

# Earnings release

## First quarter 2011

**SulAmérica**

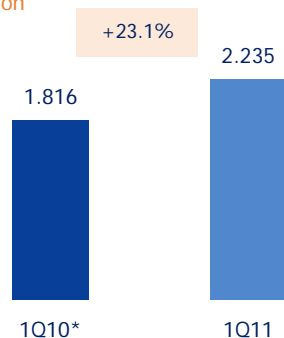
associada ao **ING** 

*Recurring net income grows 19.4% and premiums increase 23.1% in 1Q11.*

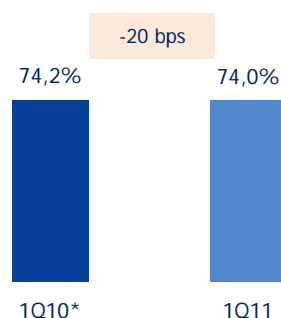
*Period highlights*

- ▶ Insurance premiums in the quarter grow 23.1% on a recurring basis in 1Q11, reaching R\$2.2 billion (up 0.3% in relation to 4Q10). Health insurance premiums grow 27.4% (up 2.4% in relation to 4Q10) on a recurring basis, with the group health portfolio expanding 27.8% (up 4.3% in relation to 4Q10), led by small and medium enterprises (SMEs), which grow by 56.9%. Auto insurance premiums increase 22.9% in relation to 1Q10 (down 4.5% in relation to 4Q10) and the insured fleet reaches approximately 1.4 million vehicles.
- ▶ Total loss ratio of 74.0%, down 20 bps in relation to 1Q11 (up 910 bps in relation to 4Q10). Health insurance loss ratio of 80.1%, increasing 60 bps in relation to 1Q10 (up 1100 bps in relation to 4Q10). Auto insurance loss ratio reaches 62.0%, down 170 bps in relation to 1Q10 (up 360 bps in relation to 4Q10).
- ▶ Combined ratio closes 1Q11 at 99.3%, increasing 140 bps in relation to 1Q10 (up 500 bps in relation to 4Q10).
- ▶ Return on the investment portfolio reaches R\$138.9 million, with an average return of 111.1% of the CDI rate, excluding private pension and VGBL operations.
- ▶ Net income totals R\$101.9 million in 1Q11, up 19.4% from 1Q10 (down 35.6% in relation to 4Q10) on a recurring basis. Return on equity reaches 14.6% in 1Q11 with the Company ending the quarter with total assets of R\$12.7 billion.

Insurance premiums  
R\$ million

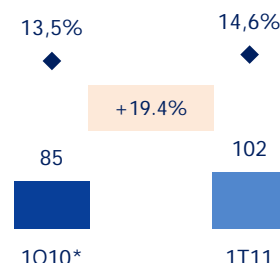


Loss ratio  
% earned premiums



Net income and ROAE

■ Net Income (R\$ million) ◆ ROAE (%)



\* Recurring figures

CONFERENCE CALL

Portuguese | Date: 05/06/2011 | Time: 10:00 a.m. (BRT) | 9:00 AM (US EST) | Phone: +55 (11) 2188-0155 | Code: SULAMERICA  
English | Date: 05/06/2011 | Time: 12:00 p.m. (BRT) | 11:00 a.m. (US EST) | Phone: +1(412) 317-6776 | Code: SULAMERICA

*SulAmérica expands commercial partnerships and enters into coinsurance agreement with Caixa Seguros.*

*Main events in 1Q11 and subsequent events*

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▶ **Expansion of the share-based compensation plan**

In line with the changes to the Stock Option Plan approved at the Extraordinary Shareholders Meeting of March 31, 2011, the Company's Board of Directors approved on April 1, 2011 its 2011 Stock Option Plan, including the Partner Plan through which the executive officers of the Company and its subsidiaries were able to convert part of their variable annual income into shares in SulAmérica S.A., while also receiving stock options in the same proportion of the amounts they commit to the plan.

▶ **Partnership with Caixa Seguros**

On April 5, 2011, the subsidiary SulAmérica Companhia Nacional de Seguros entered into a coinsurance agreement in the auto insurance segment with Caixa Seguradora S.A. According to the terms, SulAmérica will also be responsible for the operational and support activities related to the coinsurance agreement.

▶ **SulAmérica Day in New York**

On April 13, 2011, the Company held its first SulAmérica Investor Day in the city of New York. In order to strengthen the relationship between investors and the Company's executive officer, the event's agenda included presentations on all business areas, with the participation of all corporate areas. In addition to market analysts and investors, the event also enjoyed the participation of shareholders, members of the board of directors and the Company's executive officers.

▶ **Payment of Dividends**

On April 18, 2011, SulAmérica paid R\$ 291.7 million in dividends to shareholders, as approved in the Annual Shareholders' Meeting.

▶ **Dental Plan**

On April 18, 2011, SulAmérica announced that, complementing the publication made on December 13, 2011, the applicable regulatory agencies approved the acquisition of Dental Plan Ltda., a dental care provider operates in the North and Northeast regions of Brazil, with a strong presence in the Southeast and a portfolio of 122 thousand members. Therefore, SulAmérica's dental care portfolio will count with more than 396,500 members.

▶ **Super Service Auto Centers (C.A.S.A.)**

In 1Q11, SulAmérica continued the expansion of its Super Service Auto Centers (C.A.S.A.) network, launching a new center in Santos, São Paulo, bringing the total number of centers in Brazil to 30. With this expansion, SulAmérica reinforces its strategy to expand the services and benefits offered nationwide to the clients of Seguro Auto SulAmérica.

▶ **Quarterly Dividend Distribution**

In the meeting held on May 5, 2011, SulAmérica S.A. Board of Directors approved as part of the Company Dividend Policy, the quarterly distribution of interim dividends in the amount of R\$0.012 per Company common or preferred share and R\$0.036 per unit, corresponding to approximately R\$ 10 million, by decision of its Board of Directors at the time of disclosure of the Company's quarterly results, to the profit account verified in such statements or to the profit reserve account included in the previous annual balance sheet, observing the applicable legal and statutory provisions, being the distribution referring to the first quarter of 2011 already approved and announced on this date.

