

**Giovanni Baulino, Tenax Capital:**

Hi. Good afternoon. Just two questions, please. The first one is on administrative expenses ratio, do you think that 11.4% is a sustainable level going forward or do you think that there is also some more room for improvement?

And then the second question, if I may, on the auto business. The growth is really high, I would like to understand how much do you think this is driven by the stimulus with the incentives from the Government and how much do you think this would be sustainable going forward? Thank you.

**Arthur Farne d'Amoed Neto:**

OK, Giovanni. First, your question on the administrative expenses, we believe that there is still room for further improvements ranging from 30 to 50 b.p. over the next year that would lead to an improvement in the ratio. And the reason for that is that some of the actions that we have implemented or that we have adopted will take some time to mature and will show results in the year 2010 and maybe even in the year 2011. So that is why we believe there is still room for further improvements in this segment.

As to the automobile segment, of course we recognize that we have achieved a very high growth rate in 2009, we took advantage from a number of market opportunities that was both item growth and premium growth, price increases. And if you look forward, we are expecting a growth of around 10% to 11% in 2010 compared to 2009. So we still see room for some very good growth rates and sustainable figures for the coming years. I do not know if that answer your questions.

**Giovanni Baulino:**

Yes. And if I may add another question, please. In which region did you reach bigger growth? Are you growing mainly in São Paulo or also in other regions in Brazil?

**Arthur Farne d'Amoed Neto:**

I guess, we have a kind of regionally distributed growth, but the Southeast of Brazil has led our increase in automobiles, as the sales of new vehicles and the strategy, the price schedules, the underwriting strategy that we have adopted was especially successful in this region.

**Giovanni Baulino:**

OK. Thank you very much.

**Thomas Schwarzenbach, Tell Investments:**

Yes. Good morning. I have four questions. The first is, your combined ratio has been improving lately; is that due to the general economic pickup that is limiting the health care loss ratio and if you can describe across Brazil.

The second question is on the individual health care business has been growing as well as in the last quarter premium wise, and I was wondering to what levels you are comfortable with the write-offs?

The third question is if you could talk about the consolidation in the health care business. As I understand, there are many nucleus around and small corporative, is this consolidation starting to move up or not?

And the fourth is if you have an update on ING and the intention or any news on their plans or projects. Thank you.

**Arthur Farne d'Amoed Neto:**

Thank you for your question, I am not sure if we got your first question right. I understood that the connection is not that great, but I understood that your question refers to the fact we had an improvement in the combined ratio in the 4Q. That was driven by both the loss ratio is coming down in comparison with the 3q, and also due an improvement in our administrative expenses. So I may ask you to state the question again that would be helpful for us, if that is not the case that I just mentioned here.

I can cover your other questions. Your second question was: "why you have seen an increase in premiums in individual health"? Yes, we have now being selling new policies in the individual health, but we have been applying a price adjustment permitted by the rules here in Brazil and also following the wage increase that was adopted and approved by the regulator. So there is a combination of both, the rationalization of the portfolio and the price increases, the premium wage adjustments that we were allowed to adopt.

The third question is referred to the consolidation in the health care space, if I am not wrong. So the question here is that the consolidation was especially notable in the year 2009, if you remember we have in Brazil like 1,200 operators as a whole accounting for 41 million members covered by those organizations and we expect this consolidation to keep on continuing over the next years as both the regulatory framework and the market conditions were there required.

We see SulAmérica growing basically organically, by investing in its portfolio, in exploring the quality of its private portfolio and the quality of the services. That will help our health care numbers. And again, if that does not completely answer your questions, please, come back to us later on.

I guess the fourth question refers to ING, and their intention towards SulAmérica. From our perspective there has been no change whatsoever with ING in the Company. So they are fully committed to their investments in Brazil. Their participation in our Board, in our committee has not changed at all due to events that happened in Europe basically and we see no reasons for any changes to be taking place. Again, ING is a key shareholder for us and they are supporting our decision process.

I will ask you to kindly rephrase your questions or state them again if I have not properly answered them.

**Thomas Schwarzenbach:**

Yes, just on the first question, what I was trying to ask is whether the improvement in combined ratio is due to the improve state of the economic cycle and whether we might see further improvements as the economy picks up in Brazil.

**Arthur Farne d'Amoed Neto:**

Right. I may be objective here to say that we expect for the year 2010 a combined ratio ranging from 98.5 to 99.5. So that could be the lower end of the range represents a further improvement in the loss ratio in 2010 compared to 2009. That will depend of course on the macro conditions, especially in our case, given the relevance in our portfolio, the loss ratio helps here which we believe is going to come down to a more let us say sustainable levels compared to 2009.

So that would be a driver for further improvements in the combined ratio which together with an improvement in our administrative expenses ratio will help us tap this improvement we are pointing here.

**Thomas Schwarzenbach:**

And would you think that this improvement that you see in 2010 that this is all that you can see for the cycle or do you think that it can continue in 2011, if the economy continues to be well?

**Arthur Farne d'Amoed Neto:**

Yes, again, especially with a continuous trend in the reduction in the interest rates in Brazil, that would, I would say, require from the market a more disciplined approach as to pricing will be translated into loss ratios adding to a combined ratio even lower. As from our side, which is in our, let us say, domain, we will keep on improving our operating efficiency.

**Thomas Schwarzenbach:**

OK. Thank you.

**Arthur Farne d'Amoed Neto:**

We have a question here from Iago Whately, Fator, on the Internet, and I will read it loud: “do you expect any major increase in the loss ratio of the auto portfolio due to the rain storms that hit São Paulo and other Brazilian towns in the 1Q10? Thank you.”

Yes, but we have not any major increase in our frequencies, even though it is possible that we still see some increase in the loss frequency and also in the São Paulo region especially. But again, as compared to some other peers, our concentration in the region is lower so that with somehow for the Company as a whole compensates for any peak in any of those cities.

And again, this is something that has a kind of seasonal behavior, as every year there is the rainy season affecting the Southeast region in Brazil. In the previous year it was Santa Catarina, and now we have São Paulo, but again that might not bring any major impact in our portfolio given our I would say more regionally distributed portfolio across Brazil.

And I will ask Iago if it is not clear or if he has any further question on that.

**Operator:**

At this time there are no further questions. Do you have any closing remarks?

**Patrick Antônio Claude de Larragoiti Lucas:**

Yes, I would like to thank you for the participation of all, for attending our conferencing concerning the results of 2009 of SulAmérica. Thank you very much.

**Operator:**

This concludes today's conference call. You may now disconnect, and have a nice day.

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