

**INTERNATIONAL CONFERENCE CALL
ITAÚSA – INVESTIMENTOS ITAÚ S.A
2010 Earnings
April 4, 2011**

Operator: Ladies and gentlemen, thank you for standing by. This is Itaúsa's conference call to discuss the 2010 earnings.

At this time all lines are in a listen-only mode. Later there will be a question and answer session and instructions to participate will be given at that time. If you need assistance during the call, please press the star key followed by zero (*0). As a reminder, this conference is being recorded and broadcast live on Itaúsa's investor relations website at www.itausa.com.br. A slide presentation is also available on that site.

Before proceeding, let me mention that forward-looking statements are being made under the safe harbor of the Securities Litigation Reform Act of 1996. Actual performance could differ materially from those anticipated in any forward-looking comments as a result of macroeconomic conditions, market risks, and other factors.

With us today in São Paulo are investor relations officers Mr. Henri Penchas for Itaúsa; Mário Anseloni Neto for Itaútec; Reinaldo Rubbi for Elekeiroz; Flávio Marassi Donatelli for Duratex; and Alfredo Egydio Setubal for Itaú Unibanco Holding.

First Mr. Henri Penchas will comment on the 2010 earnings. Afterwards management will be available for a question and answer session.

It is now my pleasure to turn the call over to Mr. Penchas.

Mr. Henri Penchas (Itaúsa): Good morning. It is a pleasure to begin one more conference call about the numbers of Itaúsa. We will comment the numbers of 2010 and always as possible we will make all the links between the Brazilian Gaap and the new IFRS that all the companies in Brazil are using for the first time.

I will begin the conference with comments about some numbers of Itaúsa, and after that, my partners Mário Anseloni from Itaútec; Reinaldo Rubbi from Elekeiroz; Flávio Donatelli, from Duratex; and Alfredo Setubal representing Itaú Unibanco Holding will comment their companies and at the end I will comment some important points of Itaúsa and of its stock in the stock market in Brazil.

Please let us go to slide number 3. The net debt of Itaúsa, as you can see on slide number 3, 92% of the net debt of Itaúsa is own assets and only 8% is represented by third parties' assets, and is 50% of that is represented by the dividends payable to the shareholders and just the debt of debentures of R\$ 1,1 billion. So the capitalization of Itaúsa is very, very strong as it always has been.

Page number 5, where you can see that the dividends paid by Itaúsa are at least the dividends and interest on capital received by Itaúsa from Itaú Unibanco Holding. For 2010 Itaúsa already paid and will pay the complement to reach R\$ 1.4 billion and that is exactly the amount received of Itaú Unibanco.

Slide number 6, total assets of R\$ 28.2 billion in IFRS with an increase of 17.9% and R\$ 25.8 billion in investments and the difference cash and other assets.

The investments by area: 91.5% are in the financial area (Itaú Unibanco Holding); 8% in the industrial area split between Duratex, Elekeiroz and Itaotec and just 0.5% in other sectors.

Slide number 8, stockholders' equity and net income of the parent. The net income in Brazilian Gaap R\$ 5.0 billion in 2010, in IFRS R\$ 4.4 billion; and the stockholders' equity of R\$ 26.3 billion in IFRS.

The distribution of the net income by sector: in 2009 96.5% from the financial area and 96.7% in 2010; 2.7% in 2009 and 2.8% in 2010 from the industrial area.

Slide number 11, the ownership structure of Itaúsa without any change between 2009 and now 2010.

Slide number 12, just showing the differences of numbers between Brazilian Gaap and IFRS and just the market capitalization with an increase of 11.8% from 2009 to 2010 reaching R\$ 57.5 billion.

Slide 13 just, a reconciliation between Brazilian Gaap and IFRS - after that all my colleagues will explain the main differences in each company.

And slides 14 and 15 the financial highlights of the conglomerate. The main difference is in the total assets of Itaúsa. As you can see in slide 14, R\$ 764,2 billion and going to slide 15, R\$ 275.6 billion. The difference is just the partial consolidation of Banco Itaú Unibanco Holding, that under Brazilian Gaap was fully consolidated, and now, following IFRS rules, we are just having the proportional consolidation. And the other numbers are very, very strong for Itaúsa and for the main companies.