## *Effects of nonrecurring events*

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### ► **Complementary individual health insurance premiums**

The financial statements for the first and fourth quarters of 2010 were adjusted for the effects from the decision in July 2005, through which the National Private Health Insurance Agency (ANS) authorized SulAmérica to implement a 26.1% increase in the prices of its individual health insurance policies issued before January 1, 1999. The increase should have been applied in the period from July 2005 to June 2006, in accordance with the anniversary of the policies. However, the increase was suspended due to a preliminary injunction, 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, members in the state of Bahia received an increase in premiums of 12.9% related to the increase applied in 2005. In 1Q10 and 4Q10, increases related to the issue of premiums for new individual health insurance are booked under premiums, other operating expenses, expenses with taxes and income and social contribution taxes.

## Insurance operations

Insurance premiums   R\$ million	1Q11	1Q10	Δ%	4Q10	Δ%
Health insurance	1,438.9	1,189.8	20.9%	1,381.9	4.1%
Health insurance (adjusted)	1,438.9	1,129.1	27.4%	1,405.7	2.4%
Group health insurance	1,064.4	832.9	27.8%	1,020.2	4.3%
Group health insurance (adjusted)	1,064.4	832.9	27.8%	1,020.2	4.3%
Individual health insurance	374.4	356.9	4.9%	361.7	3.5%
Individual health insurance (adjusted)	374.4	296.3	26.4%	385.6	-2.9%
Auto insurance	515.2	419.1	22.9%	539.2	-4.5%
Other property & casualty insurance	120.3	135.4	-11.2%	107.1	12.3%
Life & personal accident insurance	160.2	132.1	21.3%	175.3	-8.6%
Total	<b>2,234.6</b>	<b>1,876.4</b>	<b>19.1%</b>	<b>2,203.4</b>	<b>1.4%</b>
Total adjusted	<b>2,234.6</b>	<b>1,815.7</b>	<b>23.1%</b>	<b>2,227.3</b>	<b>0.3%</b>

Earned premiums   R\$ million	1Q11	1Q10	Δ%	4Q10	Δ%
Health insurance	1,434.4	1,273.8	12.6%	1,385.0	3.6%
Health insurance (adjusted)	1,434.4	1,213.1	18.2%	1,408.9	1.8%
Group health insurance	1,060.2	852.8	24.3%	1,021.1	3.8%
Group health insurance (adjusted)	1,060.2	852.8	24.3%	1,021.1	3.8%
Individual health insurance	374.2	421.0	-11.1%	363.9	2.8%
Individual health insurance (adjusted)	374.2	360.3	3.9%	387.8	-3.5%
Auto insurance	520.0	416.1	25.0%	507.9	2.4%
Other property & casualty insurance	75.3	78.5	-4.1%	85.6	-12.1%
Life & personal accident insurance	89.3	100.6	-11.3%	88.5	0.8%
Total	<b>2,118.9</b>	<b>1,869.0</b>	<b>13.4%</b>	<b>2,067.1</b>	<b>2.5%</b>
Total adjusted	<b>2,118.9</b>	<b>1,808.3</b>	<b>17.2%</b>	<b>2,090.9</b>	<b>1.3%</b>

Loss ratio   %	1Q11	1Q10	Δ bps	4Q10	Δ bps
Health insurance	80.1%	76.9%	330	70.4%	980
Health insurance (adjusted)	80.1%	80.7%	-60	69.2%	1100
Group health insurance	78.7%	79.0%	-20	68.3%	1050
Group health insurance (adjusted)	78.7%	79.0%	-20	68.3%	1050
Individual health insurance	84.1%	72.5%	1160	76.2%	790
Individual health insurance (adjusted)	84.1%	84.7%	-60	71.5%	1260
Auto insurance	62.0%	63.7%	-170	58.4%	360
Other property & casualty insurance	63.0%	65.2%	-220	51.8%	1120
Life & personal accident insurance	53.7%	46.0%	770	46.8%	700
Total	<b>74.0%</b>	<b>71.8%</b>	<b>220</b>	<b>65.6%</b>	<b>830</b>
Total adjusted	<b>74.0%</b>	<b>74.2%</b>	<b>-20</b>	<b>64.9%</b>	<b>910</b>

Acquisition cost ratio   %	1Q11	1Q10	Δ bps	4Q10	Δ bps
Health insurance	6.7%	5.9%	80	6.7%	0
Health insurance (adjusted)	6.7%	6.2%	50	6.6%	10
Group health insurance	8.6%	8.5%	10	8.7%	-10
Group health insurance (adjusted)	8.6%	8.5%	10	8.7%	-10
Individual health insurance	1.4%	0.7%	70	1.0%	50
Individual health insurance (adjusted)	1.4%	0.8%	60	0.9%	50
Auto insurance	21.7%	-23.5%	180	21.8%	-20
Other property & casualty insurance	23.5%	19.3%	420	22.2%	120
Life & personal accident insurance	34.8%	23.5%	1130	29.4%	540
<b>Total</b>	<b>12.2%</b>	<b>11.3%</b>	<b>80</b>	<b>12.0%</b>	<b>10</b>
Total adjusted	<b>12.2%</b>	<b>11.7%</b>	<b>40</b>	<b>11.9%</b>	<b>30</b>

Gross margin   %	1Q11	1Q10	Δ bps	4Q10	Δ bps
Health insurance	13.2%	17.2%	-410	23.0%	-980
Health insurance (adjusted)	13.2%	13.1%	10	24.3%	-1110
Group health insurance	12.7%	12.5%	20	23.0%	-1030
Group health insurance (adjusted)	12.7%	12.5%	20	23.0%	-1030
Individual health insurance	14.5%	26.8%	-1230	22.9%	-840
Individual health insurance (adjusted)	14.5%	14.5%	0	27.6%	-1310
Auto insurance	16.4%	12.8%	350	19.8%	-340
Other property & casualty insurance	13.5%	15.5%	-200	25.9%	-1240
Life & personal accident insurance	11.5%	30.4%	-1900	23.8%	-1230
<b>Total</b>	<b>13.9%</b>	<b>16.9%</b>	<b>-300</b>	<b>22.4%</b>	<b>-850</b>
Total adjusted	<b>13.9%</b>	<b>14.1%</b>	<b>-20</b>	<b>22.4%</b>	<b>-850</b>

Combined ratio   %	1Q11	1Q10	Δ bps	4Q10	Δ bps
Combined ratio	99.3%	98.5%	-80	94.8%	450
Combined ratio (adjusted)	99.3%	100.7%	-140	94.3%	500

R\$ million	1Q11	1Q10	Δ %	4Q10	Δ %
Income before income tax, social	184.0	158.7	15.9%	464.6	-60.4%
Income tax and social contribution	(72.4)	(40.8)	77.3%	(165.1)	-56.2%
Net income	101.9	109.6	-7.0%	286.3	-64.4%
Net income adjusted	101.9	85.4	19.4%	158.3	-35.6%
ROAE	14.6%	17.3%	-2.7 p.p	40.0%	-25.4 p.p
ROAE adjusted	14.6%	13.5%	1.1 p.p	22.1%	-7.5 p.p

Important note: certain 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.

