

# Earnings Release | 1Q09

SulAmérica

associada ao ING 

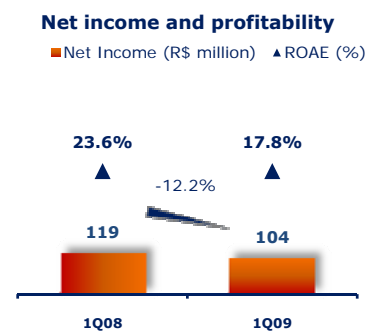
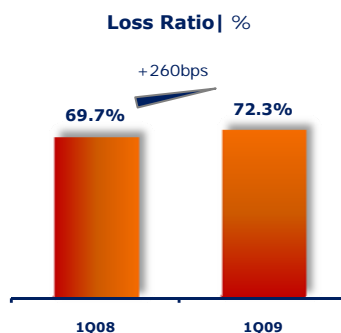
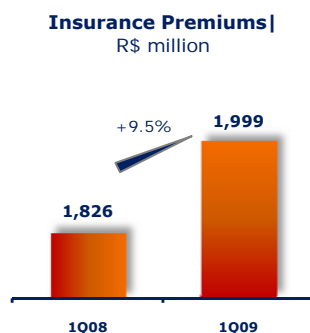


**Rio de Janeiro, May 13, 2009** – Sul América S.A. (Bovespa: SULA11) announces today its results for the first quarter 2009 (1Q09). The Company's operating and financial information, except where otherwise stated, is based on its financial statements and was prepared in Brazilian real (R\$), in accordance with CVM regulations (including CVM Ruling 469 of May 2, 2008).

## Net income reaches R\$104.3 million in 1Q09, with premiums up 9.5%

### Highlights

- ▶ Net income totals R\$104.3 million in the quarter, down 12.2% on 1Q08 and 18.5% higher than in 4Q08. ROAE was 17.8% in the quarter.
- ▶ Total insurance premiums moved up by 9.5% in 1Q09 reaching R\$2.0 billion (down 1.6% over 4Q08). Health insurance premiums increased by 10.0% over 1Q08, with the group health portfolio up 15.8% (down 0.5% over 4Q08), led by the growth of 15.0% in policies to small and medium-sized enterprises (SMEs). Auto insurance premiums climb 10.5% over 1Q08 (down 2.2% over 4Q08), while the insured fleet expands to 1.9 million vehicles in the quarter. Life insurance premiums grow by 11.4% (down 7.1% over 4Q08).
- ▶ Total loss ratio reaches 72.3%, increasing 260 bps in relation to 1Q08. Health insurance closes the quarter with a loss ratio of 78.6%, up 530 bps over 1Q08 (up 330 bps over 4Q08). Auto insurance loss ratio declines to 63.9%, 100 bps down over 1Q08. Life and personal accident loss ratio falls by 1170bps over 1Q08 closing 1Q09 at 49.8%.
- ▶ Combined ratio reaches 97.9%, up by 260 bps on 1Q08 and shows a 70 bps improvement over 4Q08.
- ▶ Return on the investment portfolio comes to R\$183.5 million in 1Q09, corresponding to an average yield of 108.1% of the CDI rate.



### CONFERENCE CALLS

| **Portuguese** | **Date:** May 14, 2009 | **Time:** 10 am (BR) | 9 am US EST | **Telephone:** +55 (11) 4003-9004 | **Code:** SULAMERICA  
| **English** | **Date:** May 14, 2009 | **Time:** 12 pm (BR) | 11 am US EST | **Telephone:** +1 973 935-8893 | **Code:** 97896543  
| **Webcast** | **Access:** [www.sulamerica.com.br/ir](http://www.sulamerica.com.br/ir)

## Message from Management

---

SulAmérica closed the first quarter of 2009 with R\$2.0 billion in insurance premiums, a growth of 9.5% over the same quarter of last year. Net income was R\$104.3 million, representing a decline of 12.2% on a year earlier and return on annualized average equity (ROAE) of 17.8%. Despite the lower net income, the company continues to register significant growth in premiums, even with the adverse macroeconomic conditions that Brazil has been experiencing since the second half of 2008. This situation reassures the anticyclical behavior of its portfolios and the low penetration rates observed in certain segments, such as small and medium-sized enterprises (SMEs), that maintained its growth pattern.

In health insurance segment, the instability during the quarter did not affect growth in premiums and members, but did lead to an increase in the segment's loss ratio, which in turn drove SulAmérica's overall loss ratio higher, which ended the quarter at 72.3%. Meanwhile, auto and life and personal accident segments continued to register strong growth in premiums with loss ratios declining in relation to the historical performance of the portfolios.

The combined ratio was 97.9% in 1Q09, up 260 bps over 1Q08, down 70bps over 4Q08 and following the increase in the loss ratio, which was partially offset by the lower contribution from administrative expenses to the ratio, reassuring the company's commitment to profitability.

The investment portfolio totaled R\$6.2 billion in the quarter with a return of R\$183.5 million, an average yield corresponding to 108.1% of the CDI rate.

In May, SulAmérica S.A. received national long term rating "AA-(bra)" and national short term rating "F1+(bra)", both with stable perspective, in the first evaluation in local scale of the Company promoted by Fitch Ratings. The agency reassured the Company's rating in foreign currency in "BB", also with stable perspective.

SulAmérica continued to invest in expanding its customer service infrastructure. In the quarter, the company inaugurated another two C.A.S.A.s auto service centers: one in Curitiba, in Paraná state, and another in Santo André, in the ABC region of São Paulo.

In 2008, the value of the SulAmérica brand increased by 6% in comparison with 2007, according to a survey conducted by Brand Finance that lists the 100 most valuable brands in Brazil and the company won the Desbravadores Trophy awarded by Brasil Notícias Editora e Comunicação Empresarial in recognition of the innovation in the implementation of digital-certification. In April, SulAmérica was recognized for the fourth straight year by the excellence in customer service award for 2008 conferred by the magazine Consumidor Moderno in the categories Insurance, Health and Private Pension.

The first quarter was marked by the launch of a new system that uses a water-based paint to refinish the vehicles in the network of service centers accredited by the C.A.S.A.s. This new technology is the product of a partnership between the company and BASF, and releases 90% less solvents into the atmosphere than traditional auto paints while drastically improving the working conditions of refinishing professionals.