Looking at slide 15, we can see the net income of Duratex moving from R\$ 181 million to R\$ 467 million; Itaotec moving from R\$ 51 million to R\$ 12 million and Elekeiroz with a huge increase from R\$ 2 million to R\$ 45 million and the conglomerate with R\$ 4.7 billion to R\$ 5,0 billion.

Now Mario Anseloni, Investor Relations of Itaotec, will follow the presentation. Please Mario.

Mr. Mario Anseloni (Itaotec): Thank you Henry, hello everybody. As you can see on slide 17, we had an important year for Itaotec. We grew the revenue almost 19%, but we had specific actions that impacted our net profit and EBITDA,

particularly our poor performance in one of our line of business (in personal computing) and also costs and adjustments that came from the restructuring project that took place during the entire year of 2010 in the Company.

The good news is that we could manage to generate more than R\$ 300 million in cash from operations that ended up in a position by the end of the year with close to R\$ 265 million in cash and short-term availability. So the Company, after one year of this restructuring project, is much more prepared to keep focusing on the profitable growth of our operations for the upcoming periods, particularly 2011.

If you move to slide number 18, we also could see that the Company had important awards and recognitions from the market showing that we are in very good shape with our portfolio, not only the portfolio for the traditional automation, bank and retail, but also in our computing services, positioning Itaúsa as one of the high growth companies not only in Brazil but also in Latin America in the segments that we play with our products and services.

We also had important actions and initiatives in our environmental and social responsibility as part of the values of Itaú's Group with a special highlight for our recycling and reverse logistics with almost 4,000 tons of electronic residues being treated and recycled in our operations center in our Jundiaí factory in São Paulo.

If you see slide number 20, part of our Transformation Project, or research project, was to take several actions to fortify the Company's ability to not only serve our customers but also to have a stronger process and the capabilities to support the operations of not only in our products, but also in our services that give us very good perspectives that Itautec will start a new cycle of profitable growth for the next fiscal period.

And in slide number 21 we see some of the financial highlights including the IFRS methodology with particular highlight for the investment capacity. Right now Itautec (by the end of 2010) had a negative net debt around R\$ 56 million with a very strong cash position, which gives us very strong perspectives that if we execute our investment plan or establish our strategic planning we will be able to boost financial results for the next year.

So in summary an important year for Itautec with specific actions taken in order to fortify investments, implemented to fortify capabilities of the company in many aspects and strong cash generation that positions the Company in a very good shape for the near future.

Now I give the word to Reinaldo Rubbi who will speak about Elekeiroz.

Mr. Reinaldo Rubbi (Elekeiroz): Thank you Mario, good morning everyone. I am going to talk about the Brazilian chemical industry for industrial use, intermediate for industrial use. Elekeiroz is inside this industry in Brazil with some specialties and 2010 was, for the worldwide industry, a year of recovery of the long-term cycle that almost ended in 2010.

In the Brazilian market, as happened in all the other development countries, the recovery was much stronger. We got 7.0% of growth in production in the domestic market sales in the industry. The apparent consumption of the country rose 13.2% and this growth, due to the absence of new investments in new capacity in Brazil, was fulfilled by imports, which means that there is an opportunity for the local producers to increase their investments and increase their capacity in order to take advantage of this growth in internal consumption. The number is around US\$ 20 billion, which means that there is plenty of room for many other investments in the Company.

Talking about the IFRS adjustment they did not place a major issue on Elekeiroz's balance sheet. The total impact on the shareholders' equity and net income were less than 2%. Our shareholders' equity came from Brazilian Gaap R\$ 477.4 million to R\$ 465.9 million, which is only a 2% reduction, and the result also had under IFRS a minor impact. The net income in Brazilian Gaap was R\$ 46.6 million and the net income under IFRS was R\$ 45.2 million.

The recovery of the net income of the Company was very high. We came from almost zero results in 2009. We were at that year hardly damaged by the crisis; but this year we were able to increase the profit to R\$ 45.2 million, which is a dramatic increase.

Talking about sustainability and governance procedures, 2010 was a good year for Elekeiroz also. We launched a line of sustainable resins, named BIOPOLI, it is an internal development. It is based on vegetable oils and saves up of 20% of non renewable resources to produce the same resin. We applied for a patent in the Brazilian Government.