*Health insurance segment grows 27.4% in 1Q11 to reach R\$1.4 billion in premiums and 2.1 million insured members*

**Health insurance**

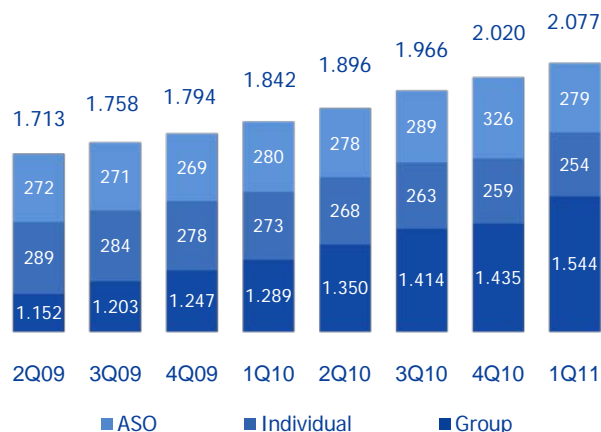
► **Insurance premiums** | Health insurance premiums (64.4% of all insurance premiums) amounted to R\$1.4 billion in 1Q11, representing an increase of 27.4% in relation to 1Q10 (2.4% in relation to 4Q10).

Group health insurance premiums totaled R\$1.1 billion in 1Q11, increasing by 27.8% in relation to 1Q10 (up 4.3% over 4Q10). At the end of March, the group health insurance portfolio totaled 1,544 thousand insured members, an increase of 19.6% in relation to 1Q10 (up 7.6% over 4Q10). The growth in premiums was due, in part, to the addition of 253 thousand new members, including members previously covered by managed contracts, and by the price increases applied to existing policies. Health insurance premiums in the small and medium enterprises (SME) segment expanded by 56.6% in 1Q11 in relation to 1Q10 (up 11.4% in relation to 4Q10), reaching R\$231.4 million, due to the 25.2% increase in the portfolio, to reach 233,427 members at the end of the period (up 4.9% in relation to 4Q10). The dental care portfolio ended 1Q11 with 274,554 members, up 86.8% in relation to 1Q10 (increases of 11.3% in premiums and 3.7% in members in relation to 4Q10). Considering the acquisition of Dental PLAN by SulAmérica, approved on April 18<sup>th</sup> 2011, SulAmérica's dental care portfolio reaches 396,500 members.

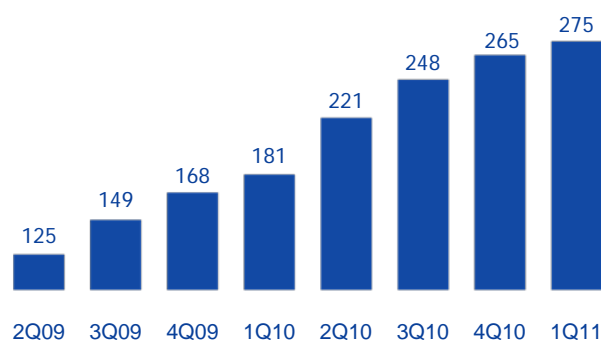
In the individual health insurance segment, premiums reached R\$374.4 million in 1Q11, increasing 26.4% in relation to 1Q10 (down 2.9% over 4Q10). The individual health insurance portfolio contracted by 6.9% in relation to 1Q10 (down 1.7% on 4Q10), ending the period with 254,295 members. The effects from the lower number of insured members was partially offset by the adjustments to individual policies (+6.73% for policies issued under the scope of Federal Law 9,656/98, effective as of May 2010,

and of +10.91% for policies issued before said law came into force, effective as of July 2010).

**Health insurance and dental care covered individuals (thousand)**



**Dental care covered individuals (thousand)**

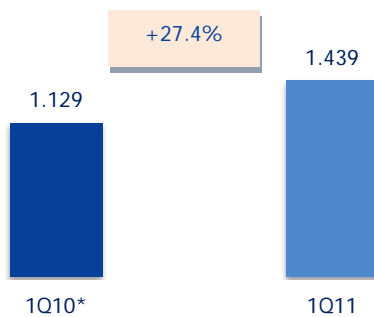


► **Loss ratio** | The overall health insurance loss ratio in 1Q11 decreased by 60 bps in relation to 1Q10 to 80.1% (up 1,100 bps in relation to 4Q10). In the first quarter, the group health insurance loss ratio increased by 30 bps in relation to 1Q10 (up 1,050 bps on 4Q10), ending the quarter at 78.8%. The individual health insurance loss ratio in 1Q11 increased by 60 bps in relation to 1Q10 to 84.1% (up 1,260 bps in relation to 4Q10). The variation in the health insurance loss ratio in relation to 4Q10 was influenced, in part, by the higher frequency of use related

to the period's seasonality and by the adjustments to the calculation of the provision for risks occurred but not reported (IBNR).

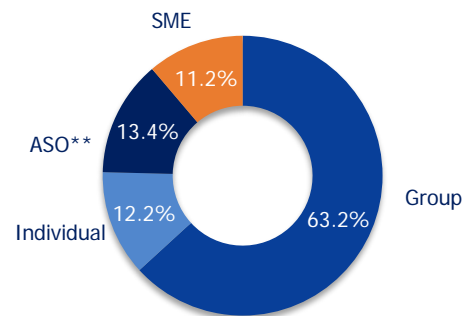
► **Acquisition cost ratio** | The health insurance acquisition cost ratio was 6.7% in 1Q11, up 50 bps in relation to 1Q10 (up 10 bps in relation to 4Q10), due to the higher share of the group health insurance and small and medium enterprises segments, with no changes in the commissions policy adopted by the company.

