

Slide 1 (Introduction/Cover)

Arthur:

Thank you everyone and good morning.

It is with great satisfaction that today I join my colleague Sergio Borriello to present our quarterly results.

Before start our presentantion, I would like to highlight that the results in the quarter reflect initiatives the company has been adopting to increase its revenues with better margins, and which includes the implementation of a new pricing system in the auto insurance segment, the adoption of a new claims control system also in the auto segment, besides the program to optimize operational efficiency being implemented since the beginning of 2008.

The health insurance segment posted significant recovery in this quarter, registering the lowest level of claims since the first quarter of 2009.

At the same time, the auto insurance segment posted record premium growth, maintaining an adequate operational margin.

I would also like to highlight the conclusion of the acquisition of Brasilsaúde and the successful integration by SulAmérica of the company's processes in the quarter.

In the case of Brasilveículos, according to the material fact published, the transaction was concluded on October 29, after the approval by SUSEP. We will continue to provide insurance related services to Brasilveículos, being compensated for these provided services for the next six months.

So this is the message I wanted to highlight in this first moment, then to start our presentation of the third quarter results. At the end of our presentation, I will be here with my colleagues to take any questions you all may have.

As in past quarters, this initial portion of the presentation will last approximately 15 minutes, after which, as we will be available to make any clarifications you may require.

Slide 2

Let's begin today's presentation on Slide 2, which presents the main events that influenced the SulAmérica's results in the third quarter of 2010, along with the subsequent events.

First, on July 8th, SulAmérica Seguro Saúde S.A., as already mentioned, acquired from BB Seguros e Participações S.A. a 49.92% interest in Brasilsaúde Companhia de Seguros for R\$29.2 million. Regarding this, note that in the third quarter adjustments were made to the provisioning methodology of Brasilsaúde, which generated non-recurring effects in the lines premiums, retained claims, acquisition costs, other operating income and expenses, administrative expenses and provision for income tax and social contribution, which generated a net effect on the results of R\$5.8 million. The integration of Brasilsaúde's processes, as I said, was successfully concluded at the end of September.

On July 28th, the Extraordinary Shareholders' Meeting approved the proposal for a stock split, which will improve trading conditions for the company's units. Each share was divided into 3 shares of the same type and the shares began trading ex-split on July 29.

On September 30th, we announced that SulAmérica and Credicard signed an agreement to launch the credit card SulAmérica Credicard Auto. The co-branded card will initially be offered to the company's 1.3 million auto insurance clients and SulAmérica plans to extend the offer to its other portfolios in 2011.

Another important event was Standard & Poor's reaffirming on October 5th its "AMP-1" (or Very Strong) rating for SulAmérica Investimentos DTVM S.A. This rating reflects the good profile of the company's business and the advantages of being part of the SulAmérica Group; its wide range of products and strong operational and control practices; the expertise of its management; the disciplined processes in its investment management activities; and its good fiduciary principles.

Advancing its strategy to expand the network of Auto Super Service Centers, SulAmérica inaugurated a new auto center on September 20th in the Federal District of Brasília and another on October 25th in the city of Americana located in the interior of São Paulo state. With these two new units, SulAmérica now has a total of 21 Auto Super Service Centers, reinforcing the company's strategy to expand the services and benefits offered nationwide to the clients of Seguro Auto SulAmérica.

And lastly, on October 29th, we published material fact announcing the approval, by the Private Insurance Superintendency - SUSEP, of the sale of the totality of the participation held by its subsidiary Sul América Companhia Nacional de Seguros in Brasilveículos Companhia de Seguros to BB Aliança REV Participações S.A., a subsidiary of BB Seguros Participações S.A., pursuant to the shares purchase and sale agreement signed on May 5, 2010. The accrued sale amount is of R\$359 million, generating a non-recurring gain of approximately R\$135 million in the month of October 2010. SulAmérica will continue to provide insurance related services to Brasilveículos for a six-month period starting November 2010, after which, and for an additional twelve-month period, the referred services will be limited to claims regulation regarding policies issued up to April 29, 2011.

