4Q14 and 2014 RESULTS

Bigger than FIES

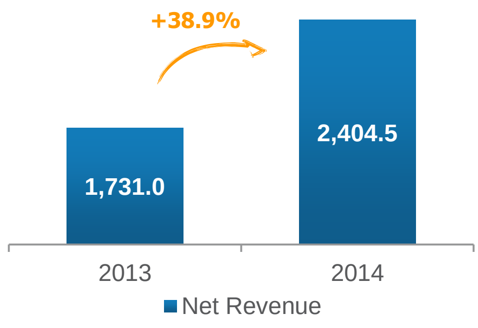
Student base records organic growth of 22%
EBITDA of R$533 million in 2014, up by 66%
EBITDA Margin of 22.2%, up by 3.7 p.p.
Net Income of R$426 million, up by 74%

Rio de Janeiro, March 19, 2015 – **Estácio Participações S.A.** – "Estácio" or "Company" (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA; OTCQX: ECPCY) – announces its results for the fourth quarter and full year of 2014 (4Q14 and 2014) in comparison with the same periods of the previous year (4Q13 and 2013). The following accounting information is presented in accordance with International Financial Reporting Standards ("IFRS") and on a consolidated basis.

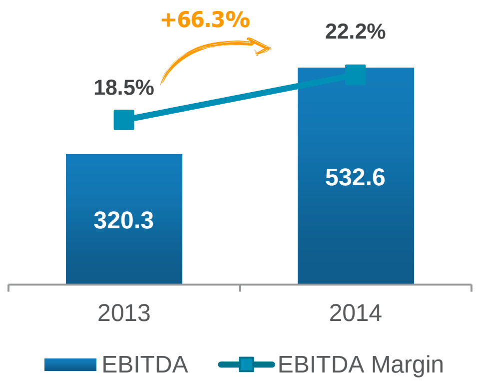
Year Highlights

(R$ million)

Net Revenue



EBITDA and EBITDA Margin



Highlights:

- Estácio closed 2014 with a **total base** of 437,400 students, 38.5% more than in 2013, 301,700 of whom enrolled in on-campus programs (18.3% up year-on-year) and 83,000 in distance-learning programs (36.7% higher than in 2013), as well as 52,700 acquired students in the last 12 months (on-campus and distance-learning).
- **Net operating revenue** came to R$2,404.5 million in 2014, 38.9% more than in 2013, thanks to yet another year of substantial student base growth.
- **EBITDA** totaled R$532.6 million in 2014, 66.3% up on 2013, with an EBITDA margin of 22.2%, representing a margin gain of 3.7 p.p.
- **Net income** came to R$425.6 million in 2014, 73.9% higher than in 2013, while **earnings per share** stood at R$1.35, up by 62.7%.
- **Operational cash flow** totaled R$233.6 million, a R$166.6 million year-on-year improvement.
- **Cash and cash equivalents** closed the year at R$715.1 million.

ESTC3
(On March18, 2015)

Price: R$16.69/share
Number of Shares: 315,429,884
Market Cap: R$5.3 billion
Free Float: 86%

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ESTC3
NOVO
MERCADO
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Key Indicators

Financial Highlights	Consolidated 4Q13	Consolidated 4Q14	Consolidated Change	Excluding acquisitions in the last 12 months 4Q13	Excluding acquisitions in the last 12 months 4Q14	Excluding acquisitions in the last 12 months Change
Net Revenue (R$ million)	436.0	652.4	49.6%	436.0	602.8	38.3%
Gross Profit (R$ milllion)	162.7	277.5	70.6%	162.7	253.6	55.9%
Gross Profit margin	*37.3%*	*42.5%*	*5.2 p.p.*	*37.3%*	*42.1%*	*4.8 p.p.*
EBIT (R$ million)	46.8	93.4	99.6%	46.8	74.4	59.0%
EBIT Margin	*10.7%*	*14.3%*	*3.6 p.p.*	*10.7%*	*12.3%*	*1.6 p.p.*
EBITDA (R$ million)	65.8	133.1	102.2%	65.8	111.8	69.9%
EBITDA Margin	*15.1%*	*20.4%*	*5.3 p.p.*	*15.1%*	*18.5%*	*3.4 p.p.*
Net Income (R$ milllion)	45.1	80.9	79.4%	45.1	67.5	49.7%
Net Income Margin	*10.3%*	*12.4%*	*2.1 p.p.*	*10.3%*	*11.2%*	*0.9 p.p.*

Financial Highlights	Consolidated 2013	Consolidated 2014	Consolidated Change	Excluding acquisitions in the last 12 months 2013	Excluding acquisitions in the last 12 months 2014	Excluding acquisitions in the last 12 months Change
Net Revenue (R$ million)	1,731.0	2,404.5	38.9%	1,731.0	2,304.8	33.1%
Gross Profit (R$ milllion)	694.5	1,028.6	48.1%	694.5	978.5	40.9%
Gross Profit margin	*40.1%*	*42.8%*	*2.7 p.p.*	*40.1%*	*42.5%*	*2.4 p.p.*
EBIT (R$ million)	248.5	424.6	70.9%	248.5	392.1	57.8%
EBIT Margin	*14.4%*	*17.7%*	*3.3 p.p.*	*14.4%*	*17.0%*	*2.6 p.p.*
EBITDA (R$ million)	320.3	532.6	66.3%	320.3	495.6	54.7%
EBITDA Margin	*18.5%*	*22.2%*	*3.7 p.p.*	*18.5%*	*21.5%*	*3.0 p.p.*
Net Income (R$ milllion)	244.7	425.6	73.9%	244.7	400.5	63.7%
Net Income Margin	*14.1%*	*17.7%*	*3.6 p.p.*	*14.1%*	*17.4%*	*3.3 p.p.*

Note: EBITDA calculated in accordance with CVM Instruction 527.

Message from Management

In June 2008, with the arrival of *GP Investimentos* and a group of executives brought by the private equity fund, Estácio initiated a new phase in its history. The institution, which at the time had already been operating for 38 years in the post-secondary education segment with a constant focus on young workers wishing to improve their lives through study, was in clear need of a new management approach for its operations. If, on the one hand, there was no lack of academic quality among its faculty or affinity with its target public, thanks to the culture fostered by our founder Dr. João Uchoa, on the other it was equally clear that management capacity had not accompanied the growth of the Company and its student base, which had led to a series of difficulties in regard to day-to-day operations, threatening the above-mentioned academic quality and, consequently, the very survival of the institution.

In this context, **Estácio became a happy marriage between two areas that, at least in Brazil, often find it difficult to live together: the academic and management areas of an educational institution.** In order to ensure such a partnership, it was necessary to create a strategy capable of long-term survival and, at the same time, have enormous persistence combined with a strong dose of discipline in order to implement the actions arising from this strategy. After all, it is virtually impossible to construct a world-class company or generate significant shareholder value in a sustained manner a matter of few years. And Estácio was no different, not even during a period when a series of externalities appeared to favor accelerated wealth creation with a low level of risk. We knew **we had to remain focused and not abandon the strategy created in 2008, which has been supported by a series of pillars** that are worth remembering, especially in this moment of extreme volatility and uncertainty:

(1) **Estácio's growth has been based on a long-term vision, underpinned by the belief that continuous improvements are more long-lasting and generate greater returns than sudden leaps**. In other words, "the movie has to be better than the photo", even if everyone's attention returns to the ultra-short term at certain times. **Consequently, since 2012, we have had 2020 as our horizon, in order to escape from the pressure of quarterly results, short-term goals and success in one dimension to the detriment of others;**

(2) At the same time, in order to remaing truthful to our long-term vision, we know it has been vital to resist the temptations induced by positive externalities that are highly alluring for all the sector players, two of which are particularly worth of attention in our segment: opportunities for consolidation and opportunities for growth through the government's student financing program, FIES. It is worth noting that "resisting temptation" does not mean ignoring acquisitions or not adopting FIES (in fact, we have been active on both fronts). What we are saying is that **we try not to let strategies that do not depend on us for their execution become essential elements of our long-term plans**. Mergers and acquisitions can only occur with the agreement of the other parties and there are always the risks associated with integration and, occasionally, financial restrictions. In regard to the second point, FIES is a public policy and, as such, subject to change in line with the priorities of the moment, as recently shown in Brazil. These are the reasons why both drivers should be more as "means" rather than an "end" in our strategy;

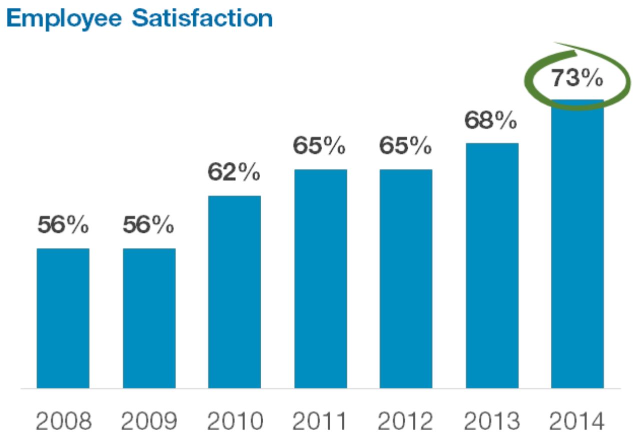
(3) On the other hand, during this period of positive externalities, it made (and still makes) perfect sense to work on **creating and implementing a corporate culture capable *on its own* of becoming our greatest competitive advantage** (in a previous release, we declared that "our Culture *is* our Strategy") and, at the same time, facilitate the implementation of differentials that will generate high returns in the future. These differentials, which we have mentioned frequently in our interactions with investors, include **Innovation, our Quality System, Focus on the Students and their Employability, investments in Service and Hospitality, Branding and the 2020 Academic Model**, which we have been constructing based on the pioneering Academic Model created in 2010;

(4) At the same time, we have to ensure an adequate level of returns, given that no project or company can survive without providing appropriate compensation for those who believe in it and invest in it. **Ever since the beginning, therefore, we have been seeking regular, sustainable and responsible growth, preferably with a controlled level of risk, paying less attention to externalities and more to those which depend on us alone**. Nothing is more indicative of this than author Jim Collins' analogy of the '20-Mile March', which we have already mentioned on other occasions and which, in times of less positive externalities, should be drawn attention to once again;

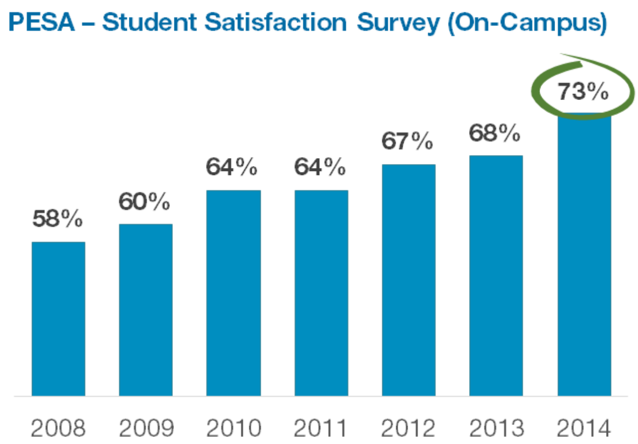
(5) Finally, Estácio has been seeking to implement **corporate governance practices that are more aligned with our long-term strategy**. We do not think of governance solely as a series of practices adopted by our Management, but also in terms of building a management system that has been constantly improved, together with the ceaseless pursuit of a balance between academia and administration, quality and quantity, and short term and long term. We are also **focusing more and more on cash generation and return on invested capital (we have been using EVA® as a metric for three years now)**, and not only on the results of each competency. We see this as a differential that has, among other things, led us to adopt a high degree of prudence in recent years, allowing us to close 2014 with sufficient cash to weather the inevitable storms ahead. It is also worth highlighting our **concern with managing the Company's risks, which led us to diversify our businesses in order to reduce dependence on on-campus undergraduate programs**, primarily through the **determined construction of a nationwide distance-learning operation** and, more recently, the pursuit of new **businesses through the Continuous Education area**. All this without undue haste, without achieving 'checkmate' in a few moves, but through a number of well-calculated maneuvers, respecting the time and the limits of the company, and without ever losing our focus on results.