**Insurance premiums**  
R\$ million

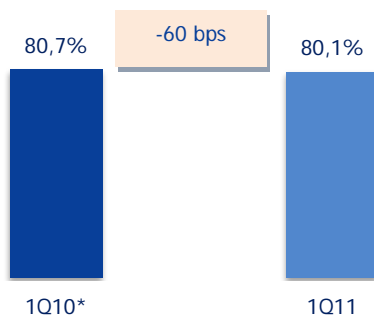


**Covered individuals 1Q11**

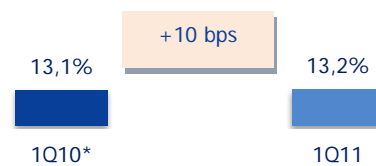
Total | 2.1 million covered individuals



**Loss ratio**  
% earned premiums



**Gross margin**  
% earned premiums



\* Recurring figures

\*\* Post-payment managed plans (ASO)



*Revenue from auto insurance premiums  
climbs 22.9% in the quarter with insured fleet of 1.4 million vehicles*

**Auto insurance**

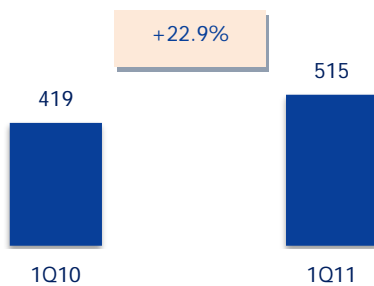
► **Insurance premiums** | Premiums from auto insurance, (23.1% of total company insurance premiums), increased by 22.9% in relation to 1Q10 (decreased 4.5% in relation to 4Q10) to reach R\$515.2 million in 1Q11. This growth is mainly explained by the 21.8% increase in policies written in the quarter and by the higher average premium of policies. The insured fleet reached 1,448 thousand vehicles at the end of 1Q11, for growth of 21.0% in relation to same period of the previous year. Brazil's auto insurance industry registered year-on-year growth of 9.3% in the year through February 2011, according to data from the Private Insurance Superintendence (SUSEP). In the same period, SulAmérica grew by 25.8% to reach market share of

10.5%, for a gain of 10 bps in the year, ranking third in terms of insurance premiums.

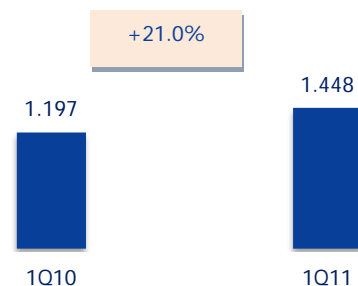
► **Loss ratio** | The auto insurance loss ratio in 1Q11 increased 170 bps in relation to 1Q10 to 62.0% (up 360 bps in relation to 4Q10), in line with the seasonal frequency of claims.

► **Acquisition cost ratio** | The auto insurance acquisition cost ratio in 1Q11 declined by 180 bps in relation to 1Q10 to 21.7% (down 20 bps in relation to 4Q10), partially due to the reclassification of accounts composing this item.

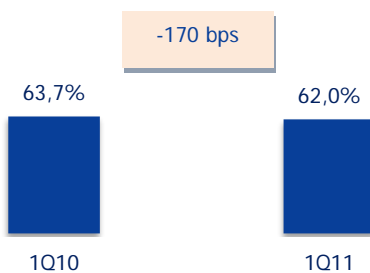
Insurance premiums  
R\$ million



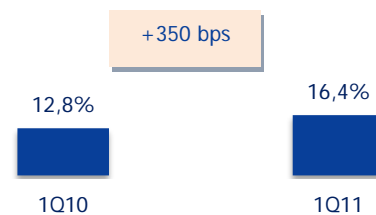
Insured fleet  
thousand vehicles



Loss ratio  
% earned premiums



Gross margin  
% earned premiums



*Other property and casualty insurance loss ratio reaches 63.0% in 1Q11*

*Other property and casualty insurance*

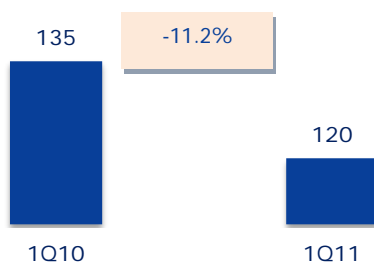
► **Insurance premiums** | Premiums for other property and casualty insurance, which accounted for 5.4% of the company's overall insurance premiums, totaled R\$120.3 million in 1Q11, down 11.2% in relation to 1Q10 and up 12.4% over 4Q10, driven by the review in the risk acceptance policy for this portfolio.

► **Loss ratio** | other property and casualty insurance loss ratio reached 63.0% in 1Q11, increasing 220 bps in

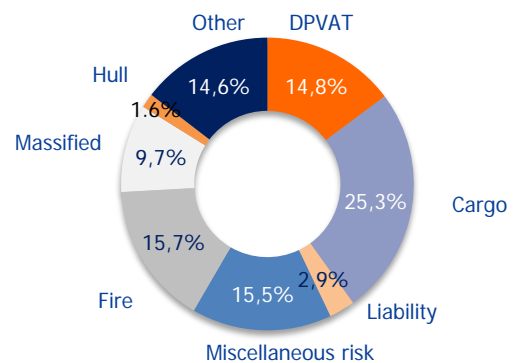
relation to 1Q10 (down 1,120 bps on 4Q10), due to the portfolio's more favorable risk profile after the review of the acceptance policy mentioned above.

► **Acquisition cost ratio** | The other property and casualty insurance acquisition cost ratio was 23.5% in 1Q11, increasing 420 bps in relation to 1Q10 (up 120 bps on 4Q10).

