

Earnings release 2011

SulAmérica

associada ao **ING** 

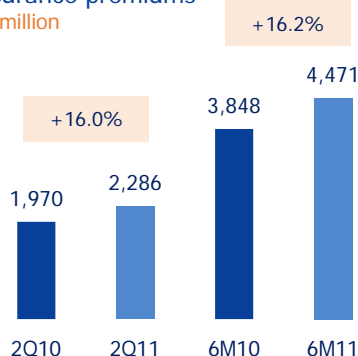
SulAmérica S.A. (BM&FBovespa: SULA11), the largest independent insurance company in Brazil, presents its results for the second quarter of 2011 (2Q11). Except where stated otherwise, the company's information is based on its consolidated financial statements and was prepared in accordance with the accounting practices adopted in Brazil (BR GAAP). Except where stated otherwise, the information presented and the respective comments refer to the recurring (adjusted) results.

Insurance premiums grow 16.0% to R\$2.3 billion in 2Q11

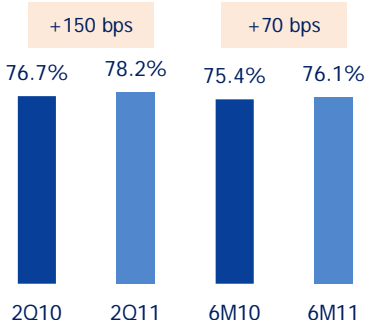
Highlights

- ▶ Insurance premiums amounted to R\$2.3 billion in the quarter, a growth of 16.0% in relation to 2Q10. Health insurance premiums grew by 19.5% in relation to 2Q10, with group health insurance premiums increasing by 23.0%, led by the small and medium-sized enterprises (SME) segment, which increased 37.2% in 2Q11. Auto insurance premiums increased by 10.2% in relation to 2Q10, leading SulAmérica to close 2Q11 with an insured fleet of 1.5 million vehicles.
- ▶ In the first six months of 2011, total premiums came to R\$ 4.5 billion, representing a growth rate of 16.2% in relation to 6M10. Health insurance premiums in 6M11 were 18.9% higher than in 6M10. Premiums in the group health insurance portfolio increased 23.9% in 6M11, once again led by the small and medium-sized enterprises segment, which recorded growth in premiums of 37.5% in relation to 6M10. In the same period, auto insurance premiums increased by 16.0%.
- ▶ SulAmérica's overall loss ratio stood at 78.2% in 2Q11, increasing 150 bps in comparison to 2Q10. In the health insurance segment, the loss ratio stood at 83.1% in the quarter, an improvement of 270 bps in relation to 2Q10. The auto insurance loss ratio was 64.2%, an increase of 630 bps in 2Q11.
- ▶ The combined ratio ended the quarter at 103.9%, an increase of 240 bps in relation to 2Q10.
- ▶ Return on investments not linked to the VGBL and private pension portfolio reached R\$131.9 million in 2Q11, with a return corresponding to 102.9% of the CDI rate. In 6M11, portfolio return was R\$270.9 million, corresponding to 106.9% of the CDI rate.
- ▶ Net income was R\$ 30.0 million in 2Q11, declining 40.3% in relation to 2Q10, mainly due to an increase in provisions in the life insurance portfolio, which will be commented on later in this report. Annualized return on equity reached 4.2% in 2Q11. In the first six months of 2011, net income came to R\$131.9 million, down 2.7% from 6M10, with annualized return on equity of 9.4%. SulAmérica ended the quarter with total assets of R\$12.7 billion.

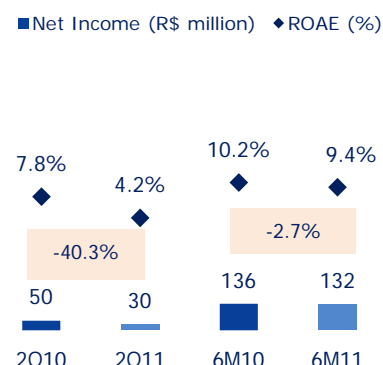
Insurance premiums
R\$ million



Loss ratio
% earned premiums



Net income and ROAE



CONFERENCE CALL

Portuguese | Date: 08/05/2011 | Time: 10:00 a.m. (BRT) | 9:00 a.m. (US EST) | Phone Brazil: +55 (11) 3127-4971 | Phone USA: +1(516) 300-1066
English | Date: 08/05/2011 | Time: 12:00 p.m. (BRT) | 11:00 a.m. (US EST) | Phone USA: +1 (412) 317-6776 | Phone Brazil: +55 (11) 0800-891 0015

Main events in 2Q11 and subsequent events

▶ **Partnership with Caixa Seguros**

Operations in the auto insurance segment under the coinsurance agreement between SulAmérica Companhia Nacional de Seguros and Caixa Seguros began on July 1, 2011. Under the terms of the agreement, which was signed in April 2011, SulAmérica is also responsible for operational and support activities related to the coinsurance agreement.

▶ **Dental Plan**

In April 2011, SulAmérica announced the approval of the acquisition of Dental PLAN Ltda. by the regulatory agencies and started the integrate process. Dental PLAN had approximately 141,000 members, which were included in SulAmérica's dental care portfolio as of 2Q11.

▶ **Distribution of 1Q11 Quarterly Dividends**

In a meeting held on May 5, 2011, SulAmérica's Board of Directors approved, in accordance with its new dividends policy, the quarterly distribution of interim and/or intermediary dividends of R\$0.036 per unit, corresponding to approximately R\$10 million, by decision of the Board of Directors at the time of disclosure of the Company's quarterly results, based on the net income verified by these statements or the profit reserve account stated on the last annual balance sheet, in accordance with governing law and the provisions of the bylaws.

The distribution of dividends relative to the first quarter of 2011 was approved on the date cited above, with payment effected to shareholders on May 18, 2011, in accordance with the approved rules.

▶ **Distribution of 2Q11 Quarterly Dividends**

In a meeting held on August 4, 2011, SulAmérica's Board of Directors approved the quarterly distribution of interim and intermediary dividends relative to the second quarter of 2011, with payment to be effected on August 18, 2011, in accordance with the approved regulations.

▶ **Broadening of SulAmérica's network**

SulAmérica has been expanding its presence in Brazil's main regions and, in line with this strategy, ended 2Q11 with a customer service network composed of 54 branches and offices. In addition, the Super Service Auto Centers (Centros Automotivos de Super Atendimento - C.A.S.A.) network, which offers high-quality services to the insured members of SulAmérica Auto, ended the period with a total of 30 units. With this strategy, SulAmérica aims to expand its offering of services and provide even more agile service to its clients and brokers.

Effects of nonrecurring events

▶ **Complementary individual health insurance premiums**

The financial statements for 1Q10, 4Q10 and 2Q11 were adjusted for the effects from the decision taken in July 2005, through which the National Healthcare Agency (Agência Nacional de Saúde Suplementar - ANS) authorized SulAmérica to implement a 26.1% increase in the prices of its individual health insurance policies issued before January 1, 1999. Such increase should have been applied between July 2005 to June 2006, in accordance with the anniversary of the policies. However, the increase was suspended due to a preliminary injunction in the state of Bahia, with the same adjustment index used for new policies currently being charged (11.69%). At the end of

November 2009, the preliminary injunction was lifted, with SulAmérica once again obtaining the right to adjust its monthly premiums, as was the case in other Brazilian states. As of December 2009, policyholders in the state of Bahia were charged an increase in premiums of 12.9% related to the difference for the rate applied in 2005. In 1Q10, 4Q10 and 2Q11, the increases related to the issue of premiums for new individual health insurance were booked under premiums, other operating expenses, expenses with taxes and income and social contribution taxes.

