

Earnings Release | 3Q08

SulAmérica

associada ao ING 



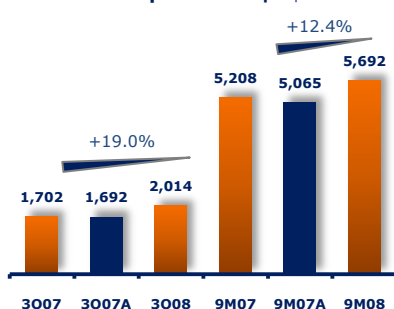
Rio de Janeiro, November 10, 2008 – Sul América S.A. (Bovespa: SULA11) announces today its results for the third quarter of 2008 (3Q08). The Company's operating and financial information, except where otherwise stated, is based on its financial statements and was prepared in Brazilian Reais (R\$), in accordance with CVM regulations (including CVM Ruling 469 of May 2, 2008).

Net Income increases 80% on 3Q08 to R\$121 million. 9M08 results exceed 2007 annual record.

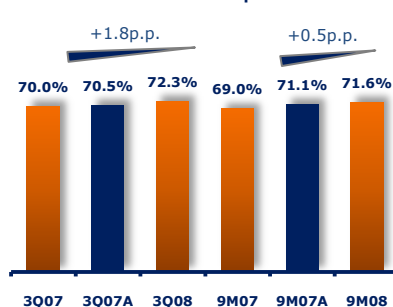
3Q08 Highlights

- ▶ 3Q08 recurring net income totals R\$121.1 million, 85.4% up on 3Q07 (increase of 80.4% non-recurring) and is 122.7% higher than 2Q08. Year-to-date recurring net income increases 34.9% over 9M07 to R\$293.8 million, corresponding to an annualized ROAE of 18.5%.
- ▶ Total insurance premiums move up by 19.0% on 3Q08 over 3Q07 on a recurring basis, and reach R\$2.0 billion, 8.8% up on 2Q08. Health insurance premiums increase by 11.1% over 3Q07 and 6.2% over the previous quarter, with group health up by 18.2%, led by policies to small and medium-sized enterprises (SMEs) with growth of 21.3%. Auto insurance premiums climb by 24.3% and insured fleet reaches 1.9 million vehicles. Life insurance premiums move up by 71.3%, led by VGBL plans which record hefty growth of 341.6%.
- ▶ Total loss ratio reaches 72.3%, increasing 1.8 p.p. on a recurring basis over 3Q07 and 0.2 p.p. down on 2Q08. Health insurance closes the quarter with a loss ratio of 77.8%, a recurring increase of 2.4 p.p., and 0.8 p.p. down on 2Q08. Auto insurance loss ratio is 65.3%, 0.5 p.p. down on the previous quarter.
- ▶ Combined ratio reaches 99.2%, up 2.4 p.p. on a recurring basis over 3Q07 and shows a 1.3 p.p. improvement over the previous quarter.
- ▶ Return on the investment portfolio comes to R\$134.3 million in 3Q08 and R\$458.6 million year-to-date, corresponding to an average yield of 99.6% of the CDI rate.

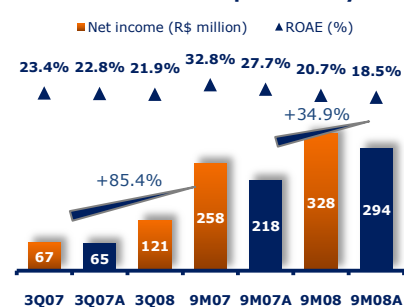
Insurance premiums | R\$ million



Loss ratio | %



Net income and profitability



CONFERENCE CALL

| Portuguese | Date: November 11, 2008 | Time: 10:00 am (BR) | 7:00 am US EST | Phone: +55 11 2101-4848 | Code: SULAMERICA
 | English | Date: November 11, 2008 | Time: 12:00 pm (BR) | 9:00 am US EST | Phone: +1 412 858-4600 | Code: SULAMERICA
 | Webcast | Access: www.sulamerica.com.br/ir

Message from the management

SulAmérica closed the 3Q08 maintaining a path of sustained growth in its results. With a net income of R\$121.1 million in the third quarter and R\$327.9 million for the first nine months, the Company surpassed its annual record of R\$321.0 million posted in 2007. On a recurring basis, net income for the third-quarter increased by 85.4% over 3Q07 while 9M08 figures moved up by 34.9% year-on-year to R\$293.8 million. Annualized return on average equity in the first nine months reached 18.5%.

The Company has been successively recording positive operating results. The combined ratio stood at 99.2% in 3Q08, 1.3 p.p. better than in the 2Q08, and at 98.4% in 9M08, a 1.8 p.p. year-on-year improvement. Investment policy remains focused on the management of exposures coming from the liability side. As a result of the appropriateness of such successful strategy, last October 22 Fitch Ratings raised the Company's foreign and local currency rating from "BB-" to "BB", with a stable outlook.

Management believes that the profile of the Company's business portfolio is well positioned for periods of higher volatility. This belief is because its main portfolios possess distinct characteristics, allowing them to respond in an anticyclical manner. The Company, as well as the insurance industry as a whole, has greatly benefited from the expansion of the economy, the improvements seen in the income distribution and the growth of credit operations over the recent years. Likewise, although the present international crisis may result in a slowdown in the economy, the impact on the insurance industry might be offset by the still low degree of insurance penetration seen in various areas of the Brazilian economy. This is also true with respect to the incorporation of new consumer segments into the insurance market, such as the one of small and medium-sized enterprises, or SMEs.

The Company remained fully committed to the execution of its development plan. In the health insurance area, it launched in 3Q08 the new dental plans SulAmérica Odontológico Empresarial and SulAmérica Odontológico SME, aimed at further leveraging its presence in this market, which grows at a rate of 21.2% per year and currently covers 9.9 million people, according to the latest ANS data. In the auto segment, the service "Motorista Amigo" (friendly driver) was improved to allow a higher usage limit, providing even better assistance for policy-holders who may not be in a condition to drive in view of the restrictions imposed by the so-called "Lei Seca" (Brazil's zero-tolerance drinking and driving law). The private pension product portfolio was expanded to include the new SulAmérica Educaprevi, designed to help in guaranteeing the education of children and teenagers. Five new commercial units in Recife, Uberlândia, Caxias do Sul, Poços de Caldas and Juiz de Fora were added to the distribution network, and the network of C.A.S.A.s auto service centers was expanded with new units in Fortaleza, Blumenau and Uberlândia, leading to a countrywide total of 12 units. The implementation of the partnership with BV Financeira in the auto insurance segment follows as scheduled, with the pilot phase successfully concluded in Belo Horizonte, Curitiba and São Paulo. The unfolding to other regions has already begun.

Management believed that in view of the prevailing environment, it was opportune and in the interests of the shareholders that a share buyback program of up to 3% of the free float be launched with the objective of backing the future needs of its stock option plan.

The Company benefits from its large client base, which offers opportunities for the cross selling of complementary products and services. Its strategy is founded on the continuous offer of innovative products and services of the highest quality, backed by the recognition and solid reputation of the SulAmérica brand.

