

Earnings Release | 2008

SulAmérica

associada ao ING 



Índice de Ações com Tag Along Diferenciado **ITAG**
Índice de Ações com Governança Corporativa Diferenciada **IGC**

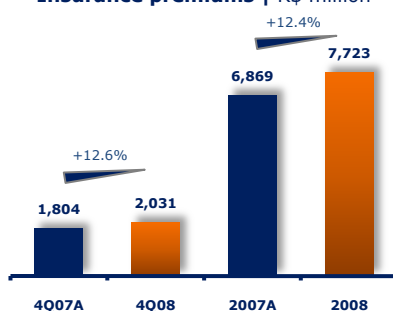
Rio de Janeiro, February 26, 2009 – Sul América S.A. (Bovespa: SULA11) announces today its results for the fourth quarter of 2008 (4Q08) and the 12-month period ended December 31, 2008. The Company's operating and financial information, except where otherwise stated, is based on its financial statements and was prepared in Brazilian real (R\$) in accordance with CVM regulations (including CVM Ruling 469 of May 2, 2008).

Net income increases 29.4% to R\$415.9 million in 2008, an all-time high.

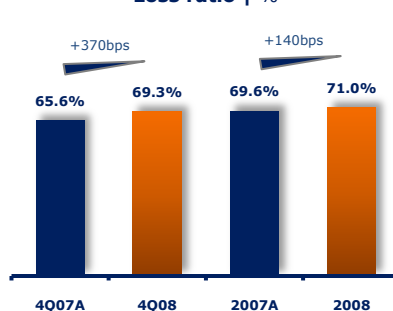
Highlights

- ▶ Recurring net income totals R\$381.8 million in 2008, 12.5% up on 2007. Net income in 4Q08 of R\$88.0 million (R\$121.1 million in 3Q08), 37.5% higher than 4Q07. ROAE was 19.6%. Total assets reached R\$10.3 billion.
- ▶ Total insurance premiums move up by 13.0% on 4Q08 over 4Q07 (up 0.8% over 3Q08) reaching R\$2.0 billion. In 2008, insurance premiums increased 12.4%, on a recurring bases, reaching R\$7.7 billion. Health insurance premiums increased by 8.2% on 4Q08 over 4Q07 and 9.1% over 2007, with group health up by 17.5% on 4Q08 (2.3% over 3Q08), led by small and medium-sized enterprises (SMEs), with growth of 21.2%. Auto insurance premiums climbs by 14.2% on 4Q08 (2.0% over 3Q08), and the insured fleet reaches 1.9 million vehicles in 2008. Life insurance premiums move up 30.9% on 4Q08 (down 14.7% over 3Q08), led by VGBL plans, which recorded strong growth of 123.2% in relation to 2007.
- ▶ Total loss ratio reaches 69.3% in the quarter, increasing 370 bps on a recurring basis and 300 bps down over 3Q08. Health insurance closes the quarter with a loss ratio of 75.3%, up 480 bps year-on-year on a recurring basis and down 250 bps over 3Q08. Auto insurance loss ratio reaches 60.6% in the 4Q08, 470 bps down on the previous quarter. Total loss ratio in the year increased by 140 bps in relation to 2007 to 71.0%.
- ▶ Combined ratio reaches 98.6% in the quarter, up 360 bps on a recurring basis over 4Q07 and shows a 60 bps improvement over 3Q08. In the year, the ratio increased 60 bps to 98.4%.
- ▶ Return on the investment portfolio comes to R\$606.4 million in 2008, corresponding to an average yield of 93.6% of the CDI rate.

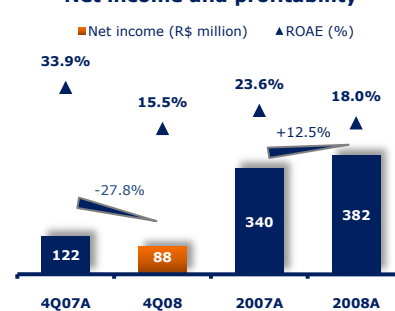
Insurance premiums | R\$ million



Loss ratio | %



Net income and profitability



CONFERENCE CALL

| Portuguese | Date: February 27, 2009 | Time: 10:00 am (BR) | 8:00 am US EST | Phone: +55 11 2188-0188 | Code: SULAMERICA
| English | Date: February 27, 2009 | Time: 12:00 pm (BR) | 10:00 am US EST | Telephone: +1 412 858-4600 | Code: SULAMERICA
| Webcast | Access: www.sulamerica.com.br/ir

Message from Management

SulAmérica closed the 4Q08 with net income of R\$88.0 million, bringing net income in fiscal year 2008 to R\$415.9 million, an annual record. Excluding impacts from non-recurring events, net income was R\$381.8 million (also an annual record), corresponding to an increase of 12.5% on a recurring basis. Return on average equity (ROAE) reaches 19.6% in 2008, which we consider very positive, especially after taking into account the significant capitalization of R\$775 million provided by the proceeds from our initial public offering, which was successfully concluded in October 2007. Insurance premiums increased 12.4% in 2008 to R\$7.7 billion. During this same period, the insurance industry, based exclusively on data for the market regulated by the Brazilian Superintendence of Private Insurance (SUSEP), recorded total premiums of R\$76.3 billion, a growth of 14.7% year-on-year. On the same basis, SulAmérica increased 15.3%.

At the close of 2008, the Company's client base reaches 6.3 million, led by the portfolios of auto and health insurance. In December 2008, SulAmérica's distribution network comprised around 26,000 brokers and distribution partnerships with 25 institutions. Among them, the agreement with BV Financeira, signed on May 27, 2008, was implemented throughout its entire distribution network after a successful pilot phase. The sales support infrastructure included 14 branches and another 5 commercial units in the end of the year. The network of C.A.S.A.s auto service centers now stands at 15 units, with the inauguration of new units in Fortaleza, Blumenau, Uberlândia, Caxias do Sul, Vitória, São Paulo (Santana) and Manaus in 2008.

The Company recorded successive improvements in operating results over 2008. The overall loss ratio improved by 300 bps in 4Q08 in relation to 3Q08, after improving by 20 bps in 3Q08 compared to 2Q08. However, the overall loss ratio registered a slight increase to 71.0% for the full year. The combined ratio, which followed the path of the loss ratio, improved by 60 bps in 4Q08 to 98.6% compared to 3Q08 and ended the period at 98.4%, up 60 bps compared to 2007.

Investments totaled R\$5.8 billion in the year with a total return of R\$606.4 million, 1.0% higher than in 2007 and corresponding to an average yield of 93.6% of the CDI rate. In December 31, 2008, 79.0% of investments were comprised of government bonds and 19.0% of corporate bonds.

A survey published in December carried out by Hewitt Associates in partnership with the newspaper Valor Econômico recognized SulAmérica as one of the top five companies in human resources management. The survey attests to the success of the company's HR practices and training programs, which are offered through its corporate university Universas, with a curriculum of some 70 on-site and distance-learning courses. In addition, with the objective of increasing operational efficiency, SulAmérica Saúde was the first company in the industry to adopt digital-certification technology for the exchange of electronic files with its 27,000 healthcare providers, assuring the authenticity, confidentiality and integrity of its information.

Management submitted to the Annual General Meeting of Shareholders a proposal that includes the payment of R\$103.9 million in dividends, corresponding to 25.0% of the net income for the fiscal year.