Slide 3

The next slide, Slide 3, presents a chart with a summary of the main numbers and indicators in the quarter, which are presented on a recurring basis, which means they exclude the effects of the adjustments at Brasilsaúde and, in the case of the year-to-date figures for the nine months to September, they exclude the effects from the private insurance premiums for individual beneficiaries in the state of Bahia issued in the first quarter, and also exclude the effects from the sale of the property in which the company's headquarters in São Paulo is located, which occurred in the second quarter.

Here it is important to note that total insurance premiums in the third quarter increased by 21.0% in relation to the same quarter of 2009. In other words, our revenue once again followed a very favorable path in the quarter. And in the nine months to September, our premiums grew by 13.8% in relation to the same period of 2009.

In our assessment, the revenues performance is basically explained by the growth in premiums in the group health insurance segment, which posted strong growth due to the higher rates applied to policies and to the new members. It also reflects the behavior of the auto insurance segment, which reflects the higher number of items issued and the increase in the average premium. In both cases, the broad distribution base of over 29,000 independent brokers that actively work with SulAmérica, and the approximately 20 partnerships with financial and retail channels, made important contributions to the company's performance in the quarter in this aspect.

I would also like to highlight various other results in the period:

- The combined ratio stood at 95.5% in the quarter, with an important improvement of 610 basis points from the third quarter of last year.
- The results in the quarter for investments excluding pension and VGBL operations, which reached R\$104.4 million, with the portfolio providing a return equivalent to 99.4% of the CDI overnight rate;
- Recurring net income in the quarter was R\$130.9 million, for annualized return on equity of 20%. In the year to date, net income was R\$268.4 million, corresponding to annualized ROE of 13.7%.

Slide 4

On Slide 4, you can see that there were no important changes in our portfolio, with health insurance premiums at the end of the nine months accounting for around 63% of the company's total premiums, while auto insurance accounted for 25% of the total.

Slide 5

Moving on Slide 5, you can see that health insurance premiums grew by 18.9% in the quarter in relation to a year earlier, with revenue of R\$1.4 billion. In the year to date, these premiums grew by 16.2% in relation to the same nine-month period of last year, reaching R\$3.9 billion on a recurring basis.

The highlight here is the group health portfolio, which has been our priority in health insurance, growing by 23.5% in the third quarter and by 21.9% in the nine months. The growth in group health insurance premiums in the quarter was due to the recovery in economic growth, which led to a higher number of beneficiaries at insured companies, and also due to the rate increases applied to existing policies.

This slide shows the composition of the health insurance portfolio, and you can see that SulAmérica ended the third quarter with a record 2 million beneficiaries, with the portfolio increasing 11.8% in relation to the same quarter a year ago.

The group health and SME portfolios together account for over 1.4 million members and represent around 72% of all of SulAmérica's health insurance beneficiaries. If we also include the managed plans, you can see that group insurance contracts represented around 87% of the company's health insurance portfolio, in line with the company's strategy of focusing on this segment.

Another highlight in the quarter was the loss ratio in the health segment, which registered significant improvement of 400 basis points in relation to the same quarter last year to stand at 76.3% this quarter. In the nine months, the loss ratio on a recurring

basis reached 80.8%, decreasing by 60 basis points in relation to the same period of 2009.

Note that this improvement in the performance of the loss ratio reflects the efficient measures adopted by SulAmérica to control frequency of use and the adjustments applicable to the group health policies in view of the company's pricing policy, the adjustments in individual policies approved by the ANS and the seasonality of the health insurance portfolio in the period.

Slide 6

Moving on, Slide 6 provides a summary of the main indicators in the auto insurance performance, which, as we have already seen, represents some 25% of SulAmérica's premiums.

Auto insurance premiums increased by 44.0% on a year ago to R\$614.9 million. This growth is mainly explained by the 35.4% increase in written policies in the quarter and by the higher average premium of policies, in line with the company's underwriting policy. In the nine months, premiums grew by 27.7% on the same period of 2009. Note that through August, the auto insurance market presented revenue growth of 15.5%, according to the regulator SUSEP.