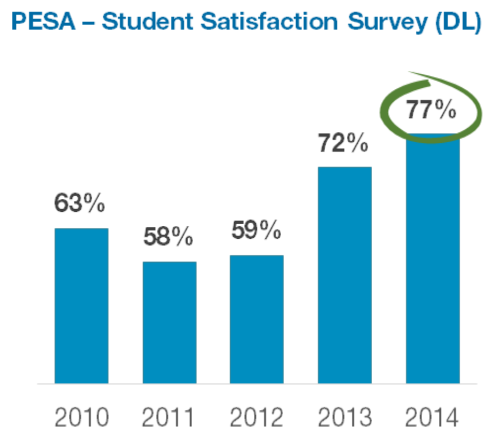
We have always tried to focus our discussions of Estácio on these points, rather than on elements such as FIES, Pronatec and acquisitions, but it is true that only a series of consistent results can demonstrate the effectiveness of our strategy. Thus our 2014 results, and even those of the last few years, are part of a very special moment – a **moment of affirmation and the strengthening of our conviction that building the Company of our dreams is not accomplished in quarters, but over long periods of hard work.**

Because we are a service company, we have to **build strong relations with our employees within a positive working environment**. Consequently, and because we believe that everything can (and should) be measured, since 2008 we have been conducting, with the help of the Hay Group, an annual organizational climate survey, whose results are shown in the graph below. **The historical series, crowned by a brilliant result in 2014, shows that we have steadily, and with considerable work, obtained the trust and respect of those with whom we strive to build a victorious Company capable of meeting the needs of all its stakeholders.**

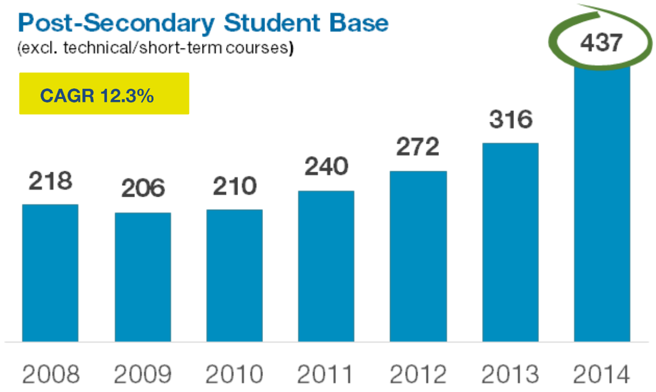


With more satisfied employees and all the initiatives we have developed to improve quality both inside and outside the classroom as part of our **permanent "Focus on the Student", one of our main values**, it is only natural that this perception is also reflected in our student satisfaction surveys, which are conducted by Copernicus, also since 2008. **Once again it is possible to perceive the positive tendency of this indicator, corroborated by a spectacular result in 2014.**

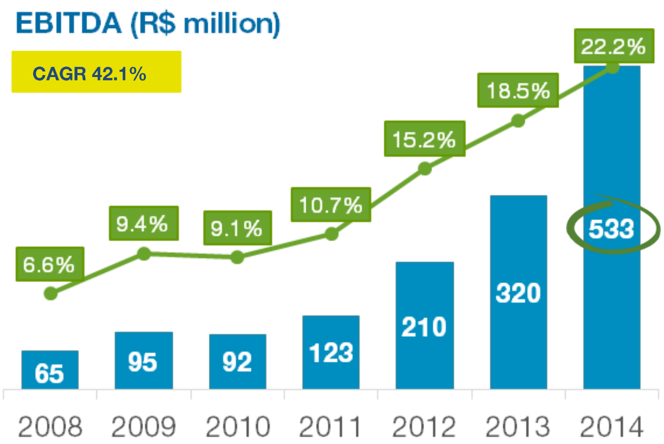




Satisfied employees and students will allow us to grow with security, even though less leveraged by the previously-mentioned positive externalities, resulting in a company that undertakes less acquisitions and makes less use of FIES than the average. Even so, the graph below shows the **solid growth generated by our strategy as of 2008, following the natural difficulties at the beginning of the turnaround process.**



With a **student base that is growing in a solid and sustainable manner**, our governance and management models, together with the scalability generated by an organizational framework that is strongly based on centralization and standardization, have allowed us to generate **significant results and excellent returns for our shareholders.**



We are very pleased to be presenting all these qualitative improvements while continuing to grow, leveraging our operation and generating impressive operating results. We closed 2014 with 437,400 students, 301,700 of whom enrolled in on-campus programs and 83,000 in distance-learning programs, in addition to more than 52,000 acquired in the last 12 months, almost 40,000 of whom are UniSEB students, whose integration is moving ahead at full speed and should generate major benefits in the upcoming cycles. It is also worth noting the substantial growth of our graduate base, which reached 43,800 students, fueled by the growth of our partnership network.

Net Revenue accompanied this growth, increasing by 49.6% year-on-year in 4Q14 to R$652.4 million. Thanks to our constant pursuit of improved management and efficiency, we obtained gains in several lines, resulting in an **EBITDA** of R$133.1 million in 4Q14, more than doubling the 4Q13 figure, while our **EBITDA margin** widened by an impressive 5.3 percentage points to 20.4%. **Net Income** totaled R$80.9 million, 79.4% more than in 4Q13 and **Operational Cash Flow** came to R$22.7 million, R$80.9 million higher than the same period the year before.

Net Revenue also recorded substantial growth in the year as a whole, climbing by 38.9% over 2013 to R$2.4 billion. **EBITDA** increased by 66.3% to R$532.6 million, with a consolidated **EBITDA margin** of 22,2%, up by 3.7 percentage points. **Net Income** totaled R$425.6 million, a 73.9% improvement over the 2013 figure, generating **Earnings per Share** of R$1.35, up by more than 63%. Annual cash generation was equally sound, helping increase our financial stability. **Operational Cash Flow** stood at R$192.7 million, R$125.4 million more than the year before. All of these results point to yet another year of significant progress, albeit in **the same steady and sustainable manner that we have demonstrated in the last few years, i.e. growing without leaps and bounds, avoiding "highs" and "lows".**

About FIES

If it is true that throughout 2014 Estácio was able to take advantage of the favorable conditions to build yet another cycle of excellent results, as we have just seen, it is equally true that the three final days of the year were marked by changes to the FIES regulations, which brought uncertainties and generated innumerable questions on the part of all those involved in the education value chain. Ordinances 21 and 23 of 2014, published at year-end **drastically altered, with no previous warning, the rules of a program that until then had been working extremely well**.

In this context, it is essential to remember **Estácio's stance in relation to FIES** since the beginning of the new phase of the program – a stance, by the way, that **occasionally gave the impression that we were "slow" to adopt the program**. The fact is that we **always regarded it as a program created by the government for the society,** and not for post-secondary educational institutions, whose only function is to provide students who choose them as education-related services providers. Consequently, although we believe **FIES to be one of the few programs capable of changing Brazil's future for the better, we have always adopted a cautious approach**. As a result: (a) we **have always avoided adopting FIES as if it were an Estácio tool**, because we always knew the rules could change; (b) we sought **not to use FIES as a student intake tool**, because we believe **our students should choose Estácio for what we have to offer,** and not for what the government is offering; (c) we have seeked **to prioritize the use of FIES by students with proven financial difficulties**, thereby escaping from the "adverse selection" effect and, thus, making better use of the always finite public funds with the greatest possible responsibility; and (d) we **decided to maintain a FIES penetration rate lower than the market average, so that we would be the least hurt in case of significant changes in the program**. In line with this approach, **we decided not to discuss the changes introduced by Ordinance 21/2014 with the MEC, nor the limits on volumes introduced in SisFIES, the system through which students apply for FIES, during the new student intake process**. We believe such discussions should take place between the MEC, the government and society, **focusing on the students and the consequences of the decisions for our population as a whole,** in the light of the government's budget and the willingness of our society to see resources allocated to such programs.

However, **we do not agree with some of the changes, especially those introduced by Ordinance 23 and the subsequent imposed limits in relation to tuition fees**, which run counter to the contracts and regulations defined for FIES, as well as the laws that have determined the conditions for operating post-secondary educational institutions for several years now. As a result, **we have been working together with the other sector companies through various representative associations**, discussing each one of these items with the government and seeking their review. At the same time, however, **we are always willing to do everything possible to overcome this complex situation that the country is facing**. It was in this spirit that we **achieved a major victory with the publication of Ordinance 2/2015**, which established that **the most damaging effects of Ordinance 23/2014 would remain in effect for 2015 only**, thereby reinstating the condition of predictability to our sector. We realize there are still several items to be discussed with the government, but we also realize that this will be a lengthy process, so we will continue with our **strategy of acting through associations and seeking solutions that meet the needs of all.**

The most important thing, however, is to highlight **how Estácio has reacted to the changes introduced by the Ordinances and to the problems encountered in the FIES system**. We believe that the following factors will allow us to cope with the new scenario under very favorable conditions and we are confident that we are fully equipped for the path we have chosen, despite the challenges ahead, given that:

(1) As mentioned above, **we have never allowed ourselves to become dependent on FIES, especially in regard to our ability to attract new students, so we can remain firm with our growth strategy, which relies on our own strengths**;

(2) We used this period of positive externalities not to speed up the pace of acquisitions and subsequent integrations, but rather **to strengthen our fundamentals and build differentials that will be of major help in the coming cycles**;

(3) **We have no complex challenges ahead in regard to integration** and can therefore focus all our management tools, as well as all our human and material resources, on growing with or without FIES;

(4) **We have an exceptionally solid cash position**, fueled by the debenture issuance at the end of 2014, and a relatively unleveraged balance sheet, so we are **fully equipped to continue with our disciplined expansion, marching our "20 miles"** without facing major cash flow problems;

(5) **Our management system, organizational culture and corporate governance are absolutely in place at this time,** allowing us to react rapidly and efficiently to changes in the scenario, no matter how serious they may seem to be, without needing to rely on externalities.

At the same time, we dedicated ourselves to the activities mentioned previously, of a more external nature, **at the same time we sought to rapidly construct an action plan involving the entire Company, so we could continue pursuing significant results even in an apparently unfavorable scenario**. In this context, all our leaders met in Rio de Janeiro and we shared the **complete action plan** with them**, with every action laid out in detail and reflected in the targets of more than 500 executives nationwide.** We reached a joint conclusion that we would **<u>remain committed to achieving the same EBITDA target that had been negotiated with our Board of Directors prior to the announcement of the changes</u>**. We also decided that, if there is no way of achieving total compensation in terms of operational cash flow, given the damage in our FIES receivables caused by Ordinance 23, we would seek a final end-of-2015 cash position equivalent to the one we had planned before the publication of the Ordinances. We intend to offer more details on these plans at our upcoming interactions, but for now it is worth emphasizing that we are absolutely focused on these goals.

It is also worth mentioning that **we intend to reduce our FIES exposure in a gradual and responsible manner, since it is clear that betting excessively on the program could have undesirable consequences for the Company.** In this scenario, we believe the MEC's restriction on volumes to be somehow positive, since they will allow us to naturally diminish our exposure to the program without creating any type of "competitive disadvantage". On the other hand, because we believe FIES to be an excellent project for our society, we intend to actively participate in the discussions on the necessary improvements to the program **so that it becomes increasingly sustainable in the long run.**

Finally, we believe that **FIES has created a very positive side effect, in that our public is now aware that education should be regarded as an investment and not as an expense, thereby making room for new financing options.** As a result, we intend to work very hard on **creating and offering the best possible financing alternatives for students** who dream of rising in life through their own efforts, but who, for various reasons, are unable to meet our tuition fees. We therefore believe that **we can remain true to our Mission and our Vision**, always proceeding in a responsible manner, 20 miles at a time, helping the greatest number of Brazilians possible to pursue their own goals.

In a nutshell, with more or less FIES, the fact is that we closed 2014 with excellent qualitative and quantitative results and, at the same time, we are beginning 2015 with the same trends in strong growth and operation improvement. After all, as we have been repeating for some years, Estácio, our Team, our Culture, and our Management System are bigger than FIES.

2015.1 Intake Process

Despite all the issues regarding FIES and SisFIES, including system slowdowns, supposed volume caps, uncertainties due to the lack of official information and the fear regarding the future of the program after the changes anounced in December, **Estácio once again (for the 10th cycle in a row), should present a record high enrollment result.**

Although the intake process is still underway, it is possible to estimate an organic growth (excluding acquisitions and the transferred students from Gama Filho and UniverCidade in 2014) for the **on-campus**

undergraduate intake segment between 8% and 13%. In this scenario, our on campus undergraduate student base, under the "same-shops" concept, is **expected to grow between 15% and 17%**. If we consider the acquisitions made during 2014, and at the same time adding back the students transferred from Gama Filho and UniverCidade to the 2014 student base, **we expect our on campus undergraduate student base to grow between 18% and 20%.**

In the **distance learning undergraduate segment,** which did not suffer with these recent FIES changes (since the financing is not available for DL courses), **Estácio once again should record strong results.** Since it is hard to break down the cannibalization effects in locations where both Estácio and UniSEB operate, we decided to present the DL intake numbers with a proforma adjustment for the UniSEB intake in 2014, for a better comparison. That said, the **distance learning undergraduate intake should grow between 17% and 21%,** which will lead to a total DL undergraduate student base growth, already considering the acquisition of UniSEB concluded in 2014, **between 53% and 55%.**

As a result, we expect our **total undergraduate student base to grow between 25% and 27%** in relation to 2014.1, which paves the way for another set of great results in 2015, thus keeping the pace of our 20-Mile March and showing the strength of our management model, our brand, and our team.

('000)	1Q14	1Q15	
		Min.	Max.
On-Campus Undegraduate	**302.8**	**18%**	**20%**
On-Campus Same Shops	**296.1**	**15%**	**17%**
Intake (Same Shops)	99.0	8%	13%
Renewal (Same Shops)	197.1	18%	19%
On-Campus Acquisitions[1]	**-**	**17.9**	
PTA	6.7	-	
Distance Learning Undergraduate[2]	**73.0**	**53%**	**55%**
Intake (Same Shops)[3]	29.0	17%	21%
Intake (UniSEB)[3]	7.0		
Renewal (Same Shops)	44.0	15%	16%
Distance Learning Acquisitons[4]	-	18.9	
Total Undergraduate	**375.8**	**25%**	**27%**

[1]On-Campus acquisitions in 1Q15 (17,900 students).
[2] For comparability, we do not consider UniSEB's intake in the 1Q14 student base.
[3]1Q15 growth considering proforma figures for UniSEB (7,000 new enrollments).
[4]UniSEB's distance learning undergraduate (renewal).