Insurance operations

Insurance premiums R\$ million	3Q08	3Q07	Δ%	2Q08	Δ%	9M08	9M07	Δ%
Health insurance	1,062.5	966.6	9.9%	1,000.9	6.2%	3,034.6	2,916.8	4.0%
Health insurance adjusted	1,062.5	956.3	11.1%	1,000.9	6.2%	3,034.6	2,774.3	9.4%
Group health insurance	704.4	595.7	18.2%	645.2	9.2%	1,968.7	1,716.3	14.7%
Individual health insurance	358.2	370.9	-3.4%	355.7	0.7%	1,065.9	1,200.5	-11.2%
Individual health insurance adjusted	358.2	360.6	-0.7%	355.7	0.7%	1,065.9	1,058.0	0.7%
Auto insurance	597.5	480.7	24.3%	598.8	-0.2%	1,735.9	1,449.9	19.7%
Other property & casualty insurance	206.1	168.5	22.3%	135.5	52.0%	551.2	596.8	-7.6%
Life & personal accident insurance	148.1	86.5	71.3%	116.7	26.9%	370.2	244.2	51.6%
Total	2,014.2	1,702.3	18.3%	1,851.9	8.8%	5,691.9	5,207.6	9.3%
Total adjusted	2,014.2	1,692.0	19.0%	1,851.9	8.8%	5,691.9	5,065.1	12.4%

Earned premiums R\$ million	3Q08	3Q07	Δ%	2Q08	Δ%	9M08	9M07	Δ%
Health insurance	1,060.0	962.7	10.1%	998.6	6.2%	3,031.5	2,909.8	4.2%
Health insurance adjusted	1,060.0	952.4	11.3%	998.6	6.2%	3,031.5	2,767.3	9.5%
Group health insurance	702.6	594.0	18.3%	643.9	9.1%	1,964.9	1,711.2	14.8%
Individual health insurance	357.5	368.8	-3.1%	354.7	0.8%	1,066.6	1,198.7	-11.0%
Individual health insurance adjusted	357.5	358.5	-0.3%	354.7	0.8%	1,066.6	1,056.2	1.0%
Auto insurance	562.6	498.8	12.8%	528.1	6.5%	1,601.7	1,496.2	7.1%
Other property & casualty insurance	94.9	97.3	-2.4%	87.6	8.3%	272.5	306.4	-11.0%
Life & personal accident insurance	88.2	69.0	27.8%	85.2	3.5%	255.0	200.1	27.5%
Total	1,805.8	1,627.8	10.9%	1,699.5	6.3%	5,160.7	4,912.4	5.1%
Total adjusted	1,805.8	1,617.5	11.6%	1,699.5	6.3%	5,160.7	4,769.9	8.2%

Loss ratio	3Q08	3Q07	Δ(p.p.)	2Q08	Δ(p.p.)	9M08	9M07	Δ(p.p.)
Health insurance	77.8%	74.6%	3.2	78.5%	-0.8	76.7%	73.6%	3.0
Health insurance adjusted	77.8%	75.4%	2.4	78.5%	-0.8	76.7%	77.4%	-0.8
Group health insurance	74.3%	70.1%	4.2	74.9%	-0.6	73.1%	73.3%	-0.2
Individual health insurance	84.5%	81.8%	2.7	85.1%	-0.5	83.3%	74.2%	9.1
Individual health insurance adjusted	84.5%	84.1%	0.4	85.1%	-0.5	83.3%	84.2%	-0.9
Auto insurance	65.3%	60.8%	4.5	65.9%	-0.5	65.4%	62.4%	3.0
Other property & casualty insurance	66.2%	66.8%	-0.6	61.4%	4.8	64.3%	60.8%	3.4
Life & personal accident insurance	57.8%	77.4%	-19.6	55.2%	2.6	58.1%	64.2%	-6.0
Total	72.3%	70.0%	2.3	72.5%	-0.2	71.6%	69.0%	2.6
Total adjusted	72.3%	70.5%	1.8	72.5%	-0.2	71.6%	71.1%	0.5

Acquisition cost ratio	3Q08	3Q07	Δ(p.p.)	2Q08	Δ(p.p.)	9M08	9M07	Δ(p.p.)
Health insurance	5.5%	4.8%	0.7	5.4%	0.1	5.4%	4.6%	0.8
Health insurance adjusted	5.5%	4.9%	0.6	5.4%	0.1	5.4%	4.8%	0.6
Group health insurance	7.8%	7.5%	0.3	7.8%	0.0	7.8%	7.5%	0.3
Individual health insurance	1.0%	0.5%	0.5	1.0%	0.0	1.0%	0.5%	0.5
Individual health insurance adjusted	1,0%	0.5%	0.4	1.0%	0.0	1.0%	0.5%	0.4
Auto insurance	18.7%	18.7%	0.0	18.9%	-0.2	18.9%	19.5%	-0.6
Other property & casualty insurance	18.4%	19.7%	-1.3	20.3%	-1.9	19.0%	17.8%	1.1
Life & personal accident insurance	21.4%	19.5%	1.9	18.8%	2.6	19.7%	18.7%	1.0
Total	11.0%	10.6%	0.5	11.0%	0.0	11.0%	10.5%	0.5
Total adjusted	11.0%	10.6%	0.4	11.0%	0.0	11.0%	10.8%	0.2

Gross margin	3Q08	3Q07	Δ(p.p.)	2Q08	Δ(p.p.)	9M08	9M07	Δ(p.p.)
Health insurance	16.8%	20.6%	-3.8	16.1%	0.7	18.0%	21.8%	-3.8
Health insurance adjusted	16.8%	19.8%	-3.0	16.1%	0.7	18.0%	17.7%	0.2
Group health insurance	17.9%	22.4%	-4.5	17.3%	0.7	19.2%	19.2%	-0.1
Individual health insurance	14.5%	17.7%	-3.2	14.0%	0.6	15.7%	25.4%	-9.6
Individual health insurance adjusted	14.5%	15.4%	-0.8	14.0%	0.6	15.7%	15.3%	0.4
Auto insurance	16.0%	20.5%	-4.5	15.3%	0.8	15.7%	18.1%	-2.4
Other property & casualty insurance	15.5%	13.6%	1.9	18.3%	-2.8	16.7%	21.3%	-4.6
Life & personal accident insurance	20.7%	3.1%	17.6	26.0%	-5.3	22.2%	17.1%	5.0
Total	16.7%	19.4%	-2.8	16.4%	0.2	17.4%	20.4%	-3.0
Total adjusted	16.7%	18.9%	-2.2	16.4%	0.2	17.4%	18.1%	-0.7

Combined ratio	3Q08	3Q07	Δ(p.p.)	2Q08	Δ(p.p.)	9M08	9M07	Δ(p.p.)
Combined ratio	99.2%	96.5%	2.7	100.5%	-1.3	98.4%	97.3%	1.1
Combined ratio adjusted	99.2%	96.8%	2.4	100.5%	-1.3	98.4%	98.9%	-0.5

