

Massimo Figna, Tenax Capital:

Good morning to everybody. Can you give me the group SME loss ratio please? And the second point is the combined ratio for the health business. Is this sum sustainable for the remaining part of the year or are there some seasonal adjustments? Second point: can you comment on this Cap Q? Can you explain me a little bit better?

And the third point: is it true that you can arrive at 230% on your return on investment portfolio as a percentage of the CDI? And the fourth point is: can you explain me what comes from the assets under management third party, who are the investors? And the fifth point is: I saw that there is an article today about acquisition in the Valor newspaper. Can you give me a little bit of color, as we do not have the translation? Can you give me what is the message of that and what is the management aim in terms of acquisition, how much they want to spend, what is the target, please?

Kevin Martins:

OK, Massimo. Starting with the question on the SME loss ratio, and forgive me if I missed some questions in this.

Massimo Figna:

I will repeat it, do not worry.

Kevin Martins:

In terms of the SME loss ratio, we have not disclosed that loss ratio deliberately. Clearly, that is a very competitive market place and we would not like to disclose that to our investors nor, obviously, to our competitors. And clearly, what we have been indicating is that it is significantly below the large group loss ratio and that is, consequently, the principal driver behind the reduction in the overall group loss ratio in recent period and it has been the growth in the SME segment.

Your second question, in terms of sustainability of the health loss ratio generally going forward, our view is that they are very sustainable. In terms of the adjustments which have impacted and contributed to the reductions in the 1Q, clearly the retroactive premium adjusted related to the State of São Paulo is the recurring events to the extent that that new premium level is obviously what the new basis on which future price increases, authorized by the regulator, will be based.

And, obviously, in terms of the group health loss ratio, there is nothing unusual there. And yes, there is a contribution of the lower loss ratio SME basis. But also, we continue to improve in terms of our pricing and underwriting and all the exercising our control over the cost side.

The third question I had in respect of the financial performance; the financial performance for the period, with 107% of CDI, I think you made a reference to a higher number of 130%, is that correct?

Massimo Figna:

Yes, it is.

Kevin Martins:

The 130%, in fact we reported, last year, a return on investment, the average yield of the investment portfolio I think it was, approximately, 125%. What we target going forward, that did include last year, some gains that we realized in the 1S07, when we had moved in turn of our portfolio, is a whole maturity portfolios to longer duration bonds, as we saw cheaper, better aligned our ALN. And that contributed to the gains in that period, which obviously contributed to the figure of 125%. I think probably going forward we have, obviously, a very regular adherence to ALN in respect to how we invest the assets covering technical reserves and we have, as is evident by our numbers, a very small allocation to equity.

So in fact, what we target going forward, as percentage to CDI, is a much smaller amount. But on the inverse side, we are very secure and not vulnerable to market volatility that we have seen impacting large parts of the industry and some of our competitors.

I think your final point, at least the final point that I have, in respect to the asset management business; the third-party business, which includes the ING asset management business that was merged into that in 2002, is a business largely based on institutional investors, where we sell through multiple different distribution channels.

So that is a business which, of course, services the SulAmérica general account assets but also sells under different strategies, including multi-market equities, long and short strategies, funds to institutional investors and are persistently ranked in the 2Q in terms of fund performing to reach their strategy.

I do not know if I have answered all of your questions.

Massimo Figna:

The acquisition question and the auto business comment about the Cap Q, you have not answered.

Kevin Martins:

OK. In terms of the acquisition, I am not sure which article you are referring to? You mentioned there is an article in Valor?

Massimo Figna:

There is an article in Valor, yes, Valor Online and, basically, it refers about the acquisition strategy that you have in place. Is there something new that we should be aware of, or is there nothing. Can you give me a comment?

Kevin Martins:

There is no change in terms of SulAmérica's growth strategy, particularly with regards to the initial proceeds from the IPO. Clearly, we are focused on looking at inorganic, in other words, acquisition opportunities in both of our major segments, including the health sector, and to focus on group health. I think there has been a number of small deals that have come to market, some of which have already been made public, that SulAmérica has been looking at, including the group health, but also on the dental side. Nothing that SulAmérica can announce at this stage, indeed.

It is a challenging acquisition environment and our commitment to shareholders is to make sure that any acquisition is going to be a value creator to shareholders, but clearly to the extent that acquisitions become overpriced, and then, in some, we will be very closely paying attention to.

On the other side, SulAmérica is very actively focusing on looking at inorganic opportunities to expand or put our foot print; particularly through the bank channel in terms of distribution. The banks and other financial intermediaries, we are very actively looking at acquisitions and/or distribution agreements which will allow us to increase that aspect of our distribution, which necessarily brings with it a more profitable client base which is obviously a very important factor when you consider acquisitions of other companies, particularly broke private companies, where, the relationship with the broker tends to be all important in terms of the loyalty with the client and obviously it is very difficult to maintain a large share of the client base, given that the products are very short-term nature, of 12 months in terms of duration.

Your final question was in terms of the auto business?

Massimo Figna:

Yes.

Kevin Martins:

What part of that where you questioning?

Massimo Figna:

My question is: can you explain me a little bit more about the flooding and this Cap Q event.

Kevin Martins:

Right, the 1Q event in terms of the flooding, indeed, there were higher periods of rain in Brazil in the 1Q, which has contributed to the overall market loss ratio increasing, particularly in the State of São Paulo.

And that is obviously why, if you look at the data provided from the regulator Susep, you will see that the overall market loss ratio increased over the period and, obviously, this proportion affected the companies which have a higher share of their revenue coming from the State of São Paulo. We don not anticipate the higher loss ratio of the

1Q to be something which will impact the full year, so we continue to expect to maintain the same level of profitability that we saw last year.

Massimo Figna:

OK, thank you very much Kevin.

Operator:

There appear to be no further questions. I would like to turn the floor back over to Mr. Martins for any closing comments.

Kevin Martins:

Thank you very much for participating in the call. My colleagues and I will remain available for any future questions, please get in touch with the investor relations department and we will respond to you promptly. Thank you very much and good day.

Operator:

Thank you, this does concludes today's SulAmerica's 1Q08 earnings conference call. You may now disconnect.

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