Insurance operations

Insurance premiums R\$ million	2Q11	2Q10	Δ%	1Q11	Δ%	6M11	6M10	Δ%
Health insurance	1,496.4	1,261.2	18.7%	1,438.9	4.0%	2,935.3	2,537.6	15.7%
Health insurance (adjusted)	1,506.9	1,261.2	19.5%	1,438.9	4.7%	2,945.7	2,477.0	18.9%
Group health insurance	1,132.0	920.2	23.0%	1,064.4	6.4%	2,196.4	1,773.3	23.9%
Individual health insurance	364.4	341.0	6.9%	374.4	-2.7%	738.8	764.4	-3.3%
Individual health insurance (adjusted)	374.9	341.0	9.9%	374.4	0.1%	749.3	703.7	6.5%
Auto insurance	548.1	497.3	10.2%	515.2	6.4%	1,063.3	916.5	16.0%
Other property & casualty insurance	111.4	101.1	10.2%	120.3	-7.4%	231.7	236.5	-2.0%
Life & personal accident insurance	119.2	110.1	8.3%	111.0	7.4%	230.3	217.7	5.8%
Total	2,275.1	1,969.8	15.5%	2,185.4	4.1%	4,460.5	3,908.3	14.1%
Total (adjusted)	2,285.6	1,969.8	16.0%	2,185.4	4.6%	4,471.0	3,847.6	16.2%

Earned premiums R\$ million	2Q11	2Q10	Δ%	1Q11	Δ%	6M11	6M10	Δ%
Health insurance	1,488.7	1,255.8	18.7%	1,434.4	3.8%	2,923.2	2,529.5	15.6%
Health insurance (adjusted)	1,499.2	1,255.8	19.4%	1,434.4	4.5%	2,933.6	2,468.9	18.8%
Group health insurance	1,126.2	912.1	23.5%	1,060.2	6.2%	2,186.4	1,764.9	23.9%
Individual health insurance	362.6	343.7	5.5%	374.2	-3.1%	736.7	764.6	-3.6%
Individual health insurance (adjusted)	373.0	343.7	8.5%	374.2	-0.3%	747.2	703.9	6.1%
Auto insurance	547.1	442.8	23.5%	520.0	5.2%	1,067.1	858.9	24.2%
Other property & casualty insurance	85.3	80.9	5.4%	75.3	13.3%	160.5	159.4	0.7%
Life & personal accident insurance	32.6	104.3	-68.8%	91.9	-64.6%	124.4	207.1	-39.9%
Total	2,153.6	1,883.8	14.3%	2,121.6	1.5%	4,275.2	3,755.0	13.9%
Total (adjusted)	2,164.1	1,883.8	14.9%	2,121.6	2.0%	4,285.7	3,694.3	16.0%

Loss ratio %	2Q11	2Q10	Δ(bps)	1Q11	Δ(bps)	6M11	6M10	Δ(bps)
Health insurance	83.6%	85.8%	-210	80.1%	350	81.9%	81.3%	60
Health insurance (adjusted)	83.1%	85.8%	-270	80.1%	290	81.6%	83.3%	-170
Group health insurance	81.8%	82.0%	-10	78.8%	310	80.3%	80.5%	-20
Individual health insurance	89.3%	95.9%	-660	84.1%	520	86.6%	83.0%	360
Individual health insurance (adjusted)	86.8%	95.9%	-910	84.1%	270	85.4%	90.2%	-480
Auto insurance	64.2%	57.9%	630	62.0%	220	63.1%	60.7%	240
Other property & casualty insurance	58.2%	54.7%	350	63.0%	-490	60.4%	59.9%	60
Life & personal accident insurance	145.1%	64.7%	8,050	52.6%	9,260	76.8%	55.0%	2,190
Total	78.6%	76.7%	190	73.9%	470	76.3%	74.2%	210
Total (adjusted)	78.2%	76.7%	150	73.9%	440	76.1%	75.4%	70

Acquisition cost ratio %	2Q11	2Q10	Δ(bps)	1Q11	Δ(bps)	6M11	6M10	Δ(bps)
Health insurance	6.9%	6.3%	60	6.7%	20	6.8%	6.1%	70
Health insurance (adjusted)	6.8%	6.3%	50	6.7%	10	6.8%	6.3%	50
Group health insurance	8.5%	8.3%	20	8.6%	n.a.	8.6%	8.4%	10
Individual health insurance	1.7%	0.9%	80	1.4%	30	1.6%	0.8%	80
Individual health insurance (adjusted)	1.7%	0.9%	80	1.4%	20	1.6%	0.9%	70
Auto insurance	21.6%	23.3%	-160	21.7%	n.a.	21.6%	23.4%	-170
Other property & casualty insurance	21.2%	20.9%	30	23.5%	-230	22.3%	20.1%	220
Life & personal accident insurance	85.2%	21.9%	6,340	31.9%	5,330	45.9%	21.5%	2,440
Total	12.4%	11.8%	60	12.1%	30	12.2%	11.5%	70
Total (adjusted)	12.4%	11.8%	60	12.1%	30	12.2%	11.7%	50

Gross margin %	2Q11	2Q10	Δ(bps)	1Q11	Δ(bps)	6M11	6M10	Δ(bps)
Health insurance	9.5%	7.9%	160	13.2%	-370	11.3%	12.6%	-130
Health insurance (adjusted)	10.1%	7.9%	220	13.2%	-310	11.6%	10.5%	120
Group health insurance	9.6%	9.7%	-10	12.7%	-310	11.1%	11.1%	10
Individual health insurance	9.0%	3.2%	580	14.5%	-550	11.8%	16.2%	-440
Individual health insurance (adjusted)	11.6%	3.2%	840	14.5%	-290	13.0%	8.9%	410
Auto insurance	14.2%	18.9%	-470	16.4%	-220	15.3%	15.9%	-70
Other property & casualty insurance	20.6%	24.4%	-380	13.5%	710	17.3%	20.0%	-270
Life & personal accident insurance	-130.4%	13.5%	-14,390	15.5%	-14,590	-22.7%	23.6%	-4,620
Total	9.0%	11.4%	-250	14.0%	-510	11.5%	14.3%	-320
Total (adjusted)	9.4%	11.4%	-210	14.0%	-470	11.7%	12.9%	-120

Combined ratio %	2Q11	2Q10	Δ(bps)	1Q11	Δ(bps)	6M11	6M10	Δ(bps)
Combined ratio	104.1%	101.5%	260	99.4%	470	101.7%	100.1%	170
Combined ratio (adjusted)	103.9%	101.5%	240	99.4%	450	101.6%	101.1%	50

R\$ million	2Q11	2Q10	Δ	1Q11	Δ	6M11	6M10	Δ
Net income	27.6	90.8	-69.8%	101.9	-73.0%	129.5	200.8	-35.5%
Net income (adjusted)	30.0	49.8	-40.3%	101.9	-70.6%	131.9	135.6	-2.7%
ROAE	3.8%	14.6%	-1,080bps	14.6%	-1,080bps	9.2%	15.2%	-600bps
ROAE (adjusted)	4.2%	7.8%	-360bps	14.6%	-1,040bps	9.4%	10.2%	-80bps

Important note: some percentages and other figures included in this performance report were rounded to facilitate presentation and therefore may present slight differences in relation to the tables and notes presented in the quarterly information. In addition, for the same reason, the totals presented in certain tables may not reflect the arithmetic sum of the preceding figures.