Net income and return on average equity (ROAE)

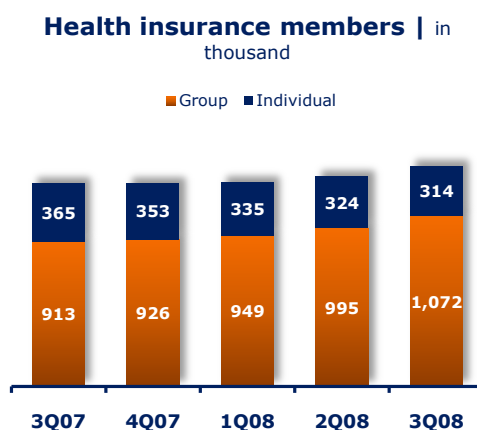
R\$ million	3Q08	3Q07	Δ%	2Q08	Δ%	9M08	9M07	Δ%
Net income	121.1	67.1	80.4%	88.5	36.8%	327.9	258.0	27.1%
Net income adjusted	121.1	65.3	85.4%	54.4	122.7%	293.8	217.7	34.9%
ROAE	21.9%	23.4%	-1.5p.p.	16.8%	5.1p.p.	20.7%	32.8%	-12.1p.p.
ROAE adjusted	21.9%	22.8%	-0.9p.p.	10.3%	11.6p.p.	18.5%	27.7%	-9.2p.p.
Earnings per share (R\$)	0.43	0.33	32.2%	0.31	36.8%	1.17	1.25	-6.8%
Earnings per share adjusted (R\$)	0.43	0.31	36.0%	0.19	122.7%	1.04	1.06	-1.0%

Health insurance

Insurance premiums | Total health insurance premiums, which represented 52.8% of total insurance premiums, moved up by 11.1% on a recurring basis, reaching R\$1.1 billion in 3Q08.

Group health insurance premiums, which accounted for 35.0% of total insurance premiums and 66.3% of health insurance premiums in 3Q08, came to R\$704.4 million, with an increase of 18.2% over 3Q07 (9.2% up on 2Q08). The portfolio closed the quarter with 1,072 thousand insured members, a 17.4% increase over the same period last year (7.7% higher than the previous quarter). Third-quarter growth was mainly driven by membership growth and the annual price adjustment applied to group policies. Premiums in the SME segment increased by 21.3% to R\$125.1 million in 3Q08 (11.0% up on 2Q08). This was a result of 20.8% increase in members, which closed the period at 136,390 (up 5.4% relative to 2Q08), and price adjustment. The Company closed 3Q08 with a dental care portfolio of 100,324 members, 17.8% up on the 3Q07 figure (10.0% up on 2Q08). This performance was driven by promotional campaigns carried out in 3Q08 highlighting the quality of the Company's product in this segment together with final consumers and brokers.

Individual health insurance premiums, representing 17.8% of total insurance premiums and 33.7% of health insurance premiums, reached R\$358.2 million in 3Q08, remaining virtually flat in recurring terms over 3Q07 (the portfolio presented a very similar pattern in comparison to 2Q08). Individual health insurance portfolio declined 14,1% in 3Q08 relative to 3Q07 closing the quarter with 313.658 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 downturn in beneficiaries was, however, partially offset by the annual price increase of individual policies. At the end of the period, approximately 80.6% of the individual health portfolio consisted of policies issued prior to Law 9656/98.



Loss ratio | Total health insurance loss ratio increased by 2.4 p.p., recurring, to 77.8% (a decline of 0.8 p.p. compared to 2Q08).

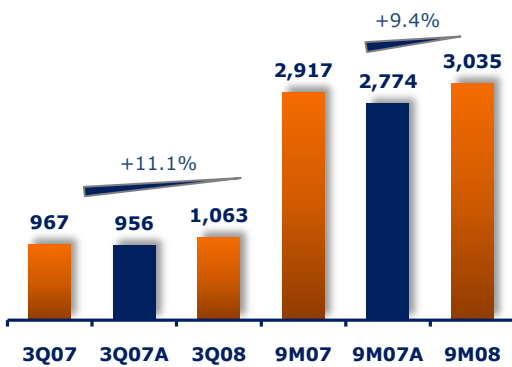
Group health insurance loss ratio moved up by 4.2 p.p. over 3Q07 (down 0.6 p.p. on 2Q08), closing the quarter at 74.3%. This increase was chiefly due to the upturn in the cost of claims, medical inflation and the adoption of the new list of procedures. In addition, the Company observed a pricing policy designed to take advantage of growth opportunities and increase penetration in market segments with positive growth prospects, as is the case of SMEs.

The individual health insurance loss ratio increased by 0.4 p.p on a recurring basis over 3Q07 to 84.5% (0.5 p.p. down on 2Q08). This increase, as in the group health portfolio, is partially attributed to the adoption of the new list of procedures and the upturn in the cost of claims due to medical inflation, which will subsequently provide the base for future price increases.

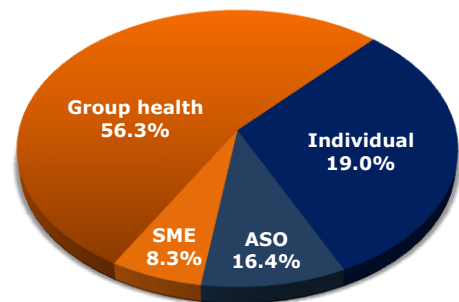
Acquisition cost ratio | The health insurance acquisition cost ratio was 5.5%, 0.6 p.p. up on 3Q07 in recurring terms (in line with 2Q08). The small increase on 3Q08 was mainly due to the increasing share of group policies, given that the contribution of the individual portfolio to the ratio is of little 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.

Gross margin | The gross margin in health insurance reached 16.8% in 3Q08, down 3.0 p.p. compared to 3Q07, recurring (up 0.7 p.p. over 2Q08). The change observed on 3Q08 basically reflects the claims behavior in the period.

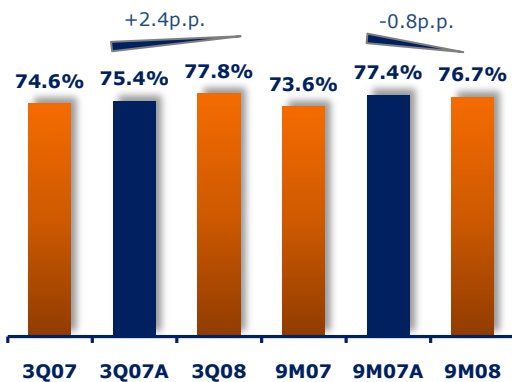
Insurance premiums | R\$ million



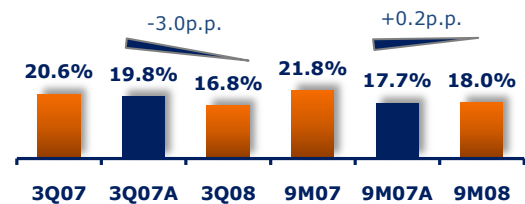
Covered individuals 3Q08
 Total | 1.7 million covered individuals