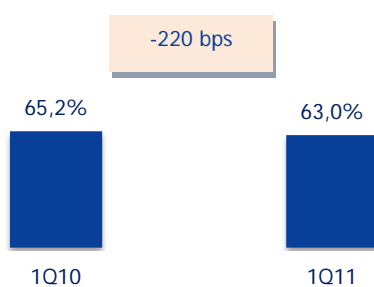
Insurance premiums  
R\$ million



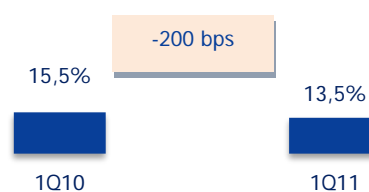
Segment breakdown 1Q11  
Total | R\$120.3 million



Loss ratio  
% earned premiums



Gross margin  
% earned premiums



*Life and personal accident insurance grows by 21.3% in 1Q11.*

## Life and personal accident insurance

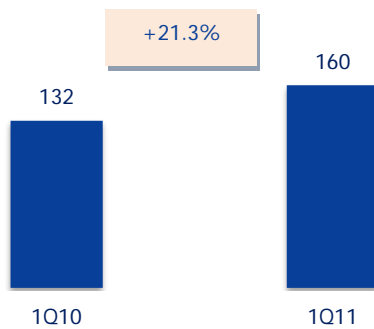
► **Insurance premiums** | Premiums for life and personal accident insurance, which account for 7.2% of the company's total insurance premiums, stood at R\$160.2 million in 1Q11, increasing by 21.3% in relation to 1Q10 and declining by 8.6% in relation to 4Q10, fueled by VGBL premiums, which grew by 87.5% in 1Q11, and by the expansion in distribution channels. The life and personal accident insurance portfolio ended the quarter with 2,405 thousand insured members.

► **Loss ratio** | The life and personal accident loss ratio stood at 53.7% in 1Q11, up 770 bps in relation to 1Q10 (up 700 bps on 4Q10), reflecting, mainly, the increase in provisions for judicial losses.

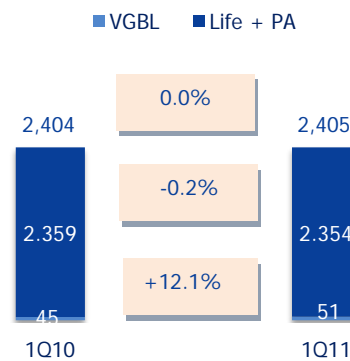
► **Acquisition cost ratio** | The life and personal accident acquisition cost ratio improved by 1,130 bps in 1Q11 from 1Q10 to reach 34.8% (540 bps in relation to 4Q10). The increases in 1Q11 are explained by the commercial conditions practiced in personal accident insurance, with a higher focus on the portfolio's composition, and are also partially due to the accounting reclassification of certain accounts under this line.

► **VGBL Reserves** | In 1Q11, VGBL reserves reached R\$636.2 million, increasing 64.5% in relation to 1Q10 (up 10.1% on 4Q10).

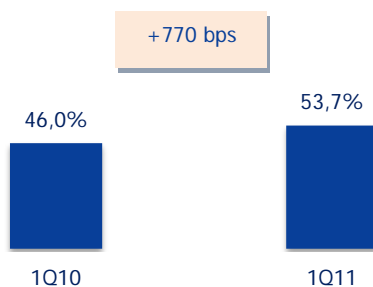
Insurance premiums  
R\$ million



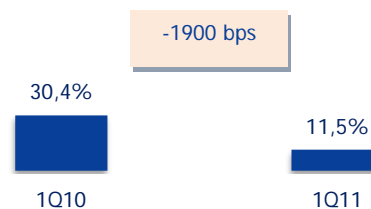
Covered individuals  
thousand



Loss ratio  
% earned premiums



Gross margin  
% earned premiums



## Other insurance operating income and expenses

R\$ million	1Q11	1Q10	Δ%	4Q10	Δ%
Other insurance operating income and expenses	(58.4)	(89.9)	35.0%	(120.1)	-51.4%
Adjusted other insurance operating income and expenses (adjusted)	(58.4)	(72.4)	19.3%	(132.4)	-55.9%

The increase in the other insurance operating income and expenses line in 1Q11 versus 1Q10 is mainly due to the reclassification of accounts. In December 2010, costs and revenues directly related to the acquisition of new policies

and/or renewals, such as risk and preliminary inspection, policy costs and related expenses, began to be booked under acquisition cost, effecting this line.

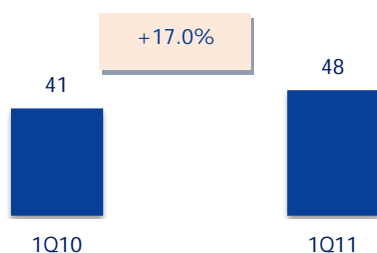
## Income from private pensions

R\$ million	1Q11	1Q10	Δ%	4Q10	Δ%
Income from private pension	7.3	5.9	24.2%	(23.3)	-

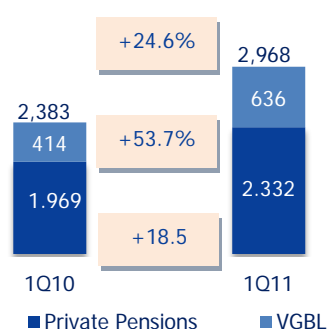
Private pensions registered income of R\$7.3 million in 1Q11, driven by the higher income from contributions. In relation to 4Q10, the variation is partially explained by the

adoption of the mortality table *Experiência do Mercado Segurador Brasileiro - BR-EMS*.

Pension contributions  
R\$ million



Pension reserves  
R\$ million



## *Income from healthcare operations*

R\$ million	1Q11	1Q10	Δ%	4Q10	Δ%
Income from healthcare operations	7.0	8.5	-17.7%	6.8	2.9%

Income from healthcare administrative services (ASO, post-payment managed healthcare plans) fell by 21.0% in relation to 1Q10 (up 2.9% in relation to 4Q10) to reach R\$7.0 million.

The reduction was mainly caused by the transfer of members from this portfolio to other health insurance

segments and due to the accounting changes related to the reclassification of accounts previously booked under administrative expenses, partially offset by the increase in the average management fee, in line with the adjustment conditions provided for in the respective policies. At the end of the period, the portfolio totaled 279,170 thousand members.