Student Base

Estácio ended 2014 with a total base of 437,400 students (38.5% more than in December 2013), 301,700 of whom enrolled in on-campus programs and 83,000 in distance-learning programs, in addition to 52,700 students acquired in the last 12 months. In the same-shop concept, i.e., excluding the acquired students (referring to CEUT, incorporated this quarter, and UniSEB, IESAM and Literatus, already consolidated in prior quarters), the Company posted solid organic growth of 21.9%.

Table 1 – Total Student Base*

'000	4Q13	4Q14	Change
On-Campus	**255.0**	**301.7**	**18.3%**
Undergraduate	239.4	275.0	14.9%
Graduate	15.6	26.7	71.2%
Distance Learning	**60.7**	**83.0**	**36.7%**
Undergraduate	55.5	65.9	18.7%
Graduate	5.2	17.1	228.8%
Student Base - same shops	**315.7**	**384.7**	**21.9%**
Acquisitions in the last 12 months	-	13.0	N.A.
UniSEB	-	39.7	N.A.
Total Student Base	**315.7**	**437.4**	**38.5%**
# Campuses	80	85	6.3%
On-Campus Students per Campus	**3,188**	**3,549**	**11.4%**
# Distance Learning Centers	52	163	213.5%
Distance Learning Students per Center	**1,167**	**677**	**-42.0%**
Distance Learning Students per Center (ex-Uniseb)	**1,167**	**1,596**	**36.8%**

Note: Acquisitions in the last 12 months refer to students from IESAM (4,500 students), Literatus (4,800) and CEUT (3,700). Add to this number the 39,700 students from UniSEB, highlighted in a separate line.

Estácio's **on-campus undergraduate base** totaled 290,200 students at the end of December, 21.2% more than at the close of the previous year. Under the same-shop concept, i.e., excluding UniSEB, IESAM, Literatus and CEUT's on-campus undergraduate students, we recorded organic growth of 14.9%, underlining our capacity to grow organically in a sustainable manner.

Table 2 – Evolution of On-Campus Undergraduate Student Base*

'000	4Q13	4Q14	Change
Students - Starting balance	**259.2**	**315.7**	**21.8%**
(+/-) Acquisitions in the last 12 months (until 3Q)	0.9	(9.3)	N.A.
(-) UniSEB (on-campus undergraduate)	-	(2.2)	N.A.
Renewable Base	**260.1**	**304.2**	**16.9%**
(-) Dropouts	(20.7)	(29.2)	40.9%
Students - same shops	**239.4**	**275.0**	**14.9%**
(+) Acquisitions in the last 12 months (until 4Q)	-	13.0	N.A.
(+) UniSEB (on-campus undergraduate)	-	2.2	N.A.
Students - Ending Balance	**239.4**	**290.2**	**21.2%**

The **distance-learning undergraduate base** grew by 68.0% over 2013 to 93,200 students, already including the 27,300 from UniSEB. It is also worth noting that our DL operation posted organic growth of 18.8%, considering Estácio's original 52 centers only. The decline in DL intake this cycle was essentially due to the shorter intake period (18 days less than in the same cycle last year), favoring 3Q14, whose period was longer and which recorded robust growth of 30% over 3Q13. Considering the second semester of 2014 as a whole, new enrollments increased by 18.3% year-on-year.

(*) Figures not reviewed by the auditors

Table 3 – Evolution of Distance Learning Undergraduate Student Base*

'000	4Q13	4Q14	Change
Students - Starting Balance	**63.1**	**78.4**	**24.2%**
(-) Graduates	(0.4)	(0.5)	25.0%
Renewable Base	**62.7**	**77.9**	**24.2%**
(+) Enrollments	6.0	4.7	-21.7%
(-) Dropouts	(13.2)	(16.7)	26.4%
Students - same shops	**55.5**	**65.9**	**18.8%**
(+) UniSEB (distance learning undergraduate)	-	27.3	N.A.
Students - Ending Balance	**55.5**	**93.2**	**68.0%**

Continuing Education

Since one of Estácio's long-term strategic guidelines is to better manage its risk, we place great emphasis on our strategy of business diversification in order to reduce dependence on the on-campus undergraduate segment. In this context, the Continuing Education area has been playing an important part and has already begun to generate significant results through the strengthening of the graduate segment, the restructuring of the preparatory and short-duration course operations, and the entry into the vocational course and corporate education segments.

Estácio's graduate segment reaches 43,800 students

In January 2013, the Company began a deep process of transformation of the graduate segment, including product changes and improvements, expansion of the distribution channels and modification of the intake process.

In the case of product improvements, we developed a new generation of courses with a focus on practical application and day-to-day relevance with a unique, accessible and innovative learning method, which includes the use of Harvard case studies (HBP) in classroom discussions, articles from *Veja* magazine and career coaching for all Estácio's graduate students. These changes have had a direct impact on quality perception and the students' word of mouth.

We expanded geographically through the *Rede Pós*, a new graduate partnership network, designed to expand the offer of courses in locations where Estácio is not present. Through this model, we now have more than 198 partners offering graduate products in 25 cities.

Another initiative was the implementation of a new, unprecedented, intake process in Brazil. Through the use of technology (with the acquisition of CRM Talisma, of Campus Management Corp), processes and new management, the intake center has had a direct impact on the growth of enrollments, being responsible for around 48% of new students, through the adoption of a unique consultation and service system and a virtually instantaneous approach to candidates via telephone, chat and website.

As a result of these changes, Estácio's graduate segment has experienced an extensive leap in quality, with our student numbers reaching the record mark of 43,800 at the close of 2014, a massive 111% more than at the end of the previous year.

Você Aprende Mais portal celebrates its first year of operations

The *Você Aprende Mais* (You Learn More) portal (http://www.voceaprendemais.com.br), which focuses on professional qualification courses in several areas, has completed its first year of operations with more than 200 courses, 17,000 courses sold and more than 6 million site visits. All courses are certified by Estácio, are available in both on-campus and distance-learning mode, and have a nationwide reach. The portfolio covers various areas of knowledge, including Finance, Career Management, Business Administration, Technology, Education and Marketing, as well as preparatory courses for the Brazilian Bar Association (OAB) exams.

(*) Figures not reviewed by the auditors

In addition to direct sales through the portal, the area's growth has been leveraged by two important strategies: the knowledge and white label verticals.

The main knowledge verticals in 2014 were geared towards languages through a partnership with Open English, and preparatory courses for the OAB exams, through the PROAB. product. As for the white label strategy, we formed our first partnership, with iG, one of Brazil's biggest internet portals, which currently receives more than 33 million visits per month, with the creation of iG Educação, iG's education vertical. This partnership gives Estácio access to iG's user base through the *Você Aprende Mais* platform and Estácio-certified courses via the iG portal under the iG Educação brand.

Academia do Concurso

With a brand that is well recognized in its operational markets, the Academia do Concurso ended the year with more than 14,400 students in a wide range of Brazilian public examination preparatory courses. We also initiated two important expansion movements: growing the on-campus operation through the opening of branches in Estácio units and entry into the distance-learning segment.

The Academia do Concurso, which originally had only one unit in downtown Rio de Janeiro, ended the year with three branches in the same state (Niterói, Alcântara and Sulacap), offering courses with the same recognized quality as the Academia itself. This was just the beginning of a movement that will continue in 2015, expanding the number of Rio branches and beginning operations in other states.

At the end of 2013, the Academia do Concurso launched its online distance-learning platform, with an innovative methodology and prime-quality content. This strategy is fully aligned with national demand for this type of product, which is undergoing rapid expansion on the web.

Corporate Solutions

Backed by a methodology that combines theoretical fundamentals with the practical aspects of professional development, the mission of Estácio's Corporate Education area is to create customized education solutions for public and private companies, contributing directly to improving the skills of their employees and helping sustain their business results.

The Corporate Solutions products and services have a differentiated approach in the Brazilian market and segment, thanks to their extensive penetration and Estácio certification for the offering of simultaneous services nationwide. In addition to the high degree of customization, the area has a team with extensive experience of the corporate market, as well as a Content Factory producing products that are fully aligned with the companies' needs.

2014 was an exceptionally important year for the area, with the execution of another 13 nationwide contracts. With tailor-made solutions for each client, it closed the year with a portfolio of important companies in various sectors with training needs throughout Brazil, including Contax, Natura, Grupo Pão de Açúcar and Rio 2016, the latter involving the training of more than 120,000 volunteers.

Pronatec

We closed 2014 with around 19,600 students enrolled in the vocational courses of the Pronatec Program (Training Scholarship Modality), 12,500 resulting from the first Bid Notice, and 7,100 from the second. We had a dropout rate of 50.6% of the students enrolled on the first Notice and 40.6% of those enrolled during the second (without replacement of the initial dropouts, as originally envisaged). It is worth noting that this number is not included in the total post-secondary base detailed in the "Student Base" section.

As a result, the Pronatec courses generated net revenue of R$20.9 million and R$43.8 million in 4Q14 and 2014, respectively, already including UniSEB's Pronatec operation, for an average ticket of around R$333 for students from the first Notice and R$342 for those from the second.

We consider Pronatec an opportunity to both improve our campus occupation in shifts with greater spare capacity and to improve cash flow generation at a low marginal cost. Besides, we believe Pronatec students could, in the near future, become regular students in our undergraduate courses.

Operating Revenue

Net operating revenue came to R$652.4 million in 4Q14 and R$2,404.5 million in 2014, 49.6% and 38.9% up on 4Q13 and 2013, respectively, due to the organic growth of the student base, the period increase in the average on-campus ticket, the integration of the acquired companies, the provision of Pronatec courses and the transfer of the Galileo Group students via the supervised transfer program. In the same shop concept, excluding recent acquisitions, net operating revenue recorded organic growth of 38.3% in the quarter.

Table 4 – Operating Revenue

R$ MM	4Q13	4Q14	Change	2013	2014	Change
Gross Operating Revenue	**604.8**	**887.7**	**46.8%**	**2,491.0**	**3,416.0**	**37.1%**
Monthly Tuition Fees	597.2	839.3	40.5%	2,463.6	3,312.5	34.5%
Pronatec	-	30.8	N.A.	-	64.1	N.A.
Others	7.7	17.6	128.6%	27.4	39.4	43.8%
Gross Revenue Deductions	**(168.8)**	**(235.4)**	**39.5%**	**(760.0)**	**(1,011.5)**	**33.1%**
Scholarships and Discounts	(139.8)	(192.5)	37.7%	(662.5)	(856.8)	29.3%
Taxes	(18.2)	(27.2)	49.5%	(72.5)	(100.7)	38.9%
FGEDUC	(10.9)	(15.6)	43.1%	(24.9)	(54.0)	116.9%
% Scholarships and Discounts/ Gross Operating Revenue	*23.1%*	*21.7%*	*-1.4 p.p.*	*26.6%*	*25.1%*	*-1.5 p.p.*
Net Operating Revenue	**436.0**	**652.4**	**49.6%**	**1,731.0**	**2,404.5**	**38.9%**

In 4Q14, the **average on-campus ticket** increased by 12.9%, yet again reflecting our capacity to increase prices at least in line with inflation. Once again, and for the same reasons as in the first half of the year, this result was due to our policy of adjusting prices in certain specific locations, as well as an improvement in the mix, the result, among other factors, of FIES students opting for higher value-added courses, especially in the Engineering and Health areas.

Table 5 – Calculation of the Average Ticket in 4Q14 – On-Campus (excl. UniSEB and Graduate Partnerships)

'000	4Q13	4Q14	Change
(=) Revenue Generating On-Campus Undergraduate Student Base	**239.4**	**288.0**	**20.3%**
(+) On-Campus Graduate Student Base	**15.6**	**20.9**	**34.0%**
(=) Revenue Generating On-Campus Student Base	**255.0**	**308.9**	**21.1%**
On-Campus Gross Revenue	**556.6**	**748.2**	**34.4%**
On-Campus Deductions	(154.6)	(198.5)	28.4%
On-Campus Net Revenue (R$ million)	**402.1**	**549.7**	**36.7%**
On-Campus Average Ticket (R$)	**525.6**	**593.2**	**12.9%**

Note: Calculation of on-campus average ticket does not include revenue from Academia do Concurso, Pronatec and the Rio 2016 Project.

The **average distance learning ticket** increased by 5.6% in 4Q14, already reflecting the more comparable base, after completing a year that saw the launch of the "EAD Mais" program (an option which dilutes the course curriculum and, consequently, its value, over a further two semesters) and our policy of readjusting prices in certain specific locations.

Table 6 – Calculation of the Average Ticket in 4Q14 – Distance Learning (excl. UniSEB and Graduate Partnerships)

'000	4Q13	4Q14	Change
(=) Revenue Generating Distance Learning Undergraduate Student Base	55.5	65.9	18.8%
(+) Distance Learning Graduate Student Base	5.2	8.3	59.6%
(=) Revenue Generating Distance Learning Student Base	60.7	74.2	22.3%
Distance Learning Gross Revenue	46.7	61.4	31.5%
Distance Learning Deductions	(14.0)	(19.2)	37.1%
Distance Learning Net Revenue (R$ million)	32.7	42.2	29.1%
Distance Learning Average Ticket (R$)	179.6	189.7	5.6%

Cost of Services

In 4Q14, the **cash cost as a percentage of net revenue ratio** recorded a 5.6 p.p. improvement over 4Q13, mainly thanks to gains in the following lines:

(i) 2.4 p.p. in personnel, reflecting the efficiency gain in faculty cost management coming from a better class formation process , in addition to 1.6 p.p. in the INSS line;

(ii) 1.1 p.p. in rentals, confirming our expectations of scale gains in this line.