Loss ratio | %



Gross margin | %



Auto insurance

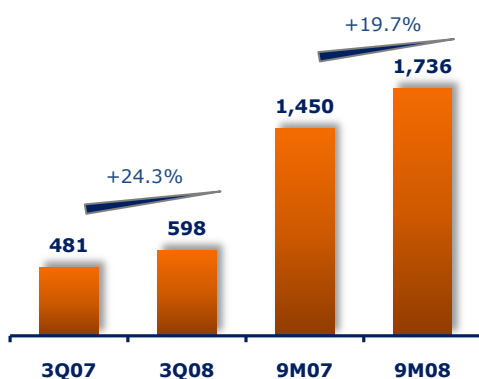
Insurance premiums | In line with a trend observed since 3Q07, auto insurance premiums recorded a significant growth, closing 3Q08 24.3% up from 3Q07 at R\$597.5 million (stable in comparison to the previous quarter), accounting for 29.7% of all insurance premiums in the period. The increase over 3Q07 was partially due to the 11.2% year-on-year increase in the insured fleet to 1,901.5 thousands vehicles, and the 11.8% growth seen in the average annual premium to R\$1,257.

Loss ratio | Auto insurance loss ratio moved up by 4.5 p.p. to 65.3% in 3Q08 over 3Q07 (decline of 0.5 p.p. over 2Q08). This was chiefly due to the increase in net claims, as a result of weather conditions, and, also, by the fact that earned premiums did not follow the same trend as net claims, as a result of market conditions, especially in the last months of 2007.

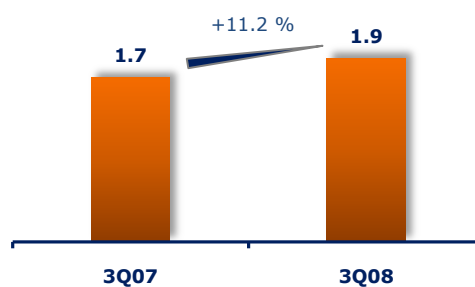
Acquisition cost ratio | The auto insurance acquisition cost ratio remained stable in 3Q08 at 18.7% (a slight 0.2 p.p improvement over 2Q08).

Gross margin | Gross margin of auto insurance reached 16.0% of earned premiums in 3Q08, 4,5 p.p down on 3Q07 (0.8 p.p. up on 2Q08). The reduction is in line with the loss ratio behavior, given that acquisition expenses remained virtually unaltered.

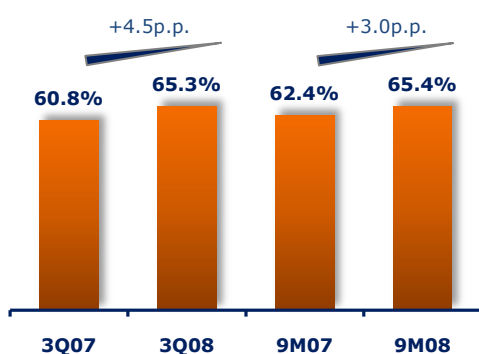
Insurance premiums | R\$ million



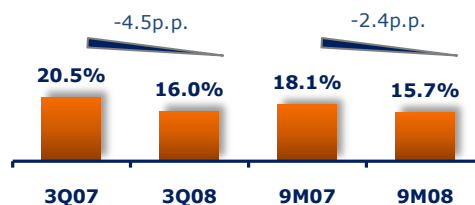
Auto Insurance fleet
vehicles in million



Loss ratio | %



Gross margin | %



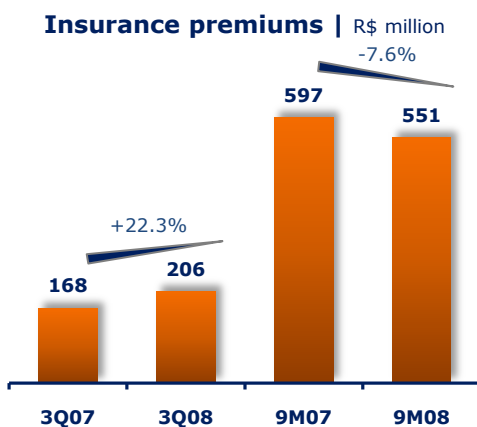
Other property and casualty insurance

Insurance premiums | Premiums for other property and casualty insurance, which accounted for 10.2% of total insurance premiums, totaled R\$206.1 million in 3Q08, 22.3% up on 3Q07 (52.0% up on 2Q08). This growth was mainly due to new businesses in the oil and fire insurance portfolios.

Loss ratio | The loss ratio in the segment came to 66.2%, 0.6 p.p. less than in 3Q07 (4.8 p.p. up on 2Q08). This increase seen in 3Q08 was partially due to an increase in net claims in fire, miscellaneous and credit lines.

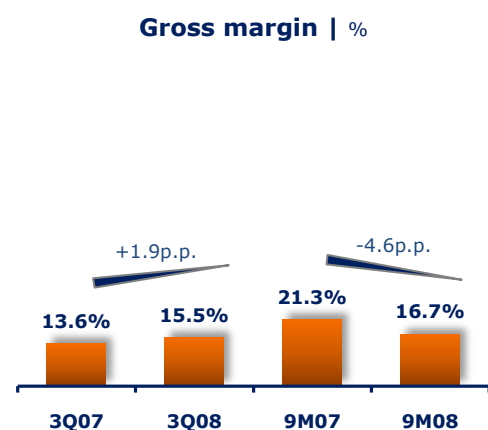
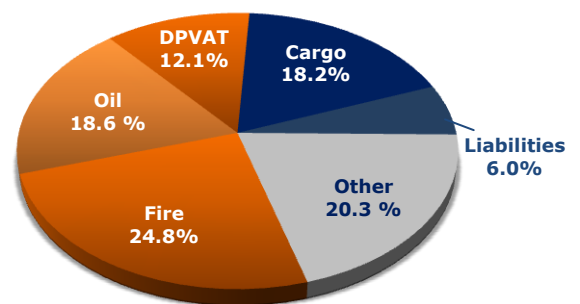
Acquisition cost ratio | The acquisition cost ratio fell by 1.3 p.p. over 3Q07 to 18.4% of earned premiums (down 1.9 p.p. on 2Q08). This decrease is in line with the commercial conditions prevailing on new policies as well as with the change in the portfolio composition.

Gross margin | The gross margin increased in 3Q08 to 15.5% of earned premiums, up 1.9 p.p. over 3Q07 (down 2.8 p.p over 2Q08). This was in line with the reduction in the loss and acquisition cost ratios.