## *Income from asset management*

R\$ million	1Q11	1Q10	Δ%	4Q10	Δ%
Income from asset management	6.0	5.2	15.8%	6.1	-1.6%

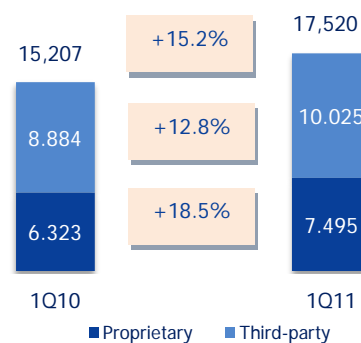
The volume of assets managed by Sul América Investimentos D.T.V.M. S.A. increased by 15.2% to end 1Q11 at R\$17.5 billion, based on data from the National Association of Investment Banks (ANBIMA). Income from asset management operations increased by 15.8% in

1Q11 from 1Q10, due to the higher volume of assets under management and the higher allocation of client resources to funds with more diversified profiles, and consequently better management fees.

Third-party assets  
R\$10.0 billion (1Q11)



Assets under management  
R\$ million



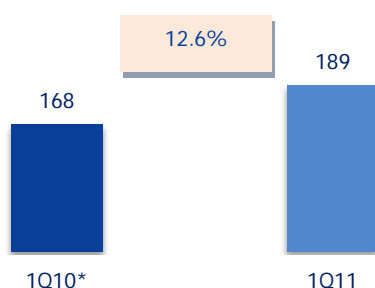
## Administrative expenses

R\$ million	1Q11	1Q10	Δ%	4Q10	Δ%
Personnel expenses	(102.9)	(113.6)	-9.4	(99.5)	3.4
Third-party services	(49.9)	(38.2)	30.7	(54.9)	-9.1
Buildings and maintenance	(46.5)	(42.6)	9.2	(42.8)	8.6
Other administrative revenues	10.0	26.2	-61.8	(1.7)	-
<b>Total</b>	<b>(189.3)</b>	<b>(168.2)</b>	<b>12.6</b>	<b>(198.9)</b>	<b>-4.8</b>
<b>Total adjusted</b>	<b>(189.3)</b>	<b>(168.2)</b>	<b>12.6</b>	<b>(197.4)</b>	<b>-4.1</b>
Administrative expenses ratio (% retained premiums)	8.7%	11.5%	-280 bps	9.2%	-50 bps
Administrative expenses ratio (% adjusted retained premiums)	8.7%	11.9%	-320 bps	9.0%	-30 bps.

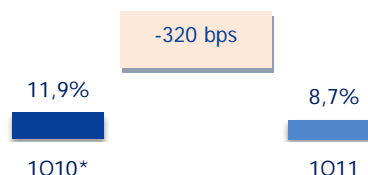
Administrative expenses climbed 12.6% in 1Q11 over 1Q10 (down 4.1% from 4Q10), equivalent to an improvement of 320 bps in the administrative expenses ratio, on a recurring basis. The improvement in the ratio partially reflects the better operating efficiency and the positive effects from the recovery of expenses incurred from the shared use of the operating and administrative

structure support systems by SulAmérica and Brasilveículos. The 30.7% growth in third-party services in 1Q11 in relation to 1Q10 is chiefly due to the outsourcing of certain operational processes and to the increase in expenses with IT services, in line with the higher volume of policies issued.

Administrative expenses  
R\$ million



Administrative expense ratio  
% retained premiums



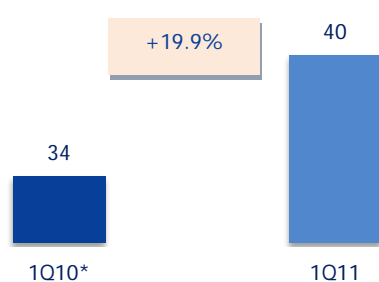
## Tax Expenses

R\$ million	1Q11	1Q10	Δ%	4Q10	Δ%
Tax expenses	(40.4)	(36.5)	10.6	(51.6)	21.8
Tax expenses adjusted	(40.4)	(33.7)	19.9	(52.7)	23.4

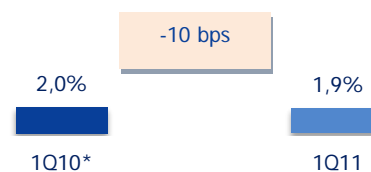
Tax expenses increased by 19.9% in 1Q11 in relation to 1Q10, representing 1.9% of retained premiums. The increase was due to the higher expenses with PIS and

COFINS taxes in the period, in line with the growth in insurance premiums.

Tax expenses  
R\$ million

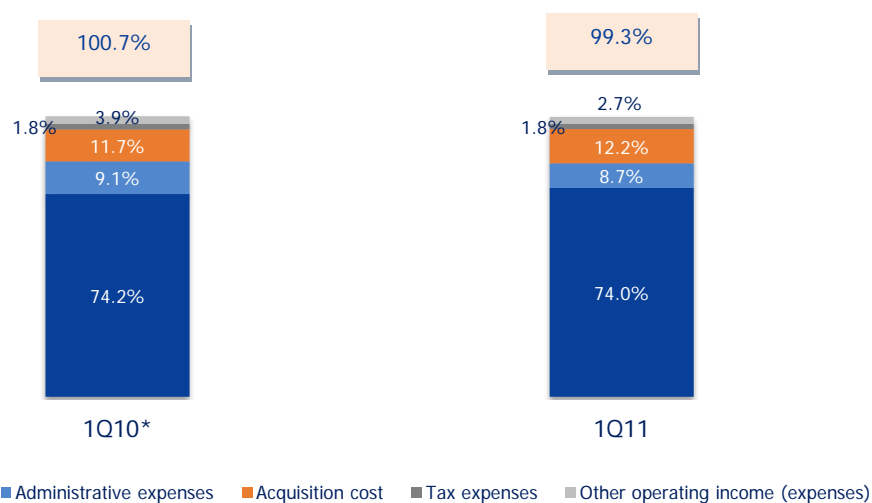


Tax expenses ratio  
% retained premiums



## Combined ratio

R\$ million	1Q11	1Q10	Δ bps	4Q10	Δ bps
Combined ratio	99.3%	98.5%	-80	94.8%	450
Combined ratio adjusted	99.3%	100.7%	-140	94.3%	500