With growth of 19.5% in 2Q11, the health insurance segment recorded premiums of R\$1.5 billion and 2.3 million insured members
Health insurance

► **Insurance premiums** | The health and dental care segment (65.9% of the Company's consolidated premiums) recorded revenue of R\$1.5 billion in 2Q11, representing growth of 19.5% in relation to 2Q10 (4.7% higher than 1Q11).

Group health insurance. Group health insurance premiums, which accounted for 75.1% of health insurance premiums, came to R\$1.1 billion in the quarter, representing increases of 23.0% in relation to 2Q10 and 6.4% in relation to 1Q11. At the end of the period, the group health insurance portfolio had 1,773 thousand insured members, which represent an increase of 31.6% over 2Q10 (up 14.9% on 1Q11). The growth in group health insurance premiums was partially due to the expansion in the insurance portfolio and adjustments to the premiums of existing policies, as well as to revenues from insurance policies formerly held as administrative services only plans ("ASO" or *planos administrado de pós-pagamento*), the status of which had been changed upon renewal, at the policyholder decision.

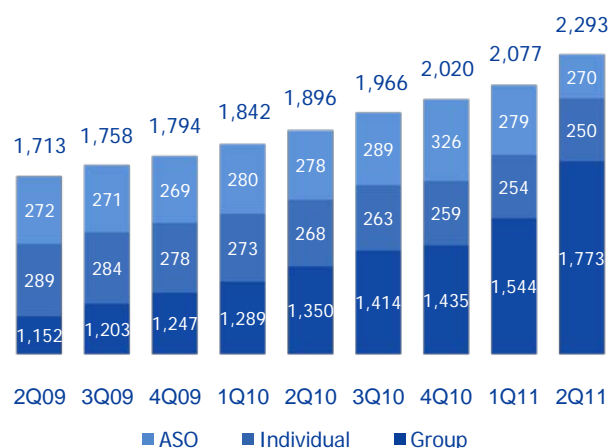
SME health insurance. Premiums in the health insurance segment for small and medium-sized enterprises (SME) came to R\$243.5 million in 2Q11, 37.2% growth in relation to 2Q10 (up 5.2% compared to 1Q11). This is explained by the 24.0% expansion in the number of insured members in the portfolio in relation to 2Q10 (up 4.7% compared to 1Q11) and by the adjustment in premiums. At the end of 2Q11, the SME health portfolio had 244,377 insured members.

Dental care plans. Revenue from the dental care plan portfolio grew by 86.2% over 2Q10, reaching R\$17.0 million (up 30.7% in relation to 1Q11). The higher revenue in this segment partially reflects the contribution from the dental plan portfolio of Dental PLAN (141 thousand insured members), which was acquired by SulAmérica in December 2010, and whose results were consolidated in 2Q11, following approval by the regulatory agencies. With the incorporation of Dental PLAN members, SulAmérica dental plan portfolio ended 2Q11 with 440,447 members, which represents growth of 99.1% in relation to 2Q10 (up 60.4% on 1Q11).

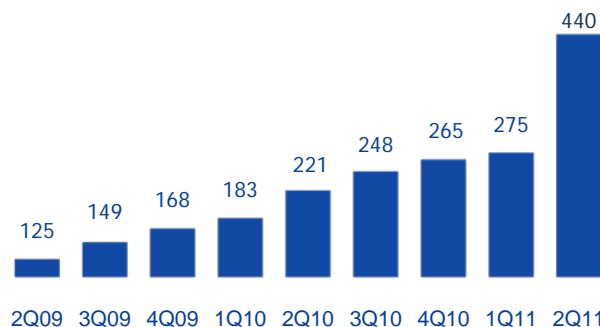
Individual health insurance. The individual health insurance segment recorded premiums of R\$374.9 million in 2Q11, 9.9% higher than in 2Q10 (unchanged in relation to 1Q11). The portfolio contracted by 6.8% in comparison to 2Q10 (1.7% less than in 1Q11) and ended the period with 249,892 members. The reduction in the number of members, due to the company's decision to suspend the sale of individual health policies in 2004, was offset by the adjustments in the individual health policies in the period,

which explains the higher premiums in the portfolio in the quarter. In 2010, the National Healthcare Insurance Agency (Agência Nacional de Saúde Suplementar - ANS) approved increases of 6.73% in the individual health insurance policies issued under the scope of Federal Law 9,656/98, effective as of May 2010 (applied in the month of the anniversary of the respective policy) and of 10.91% for policies issued before said law took effect, applicable as of July 2010. In 2011, an increase of 7.69% was approved for policies issued under the scope of said law, effective as of May 2011, and of 7.35% for policies issued before the law took effect, applicable as of July 2011.

Health insurance and dental care covered individuals* (thousand)



Dental care covered individuals* (thousand)



* Includes members of insurance policies and post-payment managed agreements

► **Loss ratio** | The overall health insurance loss ratio in 2Q11 was 83.1%, a reduction of 270 bps related to 2Q10 (up 290 bps in relation to 1Q11).

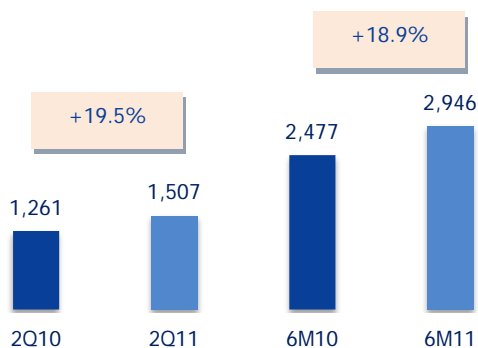
Group health insurance. The group health insurance loss ratio was 81.8% in 2Q11, remaining stable in relation to 2Q10 (up 310 bps in relation to 1Q11).

Individual health insurance. The individual health insurance loss ratio improved 910 bps in relation to 2Q10, reaching 86.8% in 2Q11 (up 270 bps compared to 1Q11). The improvement in the loss ratio in 2Q11 in comparison

with 2Q10 is partially due to the reduction in frequency of utilization and to conditions of the agreements with healthcare providers, while the increase over 1Q11 basically reflects seasonal factors and the yearly cycle of rate adjustments in the individual portfolio.

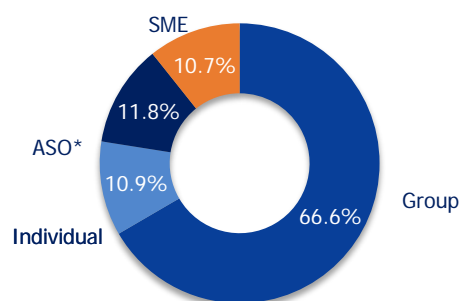
► **Acquisition cost ratio** | Acquisition costs in the health segment represented 6.8% of premiums in 2Q11, an increase of 50 bps in relation to 2Q10 (up 10 bps on 1Q11). There were no significant variations in commission ratios.