Segment breakdown 3Q08

Total | R\$206.1 million



Life and personal accident insurance

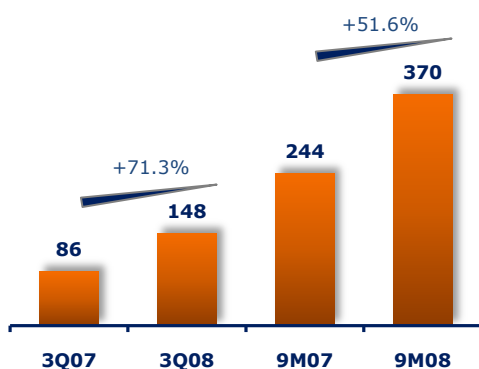
Insurance premiums | Premiums for life and personal accident insurance, which account for 7.4% of total insurance premiums, totaled R\$148.1 million in 3Q08, a 71.3% increase over 3Q07 (up 26.9% over 2Q08). This growth was driven by a 341.6% upturn in VGBL premiums in 3Q08 and by the increase in group life and personal accident policies in the period. The portfolio ended the 3Q08 with 2,832 thousand covered individuals, an increase of 19.6% compared to 3Q07.

Loss ratio | The life and personal accident loss ratio declined by 19.6 p.p to 57.8% in 3Q08 (up 2.6 p.p. on 2Q08). The decline observed in 3Q08 was due to the adjustments in the reserves for judicial losses.

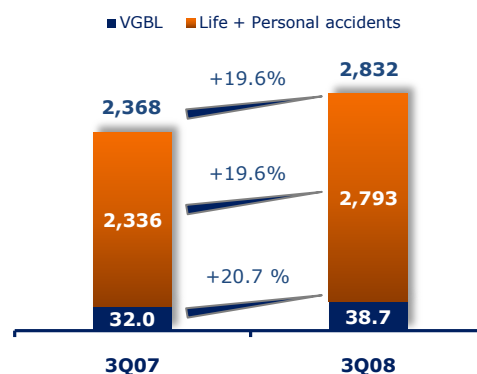
Acquisition cost ratio | The life and personal accident acquisition cost ratio grew by 1.9 p.p. to 21.4% in the 3Q08 comparison (up 2.6 p.p over 2Q08), mainly due to the commercial conditions of the new policies.

Gross margin | The gross margin for this segment increased by 17.6 p.p to 20.7% in 3Q08 (down 5.3 p.p. relative to 2Q08), in line with the decline in the loss ratio.

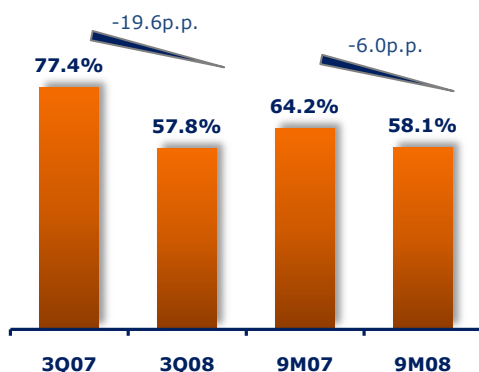
Insurance premiums | R\$ million



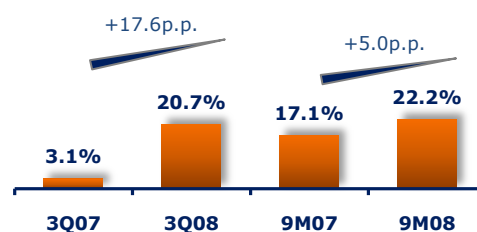
Covered individuals | in thousand



Loss ratio | %



Gross margin | %



Other insurance operating income and expenses

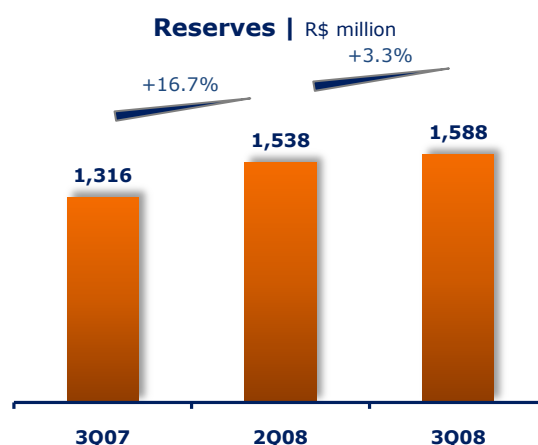
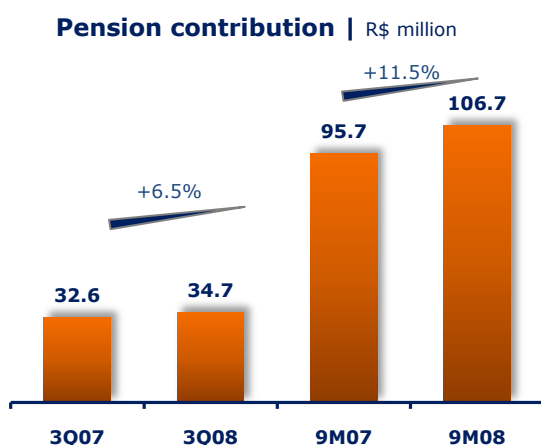
R\$ million	3Q08	3Q07	Δ%	2Q08	Δ%	9M08	9M07	Δ%
Other insurance operating income and expenses	-21.1	-19.5	8.1%	-30.1	-30.1%	-27.2	-123.4	-78.0%

The net balance of this line, which corresponds to an increased expense of R\$1.6 million in 3Q08 over 3Q07 (down 30.1% on 2Q08), was mainly due to changes in judicial contingencies.

Income from private pension

R\$ million	3Q08	3Q07	Δ%	2Q08	Δ%	9M08	9M07	Δ%
Income from private pensions	4.8	7.4	-35.0%	2.2	115.6%	12.9	20.5	-37.0%

Income from the private pension business fell R\$2.6 million on 3Q08 over 3Q07 (increase of R\$2.6 million compared to 2Q08). Such decline was due to the variation in the provisions in traditional pension plans.



Income from Administrative Services Only

R\$ million	3Q08	3Q07	Δ%	2Q08	Δ%	9M08	9M07	Δ%
Income from ASO	10.2	6.5	57.8%	7.9	29.0%	25.1	20.1	25.2%

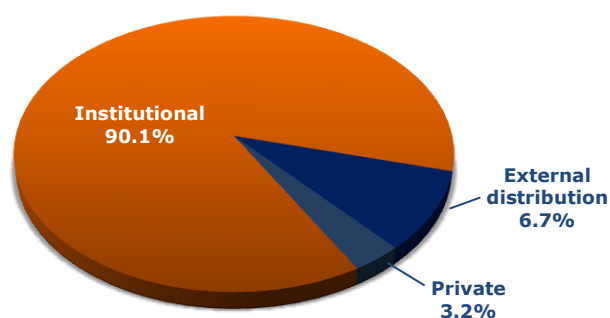
Income from ASO climbed by R\$3.7 million over 3Q07 (up R\$2.3 million on 2Q08), due to an increase in the average fee per beneficiary and a R\$1.8 million result booked in the period. The portfolio ended the period with 271.8 thousand covered individuals.