We also implemented the collection and recovery of all the CO₂ generated at our plant in Camaçari. We were able to reduce the atmospheric emissions of such kind of gas and also to take advantage of those collections sending them to be sold by third parties under certain conditions.

We also got a prize, an award: the 1st Prize in the 50th FIESP Water Conservation and Reuse Awards with reduction of makeup water, collection from the river that services our premises in Várzea Paulista in Jundiaí. We also made a strong reduction of liquid waste to be treated at the public station of Jundiaí and also started a program of recovery of rainwater.

In terms of governance we approved all the Corporate Governance Policy for the Company and made also public internal regulations of the Board of Directors and its advisory committees. Two-thirds of our Board of Directors today are people not connected with the controlling partners.

Our leading indicators show that we had a strong recovery on the shipped volume. We today (in 2010) reached 473.8 thousand tons, which is only a little bit less than the number, the peak of 2007 when we had 520.4 thousand tons; but it is much more than 2008 and 2009.

The recovery on sales also was very good. We reached only 3% of the peak of 2008 in sales and our margin, our gross margin also recovered to 17.3%.

Net income as I said before was dramatically increased. Today we have R\$ 45.2 million, which is less than the peak of the results that we had in 2008, but is a very strong recovery over the best results we had in 2009.

Our exports also reached again the level of 19.1% of the sales and it is important to say that we export to more than 30 countries in the world regularly.

Our EBITDA also recovered and our return on equity came to 10.1%/year.

Talking about capability of making new investments you can go to the indicators of net debt that we have. We do not have any debt, liquid debt. We have more cash than debt in the range of more than R\$ 30 million.

I will pass now the word to Flávio Donatelli, who is going to talk about Duratex. Thank you very much.

Mr. Flávio Donatelli (Duratex): Good morning. I will start at slide 29 where you can see evolution of Duratex since its foundation. As we can see here in this picture, this year we are completing 60 years of existence, always going with innovation with solid values.

We can see that the Company was founded in the 50s, 1951, and, in a very rare case in the Brazilian market, it was founded already as an open capital. I think that Duratex is one of the oldest public companies in Brazil and one of the more traditional in the Brazilian stock exchange.

During the 70s in Duratex we had the merger with Deca, an important business for Duratex nowadays, and in 72 Satipel initiated its activities in Rio Grande do Sul.

During the 90s, Ligna Group bought Satipel and Duratex acquired an Argentinean company called Piazza and then called Deca Piazza the first investment of Duratex outside Brazil.

In 2009 we saw the association between Duratex and Satipel establishing the biggest panel maker in the Southern Hemisphere and this company started with a high level of governance since it is part of the Novo Mercado, the highest level of governance in the Brazilian stock exchange.

During 2010 we acquired land in São Paulo which will allow us to increase our production in São Paulo and we started up a resin plant and a huge investment program on Deca.

In 2011, in the year we are completing or celebrating these 60 years of existence, we announced the acquisition of Elizabeth, a ceramics producer we bought in the Northeast of Brazil.

On slide 30 you can see the migration, the effects of the migration of the old Brazilian accounting standards to the IFRS. You can see that we had a significant impact in our assets and equity. Our assets in 2010 came from R\$ 5.0 billion to R\$ 6.2 billion, an increase of 23%, and our shareholders' equity rose from R\$ 2.6 billion to R\$ 3.5 billion, an increase of 32%.

The main adjustments came from the business combination. Legally and formally Satipel incorporated Duratex; but due to this rule Duratex, as the biggest company, is the accounted acquirer of Satipel and so in our income statement of 2010 the number there is the sum of two months of Duratex and four months of Satipel.

Another important fact was the biological assets. As you know Duratex has its own forests, we are self-sufficient in around 90% of our needs; and because of this rule we have to recognize all the wood you have in the forest by market value.

Another important effect was benefits for employees, where we have to recognize the surplus we have in our pension funds and one reclassification that impacts only EBITDA is this, because the bonuses in the bylaws participation before classified as profit distribution were proportionally reclassified at cost of goods sold or operational expenses.

On slide 31, you can see the financial highlights. Our net revenue increased considering only IFRS from R\$ 1.9 billion to R\$ 2.7 billion; our margin grew from 34.6% to 38.9%, a very important increase. Our recurrent EBITDA grew from R\$ 494.8 million to R\$ 850.6 million and our margin grew from 25.6% to 31.0%; and our net income (recurrent net income) grew from R\$ 253.0 million to R\$ 439.4 million, a significant growth of 73.7%.