Insurance operations

Insurance premiums R\$ million	4Q08	4Q07	Δ%	3Q08	Δ%	2008	2007	Δ%
Health insurance	1,064.4	977.4	8.9%	1,062.5	0.2%	4,099.0	3,894.1	5.3%
Health insurance adjusted	1,064.4	983.4	8.2%	1,062.5	0.2%	4,099.0	3,757.7	9.1%
Group health insurance	720.4	613.4	17.5%	704.4	2.3%	2,689.1	2,329.7	15.4%
Individual health insurance	344.0	364.0	-5.5%	358.2	-4.0%	1,409.8	1,564.5	-9.9%
Individual health insurance adjusted	344.0	370.0	-7.0%	358.2	-4.0%	1,409.8	1,428.0	-1.3%
Auto insurance	609.7	534.1	14.2%	597.5	2.0%	2,345.7	1,984.0	18.2%
Other property & casualty insurance	230.8	189.8	21.6%	206.1	12.0%	782.0	786.6	-0.6%
Life & personal accident insurance	126.4	96.5	30.9%	148.1	-14.7%	496.6	340.7	45.8%
Total	2,031.3	1,797.8	13.0%	2,014.2	0.8%	7,723.2	7,005.4	10.2%
Total adjusted	2,031.3	1,803.8	12.6%	2,014.2	0.8%	7,723.2	6,868.9	12.4%

Earned premiums R\$ million	4Q08	4Q07	Δ%	3Q08	Δ%	2008	2007	Δ%
Health insurance	1,065.6	975.8	9.2%	1,060.0	0.5%	4,097.2	3,885.6	5.4%
Health insurance adjusted	1,065.6	981.8	8.5%	1,060.0	0.5%	4,097.2	3,749.1	9.3%
Group health insurance	719.2	612.1	17.5%	702.6	2.4%	2,684.1	2,323.3	15.5%
Individual health insurance	346.4	363.7	-4.7%	357.5	-3.1%	1,413.0	1,562.3	-9.6%
Individual health insurance adjusted	346.4	369.7	-6.3%	357.5	-3.1%	1,413.0	1,425.9	-0.9%
Auto insurance	575.7	506.2	13.7%	562.6	2.3%	2,177.4	2,005.2	8.6%
Other property & casualty insurance	95.4	100.8	-5.4%	94.9	0.5%	367.9	407.2	-9.7%
Life & personal accident insurance	87.6	76.0	15.3%	88.2	-0.6%	342.7	276.1	24.1%
Total	1,824.3	1,658.9	10.0%	1,805.8	1.0%	6,985.1	6,574.1	6.3%
Total adjusted	1,824.3	1,664.9	9.6%	1,805.8	1.0%	6,985.1	6,437.6	8.5%

Loss ratio	4Q08	4Q07	Δ(bps)	3Q08	Δ(bps)	2008	2007	Δ(bps)
Health insurance	75.3%	70.9%	440	77.8%	-250	76.3%	73.0%	330
Health insurance adjusted	75.3%	70.5%	480	77.8%	-250	76.3%	75.6%	70
Group health insurance	71.4%	67.6%	380	74.3%	-290	72.6%	71.8%	80
Individual health insurance	83.4%	76.5%	690	84.5%	-110	83.3%	74.7%	860
Individual health insurance adjusted	83.4%	75.3%	810	84.5%	-110	83.3%	81.9%	140
Auto insurance	60.6%	53.2%	740	65.3%	-470	64.1%	60.0%	410
Other property & casualty insurance	77.4%	64.9%	1,250	66.2%	1,120	67.7%	61.8%	590
Life & personal accident insurance	43.6%	84.6%	-4,100	57.8%	-1,420	54.4%	69.8%	-1,540
Total	69.3%	65.8%	350	72.3%	-300	71.0%	68.2%	280
Total adjusted	69.3%	65.6%	370	72.3%	-300	71.0%	69.6%	140

Acquisition cost ratio	4Q08	4Q07	Δ(bps)	3Q08	Δ(bps)	2008	2007	Δ(bps)
Health insurance	5.6%	4.9%	70	5.5%	10	5.4%	4.7%	70
Health insurance adjusted	5.6%	4.9%	70	5.5%	10	5.4%	4.8%	60
Group health insurance	7.9%	7.5%	40	7.8%	10	7.8%	7.5%	30
Individual health insurance	0.9%	0.5%	40	1.0%	-10	1.0%	0.5%	50
Individual health insurance adjusted	0.9%	0.5%	40	1.0%	-10	1.0%	0.5%	50
Auto insurance	18.6%	18.9%	-30	18.7%	-10	18.9%	19.3%	-40
Other property & casualty insurance	19.4%	18.8%	60	18.4%	100	19.1%	18.1%	100
Life & personal accident insurance	25.3%	16.7%	860	21.4%	390	21.1%	18.1%	300
Total	11.4%	10.6%	80	11.0%	40	11.1%	10.5%	60
Total adjusted	11.4%	10.5%	90	11.0%	40	11.1%	10.8%	30

Gross margin	4Q08	4Q07	Δ(bps)	3Q08	Δ(bps)	2008	2007	Δ(bps)
Health insurance	19.0%	24.2%	-520	16.8%	220	18.2%	22.4%	-420
Health insurance adjusted	19.0%	24.6%	-560	16.8%	220	18.2%	19.5%	-130
Group health insurance	20.7%	24.9%	-420	17.9%	280	19.6%	20.7%	-110
Individual health insurance	15.7%	23.0%	-730	14.5%	120	15.7%	24.8%	-910
Individual health insurance adjusted	15.7%	24.2%	-850	14.5%	120	15.7%	17.6%	-190
Auto insurance	20.7%	27.8%	-710	16.0%	470	17.0%	20.7%	-370
Other property & casualty insurance	3.1%	16.2%	-1,310	15.5%	-1,240	13.2%	20.1%	-690
Life & personal accident insurance	31.1%	-1.3%	3,240	20.7%	1,040	24.5%	12.0%	1,250
Total	19.3%	23.6%	-430	16.7%	260	17.9%	21.3%	-340
Total adjusted	19.3%	23.9%	-460	16.7%	260	17.9%	19.6%	-170

Combined ratio	4Q08	4Q07	Δ(bps)	3Q08	Δ(bps)	2008	2007	Δ(bps)
Combined ratio	98.6%	96.0%	260	99.2%	-60	98.4%	97.0%	140
Combined ratio adjusted	98.6%	95.0%	360	99.2%	-60	98.4%	97.8%	60

Net income and return on average equity (ROAE)

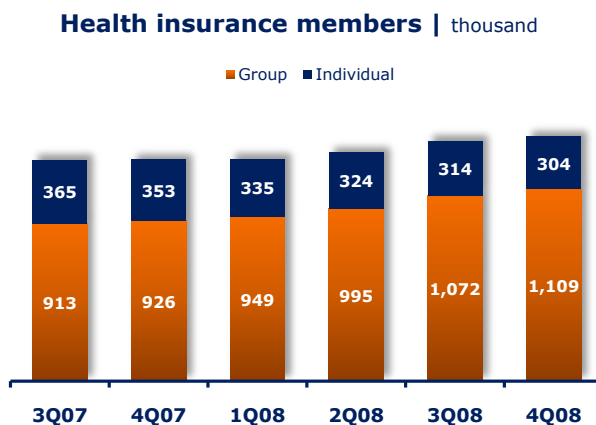
R\$ million	4Q08	4Q07	Δ%	3Q08	Δ%	2008	2007	Δ%
Net income	88.0	64.0	37.5%	121.1	-27.3%	415.9	321.5	29.4%
Net income adjusted	88.0	121.9	-27.8%	121.1	-27.3%	381.8	339.5	12.5%
ROAE	15.5%	17.8%	-230bps	21.9%	-640bps	19.6%	22.3%	-270bps
ROAE adjusted	15.5%	33.9%	-1,840bps	21.9%	-640bps	18.0%	23.6%	-560bps
Earnings per share (R\$)	0.3122	0.1743	79.1%	0.4306	-27.5%	1.4796	1.1092	33.4%
Earnings per share adjusted (R\$)	0.3122	0.3800	-17.8%	0.4306	-27.5%	1.3580	1.1732	15.8%
Earnings per unit (R\$)	1.3958	0.7788	79.2%	1.9236	-27.4%	6.6148	4.9557	33.5%
Earnings per unit adjusted (R\$)	1.3958	1.6978	-17.8%	1.9236	-27.4%	6.0714	5.2415	15.8%

Health insurance

Insurance premiums | Total health insurance premiums, which represented 52.4% of total insurance premiums, moved up by 8.2% over 4Q07 (0.2% over 3Q08) on a recurring basis, and reached R\$1.1 billion in 4Q08. In the year, premiums increased by 9.1% compared to 2007, on a recurring basis, to R\$4.1 billion.