## Insurance operations

| Insurance premiums   R\$ million    | 1Q09           | 1Q08           | Δ           | 4Q08           | Δ            |
|-------------------------------------|----------------|----------------|-------------|----------------|--------------|
| Health insurance                    | 1,068.8        | 971.3          | 10.0%       | 1,064.4        | 0.4%         |
| Group health insurance              | 716.9          | 619.3          | 15.8%       | 720.4          | -0.5%        |
| Individual health insurance         | 351.8          | 352.0          | 0.0%        | 344.0          | 2.3%         |
| Auto insurance                      | 596.2          | 539.6          | 10.5%       | 609.7          | -2.2%        |
| Other property & casualty insurance | 216.3          | 209.6          | 3.2%        | 230.8          | -6.3%        |
| Life & personal accident insurance  | 117.4          | 105.4          | 11.4%       | 126.4          | -7.1%        |
| <b>Total</b>                        | <b>1,998.7</b> | <b>1,825.9</b> | <b>9.5%</b> | <b>2,031.3</b> | <b>-1.6%</b> |

| Earned premiums   R\$ million       | 1Q09           | 1Q08           | Δ            | 4Q08           | Δ           |
|-------------------------------------|----------------|----------------|--------------|----------------|-------------|
| Health insurance                    | 1,068.5        | 973.1          | 9.8%         | 1,065.6        | 0.3%        |
| Group health insurance              | 716.0          | 618.6          | 15.8%        | 719.2          | -0.4%       |
| Individual health insurance         | 352.5          | 354.5          | -0.6%        | 346.4          | 1.8%        |
| Auto insurance                      | 582.4          | 511.0          | 14.0%        | 575.7          | 1.2%        |
| Other property & casualty insurance | 94.2           | 90.0           | 4.6%         | 95.4           | -1.3%       |
| Life & personal accident insurance  | 95.0           | 81.6           | 16.3%        | 87.6           | 8.4%        |
| <b>Total</b>                        | <b>1,840.0</b> | <b>1,655.6</b> | <b>11.1%</b> | <b>1,824.3</b> | <b>0.9%</b> |

| Loss ratio                          | 1Q09         | 1Q08         | Δ              | 4Q08         | Δ              |
|-------------------------------------|--------------|--------------|----------------|--------------|----------------|
| Health insurance                    | 78.6%        | 73.3%        | 530 bps        | 75.3%        | 330 bps        |
| Group health insurance              | 76.1%        | 69.2%        | 690 bps        | 71.4%        | 470 bps        |
| Individual health insurance         | 83.7%        | 80.3%        | 340 bps        | 83.4%        | 30 bps         |
| Auto insurance                      | 63.9%        | 64.9%        | -100 bps       | 60.6%        | 330 bps        |
| Other property & casualty insurance | 75.1%        | 65.1%        | 1000 bps       | 77.4%        | -230 bps       |
| Life & personal accident insurance  | 49.8%        | 61.5%        | -1170 bps      | 43.6%        | 620 bps        |
| <b>Total</b>                        | <b>72.3%</b> | <b>69.7%</b> | <b>260 bps</b> | <b>69.3%</b> | <b>300 bps</b> |

| Acquisition cost ratio              | 1Q09         | 1Q08         | Δ            | 4Q08         | Δ              |
|-------------------------------------|--------------|--------------|--------------|--------------|----------------|
| Health insurance                    | 5.6%         | 5.3%         | 30 bps       | 5.6%         | 0 bps          |
| Group health insurance              | 7.9%         | 7.8%         | 10 bps       | 7.9%         | 0 bps          |
| Individual health insurance         | 0.9%         | 1.0%         | -10 bps      | 0.9%         | 0 bps          |
| Auto insurance                      | 18.4%        | 19.3%        | -90 bps      | 18.6%        | -20 bps        |
| Other property & casualty insurance | 17.6%        | 18.3%        | -70 bps      | 19.4%        | -180 bps       |
| Life & personal accident insurance  | 19.2%        | 18.8%        | 40 bps       | 25.3%        | -610 bps       |
| <b>Total</b>                        | <b>11.0%</b> | <b>11.0%</b> | <b>0 bps</b> | <b>11.4%</b> | <b>-40 bps</b> |

| <b>Gross margin</b>                 | <b>1Q09</b>  | <b>1Q08</b>  | <b>Δ</b>        | <b>4Q08</b>  | <b>Δ</b>        |
|-------------------------------------|--------------|--------------|-----------------|--------------|-----------------|
| Health insurance                    | 15.7%        | 21.4%        | -570 bps        | 19.0%        | -330 bps        |
| Group health insurance              | 15.9%        | 23.0%        | -710 bps        | 20.7%        | -480 bps        |
| Individual health insurance         | 15.4%        | 18.7%        | -330 bps        | 15.7%        | -30 bps         |
| Auto insurance                      | 17.7%        | 15.8%        | 190 bps         | 20.7%        | -300 bps        |
| Other property & casualty insurance | 7.4%         | 16.6%        | -920 bps        | 3.1%         | 430 bps         |
| Life & personal accident insurance  | 31.0%        | 19.7%        | 1130 bps        | 31.1%        | -10 bps         |
| <b>Total</b>                        | <b>16.7%</b> | <b>19.3%</b> | <b>-260 bps</b> | <b>19.3%</b> | <b>-260 bps</b> |

| <b>Combined ratio</b> | <b>1Q09</b> | <b>1Q08</b> | <b>Δ</b> | <b>4Q08</b> | <b>Δ</b> |
|-----------------------|-------------|-------------|----------|-------------|----------|
| Combined ratio        | 97.9%       | 95.3%       | 260 bps  | 98.6%       | -70 bps  |

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

| <b>R\$ million</b>        | <b>1Q09</b> | <b>1Q08</b> | <b>Δ</b> | <b>4Q08</b> | <b>Δ</b> |
|---------------------------|-------------|-------------|----------|-------------|----------|
| Net income                | 104.3       | 118.8       | -12.2%   | 88.0        | 18.5%    |
| ROAE                      | 17.8%       | 23.6%       | -580 bps | 15.5%       | 230 bps  |
| Earnings per Share (R\$)* | 0.3714      | 0.4205      | -11.7%   | 0.3122      | 19.0%    |
| Earnings per unit (R\$)*  | 1.6611      | 1.8843      | -11.7%   | 1.3958      | 19.0%    |

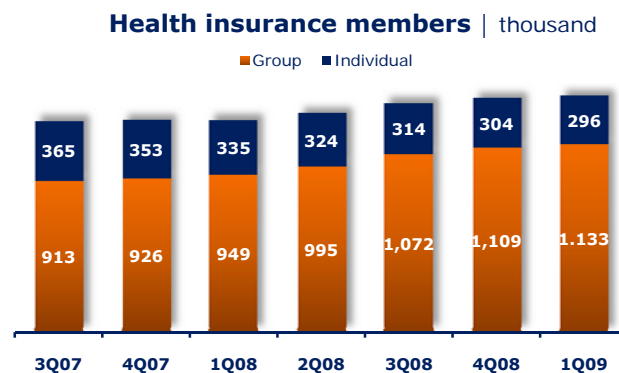
(\*) Parent company

## Health insurance

**Insurance premiums** | Total health insurance premiums, which represented 53.5% of total insurance premiums, moved up by 10.0% over 1Q08 (0.4% over 4Q08) and reached R\$1.1 billion in 1Q09.