Income from asset management

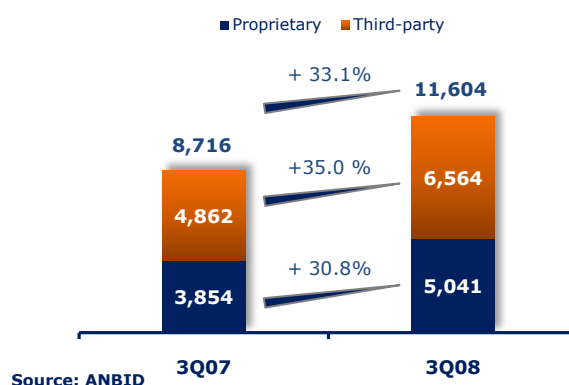
R\$ million	3Q08	3Q07	Δ%	2Q08	Δ%	9M08	9M07	Δ%
Income from asset management	6.5	6.3	2.9%	6.2	6.0%	19.0	17.6	8.1%

Income from the asset management business grew R\$0.2 million in 3Q08 compared to 3Q07, with an increase of 33.1% in the volume of assets under management, which reached R\$11.6 billion at the end of period. The market grew by 6.6% in the same period.

Third party assets | 9M08
R\$6.6 billion



Investment portfolio | R\$ million

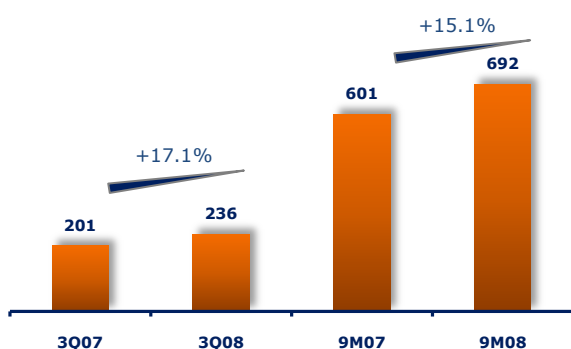


Administrative expenses

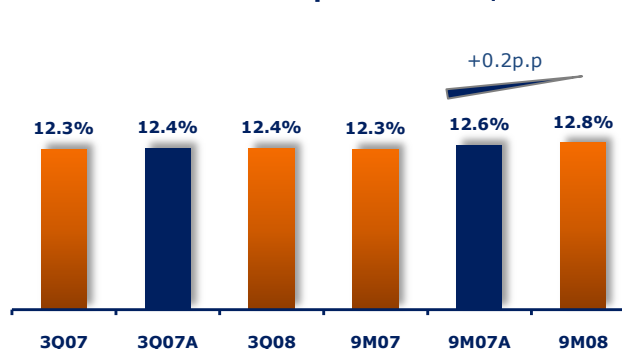
R\$ million	3Q08	3Q07	Δ%	2Q08	Δ%	9M08	9M07	Δ%
Personnel expenses	-124.0	-106.1	16.9%	-110.5	12.2%	-348.9	-310.9	12.2%
Third-party services	-47.2	-36.1	30.7%	-43.3	8.9%	-127.6	-108.8	17.3%
Buildings and maintenance	-47.7	-41.2	15.6%	-45.3	5.3%	-134.5	-125.5	7.2%
Marketing and advertising	-14.0	-11.5	21.2%	-16.9	-17.3%	-47.2	-30.0	57.4%
Other administrative expenses	-2.8	-6.3	-56.0%	-13.3	-79.2%	-34.1	-26.2	30.1%
Total	-235.6	-201.2	17.1%	-229.3	2.7%	-692.3	-601.3	15.1%

Administrative expenses increased 17.1% in 3Q08 (up 2.7% over 2Q08), representing 12.4% of retained premiums in the period. This was mainly due to an increase in expenses with own personnel due to the change in employees' working hours, the 5.5% annual wage adjustment in force since January 2008, the greater volume of operations and projects under execution and higher advertising and marketing expenses.

Administrative expenses | R\$ million



Administrative expenses ratio | %

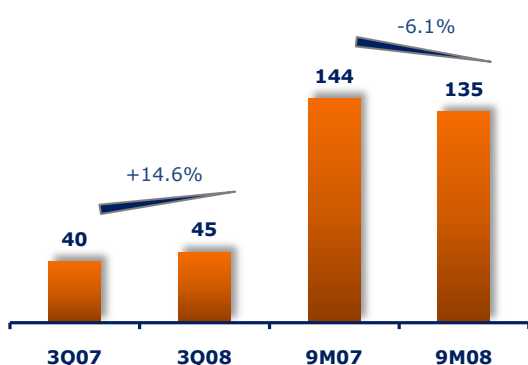


Tax expenses

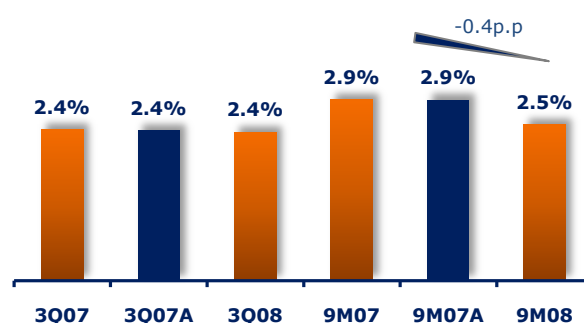
R\$ million	3Q08	3Q07	Δ%	2Q08	Δ%	9M08	9M07	Δ%
Tax expenses	-45.3	-39.5	14.6%	-45.5	-0.4%	-135.2	-143.9	-6.1%

Tax expenses increased by 14.6% over 3Q07 (decline of 0.4% over 2Q08), closing the 3Q08 at 2.4% of retained premiums. This R\$5.8 million year-on-year increase was mainly due to the higher level of activity in the Company and the change in provisions for tax credits not yet ratified by the Brazilian federal tax authority (SRF).