Our insured fleet in the auto insurance segment surpassed 1.3 million vehicles, for growth of 23.1% on the third quarter of last year.

The portfolio's loss ratio was 62.1% in the quarter, improving by 90 basis points. In the nine months to September, the loss ratio improved by 150 basis points in relation to the same period of last year. The lower loss ratio is explained by improvements in the underwriting policy and claims settling procedures, enabling better risk acceptance and increased control over the cost of claims.

Slide 7

Moving on, Slide 7 presents a summary of the results of the other property and casualty segment, which represents 6% of the company's total premiums.

We highlight the earned premiums in this segment, which in our assessment better represents the portion retained by the company, and which totaled R\$84.9 million in the quarter, growing by 25.6% in relation to the third quarter of last year. In the nine months, earned premiums in this segment totaled R\$244.3 million, for growth of 8.4% on a year ago.

The higher earned premiums were the result of a better operational focus, which included a review of the risk acceptance policy adopted for this segment. In this portfolio, which has a highly diversified composition, we began to place a greater emphasis on the retail and mass insurance lines.

The loss ratio improved 4,690 basis points in the quarter to reach 56.9%. In the nine months, the loss ratio improved by 1,860 basis points on a year earlier to stand at 58.8%. This is due to the higher loss ratio in the fire, miscellaneous and credit portfolios in the third quarter of last year than in this quarter and to the better composition of the portfolio resulting from the review of the risk acceptance policy mentioned earlier.

Slide 8

Let's go now to Slide 8 for summary of the performance in the life insurance segment.

Premiums in this portfolio expanded by 18.8% on the third quarter of last year to R\$151.5 million this quarter, as you can see by the charts. In the nine months, this growth was 15.4% on a year earlier to reach R\$419.6 million in life insurance premiums in the period.

The growth in life and personal accident insurance premiums in the third quarter is explained by the performance of the VGBL portfolio, which grew by 28.0% in the period. The life and personal accident portfolio ended the quarter with 2 million, 380 thousand covered individuals, contracting by 14.1% in relation to the third quarter of last year.

On the chart on the lower left, you can see that the loss ratio in the segment stood at 48.7% in the quarter, down 380 basis points from the same quarter last year. In the nine months, the loss ratio declined by 710 basis points on a year earlier to stand at 53.5%.

This reduction in the loss ratio is basically explained by the lower provisions for judicial claims, reflecting the successful agreements obtained related to this portfolio in the quarter, and the improved average loss ratio of the portfolio, due to the higher share of the personal accident insurance portfolio.

Slide 9

Moving on, Slide 9 provides information on the private pension business, where income from contributions increased by 33.5% in the quarter to R\$58 million. In the nine months, this income increased by 16.6% to R\$148 million. The income growth reflects the higher volume of sporadic contributions, mainly from high-income clients segment.

Pension reserves stood at R\$2.1 billion, growing by 17.2%, reflecting the higher sporadic contributions.

Slide 10

Moving on to our asset management operations, which are presented on Slide 10, you can see that the assets under management at SulAmérica Investimentos grew by around 51% in the nine months, while the overall industry grew by 17.3%, based on data from Anbima.

Overall assets under management at SulAmérica totaled R\$18.5 billion at the end of the period, with roughly R\$6.9 billion, or 37%, corresponding to the assets of the group's companies, while the other portion of 63% or R\$11.7 billion, is from institutional investors, distribution agreements that the company maintains with other institutions and investors in the private segment.

Note that income in the quarter from asset management operations increased by 34.2% on the same quarter a year ago, due to the higher volume of assets under management and the higher allocation of client resources to funds with more diversified profiles, and consequently better management fees.

Slide 11

Continuing our presentation, Slide 11 shows that the administrative expenses ratio improved by 130 basis points to end the period at 8.1% of retained premiums. The improvement in the ratio reflects the positive results of SulAmérica's programs to improve operating efficiency and the positive effects from the recovery of expenses incurred from the operating and administrative structure support systems shared by SulAmérica and Brasilveículos.

Slide 12

The next slide, Slide 12, shows the composition of our combined ratio, which improved by 610 basis points to end the quarter at 95.5%.

In the year to date, the combined ratio stood at 99.1%, for a reduction of 170 basis points, reflecting the improvement in claims in the health insurance segment and the reduction in the administrative expenses ratio.

Slide 13

Going now to Slide 13, you can see that the balance of the Company's investments in securities not linked to private pension and VGBL operations increased by 14.3% in the third quarter from a year earlier, to reach R\$4.3 billion.

Of this total, approximately 99.0% is allocated to fixed-income investments and 1% to equity investments, of which approximately 92% is allocated to securities with "Triple AAA" risk ratings.

The chart on the left shows our investment strategy, with the composition of the main indexers in our portfolio. And on the chart on the right, you can see the composition of the portfolio in terms of asset allocation.

The average return on assets not linked to private pension and VGBL operations was equivalent to 99.4% of the CDI rate in the quarter and 112.0% in the nine months, while the average return of the total investment portfolio corresponded to 117.4% of the CDI in the quarter and 114.1% in the year to date. The poorer performance of the asset portfolio not linked to private pension and VGBL operations is explained by the deceleration in the IPCA inflation index in the quarter, while the portfolio's average total return was positively affected by the positive performance of the Ibovespa index. Net financial income increased 7.5% in the quarter in comparison with a year earlier, mainly reflecting the financial expenses related to higher interest rates and gains from fixed-rate securities. In the nine months, net financial income was 5.8% lower than in the same period of 2009.

Slide 14

On Slide 14, we present once again our net income, which reached R\$131 million in the third quarter, for growth of 61.3% on the same period of 2009 on a recurring basis. In the nine months, recurring net income was R\$268 million, for growth of 1.8% on the same nine-month period of 2009.

Annualized return on equity was 20.0% in the quarter and 13.7% in the nine months.

Closing Remarks

That concludes this portion of the presentation, Sergio and I are available to take any questions you may have or to clarify any information.

Carlos Macedo, Goldman Sachs:

Good morning, Arthur. Congratulations on the strong results. I had a couple of questions: the first one is related to Auto. The loss ratio in Auto increased quite materially, I think 600 b.p. in the 3Q compared to the 2Q. I was just wondering what the reason was behind this increase on a quarter-on-quarter basis. And what can we look forward to as being the sustainable loss ratio in this business?

The second question is related to growth in Group Health: a lot of the growth has been supported by Dental and SME growth, the lives undercoverage in both of these different segments increased more than 12% quarter on quarter. And they have been growing at a very fast rate over the last several quarters. I was wondering how much further can you go, what is the sustainable growth level for these two businesses going forward? And this impact, how much more can we expect to happen?

Sérgio Borriello:

Carlos, thank you for your questions. The explanation about the loss ratio on Auto, just to recap: in the 2Q10 our loss ratio was in the size of 59%, which is so good, helped by salvaged cars and helped by some movement on our methodology in terms of reserves of these businesses.

In the 3Q we saw 62%; it is much more in line with our pricing procedures. So, we expect in the next quarter the loss ratio to be very similar to the 3Q, but remember that we have the seasonality on this business, which helps a little bit the 4Q.

Arthur Farne D'Amoed Neto:

Carlos, on your question on the SME and Dental portfolios contribution to the increase of health in portfolio as a whole, I would say that first, Dental portfolio is still small, even though averaged 247,000 members, with a growth of 66%. We will keep focusing on fostering the growth of this portfolio. Of course, I do not think that a 66% growth is sustainable in the long range, but we should expect to see more growth coming from the Dental segment, as we keep on offering Dental policies together with every new health insurance quotation that we roll out, in addition to keep on doing some cross-selling efforts over our membership base here.

SMEs also have shown a very good growth, and this is kind of sustainable over the last quarters, if you have taken a look. I think this is the kind of growth that I would expect to see in the segment, SMEs as a whole are clearly underpenetrated by all means in terms of insurance coverages. So, I would expect to see this kind of growth going forward.

Carlos Macedo:

OK. Just a follow-up question, then. On the Dental side, how much cross selling is still available? I mean, you have almost 2 million lives undercoverage and you have 270,000. Is this something that we can expect you can take this portfolio over 1 million lives?

Arthur Farne D'Amoed Neto:

I do not think we would reach 100% of our membership base, especially because we are not offering for individual policies. But this portfolio could maybe double over the next couple of years, not only as a result of those cross-selling efforts, but also our organic expansion. As I mentioned, every new quotation comes together with a Dental proposal.

Carlos Macedo:

OK. Thank you.

Henrique Navarro, Santander:

Hi, Arthur and Sérgio. My first question is how much SulAmérica received from the services it provided for the back office purchase of Brasilveículos on the 3Q. And if this is a level we can count for the next six months after November, which is when Susep approved the Brasil Veículos sale.

And the second question is on return on equity: you reached pretty good numbers, 20%. I would like to know if we can count on that as a sustainable level of return on equity, or what would be your target return on equity for the next quarters. Thank you.

Sérgio Borriello:

Hi, Henrique. First of all, the question about the fee from Brasilveículos. The pricing of this transaction is basically 12% of the premium. So, we have received, as we showed in our released figures, almost R\$25 million in the 3Q10 net of taxes. This is the amount.

Just to explain to you the negotiation that we had after the Susep approval: basically, we will provide the same level of service that we are providing today in the next six months. And after this we have more 12 months just managing the claims. So, we have not changed the pricing for this period, but we have established with Banco do Brasil a minimum fee for this time period. This minimum fee is almost R\$90 million.

So, we expect that in these next 18 months we continue to receive the fee, not in the same level of this year. But it will continue to help us in 2011. So, 2012 just for the initial months we have this fee, but in a small level because we are just finalizing the management of the claims.

Your second question is about the return on equity. For sure this quarter we had a strong result, so 20% of return on equity is very good. But when we look at the full year up to now we are reaching 13.4% and we believe for this year we will reach between 15% to 16% return on equity for the full year.

In terms of consistency of this index, it is important to mention that we have an excess of cash, which is about R\$1.2 billion to R\$1.3 billion, taking into consideration the amount that we received from the sale of Brasil Veículos. So, considering that and considering that we are not making a new acquisition, the normal size of the return on equity would be in the range of 13% to 14% based on that. So, that is our expectation.

Henrique Navarro:

OK. Thank you.

Clarissa Berman, Morgan Stanley:

Hi, Sérgio and Arthur. I have a question on the health loss ratios: there was a significant drop this quarter, which was partially explained on the release as due to the control of frequency of use. Can you just comment a little bit on those measures and what we can see going forward still as a result of these measures? Thank you.

Arthur Farne D'Amoed Neto:

Thank you, Clarissa, for your question. I guess basically measures here can include things such as asking for preauthorization for more complex exams, following closely the pattern of exams required by some of the physicians in our network, asking for check on the opinion in some cases, to being more kind of restrictive in approving procedures as a way to control the frequency of utilization, which we have noted has increase a lot during the year 2009 because of the crisis and has not reduced to the same level as we would expect it to have. So, those are measures to maybe kind of speeding up the process of reaching a more sustainable and normalized level of the frequency of utilization.

Also we have audits being performed all over medical bills, we have monitors in some hospitals; so, this is the way we can control the cost side. In the price side, we have a given, which is the price adjustment that we have also applied for individual policies, both pre- and post-law portfolio. But on the Group side, we have basically seen the industry coming out with maybe double-digit rate adjustments for Group policies.

This is also something that is kind of confirmed, the whole industry has experienced an increase in the loss ratio in the previous quarters, which have been now being adequate to premiums as we have a flexibility to negotiate the conditions with the corporate clients.

Clarissa Berman:

OK. Thank you.

Operator:

There are no further questions at this time. I will now turn the conference over to Mr. Arthur Farne for any closing remarks.

Arthur Farne D'Amoed Neto:

Here, on behalf of my colleagues, I would like to thank you for joining the conference. We remain at your disposal here in the Company, by phone, by mail, and by web contact. Thank you.

Operator:

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

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