Group health insurance premiums, which accounted for 35.9% of overall insurance premiums and 67.1% of health insurance premiums, came to R\$716.9 million in the quarter, representing an increase of 15.8% over 1Q08 (down 0.5% over 4Q08). The portfolio closed the quarter with 1,133 thousand insured members, up 19.5% on 1Q09 (2.2% up on 4Q08). First-quarter growth was mainly driven by membership increase and annual price adjustment applied to group policies. Premiums in the SME market increased by 15.0% over 1Q08 to R\$126.2 million in 1Q09, due to the 23.7% increase in the insured base, which closed the period with 150,737 members (3.6% up on 4Q08), and to the adjustment of policies in the portfolio. The dental care portfolio closed 1Q09 with 113,926 members, 28.0% more than in 1Q08. The company has invested in the organic growth of this portfolio by implementing promotional campaigns targeting insurance brokers operating in the segment and seeking cross-selling opportunities in its health insurance base.

Individual health insurance premiums, representing 17.6% of total insurance premiums and 32.9% of health insurance premiums, reached R\$351.8 million in 1Q09, remaining unchanged over 1Q08 and increasing by 2.3% over 4Q08. The number of individual health insurance portfolio members decreased by 11.7% in 1Q09 over the same period last year, to 296,137, that was partially offset by the annual price adjustment in policies.



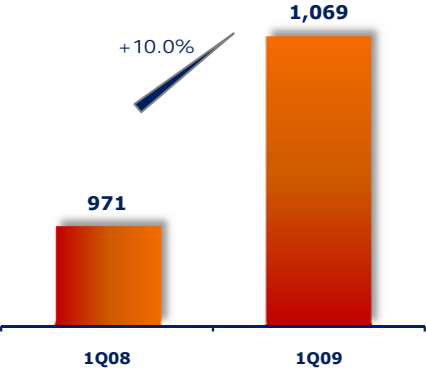
**Loss ratio** | Total health insurance loss ratio increased by 530 bps in relation to 1Q08 to 78.6% (up 330 bps over 4Q08).

Group health insurance loss ratio moved up by 690 bps over 1Q08 (up 470 bps on 4Q08) closing the quarter at 76.1%. Individual health insurance loss ratio increased by 340 bps over 1Q08 to 83.7% (30 bps up on 4Q08). This increase is mainly due to the higher than expected utilization frequency in the quarter, in part due to the conditions that influenced the labor market given the outlook for slower economic growth. The higher loss ratio in the quarter also reflects the higher cost of claims driven by medical inflation, and also the maintenance of a pricing policy designed to take advantage of growth opportunities and to grow penetration of market segments with good prospects, especially the SME segment.

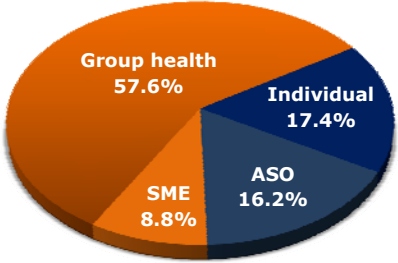
**Acquisition cost ratio** | Health insurance acquisition cost ratio was 5.6% in 1Q09, up 30 bps over 1Q08 (in line with 4Q08). The small year-on-year increase in the quarter was mainly due to the higher share of group policies, given that the contribution of the individual portfolio to this ratio is minimal.

**Gross margin** | Gross margin in the health insurance segment reached 15.7% in 1Q09, down 570 bps compared to 1Q08 (down 330 bps over 4Q08). The variation observed in 1Q09 basically reflects the performance of the loss ratio and acquisition cost in the period.

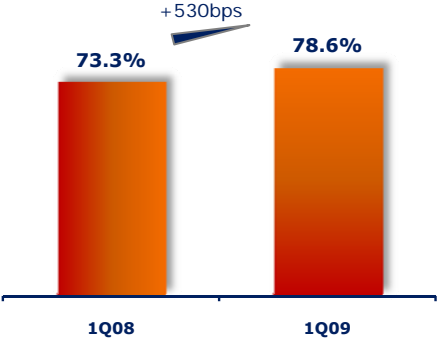
**Insurance premiums |**  
R\$ million



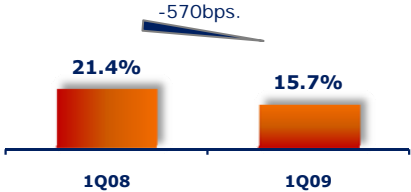
**Covered individuals Total |**  
1.7 million members



**Loss Ratio | %**



**Gross Margin | %**



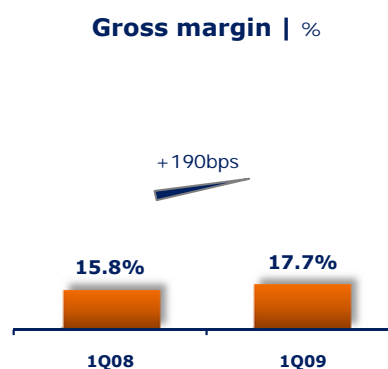
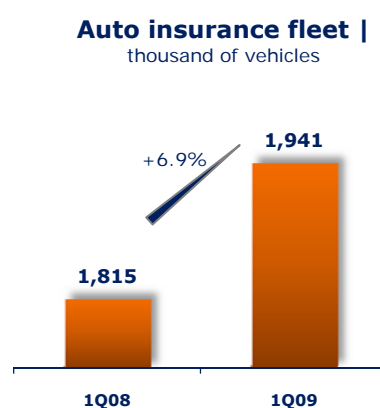
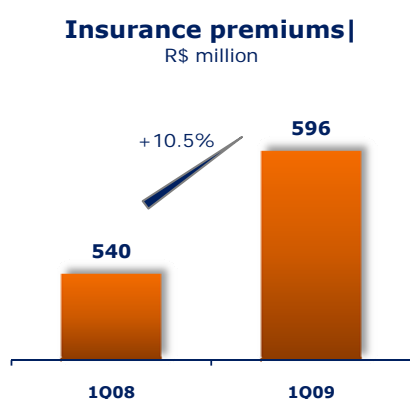
## Auto insurance