Insurance premiums
R\$ million

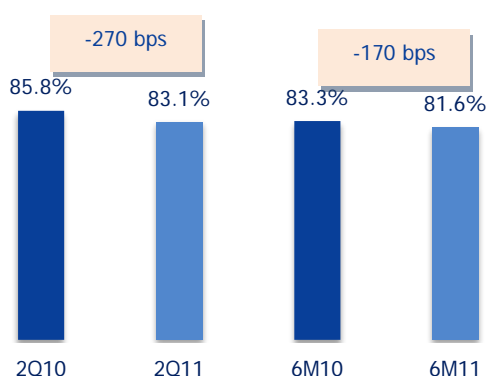


Covered individuals 6M11

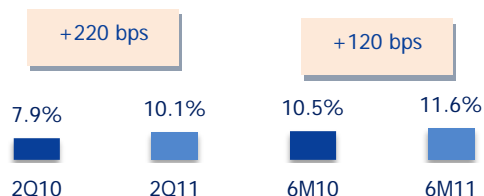
Total | 2.3 million covered individuals



Loss ratio
% earned premiums



Gross margin
% earned premiums



* Post-payment managed plans (ASO)

Insured fleet reaches 1.5 million vehicles and revenue from auto insurance premiums grows 10.2% in relation to 2Q10

Auto insurance

► **Insurance premiums** | Premiums in the auto insurance segment (which accounted for 23.8% of the company's overall insurance premiums) totaled R\$548.1 million in 2Q11, up 10.2% in comparison to 2Q10 (6.4% above 1Q11). The insured fleet totaled 1,494 thousand vehicles at the close of 2Q11, an increase of 21.5% in relation to 2Q10.

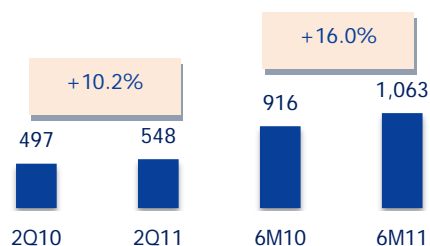
In the first five months of 2011, premiums in the auto insurance industry grew by 7.3% compared to the same period of the prior year, based on data from the Private Insurance Superintendence (Superintendência de Seguros Privados - SUSEP). In the same period, SulAmérica expanded by 21.2%, with market share of 10.7%, a 120 bps growth in relation to the previous year.

► **Loss ratio** | The auto insurance loss ratio in 2Q11

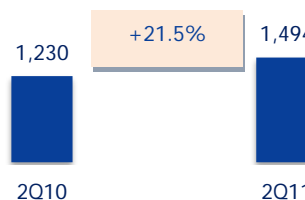
rose to 64.2%, 630 bps higher than 2Q10 (up 220 bps on 1Q11). Such increase was partly due to the higher frequency of claims in 2Q11, reflecting the heavy rains that affected primarily the states of Pernambuco and Rio de Janeiro in April. Also contributed to such increase factors related to the enhancement of internal processes that have accelerated the recognition of reserves and will adjust over time. Frequency of use also increased in certain regions.

► **Acquisition cost ratio** | The auto insurance acquisition cost ratio corresponded to 21.6% of premiums earned in 2Q11, an increase of 160 bps in comparison to 2Q10 (stable in relation to 1Q11).

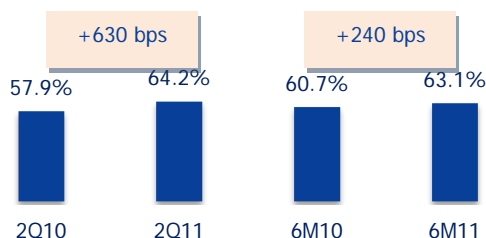
Insurance premiums
R\$ million



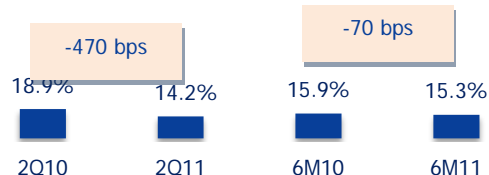
Insured fleet
thousand vehicles



Loss ratio
% earned premiums



Gross margin
% earned premiums



Premiums earned in the other property and casualty segment increased 10.2% in 2Q11, with a loss ratio of 58.2%

Other property and casualty insurance

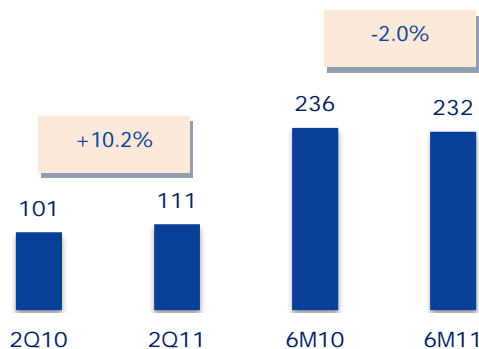
► **Insurance premiums** | Premiums in the other property and casualty insurance segment (5.2% of the Company's overall insurance premiums) grew by 10.2% in 2Q11 and reached R\$111.4 million (contraction of 7.4% in relation to 1Q11). This growth was mainly due to the higher premiums in marine, massified bundled policies, DPVAT and engineering portfolios, which together grew 18.0% and represented 64.4% of the total portfolio. Earned premiums increased 5.4% in 2Q11 compared with 2Q10 (up 13.3% in relation to 1Q11), reflecting the changes in the underwriting policy adopted by the company for this portfolio. If the expenses of R\$9.1 million related to the constitution of a provision for

reintegrating the reinsurance premium arising from a claim were excluded, premium growth in 2Q11 would be even higher (at around 16.7% over 2Q10).

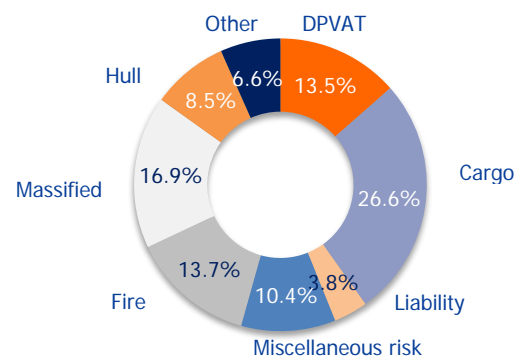
► **Loss ratio** | The loss ratio for other property and casualty insurance rose by 350 bps in 2Q11 to 58.2% (down 490 bps from 1Q11), reflecting the effects from the losses mentioned above.

► **Acquisition cost ratio** | The acquisition cost ratio declined by 30 bps in relation to 2Q10 to 21.2% (down 230 bps in comparison to 1Q11).