In 2014, the **cash cost as a percentage of net revenue ratio** was once again an important source of efficiency gains, improving by 2.8 p.p., due to gains in the following lines:

(i) 0.9 p.p. in salaries and payroll charges, confirming yet another year of margin improvement due to increasingly efficient faculty cost management, which more than offset the negative impact of labor convictions and agreements along the year;

(ii) 0.7 p.p. in rentals, representing 7.3% of net operating revenue, thanks to improved contract management and gains of scale from the increase in the student base; and

(iii) 0.5 p.p. in third-party services, confirming the efficiency gains we have been obtaining in this line.

Table 7 – Breakdown of Cost of Services

R$ MM	4Q13	4Q14	Change	2013	2014	Change
Cost of Services	(260.1)	(352.4)	35.5%	(987.9)	(1,304.5)	32.0%
Personnel	(192.5)	(262.5)	36.4%	(741.3)	(998.2)	34.7%
Salaries and Payroll Charges	(157.3)	(220.2)	40.0%	(617.0)	(834.5)	35.3%
Brazilian Social Security Institute (INSS)	(35.2)	(42.3)	20.2%	(124.3)	(163.6)	31.6%
Rentals / Real Estate Taxes Expenses	(36.2)	(46.8)	29.3%	(139.0)	(176.5)	27.0%
Textbooks Materials	(15.9)	(23.1)	45.3%	(48.0)	(60.5)	26.0%
Third-Party Services and Others	(15.5)	(20.0)	29.0%	(59.6)	(69.3)	16.3%

Table 8 – Vertical Analysis of Cost of Services

% of Net Operating Revenue	4Q13	4Q14	Change	2013	2014	Change
Cost of Services	-59.7%	-54.1%	*5.6 p.p.*	-57.1%	-54.3%	*2.8 p.p.*
Personnel	-44.2%	-40.2%	*4.0 p.p.*	-42.8%	-41.5%	*1.3 p.p.*
Salaries and Payroll Charges	-36.1%	-33.7%	*2.4 p.p.*	-35.6%	-34.7%	*0.9 p.p.*
Brazilian Social Security Institute (INSS)	-8.1%	-6.5%	*1.6 p.p.*	-7.2%	-6.8%	*0.4 p.p.*
Rentals / Real Estate Taxes Expenses	-8.3%	-7.2%	*1.1 p.p.*	-8.0%	-7.3%	*0.7 p.p.*
Textbooks Materials	-3.6%	-3.5%	*0.1 p.p.*	-2.8%	-2.5%	*0.3 p.p.*
Third-Party Services and Others	-3.6%	-3.1%	*0.5 p.p.*	-3.4%	-2.9%	*0.5 p.p.*

Table 9 – Cost Reconciliation

R$ MM	4Q13	4Q14	Change	2013	2014	Change
Cash Cost of Services	(260.1)	(352.4)	35.5%	(987.9)	(1,304.5)	32.0%
(+) Depreciation	(13.2)	(22.5)	70.5%	(48.7)	(71.4)	46.6%
Cost of Services	(273.3)	(374.8)	37.1%	(1,036.5)	(1,375.8)	32.7%

Gross Income

Table 10 – Statement of Gross Income

R$ MM	4Q13	4Q14	Change	2013	2014	Change
Net Operating Revenue	436.0	652.4	49.6%	1,731.0	2,404.5	38.9%
Cost of Services	(273.3)	(374.8)	37.1%	(1,036.5)	(1,375.8)	32.7%
Gross Profit	**162.7**	**277.5**	**70.6%**	**694.5**	**1,028.6**	**48.1%**
(-) Depreciation	13.2	22.5	70.5%	48.7	71.4	46.6%
Cash Gross Profit	**175.9**	**300.0**	**70.6%**	**743.2**	**1,100.0**	**48.0%**
Cash Gross Margin	*40.3%*	*46.0%*	*5.7 p.p.*	*42.9%*	*45.7%*	*2.8 p.p.*

Selling, General and Administrative Expenses

Selling expenses improved by 0.4 p.p., as a result of the 1.5 p.p. improvement in PDA, once again reflecting the significant organic improvement in this line, thanks to the success of our strategy of recovering older debt from our receivables portfolio, given our more efficient collection efforts in 2014. In parallel, we have been successful in recovering the receivables portfolio that we decided not to sell in 2014, analyzing the level of discount on a case by case basis and defining the form of payment (cash or credit card only, thereby minimizing the risk).

Our provisions for the future default of FIES students are already consolidated in our PDA line. At the end of 2014, FIES students were divided into 89% with FGEDUC and 11% with a guarantor. Further details on the way these provisions for students using this financing are recognized can be found in Exhibit I at the end of this release (page 31).

In 2014, **selling expenses** represented 9.9% of net revenue, generating a margin gain of 0.7 p.p., essentially due to the consistent year-long improvement in the PDA line. The marketing line represented 5.6% of net revenue, within our annual expectations, given that we decided to invest a little more (+0.5 p.p.) in marketing related to building our brand, which will be a major focus in 2015.

General and administrative expenses represented 15.9% of net revenue in 4Q14, 0.7 p.p. more than in 4Q13, chiefly due to the following:

(i) an addition of around R$6.5 million over 4Q13 in provisions for bonuses and stock options, maintaining the pace observed throughout the year;

(ii) an impact of around R$7.5 million from our sponsorship of the 2016 Olympic Games in Rio in the Institutional Events line. However, it is worth emphasizing that there was a corresponding counter-entry under revenue (in the “Others” line) related to the training we offered to the volunteers who will help at the event, so that the effect on the operating result (EBITDA) was nil, impacting only the margin in the period; and

(iii) an increase of R$1.2 million in the Insurance line related to the insurance program that we have begun offering our students, covering a semester of monthly tuition in specific cases of loss of employment.

General and administrative expenses corresponded to 13.7% of net revenue in 2014, representing a slight 0.1 p.p. improvement over the year before, with most lines remaining flat despite the higher level of convictions (R$6.0 million more than in 2013) and the increase in the Institutional Events line mentioned above, which was concentrated in 4Q14.

The increase in **depreciation and amortization** which we saw in 4Q14 is basically explained by an increase of R$10 million in goodwill amortization related to the price paid for the four acquisitions in 2014.

Table 11 – Selling, General and Administrative Expenses

R$ MM	4Q13	4Q14	Change	2013	2014	Change
Selling, General and Administrative Cash Expenses	**(110.2)**	**(166.9)**	**51.5%**	**(422.9)**	**(567.4)**	**34.2%**
Selling Expenses	**(44.0)**	**(63.0)**	**43.2%**	**(183.9)**	**(238.3)**	**29.6%**
Provisions for Doubtful Accounts	(32.6)	(39.3)	20.6%	(95.4)	(103.3)	8.3%
Marketing	(11.4)	(23.7)	107.9%	(88.5)	(135.1)	52.7%
General and Administrative Expenses	**(66.2)**	**(103.9)**	**56.9%**	**(239.0)**	**(329.1)**	**37.7%**
Personnel	(34.0)	(50.8)	49.4%	(120.9)	(168.7)	39.5%
Salaries and Payroll Charges	(30.7)	(47.3)	54.1%	(107.9)	(151.8)	40.7%
Brazilian Social Security Institute (INSS)	(3.3)	(3.5)	6.1%	(13.0)	(16.9)	30.0%
Others	(32.1)	(53.1)	65.4%	(118.1)	(160.4)	35.8%
Third-Party Services	(13.4)	(18.3)	36.6%	(50.0)	(64.2)	28.4%
Machinery rentals and leasing	(0.7)	(1.2)	71.4%	(1.6)	(2.5)	56.3%
Consumable Material	(0.5)	(0.6)	20.0%	(1.9)	(2.3)	21.1%
Maintenance and Repair	(6.0)	(7.8)	30.0%	(22.9)	(28.1)	22.7%
Provision for Contingencies	(1.3)	2.1	N.A.	(4.9)	3.9	N.A.
Educational Agreements	(1.6)	(2.0)	25.0%	(6.4)	(7.9)	23.4%
Travel and Lodging	(1.6)	(2.6)	62.5%	(6.3)	(10.7)	69.8%
Convictions	(4.4)	(6.4)	45.5%	(13.3)	(19.3)	45.1%
Institutional Events	(1.2)	(8.7)	625.0%	(2.4)	(11.2)	366.7%
Copies and Bookbinding	(0.7)	(1.9)	171.4%	(2.2)	(4.3)	95.5%
Insurance	(0.2)	(1.4)	600.0%	(1.3)	(4.8)	269.2%
Cleaning Supplies	(0.7)	(0.7)	0.0%	(1.9)	(2.3)	21.1%
Transportation	(0.5)	(0.8)	60.0%	(1.9)	(2.8)	47.4%
Car Rental	(0.7)	(0.5)	-28.6%	(2.3)	(2.4)	4.3%
Other Operating Renevue (expenses)	4.4	4.5	2.3%	15.8	18.2	15.2%
Others	(3.2)	(6.8)	112.5%	(14.5)	(19.7)	35.9%
Depreciation	**(5.7)**	**(17.2)**	**201.8%**	**(23.1)**	**(36.6)**	**58.4%**

Table 12 – Vertical Analysis of Selling, General and Administrative Expenses

% of Net Operating Revenue	4Q13	4Q14	Change	2013	2014	Change
Selling, General and Administrative Cash Expenses	**-25.3%**	**-25.6%**	***-0.3 p.p.***	**-24.4%**	**-23.6%**	***0.8 p.p.***
Selling Expenses	**-10.1%**	**-9.7%**	***0.4 p.p.***	**-10.6%**	**-9.9%**	***0.7 p.p.***
Provisions for Doubtful Accounts	-7.5%	-6.0%	*1.5 p.p.*	-5.5%	-4.3%	*1.2 p.p.*
Marketing	-2.6%	-3.7%	*-1.1 p.p.*	-5.1%	-5.6%	*-0.5 p.p.*
General and Administrative Expenses	**-15.2%**	**-15.9%**	***-0.7 p.p.***	**-13.8%**	**-13.7%**	***0.1 p.p.***
Personnel	-7.8%	-7.8%	*0.0 p.p.*	-7.0%	-7.0%	*0.0 p.p.*
Salaries and Payroll Charges	-7.0%	-7.3%	*-0.3 p.p.*	-6.2%	-6.3%	*-0.1 p.p.*
Brazilian Social Security Institute (INSS)	-0.8%	-0.5%	*0.3 p.p.*	-0.8%	-0.7%	*0.1 p.p.*
Others	-7.4%	-8.1%	*-0.7 p.p.*	-6.8%	-6.7%	*0.1 p.p.*
Third-Party Services	-3.1%	-2.8%	*0.3 p.p.*	-2.9%	-2.7%	*0.2 p.p.*
Machinery rentals and leasing	-0.2%	-0.2%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Consumable Material	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Provision for Contingencies	-0.3%	0.3%	*0.6 p.p.*	-0.3%	0.2%	*0.5 p.p.*
Educational Agreements	-0.4%	-0.3%	*0.1 p.p.*	-0.4%	-0.3%	*0.1 p.p.*
Travel and Lodging	-0.4%	-0.4%	*0.0 p.p.*	-0.4%	-0.4%	*0.0 p.p.*
Convictions	-1.0%	-1.0%	*0.0 p.p.*	-0.8%	-0.8%	*0.0 p.p.*
Institutional Events	-0.3%	-1.3%	*-1.0 p.p.*	-0.1%	-0.5%	*-0.4 p.p.*
Copies and Bookbinding	-0.2%	-0.3%	*-0.1 p.p.*	-0.1%	-0.2%	*-0.1 p.p.*
Insurance	0.0%	-0.2%	*-0.2 p.p.*	-0.1%	-0.2%	*-0.1 p.p.*
Cleaning Supplies	-0.2%	-0.1%	*0.1 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Transportation	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Car Rental	-0.2%	-0.1%	*0.1 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Other Operating Renevue (expenses)	1.0%	0.7%	*-0.3 p.p.*	0.9%	0.8%	*-0.1 p.p.*
Others	-0.7%	-1.0%	*-0.3 p.p.*	-0.8%	-0.8%	*0.0 p.p.*
Depreciation	**-1.3%**	**-2.6%**	***-1.3 p.p.***	**-1.3%**	**-1.5%**	***-0.2 p.p.***

EBITDA

EBITDA totaled R$133.1 million in 4Q14 and R$532.6 million in 2014, up by 102.2% and 66.3%, respectively. The **EBITDA margin** also improved, reaching 20.4% in the fourth quarter (5.3 p.p. higher than in 4Q13) and 22.2% in the year (3.7 p.p. up on 2013), primarily due to efficiency gains in costs and general and administrative expenses, as well as the consolidation of the acquired companies, marking yet another year of operational improvement and increased profitability.

Table 13 – Statement of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

R$ MM	4Q13	4Q14	Change	2013	2014	Change
Net Revenue	**436.0**	**652.4**	**49.6%**	**1,731.0**	**2,404.5**	**38.9%**
(-) Cash Cost of Services	(260.1)	(352.4)	35.5%	(987.9)	(1,304.5)	32.0%
(-) Selling, General and Administrative Cash Expenses	(110.2)	(166.9)	51.5%	(422.9)	(567.4)	34.2%
EBITDA	**65.8**	**133.1**	**102.2%**	**320.3**	**532.6**	**66.3%**
EBITDA Margin	*15.1%*	*20.4%*	*5.3 p.p.*	*18.5%*	*22.2%*	*3.7 p.p.*

Under the same-shop concept, excluding acquisitions in the last 12 months, 4Q14 EBITDA totaled R$111.8 million, giving organic growth of 69.9% and an EBITDA margin of 18.5%, 3.4 p.p. more than in 4Q13. In the full year, our EBITDA under the same-shop concept went up by 54.7%, totaling R$495.6 million, for an EBITDA margin of 21.5%, up by 3.0 p.p. over 2013.