**Insurance premiums** | Auto insurance premiums, which account for 29.8% of total insurance premiums, grew 10.5% in relation to 1Q08 (the insurance industry enjoyed growth of 10.6% according to SUSEP) reaching R\$596.2 million in 1Q09 (down 2.2% over 4Q08). This increase is mainly explained by the expansion of 6.9% in the insured fleet to 1.941 thousand vehicles in the quarter, and by the increase in the average annual premium. This good performance reflects the positive response of the auto market to the set of incentives implemented by the federal government, which reduced the federal VAT tax (IPI) on new vehicles and also cut the basic interest rate of the economy. As a result, March 2009 sales were 7.0% higher than in March 2008 and 33.9% higher than in February 2009, with a total of 414,774 units sold in the month. SulAmérica closed the quarter with market share of 15.6%.

**Loss ratio** | Auto insurance loss ratio decreased 100 bps over 1Q08 to 63.9%, down from (increase of 330 bps over 4Q08). This decrease reflects less utilization frequency observed in the quarter, less impact of severe weather conditions, and increase of average premium. In relation to 4Q08, the increase in the loss ratio is in line with the expected seasonality in the period.

**Acquisition cost ratio** | Auto insurance acquisition cost ratio declined by 90 bps versus 1Q08 to 18.4% (decrease of 0.2% over 4Q08).

**Gross margin** | Gross margin of auto insurance segment reached 17.7% of earned premiums in 1Q09, up 190 bps over 1Q08 (down 300 bps on 4Q08). This increase is in line with the loss ratio behavior and acquisition cost in the period.



## Other property and casualty insurance

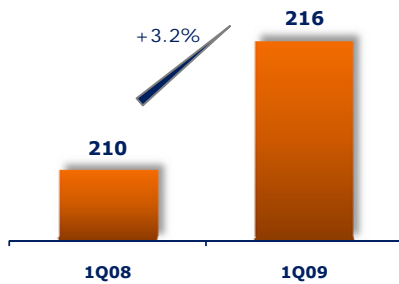
**Insurance premiums** | Premiums for other property and casualty insurance, which accounted for 10.8% of total insurance premiums, totaled R\$216.3 million in 1Q09, 3.2% up on 1Q08 (6.3% down on 4Q08). This growth was mainly due to new businesses in the fire lines.

**Loss ratio** | The loss ratio in this segment came to 75.1% in 1Q09, increasing by 1,000 bps against 1Q08 (down 230 bps over 4Q08). This increase in relation to 1Q08 is due to growth in net claims in the fire, miscellaneous and credit lines.

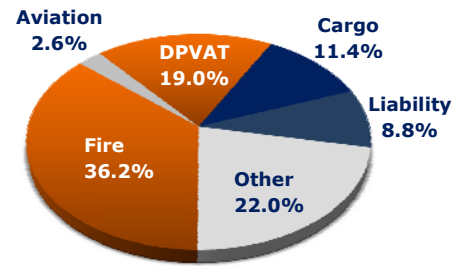
**Acquisition cost ratio** | The acquisition cost ratio decreased 70 bps over 1Q08 to 17.6% (down 180 bps on 4Q08).

**Gross margin** | Gross margin in this segment decreased 920 bps over 1Q08 to 7.4% (up 430 bps on 4Q08), in line with the higher loss ratio in the period.

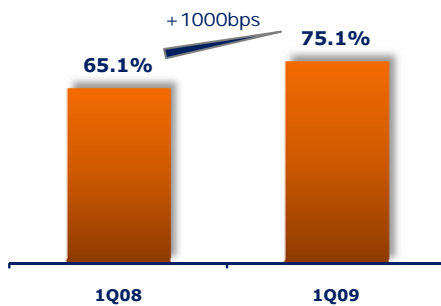
**Insurance premiums**  
R\$ million



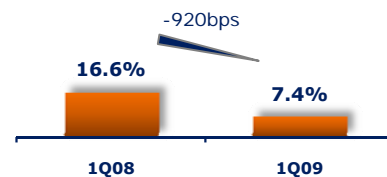
**Segment breakdown**  
Total | R\$216.3 million



**Loss ratio** | %



**Gross margin** | %





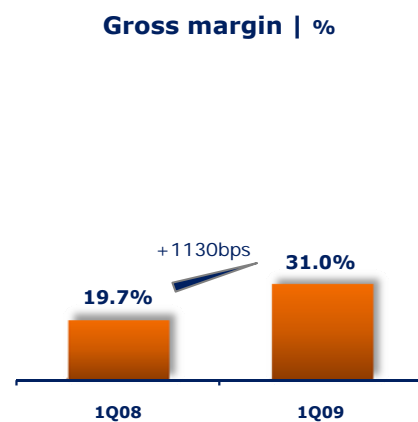
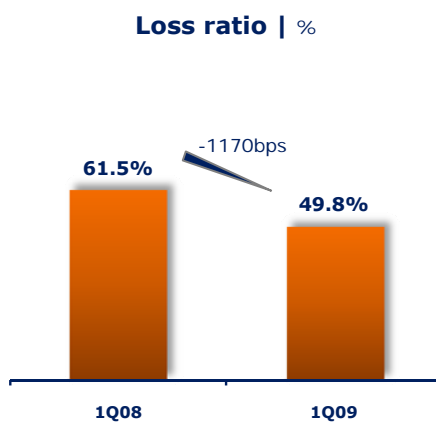
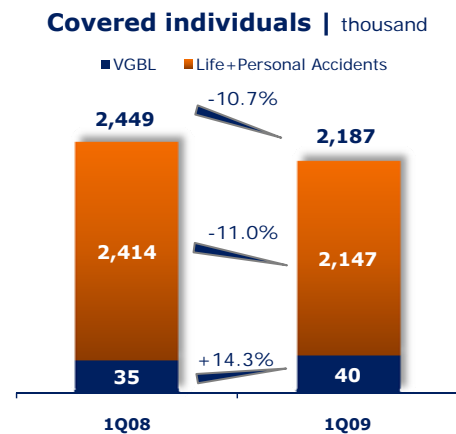
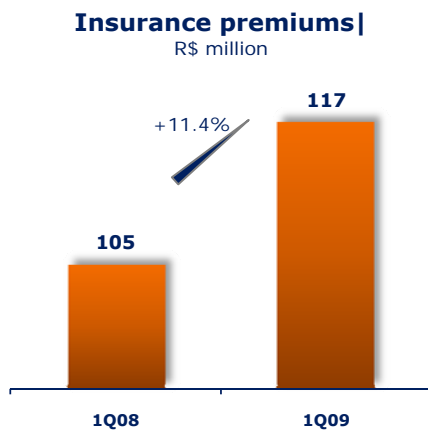
## Life and personal accident insurance