In terms of financial structure our net debt represents only 28% of our equity. Our net debt of R\$ 978 million is only 1.2x our EBITDA, which means that the Company has room to increase the indebtedness of the Company.

On page 32, you can see the highlights per division. As you know we have two divisions: one of them is Deca, which produces metal fittings and vitreous china, which represent one third of our revenues; and the Wood sector where we produce panels of MDP, MDF and hardboard, which represents two thirds of our business.

In Deca our shipments increased 9.3% in 2010 recovering in the bad year we had in 2009; our net revenue rose 20.3% and so this shows us that the Company had the capacity to recuperate price during this year; and our gross margin achieved 43.5% in this year; our EBITDA margin reached 29.7% with an increase of 46.8% when compared with 2009.

In Wood our shipments reached 2.3 million cubic meters this year; our net revenues grew around 56.1% recovering the bad year we had in 2009; and our EBITDA grew from R\$ 310.5 million to R\$ 580.1 million, a significant growth of 86.8% reaching a margin of around 32%.

On slide 33, we can see that at this moment Brazil, I think, presents very good conditions of economic growth based on low employment rates, increase in disposable income and increase of credit availability. All of this is very important to our business and I think that Duratex is very well-positioned to meet the growth of this market demand.

You can see that Duratex invested in the last four years (from 2007 to 2010) more than R\$ 2 billion in order to accomplish the demand, the growing demand we are facing in the Brazilian market.

On Deca, where we have plants of ceramics very well-positioned close to the main markets, our production from 2007 to 2012 will increase 3x and the metal fittings is growing 26% during the same period.

In Wood we had a big advantage, which is scale. We are the largest producer in Brazil. Geographically speaking we are the most diversified company with plants close to the furniture industry and from 2007 to 2010 we grew more than 56% of our capacity stating that we are prepared for the important growth of the Brazilian economy.

Thank you. I will call my colleague Alfredo Setubal to follow the presentation.

Mr. Alfredo Egydio Setubal (Itaú Unibanco): Thank you Flávio. We are going now to see some numbers of Itaú Unibanco Holding. On slide 35 we released the numbers in of Itaúsa, the IFRS for Itaú Unibanco Holding also for the year of 2009 and so we have both years now with this new accounting model.

First highlight here is the assets that decreased from one year to another. The total assets in IFRS finished 2010 with R\$ 727.5 billion and in the Brazilian Gaap in R\$ 755.1 billion. The most important differences are the foreign exchange treatment in terms of accounting the IFRS and also the fiscal assets.

In terms of credit portfolio we do not see a big difference in terms of numbers: R\$ 335.5 billion against R\$ 333.9 billion in IFRS, so almost the same.

In the stockholders' equity and net income then we see differences that we are going to explain in the next slides. In the shareholders' equity we finished 2010 with R\$ 66.3 billion and the net income of R\$ 11.7 billion.

In the next side, in slide 36, we can see the most important differences in these two years of IFRS against the Brazilian Gaap. Concentrating our attention on 2010 we can see that the equity in Brazilian Gaap was R\$ 60.9 billion and the net income R\$ 13.3 billion. So the most important differences to the final numbers in IFRS are the additional provision for loan losses (the differences in terms of treatment); we have a positive impact in shareholders' equity of R\$ 2 billion and a negative impact in the net income of R\$ 1.4 billion.

The second important thing is the recognition of the total deferred tax assets. Here it is related to the official contribution: in IFRS we are considering 15% against 9%

in the Brazilian Gaap and so we had a positive impact in the shareholders' equity of R\$ 1.7 billion and a negative impact R\$ 659 million in the net income.

The third important adjustment is related to the market value of the shares of BM&FBOVESPA and CETIP that represented a positive impact in the shareholders' equity of R\$ 1.2 billion.

Another difference is related to the accounting of our participation in Porto Seguro Itaú Unibanco Participações that is the company that the bank has and where is our participation in Porto Seguro. We have a positive impact of R\$ 896 million in the shareholders' equity and R\$ 40 million only in the net income.