Table 14 – Statement of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) – Same-shop

R$ MM	4Q13	4Q14 ex-acquisitions	Change	2013	2014 ex-acquisitions	Change
Net Revenue	**436.0**	**602.8**	**38.3%**	**1,731.0**	**2,304.8**	**33.1%**
(-) Cash Cost of Services	(260.1)	(329.1)	26.5%	(987.9)	(1,259.4)	**27.5%**
(-) Selling, General and Administrative Cash Expenses	(110.2)	(162.0)	47.0%	(422.9)	(549.9)	**30.0%**
EBITDA	**65.8**	**111.8**	**69.9%**	**320.3**	**495.6**	**54.7%**
EBITDA Margin	*15.1%*	*18.5%*	*3.4 p.p.*	*18.5%*	*21.5%*	*3.0 p.p.*

Financial Result

Table 15 – Breakdown of the Financial Result

R$ MM	4Q13	4Q14	Change	2013	2014	Change
Financial Revenue	**17.2**	**23.5**	**36.9%**	**61.8**	**109.2**	**76.8%**
Fines and interest charged	2.3	1.7	-26.9%	9.3	13.3	42.6%
Investments income	14.0	18.8	33.9%	48.9	68.9	40.8%
Other	0.8	3.0	275.0%	3.5	27.0	671.4%
Financial Expenses	**(13.5)**	**(35.6)**	**164.0%**	**(53.6)**	**(100.9)**	**88.3%**
Bank charges	(2.5)	(2.3)	-8.9%	(7.7)	(10.0)	29.5%
Interest and financial charges	(7.9)	(22.4)	182.2%	(28.4)	(55.0)	93.4%
Financial Discounts	(1.2)	(8.4)	590.8%	(11.2)	(27.4)	144.3%
Other	(1.7)	(2.5)	46.5%	(6.2)	(8.5)	37.0%
Financial Result	**3.7**	**(12.1)**	**N.A.**	**8.2**	**8.3**	**1.4%**

Our 2014 **financial result** was positive by R$8.3 million, flat over the year before thanks to income from financial investments, which increased by R$20.0 million as a result of the higher cash position. In addition, as we mentioned in 1Q14, we had a positive impact from the recognition of retroactive recoverable PIS tax credits. These positive effects more than offset the upturn in financial expenses, whose growth was due to an increase of: (I) R$26.6 million in the interest and financial charges line, mainly impacted by the servicing of our 1'st debenture issue, concentrated in 4Q14; and (ii) R$16.2 million in financial discounts, explained by our decision not to sell our old receivables portfolio but to work on it internally, which proved to be highly successful.

In 4Q14, the **financial result** was negative by R$12.1 million, chiefly due to the R$14.5 million upturn in the interest and financial charges line, largely as a result of interest payments on our 1st bond issue (R$12.5 million), the specific costs of the 2nd bond issue, concluded in 4Q14 (R$1.5 million), and the R$7.2 million increase in financial discounts (for the same reasons as in the previous paragraph).

Net Income

Table 16 – Reconciliation of EBITDA and Net Income

R$ MM	4Q13	4Q14	Change	2013	2014	Change
EBITDA	**65.8**	**133.1**	**102.2%**	**320.3**	**532.6**	**66.3%**
Financial Result	3.7	(12.2)	N.A.	8.2	8.3	1.2%
Depreciation	(19.0)	(39.7)	108.9%	(71.8)	(108.0)	50.4%
Social Contribution	(1.5)	(1.2)	-20.0%	(3.4)	(3.1)	-8.8%
Income Tax	(3.9)	0.9	-123.1%	(8.6)	(4.1)	-52.3%
Net Income	**45.1**	**80.9**	**79.4%**	**244.7**	**425.6**	**73.9%**
Number of shares	295.2	315.4	6.8%	295.2	315.4	6.8%
Earnings per share (R$)	**0.2**	**0.26**	**73.3%**	**0.83**	**1.35**	**62.7%**

Estácio posted **net income** of R$80.9 million in 4Q14 and R$425.6 million in 2014, representing year-on-year growth of 79.4% and 73.9%, respectively, thanks to the substantial increase in net revenue in both comparative periods, as well as efficiency gains in the cost and expense lines, which led to significant EBITDA growth, as detailed above.

Earnings per share came to R$0.26 in 4Q14, 73.3% up on 4Q13, and R$1.35 in 2014, 62.7% more than the previous year.

Companies Acquired

The following chart shows the 4Q14 results of the companies acquired in the last 12 months (UniSEB, IESAM, Literatus and CEUT). These details will be provided up to 12 months as of the acquisition date to enable follow-up of the Company's performance under the same-shop concept. The acquisitions prior to 12 months ago are already consolidated in our result. In 4Q14, we consolidated CEUT, whose acquisition was only concluded in November, i.e. it was partially consolidated in the quarter's result.

Table 17 – Key Indicators of the Companies Acquired for 4Q14

R$ million	IESAM	Literatus	CEUT	UniSEB	Total
Net Revenue	**11.9**	**6.0**	**3.3**	**28.3**	**49.5**
Gross Profit	**7.1**	**1.3**	**0.9**	**14.7**	**24.0**
Gross Margin	*59.7%*	*21.7%*	*27.3%*	*52.1%*	*48.6%*
EBITDA	**4.5**	**0.3**	**0.4**	**16.1**	**21.3**
EBITDA Margin	*37.8%*	*5.0%*	*12.1%*	*56.9%*	*43.0%*
Net Income	**2.4**	**-0.4**	**0.1**	**11.2**	**13.3**
Income Margin	*20.2%*	*-6.7%*	*3.0%*	*39.6%*	*26.9%*

UniSEB

In this section, we present the standalone operating result of UniSEB and provide details on the current status of the integration process.

UniSEB closed 4Q14 with a **total base** of 39,700 **students**, distributed as follows.

Table 18 – UniSEB Student Base

'000	3Q14	4Q14
On-Campus Undergraduate	2.2	2.2
Distance Learning Undergraduate	27.3	27.3
Graduate	6.6	6.8
FGV Graduate	1.8	1.9
Extension	1.0	0.8
Pronatec	0.4	0.7
Total UniSEB Student Base	**39.3**	**39.7**

In 4Q14, UniSEB continued to leverage Estácio's operating result, recording **net operating revenue** of R$28.3 million, as in the table below. Standalone **EBITDA** totaled R$16.1 million, with a consolidated **EBITDA margin** of 56.9%, a substantial improvement over 3Q14, already reflecting our efforts to integrate UniSEB into Estácio. In general and administrative expenses, we must highlight the reduction in the "Personnel" line in relation to 3Q14, already reflecting synergy gains steaming from the integration process and the centralization of activities, besides credit related to social security in the amount of approximately R$1 million, which benefited this line.

The **number of students per UniSEB distance-learning center** closed 2014 at 307, representing enormous growth opportunities, given that we have been gradually converging towards a ratio closer to that of Estácio's organic operation, which averages around 1,600 students/center. In addition, it is worth remembering that, in December, the MEC approved 19 new centers for UniSEB, which began operations in the first semester of 2015, bringing further short-term growth opportunities.

Table 19 – UniSEB Income Statement

R$ million	3Q14	4Q14	2S14
Gross Operating Revenue	**30.7**	**35.3**	**66.1**
Gross Revenue Deductions	(5.8)	(7.0)	(12.9)
Net Operating Revenue	**24.9**	**28.3**	**53.2**
Cash Cost of Services	**(8.5)**	**(12.1)**	**(20.6)**
Personnel	(6.7)	(9.8)	(16.5)
Rentals / Real Estate Taxes Expenses	(1.0)	(1.0)	(2.0)
Textbooks Materials	(0.4)	(0.7)	(1.2)
Third-Party Services and Others	(0.3)	(0.6)	(0.9)
Cash Gross Income	**16.4**	**16.2**	**32.6**
Gross Margin	*65.9%*	*57.2%*	*61.2%*
Selling Expenses	**(2.5)**	**1.4**	**(1.2)**
Provisions for Doubtful Accounts	(1.9)	1.6	(0.3)
Marketing	(0.7)	(0.2)	(0.9)
General and Administrative Expenses	**(5.6)**	**(1.4)**	**(7.0)**
Personnel	(2.6)	(0.0)	(2.6)
Others	(3.0)	(1.4)	(4.4)
EBITDA	**8.2**	**16.1**	**24.3**
EBITDA Margin	*33.1%*	*56.9%*	*45.8%*
Financial result	(1.2)	(1.0)	(2.3)
Depreciation and amortization	(1.4)	(1.4)	(2.8)
Social Contribution	(0.3)	(0.6)	(1.0)
Income Tax	(1.0)	(1.8)	(2.8)
Net Income	**4.4**	**11.2**	**15.6**
Net Income Margin	*17.5%*	*39.6%*	*29.3%*

Estácio/UniSEB Integration

In 4Q14, we intensified the procedures in regard to Estácio/UniSEB intake and the integration of back office processes.

Estácio/UniSEB's distance-learning undergraduate intake posted excellent results with an increase of 165% in terms of total enrollments in 3Q14 and around 20% in 4Q14, over the same periods in 2013. Additionally, in 4Q14 two other positive factors contributed to increasing revenue:

- the migration of a portion of the student base from the telepresence model to the 100% online model; and
- the conclusion of the first wave of students migrating from partner centers to Estácio's own units, eliminating transfer needs, which saved around R$0.25 million in 4Q14.

In November, we began the second phase of student migration to Estácio's academic systems. At the end of this stage, almost 43% of the centers will be accredited to offer distance-learning undergraduate courses under the Estácio system, thus optimizing processes and operating costs, which should contribute even more to the result and increase students' quality perception. The final distance-learning undergraduate student migration phase is expected to take place in the second semester of 2015.

In regard to on-campus operations, we concluded the first stage of changing the visual identity of the Ribeirânia unit and adjusting the campus to Estácio's standards.

Finally, we are concentrating all our efforts on the intake for the first semester of 2015, which began in 4Q14. The process is already taking place within Estácio's systems and we have already registered a year-on-year increase of more than 50% in the number of new enrolled students, without considering the Medicine course, which has 40 places for the first semester of 2015 and a ratio of 41.6 candidates for each place, versus 15.7 in the second semester of 2014.

FIES

The FIES student base totaled 122,700 students in December, 1.2% up on September, representing 42.3% of our on-campus undergraduate student base.

Throughout the second semester of 2014, prior, therefore, to publication of the MEC's new Ordinances which substantially altered the FIES regulations, our strategy remained the same: we continued to use FIES in a responsible manner, recommending this type of financing to students with monthly tuition payment difficulties and making it an important tool for reducing the drop-out rate and ensuring the long-term sustainability of the program. Similarly, we held to the concept of not turning FIES into a prime driver for attracting new students, so that its growth occurred in a natural manner, largely as students became aware of its advantages and spread the news by word of mouth.

Table 20 – FIES Student Base

('000)	4Q13	1Q14	2Q14	3Q14	4Q14	Change
On-campus undergraduate students	239.4	302.8	280.9	315.7	290.2	21.2%
FIES Student Base	**76.1**	**102.1**	**110.4**	**121.2**	**122.7**	**61.2%**
% of FIES Students	31.8%	33.7%	39.3%	38.4%	42.3%	*10.5 p.p.*

The table below shows the number of students who adhered to FIES in our latest intake cycles, whether immediately, i.e. by the end of the enrolment period, or by the end of the permitted period for contracting the financing in the semester in question. As we can see, in the last two years between 25% and 30% of our on-campus undergraduate intake was through FIES (considering the semester's entire contracting period), underlining the program's low share of our total volume of new enrolments, despite its expansion both in our own student base and in those of all the country's post-secondary institutions.

Table 21 – FIES Student Intake

('000)	1H13	2H13	1H14	2H14
Total Intake	85.3	63.8	105.7	67.5
Intake via FIES (until the end of the intake process)	10.3	12.1	26.1	14.9
% via FIES	**12.1%**	**19.0%**	**24.7%**	**22.1%**
Intake via FIES (until the end of the semester)	20.4	15.4	34.9	18.9
% via FIES	**23.9%**	**24.1%**	**33.0%**	**28.0%**

Accounts Receivable and Average Receivable Days

The number of **net student receivables days** (tuition and agreements), including FIES receivables and FIES net revenue, averaged 65 days on 4Q14, 18 less than in 3Q14 and 5 less than in 4Q13. Excluding FIES net revenue and FIES receivables, the average receivables period was 74 days, reductions of 5 and 4 days over

3Q14 and 4Q13, respectively, corroborating the period improvement in our average receivable term and our highly successful collection efforts in 2014, exemplified by the improvement in our PDA and accounts receivable.

