

Henrique Caldeira, Barclays Capital:

Hi, gentlemen. Thank you for taking the question. You reported a recurring ROE of 15% this year, but you had very weak results in the first two quarters of this year, what are your expectations for future ROE and future growth and the outlook for 2011? In other words, what could go wrong not to have improvements in the combined ratio or do you think it could stabilize?

Arthur Farne D'Amoed Neto:

Henrique, we could barely hear you, can you repeat your question? Maybe the connection is not working.

Henrique Caldeira:

Sure, I will repeat the question. You reported a recurring ROE of 15% in 2010, but we need to take into consideration that we had a very weak result in the first two quarters, with a peak in the loss ratio in the health side, what could be your expectation for this year, your outlook for ROEs, combined ratio, do you still expect to see any improvements? Or what could go wrong for the combined ratio to stabilize in 2011?

Thomaz de Menezes:

Henrique, the results, if I understood your question, you are talking about the results of the first three quarters of last year and what the expectations are for this year's 1Q and 2Q, is that correct? And in addition to your comment, Henrique, I guess you suggested that the performance in the first quarters has led to an ROE close to 15% and the question was what our forecast or our view is towards the year 2011, is that correct?

Henrique Caldeira:

Exactly, if you get the carry over effect from the much better 2H, of course there is some seasonality, but I would assume that the first two quarters of 2010 were below your expectations. So, considering that, do you expect the ROEs to continue improving on an annual basis and what could be, you know, a reasonable expectation for the combined ratio?

Thomaz de Menezes:

OK. I mean, I think we talked about the first three quarters and the sort of the impact of the health results and therefore all of the several measures that we implemented during the 3Q and 4Q, mainly in the health, related to the health frequency and health claim history, which has led to the improvement of the results of the Company as a whole, but especially a significant improvement of the results of the health claim. So, we foresee that to be, although cyclical, we foresee that to be maintained during the next quarters of this year.

With respect to the ROE, our expectation is to see a little bit of an improvement for the next couple of quarters and we would see it to be around 16%. That would be our expectations.

Henrique Caldeira:

Thomaz, 16% for 2011?

Thomaz de Menezes:

Yes.

Henrique Caldeira:

OK. My second question, you mentioned earlier on the Portuguese call that this line, other revenues and expenses on the insurance side, you had some new numbers that were attributed by provisions, that have already been 100% provisioned during this quarter. So, do you expect, you know, quarter over quarter, for the 1Q this year, would you expect to see a material decline in this line, not so material or still higher on a historical basis?

Sérgio Borriello:

Yes, in terms of the numbers of disclosures in the 4Q10, I believe in the next quarters we will not have the impact of the fiscal provisions that we have made for the INSS for brokers. So, probably the results on this line, we can take out this result which is almost R\$40 million, so the rest of the line I believe will be pretty the same but with always some volatility due to the behavior of the judicial liabilities that we have.

Henrique Caldeira:

That is very helpful. Thank you.

Eduardo Nishio, BTG Pactual:

Hi. Good morning. Thank you for taking my question. The first question is: how much do you expect premiums to grow in 2011? And second, going back to the ROE expectations of 16% as you said for 2011, is there anything you have, because if you look at the last two quarters, ROEs were actually much higher than 16%, if you look at your 4Q' ROE, you know, close to 22%, how do you expect that coming to drop to 16% for the full year 2011?

And also combined to that question, how do you see the loss ratio in 2011? You are coming from a very low 65.6% this quarter, how do you see the trend for 2011? Thank you.

Arthur Farne D'Amoed Neto:

Hi, Nishio, thank you for your question. I guess we are also having problems kind of following you, but I understood your first question, what is our outlook for premium growth? And I think, on average, for all of the major lines, something between 15% and 16% year on year.

In terms of return on equity, you mentioned the fact that we had a very strong return on equity in the 4Q and how do we estimate a decrease in that as we move toward 2011? I guess the numbers that we have mentioned here, raising from 16% to 17%, are pretty

much achievable and sustainable, especially if you take into account the full year of 2010. Not to mention the fact that the Company has a sizable amount of excess cash.

I guess your third question was on loss ratio, and in this case we do expect to see our narrow, kind of flattish as compared to 2010, and in the case of health with room for maybe another 100 b.p. improvement full year compared to full year. If I got it right, these are the comments that we have to add, and if you have something else just let us know now.

Eduardo Nishio:

No. Perfect. Thank you so much.

Operator:

At this time there are no further questions. I would like to turn the conference back over to Mr. Menezes for closing remarks.

Thomaz de Menezes:

OK. As there are no further questions, I just would like to thank you for the participation and to say that despite the good reasons that the Company has demonstrated this year, no matter how you look at the key indicators of the Company, we have demonstrated significant improvements in our results and the strengthening of our balance sheet, so the perspectives for 2011 are also very promising.

Thank you, and as usual, we are available for further questions outside of the results conference. Thank you.

Operator:

This concludes today's conference call. You may now disconnect.

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