Group health insurance premiums, which accounted for 35.5% of overall insurance premiums and 67.7% of health insurance premiums, came to R\$720.4 million in 4Q08, representing an increase of 17.5% over 4Q07 (up 2.3% on 3Q08). The portfolio closed the quarter with 1,109 thousand insured members, a 19.7% increase over the same period last year (up 3.4% over 3Q08). Fourth-quarter growth was mainly driven by membership growth and annual price adjustment applied to group policies. Premiums in the SME segment increased by 21.2% to R\$129.7 million in 4Q08 (3.7% up on 3Q08). This was a result of 20.9% increase in members, which closed the period at 145,479 (up 6.7% over 3Q08), and price adjustment. The Company closed 4Q08 with a dental care portfolio of 110,088 members, 29.6% up on the 4Q07 figure (9.8% up on 3Q08). The company has invested in the organic growth of this portfolio by implementing campaigns targeting insurance brokers operating in the segment and seeking cross-selling opportunities in its health insurance base.

Individual health insurance premiums, representing 16.9% of total insurance premiums and 32.3% of health insurance premiums, reached R\$344.0 million in 4Q08, decreasing by 7.0% on a recurring basis in relation to 4Q07. Individual health insurance membership declined 13.9% in 4Q08 relative to 4Q07, closing the quarter with 304,105 members. Cancellations were not offset by the entry of new members because the Company has not been selling new individual health insurance policies since 2004. The impact of the reduction in membership was, however, partially offset by the annual price adjustment of individual health policies applied in the period (7.1% for policies issued prior to the current law and 5.5% for those made after it took effect).



Loss Ratio | Total health insurance loss ratio on a recurring basis increased in 4Q08 by 480 bps in relation to 4Q07 to 75.3% (a decline of 250 bps compared to 3Q08) and in 2008 rose a slight 70 bps to 76.3%, over 2007.

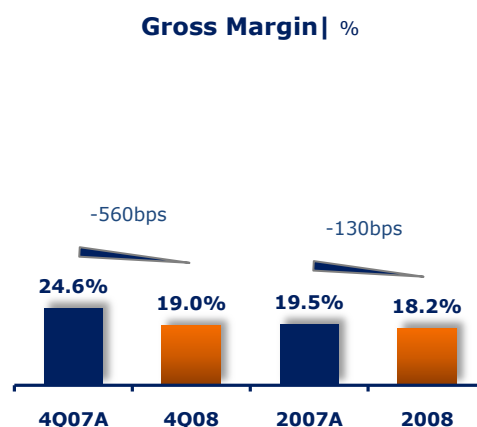
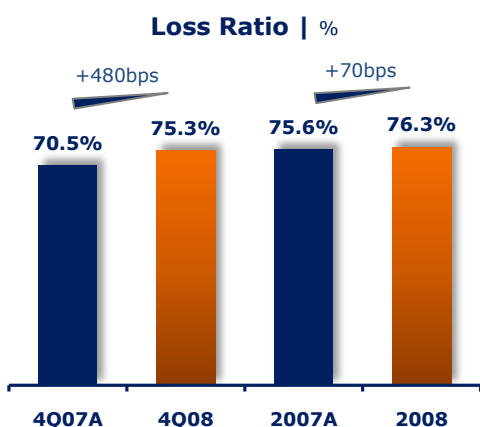
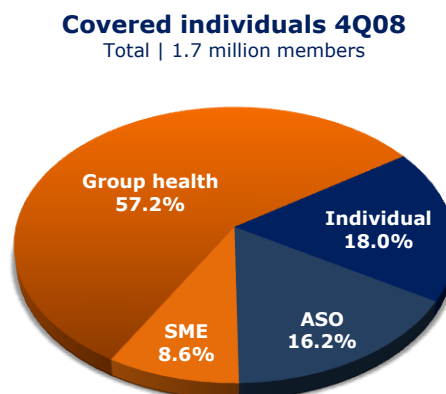
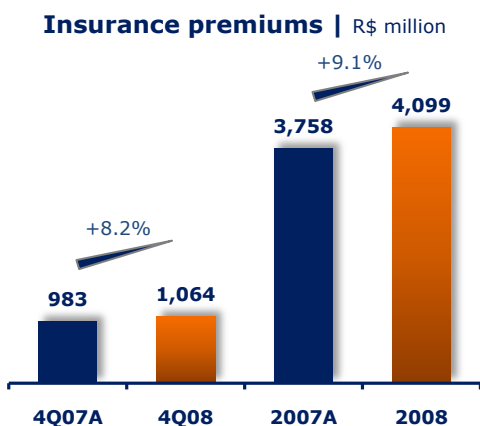
Group health insurance loss ratio moved up by 380 bps over 4Q07 (down 290 bps on 3Q08), closing the quarter at 71.4%. The year-on-year increase was mainly due to the upturn in the cost of claims driven by medical inflation, higher utilization frequency and a pricing policy designed to take advantage of growth opportunities and increasing penetration in market segments with positive prospects, particularly the SME segment. In 2008, the loss ratio increased by 80 bps to 72.6%.

The individual health insurance loss ratio increased by 810 bps in 4Q08, on a recurring basis, to 83.4% (110 bps down on 3Q08). As in the group health portfolio, the year-on-year increase was partially due to the

higher cost of claims due to medical inflation, which subsequently will provide the basis for future increases, and higher utilization frequency. In 2008, the individual health insurance loss ratio rose by 140 bps to 83.3%.

Acquisition cost ratio | The health insurance acquisition cost ratio in 4Q08 was 5.6%, up 70 bps year-on-year on a recurring terms (in line with 3Q08). The small year-on-year increase was mainly due to a higher share of group policies in the health portfolio, given that the impact of individual health in the ratio is of little relevance, and also, to a lesser extent, to the reduction of the period over which acquisition costs from the individual and SME portfolios are deferred. The adoption of programs providing incentives for sales, mainly in the SME segment, has also contributed to this increase. In 2008, the ratio increased by 60 bps on a recurring basis to 5.4%.

Gross margin | Gross margin in the health insurance segment reached 19% in 4Q08, down 560 bps compared to 4Q07, recurring (up 220 bps over 3Q08), in line with the performance of the loss ratio and acquisition costs in the period. In the year, gross margin declined by 130 bps to 18.2% on a recurring basis.



Auto insurance

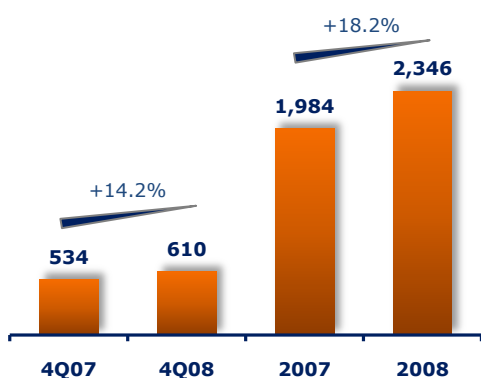
Insurance premiums | In line with a trend observed over the course of 2008, auto insurance premiums recorded a significant growth, closing 4Q08 14.2% up from 4Q07 (up 2.0% versus the previous quarter) at R\$609.7 million, accounting for 30.0% of total insurance premiums in the quarter. The increase over 4Q08 was partially due to a 8.5% year-on-year increase in the insured fleet to 1.9 million vehicles and an increase in the average annual premium. In the full year, auto insurance premiums reached R\$2.3 billion, up 18.2% over the previous year. According to SUSEP, SulAmérica closed 2008 with market share of 15.3%, 60 bps higher than in the same period last year.

