

Mark Hendricks, RMB:

Good afternoon. Thanks so much for the call. I just wanted to ask regarding the auto loss ratio, I know the 2Q is better than the 1Q because everyone goes away for Carnival in the 1Q. But this 2Q seemed to be quite a bit worse than unexpected and also the 1Q performance in loss ratio was very good. Is this functional process from 1Q into 2Q or do you see and are you seeing 3Q loss ratios a bit better in auto business? If you could just give us some color as to loss ratio is going, please. Thanks.

Arthur Farne:

I have to apologize and ask you to repeat your question because that was not clear for us here.

Mark Hendricks:

Sure. My question was on the auto loss ratio; in the 2Q the loss ratio crept up a bit more but I know that the 1Q is usually one of the worse quarters in terms of auto loss ratio because everyone is on holiday and the Carnival in the 1Q. Perhaps if you could comment just on whether that is improving in the 3Q or that loss ratio is coming back down to original levels or is this a functional process perhaps that caused the loss ratio appear high and actually start to function of lower process?

Arthur Farne:

In auto, the main reasons for the increase in loss ratio was that we have lower earned premiums in the quarter due to the fact that over the last quarter of 2007 and the 1Q08 we had a lower average premium. And we saw recent premiums increase over the 2Q08, we expect the 3Q08 loss ratio to show either a stable figure as compared to what we have seen accrued in the 1S08, or a downward trend. We do not see so far any major reasons for a hike in auto loss ratio over the year.

Sérgio Borriello:

Just to complete the reasons, we are experiencing a big loss ratio in auto business, as Arthur said, the average premium, which has decreased compared to last years, and we had some problems related to the premium in the 1Q, which is the increase in 2Q. And as everybody knows, Brazil is experiencing a higher inflation during this 1S08, which is increasing the prices of our cost, which we are now experiencing in other way around, which is increase in our average price in order to eliminate this inflation impact.

Mark Hendricks:

OK, great. Thank you. And if I could ask a follow-up question, on the P&C business, two questions, really. One is on the premiums: they are low and in the call earlier, the 1Q call, you said you were experiencing some unprofitability in the P&C business. But if you look at the loss ratio, it has increased significantly also in line with the decrease in premiums. So if you could just give us a bit more color as to where you see the items in P&C insurance premium going to and what is the loss ratio that we should expect to see in this business on a long-term basis. Thanks.

Arthur Farme:

That was very difficult to hear, and I guess we have a problem here with communication, but from what I got, on the other P&C line business decrease in premiums is basically due to the fact that we have almost entirely expertise business, which is unrelated to here in Brazil; the increase in loss ratio is concentrated basically in cargo and fire, both are volatile lines which have already shown an increase in loss ratio in the 1Q. We have changed some of the lower pricing procedures and underwriting policies in those lines. We do not see this trend continuing over the end of the year; but even so, this is not such a big portfolio. We expect some volatility over the quarters.

Mark Hendricks:

OK, great. Thank you.

Operator:

There appear to be no further questions. At this time, I would like to turn the floor back over to Mr. Arthur Farme, for any closing remarks.

Arthur Farme:

Thank you for your attendance in our earnings call, and I would like to say that, again, Sérgio and I are available in the Company for any further questions you may have.

Sérgio Borriello:

Thank you, everyone.

Operator:

This concludes today's SulAmérica's 2Q08 earnings conference call. You may now disconnect.

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