage in this Affinity market and grew side with SulAmérica, and that is why SulAmérica has a strong presence in this market.

Remember that since 2009 the regulation shows and attracts to the market new players, operator or administrators, that is the name of the companies that administer those business. There are more than 70 registered in the ANS as administrators. The recent movement was expected since 2009; they took too long to come into the market to compete in the Affinity segment. We are well prepared, we have a strong relationship, not only with Qualicorp, but the entire brokerage market, and then we do not see any major problem with competition.

Competition, as you know, we have in all lines of our business.

Guilherme Assis:

OK. Can you give us some color on how the growth is performing this year in this Affinity segment?

Gabriel Portella:

It is included on the group plans. The group plan was growth of 26% and then we included Affinity and all segments in that growth.

Guilherme Assis:

Could you say if the Affinity segment is growing in line with the group segment as a whole? Or is there any difference?

Gabriel Portella:

I can say that, even though with the competition, we still continue to grow new sales in the Affinity, SME, and group also.

Guilherme Assis:

OK. Thank you, Portella. Thank you very much.

Marcelo Henriques, BTG Pactual:

Hi, guys. Good afternoon. My question is more related to the ROE of the Company. We should expect the 2Q to be, as usual, a weak quarter for you guys as well. So, once again this year we will be relying too much on the developments or the results of the 2H. And if we do a year-over-year comparison against the 2H11, interest rates should be roughly like 200 b.p., 250 b.p. below. So, this means a loss ratio improvement and efficiency will be even more crucial this 2H than it was in the 2H11, and the fact that you also retained more capital, because now you are paying 30% dividend payout instead of 40%, how comfortable are you that you can keep at least the ROE that was achieved in 2011? And how comfortable are you that in the 2H you would have this important recovery so you can deliver better ROEs than we are seeing right now?

Gabriel Portella:

Marcelo, thank you for your question. I guess overall, as you noticed, the 2H has some advantages for the loss ratio basically, and the improvement in the overall environment or the competitive environment gives the condition, especially the macroeconomic conditions, namely a reduction in interest rate, should foster a more rational competitive environment, especially in Auto.

So, first of all, the impact that we mentioned in the loss ratio in Auto should be diluted across the year, as this is not a recurring event. Secondly, we believe, as I mentioned, the competitive conditions should improve if the interest rates maintain its downwards trend.

Health is also improving. The 2Q usually benefits from an improvement in loss ratio. The 3Q should see the new repricing cycle in effect, and the 4Q has a positive seasonal behavior. So, those factors should contribute to the improvement in the ROE for the Company as a whole in 2012.

We are maintaining the same level of excess capital that we had last year. And this is not a factor that would, maybe, explain a change in the ROE. There is no capital commitment or any utilization foreseeable in the near term, so this is the way we are looking at the year from now on.

I am not sure if I covered all of your points.

Marcelo Henriques:

Thank you. I think you considered the improvement in the 2Q of loss ratio. I would expect that it should even more of an improvement; the improvement needs to be higher than it was in the 2H11, which was pretty significant, for you to compensate the lower interest rates, unless, of course, you continue to perform quite well on the financial results, which is something that...

But, you know, that is basically my view. And since you are paying less dividends, shareholders' equity should increase more. That is why you hurt a little bit – not so much – the ROE of the Company. So, I was just wondering, with this dynamics how you could post a similar ROE than 2011. I think that is my doubt here.

Arthur Farne d'Amoed Neto:

I guess we believe it can be possible, it is doable. We are adjusting from 50% to 30% the payout, we think it is advisable and sustainable as a policy, without a term in itself. So, if you remember the other policy that was prevailing up until this year, we had a three-year plan. We have announced that that was being forced for three years.

Now, as we have announced 30%, which is 20% higher than the minimum, we have not a deadline for this. Were the conditions, the macroeconomic conditions, the regulatory environment not to change, then we should be in a position to maintain this level going forward.

That could be some capital requirements, or some increase in capital requirement, say of 13% or 14% in case the insurance regulator were to finalize the regulation of those risk factors that have not been dealt with yet, and that would require more capital. And that is one of the reasons we have been maintaining such a level of excess capital in the Company.

Marcelo Henriques:

OK. Thank you very much.

Operator:

This concludes today's question and answer session. I would like to invite Mr. Farne to proceed with his closing statements. Please, sir, go ahead.

Arthur Farne d'Amoed Neto:

Well, thank you for participating and for the questions you have made, which I helped in delivering better information for you. The Company is available here, the Investor Relations unit as well as the whole management.

Thank you, and we will talk next time. Bye-bye.

Operator:

That does conclude SulAmérica's audio-conference for today. Thank you very much for your participation, and have a good day.

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