The 5th important difference is the provision for the Itaú Unibanco merger expenses, that in the net income had R\$ 844 million that was our provision that is not allowed in IFRS.

And the 6th is the provision for dividends payable not declared of R\$ 1.3 billion in the equity (in the shareholders' equity) and because of all these differences we have an income tax and social contribution difference in the IFRS that means R\$ 1.6 billion in the stockholders' equity - negative impact of course - and a positive impact in the net income; and so the final numbers for stockholders' equity was R\$ 60.9 billion in Brazilian Gaap and the final number in 2010 for IFRS R\$ 66.3 billion.

In the net income we came from R\$ 13.3 billion to R\$ 11.7 billion mainly because of this difference that I already explained.

On slide 37, we can see the credit portfolio that does not have any big difference when we compare Brazilian Gaap and IFRS, R\$ 335.5 billion was at the end of 2010 with a growth of 20.5%.

There is also no difference between the NPL ratio for 90 days between Brazilian Gaap and IFRS for the average of the bank, 4.2%. When we look at individuals we see some decrease in the number from 6.4% in July to 5.8% at the end of the year and the same trend with the companies, 3.2% to 2.9%.

On slide 38, we can see the efficiency ratio and risk-adjusted efficiency ratio. We finished the second ratio with 70.9% with a much better ratio when we compare to 2009 that was 75.2%; and the efficiency ratio calculated by the traditional measures 48.8%, with a deterioration from the 47.2% and we announced that in three-year time Itaú Unibanco Holding wants to achieve 41% by the end of 2013 most related both by the increase of revenues and more tight control in terms of costs.

Nominal costs will increase - it is important to say that that not only the revenues, both will increase - but we expect revenues to increase in a much higher pace when you compare to costs (nominal costs).

Expectations for 2011 in slide 39 we expect credit growth between 16% and 20% considering that GDP will grow around 4% this year; we expect some increase in

the NPL levels with the inflation and much gain, real gains in salaries and so; we expect both for individuals in some credit lines and also for companies, especially mid-sized companies we are expecting some increase in the NPLs.

Banking services fees in the same pace of last year, some growth around 14% to 16%. Noni-nterest expenses growth (nominal growth) of 10% to 13% especially related to the opening of new branches and new platforms to serve the middle-market companies.

And a reduction in 250 basis points in our efficiency ratio to go in line with the target that we have in 2013 to achieve 41%.

Now I pass again the word to Mr. Penchas.

Mr. Penchas (Itaúsa): I am beginning now the last chapter of this presentation. On slide 41 Itaúsa was selected for the 7th time to comprise the Dow Jones Sustainability World Index. We were selected for the 4th time to comprise the Brazilian index ISE (Index of Corporate Sustainability).

Page 42, the liquidity of our shares. We are present in all the sessions of our stock exchange.

Slide 43, the daily average traded of Itaúsa. We are trading R\$ 88.2 million each day in the Brazilian stock market.

Page 44, the discount in the price of the shares of Itaúsa in comparison with the sum of the parts. We reduced the discount to 17.04% and that is one of the lowest discounts in the last years and that is excluding the premium for the control.

Slide 45, you can see the evolution and the reduction of the discount from 25.2% as of December 2006 to the 17% existing now.

And the last slide, page 46, the appreciation of our preferred shares, 10 years, five years and 12 months. You can see the comparison between our share, the Brazilian index and the CDI (the fixed rate of our market). In all the cases except for the 12 last months the appreciation of the shares of Itaúsa was much higher than the fixed income and than the Stock Exchange and a very small difference in the last 12 months (8.45% against the a downturn of 2.54% in the market).

And we are still pursuing - and with success in our opinion - the value creation for our stockholders with the dissemination of organizational culture prioritizing human capital; with the operational autonomy of our companies; with the leadership in the businesses we choose to be in; with our brands; with the internationalization of our companies; with our capital structure; and with the investments always taking into consideration the value creation for the shareholders.

Thank you. Now we are open to the questions you may eventually have. Thank you.

Q&A Session

Mr. Penchas (Itaúsa): Thank you for your participation and please, I am personally, along with my colleagues, open to the questions you may eventually have during the year. Please let us know and we will reach you to explain all the questions. Thank you very much.

Operator: That does conclude Itaúsa's 2010 earnings conference for today. Thank you very much for your participation and have a good day.