Loss Ratio | Auto insurance loss ratio increased by 740 bps to 60.6% in 4Q08 over 4Q07 (decrease of 470 bps over 3Q08), while increasing 410 bps in the year to 64.1%, due to higher claims as a result of weather conditions and competition.

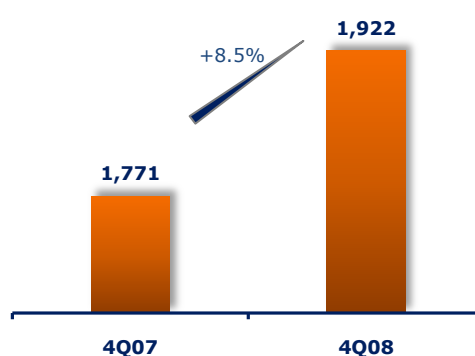
Acquisition cost ratio | The auto insurance acquisition cost ratio was 18.6%, a reduction of 30 bps over 4Q07 and in line with 3Q08. In the full year, the ratio remained practically unchanged, decreasing by 40 bps to 18.9% in 2008.

Gross margin | Gross margin of auto insurance reached 20.7% of earned premiums in 4Q08, down 710 bps on 4Q07 (up 470 bps on 3Q08), and declined by 370 bps in the full year to 17.0%. This is in line with the loss ratio for the period, given that acquisition expenses remained unchanged.

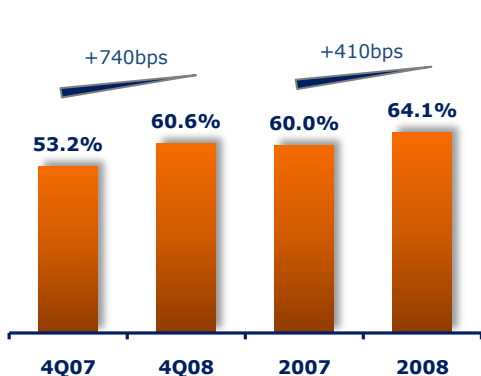
Insurance premiums | R\$ million



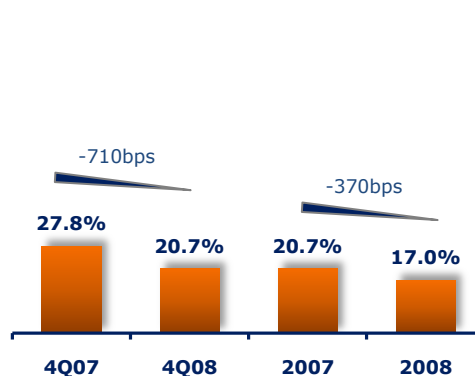
Auto Insurance fleet
thousand of vehicles



Loss ratio | %

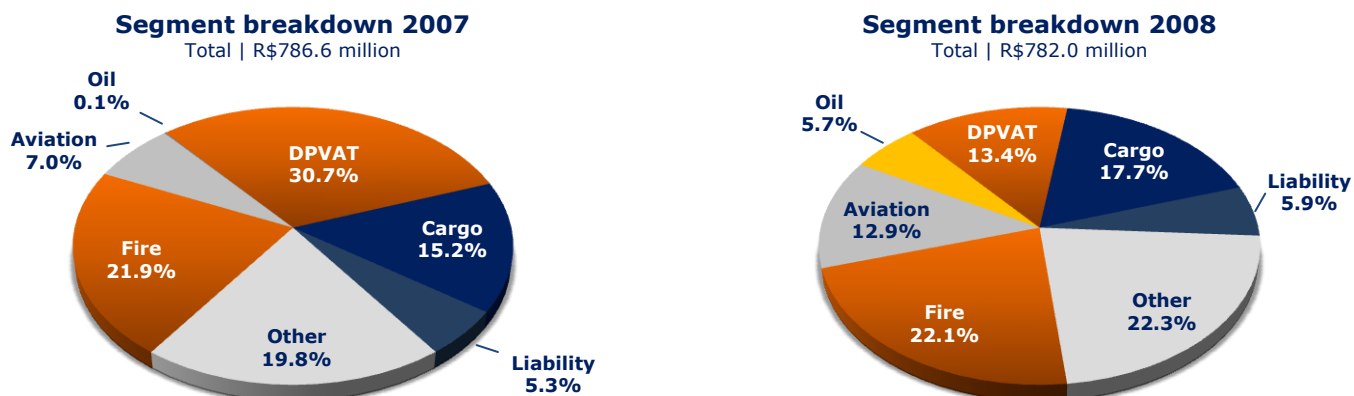


Gross margin | %



Other property and casualty insurance

Insurance premiums | Premiums for other property and casualty insurance, which accounted for 11.4% of total insurance premiums, totaled R\$230.8 million in 4Q08, 21.6% up on 4Q07 (12.0% up on 3Q08). This growth was mainly due to new businesses in the aviation, oil and fire lines. In the year, premiums remained virtually stable at R\$782.0 million, down a slight 60 bps in relation to 2007. The composition of the portfolio changed as a result of the lower percentage of DPVAT premiums and the higher share of other segments, mainly aviation, oil and fire.

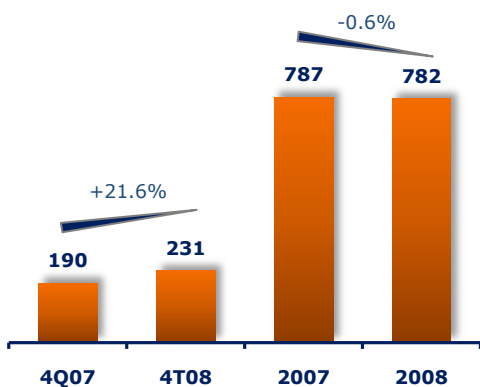


Loss ratio | The loss ratio in the segment came to 77.4% in 4Q08, increasing by 1,250 bps year-on-year (1,120 bps up on 3Q08). The increase in relation to the previous quarter was partially due to an increase in net claims in fire, miscellaneous and credit lines. Loss ratio was also negatively impacted by severe weather conditions hitting the state of Santa Catarina in the last quarter of 2008. In the full year, the loss ratio in this segment increased 590 bps to 67.7%, due to higher loss ratios in the main lines (fire and credit) and partially due to the lower share of the DPVAT line.

Acquisition cost ratio | The acquisition cost ratio increased by 60 bps over 4Q07 to 19.4% (up 100 bps over 3Q08), and by 100 bps in 2008 to 19.1%. The increase in the ratio was partially due to the lower share of DPVAT.

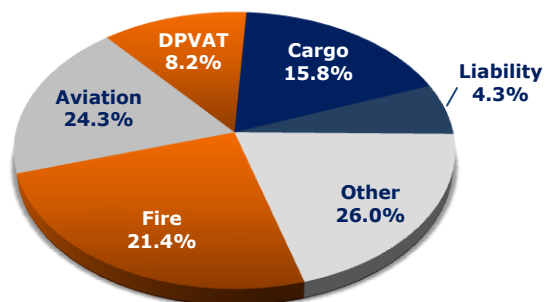
Gross margin | Gross margin decreased by 1,310 bps over 4Q07 to 3.1% of earned premiums in 4Q08 (down 1,240 bps over 3Q08), in line with the higher loss ratio in the period. In the full year, gross margin decreased by 690 bps to 13.2%, partially due to a higher acquisition cost ratio in 2008 and a higher loss ratio in 4Q08.

