

**Operator:**

Good afternoon ladies and gentlemen, and thank you for waiting. At this time, we would like to welcome everyone to DASA's conference call.

Today we have a simultaneous webcast that may be accessed through the website www.dasa3.com.br. The slide presentation may be downloaded from that website as well. There will be a replay facility for this call on the website for a week.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of DASA, and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions, and other operating factors could also affect the future results of DASA and could cause results to differ materially from those expressed in such forward-looking statements.

Today with us we have Mr. Marcelo Barboza, CEO; Mr. Carlos Alberto Moura, CFO; and Mr. Tharso Bossolani, Investor Relations Officer.

Now, I will turn the conference over to Mr. Marcelo Barboza, CEO. Mr. Barboza, you may begin your conference.

Marcelo Barboza:

Good afternoon or good morning. I just would like to point that I am here also with Dr. Romeu Domingues. He is the Managing Director of CDPI, and he will be a key executive together with us here at DASA.

I am going to the transaction details' slide. This transaction is still subject to the approval of the shareholders meeting and DASA will merge with MD1. We will have a direct acquisition of quotas of operational companies, with payment in cash of R\$80.2 million, and new shares will be issued as a result of the merge and are estimated to be equivalent to 26.36% of the total shares of the merged company. The preliminary number of new shares will be 82.2 million, subject to an economic evaluation.

Current operations of MD1 have R\$449 million of gross revenue and R\$105 million of adjusted EBITDA. This is all projected numbers for 2010. Last point is preliminary projections indicate annual synergies of R\$120 million.

Next slide. Why does this deal make a lot of sense? First, this deal is certainly the best strategic asset available. It has large volume, market leader in image and clinical analysis in Rio de Janeiro, has a strong management team that will be joining DASA, as top technical team being the Brazilian company with the largest share of scientific papers publish in international radiology and pathology conference, there is a very good fit of company culture and strategic focus, and they also search to have the best cost benefit ratio. It will be mostly stock deal, and with full alignment of interests with MD1 shareholders.

Next slide. MD1 operates Sergio Franco, CDPI, Multi Imagem and Pro Echo. It has 122 patient service centers, also operates in ten hospitals, and produces 24 million exams



per year. It has patient service centers in Paraná, in São Paulo and also in Rio de Janeiro. Here on the right you have the number of patient service centers that DASA has in these three states, and also the number of patient service centers that Sergio Franco, Multi Imagem, CDPI and Pro Echo have in those states.

Moving to the next slide, DASA, as you all know, has been conducting this transformation process over the last 12 months, and we were not dedicating efforts and capital to organic growth as we were in the past. With the merge with Sergio Franco we acquired a very good platform for organic growth. They have patient service centers with state-of-the-art equipments. Here is just a small piece of our top-of-the-art equipment, and not only equipment, but the facilities themselves are very well prepared, very well located, and will provide a very good platform for organic growth moving forward.

Moving to the following slide, we project an estimate around R\$120 million a year in annual synergies opportunities and also a better interest on capital. To calculate the annual synergies, first point will be portfolio of management of PSCs. This is something that we have been doing at DASA over the last 12 months, and we estimate over R\$4 million incoming from this topic.

Then we have clinical analysis fixed costs reduction, we have, as you know, some redundant central labs in the cities we operate, so we have through the opportunities here we estimate around R\$6.1 million.

We have a clinical analysis variable cost reduction. DASA has been negotiating very strongly with the suppliers over the last 12 months, and we will continue this, we will also introduce these negotiations to the current platforms that Sergio Franco, CDPI, Multi Imagem and Pro Echo have. Here we estimate variable cost reduction of around R\$6.5 million.

Also SG&A reduction, we have several opportunities in the IT, administrative and finance to be more efficient, to standardize systems. Here we estimate around R\$10 million. We also have an important effect in goodwill. We estimate R\$93 million per year over the next five years. As I mentioned, interest on capital is an important source. We estimate here around R\$30 million a year in impact.

Going to the next slide, corporate governance, the first important proxy here is that the new shareholders will elect one Board member after the incorporation of MD1 up to April 2011, and these new shareholders will also elect two Board members in the Board that will operate from April 2011 to April 2013. The new shareholders will have a lockup period of 48 months, and also will have limitations in voting powers when involving potential conflicts of interest. Last point is that DASA does not foresee any change in the commercial relationships it has, and MD1 has with Amil before the deal was signed.