\* Recurring figures

## Financial income

R\$ million	1Q11	1Q10	Δ%	4Q10	Δ%
Financial income ex-private pension and VGBL operations	150.0	109.9	36.6	158.1	(5.1)
Return on investment portfolio	138.9	101.7	36.6	128.9	7.8
Debt servicing costs	(11.4)	(10.4)	(9.1)	(11.2)	(1.8)
Other	22.5	18.6	21.0	40.5	(44.3)
Financial income of private pension and VGBL operations	3.6	7.7	(53.2)	2.0	80.0
Return on investment portfolio of private pension and VGBL operations	69.4	65.3	6.2	76.8	(9.6)
Change in liabilities of private pension and VGBL operations	(65.7)	(57.7)	(13.9)	(74.8)	12.1
Total financial income	153.7	117.5	30.7	160.1	(4.0)

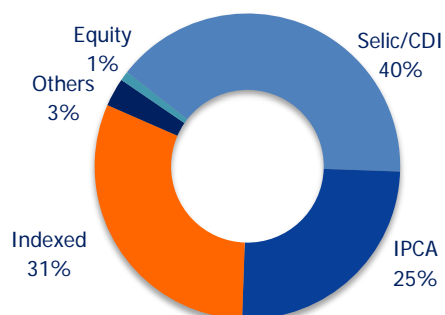
The balance of the Company's investments in securities not linked to the private pension and VGBL operations increased by 36.6% in 1Q11 in relation to 1Q10, to reach R\$4.9 billion. Of this total, approximately 99.0% was allocated to fixed-income investments, while 1% was represented by equity investments, with approximately 92.9% of the investments in fixed-income instruments allocated to securities with "Triple AAA" sovereign risk ratings (government bonds).

The average return on assets not linked to the private pension and VGBL operations was 111.1% of the CDI rate in 1Q11, while the average return of the total investment portfolio corresponded to 103.7% of the CDI.

Total financial income increased by 30.7% in 1Q11 in relation to 1Q10, due to higher interest rates, the acceleration in inflation and the performance of the fixed-rate security portfolio.

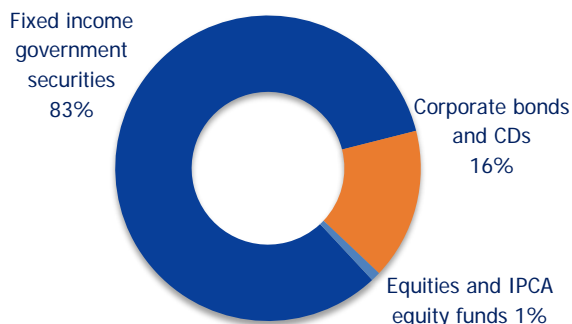
### Investment strategy excluding pension and VGBL operations

Total | R\$4.9 billion



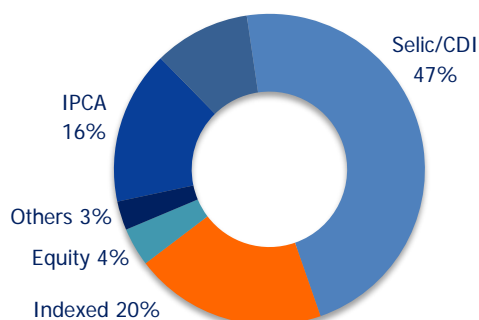
### Investment allocation excluding pension and VGBL operations

Total | R\$4.9 billion



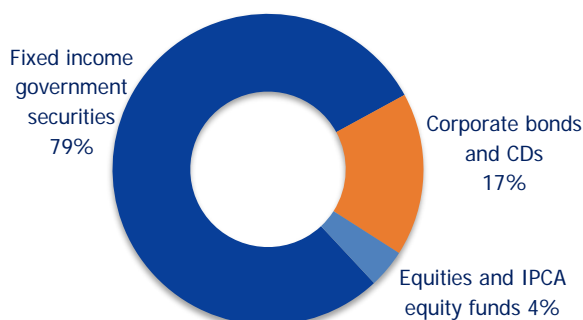
### Investment strategy

Total | R\$7.9 billion (includes private pension and VGBL operations)



### Investment allocation

Total | R\$7.9 billion (includes private pension and VGBL operations)





## Income tax and social contribution

R\$ million	1Q11	1Q10	Δ%	4Q10	Δ%
Income tax and social contribution	(72.4)	(40.8)	-77.5	(165.1)	56.1
Income tax and social contribution adjusted	(72.4)	(24.7)	-193.1	(79.8)	9.3

Expenses with income and social contribution taxes in 1Q11 increased by R\$31.6 million or 77.5% over 1Q10,

partially due to the Company's utilization of tax credits in 1Q10.

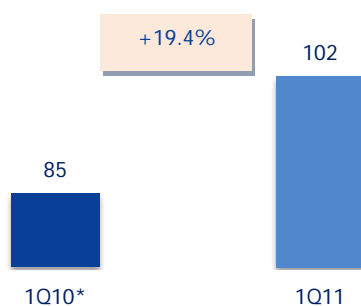
## Net income and return on average equity (ROAE)

R\$ million	1Q11	1Q10	Δ%	4Q10	Δ%
Net income	101.9	109.6	-7.0	286.3	-64.4
Net income adjusted	101.9	85.4	19.4	158.3	-35.6
ROAE	14.6%	17.3%	-270 bps	40.0%	-2540 bps
ROAE adjusted	14.6%	13.5%	110 bps	22.1%	-750 bps

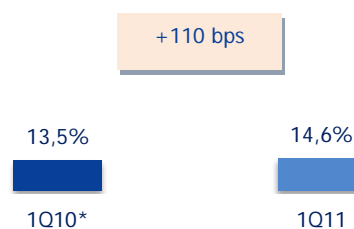
Net income was R\$101.9 million in 1Q11, up 19.4% from net income in 1Q10 (down 35.6% on net income in 4Q10), on a recurring basis. Return on equity in the

quarter was 14.6%, an increase of 110 bps in relation to 1Q10 (down 750 bps in relation to 4Q10).