Table 22 – Accounts Receivable and Average Receivable Days

Accounts Receivable (R$ MM)	4Q13	1Q14	2Q14	3Q14	4Q14
Gross Accounts Receivable	**423.8**	**528.4**	**520.9**	**641.5**	**573.2**
FIES	78.9	147.2	128.6	222.2	149.7
Tuition monthly fees	289.4	305.3	329.0	333.5	354.0
Credit Cards receivable	25.3	32.9	28.3	38.5	30.8
Renegotiation receivables	30.2	43.0	35.0	47.4	38.7
Credits to identify	0.8	(1.3)	(4.1)	(6.8)	(6.8)
Provision for bad debts	(90.0)	(92.0)	(93.1)	(101.7)	(115.0)
Net Accounts Receivable	**334.6**	**435.2**	**423.7**	**533.0**	**451.4**
Net Revenue (last twelve months)	**1,731.0**	**1,856.0**	**2,001.5**	**2,315.5**	**2,518.5**
Days Receivables	**70**	**84**	**76**	**83**	**65**
Net Revenue Ex. FIES (last twelve months)	**1,179.2**	**1,193.4**	**1,216.4**	**1,410.5**	**1,472.7**
Days Receivables Ex. FIES and FIES Revenue	**78**	**87**	**87**	**79**	**74**

Note: Net revenue in the last 12 months is annualized for the acquisitions in the period since 3Q14..

Table 23 – Accounts Receivable and Average FIES Receivable Days

FIES Average Days Receivables	4Q13	1Q14	2Q14	3Q14	4Q14
FIES Receivables	78.9	147.2	128.6	222.2	149.7
FIES Carry-Forward Credits	44.4	63.6	82.4	50.0	81.7
FIES Revenue (last twelve months)	593.9	716.5	853.9	983.0	1,133.4
FGEDUC Deduction (last twelve months)	(24.9)	(33.7)	(44.1)	(49.2)	(54.0)
Taxes (last twelve months)	(17.2)	(20.2)	(24.7)	(28.8)	(33.6)
FIES Net Revenue (last twelve months)	551.8	662.6	785.1	905.0	1,045.8
FIES Days Receivables	**80**	**115**	**97**	**108**	**80**
Adjusted FIES Days Receivables	**52**	**80**	**59**	**88**	**80**

Note: We have reported two calculations for the FIES average receivables period throughout 2014: adjusted and not adjusted for the new schedule for the transfer of the certificate repurchase auction amounts, which was altered as of 4Q13 (reception of the repurchase amounts in the opening days of the month following the auctions). In 4Q14, we completed one year of the new reception schedule.

In 4Q14, **FIES accounts receivable** declined by R$72.5 million over the previous quarter to R$149.7 million, reflecting the continuing process of amendments to the FIES contracts throughout the semester, following the natural concentration of contracts to be amended in 3Q14, culminating in a reduction in FIES accounts receivable.

The **average FIES days receivables** was 80 days in 4Q14, 8 days less than in 3Q14, reflecting the above-mentioned normalization of the contract amendment process, and remaining flat in relation to 4Q14.

Table 24 – Evolution of FIES Accounts Receivable*

FIES Accounts Receivable (R$ MM)	4Q13	1Q14	2Q14	3Q14	4Q14
Opening Balance	**100.2**	**78.9**	**147.2**	**128.6**	**222.2**
(+) FIES Revenue	171.4	225.7	289.6	296.3	321.8
(-) Transfer	180.9	146.5	293.8	190.6	378.3
(-) FIES Deduction/Provision	11.1	10.8	14.5	14.8	16.0
(+) Acquisitions	-0.7	0.0	0.0	2.6	0.0
Ending Balance	**78.9**	**147.2**	**128.6**	**222.2**	**149.7**

Table 25 – Evolution of FIES Carry-Forward Credits*

FIES Carry-Forward Credits (R$ MM)	4Q13	1Q14	2Q14	3Q14	4Q14
Opening Balance	**0.3**	**44.4**	**63.6**	**82.4**	**50.0**
(+) Transfer	180.9	146.5	293.8	190.6	378.3
(-) Tax payment	50.7	40.5	70.8	70.2	78.9
(-) Repurchase auctions	86.2	86.8	204.3	152.8	265.9
(+) Acquisitions	0.0	0.0	0.0	0.0	-1.8
Ending Balance	**44.4**	**63.6**	**82.4**	**50.0**	**81.7**

(*) Figures not reviewed by the auditors

Table 26 – Aging of Total Gross Accounts Receivable

Breakdown of Accounts Receivable by Age (R$ million)	4Q13	%	4Q14	%
FIES	78.9	19%	149.7	26%
Not yet due	81.2	19%	79.7	14%
Overdue up to 30 days	45.7	11%	51.6	9%
Overdue from 31 to 60 days	39.2	9%	55.8	10%
Overdue from 61 to 90 days	29.9	7%	45.7	8%
Overdue from 91 to 179 days	59.0	14%	75.7	13%
Overdue more than 180 days	90.0	21%	115.0	20%
TOTAL	423.8	100%	573.2	100%

Table 27 – Aging of Agreements Receivable[1]

Breakdown of Agreements by Age (R$ million)	4Q13	%	4Q14	%
Not yet due	16.7	55%	15.0	39%
Overdue up to 30 days	3.2	10%	4.2	6%
Overdue from 31 to 60 days	2.1	7%	2.8	5%
Overdue from 61 to 90 days	1.9	6%	2.3	4%
Overdue from 91 to 179 days	3.2	11%	5.9	11%
Overdue more than 180 days	3.2	11%	8.5	14%
TOTAL	30.2	100%	38.7	100%
% over Accounts Receivable	7%		7%	

* [1]Excludes credit card agreements

Our receivables portfolio remains healthy, with a low percentage of agreements – only 7% of total receivables come from renegotiations with students, the same level as in 4Q13. In addition, the percentage of receivables from renegotiations overdue by more than 60 days accounted for 29% of total agreements, or just 2.9% of total accounts receivable.

Our criteria remain rigid, clear and objective, exemplified by the fact that we provision 100% of receivables overdue by more than 180 days, complemented by the FIES provisions. Tables 27 and 28 show how our PDA is constituted, and reconciles the balance sheet amounts with those in the income statement.

Table 28 – Constitution of Provision for Doubtful Accounts in the Income Statement

R$ MM	12/31/2013	Gross increase in the provision for deliquency	Deliquency recover	Net provision effect	Write off	12/31/2014
TOTAL	90.0	222.3	(109.8)	112.5	(87.5)	115.0

Table 29 – Reconciliation of the Provision for Doubtful Account Balances in the Balance Sheet

	12/31/2014	12/31/2013
Additional Provision	112.5	105.3
Write off of charges and unidentified deposits	-	(2.7)
Portfolio sale	-	(8.6)
PDA of acquired companies	(13.6)	(2.3)
Others	0.5	0.6
Total	99.4	92.3

Note: The difference of R$3.8 million in 2014 in the PDA line presented in table 11 refers to the provision for the FIES Risk, which is already included in that line.

Investments (CAPEX and Acquisitions)

Table 30 – CAPEX Breakdown

R$ million	4Q13	4Q14	Change	2013	2014	Change
Total CAPEX[1]	**56.0**	**61.6**	**10.0%**	**132.3**	**189.1**	**42.9%**
Maintenance	**38.6**	**44.7**	**15.8%**	**81.1**	**125.8**	**55.1%**
Discretionary and Expansion	**17.4**	**16.9**	**-2.9%**	**51.2**	**63.3**	**23.6%**
Academic Model	1.7	2.1	23.5%	7.4	6.9	-6.8%
New IT Architecture	5.3	3.9	-26.4%	14.1	12.6	-10.6%
Integration Processes	0.8	1.5	87.5%	1.2	2.4	100.0%
Tablet Project	3.8	1.2	-68.4%	15.9	14.3	-10.1%
Computers	1.1	0.4	-63.6%	1.7	2.1	23.5%
Expansion	4.7	7.8	66.0%	10.9	24.9	128.4%
Acquisitions	**15.0**	**47.6**	**217.3%**	**41.9**	**978.6**	**2235.5%**

[1]Excluding goodwill and investments in acquisitions.

Total CAPEX (excluding acquisitions) came to R$189.1 million in 2014, 42.9% more than the previous year, accompanying our revenue growth and within our expectations for the period, representing 7.8% of our net operating revenue. In 4Q14, **CAPEX (ex-acquisitions)** totaled R$61.6 million, 10.0% up on 4Q13, already reflecting the improved distribution of our CAPEX along the year.

Maintenance CAPEX totaled R$125.8 million in 2014, 55.1% up on 2013, mostly allocated to upgrading systems, equipment, libraries and laboratories in our units. We invested around R$6.9 million in the **Academic Model** (creation of content and distance-learning development and production); R$14.3 million in the Tablet Project and R$12.6 million in the acquisition of hardware and licenses for our IT architecture revision project, which will replace our legacy academic systems and prepare our hardware for the Company's growth.

Investments in expansion projects, as well as the revitalization and improvement of units totaled R$24.9 million in 2014 and refer to investments in new units, expansions of existing units and new rooms. In 4Q14, these investments came to R$7.8 million, 66.0% more than in 4Q13, reflecting the acceleration of investments in order to prepare for the higher number of students expected in 2015.

The year's main highlight in the **acquisitions** line was the payment for the purchase of UniSEB in 3Q14, partly in cash (R$308.8 million) and partly through the issue of 17,853,127 common Estácio shares. It is also worth remembering that in 4Q14 we concluded the acquisition of CEUT, as announced to the market in November.

Capitalization and Cash

Table 31 – Capitalization and Cash

R$ MM	12/31/2013	09/30/2014	12/31/2014
Shareholders' Equity	**1,517.6**	**2,420.8**	**2,392.9**
Cash & Cash Equivalents	**739.2**	**434.9**	**715.1**
Total Gross Debt	**(322.8)**	**(392.3)**	**(668.2)**
Loans and Financing	(274.9)	(290.9)	(589.2)
Short Term	(36.7)	(26.3)	(28.5)
Long Term	(238.2)	(264.6)	(560.7)
Commitments to Pay	(39.5)	(82.4)	(59.7)
Taxes Paid in Installments	(8.4)	(19.0)	(19.4)
Cash / Net Debt	**416.4**	**42.6**	**46.9**

Cash and cash equivalents closed December at R$715.1 million, conservatively invested in fixed-income instruments pegged to the CDI interbank rate, federal government bonds and certificates of deposit with top-tier Brazilian banks. Bank **debt** of R$589.2 million corresponded mainly to the Company's debenture issue (series 1 of R$200 million and series 2 of R$300 million), financing from the IFC (first instalment of R$48.5 million and the second of around R$20 million) and the capitalization of equipment leasing expenses in compliance with Federal Law 11638. We have also included the commitments for future payments related to acquisitions made, totaling R$59.7 million, as well as taxes payable in installments, to determine our **gross debt,** which came to R$668.2 million at year-end. As a result, **net cash** closed 2014 at R$46.9 million.

Cash Flow

Below, we present our main cash flow lines in 4Q14 and 2014.

Table 32 – Cash Flow

Cash Flow Statement (R$ million)	4Q13	4Q14	2013	2014
Profit before income taxes and social contribution	50.6	81.2	256.7	432.9
Adjustments to reconcile profit to net cash generated:	57.0	93.8	187.6	222.5
Result after reconciliation to net cash generated	107.6	175.0	444.3	655.4
Changes in assets and liabilities:	(109.7)	(50.4)	(245.0)	(232.7)
Net cash provided by (used in) operating activities:	(2.2)	124.7	199.3	422.7
CAPEX (Ex-Acquisitions)	(56.0)	(61.6)	(132.3)	(189.1)
Operational Cash Flow:	(58.2)	63.1	67.0	233.6
Other investing activities:	(7.1)	(70.1)	(40.6)	(1,016.0)
Net cash provided by (used in) investing activities	(65.2)	(7.0)	26.4	(782.4)
Cash flows from financing activities:	(1.6)	287.2	572.3	758.3
Net cash provided by (used in) financing activities	(66.9)	280.2	598.7	(24.1)
Cash and cash equivalents at the beginning of the period	806.1	434.9	140.5	739.2
Increase in cash and cash equivalents	(66.9)	280.2	598.7	(24.1)
Cash and cash equivalents at the end of the period	739.2	715.1	739.2	715.1

In 4Q14, we recorded positive **operational cash flow** of R$63.1 million, R$121.3 million more than in 4Q13, indicating a substantial improvement in cash generation in the quarter. This result was chiefly due to hefty EBITDA growth and the reduction in accounts receivable.

In 2014 as a whole, **operational cash flow** was positive by R$233.6 million, also a considerable R$166.6 million improvement over the previous year, helping solidify our end-of-year cash position and corroborating our growing operational cash generation capacity.

Operational cash flow before CAPEX came to R$124.7 million in 4Q14, R$126.9 million more than in 4Q13, and R$422.7 million in 2014, R$223.4 million up on 2013.

Key Material Facts

PESA 2014 – Estácio Student Satisfaction Survey

Every year, we undertake the Estácio Student Satisfaction Survey (PESA) with students of our on-campus and distance-learning courses. The survey is conducted in all our Brazilian units by Copernicus Marketing Consulting and Ipsos Pesquisa de Mercado, two of the largest companies specializing in consumer satisfaction research. Its main aim is to measure students' overall degree of satisfaction in regard to the service, teaching, finance and infrastructure areas.

In the 2014 survey, we reaped the benefits of all our efforts to improve service, when our average student satisfaction increased from 68% to 73% in the on-campus undergraduate segment, from 72% to 77% in the distance-learning undergraduate segment and from 69% to 76% in the graduate segment.