Insurance premiums | R\$ million

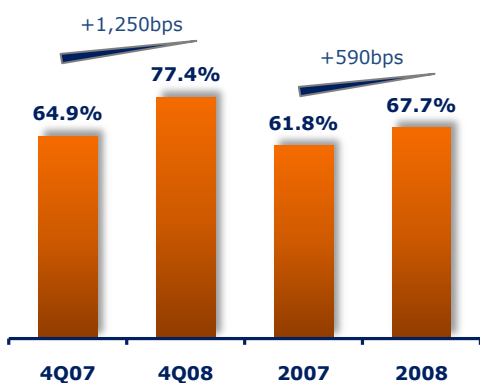


Segment breakdown 4Q08

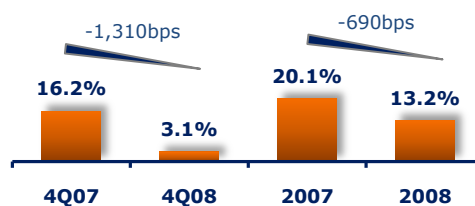
Total | R\$230.8 million



Loss Ratio | %



Gross margin | %



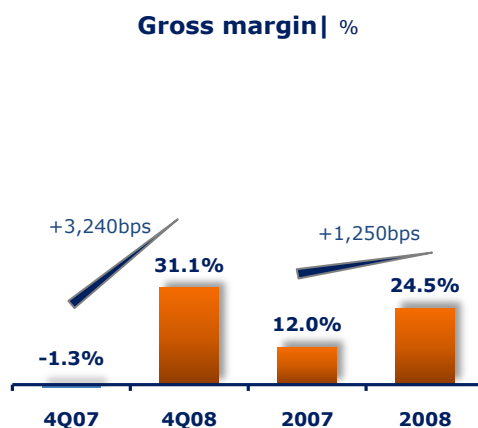
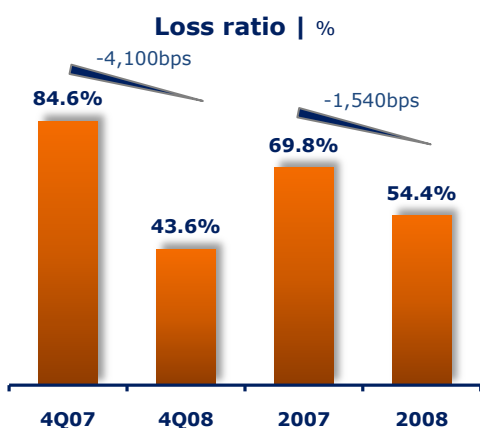
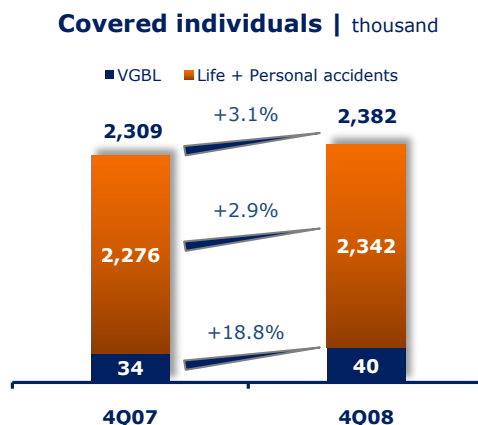
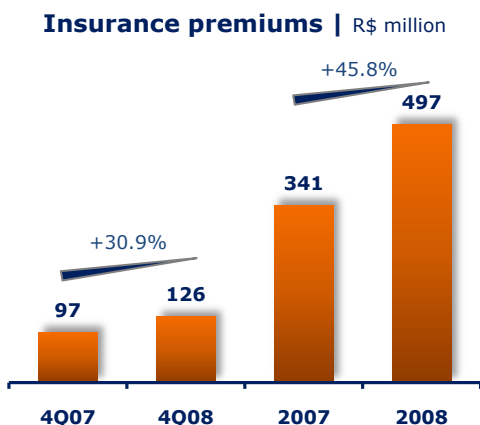
Life and personal accident insurance

Insurance premiums | Premiums for life and personal accident insurance, which account for 6.2% of total insurance premiums, totaled R\$126.4 million in 4Q08, a 30.9% increase over 4Q07 (down 14.7% over 3Q08). This growth was driven by the 49% increase in VGBL premiums in 4Q08 and also by an increase in the group life and personal accident portfolios. The life and personal accident insurance portfolio ended 4Q08 with 2,382 thousand covered individuals, an increase of 3.1% compared to 4Q07. In the year, premiums for life and personal accident grew 45.8% to R\$496.6 million, mainly reflecting the growth of 123.2% in VGBL premiums in the year.

Loss ratio | The life and personal accident loss ratio declined by 4,100 bps to 43.6% in 4Q08 (down 1,420 bps on 3Q08). In 2008, loss ratio dropped by 1,540 bps to 54.4%. The year-on-year decline was due to adjustments in provisions for judicial claims.

Acquisition cost ratio | The life and personal accident acquisition cost ratio increased by 860 bps to 25.3% in 4Q08 (up 390 bps over 3Q08), mainly due to the commercial conditions of the new policies. In 2008, this ratio increased by 300 bps to close the year at 21.1% of earned premiums.

Gross margin | The gross margin for this segment increased by 3,240 bps to 31.1% in 4Q08 (up 1,040 bps relative to 3Q08), in line with the decline in the loss ratio. In 2008, gross margin in this segment increased by 1,250 bps to 24.5%.



Other insurance operating income and expenses

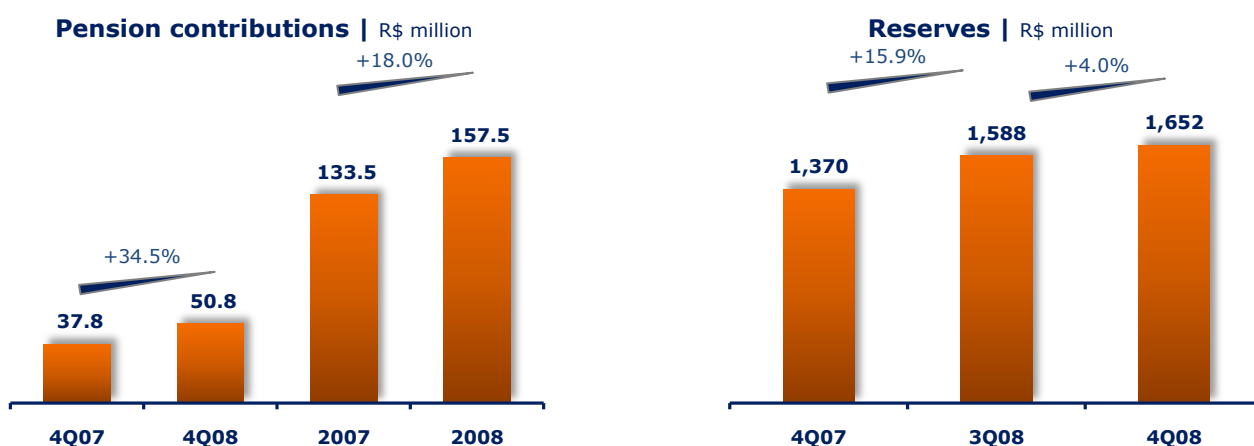
R\$ million	4Q08	4Q07	Δ%	3Q08	Δ%	2008	2007	Δ%
Other insurance operating income and expenses	(56.7)	(16.3)	247.6%	(21.1)	168.6%	(83.9)	(139.8)	-40.0%

The year-on-year decrease of R\$55.8 million in expenses in 2008 (provision increase of R\$84.3 million in 2Q07 and reversal of R\$28.5 million in 4Q07) is mainly due to the change in the balance of provisions for bad debt related to the "individual health insurance adjustment".

Income from private pension

R\$ million	4Q08	4Q07	Δ%	3Q08	Δ%	2008	2007	Δ%
Income from private pension	1.8	11.7	-84.9%	4.8	-63.1%	14.7	32.1	-54.4%

Income from the private pension business fell R\$17.5 million in 2008. The decline is due to adjustments in provisions as a result of the cancelation of contracts in 2007 and higher expenses with losses in life riders.