Net income  
R\$ million



ROAE\*\*  
%



\* Recurring figures

\*\* Return on average equity

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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	1Q11	1Q10	Δ%	4Q10	Δ%
Insurance premiums	2,234.6	1,963.0	13.8%	2,203.4	1.4%
Premiums ceded to reinsurance, retrocession, consortiums and funds	(51.3)	(50.5)	1.7%	(42.3)	21.4%
Retained premiums	2,183.2	1,912.6	14.2%	2,161.1	1.0%
Changes in insurance and retained technical reserves	(64.3)	(43.6)	47.4%	(94.1)	-31.7%
Earned premiums	2,118.9	1,869.0	13.4%	2,067.1	2.5%
Retained claims and benefits expenses	(1,567.1)	(1,341.5)	16.8%	(1,356.7)	-15.5%
Acquisitions costs	(257.5)	(211.9)	21.5%	(248.3)	-3.7%
<b>Gross margin</b>	<b>294.3</b>	<b>315.6</b>	<b>-6.7%</b>	<b>462.1</b>	<b>-36.3%</b>
Other insurance operating income (expenses)	(54.7)	(89.9)	-39.2%	(120.1)	-54.5%
Net operating income from private pension business	7.3	5.9	24.2%	(23.3)	n/a
Net operating income from ASO business	7.0	8.5	-17.7%	6.8	2.9%
Net operating income from asset management business	6.0	5.2	15.8%	6.1	-2.3%
Administrative expenses	(189.3)	(168.1)	12.6%	(198.9)	4.9%
Tax expenses	(40.4)	(36.5)	10.6%	(51.6)	21.8%
Net financial income	153.5	117.5	30.6%	160.1	4.1%
Equity income from nonconsolidated subsidiaries	0.2	0.5	-55.7%	223.5	n/a
Income before income tax, social contribution and profit sharing	184.0	158.7	15.9%	464.8	-60.4%
Income tax and social contribution	(72.4)	(40.8)	77.3%	(165.1)	56.2%
Profit sharing	(9.7)	(7.9)	23.0%	(13.1)	26.0%
Minority interest	0.0	0.4	n/a	(0.1)	n/a
<b>Net income</b>	<b>101.9</b>	<b>110.1</b>	<b>-7.7%</b>	<b>286.3</b>	<b>-64.4%</b>
Basic earnings per share (R\$)*					
Per preferred share	0.12	0.13	7.7%	0.35	-65.7%
Per common share	0.12	0.13	7.7%	0.34	-64.7%
Diluted earnings per share (R\$)*					
Per preferred share	0.12	0.12	-	0.34	-64.7%
Per common share	0.12	0.12	-	0.34	-64.7%

\* Parent Company

## Appendix II – Balance sheet summary

Assets   R\$ million	03/31/2011	12/31/2010	Δ%
<b>Current assets</b>	<b>8,683.6</b>	<b>8,343.7</b>	<b>4.1%</b>
Cash, cash equivalents and marketable securities	6,688.2	6,329.4	5.7%
Receivables from insurance and reinsurance operations	1,143.6	1,172.1	-2.4%
Reinsurance and retrocession expenses	54.4	58.9	-7.6%
Deferred acquisition costs	343.7	342.0	0.5%
Other current assets	453.6	441.3	2.8%
<b>Long-term assets</b>	<b>3,821.8</b>	<b>3,761.4</b>	<b>1.6%</b>
Marketable securities	1,253.4	1,231.6	1.8%
Judicial and fiscal deposits	1,541.9	1,519.8	1.5%
Deferred acquisition costs	147.5	151.9	-2.9%
Other long-term assets	879.0	858.2	2.4%
<b>Permanent assets</b>	<b>156.8</b>	<b>163.1</b>	<b>-3.8%</b>
<b>Total assets</b>	<b>12,662.2</b>	<b>12,268.2</b>	<b>3.2%</b>
<b>Liabilities   R\$ million</b>	<b>03/31/2011</b>	<b>12/31/2010</b>	<b>Δ%</b>
<b>Current liabilities</b>	<b>5,407.5</b>	<b>4,809.3</b>	<b>12.4%</b>
Loans and financing	322.2	5.6	5662.0%
Other payable obligations	707.5	564.8	25.3%
Insurance, reinsurance and private pension debts	308.1	344.7	-10.6%
Technical reserves – insurance and reinsurance	3,415.9	3,207.4	6.5%
Technical reserves – private pension	501.7	501.2	0.1%
Accrued liabilities for contingencies	152.2	185.6	-18.0%
<b>Non-current liabilities</b>	<b>4,414.3</b>	<b>4,567.1</b>	<b>-3.3%</b>
Accounts payable	847.2	822.2	3.0%
Loans and financing	-	315.4	n/a
Other accounts payable	188.4	183.3	2.8%
Technical reserves – insurance and reinsurance	544.9	535.5	1.7%
Technical reserves – private pension	1,831.6	1,758.3	4.2%
Accrued liabilities for contingencies	1,002.2	952.4	5.2%
<b>Shareholder's equity</b>	<b>2,840.5</b>	<b>2,891.9</b>	<b>-1.8%</b>
<b>Total liabilities</b>	<b>12,662.2</b>	<b>12,268.2</b>	<b>3.2%</b>

## *Appendix V – Glossary*

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<b>Term</b>	<b>Definition</b>
Loss ratio	Retained claims and benefit expenses divided by earned premiums.
Acquisition cost ratio	Acquisition costs divided by earned premiums.
Gross margin ratio	Gross margin divided by earned premiums.
Administrative expenses ratio	Administrative expenses divided by retained premiums
Tax expenses ratio	Tax expenses divided by retained premiums.
Other insurance operating income (expenses) ratio	Other insurance operating income (expenses), divided by retained premiums.
Combined ratio	Operating efficiency ratio of insurance companies, which is measured by the sum of the division of expenses with claims plus commissions by earned premiums plus the result of the division of administrative expenses, other operating expenses/revenue and tax expenses by retained premiums.
Debt/equity ratio	Sum of loans and financing, divided by shareholders' equity.
Return on average equity (ROAE)	Net income (loss) divided by average shareholders' equity in the period. Annualized indicator for interim periods.
Average equity	Average of shareholders' equity at the end and start of the period.

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