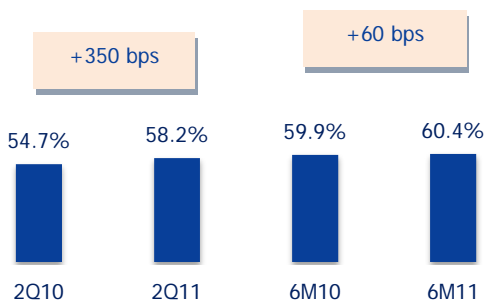
Insurance premiums
R\$ million



Segment breakdown 6M11
Total | R\$231.7 million



Loss ratio
% earned premiums



Gross margin
% earned premiums



Life and personal accident insurance grows by 8.5% in 2Q11

Life and personal accident insurance

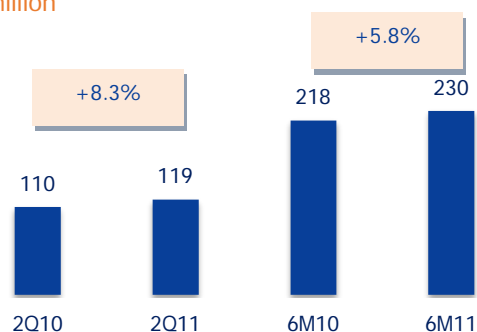
► **Insurance premiums** | Premiums from life and personal accident insurance (5.1% of the company total insurance premiums) increased by 830 bps in relation to 2Q10 (740 bps compared to 1Q11), reaching R\$119.2 million in 2Q11. The issue of new policies with higher average prices offset the 1.6% contraction in the volume of the portfolio, which ended 2Q11 with 2,192 thousand insured members.

Earned premiums from life and personal accident insurance decreased 68.8% in 2Q11 over 2Q10 (down 64.7% in relation to 1Q11), reflecting the increase of R\$76.5 million in the provision for premium deficiency (PIP) recorded under the subsidiary Sul América Seguros de Pessoas e Previdência S.A. The increase in this provision reflects a change in estimates due to an unfavorable ruling in a lawsuit in which said subsidiary is a party, involving the adjustment of group life policies issued in 2006. Excluding the effects from the build in said provision, earned premiums would have grown 4.6% in relation to 2Q10 (down 3.0% compared to 1Q11).

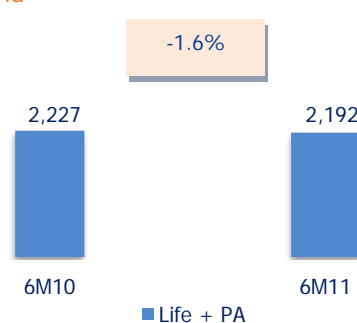
► **Loss ratio** | The life and personal accident insurance loss ratio in 2Q11 increased by 8,050 bps over 2Q10 to reach 145.1% (up 9,260 bps in relation to 1Q11). The increase in the loss ratio in 2Q11 was mainly due to the increase in the provision for premium deficiency referred to above, which led to a reduction of R\$76.5 million in earned premiums this quarter. Excluding this effect, the life and personal accident insurance loss ratio would have been 43.4%, an improvement of 2,130 bps in relation to 2Q10 (increase of 40 bps in relation to 1Q11).

► **Acquisition cost ratio** | For the same reasons mentioned above, the acquisition cost ratio for this segment was highly distorted, corresponding to 85.2% of premiums, an increase of 6,340 bps (up 5,330 bps from 1Q11).

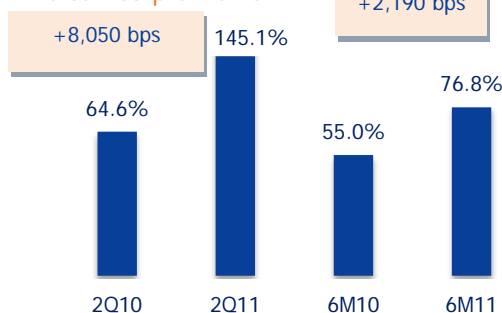
Insurance premiums
R\$ million



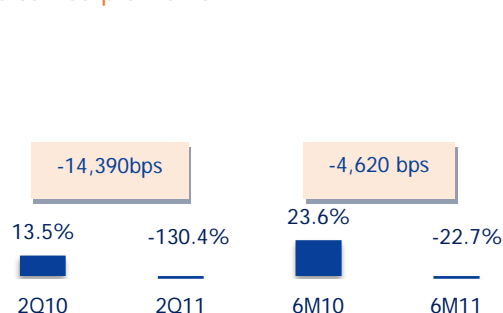
Covered individuals
thousand



Loss ratio
% earned premiums



Gross margin
% earned premiums



Other insurance operating income and expenses

R\$ million	2Q11	2Q10	Δ%	1Q11	Δ%	6M11	6M10	Δ%
Other insurance operating income and expenses	(66.3)	(44.0)	-50.6%	(56.8)	-16.7%	(123.1)	(135.4)	9.1%
Other insurance operating income and expenses (adjusted)	(72.6)	(44.0)	-64.3%	(56.9)	-27.7%	(129.4)	(117.9)	-9.5%

The 64.3% increase observed in other operating income and expenses between 2Q11 and 2Q10 was mainly due to contingent liabilities, which reflects the revaluation of

legal contingencies and the build in provisions for bad debt.

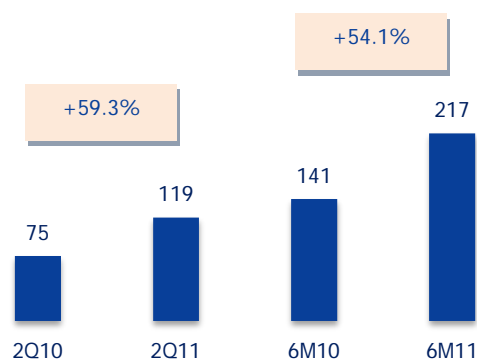
Income from private pensions

R\$ million	2Q11	2Q10	Δ%	1Q11	Δ%	6M11	6M10	Δ%
Income results from private pension	0.9	8.6	-89.4%	5.4	-83.2%	6.4	11.9	-46.2%

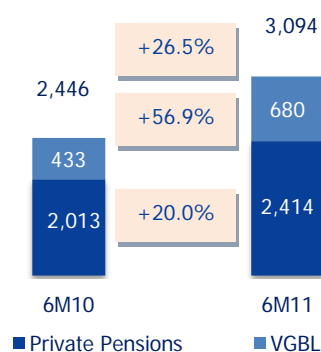
Income from private pensions was R\$0.9 million in 2Q11, down 89.4% in relation to 2Q10 (83.2% lower than in 1Q11).

This result reflects higher expenses with benefits and redemptions of private pension plans, as well as the build in technical provisions in this segment.

Pension contributions
R\$ million



Pension reserves
R\$ million



Income from healthcare operations

R\$ million	2Q11	2Q10	Δ%	1Q11	Δ%	6M11	6M10	Δ%
Income results from healthcare operations	7.4	6.8	8.7%	7.0	4.9%	14.4	15.3	-6.0%

Income from healthcare operations (administrative services only plans, "ASO", or *planos administrados de pós-pagamento*) amounted to R\$7.4 million in 2Q11, 8.7% more than in 2Q10 (up 4.9% in relation to 1Q11), basically reflecting higher average fees for these plans.

At the end of the period, the portfolio of post-payment managed plans covered 269,902 insured members.