**Insurance premiums** | Premiums for life and personal accident insurance, which account for 5.9% of total insurance premiums, totaled R\$117.4 million in 1Q09, an 11.4% increase over 1Q08 (down 7.1% over 4Q08). This growth was driven by the 28.7% increase in VGBL premiums in the quarter versus 1Q08 and by the hiring of group life and personal accident policies with higher average premiums. The portfolio ended 1Q09 with 2,187 thousand covered individuals, down 10.7% over 1Q08.

**Loss ratio** | Life and personal accident loss ratio declined by 1,170 bps to 49.8% in 1Q09 (up 620 bps on 4Q08). This decline in the loss ratio reflects the writedown of lawsuits won and the lower volume of claims made in the period.

**Acquisition cost ratio** | Life and personal accident acquisition cost ratio increased by 40 bps in 1Q09 over 1Q08 to 19.2% (down 610 bps over 4Q08), mainly due to the commercial conditions of new policies.

**Gross margin** | Gross margin in this segment increased 1,130 bps to 31.0% in 1Q09 (down 10 bps relative to 4Q08), in line with the decline in the loss ratio.



## Other insurance operating income and expenses

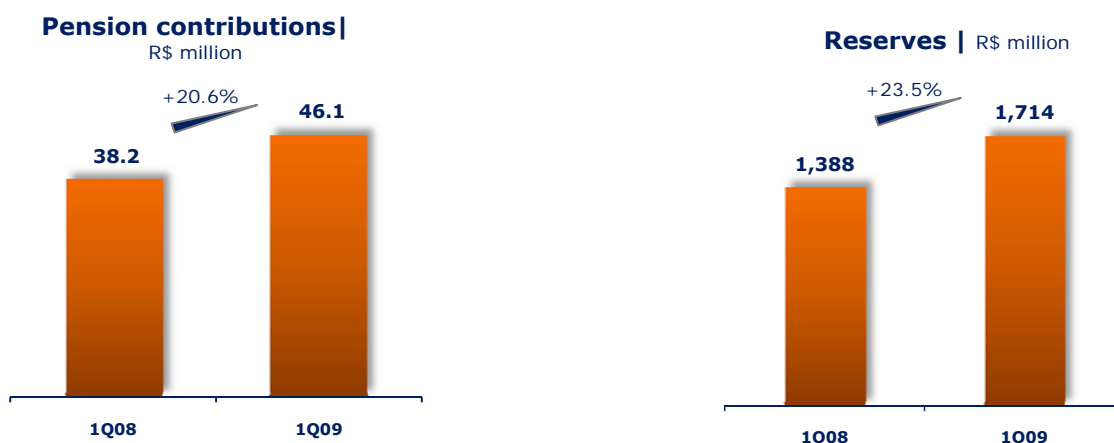
| R\$ million                                   | 1Q09  | 1Q08 | Δ   | 4Q08   | Δ   |
|---|-------|------|-----|--------|-----|
| Other insurance operating income and expenses | (8.3) | 24.0 | n.a | (56.7) | n.a |

The R\$32.3 million variation in other insurance operating income and expenses in 1Q09 over 1Q08 was due to the reversal of R\$26.2 million provision for bad debt in 1Q08 related to the payment of complementary individual health insurance premiums, and to the reversal of a R\$14.3 million provision for lawsuits. In relation to 4Q08, the R\$48.4 million decrease is explained by the increase in the provision for bad debt and in the provision for contingencies, both registered in 4Q08.

## Income from private pensions

| R\$ million                         | 1Q09  | 1Q08 | Δ   | 4Q08 | Δ   |
|-------------------------------------|-------|------|-----|------|-----|
| Income (loss) from private pensions | (8.0) | 5.9  | n.a | 1.8  | n.a |

Income from private pensions fell R\$13.9 million in 1Q09. This decline is due to the actuarial revaluation of survival coverage reserves, given the change in the members' life expectancy.



## Income from Administrative Services Only

| R\$ million                            | 1Q09 | 1Q08 | Δ    | 4Q08 | Δ      |
|--|------|------|------|------|--------|
| Net operating income from ASO business | 7.1  | 7.0  | 0.9% | 3.5  | 101.3% |

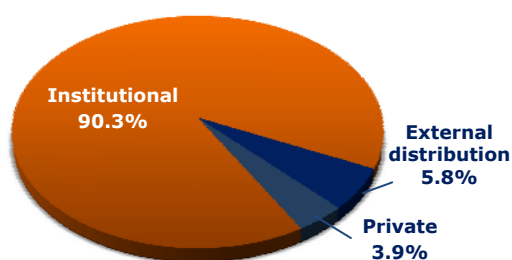
Income from the administrative services only (ASO) grew by 0.9% over 1Q08 to R\$7.1 million. This increase is explained by the increase in the average fee per member and, to a lesser extent, to the increase of 4.4% in the number of members in the portfolio, which closed the quarter with 275.6 thousand covered individuals, partially offset by the cancellations during the quarter.

## Income from asset management

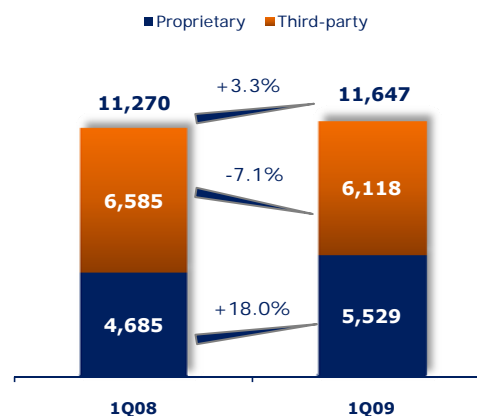
| R\$ million                  | 1Q09 | 1Q08 | Δ     | 4Q08 | Δ     |
|------------------------------|------|------|-------|------|-------|
| Income from asset management | 5.9  | 6.3  | -6.0% | 4.4  | 35.8% |

Income from the asset management business fell by R\$0.4 million in 1Q09 due to the inflows in funds with lower management fees. Assets under management reached R\$11.6 billion in the end of 1Q09, up 3.3% on a year earlier. According to the National Association of Investment Banks (ANBID), the industry decreased 1.0% in the same period.