Tax expenses | R\$ million

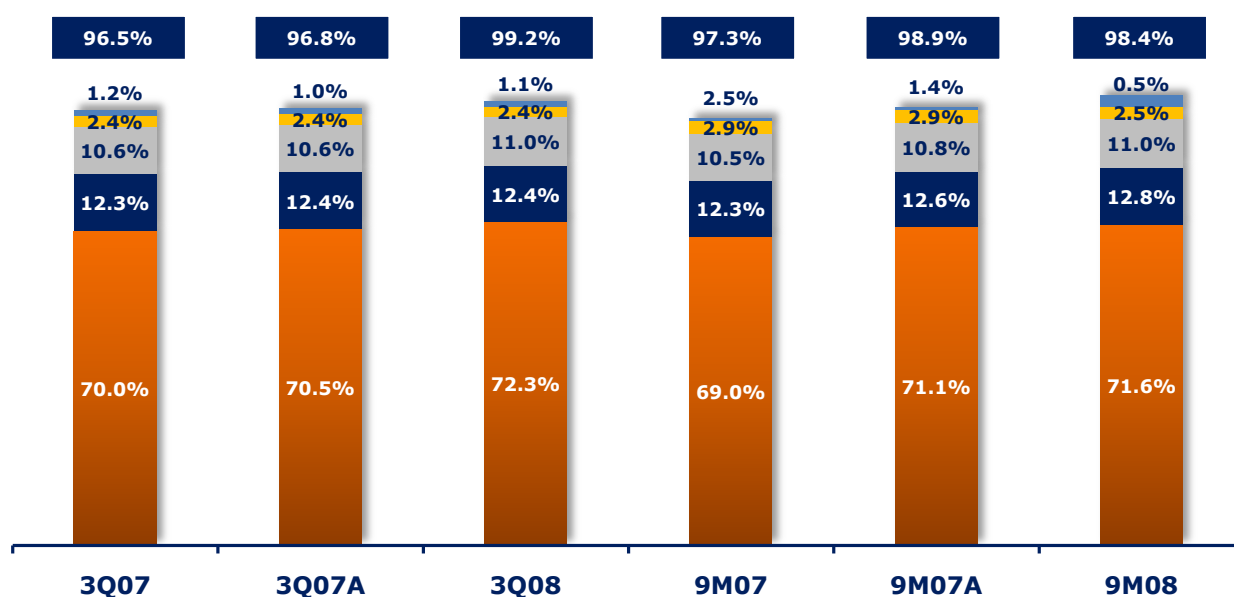


Tax expenses ratio | %



Combined ratio

%	3Q08	3Q07	Δ(p.p.)	2Q08	Δ(p.p.)	9M08	9M07	Δ(p.p.)
Combined ratio	99.2%	96.5%	2.7	100.5%	-1.3	98.4%	97.3%	1.1
Combined ratio adjusted	99.2%	96.8%	2.4	100.5%	-1.3	98.4%	98.9%	-0.5



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

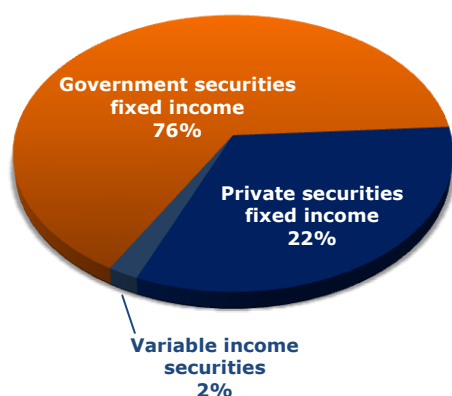
Financial income

R\$ million	3Q08	3Q07	Δ%	2Q08	Δ%	9M08	9M07	Δ%
Return on investment portfolio	134.3	119.3	12.5%	175.3	-23.4%	458.6	461.7	-0.7%
Debt servicing costs	-12.5	-22.4	-44.2%	-10.3	21.5%	-32.2	-33.4	-3.8%
Changes in pension reserves	-23.2	-38.9	-40.2%	-60.5	-61.6%	-125.0	-115.5	8.2%
Other	47.3	10.9	335.4%	10.6	346.0%	59.9	41.5	44.2%
Total	145.8	68.9	111.6%	115.1	26.6%	361.3	354.3	2.0%

Investments increased 28.5% in 3Q08 over 3Q07 to R\$5.6 billion, of which 98% were allocated into fixed-income securities and slightly less than 2% to equities. Return on investments averaged 99.6% of the CDI in 9M08 (73.5% of CDI in 3Q08). The decrease seen in 3Q08 compared to previous quarters was due to the performance of inflation-pegged fixed-income securities and, to a lesser degree, the capital markets downturn. On the other hand, total financial income was favored by the reduction in debt and related charges, the reduction of pension liabilities due to the behavior of inflation, the extinction of the CPMF and the reduction in financial charges on judicial liabilities, due to the inflationary trajectory.

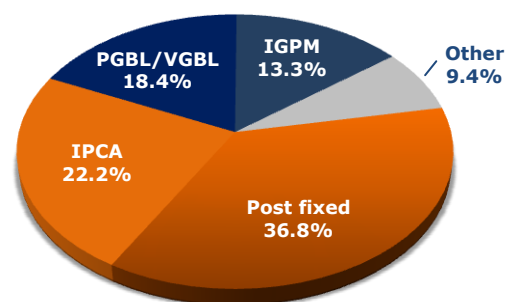
Investment allocation

Total | R\$5.6 billion



Investment per security / index-linked

Total | R\$5.6 billion



Income tax and social contribution provisions

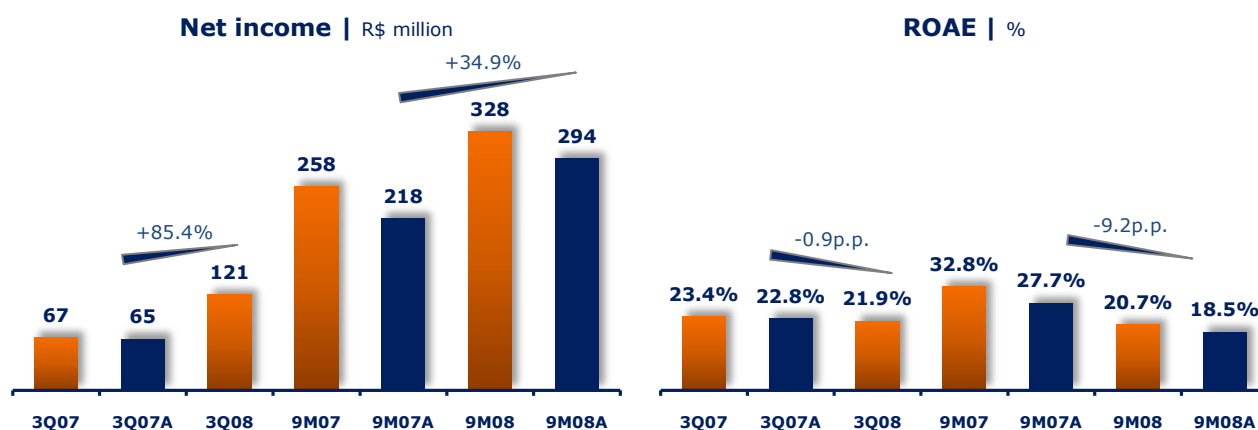
R\$ million	3Q08	3Q07	Δ%	2Q08	Δ%	9M08	9M07	Δ%
IR/CSLL provision	-31.1	-58.7	-47.0%	-88.2	-64.7%	-175.1	-221.2	-20.9%

Income tax and social contribution provision expenses fell by R\$27.6 million in 3Q08 compared to 3Q07 (R\$57.1 million down on 2Q08), due to the Company's greater utilization of tax credits, following the increase in its results.