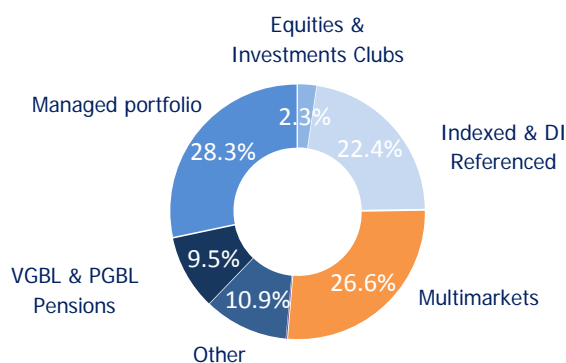
Income from asset management

R\$ million	2Q11	2Q10	Δ%	1Q11	Δ%	6M11	6M10	Δ%
Revenue from managing tax	4.4	5.0	-12.0%	5.6	-21.4%	10.1	10.0	1.0%
Funds performance - interest	1.6	0.4	300.0%	0.4	300.0%	1.9	0.5	280.0%
Financial activity result	6.0	5.4	11.1%	6.0	n/a	12.0	10.5	14.3%

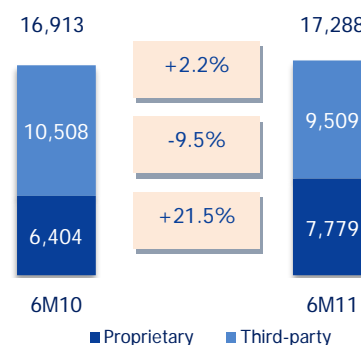
Assets under management at Sul América Investimentos D.T.V.M. S.A. grew by 2.2% from 2Q10 (down 1.3% in relation to 1Q11) and ended the period at R\$17.3 billion, based on data from the National Association of Investment Banks (Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais - ANBIMA).

In 2Q11, income from asset management was R\$6.0 million, growing by 11.1% in relation to 2Q10 (in line with 1Q11). This performance reflects the larger volume of assets under management and the increased allocation of clients' assets to funds with more diversified profiles and consequently higher management fees.

Third-party assets R\$9.5 billion (6M11)



Assets under management R\$ million



Administrative expenses

R\$ million	2Q11	2Q10	Δ	1Q11	Δ	6M11	6M10	Δ
Personnel expenses	(90.4)	(108.2)	16.5%	(102.9)	12.2%	(191.8)	(221.8)	13.5%
Third-party services	(63.8)	(45.8)	-39.3%	(49.9)	-27.9%	(113.7)	(84.0)	-35.4%
Buildings and maintenance	(49.8)	(46.0)	-8.3%	(46.5)	-7.1%	(96.3)	(88.6)	-8.7%
Other administrative expenses	(23.9)	(19.7)	-21.3%	(9.6)	-149.0%	(33.5)	(35.5)	5.6%
Expense recovery	41.6	35.3	17.9%	19.6	112.2%	59.7	77.3	-22.8%
Total	(186.4)	(184.5)	-1.1%	(189.3)	1.5%	(375.7)	(352.5)	-6.6%
Administrative expenses ratio (% retained premiums)	8.3%	9.6%	-130bps	8.9%	-60bps	8.6%	9.2%	-60bps
Administrative expenses ratio (% adjusted retained premiums)	8.3%	9.6%	-130bps	8.9%	-60bps	8.6%	9.4%	-80bps

Administrative expenses increased 1.1% in 2Q11 in relation to 2Q10 (down 1.5% from 1Q11). On the other hand, administrative expenses ratio improved 130 bps in the period (up 60 bps in relation to 1Q11), representing 8.3% of retained premiums in 2Q11. Such improvement reflects the better operating efficiency and the positive effects from the recovery of expenses incurred from the

shared use of the operational and administrative support systems of SulAmérica provided for under the service agreements entered into with third parties.

The outsourcing of operational processes and the higher expenses with IT services, which accompany the growth in the number of policies issued, are reflected in expenses with third-party services in the period.

Tax Expenses

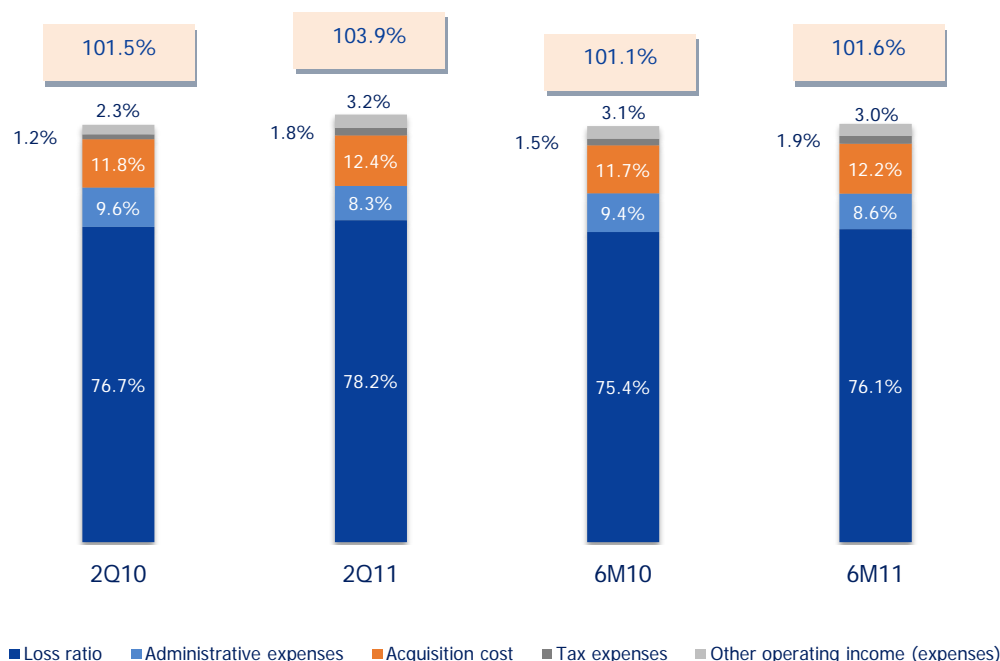
R\$ million	2Q11	2Q10	Δ	1Q11	Δ	6M11	6M10	Δ
Tax expenses	(40.6)	(22.6)	-79.6%	(40.4)	-0.6%	(81.0)	(59.1)	-37.0%
Tax expenses (adjusted)	(40.9)	(22.6)	-80.5%	(40.4)	-1.8%	(81.2)	(56.3)	-44.2%
Tax expenses ratio (% retained premiums)	1.8%	1.2%	60bps	1.9%	-10bps	1.9%	1.5%	40bps
Tax expenses ratio (% adjusted retained premiums)	1.8%	1.2%	60bps	1.9%	-10bps	1.9%	1.5%	40bps

Tax expenses increased by 80.5% in 2Q11 in relation to 2Q10. In addition to the impact from the higher premiums recorded by the company, this result also reflects the build

in legal provisions for PIS tax (*programa de integração social*) of R\$16.7 million.

Combined ratio

%	2Q11	2Q10	Δ(bps)	1Q11	Δ(bps)	6M11	6M10	Δ(bps)
Combined ratio	104.1%	101.5%	260	99.4%	470	101.7%	100.1%	170
Combined ratio (adjusted)	103.9%	101.5%	240	99.4%	450	101.6%	101.1%	50



* Recurring figures

Financial income

R\$ million	2Q11	2Q10	Δ%	1Q11	Δ%	6M11	6M10	Δ%
Financial income ex-private pension and VGBL operations	145.0	100.6	44.2%	150.0	-3.3%	295.1	210.5	40.2%
Return on investment portfolio	131.9	95.0	38.7%	139.0	-5.2%	270.9	196.7	37.7%
Debt servicing costs	(11.7)	(10.6)	-10.9%	(11.4)	-3.0%	(23.1)	(21.0)	-10.0%
Other	24.9	16.1	54.4%	22.4	11.4%	47.3	34.7	36.2%
Financial income of private pension and VGBL operations	2.6	2.6	-1.3%	3.5	-25.7%	6.1	10.3	-41.0%
Return on investment portfolio of private pension and VGBL operations	47.7	33.0	44.5%	69.2	-31.1%	116.9	98.3	18.9%
Change in liabilities of private pension and VGBL operations	(45.1)	(30.4)	-48.4%	(65.7)	31.4%	(110.8)	(88.0)	-25.9%
Total financial income	147.6	103.2	43.0%	153.5	-3.8%	301.1	220.8	36.4%
Balance of private pension and VGBL ex-operations	4,578.9	4,011.7	14.1%	4,900.7	-6.6%	4,578.9	4,011.7	14.1%
Balance of private pension and VGBL operations	3,096.0	2,447.4	26.5%	2,971.1	4.2%	3,096.0	2,447.4	26.5%
Total	7,674.9	6,459.1	18.8%	7,871.8	-2.5%	7,674.9	6,459.1	18.8%

The portfolio of assets not linked to pension and life increased by 14.1% in 2Q11 in relation to 2Q10 (down 6.6% from 1Q11) and reached R\$4.6 billion. Of this total, approximately 99.0% was allocated to fixed-income investments and 1% to equities .

The average return on assets not linked to the private pension and VGBL operations was 102.9% of the CDI rate in 2Q11.

In 2Q11, total financial income was 43.0% higher than in 2Q10, which is explained by the higher average balance

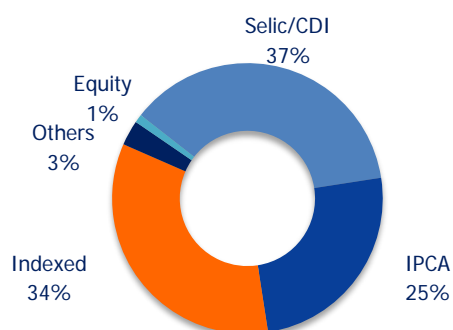
of investments and the strategy to allocate part of the portfolio to fixed-rate securities, as well as by the effects of inflation on the securities linked to inflation indexes.

The lower financial income in 2Q11 compared to 1Q11 was due to the lower balance invested, which reflected the payment of dividends and the acquisition of Dental PLAN Ltda.

Senior notes due February 15, 2012 amounted to R\$336.7 million at the close of 2Q11, with R\$13.2 million corresponding to accrued interest.

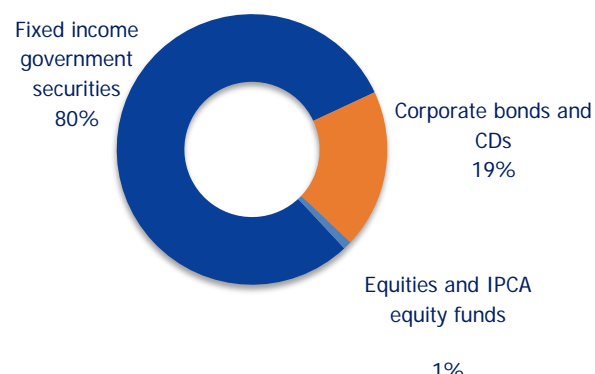
Investment strategy excluding pension and VGBL operations

Total | R\$4.6 billion



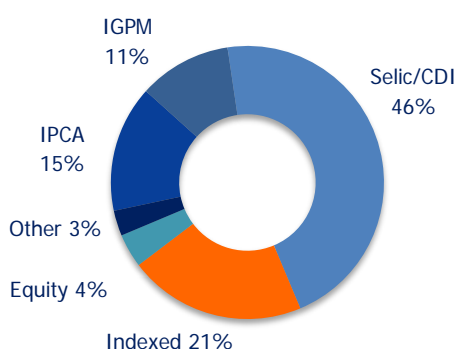
Investment allocation excluding pension and VGBL operations

Total | R\$4.6 billion



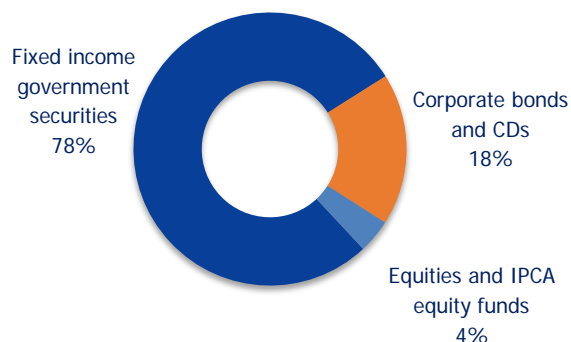
Investment strategy

Total | R\$7.8 billion (includes private pension and VGBL operations)



Investment allocation

Total | R\$7,8 bilhões (includes private pension and VGBL operations)



Net income and return on average equity (ROAE)

R\$ million	2Q11	2Q10	Δ%	1Q11	Δ%	6M11	6M10	Δ%
Income before income tax, social contribution and profit sharing	68.1	162.9	-58.2%	184.0	-63.0%	252.1	321.7	-21.6%
Income before income tax, social contribution and profit sharing (adjusted)	72.1	94.6	-23.8%	184.0	-60.8%	256.1	213.0	20.2%
Income tax and social contribution	(28.0)	(62.5)	55.2%	(72.4)	61.3%	(100.3)	(103.3)	2.9%
Income tax and social contribution adjusted	(29.6)	(35.2)	15.9%	(72.4)	59.1%	(102.0)	(58.9)	-73.2%
Profit sharing	(12.5)	(9.7)	-28.9%	(9.7)	29.0%	(22.3)	(17.6)	-26.7%
Minority interest	-	(0.7)	n/a	-	n/a	-	(0.3)	n/a
Net income	27.6	90.8	-69.8%	101.9	-73.0%	129.5	200.8	-35.5%
Net income adjusted	30.0	49.8	-40.3%	101.9	-70.6%	131.9	135.6	-2.7%
ROAE	3.8%	14.6%	-1,080bps	14.6%	-1,080bps	9.2%	15.2%	-600bps
ROAE adjusted	4.2%	7.8%	-360bps	14.6%	-1,040bps	9.4%	10.2%	-80bps

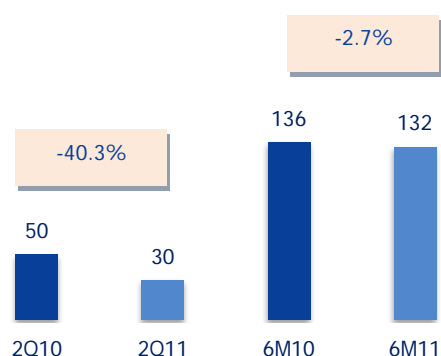
Net income came to R\$30.0 million in 2Q11, 40.3% lower than in 2Q10 (decrease of 70.6% compared to 1Q11). Excluding the effects from the build in the provision for premium deficiency mentioned before, net income would have reached R\$71.3 million in 2Q11, with 43.3% growth in relation to 2Q10 (down 37.3% in comparison to 1Q11).