Third party assets | 1Q09



Investment portfolio | R\$ million

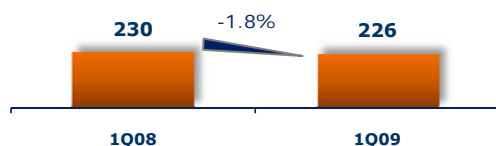


## Administrative expenses

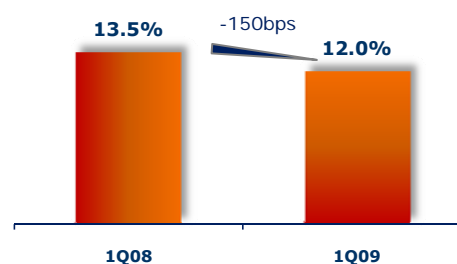
| R\$ million                   | 1Q09           | 1Q08           | Δ            | 4Q08           | Δ            |
|-------------------------------|----------------|----------------|--------------|----------------|--------------|
| Personnel expenses            | (115.2)        | (117.1)        | -1.6%        | (120.6)        | -4.5%        |
| Third-party services          | (43.6)         | (37.1)         | 17.4%        | (45.6)         | -4.4%        |
| Building and maintenance      | (48.6)         | (41.5)         | 17.1%        | (50.0)         | -2.7%        |
| Marketing and advertising     | (9.2)          | (16.2)         | -43.7%       | (20.5)         | -55.3%       |
| Other administrative expenses | (9.3)          | (18.1)         | -48.8%       | (8.0)          | 16.3%        |
| <b>Total</b>                  | <b>(225.8)</b> | <b>(230.1)</b> | <b>-1.8%</b> | <b>(244.6)</b> | <b>-7.7%</b> |

Administrative expenses decrease 1.8% in 1Q09, compared to 1Q08, representing 12% of retained premiums, down 150 bps in relation to 1Q08. The main variations were in third-party services, driven by the higher volume of operations and projects under execution, and in expenses with buildings and maintenance, due to an increase in depreciation and in costs with software, which were partially offset by the lower investments with advertising and marketing and by the increase in provisions for judicial claims in 1Q08, which did not recur in 1Q09.

Administrative expenses | R\$ million



Administrative expenses ratio | %

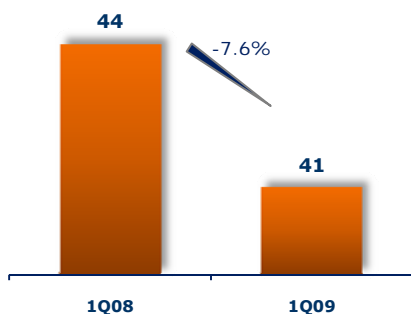


## Tax expenses

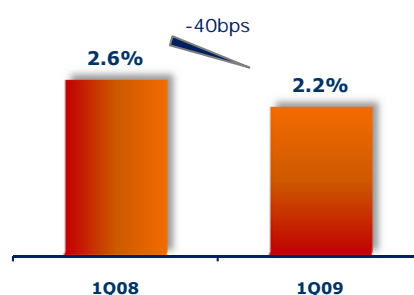
| R\$ million  | 1Q09   | 1Q08   | Δ     | 4Q08   | Δ    |
|--------------|--------|--------|-------|--------|------|
| Tax expenses | (41.0) | (44.3) | -7.6% | (40.2) | 1.9% |

Tax expenses decreased by 7.6% in 1Q09, closing the period at 2.2% of retained premiums. This R\$3.3 million decrease mainly reflects the reversal of PIS and COFINS tax credits in 1Q08.

Tax expenses | R\$ million

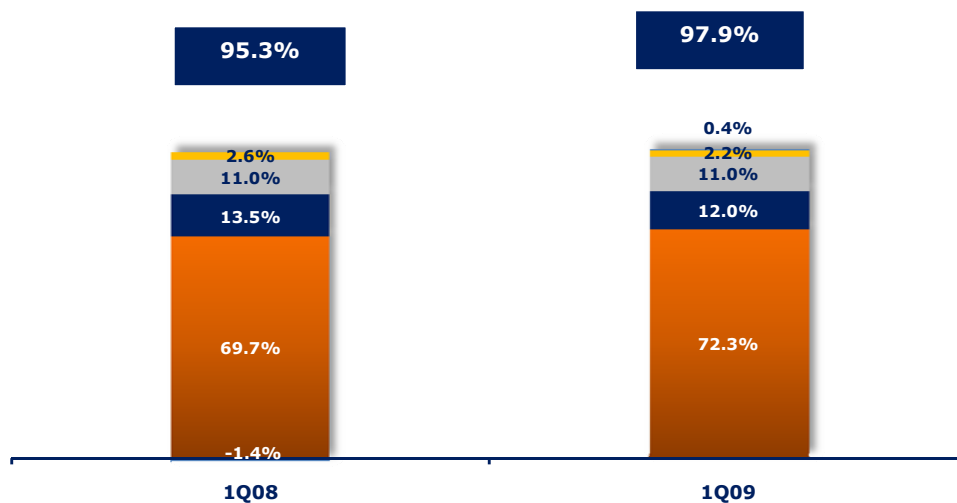


Tax expenses ratio | %



## Combined ratio

| %              | 1Q09  | 1Q08  | Δ       | 4Q08  | Δ       |
|----------------|-------|-------|---------|-------|---------|
| Combined ratio | 97.9% | 95.3% | 260 bps | 98.6% | -70 bps |



- Loss ratio
- Acquisition cost
- Other operating income (expenses)
- Administrative expenses
- Tax expenses