Income from Administrative Services Only

R\$ million	4Q08	4Q07	Δ%	3Q08	Δ%	2008	2007	Δ%
Net operating income from ASO business	3.5	7.4	-52.7%	10.2	-65.7%	28.6	27.5	4.2%

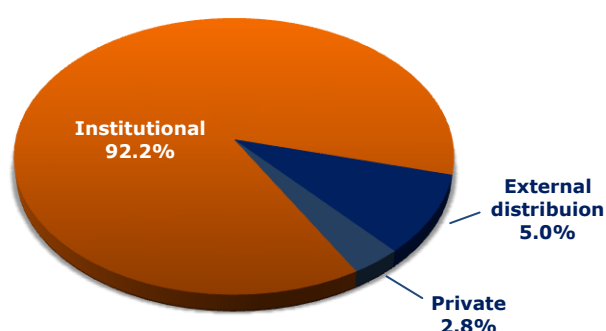
Income from the ASO climbed by R\$1.1 million over 2008, due to an increase of 14.0% in the average fee per member. This increase was partially offset by the reduction of 4.8% in the number of members in the period, which reached 272.6 thousand covered individuals at the end of the period.

Income from asset management

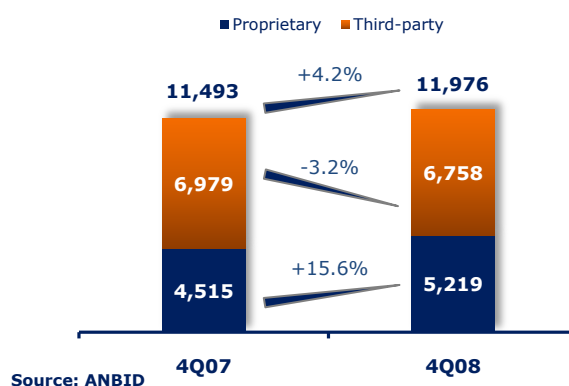
R\$ million	4Q08	4Q07	Δ%	3Q08	Δ%	2008	2007	Δ%
Income from asset management	4.4	5.6	-22.1%	6.5	-32.9%	23.4	21.6	8.1%

Income from the asset management business grew R\$1.8 million in 2008, mainly due to the growth in the volume of assets under management, which reached R\$12.0 billion at the end of 2008. According to the National Association of Investment Banks (ANBID), market decreased by 0.8% in the same period.

Third party assets | 2008



Investment portfolio | R\$ million

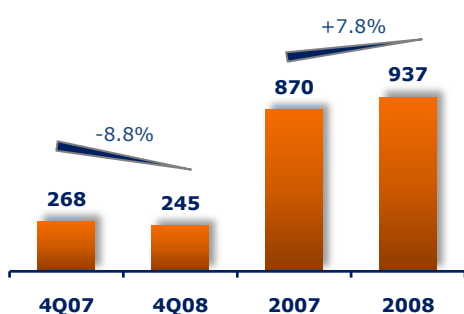


Administrative expenses

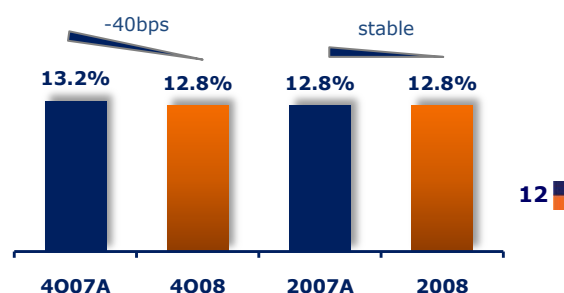
R\$ million	4Q08	4Q07	Δ%	3Q08	Δ%	2008	2007	Δ%
Personnel expenses	(120.6)	(110.0)	9.7%	(124.0)	-2.7%	(469.5)	(420.8)	11.6%
Third-party services	(45.6)	(84.2)	-45.9%	(47.2)	-3.4%	(173.2)	(193.0)	-10.3%
Buildings and maintenance	(50.0)	(44.1)	13.4%	(47.7)	4.9%	(184.5)	(169.6)	8.8%
Marketing and advertising	(20.5)	(20.9)	-2.1%	(14.0)	46.1%	(67.6)	(50.9)	33.0%
Other administrative expenses	(8.0)	(9.0)	-11.6%	(2.8)	189.0%	(42.1)	(35.2)	19.4%
Total	(244.6)	(268.2)	-8.8%	(235.6)	3.8%	(936.9)	(869.5)	7.8%

Administrative expenses increased 7.8% in 2008, representing 12.8% of retained premiums in the period. This was mainly due to an increase in expenses with personnel, due to the change in employee's working hours, and also due to a 5,5% wage increase in force since January 2008, a greater volume of operations and projects under execution, a higher advertising and marketing expenses, and lastly due to adjustments to the reserves for judicial losses. Year-on-year comparison also reflects the impact of IPO expenses recorded in 4Q07.

Administrative expenses | R\$ million



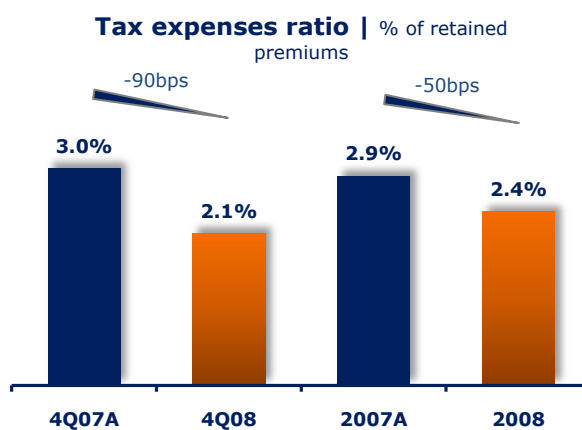
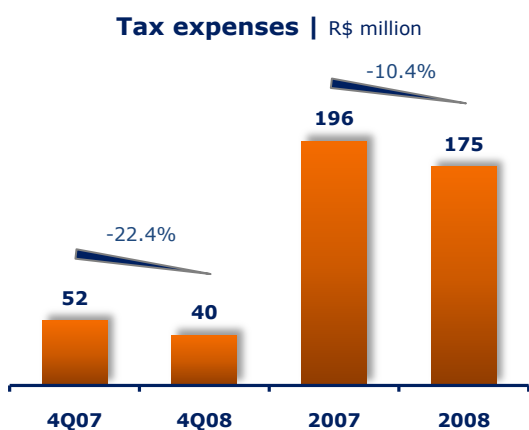
Administrative expenses ratio | % of retained premiums



Tax expenses

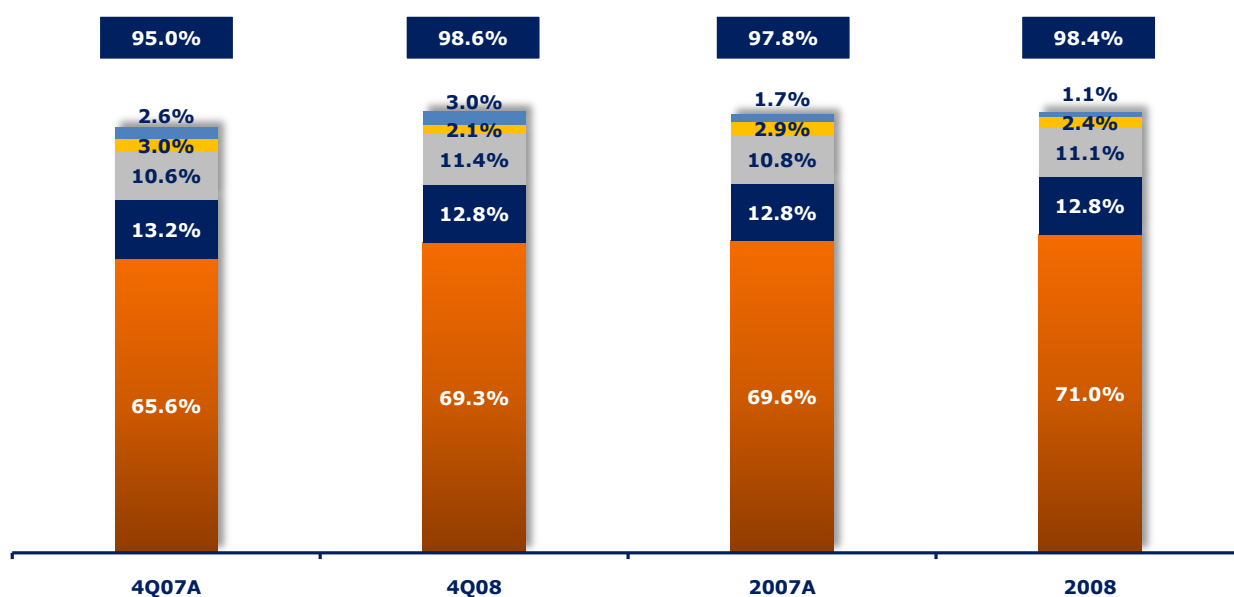
R\$ million	4Q08	4Q07	Δ%	3Q08	Δ%	2008	2007	Δ%
Tax expenses	(40.2)	(51.9)	-22.4%	(45.3)	-11.2%	(175.4)	(195.8)	-10.4%