In 6M11, net income was R\$131.9 million, down 2.7% in relation to the same period in 2010, due to the increase in premium deficiency provision (PIP) in life. Similarly,

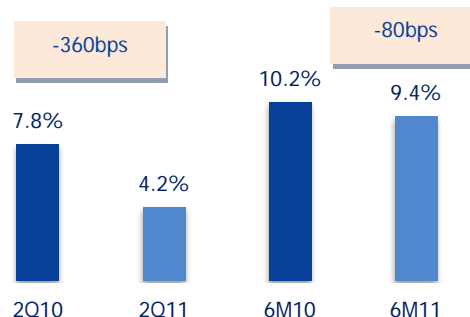
excluding the effects from such increase in premium deficiency provision, net income in 6M11 would have been R\$185.0 million, growing 36.5% from 6M10.

Return on equity in 2Q11 was 4.2%, down 360 bps in comparison to 2Q10 (down 1,040 bps in relation to 1Q11). In 6M11, adjusted return on equity was 9.4%, down 80 bps in relation to 6M10.

Net Income
R\$ million



ROAE
%



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This release may contain forward-looking statements concerning the business outlook, estimates of operating and financial results and growth prospects of Sul América S.A. These statements are based exclusively on the expectations of the management of Sul América S.A. regarding the prospects of the business and its continued ability to access capital markets to finance its business plan. These forward-looking statements are highly sensitive to changes in the capital markets, government regulations, competitive pressures, the performance of the industry and the Brazilian economy and other factors, as well as to the risk factors highlighted in documents previously filed by Sul América S.A., and therefore are subject to change without prior notice.

Appendix I – Income statement summary

R\$ million	2Q11	2Q10	Δ%	1Q11	Δ%	6M11	6M10	Δ%
Insurance premiums	2,275.1	1,969.8	15.5%	2,185.4	4.1%	4,460.5	3,908.3	14.1%
Premiums ceded to reinsurance, retrocession, consortiums and funds	(36.6)	(41.4)	11.6%	(51.3)	28.7%	(88.0)	(91.9)	4.3%
Retained premiums	2,238.5	1,928.7	16.1%	2,134.1	4.9%	4,372.6	3,816.7	14.6%
Changes in insurance and retained technical reserves	(84.9)	(44.9)	-89.2%	(12.5)	-577.6%	(97.4)	(61.7)	-57.8%
Earned premiums	2,153.6	1,883.8	14.3%	2,121.6	1.5%	4,275.2	3,755.0	13.9%
Retained claims and benefits expenses	(1,693.2)	(1,445.1)	-17.2%	(1,567.5)	-8.0%	(3,260.7)	(2,786.6)	-17.0%
Acquisition costs	(266.6)	(222.0)	-20.0%	(255.8)	-4.2%	(522.3)	(432.0)	-20.9%
Gross margin	193.9	216.7	-10.5%	298.3	-35.0%	492.2	536.3	-8.2%
Other insurance operating income (expenses)	(66.3)	(44.0)	-50.6%	(56.8)	-16.7%	(123.1)	(135.4)	9.1%
Net operating income from private pension business	0.9	8.6	-89.4%	5.4	-83.2%	6.4	11.9	-46.5%
Net operating income from ASO business	7.4	6.8	8.7%	7.0	4.9%	14.4	15.3	-6.0%
Net operating income from asset management business	6.0	5.4	11.1%	6.0	n/a	12.0	10.5	14.3%
Administrative expenses	(186.4)	(184.5)	-1.1%	(189.3)	1.5%	(375.7)	(352.5)	-6.6%
Tax expenses	(40.6)	(22.6)	-79.6%	(40.4)	-0.6%	(81.0)	(59.1)	-37.0%
Net financial income	147.6	103.2	43.0%	153.5	-3.8%	301.1	220.8	36.4%
Equity income	5.6	73.4	-92.4%	0.2	n/a	5.8	73.9	-92.1%
Income before income tax, social contribution and profit sharing	68.1	162.9	-58.2%	184.0	-63.0%	252.1	321.7	-21.6%
Income tax and social contribution	(28.0)	(62.5)	55.2%	(72.4)	61.3%	(100.3)	(103.3)	2.9%
Profit sharing	(12.5)	(9.7)	-29.8%	(9.7)	-29.0%	(22.3)	(17.6)	-26.7%
Minority interest	-	(0.7)	n/a	-	n/a	-	-	n/a
Net income	27.6	90.8	-69.8%	101.9	-73.0%	129.5	200.8	-35.5%
Basic earnings per share (R\$)*								
Per preferred share	0.03	0.33	90.9%	0.12	-75.0%	0.15	0.72	-79.2%
Per common share	0.03	0.33	90.9%	0.12	-75.0%	0.15	0.72	-79.2%
Diluted earnings per share (R\$)*								
Per preferred share	0.03	0.30	90.0%	0.12	-75.0%	0.15	0.66	-77.3%
Per common share	0.03	0.31	90.3%	0.12	-75.0%	0.15	0.69	-78.3%

* Parent Company

Appendix II – Balance sheet summary

Assets R\$ million	2011	2010	Δ%
Current assets	8,554.6	8,318.2	2.8%
Cash, cash equivalents and marketable securities	6,454.5	6,329.4	2.0%
Receivables from insurance and reinsurance operations	909.0	929.9	-2.2%
Reinsurance and retrocession expenses	360.9	272.4	32.5%
Deferred acquisition costs	349.5	345.2	1.2%
Other current assets	480.7	441.3	8.9%
Long-term assets	3,918.9	3,761.4	4.2%
Marketable securities	1,273.5	1,231.6	3.4%
Judicial and fiscal deposits	1,594.3	1,519.8	4.9%
Deferred acquisition costs	150.3	152.1	-1.1%
Other long-term assets	900.7	858.2	5.0%
Investments, property and equipment, intangible asset	180.2	163.1	10.5%
Total assets	12,653.6	12,242.7	3.4%
Liabilities R\$ million	2011	2010	Δ%
Current liabilities	5,188.9	4,762.7	8.9%
Loans and financing	335.7	5.6	5904.8%
Other payable obligations	354.5	564.8	-37.2%
Insurance, reinsurance and private pension debts	330.8	328.7	0.6%
Technical reserves – insurance and reinsurance	3,497.0	3,186.2	9.8%
Technical reserves – private pension	522.2	501.2	4.2%
Other liabilities	148.6	176.1	-15.6%
Non-current liabilities	4,607.9	4,588.2	0.4%
Accounts payable	863.6	808.4	6.8%
Loans and financing	-	315.4	n/a
Other accounts payable	197.9	183.3	8.0%
Technical reserves – insurance and reinsurance	1,192.8	1,038.8	14.8%
Technical reserves – private pension	1,893.3	1,758.3	7.7%
Other liabilities	460.3	484.0	-4.9%
Shareholder's equity	2,856.8	2,891.9	3.3%
Total liabilities	12,653.6	12,242.7	3.2%