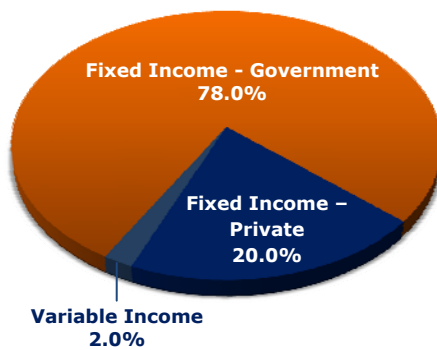
## Financial income

| R\$ million                    | 1Q09         | 1Q08         | Δ            | 4Q08         | Δ            |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Return on investment portfolio | 183.5        | 149.0        | 23.1%        | 147.8        | 24.1%        |
| Debt servicing costs           | (13.3)       | (9.3)        | 42.9%        | (15.4)       | -13.2%       |
| Changes in pension reserves    | (43.9)       | (41.3)       | 6.4%         | (29.6)       | 48.1%        |
| Other                          | 31.3         | 2.0          | n.a          | 32.8         | -4.6%        |
| <b>Total</b>                   | <b>157.6</b> | <b>100.5</b> | <b>56.9%</b> | <b>135.7</b> | <b>16.2%</b> |

Investments increased by 20.1% in 1Q09 over 1Q08 to R\$6.2 billion, 98.0% of which were allocated to fixed-income securities and less than 2.0% to equities. Return on investment yielded 108.1% of the CDI rate in 1Q09. The increase of R\$57.1 million is explained by gains on fixed-rate securities, and the positive variation resulting from the discounts given in 1Q08 to the complementary individual health premiums.

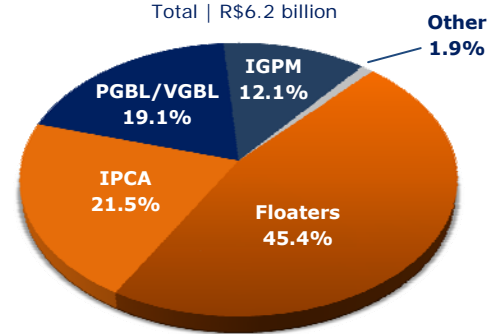
### Investment allocation

Total | R\$6.2 billion



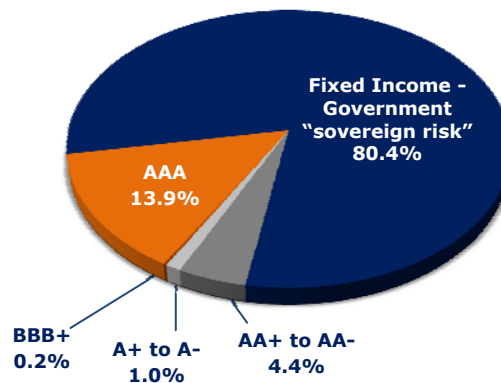
### Investment per security/index-linked

Total | R\$6.2 billion



### Investment per rating\*

Total | R\$6.0 billion



(\*) Excludes variable income securities, senior notes and mutual funds.

## Income tax and social contribution provisions

| R\$ million                                   | 1Q09   | 1Q08   | Δ     | 4Q08   | Δ      |
|---|--------|--------|-------|--------|--------|
| Income tax and social contribution provisions | (76.6) | (55.8) | 37.2% | (36.8) | 108.0% |

Income tax and social contribution provision expenses increased R\$20.8 million in 1Q09 compared to 1Q08, impacted by the increase in the rate of social contribution from 9% to 15% beginning May, 2008.

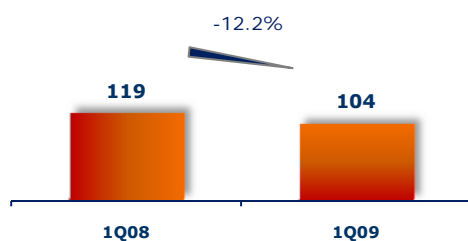
## Net income and ROAE

| R\$ million               | 1Q09   | 1Q08   | Δ        | 4Q08   | Δ       |
|---------------------------|--------|--------|----------|--------|---------|
| Net income                | 104.3  | 118.8  | -12.2%   | 88.0   | 18.5%   |
| ROAE                      | 17.8%  | 23.6%  | -580 bps | 15.5%  | 230 bps |
| Earnings per Share (R\$)* | 0.3714 | 0.4205 | -11.7%   | 0.3122 | 19.0%   |
| Earnings per unit (R\$)*  | 1.6611 | 1.8843 | -11.7%   | 1.3958 | 19.0%   |

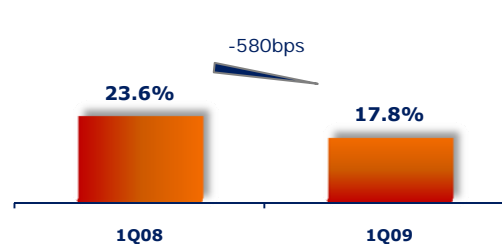
(\*) Parent company

Net income reached R\$104.3 million in 1Q09, down 12.2% in relation to 1Q08 and up 18.5% on 4Q08. Annualized ROAE came to 17.8% in the quarter, down 580 bps over 1Q08.

Net income | R\$ million



ROAE | %



## Analyst coverage

| Institution          | Analyst          | Phone               | E-mail                                    |
|----------------------|------------------|---------------------|---|
| UBS Pactual          | Juan Partida     | +55 (21) 3262-9215  | juan.partida@ubs.com                      |
| Santander            | Henrique Navarro | +55 (11) 3012-5756  | havieira@santander.com.br                 |
| Ágora                | Filipe Acioli    | +55 (21) 2529-0979  | filipe.lopes@agorainvest.com.br           |
| Fator                | Iago Whately     | + 55 (11) 3049-9480 | iwhately@bancofator.com.br                |
| Itaú                 | Alcir Freitas    | + 55 (11) 3073-3042 | alcir.freitas@itau.com.br                 |
| Morgan Stanley       | Javier Martinez  | +1 212 761 4542     | javier.martinez.olcoz@morganstanley.com   |
| Votorantim Corretora | Gustavo Sechin   | + 55 (11) 3043-5874 | gustavo.sechin@votorantimcorretora.com.br |

## IR Contact

Phone: +55 (21) 2506-9111  
E-mail: [ir@sulamerica.com.br](mailto:ir@sulamerica.com.br)  
[www.sulamerica.com.br/ir](http://www.sulamerica.com.br/ir)  
Rua da Quitanda, 86, 8º andar  
20091-005 – Rio de Janeiro, RJ – Brazil

This release may contain forward-looking statements concerning business outlook, estimates of operating and financial results and growth projections of Sul América S.A. Such statements are based exclusively on the expectations of the management of Sul América S.A. about the future of the business and its continuing ability to access capital markets to finance the Company's business plan. Such future considerations are highly sensitive to changes in the capital markets, governmental and regulatory rules, the competitive landscape and other factors related to the sector and the Brazilian economy, including the other risk factors highlighted in documents previously filed by Sul América S.A., and are, therefore, subject to change without notice.