2014 Organizational Climate Survey

We also recorded an excellent result in the end-of-year employee satisfaction survey conducted by the Hay Group, with a positive rating of 73%, up from 68% in 2013 and exceeding our annual target. More than 10,000 employees took part, equivalent to 76% of our total workforce. The result proves that we are on the right path, doing everything possible to ensure a better working environment, increasingly fostering our **Culture**, one of the most important pillars of our strategy and management model.

Second Bond Issue raises R$300 million

On October 23, 2014, we concluded our 2nd issue of non-share-convertible debentures for public distribution with restricted placement efforts, totaling R$300 million. The debentures will mature in five years as of the issue date, i.e. on October 15, 2019, except in the cases set forth in the Material Facts dealing with the operation, which are available on the website of the CVM and on our Investor Relations website.

The proceeds of the offering will be used to strengthen the Company's cash position, putting us in a comfortable position in regard to supporting our working capital needs and our investment and expansion policy.

New University Centers

In May and June 2014, the MEC authorized the operation of two more university centers: the Estácio University Center in Belo Horizonte and the Estácio University Center in Brasília, both of which with the autonomy to increase their number of campuses, develop new courses and create new locations. Two other university centers were approved by the National Education Council and are just waiting for the final procedures to be authorized: the Estácio University Center in Amazônia in Boa Vista/RR (given a grade 5 – on a scale of 1 to 5 – during the *in loco* visit); and the Estácio University Center in Juiz de Fora/MG (given a grade 4 during the *in loco visit*), creating new growth prospects for Estácio's operations in Boa Vista and Juiz de Fora.

MEC approves 19 Distance Learning Centers

In December 2014, 19 UniSEB centers in the following cities were accredited to offer post-secondary distance-learning courses: Águas Lindas (GO), Alfenas (MG), Bento Gonçalves (RS), Cascavel (PR), Catalão (GO), Contagem (MG), Coronel Fabriciano (MG), Criciúma (SC), Espírito Santo do Pinhal (SP), Brasília (DF), Garanhuns (PE), Irecê (BA), Itapira (SP), Itumbiara (GO), Leme (SP), Patos (PB), Pelotas (RS), Três Corações (MG) and Viçosa (MG).

These authorizations will allow us to continue expanding our distance-learning network, increasing our nationwide presence and penetration.

Estácio forms partnership with Regent's University London

REGENT'S UNIVERSITY LONDON

In January, the Dean of Universidade Estácio de Sá and Head of Corporate research Ronaldo Mota signed an agreement with Regent's University London, a renowned university in the United Kingdom. The memorandum was witnessed by the Brazilian Embassy and opens the way for the development of courses for Estácio students.

Mota also gave a lecture on the impact of internationalization on post-secondary education, focusing on the issue of Employability, stating that, in Brazil, innovation is essential if we are to overcome the challenge of education today: "The traditional teaching approach was based on *knowledge*, but now we are on the way to *resolving knowledge*".

IBHE Excellence in Corporate Hospitality Program

Determined to invest in all aspects of education for its students, on December 8 Estácio entered into a partnership with the IBHE (Brazilian Corporate Hospitality Institute), becoming the first educational institution in Brazil to participate in the Institute's Excellence in Corporate Hospitality Program.

The agreement was signed during the 1st Post-Secondary Institution Corporate Hospitality Symposium, held on the premises of Educare, our Corporate University, with the presence of Rogério Melzi, Estácio's CEO, Alexandre Ferraz, Estácio's Marketing Officer, and Beatriz Cullen, head of the IBHE.

ibhe instituto brasileiro de hospitalidade empresarial

"For Estácio, this partnership means a process of convergence. We have invested internally in building our organizational culture, so nothing could be more healthy than expanding our reach to impact our students with such an important concept as hospitality. It will make a difference in the future for those who can build better personal and professional relations. Hospitality is essential for business continuity and we intend to implement this culture in our classrooms," declared Melzi.

Estácio marks its entry into Piauí with the acquisition of Faculdade CEUT

CEUT

On November 18th, Estácio acquired Centro de Ensino Unificado de Teresina (CEUT), founded more than 20 years ago in the Piauí state capital, for R$33 million. In addition to marking our entry into the state, the acquisition has allowed us to expand and consolidate our brand in Brazil's Northeast, where we are now present in all states of the region, which is one of our main expansion priorities.

Founded in 1994, CEUT has around 3,700 students on a single campus out of a total of 7,100 authorized places (2,300 of which for the Law course alone). It has 12 undergraduate courses, two of which recently authorized and still in the maturation phase, and 29 graduate courses. In 2012, the MEC gave it an IGC (General Course Index) rating of 3 on a scale of 1 to 5.

I Demo Day Startup NAVE

Last December, we held the I Demoday of the Startup NAVE, our startup pre-accelerator. The 10 participants had the opportunity to present their projects to an audience of more than 60 people, composed by investors, other accelerators and members of the press.

They also won awards from Microsoft BizSparks (including free software, support and a business meeting with Microsoft's COO in April) and from ABS (Brazilian Startup Association)

As of today, two participants have already gained notority. Citrum was just selected for the Inova Senior acceleration program, receiving funds in the amount of R$80,000, while Plataforma Saúde was selected for Class 3 of Startup Brasil (getting funds of R$200,000), besides being chosen one of the 16 most innovative startups in Latin America by BID (Inter-American Development Bank).

Estácio in the 2014 Elections

Following our Institutional Relations policy, we promoted a series of debates and lectures in our units and through our broadcast channels, in order to encourage democratic discussion and disclosure of the political platforms of the presidential and federal and state legislature election candidates. In this context, it is particularly worth noting the lecture by presidential candidate Eduardo Campos (*in memoriam*) and two debates involving candidates for Rio de Janeiro state governor, held jointly with the Brazilian Bar Association and VEJA magazine.

Estácio in Sport

- Sports Caravan is Estácio's latest sponsored project

Proposed by the Sport & Education Institute (IEE), headed by former volleyball star Ana Moser, and put into practice in association with ESPN Brasil and Unicef, the Sports Caravan project will be supported by Estácio through the sports incentive law. The first stage of the project will take place in Nazaré da Mata (PE) on February 24^{th} and 26^{th} and will impact around 3,000 students from local schools, as well around 150 teachers and educators.

Sports Caravan is a social action and mobilization movement based on educational sport, respecting children's right to education, culture, sports and leisure. Created in 2005, it unites teachers, athletes, institutions and sporting organizations and has already directly served 187,000 children and teenagers and 18,000 teachers in the public school network in 75 municipalities in 16 Brazilian states.

Results Conference Call

Conference Call (in Portuguese)	Conference Call (in English)
Date: March 20, 2015 (Friday)	Date: March 19, 2015 (Friday)
Time: 10:00 a.m. (Brasília) / 9:00 a.m. (US ET)	Time: 11:30 a.m. (Brasília) / 10:30 a.m. (US ET)
Connection Dial-in Brazil: +55 (11) 3127-4971 / 3728-5971	Connection Dial-in NY: +1 (412) 317-6776
Access Code: Estácio	Access Code: Estácio
Webcast: www.estacioparticipacoes.com.br/ri	Webcast: www.estacioparticipacoes.com.br/ir
Replay: available until March 26	Replay: available until March 26
Phone: +55 (11) 3127-4999	Phone: +1 (412) 317-0088
Access Code: 14025437	Access Code: 10059978

The statements included in this report related to the prospects of the business, estimates of operating and financial results, as well as those relating to Estácio's growth prospects, are merely projections and as such are based exclusively on Management's expectations regarding the future of the business. These statements depend substantially on changes in market conditions and the performance of the Brazilian economy, the industry and international markets and therefore are subject to change without prior notice.

Income Statement in IFRS

	Consolidated			Excluding acquisitions in the last 12 months		
R$ MM	4Q13	4Q14	Change	4Q13	4Q14	Change
Gross Operating Revenue	**604.8**	**887.7**	**46.8%**	**604.8**	**827.2**	**36.8%**
Monthly Tuition Fees	597.2	839.3	40.5%	597.2	781.0	30.8%
Pronatec	-	30.8	N.A.	-	29.5	N.A.
Others	7.7	17.6	128.6%	7.7	16.7	116.9%
Gross Revenue Deductions	**(168.8)**	**(235.4)**	**39.5%**	**(168.8)**	**(224.3)**	**32.9%**
Scholarships and Discounts	(139.8)	(192.5)	37.7%	(139.8)	(182.9)	30.9%
Taxes	(18.2)	(27.2)	49.5%	(18.2)	(25.8)	41.8%
FGEDUC	(10.9)	(15.6)	43.1%	(10.9)	(15.6)	43.1%
Net Operating Revenue	**436.0**	**652.4**	**49.6%**	**436.0**	**602.8**	**38.3%**
Cost of Services	**(273.3)**	**(374.8)**	**37.1%**	**(273.3)**	**(349.3)**	**27.8%**
Personnel	(192.5)	(262.5)	36.4%	(192.5)	(244.1)	26.8%
Rentals / Real Estate Taxes Expenses	(36.2)	(46.8)	29.3%	(36.2)	(44.3)	22.4%
Textbooks Materials	(15.9)	(23.1)	45.3%	(15.9)	(22.3)	40.3%
Third-Party Services and Others	(15.5)	(20.0)	29.0%	(15.5)	(18.4)	18.8%
Depreciation	(13.2)	(22.5)	70.5%	(13.2)	(20.2)	53.0%
Gross Profit	**162.7**	**277.5**	**70.6%**	**162.7**	**253.6**	**55.9%**
Gross Margin	***37.3%***	***42.5%***	***5.2 p.p.***	***37.3%***	***42.1%***	***4.8 p.p.***
Selling, General and Administrative Expenses	**(115.9)**	**(184.2)**	**58.9%**	**(115.9)**	**(179.2)**	**54.6%**
Selling Expenses	**(44.0)**	**(63.0)**	**43.2%**	**(44.0)**	**(64.1)**	**45.7%**
Provisions for Doubtful Accounts	(32.6)	(39.3)	20.6%	(32.6)	(40.9)	25.5%
Marketing	(11.4)	(23.7)	107.9%	(11.4)	(23.2)	103.5%
General and Administrative Expenses	**(66.2)**	**(103.9)**	**56.9%**	**(66.2)**	**(97.8)**	**47.7%**
Personnel	(34.0)	(50.8)	49.4%	(34.0)	(48.1)	41.5%
Others	(32.1)	(53.1)	65.4%	(32.1)	(49.7)	54.8%
Depreciation	**(5.7)**	**(17.2)**	**201.8%**	**(5.7)**	**(17.2)**	**201.8%**
EBIT	**46.8**	**93.4**	**99.6%**	**46.8**	**74.4**	**59.0%**
EBIT Margin	***10.7%***	***14.3%***	***3.6 p.p.***	***10.7%***	***12.3%***	***1.6 p.p.***
(+) Depreciation	19.0	39.7	108.9%	19.0	37.4	96.8%
EBITDA	**65.8**	**133.1**	**102.2%**	**65.8**	**111.8**	**69.9%**
EBITDA Margin	***15.1%***	***20.4%***	***5.3 p.p.***	***15.1%***	***18.5%***	***3.4 p.p.***
Financial Result	3.7	(12.2)	N.A.	3.7	(8.8)	N.A.
Depreciation and Amortization	(19.0)	(39.7)	108.9%	(19.0)	(37.4)	96.8%
Social Contribution	(1.5)	(1.2)	N.A.	(1.5)	(0.6)	N.A.
Income Tax	(3.9)	0.9	N.A.	(3.9)	2.6	N.A.
Net Income	**45.1**	**80.9**	**79.4%**	**45.1**	**67.5**	**49.7%**
Net Income Margin	***10.3%***	***12.4%***	***2.1 p.p.***	***10.3%***	***11.2%***	***0.9 p.p.***