In the following slide we provide the aggregated numbers for DASA. Here for DASA we are using the mid range gross guidance, and also the base EBITDA margin guidance. For MD1 here we are including the adjusted numbers. As you see, our combined revenues will be over R\$2 billion, it will actually be R\$2.150 billion, and we estimate that after synergies will be able to move our margin up to 27.7%, our EBITDA margin. The multiple we are paying considering the net debt, the present value of goodwill and interest on capital will be around 8x EV/EBITDA. This is all post-synergies.



Next slide, moving to the time table of the deal, we recently signed the deal, and we are now moving to a stage where we are looking on the contract, auditing, fairness opinion, provisions for integration costs, and we will also be working with antitrust filings.

Let me move to the integration phase. Here we will most probably be working with an outside consulting firm to make sure we preserve the value we have in each company, and make sure we operate in a very efficient way, never forgetting of making sure that we do not lose any value of the merged companies.

Phase three, starting in the middle of the next year, we have several growth opportunities here: segmentation, branding, expanding our network and also expanding organic expansion.

Next slide, just my final words before I take the questions, this first point is very important: corporate governance is key here, DASA will continue to have dispersed ownership and use corporate governance best practices; we will have an even more robust platform for growth; we will be twice the size of the runner-up company in our market, but we still have under 11% of overall Brazilian market share. So we will be very well positioned, but still with a lot of opportunities for growth. And the last one, we do not foresee any discontinuity in the business agenda with Brazilian payers. We have already been talking with them, and we do not see any reason why this Company, keeping its best practices governance dealings, I do not see any reason why this should not be a reality.

So before going to the questions, the management team would like to strongly thank the Board. Our Board has been key, has been very involved, and also we would like to thank the involvement, and the positive agenda of the MD1 shareholders, as I mentioned one of them is next to me here, Dr. Romeu, who will be a key executive with is. He is in the call, and he may take questions if you need.

This concludes my presentation. Let us go the Q&A.

Andrea Teixeira, JPMorgan:

Hi. Good afternoon everyone, and congratulations for this transaction. I just want to understand a little on how you calculate, Marcelo, the interest on capital. I understand that with the increase in book value that you have in shareholders' value you are going to be able to pay more interest on capital, and you are deducting as a present value from the transaction. We have got a similar number for the value of the transaction, the dilutions for the post money, dilution would be the 82 million shares, but you calculate the present value of goodwill and IOC in your presentation here. Can you break that down? In terms of interest on capital you are going to calculate, and what is your discount rate for them?

Tharso Bossolani:

Hi, Andrea. I am going to take this question. We calculate the interest on capital based on the share that we are going to emit and that is around R\$1.46 billion, and if you calculate 6% of that, which is the TJLP tax, then you get the increment of what we can distribute in IOC.



Andrea Teixeira:

OK. And the goodwill, you already increased the goodwill amount, do your lawyers feel comfortable that this goodwill can be amortized from tax purposes, right?

Tharso Bossolani:

This goodwill can be amortized from tax purposes. We have not seen any changes in the tax law yet; we are incorporating legal entities as soon as we can, so we can take advantage of this goodwill. This is very valuable for us, and that is why we are going to do it as fast as we can.

Andrea Teixeira:

OK. And also in terms of the strategy, I understand that Sergio Franco and DASA had one of the lowest prices in Rio de Janeiro because of the presence of Sergio Franco. Now, in São Paulo I understand what you guys mentioned in terms of no change in the relations with Amil, but obviously it will be clear that, you know, the prices in São Paulo are slightly higher, so how can we feel comfortable that those contracts will not be renegotiated in terms of pricing? If you can give us any good evidence that makes sense that the prices will be different in São Paulo and in Rio de Janeiro for Amil.

Marcelo Barboza:

First, let us talk about Rio de Janeiro, Andrea, we are not changing any current commercial relationships with Sergio Franco and Amil in Rio de Janeiro. In São Paulo, after the Amil-Medial deal we renegotiated all our contracts with Amil. These contracts were signed based on some provision for discount for volume. We do not see any reason why we should change these contracts that were signed a few months ago.

So our assumptions are that we see value here in this deal when you look at synergies, when you look at how one company will be integrated with the other, that the quality the technical team that we have at CDPI will be working and helping us at DASA. So we are not putting any projections, any change in the commercial relationship. This was not part of the deal, and we do not see why we should consider that.

The prices in Rio de Janeiro and São Paulo are quite different, the reality is different, the brands perceived by the customers are different; so, I do not see why this should be an issue.

Andrea Teixeira:

OK. And talking about the positive in terms of revenue synergies, because I understand that what you break down here in terms of R\$120 million in annual synergies is just on the cost side, right? Is it too early to start thinking about Amil channeling more of their costs into – because I understand they spend roughly R\$800 million per year now with Medial in diagnostics and you get much less than that.

I understand of course they have to keep the other providers for the segmentation of the plants that they have, but some of the plants could be channeling more now that they have a presence in São Paulo through DASA. So, can you give us an idea of how much it could be integrated in terms of a new integrating with DASA?



Marcelo Barboza:

Andrea, when we look at growth opportunities here, we look at how, for instance, MD1 has good expertise in hospitals, they have a very good technical team, they have been working very well specially in MRI. MRI has very high margin products. Ultrasound also is one of their key areas. This is a market that is growing. So, when we assume and we put the rationale for this bill in place, that is what we are looking. We are looking at going to other states together. We are not looking at any different relationship with Amil. If this happens, good. But this is not on the table, this is not something that we are considering as one of the pillars of this deal.

Andrea Teixeira:

OK. All right. And in terms of corporate governance, you have the two members that will be appointed by the previous shareholders of MD1. In the Board, are you still going to have the same other members that were elected recently, and then you are going to be having these two additional members?

Marcelo Barboza:

Yes. We still have one empty seat at our Board. And this is something that has to do with the shareholders in reality. But my understanding is that we will try to use this empty seat at the Board now, and then when we get to the next Shareholders' Meeting we will see if and which shareholder will give his place, actually, to the other Board member. So, now one empty seat and then a very small change in our Board in the next Shareholders' Meeting.

Andrea Teixeira:

OK. Thank you very much.

Esteban Schreck, Morgan Stanley:

Thank you for taking the question. So, now that DASA in some way is going to be associated with Amil at least to one of their main shareholders, did you guys see that some of your clients are going to say, "You know what? Now that you are in a way associated with Amil I am not going to use your services anymore"? Have you thought about that? And what is your take on that?

Marcelo Barboza:

This will only happen if we change our relationship with other suppliers. This is something that another company in the market has received an investment from one of the payers in the last 18 months, I did not see that as a reason for a change in relationship with the other payers. So, we are not considering that. We have already been talking with most of them in the last two days, actually a day and a half. And it is very hard to predict the future, but we do not see any reason why this should change our quality service.

And one thing that protects us in reality is that we have the best price/quality ratio in the market. This is something that is one of our competitive advantages. If we continue on delivering that, I do not see any reason why this should change. And it will change if we



stop providing a good quality for a good price, irrespective of the shareholders. This is how we see the dynamics of the market.

Esteban Schreck:

Marcelo, thank you. So, can you tell us a little bit more what the initial reaction of your clients was when you told them about the transaction?

Marcelo Barboza:

The initial reaction was they were surprised. But it was a normal reaction. This is running as usual.

Esteban Schreck:

OK. Thank you very much.

Alexandre Pizano, Merrill Lynch:

Hi. Thanks for the question. Two quick questions; first, I would like to know how it was defined the number of members that will be elected on the Board by MD1. It is one right now and then it becomes three, is there a shareholder agreement in place? Or was it just part of the deal? And can this change in the next 24 months, or is it something that you have agreed upon?

And then if you could give us also a little bit more details on what you mentioned as for limitations of new Board members voting power. When involving potential conflicts of interest, I imagine this is, for instance, when it has to do with Amil. Could you give us more details on what are these limitations? Thank you.

Marcelo Barboza:

This provision for sits in the Board was established in the Memorandum of Understanding, the MOU, that was signed between the Company and the shareholders of MD1. So, that is where it was established.

And we have more details, in the MOU we have details for the avoidance of conflicts of interest. But what I can tell you is that if there is a matter that concerns something that has a relationship with the Company either by shareholders or Board members that were elected by shareholders, we are very protected. I mean, this is the baseline for this deal. We would not be willing to discuss a merger if corporate governance was not best practice, because this is a company, not only the management team but also the Board is looking very carefully in terms of corporate governance. So, rest assured that all the shareholders will be protected according to what was signed in the MOU.

Alexandre Pizano:

OK. And just a follow up, maybe just to be clear: you are still at the MOU stage of the deal? You have not signed, right? And when would you expect everything to be closed?



Carlos Alberto Moura:

We expect to close all the deal in 90 days.

Alexandre Pizano:

OK. Thank you.

Marcelo Barboza:

Our projection will depend on some documents that have to be produced. We have the Shareholders' Meeting itself.

Carlos Alberto Moura:

We have the anti-trust regulation and so on. But we are focusing now on...

Alexandre Pizano:

Do we have a date for the Shareholders' Meeting?

Marcelo Barboza:

We have not set a date yet. We will try to set as soon as possible, but we need to be diligent and we need to make sure that everything is ready for the Shareholders' Meeting.

Alexandre Pizano:

OK. Thank you.

Carlos Alberto Moura:

The timetable is the first goal to be achieved.

Luciano Campos, HSBC:

Hi. Good afternoon, guys. Just a follow up in this last question; can you share with us any type of conditions that you still have to meet to have the deal closed that you can share with us at this time? You already mentioned, of course, the shareholders' approval, anti-trust clearance; can you share with us if there is anything else that we should consider before we can consider the deal almost closed?

And the second question is only a follow-up from previous ones: do you see any problem if you have a closer relationship with Amil in São Paulo, for example, because of getting close to MD1 in the previous deal? Is this a problem with that, if it prevents Amil to continue doing that, or is it your interest or DASA's interest to do that?

Carlos Alberto Moura:

In phase 1 we will act in setting the contracts. We have 5 contracts to set in the next 90 days, and all the process. And we are hiring the company to issue the fairness opinion.



Probably we will define the provision for integration cost because we will have a lot of costs involved in this process, especially with lawyers, consultants, auditing, you know.

And we will have a clear goal to work with CADE in the next 15 days to file the anti-trust process. And these are our first objectives, and I will ask Marcelo to talk about the question of São Paulo involving the payers and Amil.

Marcelo Barboza:

Hi, Luciano. First, just one additional point in terms of Shareholders' Meeting: we have been receiving calls from shareholders, we have indicated to them that we will be openly available to provide and discuss about this billing contract and the deal after this call. Initial reaction has been very good, so we are confident that we will have support for this deal in the Shareholders' Meeting.

And in terms of São Paulo, we have a good mix of payers in São Paulo and we have a very strong relationship with maybe all of them. We have the best network by far in São Paulo, very good coverage. We operate in a segmented way with two very important brands. We still see many opportunities to work on some segments that we are not working well at this time.

So, we are pretty confident that the value we provide for the price we charge, we are pretty well and there is no rational reason why somebody would change their relationship with DASA because of a new shareholder. DASA, as we mentioned, continues to have a dispersed ownership, we have a strong corporate governance, we have indications in the Board, we have indications in conflict of interest. So, I am pretty confident that it will be OK.

Luciano Campos:

Marcelo, just a follow up, just to maybe clarify my question: do you see opportunities to get closer to Amil in São Paulo because of this deal? Or, anyway, just let us forget the deal for a moment; do you see opportunities to get closer to Amil in commercial relationship in São Paulo? Do you see space for increasing your business with them?

Marcelo Barboza:

Yes, not only with Amil but with other providers as well. We are, for instance, opening a very nice patient service center, now with Sergio Franco and CDPI we will have some key locations that they have acquired. So yes, I see potential to do more business with Amil but I also see potential to do more business with our payers as well, and especially now that we will have the support of CDPI technical team in the radiology side. So yes, I am confident we could do more business.

Luciano Campos:

Thank you.

Iago Whately, Fator:

Hi. Good afternoon. I have a question: you are taking a big step in the Rio de Janeiro state market, and now it seems that the only big representative state where you are not



present yet is Minas Gerais. I would like to know if you can comment a little more on your strategy for Minas Gerais.

And also you commented about limitations on new shareholders Board members voting powers, when involving potential conflict of interest. Can you comment a little more on the potential conflicts of interest, what they may be? Thank you.

Marcelo Barboza:

Hi, Iago. First question, on Minas Gerais: well, Minas Gerais is the largest wide space we have at DASA. We have been growing there in the lab-to-lab. Lab-to-lab has been gaining share in Minas Gerais every quarter, but we still do not play in the private sector. Also, in the public sector we have a strong opportunity there.

But we would be willing to buy either a leasing player or even a smaller player. If we find the right player with the right team that we could support, and with the capital access we have we could expand faster, we will do. This is a market that we want to be playing, it is a very important market. So, yes, we are looking at Minas Gerais.

Your second question is, to be clearer, the only conflict of interest we see at this time would something related to Amil, so this is a clear example that could happen on the Board or in the Shareholders' Meeting, it is something related to Amil, and yes, the Board members and the new shareholders will not be able to vote, but others could happen and there is no specification of a name of a company there in MOU, it is just general provisions that protect us from this or any other related issue.

Iago Whately:

OK. Thank you very much.

Andrea Teixeira, JPMorgan:

Thanks for taking my second question. I just wanted to see if you could explain the adjustment that you might have to this valuation, I understand, you know, obviously there is the end of the due diligence but if you can be more specific if there is anything besides this standard agreement where you have to adjust for any contingencies, if there is anything that we are not familiar with in terms of adjustment that might change this valuation.

And the other thing I would like to ask is like you presented 2010 EBITDA for MD1, that amount is not including the R\$30 million that I believe I calculate here is the annual, you have R\$105 million in one slide as being the protected 2010, and then after synergies I think you have something like R\$130 million, R\$132 million and then you also come up with a number adjusted post-synergies of R\$132 million and then you also come with an annual amount of synergies of R\$100 million. Can you explain, I am assuming that the difference which is the R\$70 million is actually the amount you have at DASA, so can you explain what you are going to do? Perhaps close one of the Rio de Janeiro centralized labs, what are you going to exactly do achieve in the side of DASA those synergies? Thank you.



Marcelo Barboza:

OK, Andrea, I will start with the adjustment, we expect if very small adjustments, we are just making sure, we are auditing the numbers and the provision for the integration costs but specifically in the adjustments that you mentioned that the final number of shares has to do with we making sure the numbers are right. We are expecting very little variation there.

Then you go to synergies, so yes we put this number of R\$120 million of annual synergies, we are very confident with this number, we can do and this is something that as somewhat we see so far, in their operations we can help them a lot in purchasing, in purchasing is something we are very disciplined, we have very good agreement with our major suppliers, we have processes to improve efficiency in the patient service centers, we are going to be unifying systems, we also have some tax breaks in Rio de Janeiro that we could use at DASA that Sergio Franco has, so here we are promising what is clear, but we believe we could do much more.

And then you have your question regarding how we calculate and this is something Tharso would like to mention that.

Tharso Bossolani:

Andrea, what we did is we got the standard adjusted EBITDA of Sergio Franco of around R\$105 million and we added the synergies for the year that we are going to have, so we added back R\$27 million to get to R\$132 million.

Andrea Teixeira:

And those R\$27 million you think you are achieving when?

Marcelo Barboza:

We expect to achieve in the next 12 months, I think this is a very good timeframe to have these synergies and then we are probably going to have some adjustments from the 12 months to the 24 months, some others.

Andrea Teixeira:

OK. So then assuming that you are going to close in the 90 days you have just mentioned that you are going to close the deal, so you are talking about end of this year as you put that in that chart then you start to consolidate the company I am assuming in the 1Q11, right?

Marcelo Barboza:

Yes, but we have some preliminary initiatives that we can capture synergies specially in procurement, for example, we have the tax benefit that Sergio Franco has in the State of Rio de Janeiro that we can put in place in DASA, so we can explore quickly very important synergies to put in place in I mean 60 or 90 days from the closing period.



Andrea Teixeira:

OK. So you are looking at, you know, basically in this R\$27 million that Tharso was saying is actually the full amount with all the costs, I am assuming that the extraordinary or non-recurrent costs of doing the transaction is not included, this is not net of those costs, this is going to be on top of the action, right?

Marcelo Barboza:

It is the whole thing.

Andrea Teixeira:

OK. You mean it is everything without taking into consideration the cost.

Marcelo Barboza:

The provision for the integration cost we think it is not relevant and it is feasible to consider this as a net effect of the provisions.

Andrea Teixeira:

OK. And one last thing, when we were trying to do or to reconcile the R\$500 million that you deducted from the price you obtained to calculate the post-synergies and EBITDA, I am just thoughtful because considering the full amount of the interest on capital of R\$30 million, and then plus the goodwill times the tax shield, right? Maybe Tharso can tell me what the discount rate is.

Tharso Bossolani:

OK, let me pass you through the calculations again to see if we can get this right. We are going to issue around 82.2 million shares, if you consider a price per share of around R\$18, you get to around R\$1.476 billion. To that, if you apply 6% of the TJLP, you get to around R\$88.5 million and the time is five years, so we met the period when the goodwill will be amortized, so you could compare, so you get to R\$442 million and then if you add the tax rate of 34% there you get to R\$150.5 million. Then, making the present value of that at around 10%, which is close to the CDI, you get to this R\$116.2 million. So, you can break this R\$507.3 million into R\$115 million coming from IOC and around R\$393 million coming from the present value of the goodwill.

Andrea Teixeira:

OK, but present value of goodwill should have been multiplied by 34%.

Tharso Bossolani:

It was.

Andrea Teixeira:

It was, OK. I will try. Thank you, Tharso.



Javier Martinez, Morgan Stanley:

Yes, thank you for taking the call. And I have a few different questions, first of all, can you give us some indication on the balance sheet this company has or what is the values doing an investment capital or doing equity or doing asset? A, and B, I know it is a bit early to ask, but maybe you can give us some indication of the CAPEX per unit that Sergio Franca may have in São Paulo to try to understand how the balance sheet is going to look like in the future?

Marcelo Barboza:

Hi, Javier. So you are asking us about the balance sheet of MD1 and also the CAPEX that was invested in the São Paulo patient service centers, is that right?

Javier Martinez:

Hi, Marcelo, yes, those are the questions.

Marcelo Barboza:

Well, we certainly have this information but we do not have it here in the call, we can provide it to you later.

Javier Martinez:

OK. Thank you. Very useful. Second, I was kind of interested to understand the 48 months lockup period, it sounds like a very long period, why is this? A, and B, is there any provision in case something changes, in case, I do not know, tomorrow let us imagine that DASA combines with Fleury, the lockup period remains the same or is there any provision there? And finally, how do you see the map of the sector in five years from now on?

Marcelo Barboza:

Javier, I am sorry, relating to your first question I think, we do not want leave it unanswered, the information we can give on the balance sheet of MD1 is they have a net debt of around R\$10 million, they are a very unleveraged company, so they are going to be very accretive to us.

Tharso Bossolani:

And the lockup period is 48months, it sounds high but it also signals the commitment of the shareholder that they want to stay for the long time.

Javier Martinez:

Is there any provision in that lockup period, or is it stopped just like that?

Tharso Bossolani:

No, it is a lockup period. There is no way out.



Javier Martinez:

Do you think you can make some broad comment on how you see the industry in five years, or how do you your market share in five years from the 10% you mentioned you have today?

Marcelo Barboza:

Well, Javier, this is a market that is very fragmented, we will continue and now we feel very well prepared to acquire other companies, there is a very good number of original players, they are very strong, we will continue to do greenfields, we are exploring opportunities as franchises, hospital market as we say, there are 400 to 500 hospitals there that we could attack, and as we mentioned in our last call, this is a phase that we are focusing on growth, this deal shows that we are delivering on that, we will be working hard to do other deals, there are many wide states in the Country, and as I mentioned, the public sector is another growth driver for us, we do very well and play very well in this segment, the customers are very happy and show projects to us all the time.

We are able to operate very efficiently in this that is a very hard market. So it is hard to say how our market share is going to be in 5 years, but the only certainty I have is that it is going to be much higher.

Javier Martinez:

Mr. Edson has publically said that they want to double, so they want to go from whatever they are today to 12% to 20%, do you think you can, I mean, is creditable that you can achieve that level or that is too far away?

Marcelo Barboza:

Well, I mean, it is a brave, I respect a lot what he is saying, I do not know the details of Amil, I do not know their market as well as I know our market. So, our market has some challenges, but we are very focused on growth, we have a unique value proposition in the market, especially now with CDPI, Sergio Franco, Pro Echo and Multi Imagem, there is no one that can beat us in the quality-to-price relationship, we have the best quality, Dr. Romeu is next to me here laughing that now we are going to be able to expand the CDPI quality and processes to other DASA's brands, do there are lots of reasons to be optimistic, lots of reasons to believe that our market share will be much higher in five years, but I would not feel comfortable on committing to a number because this number may be higher or maybe lower. So the only conviction that I have is that in five years we will be much bigger than what we are today.

Carlos Alberto Moura:

Javier, it is important to point that the commitment of this Board and this administration stands, I mean, we are focusing on growth, we are focusing I new businesses and this deal is nothing more than what we have committed with the market, with the Board and with the shareholders. We strongly believe in this creation of value for us, for the new shareholders and for all the shareholders. And this is a very strong conditioning of the Board.



Javier Martinez:

OK. If I can add something, but it is quite surprising how long this commitment is, but OK, fair enough. And a final question of mine, maybe you have mentioned this in some place and I have missed it. Sorry if I asked something you have already answered. So, the new DASA, DASA plus Sergio Franco etc, what is the percentage of your revenues going to Amil? And if you could also give an indication of the percentage of your EBITDA going to Amil it would be great.

Marcelo Barboza:

We do not disclose this, Javier. Even in the past we have not disclosed the share of revenues by payer. It will not change that much, they will still have other important customers and business partners. So, unfortunately we cannot tell you that.

Tharso Bossolani:

And we are focusing in diversification of risk, it is not interesting to concentrate in one or another payer our volume, and we have all the focus into maintain and sustain our diversification of risks.

Marcelo Barboza:

As I always say, if you look at our share of revenues ten years ago, over 70% came from HMOs and insurance companies, today it is under 35%. We have several areas of growth in terms of opportunities, we have public, we have lab to lab, we have others possibilities, we have hospitals, so the dependency on one specific customer will be smaller and smaller as we grow.

Javier Martinez:

OK. Fair enough. Let me have the opportunity to speak with you, if you do not mind, can I ask you a non-important question, but just try to understand how things have been evolving? Who approached first? Edson to you or you to Edson?

Marcelo Barboza:

As I say, we are always talking, this is a small market in terms of major players, we talk with each other, we respect each other. And this was not something that one approached the other. We have been discussing this deal, as well as other deals.

The most important thing here is that we made the deal. So, this was a year that everybody was talking about the other player, that the other player had a chance to do the deal and we were able to do the most beautiful deal that was possible to be made. So, this is what makes us proud and this is the most important thing.

Javier Martinez:

And how long did it take to close the deal? Has this been cooked in the kitchen for one month, half a year?



Marcelo Barboza:

I know Dr. Romeu that is next to me since six or seven years ago. So, the day I arrived in DASA, I called him. I actually called him the day before to say that I wanted to be partners with him. So it took me two years almost.

Javier Martinez:

OK. Well then, congratulations for the deal, that is certainly and obviously a good one. Thank you.

Gustavo Oliveira, UBS:

Hi. Good afternoon. Congratulations for the transaction. I have question back on pricing policy, and the differences in Rio de Janeiro and São Paulo. You mentioned at the beginning of this call that actually your commercial relationship with Amil, the contract was essentially extended for several years.

And essentially in my understanding that contract does not necessarily mean that the prices cannot go up, but it means that Amil can actually have very competitive prices. And you also mentioned that the realities in the markets are different and that could explain why the prices in Rio de Janeiro is actually lower than the prices in the State of São Paulo.

Could you please comment firstly if I have the right understanding of the contract, and second if the realities are so different, but if they allow price increases in the State of Rio de Janeiro or not.

Marcelo Barboza:

This information you are asking us is a proprietary information regarding our contract. We do not disclose specific topics for each contract we have. Yes, the contracts could be renegotiated, but we do not see any reason why this should be at this point. We have a good contract in Rio de Janeiro, we have a good contract in São Paulo.

Both companies are happy, so I do not see why there is a reason we should go to the table again. Especially in São Paulo, I mean, it took us many months to negotiate this contract after the Amil and Medial deal was made. We strongly believe that this was a good contract both for DASA and the Amil Group.

It is a very solid contract, very well written, good conditions, as I mentioned, for both of them. So, I do not see any reason to consider any kind of change in the contract, here in São Paulo or in Rio de Janeiro.

Gustavo Oliveira:

And the market reality, could you please comment a little bit on that, or the difference? You mentioned that the reality of the markets is different, so the brand's perceptions for some of the brand are different that could sort of explain the difference, the wide gap in prices in Rio de Janeiro and São Paulo.



I think what all the investors are trying to understand is that in the long term prices are going to converge or not, and if they are going to converge because of price increases or because of price reductions.

Marcelo Barboza:

You know, I mentioned that they are different but they are not as different. So, the difference is not so big. The prices have a historical value, historical negotiation. They evolved over time. Sometimes the way one company charges differently than the way the other company charges, also has to do with the mix of payers in a specific region, and also the mix of segments and products you play in each region. So, yes, prices are different, but not as different, and there are several factors involved. One important factor is the mix of payers.

Gustavo Oliveira:

Essentially I think what you are arguing is “do not look at prices, but look at the profitability of each market”.

Marcelo Barboza:

Yes. Profitability is different also, mix is different. The conditions of payment is also different, and one thing that we have been doing, this Company was not used to do in the past is look at the profitability by customer, look at the profitability by patient service center, look at the profitability by product. And we are managing this. We got rid of the products and patient service centers that were not profitable, and we have good margins in each of these markets.

Gustavo Oliveira:

And the last question, you mentioned that you signed a new contract with Amil following the Medial acquisition, and that contract was signed two months ago. What is the duration of that contract?

Marcelo Barboza:

We cannot disclose this.

Gustavo Oliveira:

OK. Thank you.

Alexandre Pizano, Merrill Lynch:

Hi. I have some questions. First, in the last conference call you mentioned you had approval of the Board to seek 2x leverage and that would be done on your balance sheet, so you are probably going after more acquisitions. With this view, your leverage goes down further more because you are issuing equity, so I would like to know if you will increase your focus in the short term after more M&A and doing more debt financing? That is my first question.



Marcelo Barboza:

Yes, balance sheet, as we have mentioned, our leverage has been going down, as we are being more efficient, generating more cash, making sure that we have good return on the currently equipments we have.

The question now is what do we do? I mean, Carlos, you can comment...

Carlos Alberto Moura:

So, the limit of leverage, as I told you before, was with that condition of balance sheet. Now, we have another balance sheet. We always continue to have a very strong balance sheet for the future.

In terms of new opportunities of leverage, it depends on the volume of acquisitions and investments that we have to make in the future. And now we are focusing to close the deal and sign all the contracts and solve the issues related to CADE and after discuss that.

Marcelo Barboza:

Yes. We prefer to do if we do a deal, we will prefer now to do a more a cash deal.

Carlos Alberto Moura:

First things first.

Marcelo Barboza:

Cash deal. And also now, especially with CDPI that requires a large CAPEX for equipment, because they charge very high prices, we will be looking at opportunities, especially in São Paulo.

Alexandre Pizano:

OK. I have a couple of more questions, if I may. You mentioned that there are tax benefits in Rio de Janeiro, what specifically is that? And you are now utilizing it in DASA and you said it could be part of the synergies there.

Carlos Alberto Moura:

We have a tax benefit in Rio de Janeiro. We are analyzing, we have the preliminary information, and after three or four months we will disclose this to the market.

Alexandre Pizano:

But that is not included in the R\$27 million, right?

Marcelo Barboza:

No, it is not. That is why Tharso mentioned that we are very confident we can over deliver those.



Alexandre Pizano:

And just on the last slide, you mentioned your market size is under 11% even post deal. I would like to know what you are implying there – that is slightly smaller than I was estimating – in terms of the market size, if you could say what is implicit in clinical and image there?

Marcelo Barboza:

It is just private and public. That is why the market share, the way we look at that, we calculate and we measure, the most important metric for us is the overall market, especially because the public sector, we see good opportunities for growth, so this is overall public and private.

Alexandre Pizano:

And what size is public and what size is private are you implying there?

Marcelo Barboza:

You mean the size of the market?

Alexandre Pizano:

Yes.

Marcelo Barboza:

This is public ANS numbers. We estimate the public sector on R\$4.5 billion and the private is over R\$10 billion. I do not have the latest figures on the top of my mind, but this is the rough numbers I have in my mind.

Alexandre Pizano:

OK. Just because the combined gross revenues have gone up higher than 11%. Just one more question, if I may, the last one. You do not have in your synergies, you do not mention synergies in image. If you could please comment why you are not estimating at this point in time any synergies in image, and if you could give us some guidance of what is the percentage of revenue breakdown in MD1 in terms of clinical versus image?

Marcelo Barboza:

One of the benefits of this deal is that the quality, but not only the quality itself, but quality perception of CDPI is very high. They have not been able to add equipment except that the demand has grown. So, we have very good opportunities here to do revenue synergies to the CDPI and Lâmina, especially Lâmina.

So, this is how we see it. We play very well the clinical analysis market in Rio de Janeiro. The previous DASA used to play in the image market in a very small way, not only in Rio de Janeiro but also in São Paulo we can have a strong growth.



Alexandre Pizano:

And at what rate has MD1 been growing, let us say, for the last three years?

Marcelo Barboza:

At what rate, over 35%, or getting close to that.

Alexandre Pizano:

Thank you.

Daniel Gewehr, Santander:

Good afternoon, everyone. A question regarding your guidance. Does this merger change your guidance for 2011? I mean, do you still seek this 12% to 16% next year and 27.5% EBITDA margin; so does it change or you stick with this guidance?

Marcelo Barboza:

Daniel, we stick with this guidance for the old DASA. We have not come up with anything to tell the market in terms of the guidance for the combined company. We still need to go deep into knowing each other and eventually we will review that. But at this time this is the guidance that we are sticking to for the old the DASA.

Daniel Gewehr:

And just one more question, regarding the market share, what is the market share the combined company is currently having in São Paulo and Rio de Janeiro?

Marcelo Barboza:

We are not disclosing that.

Daniel Gewehr:

OK. Thank you.

Operator:

This concludes the question and answer session. At this time I would like to turn the floor back to Mr. Marcelo Barboza, CEO, for any closing remarks.

Marcelo Barboza:

Thank you very much for participating in our call. As I mentioned in a previous answer, this was the most strategic deal to be done in the market; both companies respect and admire each other. We are already discussing integration opportunities. We will for sure wait for the shareholders meeting, but every day we are more confident with what we can deliver, so we foresee a strong future for this Company, we welcome Dr. Romeu, I am sure we are going to have a great team.



So, thank you very much you all for your participation in the call. See you in the 3Q earnings call.

Operator:

Thank you. This concludes today's DASA's conference call. You may disconnect your lines at this time.

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