Net income and ROAE

R\$ million	3Q08	3Q07	Δ%	2Q08	Δ%	9M08	9M07	Δ%
Net income	121.1	67.1	80.4%	88.5	36.8%	327.9	258.0	27.1%
Net income adjusted	121.1	65.3	85.4%	54.4	122.7%	293.8	217.7	34.9%
ROAE	21.9%	23.4%	-1.5p.p.	16.8%	5.1p.p.	20.7%	32.8%	-12.1p.p.
ROAE adjusted	21.9%	22.8%	-0.9p.p.	10.3%	11.6p.p.	18.5%	27.7%	-9.2p.p.
Earnings per share (R\$)	0.43	0.33	32.2%	0.31	36.8%	1.17	1.25	-6.8%
Earnings per share adjusted (R\$)	0.43	0.31	36.0%	0.19	122.7%	1.04	1.06	-1.0%

The Company posted a 3Q08 net income of R\$121.1 million, an increase of 85.4% over the same period last year on a recurring basis (up 122.7% over 2Q08). Year-to-date net income reached at R\$293.6 million, 34.9% up year-on-year, recurring. Annualized ROAE came to 18.5% in 9M08, 9.2 p.p. down on 9M07 due to capital increase of R\$775 million relating to the company's IPO concluded in October 2007.



Recent events

Fitch Ratings raises Sul América S.A.'s IDRs. On October 22, 2008, Fitch Ratings raised Sul América S.A.'s IDRs (Issuer Default Ratings) in foreign and domestic currency from 'BB-' to 'BB', and reaffirmed its short-term IDRs in foreign and domestic currency 'B' rating. At the same time, the agency raised the senior notes rating from 'B+' to 'BB-' and withdrew the 'RR5' recovery rating on its senior notes, since recovery ratings do not apply to the 'BB' category. The IDR outlook was maintained stable. These changes reflect improvements in Sul América's asset and liability management policies, especially at the holding company level, which resulted in adequate liquidity ratios, reducing its dependence on cash flow from operations.

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).

Acquisition of minority participation in Sul América Companhia Nacional de Seguros ("SALIC"). On July 29, there has ended the period over which the remaining shares of SALIC could be acquired following the tender offer for its delisting (OPA). The Company, through its subsidiary SAEPAR Serviços e Participações S.A., acquired a total of 50,126,651 shares, bringing its total investment in the operation to R\$ R\$51.3 million. At the end of this period, the Company had increased its participation to 99.4% of SALIC's total capital, further increasing the amount of its operating subsidiaries income that it now consolidates.

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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)	3Q08	3Q07	Δ%	2Q08	Δ%	9M08	9M07	Δ%
Insurance premiums	2,014.2	1,702.3	18.3%	1,851.9	8.8%	5,691.9	5,207.6	9.3%
Reinsurance premiums ceded	-101.1	-44.9	125.2%	-40.2	151.5%	-238.8	-207.3	15.2%
Other ceded premiums, net	-12.6	-26.1	-51.6%	-14.2	-11.0%	-44.5	-99.6	-55.3%
Retained premiums	1,900.4	1,631.3	16.5%	1,797.5	5.7%	5,408.5	4,900.7	10.4%
Changes in insurance and retained technical reserves	-94.7	-3.5	2,590.9%	-98.0	-3.4%	-247.8	11.7	n.a.
Earned premiums	1,805.8	1,627.8	10.9%	1,699.5	6.3%	5,160.7	4,912.4	5.1%
Retained claims and benefits expenses	-1,305.5	-1,139.6	14.6%	-1,232.9	5.9%	-3,694.5	-3,391.4	8.9%
Acquisitions cost	-199.2	-172.0	15.8%	-187.2	6.4%	-568.3	-517.3	9.9%
Gross margin	301.0	316.1	-4.8%	279.4	7.7%	897.9	1.003.7	-10.5%
Other insurance operating income (expenses)	-21.1	-19.5	8.1%	-30.1	-29.8%	-27.2	-123.4	-78.0%
Net operating income from private pension business	4.8	7.4	-35.0%	2.2	115.6%	12.9	20.5	-37.0%
Net operating income from ASO business	10.2	6.5	57.8%	7.9	29.0%	25.1	20.1	25.2%
Net operating income from asset management business	6.5	6.3	2.9%	6.2	6.0%	19.0	17.6	8.1%
Administrative expenses	-235.6	-201.2	17.1%	-229.3	2.7%	-692.3	-601.3	15.1%
Tax expenses	-45.3	-39.5	14.6%	-45.5	-0.4%	-135.2	-143.9	-6.1%
Net financial income	145.8	68.9	111.6%	115.1	26.6%	361.3	354.3	2.0%
Equity income from non-consolidated subsidiaries and other	2.1	-1.6	n.a.	-0.2	n.a.	10.1	-1.8	n.a.
Non-operating income	0.1	1.1	-90.3%	177.2	-99.9%	177.3	0.4	42625.8%
Income before income tax, social contribution and profit sharing	168.5	144.4	16.7%	282.8	-40.4%	649.0	546.0	18.9%
Income tax and social contribution	-31.1	-58.7	-47.0%	-88.2	-64.7%	-175.1	-221.2	-20.9%
Profit sharing	-5.4	-4.2	28.4%	-10.6	-49.3%	-23.2	-19.3	19.7%
Minority interest	-10.9	-14.4	-24.3%	-95.5	-88.6%	-122.8	-47.4	159.0%
Net income	121.1	67.1	80.4%	88.5	36.8%	327.9	258.0	27.1%

Appendix II – Balance sheet summary

Assets (R\$ million)	12M07	9M08	Δ%
Current assets	5,066.9	5,549.0	9.5%
Cash, cash equivalents and marketable securities	3,441.0	3,829.7	11.3%
Receivables from insurance and reinsurance operations	960.2	1,065.6	11.0%
Deferred acquisition costs	236.8	285.8	20.7%
Other current assets	428.9	367.9	-14.2%
Long-term assets	3,702.5	4,149.0	12.1%
Marketable securities	1,624.4	1,829.1	12.6%
Judicial and fiscal deposits	1,423.9	1,571.6	10.4%
Deferred acquisition costs	155.9	142.2	-8.8%
Other long-term assets	498.3	606.1	21.6%
Permanent assets	328.4	201.7	-38.6%
Total assets	9,097.9	9,899.7	8.8%

Liabilities (R\$ million)	12M07	9M08	Δ%
Current liabilities	3,669.6	3,844.1	4.8%
Loans and financing	7.5	2.8	-62.7%
Other payable obligations	473.1	412.6	-12.8%
Insurance, reinsurance and private pension debts	281.4	299.3	6.4%
Technical reserves – insurance and reinsurance	2,512.9	2,718.5	8.2%
Technical reserves – private pension	325.0	350.4	7.8%
Accrued liabilities for contingencies	69.7	60.5	-13.2%
Long-term liabilities	3,191.5	3,549.0	11.2%
Accounts payable	877.6	890.2	1.4%
Loans and financing	262.1	276.5	5.5%
Other accounts payable	108.3	148.2	36.8%
Technical reserves – insurance and reinsurance	481.8	556.1	15.4%
Technical reserves – private pension	1,044.7	1,237.9	18.5%
Accrued liabilities for contingencies	417.0	436.4	4.7%
Other liabilities	-	3.8	-
Income from future account period	-	0.3	-
Minority interest	276.4	235.8	-14.7%
Shareholders' equity	1,960.4	2,270.5	15.8%
Total liabilities	9,097.9	9,899.7	8.8%

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.