Tax expenses decreased by 10.4% over 2008, closing the period at 2.4% of retained premiums. The R\$20.4 million reduction is mainly due to adjustments to provisions for tax contingencies and judicial rulings on the PIS and COFINS taxes, as well as other taxes.



Combined ratio

%	4Q08	4Q07	Δ(bps)	3Q08	Δ(bps)	2008	2007	Δ(bps)
Combined ratio	98.6%	96.0%	260	99.2%	-60	98.4%	97.0%	140
Combined ratio ajusted	98.6%	95.0%	360	99.2%	-60	98.4%	97.8%	60



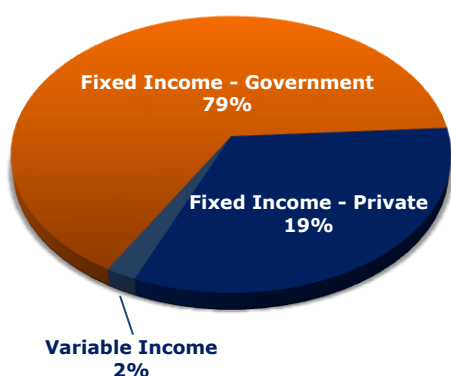
Financial income

R\$ million	4Q08	4Q07	Δ%	3Q08	Δ%	2008	2007	Δ%
Return on investment portfolio	147.8	138.7	6.6%	134.3	10.1%	606.4	600.3	1.0%
Debt servicing costs	(15.4)	(30.3)	-49.2%	(12.5)	22.9%	(47.5)	(63.7)	-25.3%
Changes in pension reserves	(29.6)	(50.4)	-41.2%	(23.2)	27.5%	(154.6)	(165.9)	-6.8%
Other	32.8	(13.3)	n.a.	47.3	-30.5%	92.7	29.8	211.6%
Total	135.7	44.7	203.6%	145.8	-6.9%	497.0	400.5	24.1%

Investments increased 13.7% in 2008 over 2007 to R\$5.8 billion, of which 98% were allocated into fixed income securities and slightly less than 2% to equities. Return on investments yielded 93.6% of the CDI rate in 2008 (79.0% of the CDI in the 4Q08). The increase of R\$96.5 million seen in 2008 compared to 2007 is due to: (i) higher liquidity from the proceeds of the IPO, and a subsequent reduction in debt; (ii) the cancellation of the CPMF; (iii) a positive change resulting from discounts given in December 2007 to complementary individual health premiums.

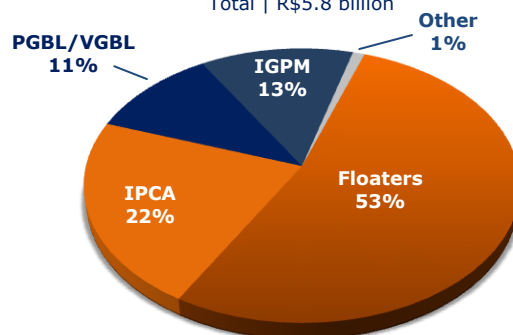
Investment allocation

Total | R\$5.8 billion



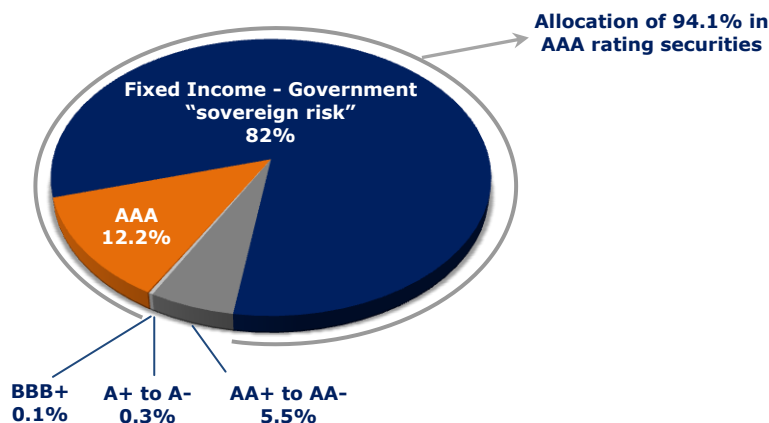
Investment per security/ index-linked

Total | R\$5.8 billion



Investment per rating

Total | R\$5.6 billion*



(*) Excludes variable income securities

Income tax and social contribution provisions

R\$ million	4Q08	4Q07	Δ%	3Q08	Δ%	2008	2007	Δ%
Income tax and social contribution provisions	(36.8)	(29.3)	25.6%	(31.1)	18.4%	(211.9)	(238.0)	-11.0%

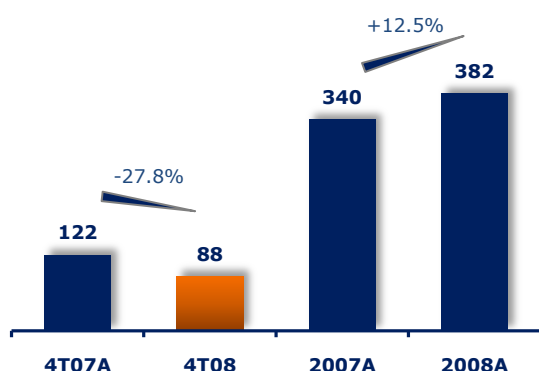
Income tax and social contribution provision expenses fell by R\$26.1 million in 2008 compared to 2007, due to higher utilization of tax credits, following the increase in results.

Net income and ROAE

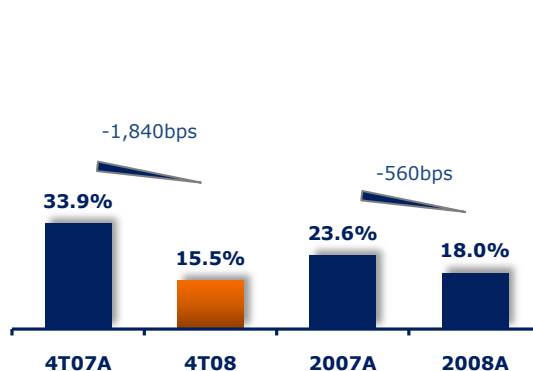
R\$ million	4Q08	4Q07	Δ%	3Q08	Δ%	2008	2007	Δ%
Net income	88.0	64.0	37.5%	121.1	-27.3%	415.9	321.5	29.4%
Net income adjusted	88.0	121.9	-27.8%	121.1	-27.3%	381.8	339.5	12.5%
ROAE	15.5%	17.8%	-230bps	21.9%	-640bps	19.6%	22.3%	-270bps
ROAE adjusted	15.5%	33.9%	-1,840bps	21.9%	-640bps	18.0%	23.6%	-560bps
Earnings per share (R\$)	0.3122	0.1743	79.1%	0.4306	-27.5%	1.4796	1.1092	33.4%
Earnings per share adjusted (R\$)	0.3122	0.3800	-17.8%	0.4306	-27.5%	1.3580	1.1732	15.8%
Earnings per unit (R\$)	1.3958	0.7788	79.2%	1.9236	-27.4%	6.6148	4.9557	33.5%
Earnings per unit adjusted (R\$)	1.3958	1.6978	-17.8%	1.9236	-27.4%	6.0714	5.2415	15.8%

Net income reached an annual record of R\$415.9 million in 2008, increasing 12.5% on a recurring basis over the previous year. Annualized ROAE came to 19.6% in the year, down 270 bps on 2007. This reduction is explained by the capital increase of R\$775 million in 2007 with the proceeds of the IPO (October 2007).

Net income | R\$ million



Profitability | %



Recent events

Share buy-back program. On October 7, 2008, the Board of Directors of Sul América S.A. approved a share buy-back program. Shares will be kept in treasury for future use in the Stock Option Plan. Management considers that this transaction is convenient and in the best interest of the Company, in view of the current price of its units, its growth and profitability prospects and the existence of available reserves, pursuant to the provisions of CVM Instruction 10. The program provides for a maximum of 1,052,636 units to be acquired, which is equivalent to 3% of the free float, and approximately 1.1% of the total shares issued by the Company as of September 29, 2008. The buy-back program may be executed over a period of 365 days from the date the notice of material fact was released (October 7, 2008).

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
Unibanco	Maria Laura Pessoa	+55 (11) 3584-1770	maria.pessoa@unibanco.com.br
Ágora	Aloísio Villeth Lemos	+55 (21) 2529-0807	aloisio.lemos@agorainvest.com.br
Fator	Iago Whately	+ 55 (11) 3049-9480	iwhately@bancofator.com.br
Itaú	Victor Mizusaki	+ 55 (11) 3073-3030	victor.mizusaki@itau.com.br
Morgan Stanley	Alexandre Falcao	+ 55 (11) 3048-6270	alexandre.falcao@morganstanley.com

IR contact

Phone: +55 (21) 2506-9111
e-mail: ir@sulamerica.com.br
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)	4Q08	4Q07	Δ%	3Q08	Δ%	2008	2007	Δ%
Insurance premiums	2,031.3	1,797.8	13.0%	2,014.2	0.8%	7,723.2	7,005.4	10.2%
Reinsurance premiums ceded	(123.4)	(87.3)	41.3%	(114.2)	8.0%	(407.2)	(395.5)	2.9%
Other ceded premiums, net	-	-	n.a.	0.4	n.a.	0.5	1.3	-65.8%
Retained premiums	1,907.9	1,710.5	11.5%	1,900.4	0.4%	7,316.5	6,611.2	10.7%
Changes in insurance and retained technical reserves	(83.6)	(51.6)	62.1%	(94.7)	-11.7%	(331.4)	(37.1)	793.7%
Earned premiums	1,824.3	1,658.9	10.0%	1,805.8	1.0%	6,985.1	6,574.1	6.3%
Retained claims and benefits expenses	(1,263.6)	(1,091.4)	15.8%	(1,305.5)	-3.2%	(4,958.1)	(4,482.8)	10.6%
Acquisitions cost	(208.1)	(175.4)	18.7%	(199.2)	4.5%	(776.4)	(692.7)	12.1%
Gross margin	352.6	392.1	-10.1%	301.0	17.1%	1,250.5	1,398.6	-10.6%
Other insurance operating income (expenses)	(56.7)	(16.3)	247.6%	(21.1)	168.6%	(83.9)	(139.8)	-40.0%
Net operating income from private pension business	1.8	11.7	-84.9%	4.8	-63.1%	14.7	32.1	-54.4%
Net operating income from ASO business	3.5	7.4	-52.7%	10.2	-65.7%	28.6	27.5	4.2%
Net operating income from asset management business	4.4	5.6	-22.1%	6.5	-32.9%	23.4	21.6	8.1%
Administrative expenses	(244.6)	(268.2)	-8.8%	(235.6)	3.8%	(936.9)	(869.5)	7.8%
Tax expenses	(40.2)	(51.9)	-22.4%	(45.3)	-11.2%	(175.4)	(195.8)	-10.4%
Net financial income	135.7	44.7	203.6%	145.8	-6.9%	497.0	400.5	24.1%
Equity income from non-consolidated subsidiaries and other	177.2	1.4	n.a.	2.1	n.a.	187.5	(0.4)	n.a.
Non-operating income	(177.3)	0.9	n.a.	0.1	n.a.	-	1.3	n.a.
Income before income tax, social contribution and profit sharing	156.5	127.3	22.9%	168.5	-7.1%	805.4	676.2	19.1%
Income tax and social contribution	(36.8)	(29.3)	25.6%	(31.1)	18.4%	(211.9)	(238.0)	-11.0%
Tax credit amortization	-	(2.7)	n.a.	-	n.a.	-	(16.2)	n.a.
Profit sharing	(24.2)	(13.2)	83.7%	(5.4)	349.5%	(47.4)	(32.5)	45.6%
Minority interest	(7.5)	(18.1)	-58.9%	(10.9)	-31.5%	(130.2)	(68.0)	91.5%
Net income	88.0	64.0	37.5%	121.1	-27.3%	415.9	321.5	29.4%

Appendix II – Balance sheet summary

Assets (R\$ million)	2008	2007	Δ%
Current assets	5,914.3	5,066.9	16.7%
Cash, cash equivalents and marketable securities	4,019.3	3,441.0	16.8%
Receivables from insurance and reinsurance operations	1,137.8	960.2	18.5%
Deferred acquisition costs	298.1	236.8	25.9%
Other current assets	459.0	428.9	7.0%
Long-term assets	4,185.6	3,702.5	13.0%
Marketable securities	1,883.8	1,624.4	16.0%
Judicial and fiscal deposits	1,617.7	1,423.9	13.6%
Deferred acquisition costs	142.8	155.9	-8.4%
Other long-term assets	541.4	498.3	8.6%
Permanent assets	216.7	328.4	-34.0%
Total assets	10,316.5	9,097.9	13.4%

Liabilities (R\$ million)	2008	2007	Δ%
Current liabilities	4,176.9	3,668.0	13.9%
Loans and financing	10.0	7.5	32.7%
Other payable obligations	588.6	473.9	24.2%
Insurance, reinsurance and private pension debts	367.0	281.4	30.4%
Technical reserves – insurance and reinsurance	2,773.3	2,510.5	10.5%
Technical reserves – private pension	378.8	325.0	16.5%
Accrued liabilities for contingencies	59.2	69.7	-15.0%
Long-term liabilities	3,632.6	3,191.5	13.8%
Accounts payable	913.5	877.6	4.1%
Loans and financing	254.8	262.1	-2.8%
Other accounts payable	167.4	108.3	54.5%
Technical reserves – insurance and reinsurance	571.9	481.8	18.7%
Technical reserves – private pension	1,273.7	1,044.7	21.9%
Accrued liabilities for contingencies	451.4	417.0	8.3%
Other liabilities	-	-	n.a.
Minority interest	221.3	277.55	-20.2%
Shareholders' equity	2,285.6	1,960.9	16.6%
Total liabilities	10,316.5	9,097.9	13.4%

Appendix III – Glossary

Term	Definition
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 as the sum of the division of net losses plus acquisition costs by earned premiums and the division of administrative expenses by retained premiums.
Debt / shareholder's equity	Sum of loans and financing, divided by shareholders' equity.
Return on average equity	Net income (loss) divided by shareholders' average equity.
Average equity	Average of shareholders' equity at the end of the period with the shareholders' equity at the beginning of the period.