## Appendix I – Income statement summary

| Income statement (R\$ million)  | 1T09         | 1T08         | Δ%            | 4T08         | Δ%            |
|---|--------------|--------------|---------------|--------------|---------------|
| Insurance premiums  | 1,998.7      | 1,825.9      | 9.5%          | 2,031.3      | -1.6%         |
| Reinsured premiums ceded  | (116.4)      | (115.2)      | 1.1%          | (123.4)      | -5.6%         |
| Retained premiums   | 1,882.3      | 1,710.7      | 10.0%         | 1,907.9      | -1.3%         |
| Changes in insurance and retained technical reserves                    | (42.2)       | (55.1)       | -23.3%        | (83.6)       | -49.5%        |
| Earned premiums   | 1,840.0      | 1,655.6      | 11.1%         | 1,824.3      | 0.9%          |
| Retained claims and benefits expenses                                   | (1,330.3)    | (1,153.5)    | 15.3%         | (1,263.6)    | 5.3%          |
| Acquisitions costs  | (202.2)      | (181.9)      | 11.2%         | (208.1)      | -2.8%         |
| <b>Gross margin</b>   | <b>307.5</b> | <b>320.3</b> | <b>-4.0%</b>  | <b>352.6</b> | <b>-12.8%</b> |
| Other insurance operating income (expenses)                             | (8.3)        | 24.0         | n.a           | (56.7)       | n.a           |
| Net operating income from private pension business                      | (8.0)        | 5.9          | n.a           | 1.8          | n.a           |
| Net operating income from ASO business                                  | 7.1          | 7.0          | 0.9%          | 3.5          | 101.3%        |
| Net operating income from asset management business                     | 5.9          | 6.3          | -6.0%         | 4.4          | 35.8%         |
| Administrative expenses   | (225.8)      | (230.1)      | -1.8%         | (244.6)      | -7.7%         |
| Tax expenses  | (41.0)       | (44.3)       | -7.6%         | (40.2)       | 1.9%          |
| Net financial income  | 157.6        | 100.5        | 56.9%         | 135.7        | 16.2%         |
| Equity income from non-consolidated subsidiaries and other              | 3.5          | 8.6          | -60.1%        | 0.2          | n.a           |
| <b>Income before income tax, social contribution and profit sharing</b> | <b>198.4</b> | <b>198.2</b> | <b>0.1%</b>   | <b>156.5</b> | <b>26.8%</b>  |
| Income tax and social contribution                                      | (76.6)       | (55.8)       | 37.2%         | (36.8)       | 108.0%        |
| Profit sharing  | (8.1)        | (7.1)        | 13.5%         | (24.2)       | -66.6%        |
| Minority interest   | (9.5)        | (16.5)       | -42.4%        | (7.5)        | 27.3%         |
| <b>Net income</b>   | <b>104.3</b> | <b>118.8</b> | <b>-12.2%</b> | <b>88.0</b>  | <b>18.5%</b>  |



## Appendix II – Balance sheet summary

| <b>Asset (R\$ million)</b>                            | <b>1T09</b>     | <b>2008</b>     | <b>%</b>     |
|---|-----------------|-----------------|--------------|
| <b>Current Assets</b>                                 | <b>6,799.4</b>  | <b>6,395.6</b>  | <b>6.3%</b>  |
| Cash, cash equivalents and marketable securities      | 4,341.4         | 4,019.3         | 8.0%         |
| Receivables from insurance and reinsurance operations | 1,554.6         | 1,468.1         | 5.9%         |
| Deferred acquisition costs                            | 301.4           | 298.1           | 1.1%         |
| Other current assets                                  | 602.0           | 610.0           | -1.3%        |
| <b>Long-term assets</b>                               | <b>4,243.9</b>  | <b>4,268.7</b>  | <b>-0.6%</b> |
| Marketable securities                                 | 1,932.4         | 1,883.8         | 2.6%         |
| Judicial and fiscal deposits                          | 1,546.2         | 1,617.7         | -4.4%        |
| Deferred acquisition costs                            | 139.9           | 142.8           | -2.0%        |
| Other long-term assets                                | 625.4           | 624.5           | 0.1%         |
| <b>Permanent assets</b>                               | <b>228.0</b>    | <b>216.7</b>    | <b>5.2%</b>  |
| <b>Total assets</b>                                   | <b>11,271.3</b> | <b>10,881.0</b> | <b>3.6%</b>  |

| <b>Liabilities (R\$ million)</b>                 | <b>1T09</b>     | <b>2008</b>     | <b>%</b>    |
|--|-----------------|-----------------|-------------|
| <b>Current liabilities</b>                       | <b>4,831.2</b>  | <b>4,658.2</b>  | <b>3.7%</b> |
| Loans and financing                              | 1.6             | 10.0            | -83.8%      |
| Other payable obligations                        | 515.4           | 588.6           | -12.4%      |
| Insurance, reinsurance and private pension debts | 365.7           | 367.0           | -0.4%       |
| Technical reserves - insurance and reinsurance   | 3,508.9         | 3,254.5         | 7.8%        |
| Technical reserves - private pension             | 373.6           | 378.9           | -1.4%       |
| Accrued liabilities for contingencies            | 66.0            | 59.2            | 11.4%       |
| <b>Long-term liabilities</b>                     | <b>3,815.7</b>  | <b>3,715.8</b>  | <b>2.7%</b> |
| Accounts payable                                 | 944.8           | 913.5           | 3.4%        |
| Loans and financing                              | 259.2           | 254.8           | 1.7%        |
| Other accounts payable                           | 167.7           | 167.4           | 0.2%        |
| Technical reserves - insurance and reinsurance   | 647.6           | 655.0           | -1.1%       |
| Technical reserves - private pension             | 1,342.2         | 1,273.7         | 5.4%        |
| Accrued liabilities for contingencies            | 454.3           | 451.4           | 0.6%        |
| Income from future periods                       | -               | -               | n.a.        |
| <b>Minority interest</b>                         | <b>231.6</b>    | <b>221.3</b>    | <b>4.7%</b> |
| <b>Shareholder's equity</b>                      | <b>2,392.7</b>  | <b>2,285.6</b>  | <b>4.7%</b> |
| <b>Total liabilities</b>                         | <b>11,271.3</b> | <b>10,881.0</b> | <b>3.6%</b> |

## Appendix III - Glossary

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