Income Statement in IFRS

R$ MM	Consolidated 2013	Consolidated 2014	Consolidated Change	Excluding acquisitions in the last 12 months 2013	Excluding acquisitions in the last 12 months 2014	Excluding acquisitions in the last 12 months Change
Gross Operating Revenue	**2,491.0**	**3,416.0**	**37.1%**	**2,491.0**	**3,294.2**	**32.2%**
Monthly Tuition Fees	2,463.6	3,312.5	34.5%	2,463.6	3,195.0	29.7%
Pronatec	-	64.1	N.A.	-	62.0	N.A.
Others	27.4	39.4	43.8%	27.4	37.3	36.1%
Gross Revenue Deductions	**(760.0)**	**(1,011.5)**	**33.1%**	**(760.0)**	**(989.4)**	**30.2%**
Scholarships and Discounts	(662.5)	(856.9)	29.3%	(662.5)	(837.9)	26.5%
Taxes	(72.5)	(100.7)	38.9%	(72.5)	(97.5)	34.5%
FGEDUC	(24.9)	(54.0)	N.A.	(24.9)	(97.5)	291.6%
Net Operating Revenue	**1,731.0**	**2,404.5**	**38.9%**	**1,731.0**	**2,304.8**	**33.1%**
Cost of Services	**(1,036.5)**	**(1,375.8)**	**32.7%**	**(1,036.5)**	**(1,326.3)**	**28.0%**
Personnel	(741.3)	(998.2)	34.7%	(741.3)	(962.3)	29.8%
Rentals / Real Estate Taxes Expenses	(139.0)	(176.5)	27.0%	(139.0)	(171.3)	23.2%
Textbooks Materials	(48.0)	(60.5)	26.0%	(48.0)	(59.1)	23.1%
Third-Party Services and Others	(59.6)	(69.3)	16.3%	(59.6)	(66.6)	11.7%
Depreciation	(48.7)	(71.4)	46.6%	(48.7)	(67.0)	37.6%
Gross Profit	**694.5**	**1,028.6**	**48.1%**	**694.5**	**978.5**	**40.9%**
Gross Margin	***40.1%***	***42.8%***	***2.7 p.p.***	***40.1%***	***42.5%***	***2.4 p.p.***
Selling, General and Administrative Expenses	**(445.9)**	**(604.0)**	**35.5%**	**(445.9)**	**(586.4)**	**31.5%**
Selling Expenses	**(183.9)**	**(238.3)**	**29.6%**	**(183.9)**	**(236.3)**	**28.5%**
Provisions for Doubtful Accounts	(95.4)	(103.3)	8.3%	(95.4)	(102.8)	7.8%
Marketing	(88.5)	(135.1)	52.7%	(88.5)	(133.5)	50.8%
General and Administrative Expenses	**(239.0)**	**(329.1)**	**37.7%**	**(239.0)**	**(313.6)**	**31.2%**
Personnel	(120.9)	(168.7)	39.5%	(120.9)	(161.3)	33.4%
Others	(118.1)	(160.4)	35.8%	(118.1)	(152.3)	29.0%
Depreciation	**(23.1)**	**(36.6)**	**58.4%**	**(23.1)**	**(36.6)**	**58.4%**
EBIT	**248.5**	**424.6**	**70.9%**	**248.5**	**392.1**	**57.8%**
EBIT Margin	***14.4%***	***17.7%***	***3.3 p.p.***	***14.4%***	***17.0%***	***2.6 p.p.***
(+) Depreciation	71.7	107.9	50.5%	71.7	103.5	44.4%
EBITDA	**320.3**	**532.6**	**66.3%**	**320.3**	**495.6**	**54.7%**
EBITDA Margin	***18.5%***	***22.2%***	***3.7 p.p.***	***18.5%***	***21.5%***	***3.0 p.p.***
Financial Result	8.2	8.3	1.2%	8.2	11.9	45.1%
Depreciation and Amortization	(71.7)	(107.9)	50.5%	(71.7)	(103.5)	44.4%
Social Contribution	(3.4)	(3.1)	-8.8%	(3.4)	(2.2)	-35.3%
Income Tax	(8.6)	(4.1)	-52.3%	(8.6)	(1.3)	-84.9%
Net Income	**244.7**	**425.6**	**73.9%**	**244.7**	**400.5**	**63.7%**
Net Income Margin	***14.1%***	***17.7%***	***3.6 p.p.***	***14.1%***	***17.4%***	***3.3 p.p.***

Balance Sheet in IFRS

R$ MM	12/31/2013	09/30/2014	12/31/2014
Short-Term Assets	**1,270.0**	**1,212.1**	**1,475.8**
Cash & Cash Equivalents	7.1	25.7	48.0
Short-Term Investments	732.1	409.2	667.1
Accounts Receivable	334.6	533.0	451.4
Carry-Forwards Credits	48.6	54.3	85.1
Advance to Employees / Third-Parties	33.4	35.4	50.4
Related Parties	0.3	(0.0)	0.0
Prepaid Expenses	57.5	46.5	66.2
Taxes and contributions	30.0	73.4	70.6
Others	26.3	34.6	37.0
Long-Term Assets	**868.7**	**1,960.5**	**2,038.4**
Non-Current Assets	**163.5**	**186.6**	**197.1**
Prepaid Expenses	2.6	9.3	8.8
Judicial Deposits	104.1	116.7	120.9
Taxes and contributions	25.6	24.4	25.3
Deferred Taxes and others	31.3	36.2	42.0
Permanent Assets	**705.1**	**1,773.9**	**1,841.4**
Investments	0.2	0.2	0.2
Fixed Assets	335.6	454.0	465.7
Intangible	369.3	1,319.7	1,375.4
Total Assets	**2,138.7**	**3,172.6**	**3,514.2**
Short-Term Liabilities	**290.1**	**342.5**	**398.8**
Loans and Financing	36.7	26.3	28.5
Suppliers	40.4	54.6	50.3
Salaries and Payroll Charges	79.7	166.4	121.6
Taxes Payable	34.0	51.6	40.5
Prepaid Monthly Tuition Fees	11.1	9.2	20.1
Advances under Partnership Agreement	2.9	2.9	2.9
Taxes Paid in Installments	1.5	3.4	3.6
Dividends Payable	58.1	0.1	101.2
Commitments Payable	22.2	18.1	20.5
Others	3.5	9.9	9.6
Long-Term Liabilities	**330.9**	**409.3**	**722.6**
Loans and Financing	238.2	264.6	560.7
Provisions for Contingencies	28.4	28.1	26.9
Advances under Partnership Agreement	9.1	7.0	6.3
Taxes Paid in Installments	6.9	15.6	15.8
Provision for asset retirement obligations	14.1	14.9	15.0
Deferred Taxes	8.4	3.3	46.3
Commitments Payable	17.3	64.3	39.2
Others	8.5	11.4	12.4
Shareholders' Equity	**1,517.6**	**2,420.8**	**2,392.9**
Capital	1,010.7	1,053.1	1,053.1
Share Issuance Expenses	(26.9)	(26.9)	(26.9)
Capital Reserves	121.0	636.9	642.7
Earnings Reserves	424.2	424.2	748.7
Retained Earnings	-	344.8	-
Treasury Stocks	(11.3)	(11.3)	(24.9)
Total Liabilities and Shareholders' Equity	**2,138.7**	**3,172.6**	**3,514.2**

Cash Flow Statement

Cash Flow Statement (R$ million)	4Q13	4Q14	2013	2014
Profit before income taxes and social contribution	**50.6**	**81.2**	**256.7**	**432.9**
Adjustments to reconcile profit to net cash generated:	**57.0**	**93.8**	**187.6**	**222.5**
Depreciation and amortization	14.9	39.5	67.2	107.3
Amortization of funding costs (IFC and bonds)	0.1	0.2	0.6	0.6
Net book amount of property and equipment written-off	4.5	2.9	4.8	3.8
Provision for impairment of trade receivables	33.2	38.4	92.3	99.4
Options granted	1.6	5.7	6.7	20.4
Long Term Incentive Plan ("ILP")	-	0.1	-	2.5
Earnings on financial investments	(5.8)	(5.8)	(12.7)	(28.5)
Provision for contingencies	1.3	(2.1)	4.9	(3.9)
Appropriation of agreements	(0.7)	(0.7)	(2.9)	(2.9)
Interest on commitments payable	1.3	1.6	2.9	4.1
Tax credits	(0.7)	(2.2)	(3.0)	(20.9)
Interest on borrowings	7.4	16.1	25.6	39.7
Increase in provision for decommissioning of assets	0.1	0.1	1.1	0.9
Result after reconciliation to net cash generated	**107.6**	**175.0**	**444.3**	**655.4**
Changes in assets and liabilities:	**(109.7)**	**(50.4)**	**(245.0)**	**(232.7)**
Marketable securities held for trading	5.8	5.8	25.2	28.5
(Increase) in accounts receivable	(11.9)	45.6	(145.3)	(195.7)
Decrease (increase) in other assets	(46.7)	(34.4)	(51.6)	(47.5)
Increase) decrease in advances to employees / third parties	(8.6)	(15.0)	(7.4)	(16.3)
(Increase) decrease in prepaid expenses	(15.6)	(19.6)	(26.6)	(4.2)
(Increase) decrease in taxes and contributions	(3.5)	(1.1)	(26.5)	(31.0)
Increase (decrease) in suppliers	5.1	(4.7)	4.4	6.6
Increase (decrease) in taxes payable	(5.3)	(13.6)	(4.8)	(6.3)
Increase (decrease) in payroll and related charges	(26.4)	(47.9)	12.4	32.5
(Decrease) in prepaid monthly tuition fees	5.8	10.9	2.1	7.3
Payment of civil claims	0.0	(2.1)	0.2	(2.1)
Provision for decommissioning of assets	(1.0)	(0.0)	(1.0)	(0.0)
Investment/loan to subsidiaries	-	-	(0.3)	0.3
Increase (decrease) in other liabilities	5.5	43.0	10.5	47.4
Decrease (increase) in taxes paid in installments	(0.3)	(0.3)	(0.9)	(8.6)
(Decrease) in non-current assets	0.5	0.9	(6.8)	2.1
Increase in judicial deposits	(4.9)	(4.3)	(20.8)	(16.6)
Interest paid on borrowings	(10.1)	(15.2)	(12.2)	(31.6)
IRPJ and CSLL paid	1.8	1.7	4.5	2.6
Net cash provided by (used in) operating activities:	**(2.2)**	**124.7**	**199.3**	**422.7**
CAPEX (Ex-Acquisitions)	**(56.0)**	**(61.6)**	**(132.3)**	**(189.1)**
Operational Cash Flow:	**(58.2)**	**63.1**	**67.0**	**233.6**
Other investing activities:	**(7.1)**	**(70.1)**	**(40.6)**	**(1,016.0)**
Acquisitions	(15.0)	(47.6)	(41.9)	(978.6)
Amortization of funding costs (IFC and bonds)	0.1	0.2	0.6	0.6
Others	1.1	10.9	0.7	9.8
Commitments payable	6.7	(33.6)	-	(47.8)
Net cash provided by (used in) investing activities	**(65.2)**	**(7.0)**	**26.4**	**(782.4)**
Cash flows from financing activities:	**(1.6)**	**287.2**	**572.3**	**758.3**
Capital increase	0.8	-	641.4	42.4
Acquisition of shares in treasury	-	(13.5)	-	(13.5)
Dividends	-	0.0	(26.1)	(58.0)
Goodwill adjustment in share subscription	-	-	-	498.9
Expenditure on issuance of shares	-	-	(24.0)	-
Debenture issue	-	300.7	-	300.7
Net increase in borrowings	(2.5)	0.0	(19.0)	(12.1)
Net cash provided by (used in) financing activities	**(66.9)**	**280.2**	**598.7**	**(24.1)**
Cash and cash equivalents at the beginning of the period	**806.1**	**434.9**	**140.5**	**739.2**
Increase in cash and cash equivalents	(66.9)	280.2	598.7	(24.1)
Cash and cash equivalents at the end of the period	**739.2**	**715.1**	**739.2**	**715.1**

Exhibit I – Provision for FIES

Below is a summary of the "Provision for FIES" line under selling expenses, which constitutes provisions for:

(i) FIES students with a guarantor (at 2.25%, as we have already been doing this year, conservatively assuming future losses of 15% from the FIES portfolio, which is approximately three times higher than historical losses from the student portfolio; the provision was constituted considering 15% of credit risk over 15% of delinquency);

(ii) FIES students with FGEDUC after April 2012 for uncovered FGEDUC risk under the current rule, i.e. provisions were constituted for the 10% not covered by FGEDUC. Over this amount, we constituted provisions for the 15% credit risk over estimated delinquency of 15% (0.225%);

(iii) FIES students with FGEDUC until March 2012 for uncovered FGEDUC risk under the former rule, i.e. provisions were constituted for the 20% not covered by FGEDUC. Over this amount, we constituted provisions for the 15% credit risk over estimated delinquency of 15% (0.450%);

(iv) FIES students with FGEDUC until March 2012, for losses on the balance of restricted deposits based on the 2% FGEDUC contribution under the former rule, recorded as Minimum Guarantee, on estimated delinquency of 15% (0.30%).

It is worth noting that items (i), (ii) and (iii) have counter entries under noncurrent liabilities in the "Provision for FIES risk" line, while item (iv) has a counter entry as a noncurrent asset reducing account – "Provision for loss of FIES restricted deposits" – as an adjustment for the expected realization of the restricted deposits account, recorded based on the 2% FGEDUC contribution under the former rule.

It is also worth noting that we have been consolidating the "Provisions for FIES" line under Provision for Doubtful Accounts in our income statements since 4Q13, due to its decreasing importance with the organic growth of the FGEDUC base throughout 2013, and, especially, to the changes in the rules governing the contribution to the FGEDUC announced by the FNDE at the beginning of this year. As of February, the FIES default risk has been covered by the FGEDUC, even for contracts with a guarantor (in the already familiar proportions between government and institutions). In exchange, we will be making a 5.63% contribution to all new students, with or without a guarantor, which has led to an increase in revenue deductions related to the FGEDUC.

About Estácio

Estácio is one of the largest **private sector post-secondary educational institutions** in Brazil in number of students enrolled, with a nationwide presence in the country's major cities. Its student base has a highly diversified profile and includes mostly young working adults from the middle and lower-middle income groups. Its growth and market leadership are due to the quality of its programs, the strategic location of its units, its competitive prices and its solid financial position.

Estácio's strengths are:

Strong positioning to Explore the Market’s Growth Potential

- Nationwide presence, with units in the country’s largest urban centers
- Broad portfolio of academic programs
- Managerial and financial capacity to innovate and improve our courses
- Widely recognized “Estácio’’ brand

High Quality Learning Experience

- Nationally integrated syllabi
- Unique teaching methodology
- Full convergence between the On-Campus and Distance Learning models
- Highly qualified faculty

Professional and Integrated Operational Management

- Result-oriented management model
- Focus on educational quality

Scalable Business Model

- Growth with profitability
- Organic expansion and through acquisitions

Financial Solidity

- Strong cash reserves
- Capacity to generate and raise funds
- Control of working capital

Estácio closed 2014 with 437,000 undergraduate, graduate and distance-learning students enrolled in its nationwide education network, which now operates in every state of Brazil, as shown in the maps below: