3Q14 RESULTS

Full Speed Ahead

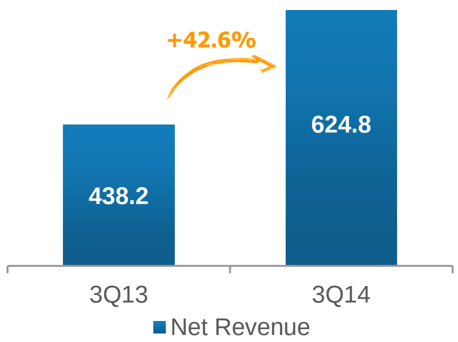
Student base records organic growth of 23%
Integration of UniSEB's 39,000 students
EBITDA of R$164 million, up by 63%
EBITDA margin of 26.3%, a gain of 3.3 p.p.

Rio de Janeiro, November 6, 2014 –**Estácio Participações S.A.** – "Estácio or "Company" (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA; OTC: ECPCY) – announces its results for the third quarter of 2014 (3Q14) in comparison with the second quarter of 2013 (3Q13). The following accounting information is presented in accordance with International Financial Reporting Standards ("IFRS") and on a consolidated basis.

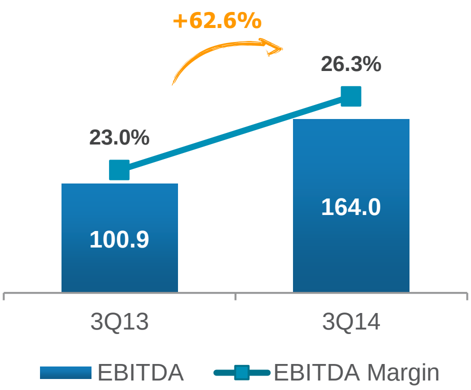
Quarter Highlights

(R$ million)

Net Revenue



EBITDA and EBITDA Margin



Highlights:

- Estácio closed 3Q14 with a **total base** of 468,900 students, 37.7% more than in 3Q13, 326,100 of whom enrolled in on-campus programs (19.4% up year-on-year) and 93,300 in distance-learning programs (38.4% higher than in 3Q13), as well as 49,500 acquired students (on-campus and distance-learning).
- **Net operating revenue** came to R$624.8 million in 3Q14, 42.6% more than in 3Q13, due to the expansion of the student base and the increase in the average on-campus ticket.
- **EBITDA** totaled R$164.0 million, 62.6% up on the same period last year, with a margin gain of 3.3 p.p..
- **Net income** came to R$133.0 million 54.1% higher than in 3Q13, while **earnings per share** climbed to R$0.42, up by 44.8%.
- **Operational cash flow** totaled R$74.0 million in 3Q14, a R$16.8 million year-on-year improvement.
- **Cash and cash equivalents** closed the quarter at R$435.4 million.

ESTC3
(On November 5, 2014)

Price: R$29.05/share
Number of Shares: 315,429,884
Market Cap: R$9.2 billion
Free Float: 92%

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ESTC3
NOVO MERCADO
BM&FBOVESPA

Key Indicators

	Consolidated			Excluding acquisitions in the last 12 months		
Financial Highlights	3Q13	3Q14	Change	3Q13	3Q14	Change
Net Revenue (R$ million)	438.2	624.8	42.6%	438.2	583.4	33.1%
Gross Profit (R$ milllion)	188.1	281.2	49.5%	188.1	258.0	37.2%
Gross Profit margin	*42.9%*	*45.0%*	*2.1 p.p.*	*42.9%*	*44.2%*	*1.3 p.p.*
EBIT (R$ million)	84.1	136.9	62.8%	84.1	125.8	49.6%
EBIT Margin	*19.2%*	*21.9%*	*2.7 p.p.*	*19.2%*	*21.6%*	*2.4 p.p.*
EBITDA (R$ million)	100.9	164.0	62.6%	100.9	151.1	49.8%
EBITDA Margin	*23.0%*	*26.3%*	*3.3 p.p.*	*23.0%*	*25.9%*	*2.9 p.p.*
Net Income (R$ milllion)	86.3	133.0	54.1%	86.3	123.6	43.2%
Net Income Margin	*19.7%*	*21.3%*	*1.6 p.p.*	*19.7%*	*21.2%*	*1.5 p.p.*

	Consolidated		
Financial Highlights	9M13	9M14	Change
Net Revenue (R$ million)	1,295.0	1,752.1	35.3%
Gross Profit (R$ milllion)	531.8	751.1	41.2%
Gross Profit margin	*41.1%*	*42.9%*	*1.8 p.p.*
EBIT (R$ million)	201.7	331.3	64.3%
EBIT Margin	*15.6%*	*18.9%*	*3.3 p.p.*
EBITDA (R$ million)	254.5	399.5	57.0%
EBITDA Margin	*19.7%*	*22.8%*	*3.1 p.p.*
Net Income (R$ milllion)	199.6	344.8	72.7%
Net Income Margin	*15.4%*	*19.7%*	*4.3 p.p.*

Note: EBITDA calculated in accordance with CVM Instruction 527.

Message from Management

Our **strategy** is soundly based on the concept of a strong and firm, yet **gradual and sustainable** growth. By acting this way, we give ourselves enough time to keep investing in the fundamentals that will ensure our growth, such as, for example, continuous improvement of our academic quality and of student satisfaction indicators. At the same time, we maintain our focus on implementing projects that will create differentials and competitive advantages in the future. Such philosophy requires enormous **discipline,** because in moments when the scenario looks favorable, the temptation to make aggressive movements is huge. On the other hand, we hope to be able to sustain the same growth pace even if we face more adverse scenarios, such as the one we have seemingly been experiencing in Brazil over the past few months. After all, in the past few years we have leveraged our operations and opened up new growth paths that should yield opportunities to keep growing even in such an uncertain scenario.

In this context, we are pleased to deliver yet another **series of excellent results** in the third quarter of 2014. In spite of the quite uncertain scenario Brazil has lately been facing, we were once again able to continue with our pace of **gradual and sustainable growth**, without forgetting the abovementioned differentials for the coming years. We achieved **another record high intake cycle** for the **ninth semester in a row**, compensating the slightly more adverse environment brought by the World Cup and its calendar-effect on the conversion rate from registrations to enrollments, especially in large cities, where we mainly operate. Thus, we were very pleased with the fact that **94,500 new students** decided to enroll at Estácio, 67,500 of whom in the on-campus undergraduate segment (5.8% up on 3Q13) and 27,000 in distance-learning undergraduate courses (up by 29.8% in the same period).

As a result, our same-shop on-campus and distance-learning undergraduate student bases grew by 17.0% and 24.2%, respectively. If we add graduate students and the acquisitions concluded in the last twelve months

(UniSEB, ASSESC, IESAM and Literatus), our **total post-secondary student base** comes to 469,000, an impressive 38% growth compared to the same period last year.

All this growth led to a substantial increase in **Net Revenue**, which climbed by 43% year-on-year. Excluding acquisitions, our net revenue would have grown by 33%. At the same time, we kept controlling costs and expenses, which helped **EBITDA** to reach R$164.0 million, 63% up on 3Q13, with a margin of 26.3%, a 3.3 percentage point improvement. **Net Income** climbed by 54% to R$133.0 million, generating **earnings per share** of R$0.42, 45% more than in 3Q13. Once again our operational cash flow registered healthy figures, reinforcing our ability to keep improving this indicator, despite the delay in odd quarters related to FIES contract amendments. In this context, **operational cash flow** reached R$74.0 million in 3Q14 and R$169.9 million in 9M14.

Returning now to the acquisitions arena, after receiving approvals from our shareholders and CADE (Brazil's antitrust authority), we began integrating the largest acquisition of our history, **UniSEB**. Besides the 39,000 students we added to our student base, UniSEB is an excellent asset from operational and academic standpoints and, more importantly, it provides us with sufficient scale and penetration to accelerate the growth of our distance-learning segment. In 3Q14, we also announced the **acquisition of Literatus**, an institution with 4,800 students and 14,200 authorized seats, marking our **entry into Manaus**, one of Brazil's most important cities where we were still not present. We now operate in 21 Brazilian states and the Federal District, and remain firmly committed to our strategy of **painting Brazil's map blue** through small and medium-sized acquisitions in strategic locations, and then leveraging growth from these platforms. Our Expansion strategy, though, does not solely rely on acquisitions. We keep growing organically through greenfields and we just opened two new units this semester: Venda Nova, in Belo Horizonte (MG), and Bueno, in Goiânia (GO), which will contribute to further leveraging our operation in these cities.

Speaking of strategy, it is particularly worth mentioning the progress of our **Strategic Projects** related to our **2020 Vision**. **Educare**, our **Corporate University**, continues to expand the scope of its operations. Educare has three specific internal development schools: the Management and Leadership School for our managers, the Faculty School for our professors and the Functional School for our administrative staff. This year, the latter has been prioritizing development initiatives for those working on the student service fronts (academic services, enrollment and debt negotiation offices) and in the Shared Services Centers. After six months of operation, more than 12,600 employees have enrolled in our training courses. We must also mention the hosting of the **6th Annual Faculty Forum**, which gathered more than 1,000 professors for two days of interaction, lectures and exchange of experiences in a hotel in Rio de Janeiro.

The **Innovation** area continues to gain strength with the **NAVE Program.** We held our first Startup Meeting, in the Espaço NAVE, whose first selected projects are being developed in our pre-accelerator. And the program is already producing its first results: the "*Plataforma Saúde*" (Health Platform) program, one of the Meeting's selected participants, co-founded by Tales Gomes, a former Marketing student at Estácio's Petrópolis unit, was chosen to take part in the federal government's Startup Brasil program and will receive government funding of R$200,000. More details on the development of the NAVE Program can be found in the "Key Material Facts" section at the end of this report.

Our **Continuing Education** area continues to strengthen its operation through the signing of **new partnerships**. This quarter, we announced an important agreement with **iG**, one of Brazil's largests web portals, which has more than 33 million monthly views. Through the partnership, our short-term course brand "Você Aprende Mais" (You Learn More) will be responsible for the management and operation of the courses offered by **iG Educação**, iG's new online education platform. Furthermore, we also signed an agreement with **Open English**, which from now on will be responsible for the content of our English courses in the "Você Aprende Mais" platform, aggregating quality and recognition to our our short-term courses and increasing the range of options available to our students, who can thereby look for an even broader formation.

It is important to mention the initiatives that will **add value to our brand**. The **Branding** project, carried out in association with Thymus, one of the most renowned branding consulting firms in Brazil, continues to define the features and values we intend to relate to Estácio, aiming at the construction of our brand. After two years of diagnosis and preparation, we are ready to initiate efforts to make Estácio the first truly national Education brand, with our foot set in the whole country. We also moved ahead with our **Corporate Social Responsibility** program, whose official web portal has just been launched, where everyone will be able to follow our corporate social initiatives. In addition, we maintained and intensified our **Sport Sponsoring initiatives** – in addition to dozens of young athletes and the Flamengo basketball team, in this quarter we became the Official University of the Rio 2016 Olympic Games. As such, we will be responsible for training more than 120,000 volunteers who will work during the event. In addition, we are sponsoring the Schurmann Family's latest sea expedition, which not only will expose our brand all over Brazil, but will also promote scientific exchange between our professors and students.

To conclude, we would like to reinforce how pleased we are with our operating results in 2014 and also with all the initiatives that we have been implementing to build up the Estácio of the future. We are confident that we will deliver solid results in the last quarter of 2014 and, at the same time, we reinforce our belief that **2015 will bring even brighter numbers**. After all, besides all our internal efforts to improve our operations and grow sustainably, various external signs point to a favorable scenario: demand remains heated, (as attested to by the number of students taking the ENEM university entrance exam); the successful public policies linked to Education are expected to continue during President Dilma Rousseff's second term in office; the PNE/Plano Nacional de Educação (National Education Plan) was approved with the condition that 10% of the GDP will be invested in Education; and, after the recent second round of elections in Brazil, Education is more than ever in the spotlight.

In a nutshell, the situation is comparable to that of a railway train. It took us some time to prepare the engine and gain the necessary pace and speed while turning our Institution around. Once we moved from a state of inertia and gained speed, we became able to deal with the ups and downs along the way at a good pace. And now that we have reached such a reasonable pace so as to be able to move "full speed ahead", we are very confident as we know how difficult it is to stop a speeding train.

Student Base

Estácio ended the 3Q14 intake and renewal process with a total base of 468,900 students (37.7% more than in 3Q13), 326,100 of whom enrolled in on-campus programs and 93,300 in distance-learning programs, in addition to 49,500 students acquired in the last 12 months. In the same-shop concept, i.e., excluding the acquired students (UniSEB, ASSESC, IESAM and Literatus), the Company posted solid organic growth of 23.2%. More details on the UniSEB student base can be found on the specific section dedicated to the company.

It is also worth mentioning that our number of campuses increased not only due to the acquisitions concluded in the quarter, but also to the opening of two new greenfields, in locations where we already operated: the Venda Nova unit, in Belo Horizonte (MG), and the Bueno unit, in Goiânia (GO).

Table 1 – Total Student Base*

'000	3Q13	3Q14	Change
On-Campus	**273.0**	**326.1**	**19.5%**
Undergraduate	259.2	303.3	17.0%
Graduate	13.8	22.8	65.2%
Distance Learning	**67.4**	**93.3**	**38.4%**
Undergraduate	63.1	78.4	24.2%
Graduate	4.3	14.9	246.5%
Student Base - same shops	**340.4**	**419.4**	**23.2%**
Acquisitions in the last 12 months	-	10.2	N.A.
UniSEB	-	39.3	N.A.
Total Student Base	**340.4**	**468.9**	**37.7%**
# Campuses	79	84	6.3%
On-Campus Students per Campus	**3,456**	**3,882**	**12.3%**
# Distance Learning Centers	52	163	213.5%
Distance Learning Students per Center	**1,296**	**780**	**-39.8%**
Distance Learning Students per Center (ex-Uniseb)	**1,296**	**1,794**	**38.4%**

Note: Acquisitions in the last 12 months refer to students from ASSESC, IESAM and Literatus. UniSEB is represented in a separate line.

(*) Figures not reviewed by the auditors

Estácio's **on-campus undergraduate base** totaled 315,700 students at the end of September, 21.8% more than at the end of 3Q13. Under the same-shop concept, i.e. excluding UniSEB, ASSESC, IESAM and Literatus on-campus undergraduate students, organic growth came to a robust 17.0%.

On-campus undergraduate intake totaled 67,500 new students, our ninth record high cycle in a row, despite an atypical season due to the impact in the calendar caused by the World Cup. Our enrollment **renewal rate** stood at 88.6%, relatively stable when compared to 3Q13, dropping 0.3 p.p. this cycle.

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

'000	3Q13	3Q14	Change
Students - Starting balance	**233.6**	**280.9**	**20.2%**
(+/-) Acquisitions in the last 12 months (until 2Q)	-	(0.9)	N.A.
(-) Graduates	(13.8)	(13.8)	0.0%
Renewable Base	**219.8**	**266.2**	**21.1%**
(+) Enrollments	63.8	67.5	5.8%
(-) Not Renewed	(24.4)	(30.4)	24.7%
Students - same shops	**259.2**	**303.3**	**17.0%**
(+) Acquisitions in the last 12 months (until 3Q)	-	10.2	N.A.
(+) UniSEB (on-campus undergraduate)	-	2.2	N.A.
Students - Ending Balance	**259.2**	**315.7**	**21.8%**

Our **distance-learning undergraduate base** grew by 67.5% over 3Q13 to 105,700 students, fueled by the consolidation of UniSEB's student base. Same-shop growth came to a solid 24.2%, thanks to another excellent **distance-learning undergraduate intake cycle**, which added 27,000 new students to our student base, a substantial 29.8% up on the same period last year.

The distance-learning **renewal rate** improved by 0.2 p.p., maintaining the gradual improvement trend seen in recent quarters. The number of distance-learning graduating students also significantly increased, following the student base maturation process after the launch of our distance-learning in the second half of 2009.

Table 3 – Evolution of Distance Learning Undergraduate Student Base*

'000	3Q13	3Q14	Change
Students - Starting Balance	**54.0**	**66.6**	**23.3%**
(-) Graduates	(1.0)	(2.4)	140.0%
Renewable Base	**53.0**	**64.2**	**21.1%**
(+) Enrollments	20.8	27.0	29.8%
(-) Dropouts	(10.7)	(12.8)	19.6%
Students - same shops	**63.1**	**78.4**	**24.2%**
(+) UniSEB (distance learning undergraduate)	-	27.3	N.A.
Students - Ending Balance	**63.1**	**105.7**	**67.5%**

Pronatec

We closed 3Q14 with approximately 12,600 students enrolled in the vocational courses through the Pronatec Program (Training Scholarship Modality), which provides students with government scholarships, as a result of the 1st 2014 Bid Notice. We had a dropout rate of around 47% of the originally enrolled students in this group (initial dropout rate of 28% without student replacement, as originally expected). 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$14.9 million and R$22.0 million in 3Q14 and 9M14, respectively, for an average ticket of around R$353.

The 12,300 students enrolled through Pronatec's 2nd Bid Notice began their classes on September 15th, so their revenue will be recorded only in 4Q14.

(*) Figures not reviewed by the auditors

Operating Revenue

Net operating revenue came to R$624.8 million in 3Q14, 42.6% up on 3Q13, due to the 23.2% organic growth of the student base, the increase in the average on-campus ticket, the integration of the acquired companies, the offer of Pronatec courses and the arrival of the Galileo Group students via the supervised transfer program. In the same-shops concept, excluding recent acquisitions, net operating revenue recorded healthy growth of 33.1% in the quarter.

Table 4 – Operating Revenue

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
Gross Operating Revenue	**657.4**	**912.3**	**38.8%**	**1,886.1**	**2,528.2**	**34.0%**
Monthly Tuition Fees	650.5	881.4	35.5%	1,866.4	2,473.2	32.5%
Pronatec		23.5	N.A.		33.3	N.A.
Others	6.8	7.5	10.3%	19.7	21.8	10.7%
Gross Revenue Deductions	**(219.2)**	**(287.6)**	**31.2%**	**(591.1)**	**(776.2)**	**31.3%**
Scholarships and Discounts	(192.2)	(246.5)	28.3%	(522.8)	(664.4)	27.1%
Taxes	(18.0)	(27.0)	50.0%	(54.4)	(73.5)	35.1%
FGEDUC	(8.9)	(14.1)	58.4%	(14.1)	(38.4)	172.3%
% Scholarships and Discounts/ Gross Operating Revenue	*29.2%*	*27.0%*	*-2.2 p.p.*	*27.7%*	*26.3%*	*-1.4 p.p.*
Net Operating Revenue	**438.2**	**624.8**	**42.6%**	**1,295.0**	**1,752.1**	**35.3%**

The average ticket calculations presented below do not include on-campus and distance-learning students from graduate courses offered through partnerships, given that the average ticket transfer to Estácio is much lower than that of regular graduate courses, thereby distorting the comparison. We also excluded revenue from UniSEB because its operational model is different from ours, particularly in the distance-learning segment, as there is a transfer to the partner, which would also distort the calculation.

In 3Q14, the **average on-campus ticket** increased by 13.0%, above expected annual inflation, reflecting our continuing capacity to increase prices in a sustainable manner. Once again, and for the same reasons as in the first half, 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 3Q14 – On-Campus (Exc. UniSEB)

'000	3Q13	3Q14	Change
On-Campus Undergraduate Student Base	**259.2**	**313.5**	**20.9%**
(-) Dropouts	(9.2)	(14.4)	56.5%
(=) Revenue Generating On-Campus Undergraduate Student Base	**250.0**	**299.1**	**19.6%**
(+) On-Campus Graduate Student Base	**13.8**	**17.1**	**23.9%**
(=) Revenue Generating On-Campus Student Base	**263.8**	**316.2**	**19.8%**
On-Campus Gross Revenue	**597.4**	**788.9**	**32.1%**
On-Campus Deductions	(198.9)	(249.3)	25.3%
On-Campus Net Revenue (R$ million)	**398.4**	**539.6**	**35.4%**
On-Campus Average Ticket (R$)	**503.6**	**569.0**	**13.0%**

Note: Calculation of the average ticket does not include revenue from Academia do Concurso and Pronatec.

The **average distance learning ticket**, on the other hand, fell by 13.2% in 3Q14, mainly due to: i) the approximately 30%-growth in intake, which impacted the average ticket given the higher number of discounts in the process of converting entrants; ii) the substantial 84.3% growth of the graduate student base; iii) the already mentioned recurring effects of distance-learning price adjustments in certain locations, in order to align prices with the local market profiles; and iv) and the number of students in the "EAD Mais" program (an option which dilutes the course curriculum and, consequently, its value, over a further two semesters), which, besides the maturation of its base, registered a strong intake this semester.

Table 6 – Calculation of the Average Ticket in 3Q14 – Distance Learning (Exc. UniSEB)

'000	3Q13	3Q14	Change
Distance Learning Undergraduate Student Base	63.1	78.4	24.2%
(-) Dropouts	(2.3)	(2.7)	17.4%
(=) Revenue Generating Distance Learning Undergraduate Student Base	60.8	75.7	24.5%
(+) Distance Learning Graduate Student Base	4.3	7.6	76.7%
(=) Revenue Generating Distance Learning Student Base	65.1	83.3	28.0%
Distance Learning Gross Revenue	58.2	65.9	13.2%
Distance Learning Deductions	(20.0)	(23.5)	17.5%
Distance Learning Net Revenue (R$ million)	38.2	42.4	11.0%
Distance Learning Average Ticket (R$)	195.5	169.7	-13.2%

Cost of Services

In 3Q14, the **cash cost to net revenue ratio** recorded a 2.6 p.p. improvement over 3Q13, mainly thanks to gains in the following lines:

(i) 1.0 p.p. in rentals, which accounted for 7.5% of net operating revenue, due to the dilution gains we have been pursuing in this item and in line with the results obtained in 1H14;

(ii) 0.8 p.p. in personnel, reflecting the efficiency gains in faculty cost management, which more than offset the impact of labor convictions and agreements (R$5.5 million higher than in 3Q13);

(i) 0.6 p.p.in textbook materials.

Table 7 – Breakdown of Cost of Services

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
Cost of Services	(238.1)	(322.7)	35.5%	(727.8)	(952.0)	30.8%
Personnel	(178.0)	(248.8)	39.8%	(548.8)	(735.7)	34.1%
Salaries and Payroll Charges	(151.8)	(211.5)	39.3%	(459.8)	(614.4)	33.6%
Brazilian Social Security Institute (INSS)	(26.2)	(37.3)	42.4%	(89.1)	(121.4)	36.3%
Rentals / Real Estate Taxes Expenses	(37.2)	(46.6)	25.3%	(102.8)	(129.7)	26.2%
Textbooks Materials	(9.2)	(9.4)	2.2%	(32.1)	(37.3)	16.2%
Third-Party Services and Others	(13.7)	(17.9)	30.7%	(44.1)	(49.3)	11.8%

Table 8 – Vertical Analysis of Cost of Services

% of Net Operating Revenue	3Q13	3Q14	Change	9M13	9M14	Change
Cost of Services	-54.3%	-51.7%	*2.6 p.p.*	-56.2%	-54.3%	*1.9 p.p.*
Personnel	-40.6%	-39.8%	*0.8 p.p.*	-42.4%	-42.0%	*0.4 p.p.*
Salaries and Payroll Charges	-34.7%	-33.9%	*0.8 p.p.*	-35.5%	-35.1%	*0.4 p.p.*
Brazilian Social Security Institute (INSS)	-6.0%	-6.0%	*0.0 p.p.*	-6.9%	-6.9%	*0.0 p.p.*
Rentals / Real Estate Taxes Expenses	-8.5%	-7.5%	*1.0 p.p.*	-7.9%	-7.4%	*0.5 p.p.*
Textbooks Materials	-2.1%	-1.5%	*0.6 p.p.*	-2.5%	-2.1%	*0.4 p.p.*
Third-Party Services and Others	-3.1%	-2.9%	*0.2 p.p.*	-3.4%	-2.8%	*0.6 p.p.*

Table 9 – Cost Reconciliation

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
Cash Cost of Services	(238.1)	(322.7)	35.5%	(727.8)	(952.0)	30.8%
(+) Depreciation	(12.0)	(20.8)	73.3%	(35.4)	(48.9)	38.1%
Cost of Services	(250.1)	(343.5)	37.3%	(763.2)	(1,001.0)	31.2%

Gross Income

Table 10 – Statement of Gross Income

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
Net Operating Revenue	438.2	624.8	42.6%	1,295.0	1,752.1	35.3%
Cost of Services	(250.1)	(343.5)	37.3%	(763.2)	(1,001.0)	31.2%
Gross Profit	188.1	281.2	49.5%	531.8	751.1	41.2%
(-) Depreciation	12.0	20.8	73.3%	35.4	48.9	38.1%
Cash Gross Profit	200.1	302.0	50.9%	567.2	800.0	41.0%
Cash Gross Margin	*45.7%*	*48.3%*	*2.6 p.p.*	*43.8%*	*45.7%*	*1.9 p.p.*

Selling, General and Administrative Expenses

Selling expenses represented 7.3% of 3Q14 net revenue, yielding a margin gain of 2.0 p.p., as a result of the substantial 2.3 p.p. improvement in PDA, reflecting both the better management of our current student base and the success of our strategy to recover older debt from our receivables portfolio.

We also make a provision for the future default of FIES students, which is recorded in our PDA line. At the end of 3Q14, FIES students were divided into 84% with FGEDUC and 16% 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 30).

In 3Q14, **general and administrative expenses** corresponded to 14.7% of net revenue, 1.4 p.p. worse than 3Q13, basically due to a non-recurring increase of 1.8 p.p. in personnel, due to the higher volume of grants related to our share-based compensation programs (stock option plan and long-term incentive program), essentially related to the launch of the 6th stock option program, which consisted of a new grant for the entire executive board as of July 2014. Furthermore, we keep linearizing the bonus provision, so to better distribute it throughout the year.

Table 11 – Selling, General and Administrative Expenses

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
Selling, General and Administrative Cash Expenses	**(99.1)**	**(138.0)**	**39.3%**	**(312.7)**	**(400.5)**	**28.1%**
Selling Expenses	**(40.8)**	**(45.9)**	**12.5%**	**(139.9)**	**(175.3)**	**25.3%**
Provisions for Doubtful Accounts	(18.0)	(11.5)	-36.1%	(62.8)	(64.0)	1.9%
Marketing	(22.9)	(34.4)	50.2%	(77.1)	(111.3)	44.4%
General and Administrative Expenses	**(58.3)**	**(92.1)**	**58.0%**	**(172.8)**	**(225.2)**	**30.3%**
Personnel	(27.8)	(52.5)	88.8%	(86.9)	(117.9)	35.7%
Salaries and Payroll Charges	(25.4)	(47.5)	87.0%	(77.2)	(104.5)	35.4%
Brazilian Social Security Institute (INSS)	(2.5)	(5.0)	100.0%	(9.7)	(13.3)	37.1%
Others	(30.5)	(39.5)	29.5%	(85.9)	(107.3)	24.9%
Third-Party Services	(12.2)	(16.4)	34.4%	(36.6)	(45.9)	25.4%
Machinery rentals and leasing	(0.3)	(0.3)	0.0%	(0.9)	(1.2)	33.3%
Consumable Material	(0.5)	(0.8)	60.0%	(1.4)	(1.8)	28.6%
Provision for Contingencies	(1.7)	(0.4)	N.A.	(3.7)	1.8	-148.6%
Other Operating Renevue (expenses)	4.4	5.6	27.3%	11.4	13.7	20.2%
Others	(20.2)	(27.2)	34.7%	(54.7)	(74.0)	35.3%
Depreciation	**(4.8)**	**(6.3)**	**31.3%**	**(17.3)**	**(19.3)**	**11.6%**

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

% of Net Operating Revenue	3Q13	3Q14	Change	9M13	9M14	Change
Selling, General and Administrative Cash Expenses	**-22.6%**	**-22.1%**	***0.5 p.p.***	**-24.1%**	**-22.9%**	***1.2 p.p.***
Selling Expenses	**-9.3%**	**-7.3%**	***2.0 p.p.***	**-10.8%**	**-10.0%**	***0.8 p.p.***
Provisions for Doubtful Accounts	-4.1%	-1.8%	*2.3 p.p.*	-4.8%	-3.7%	*1.1 p.p.*
Marketing	-5.2%	-5.5%	*-0.3 p.p.*	-6.0%	-6.4%	*-0.4 p.p.*
General and Administrative Expenses	**-13.3%**	**-14.7%**	***-1.4 p.p.***	**-13.3%**	**-12.9%**	***0.4 p.p.***
Personnel	-6.4%	-8.4%	*-2.0 p.p.*	-6.7%	-6.7%	*0.0 p.p.*
Salaries and Payroll Charges	-5.8%	-7.6%	*-1.8 p.p.*	-6.0%	-6.0%	*0.0 p.p.*
Brazilian Social Security Institute (INSS)	-0.6%	-0.8%	*-0.2 p.p.*	-0.8%	-0.8%	*0.0 p.p.*
Others	-7.0%	-6.3%	*0.7 p.p.*	-6.6%	-6.1%	*0.5 p.p.*
Third-Party Services	-2.8%	-2.6%	*0.2 p.p.*	-2.8%	-2.6%	*0.2 p.p.*
Machinery rentals and leasing	-0.1%	0.0%	*0.1 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	-0.4%	-0.1%	*0.3 p.p.*	-0.3%	0.1%	*0.4 p.p.*
Other Operating Renevue (expenses)	1.0%	0.9%	*-0.1 p.p.*	0.9%	0.8%	*-0.1 p.p.*
Others	-4.6%	-4.4%	*0.2 p.p.*	-4.2%	-4.2%	*0.0 p.p.*
Depreciation	**-1.1%**	**-1.0%**	***0.1 p.p.***	**-1.3%**	**-1.1%**	***0.2 p.p.***

EBITDA

EBITDA came to R$164.0 million in 3Q14, 62.6% up on 3Q13, with an **EBITDA margin** of 26.3%, up by 3.3 p.p., mainly due to efficiency gains in SG&A expenses and the consolidation of the acquired companies. Thus, we present yet another consecutive quarter of consistent and sustainable expansion in our operating margins, without highs and lows, which allows us to keep improving qualitative aspects of our business at the same pace of our operational growth.

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

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
Net Revenue	**438.2**	**624.8**	**42.6%**	**1,295.0**	**1,752.1**	**35.3%**
(-) Cash Cost of Services	(238.1)	(322.7)	35.5%	(727.8)	(952.0)	30.8%
(-) Selling, General and Administrative Cash Expenses	(99.1)	(138.0)	39.3%	(312.7)	(400.5)	28.1%
EBITDA	**100.9**	**164.0**	**62.6%**	**254.5**	**399.5**	**57.0%**
EBITDA Margin	*23.0%*	*26.3%*	*3.3 p.p.*	*19.7%*	*22.8%*	*3.1 p.p.*

Under the same-shop concept, excluding acquisitions in the last 12 months, 3Q14 EBITDA totaled R$151.1 million, resulting in an organic growth of 49.7% and in an EBITDA margin of 25.9%, 2.9 p.p. more than in 3Q13.

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

R$ MM	3Q13	3Q14 ex-acquisitions	Change
Net Revenue	**438.2**	**583.4**	**33.1%**
(-) Cash Cost of Services	(238.1)	(306.4)	28.7%
(-) Selling, General and Administrative Cash Expenses	(99.1)	(125.9)	27.0%
EBITDA	**100.9**	**151.1**	**49.7%**
EBITDA Margin	*23.0%*	*25.9%*	*2.9 p.p.*

Financial Result

Table 15 – Breakdown of the Financial Result

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
Financial Revenue	**21.5**	**22.9**	**6.5%**	**44.6**	**85.7**	**92.2%**
Fines and interest charged	3.8	4.6	21.1%	7.0	11.6	65.7%
Investments income	15.3	11.5	-24.8%	34.9	50.1	43.6%
Other	2.4	6.8	183.3%	2.7	24.0	788.9%
Financial Expenses	**(15.7)**	**(32.7)**	**108.3%**	**(40.1)**	**(65.3)**	**62.8%**
Bank charges	(1.8)	(2.4)	33.3%	(5.2)	(7.7)	48.1%
Interest and financial charges	(7.9)	(15.6)	97.5%	(20.5)	(32.6)	59.0%
Financial Discounts	(5.3)	(13.1)	147.2%	(10.0)	(19.0)	90.0%
Other	(0.7)	(1.6)	128.6%	(4.5)	(6.0)	33.3%
Financial Result	**5.8**	**(9.8)**	**N.A.**	**4.5**	**20.4**	**353.3%**

The 3Q14 financial result was negative by R$9.8 million, representing a R$15.6 million decline over 3Q13, chiefly due to: (i) the R$7.8 million rise in the financial discounts line, a result of the higher volume of debt renegotiations in the period; and (ii) the R$7.7 million increase in the interest and financial charges line, mainly due to the payment of interest and principal related to the second tranche of the loan from the IFC.

Net Income

Table 16 – Reconciliation of EBITDA and Net Income

R$ MM	3Q13	3Q14	Change	9M13	9M14	Change
EBITDA	**100.9**	**164.0**	**62.6%**	**254.5**	**399.5**	**57.0%**
Financial Result	5.8	(9.8)	N.A.	4.5	20.4	353.3%
Depreciation	(16.8)	(27.1)	61.3%	(52.7)	(68.2)	29.4%
Social Contribution	(1.0)	1.4	N.A.	(1.9)	(1.9)	0.0%
Income Tax	(2.6)	4.4	N.A.	(4.7)	(5.0)	6.4%
Net Income	**86.3**	**133.0**	**54.1%**	**199.6**	**344.8**	**72.7%**
Number of shares	295.1	315.4	6.9%	295.1	315.4	6.9%
Earnings per share (R$)	**0.29**	**0.42**	**44.8%**	**0.68**	**1.09**	**60.3%**

Estácio posted 3Q14 **net income** of R$133.0 million, 54.1% more than in 3Q13, due to the 42.6% increase in net revenue and the efficiency gains in the cost and expense lines, which led to significant EBITDA growth, as detailed above.

In 3Q14, our **earnings per share** totaled R$0.42, an increase of 44.8% in comparison to 3Q13.

Acquired Companies

The following chart shows the 3Q14 results of the companies acquired in the last 12 months (UniSEB, ASSESC, IESAM and Literatus). 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.

Table 17 – Key Indicators of Acquired Companies in 3Q14

R$ million	ASSESC	IESAM	Literatus	UniSEB	Total
Net Revenue	1.5	11.1	3.9	24.9	41.4
Gross Profit	0.1	6.6	1.5	15.0	23.2
Gross Margin	*6.7%*	*59.5%*	*38.5%*	*60.4%*	*56.1%*
EBITDA	0.1	4.0	0.6	8.2	12.9
EBITDA Margin	*6.7%*	*36.0%*	*15.4%*	*33.1%*	*31.3%*
Net Income	0.1	2.4	2.6	4.4	9.5
Income Margin	*6.7%*	*21.6%*	*66.7%*	*17.5%*	*22.9%*

UniSEB

In this section, we present the standalone operational results for UniSEB and then detail its current integration process.

In 3Q14, **UniSEB's student base** totaled 39,300 students, distributed as shown in the table below. This number stood in line with the one recorded at the end of 2013, when the student base came 38,700 students. Even though we are gradually leveraging UniSEB's intake, already seeing a successful result in the first post-integration cycle (around 4,700 new students enrolled for the second semester), it is worth noting the high number of graduating students (around 3,000 students), in line with our expectations for this first moment, considering the maturity of UniSEB's student base.

Table 18 – UniSEB's Student Base for 3Q14

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

In 3Q14, **UniSEB's net operating revenue** totaled R$24.9 million, as shown in the table below. The **EBITDA** for the operation came to R$8.2 million in the quarter, resulting in a consolidated **EBITDA margin** of 33.1%, already contributing to benefit Estácio's consolidated result.

Table 19 – UniSEB P&L Statement for 3Q14

R$ million	3Q14 Cons.
Gross Operating Revenue	**30.7**
Gross Revenue Deductions	(5.8)
Net Operating Revenue	**24.9**
Cash Cost of Services	**(8.5)**
Personnel	(6.7)
Rentals / Real Estate Taxes Expenses	(1.0)
Textbooks Materials	(0.4)
Third-Party Services and Others	(0.3)
Cash Gross Income	**16.4**
Gross Margin	*65.9%*
Selling Expenses	**(2.5)**
Provisions for Doubtful Accounts	(1.9)
Marketing	(0.7)
General and Administrative Expenses	**(5.6)**
Personnel	(2.6)
Others	(3.0)
EBITDA	**8.2**
EBITDA Margin	*33.1%*
Financial result	(1.2)
Depreciation and amortization	(1.4)
Social Contribution	(0.3)
Income Tax	(1.0)
Net Income	**4.4**
Net Income Margin	*17.5%*

UniSEB Integration

We began the integration process immediately after the closing of the acquisition, on July 1st, 2014, prioritizing taking control of administrative and financial activities, while initiating the detailed diagnosis of the operation, aiming to integrate processes, systems and people to the Estácio's model.

The main BackOffice operations (Financial, Supplies, and Accounting) are already integrated to Estácio's Shared Services Center, with few steps remaining to fully complete the process.

Aiming at leveraging the distance-learning operations, we immediately invested in actions focused on the intake process for the segment:

- Media placement on Radio and TV in the UniSEB markets where Estácio did not have any business operations;

- Enrollment campaigns for UniSEB through Estácio's web site;
- Migration of 12 distance-learning centers to Estácio's on-campus units which still did not have DL centers.

We also started the first migration wave, by fully implementing the SAP system in UniSEB and by transferring students in the centers which were migrated to units to Estácio's academic systems, in a process concluded in 3Q14. New students in some centers were also already enrolled in Estácio's system. The success of this first migration provides us with the confidence to carry out future migrations with more centers and students. The second migration wave, comprising a higher number of centers, will begin in November. The goal is to operate these centers under Estácio's academic systems in the first half of 2015. We will have a third migration wave for remaining centers and students (approximately 20% of the total), which should take place in the second half of 2015, thus ensuring a solid and seamless integration process.

Simultaneously, we initiated the process to unify the curricula of the distance-learning undergraduate courses, by combining the best features of both Estácio's and UniSEB's programs. These actions will involve adjustments in the textbook materials and in the evaluation process, and will provide the following benefits:

- Better use and consequent cost reduction of textbook materials;
- Gains of scale in regard to academic and class occupation management.

Concurrently to all these actions, we are monitoring the progress of the licensing processes in course at MEC (the Ministry of Education) related to the opening of new UniSEB distance learning centers, which will start operations already in our model.

It is also important to highlight that in 3Q14 we opened up the Medical Course on the campus in Ribeirão Preto, with 76 seats and a ratio of 15.7 candidates per seat.

In October, we also initiated the intake process for the first half of 2015, focused on courses more aligned with market demands and with Estácio's national program curricula, with the objective of maintaining the quality of the traditional courses, yet at more competitive prices. Thus, we expect that this will have a positive impact in the intake process compared to the first half of 2014.

UniSEB also began to offer Pronatec courses in 2014, participating in both Bid Notices of the year, with classes beginning in April and September, respectively.

Among other actions, already initiated, we should mention:

- Planning of the migration of on-campus students to Estácio's systems;
- Migration of payroll to Estácio's system;
- Planning of the integration of graduate, short-term and Pronatec courses, aiming at optimizing the use of operational and pedagogical resources.

We are very pleased with UniSEB's integration process and the asset is proving to be what we hoped for. The team from UniSEB which joined Estácio is great and has been aggregating a lot of value, with their experience and academic expertise. We are learning with and from them, and still have a lot to introduce here at Estácio, such as, for example, their knowledge on proprietary books and textbook materials. Our strategy is to combine the best of each company, to offer an excellent return to our students and, consequently, to our investors.

FIES

The **FIES student base** closed 3Q14 at 121,200, 67.0% up year-on-year and 9.8% more than in 2Q14, representing 38.4% of our on-campus undergraduate student base.

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. As we have mentioned in previous cycles, FIES has not been a primary driver for attracting new students to Estácio, given its more natural use for students who, when arriving at the post-secondary stage of their education, discover that they may not have sufficient resources of their own to complete their course.

Table 20 – FIES Student Base FIES

('000)	3Q13	4Q13	1Q14	2Q14	3Q14	Change
On-campus undergraduate students	259.2	239.4	299.2	280.9	315.7	21.8%
FIES Student Base	**72.6**	**76.1**	**102.1**	**110.4**	**121.2**	**67.0%**
% of FIES Students	28.0%	31.8%	34.1%	39.3%	38.4%	*10.4 p.p.*

Accounts Receivable and Average Receivable Days

The number of **net student receivables days** (tuition and agreements), including FIES receivables and FIES net revenue, rose to 83 days in 3Q14, seven more than in 2Q14. It is worth remembering that the cycle of student adhesion to FIES is concentraded in odd quarters, so, by the end of September, we still had around 7,600 students in the process of adhering to FIES. It is worth noting that the FIES student amendment process is late this quarter, due to operating problems in SisFIES in August and the non-recurring impact of the World Cup on the academic calendar for the second half of 2014.

Excluding FIES net revenue and FIES receivables, the average days receivables was 89 days, eight days less than in 2Q14 and two days higher than in 3Q13.

We continued to increase our efforts to improve our days receivables, seeking not only to convert students in financial distress to FIES, but also to ensure collection from students not included in the program. We see this indicator as a great opportunity, with potential for improvement in the coming cycles.

Table 21 – Accounts Receivable and Average Receivable Days

Accounts Receivable (R$ MM)	3Q13	4Q13	1Q14	2Q14	3Q14
Gross Accounts Receivable	**440.9**	**423.8**	**528.4**	**520.9**	**641.5**
FIES	100.2	78.9	147.2	128.6	222.2
Tuition monthly fees	263.3	289.4	305.3	329.0	333.5
Credit Cards receivable	31.4	25.3	32.9	28.3	38.5
Renegotiation receivables	46.0	30.2	43.0	35.0	47.4
Credits to identify	(1.9)	0.8	(1.3)	(4.1)	(6.8)
Provision for bad debts	(83.9)	(90.0)	(92.0)	(93.1)	(101.7)
Net Accounts Receivable	**355.1**	**334.6**	**435.2**	**423.7**	**533.0**
Net Revenue (last twelve months)	**1,656.7**	**1,731.0**	**1,856.0**	**2,001.5**	**2,315.5**
Days Receivables	**77**	**70**	**84**	**76**	**83**
Net Revenue Ex. FIES (last twelve months)	**1,162.1**	**1,162.0**	**1,173.2**	**1,191.7**	**1,381.7**
Days Receivables Ex. FIES and FIES Revenue	**79**	**79**	**88**	**89**	**81**

Note: The Net Revenue for the last twelve months is annualized also for the three companies acquired in the quarter: UniSEB, IESAM e Literatus (R$127.4 million).

Table 22 – Accounts Receivable and Average FIES Receivable Days

FIES Average Days Receivables	3Q13	4Q13	1Q14	2Q14	3Q14
FIES Receivables	100.2	78.9	147.2	128.6	222.2
FIES Carry-Forward Credits	0.3	44.4	63.6	82.4	50.0
FIES Revenue (last twelve months)	512.7	593.9	716.5	853.9	983.0
FGEDUC Deduction (last twelve months)	(18.1)	(24.9)	(33.7)	(44.1)	(49.2)
FIES Net Revenue (last twelve months)	494.6	569.0	682.8	809.8	933.8
FIES Days Receivables	**73**	**78**	**111**	**94**	**105**
Adjusted FIES Days Receivables	**73**	**50**	**78**	**58**	**86**

Note: we report two calculations for the FIES average days receivables: adjusted and not adjusted for the new schedule for the transfer of the certificate buyback auction amounts. As a result, since 4Q13, we have included the carry-forward credits in the quarterly calculation of the adjusted FIES days receivables, which are effectively received in the opening days of the subsequent month.

In 3Q14, **FIES accounts receivable** grew by R$93.6 million over the previous quarter to R$222.2 million, a normal result of both the concentration of FIES contract amendments at the beginning of the first semester and the increase in the FIES student base.

FIES carry-forward credits fell by R$32.4 million over 3Q14 to R$50.0 million. Since the FNDE has formalized the new monthly buyback auction schedule, which had actually been effective since 4Q13, the amounts related to the buyback of certificates have been received in the opening days of the subsequent month, so the balance of our carry-forward credits account is always higher at the end of the month, despite the fact that we receive the transfer only a few days later. In 3Q14, the amount pending for reception in September was R$50.0 million, versus R$81.4 million in July. The average FIES days receivables, adjusted for this new schedule, reached 86 days.

Table 23 – Evolution of FIES Accounts Receivable*

FIES Accounts Receivable (R$ MM)	3Q13	4Q13	1Q14	2Q14	3Q14
Opening Balance	**77.3**	**100.2**	**78.9**	**147.2**	**128.6**
(+) FIES Net Revenue	167.2	171.4	225.7	289.6	296.3
(-) Transfer	135.3	180.9	146.5	293.8	190.6
(-) FIES PDA	9.4	11.1	10.8	14.5	14.8
(+) Acquisitions	0.4	-0.7	0.0	0.0	2.6
Ending Balance	**100.2**	**78.9**	**147.2**	**128.6**	**222.2**

Table 24 – Evolution of FIES Carry-Forward Credits*

FIES Carry-Forward Credits (R$ MM)	3Q13	4Q13	1Q14	2Q14	3Q14
Opening Balance	**0.5**	**0.3**	**44.4**	**63.6**	**82.4**
(+) Transfer	135.3	180.9	146.5	293.8	190.6
(-) Tax payment	52.2	50.7	40.5	70.8	70.2
(-) Repurchase auctions	83.3	86.2	86.8	204.3	152.8
Ending Balance	**0.3**	**44.4**	**63.6**	**82.4**	**50.0**

Table 25 – Aging of Total Gross Accounts Receivable

Breakdown of Accounts Receivable by Age (R$ million)	3Q13	%	3Q14	%
FIES	100.2	18%	222.2	25%
Not yet due	90.6	18%	108.6	19%
Overdue up to 30 days	62.6	10%	71.9	9%
Overdue from 31 to 60 days	34.3	9%	39.3	8%
Overdue from 61 to 90 days	9.7	9%	24.2	9%
Overdue from 91 to 179 days	59.6	15%	73.7	12%
Overdue more than 180 days	83.9	21%	101.7	18%
TOTAL	**440.9**	**100%**	**641.5**	**100%**

Table 26 – Aging of Agreements Receivable[1]

Breakdown of Agreements by Age (R$ million)	3Q13	%	3Q14	%
Not yet due	28.9	40%	28.6	55%
Overdue up to 30 days	2.6	11%	2.6	10%
Overdue from 31 to 60 days	1.3	6%	2.4	7%
Overdue from 61 to 90 days	0.9	7%	2.0	6%
Overdue from 91 to 179 days	5.0	19%	5.3	11%
Overdue more than 180 days	7.2	16%	6.5	11%
TOTAL	**46.0**	**100%**	**47.4**	**100%**
% over Accounts Receivable	**10%**		**7%**	

*1 Excludes credit card agreements

(*) Figures not reviewed by the auditors

Thanks to the continuation of our rigorous debt renegotiation policies, in 3Q14, our percentage of agreements in relation to our receivables portfolio remained low, with only 7% of total receivables coming from renegotiations with students, 3 p.p. less than the amount recorded in 3Q13. In addition, the percentage of receivables from renegotiations overdue by more than 60 days accounted for 27% of total agreements, or just 2.1% 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 27 – 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	09/30/2014
TOTAL	90.0	153.8	(82.0)	71.7	(60.1)	101.7

Table 28 – Reconciliation of the Provision for Doubtful Account Balances in the Balance Sheet

	09/30/2014
Additional Provision	71.7
PDA of acquired companies	(10.7)
Total	**61.0**

Investments (CAPEX and Acquisitions)

Table 29 – CAPEX Breakdown

R$ million	3Q13	3Q14	Change	9M13	9M14	Change
Total CAPEX[1]	**32.6**	**59.5**	**82.5%**	**76.3**	**127.5**	**67.1%**
Maintenance	**16.2**	**37.0**	**128.4%**	**42.5**	**81.1**	**90.8%**
Discretionary and Expansion	**16.4**	**22.5**	**37.2%**	**33.8**	**46.4**	**37.3%**
Academic Model	1.7	1.5	-11.8%	5.7	4.8	-15.8%
New IT Architecture	3.2	3.7	15.6%	8.8	8.7	-1.1%
Integration Processes	-	0.5	N.A.	0.4	0.9	125.0%
Tablet Project	6.9	6.1	-11.6%	12.1	13.1	8.3%
Computers	0.6	1.7	183.3%	0.6	1.7	183.3%
Expansion	4.0	8.9	122.5%	6.2	17.1	175.8%
Acquisitions	**-**	**948.4**	**N.A.**	**26.9**	**949.2**	**3428.6%**

[1]Excluindo goodwill and investments in acquisitions.

Total CAPEX (excluding acquisitions) came to R$59.5 million in 3Q14, 82.5% more than in 3Q13, reflecting our initiatives to ensure greater CAPEX linearization throughout the year, avoiding concentration in the fourth quarters of each year.

Maintenance CAPEX totaled R$37.0 million this quarter, 128.4% up on 3Q13, mostly allocated to upgrading software and hardware, as well as to the modernization of equipment, libraries and laboratories in our units. We also invested around R$1.5 million in the **Academic Model** (creation of content and distance-learning development and production); R$6.1 million in the Tablet Project and R$3.7 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$8.9 million in 3Q14 and refer to investments in new units, existing units and new rooms, already with a focus on the 2015 intake cycle, always aiming to better accommodate our student base growth.

In the **acquisitions** line**,** the main investments are related to the UniSEB acquisition, made partly in cash (R$308.8 million) and partly through the issue of 17,853,127 ordinary shares. Besides, it is worth remembering we also concluded the acquisition of IESAM and Literatus in the period.

Capitalization and Cash

Table 30 – Capitalization and Cash

R$ MM	09/30/2013	06/30/2014	09/30/2014
Shareholders' Equity	**1,528.3**	**1,752.0**	**2,420.8**
Cash & Cash Equivalents	**806.1**	**787.4**	**434.9**
Total Gross Debt	**(318.7)**	**(312.8)**	**(392.3)**
Loans and Financing	(280.0)	(269.0)	(290.9)
Short Term	(29.1)	(16.2)	(26.3)
Long Term	(250.9)	(252.8)	(264.6)
Commitments to Pay	(30.0)	(36.0)	(82.4)
Taxes Paid in Installments	(8.7)	(7.9)	(19.0)
Cash / Net Debt	**487.3**	**474.6**	**42.6**

Cash and cash equivalents closed September at R$434.9 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$290.9 million corresponded mainly to the Company's first local debenture issue totaling R$200 million, the loan from the IFC (first loan of R$48.5 million and withdrawal of around R$20 million from the second line of funding) and the capitalization of equipment leasing expenses in compliance with Federal Law 11,638. We have also included the commitments for future payments related to acquisitions made, totaling around R$82.4 million, as well as taxes payable in installments, to determine our **gross debt**, which came to R$392.3 million at the close of the quarter. As a result, **net cash** closed 3Q14 at R$42.6 million.

Cash Flow

The table below shows the main lines of our cash flow from two points of view: with and without adjustments for the new FIES buyback schedule, which was formalized by the FNDE in 2Q14. Under the new schedule, the amounts from the buyback auctions at the end of each month are in fact received only in the opening days of the subsequent month. As a result, the referred amounts in our carry-forward credits account at the end of the quarters and paid in the following month totaled R$44.0 million in December, R$63.1 million in March, R$81.4 million in June and R$50.0 million in September.

Table 31 – Cash Flow (Unadjusted)

Cash Flow Statement (R$ million)	3Q13	3Q14	9M13	9M14
Profit before income taxes and social contribution	89.9	127.1	206.2	351.7
Adjustments to reconcile profit to net cash generated:	42.6	53.6	132.8	147.4
Result after reconciliation to net cash generated	132.5	180.7	339.0	499.1
Changes in assets and liabilities:	(42.7)	(47.2)	(147.3)	(201.7)
Net cash provided by (used in) operating activities:	89.8	133.5	191.6	297.4
CAPEX (Ex-Acquisitions)	(32.6)	(59.5)	(76.3)	(127.5)
Operational Cash Flow:	57.2	74.0	115.3	169.9
Other investing activities:	(2.2)	(957.9)	(33.7)	(963.6)
Net cash provided by (used in) investing activities	55.1	(883.9)	81.6	(793.8)
Cash flows from financing activities:	8.9	531.6	584.0	489.8
Net cash provided by (used in) financing activities	64.2	(352.1)	665.6	(303.8)
Cash and cash equivalents at the beginning of the period	741.9	787.4	140.5	739.2
Increase in cash and cash equivalents	64.2	(352.1)	665.6	(303.8)
Cash and cash equivalents at the end of the period	806.1	435.4	806.1	435.4

Table 32 –Cash Flow (Adjusted)

Cash Flow Statement (R$ million)	3Q13	3Q14	9M13	9M14
Profit before income taxes and social contribution	89.9	127.1	206.2	351.7
Adjustments to reconcile profit to net cash generated:	42.6	53.6	132.8	147.4
Result after reconciliation to net cash generated	132.5	180.7	339.0	499.1
Changes in assets and liabilities:	(42.7)	(78.7)	(147.3)	(195.7)
Net cash provided by (used in) operating activities:	89.8	102.0	191.6	303.4
CAPEX (Ex-Acquisitions)	(32.6)	(59.5)	(76.3)	(127.5)
Operational Cash Flow:	57.2	42.5	115.3	175.9
Other investing activities:	(2.2)	(957.9)	(33.7)	(963.6)
Net cash provided by (used in) investing activities	55.1	(915.4)	81.6	(787.8)
Cash flows from financing activities:	8.9	531.6	584.0	489.8
Net cash provided by (used in) financing activities	64.2	(383.6)	665.6	(297.8)
Cash and cash equivalents at the beginning of the period	741.9	868.9	140.5	783.2
Increase in cash and cash equivalents	64.2	(383.6)	665.6	(297.8)
Cash and cash equivalents at the end of the period	806.1	485.4	806.1	485.4

In 3Q14, **operational cash flow** was positive by R$74.0 million, R$16.8 million up on 3Q13. Adjusting for the new FIES schedule, which benefits even quarters much more given the additional flow of amendments and the higher volume of receptions in these quarters, **adjusted operational cash flow**, assuming the buyback auction amounts received in July and October had in fact been received in June and September, totaled R$42.5 million in 3Q14.

It is worth noting that the FIES student amendment process was late this quarter, due to the impact of the World Cup on the academic calendar and also to operating problems in SisFIES in August, thereby hurting the working capital variation flow in 3Q14.

In 9M14, **operating cash flow** was positive by R$169.9 million, a R$54.5 million year-on-year improvement, while **adjusted operating cash flow** reached R$175.9 million, R$60.5 million more than in 3Q13. Our even higher cash generation in 2014 confirms our increasing ability to improve this indicator.

Operational cash flow before CAPEX came to R$133.5 million, R$43.7 million more than in 3Q13, while year-to-date **operational cash flow before CAPEX** totaled R$297.4 million, R$105.7 million up on 9M13.

Key Material Facts

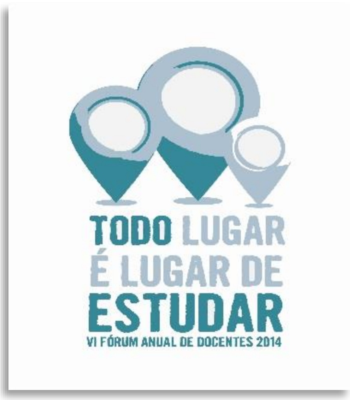
Acquisition of Literatus

Faculdade Literatus, with two units in Manaus, is now part of the Estácio Group. With the R$48 million acquisition, Estácio has increased its national presence and now maintains operations in 21 states and the Federal District.

Literatus has 22 undergraduate and 25 graduate programs, as well as a General Course Index (IGC) rating of 3 (on a scale of 1 to 5). It currently has around 4,800 enrolled students, out of a total of 14,200 seats, including all courses.

“Manaus was the number one priority in our expansion plans, so our entry into Amazonas is a special moment for us. We will bring innovative, inclusive and employability-committed education to the city, as we are already offering in the region in our Belém, Macapá and Boa Vista units ” declared Estácio’s CEO, Rogério Melzi.

Estácio holds the 6th Annual Faculty Forum



This event, whose purpose is to train, recognize and add value to our Faculty, was held on August 6th and 7th in Rio de Janeiro. This year’s theme was “Everywhere is a place to study”. Activities focused on those initiatives needed to ensure that educational institutions cease to be regarded as a mere space for the transmission of information. The schedule included lectures and presentations of institutional projects and best teaching practices.

More than one thousand teachers took part, selected for their excellence in developing educational practices that effectively contribute to the learning process.

“Você Aprende Mais” will be responsible for iG Educação

The Continuous Education Department has just entered into an important strategic partnership for Estácio. From now on, the Você Aprende Mais (You Learn More) portal, Estácio’s short-duration course platform, will be responsible for managing and operating the courses of iG Educação, the education branch of iG portal, one of Brazil’s largest online platforms, which currently receives more than 33 million monthly visits. Completing the partnership, we have WebAula, our traditional partner in educational Technologies, which is currently responsible for the LMS used by our students.

With this partnership, iG will help those who have little spare time and need to reconcile work, study and other routine activities. Among other facilities, iG Educação enables students to choose their own study hours in a flexible manner using their few spare moments to study via the Internet, no matter where they are.

In addition to a certificate issued by Estácio, the iG Educação courses will also include content from partners recognized as benchmarks in their respective fields of knowledge, all of which carefully selected to offer students the best possible experience.

Besides the potential benefits to our results, this partnership simbolizes the convergence pointed by experts around the world as the trend for the medium and long terms, between **Education** (Estácio), **Media** (iG), and **Technology** (WebAula).

Access the new iG Educação portal at this address: http://ig.voceaprendemais.com.br.

Focus on Innovation

- First NAVE Startup Meeting

ESPAÇO NAVE
NÚCLEO DE ACELERAÇÃO & VALORIZAÇÃO DA ESTÁCIO

In June, we hosted the First NAVE Startup Meeting in the Av. Venezuela building. The event was attended by specialists who have already mentored entrepreneurial students within the scope of the NAVE Program. More than 100 entrepreneurs, professionals and startup owners were present, as were Estácio officers Marcos Lemos, Gilberto Castro and Marcos Noll, and CEO Rogério Melzi.

The event began with the mentors introducing themselves and briefly relating their background and experience. Afterwards, there was a moment for networking with a coffee break, followed by a speech from our CEO, Rogério Melzi. Shortly after, Gustavo Caetano, CEO of Samba Tech and Director General of the Brazilian Startup Association (ABS), elected as a TR35, an award granted by MIT to innovative professionals under the age of 35, and also considered one of the 50 most innovative personalities in the Brazilian digital world, gave a lecture entitled “Innovate or Die Trying”. With an innovative and bold style, he surprised everyone with his ideas, perceptions and knowledge of the field. Gustavo has already shared his experience in events at MIT, UN and NASDAQ.

- NAVE Startup Program starts to show results

The NAVE program is beginning to show its first results: the **Plataforma Saúde** (Health Platform) Project, one of the participants in the NAVE Startup Program, whose co-founder is Tales Gomes, a former Marketing student at Estácio’s Petrópolis unit, was chosen to take part in the Third Panel of the federal government’s Startup Brasil program and will receive government funding of R$200.000. “I met them when I was a mentor at the First Rio Favela Startup Weekend at Morro da Providência, and then they were selected from among 70 other startup projects for the pre-acceleration of NAVE. It is a huge victory and an inspiration for other entrepreneur students at Estácio,” declared Lindália Reis, Estácio’s Innovation Officer.

Plataforma Saúde was chosen among thousands of entrants after being evaluated by the Judging Committee, comprising representatives of the government, the academic community and the market, in relation to four criteria: business model, solution, teamwork and dialogue.

In order to receive the funds from the program, the startup, which offers diagnostic services through mobile technologies to communities with no access to health care, must, as of publication of the result in the *Diário Oficial da União* (Official Gazette), enter into an agreement with one of the accelerators supported by the Program.

"The resources from the Startup Brasil program will allow us to take the Plataforma Saúde to more people, generating more social impact, which has always been our final objective," declared the company’s co-founder, Tales Gomes.

For more information on the Project, please go to: www.plataformasaude.net.br.

- Game Center Olympics

In 2014, we launched the Estácio Game Center Olympics, a competition based on our gaming environment for knowledge retention, learning reinforcement and job market simulations. The Estácio Game Center, which already has five different games, in addition to providing an environment that promotes knowledge and complements the extra-curricular learning process, also encourages competition among students, who are awarded in a national final.

All Estácio students, from any course or period, can have access. At the end of each semester, prizes are given to the best students in the ranking of each game. Since the first edition of the Estácio Game Center Olympics in the second half of 2013, more than 12,000 have already participated in the games. In the 2014.1 season, more than 1,200 players classified for the national semifinal, which occurred simultaneously in 75 units. Subsequently, Espaço NAVE received the 30 finalists representing 19 units for the big final.

Estácio, the official University of the 2016 Rio Olympic Games

Estácio will be the main partner in the Rio 2016 Olympics' training area, responsible for training the 120,000 volunteers who will be working at the event. All in all, Estácio will create 1,600 different types of content for several courses. These modules will last for between four and twelve hours and the subjects are defined by the Organizing Committee, including "Service Guidance" and "Leadership". However, most of the courses will address the installations, where the competitions for the 94 Olympic sports will take place.

Selection of the volunteers by the Organizing Committee will begin between February and May 2015. Estácio will offer its installations in ten cities that will be the registration points for volunteers from all over the country: Rio de Janeiro, São Paulo, Salvador, Brasília, Belo Horizonte, Porto Alegre, Curitiba, Belém, Fortaleza and Recife. Between February and July 2016, volunteers will be trained for Rio 2016 Olympic Games. Courses will be on-campus, online or mixed, depending on the subject. Part of the training will be given by Estácio's teachers and part by the Organizing Committee's teams.

"Just as the Olympic Games express the pinnacle of excellence achieved by athletes after years of preparation and development, for 45 years Estácio has devoted itself to instructing adults and promoting their professional ascent. I have no doubt that, throughout all these years, our institution has contributed to the formation of better citizens and the sustainable development of the communities where we operate, with a significant impact on Brazil's progress and development. Specifically in regard to Rio de Janeiro, our commitment to the city's development is in our DNA and we have been investing there since our creation, and the locals are keenly aware of this relationship", declared Estácio's CEO, Rogério Melzi.

Support for Sport: Schurmann Family Expedition

On September 21st, the Schurmann Family ventured into the sea for the Orient Expedition, sponsored by Estácio. The expedition brings various innovations, several of which related to the sailboat KAT, which was built with sustainability and the efficient use of water and energy in mind.

Departing from Itajaí (SC), the Schurmanns will pass through Ushuaia, Brisbane, Auckland and many other ports, cities and regions around the world on their way to China. The crew also intend to carry out scientific research and to film a documentary.

As part of the warm-up activities, on August 25th (Guarujá) and 30th (Rio de Janeiro), Estácio students and employees sailed with the Schurmanns. Captain Vilfredo and the Sustainability and Communications department welcomed the Estácio contingent for the trip, which included a wealth of entertaining stories and an on-board lunch. The students had been selected through a cultural contest carried out jointly with Estácio's Marketing team.

"Vilfredo Schurmann is a great man and he has taught us a wonderful lesson in life. I learned a lot spending these hours with him and listening to his unique stories!" declared Ana Paula, one of the winners, a student at the Tom Jobim unit.

Corporate Social Responsibility

This quarter we advanced in the consolidation of the "**Estácio na Escola**" (Estácio in School) program, which seeks to support existing public projects and policies together with local public education offices in cities where we operate. The **Estácio na Escola** is another support lever to encourange young high school students to take an interest in their studies and the possibility of becoming teachers in the future. In this context, we highlight our "Degree Fair" on Arts and Physical Education, held in Nova Friburgo (RJ), impacting around 60 students; in Porto Alegre (RS), impacting around 90 students; in Aracaju (SE), impacting around 130 students. Juiz de Fora (MG), with 170 students; and Salvador (BA), with more than 320 impacted students. We have the goal to extend this program to other subject areas, reaching schools in states where Estácio is present.

Furthermore, last month we launched our **Corporate Social Responsibility** portal **– *Educar para Transformar* (Educate to Transform)**. Find out more at http://portal.estacio.br/educar-para-transformar/.

2014 Estácio Journalism Award

On September 24th, Estácio announced the nine winner of the 2014 Estácio Journalism Award, in a ceremony in Rio de Janeiro, which gathered around 80 journalists from all over Brazil. Media groups such as *Folha de S.Paulo*, *Estadão, TV Globo*, and *Rádio CBN* are some of the winners. A total of R$100,000 was distributed to the winner of the Grand Prize and the other eight winners of specific categories.

Ana Sacoman, journalist from *Estado de S.Paulo,* was the winner of the Grand Prize, with the series of articles "*Especial USP 80 anos*". She reiterated journalists need to cover educational topics. "The prize helps to maintain education on the spotlight. Talking about education is a challenge. I have been writing about it for one year and every day I learn new things. We cannot lose this space and this award encourages both national and regional press vehicles to keep talking about education, investigating and giving space to the sector. The role of the reporter is also of a watchdog.", said the reporter.

This year's award exceeded the number of applications from previous editions. A total of 261 works were submitted, an increase of 23% in comparison to last year's edition. In total, 126 media vehicles of 20 states and the Federal District participated in this year's edition. During the year, the award generated around 100 articles in top media vehichles in 14 different states. The total valuation of the spontaneous media generated was of R$300,000.

Created in 2011, the award aims to encourage news coverage on Higher Education, widening the debate and increasing its importance to our country's development. Since its creation, more than 500 media professionals have already participated, with more than 760 works submitted, considering print, internet, TV, and radio medias.

Learn more about the award here: www.premioestaciodejornalismo.com.br (Portuguese only).

Results Conference Call

Conference Call (in Portuguese)	Conference Call (in English)
Date: November 7, 2014 (Friday)	Date: November 7, 2014 (Friday)
Time: 10:00 a.m. (Brasília) / 7:00 a.m. (US ET)	Time: 11:30 a.m. (Brasília) / 8:30 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 November 14	Replay: available until November 18
Phone: +55 (11) 3127-4999	Phone: +1 (412) 317-0088
Access Code: 54268201	Access Code: 10054090

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	3Q13	3Q14	Change	3Q13	3Q14	Change
Gross Operating Revenue	**657.4**	**912.3**	**38.8%**	**657.4**	**862.1**	**31.1%**
Monthly Tuition Fees	650.5	881.4	35.5%	650.5	833.0	28.1%
Pronatec	-	23.5	N.A.	-	22.6	N.A.
Others	6.8	7.5	10.3%	6.8	6.5	-4.4%
Gross Revenue Deductions	**(219.2)**	**(287.6)**	**31.2%**	**(219.2)**	**(278.7)**	**27.1%**
Scholarships and Discounts	(192.2)	(246.5)	28.3%	(192.2)	(239.3)	24.5%
Taxes	(18.0)	(27.0)	50.0%	(18.0)	(25.4)	41.1%
FGEDUC	(8.9)	(14.1)	58.4%	(8.9)	(14.1)	58.4%
Net Operating Revenue	**438.2**	**624.8**	**42.6%**	**438.2**	**583.4**	**33.1%**
Cost of Services	**(250.1)**	**(343.5)**	**37.3%**	**(250.1)**	**(325.4)**	**30.1%**
Personnel	(178.0)	(248.8)	39.8%	(178.0)	(235.5)	32.3%
Rentals / Real Estate Taxes Expenses	(37.2)	(46.6)	25.3%	(37.2)	(44.9)	20.7%
Textbooks Materials	(9.2)	(9.4)	2.2%	(9.2)	(9.0)	-2.2%
Third-Party Services and Others	(13.7)	(17.9)	30.7%	(13.7)	(17.1)	24.6%
Depreciation	(12.0)	(20.8)	73.3%	(12.0)	(18.9)	57.5%
Gross Profit	**188.1**	**281.2**	**49.5%**	**188.1**	**258.0**	**37.2%**
Gross Margin	***42.9%***	***45.0%***	***2.1 p.p.***	***42.9%***	***44.2%***	***1.3 p.p.***
Selling, General and Administrative Expenses	**(104.0)**	**(144.3)**	**38.8%**	**(104.0)**	**(132.2)**	**27.1%**
Selling Expenses	**(40.8)**	**(45.9)**	**12.5%**	**(40.8)**	**(43.1)**	**5.6%**
Provisions for Doubtful Accounts	(18.0)	(11.5)	-36.1%	(18.0)	(9.6)	-46.7%
Marketing	(22.9)	(34.4)	50.2%	(22.9)	(33.5)	46.3%
General and Administrative Expenses	**(58.3)**	**(92.1)**	**58.0%**	**(58.3)**	**(82.8)**	**42.0%**
Personnel	(27.8)	(52.5)	88.8%	(27.8)	(47.9)	72.3%
Others	(30.5)	(39.5)	29.5%	(30.5)	(34.9)	14.4%
Depreciation	**(4.8)**	**(6.3)**	**31.3%**	**(4.8)**	**(6.3)**	**31.3%**
EBIT	**84.1**	**136.9**	**62.8%**	**84.1**	**125.8**	**49.6%**
EBIT Margin	***19.2%***	***21.9%***	***2.7 p.p.***	***19.2%***	***21.6%***	***2.4 p.p.***
(+) Depreciation	16.8	27.1	61.3%	16.8	25.2	50.0%
EBITDA	**100.9**	**164.0**	**62.6%**	**100.9**	**151.1**	**49.8%**
EBITDA Margin	***23.0%***	***26.3%***	***3.3 p.p.***	***23.0%***	***25.9%***	***2.9 p.p.***
Financial Result	5.8	(9.8)	N.A.	5.8	(9.6)	N.A.
Depreciation and Amortization	(16.8)	(27.1)	61.3%	(16.8)	(25.2)	50.0%
Social Contribution	(1.0)	1.4	N.A.	(1.0)	1.8	N.A.
Income Tax	(2.6)	4.4	N.A.	(2.6)	5.5	N.A.
Net Income	**86.3**	**133.0**	**54.1%**	**86.3**	**123.6**	**43.2%**
Net Income Margin	***19.7%***	***21.3%***	***1.6 p.p.***	***19.7%***	***21.2%***	***1.5 p.p.***

R$ MM	Consolidated 9M13	9M14	Change
Gross Operating Revenue	**1,886.1**	**2,528.2**	**34.0%**
Monthly Tuition Fees	1,866.4	2,473.2	32.5%
Pronatec	-	33.3	N.A.
Others	19.7	21.8	10.7%
Gross Revenue Deductions	**(591.1)**	**(776.2)**	**31.3%**
Scholarships and Discounts	(522.7)	(664.3)	27.1%
Taxes	(54.4)	(73.5)	35.1%
FGEDUC	(14.1)	(38.4)	N.A.
Net Operating Revenue	**1,295.0**	**1,752.1**	**35.3%**
Cost of Services	**(763.2)**	**(1,001.0)**	**31.2%**
Personnel	(548.8)	(735.7)	34.1%
Rentals / Real Estate Taxes Expenses	(102.8)	(129.7)	26.2%
Textbooks Materials	(32.2)	(37.4)	16.1%
Third-Party Services and Others	(44.1)	(49.3)	11.8%
Depreciation	(35.4)	(48.9)	38.1%
Gross Profit	**531.8**	**751.1**	**41.2%**
Gross Margin	***41.1%***	***42.9%***	***1.8 p.p.***
Selling, General and Administrative Expenses	**(330.0)**	**(419.8)**	**27.2%**
Selling Expenses	**(139.9)**	**(175.3)**	**25.3%**
Provisions for Doubtful Accounts	(62.8)	(64.0)	1.9%
Marketing	(77.1)	(111.3)	44.4%
General and Administrative Expenses	**(172.8)**	**(225.2)**	**30.3%**
Personnel	(86.9)	(117.9)	35.7%
Others	(85.9)	(107.3)	24.9%
Depreciation	**(17.3)**	**(19.3)**	**11.6%**
EBIT	**201.7**	**331.3**	**64.3%**
EBIT Margin	***15.6%***	***18.9%***	***3.3 p.p.***
(+) Depreciation	52.8	68.2	29.2%
EBITDA	**254.5**	**399.5**	**57.0%**
EBITDA Margin	***19.7%***	***22.8%***	***3.1 p.p.***
Financial Result	4.5	20.4	353.3%
Depreciation and Amortization	(52.8)	(68.2)	29.2%
Social Contribution	(1.9)	(1.9)	0.0%
Income Tax	(4.7)	(5.0)	6.4%
Net Income	**199.6**	**344.8**	**72.7%**
Net Income Margin	***15.4%***	***19.7%***	***4.3 p.p.***

Balance Sheet in IFRS

R$ MM	09/30/2013	06/30/2014	09/30/2014
Short-Term Assets	**1,282.9**	**1,459.3**	**1,212.1**
Cash & Cash Equivalents	9.9	19.4	25.7
Short-Term Investments	796.2	768.0	409.2
Accounts Receivable	355.1	423.7	533.0
Carry-Forwards Credits	4.7	86.1	54.3
Advance to Employees / Third-Parties	24.8	37.8	35.4
Related Parties	0.3	0.3	(0.0)
Prepaid Expenses	42.0	29.2	46.5
Taxes and contributions	26.5	63.9	73.4
Others	23.5	30.8	34.6
Long-Term Assets	**813.5**	**904.7**	**1,960.5**
Non-Current Assets	**160.3**	**171.8**	**186.6**
Prepaid Expenses	2.5	2.9	9.3
Judicial Deposits	99.2	115.3	116.7
Taxes and contributions	25.1	24.3	24.4
Deferred Taxes and others	33.5	29.4	36.2
Permanent Assets	**653.1**	**732.9**	**1,773.9**
Investments	0.2	0.2	0.2
Fixed Assets	307.9	351.2	454.0
Intangible	345.0	381.5	1,319.7
Total Assets	**2,096.4**	**2,364.0**	**3,172.6**
Short-Term Liabilities	**227.9**	**271.4**	**342.5**
Loans and Financing	29.1	16.2	26.3
Suppliers	35.2	36.8	54.6
Salaries and Payroll Charges	105.3	142.6	166.4
Taxes Payable	32.0	40.1	51.6
Prepaid Monthly Tuition Fees	5.2	6.5	9.2
Advances under Partnership Agreement	2.9	2.9	2.9
Taxes Paid in Installments	1.6	1.4	3.4
Dividends Payable	-	0.1	0.1
Commitments Payable	13.4	21.6	18.1
Others	3.2	3.3	9.9
Long-Term Liabilities	**340.2**	**340.6**	**409.3**
Loans and Financing	250.9	252.8	264.6
Provisions for Contingencies	27.1	26.1	28.1
Advances under Partnership Agreement	9.9	7.7	7.0
Taxes Paid in Installments	7.1	6.5	15.6
Provision for asset retirement obligations	15.0	14.7	14.9
Deferred Taxes	5.0	8.0	3.3
Commitments Payable	16.6	14.4	64.3
Others	8.6	10.4	11.4
Shareholders' Equity	**1,528.3**	**1,752.0**	**2,420.8**
Capital	1,009.9	1,028.1	1,053.1
Share Issuance Expenses	(26.9)	(26.9)	(26.9)
Capital Reserves	119.4	126.2	636.9
Earnings Reserves	237.6	424.2	424.2
Retained Earnings	199.6	211.7	344.8
Treasury Stocks	(11.3)	(11.3)	(11.3)
Total Liabilities and Shareholders' Equity	**2,096.4**	**2,364.0**	**3,172.6**

Cash Flow Statement

Cash flow statement not adjusted for the new FIES buyback auction reception schedule.

Cash Flow Statement (R$ million)	3Q13	3Q14	9M13	9M14
Profit before income taxes and social contribution	**89.9**	**127.1**	**206.2**	**351.7**
Adjustments to reconcile profit to net cash generated:	**42.6**	**42.4**	**132.8**	**136.2**
Depreciation and amortization	16.6	27.0	52.3	67.8
Amortization of funding costs (IFC and bonds)	0.1	0.1	0.5	0.4
Net book amount of property and equipment written-off	0.1	0.9	0.3	1.0
Provision for impairment of trade receivables	17.5	10.5	59.1	61.0
Options granted	1.7	5.8	5.1	5.8
Earnings on financial investments	(1.7)	(11.0)	(6.8)	(22.7)
Provision for contingencies	1.7	0.4	3.7	(1.8)
Appropriation of agreements	(0.7)	(0.7)	(2.2)	(2.2)
Interest on commitments payable	0.2	0.8	1.5	2.5
Interest on borrowings	6.9	8.3	18.3	23.6
Increase in provision for decommissioning of assets	0.2	0.2	1.0	0.8
Result after reconciliation to net cash generated	**132.5**	**169.5**	**339.0**	**487.9**
Changes in assets and liabilities:	**(42.7)**	**(47.2)**	**(147.3)**	**(201.7)**
(Increase) in accounts receivable	(26.6)	(101.6)	(133.4)	(241.3)
Decrease (increase) in other assets	7.5	28.8	(4.8)	(13.1)
Increase) decrease in advances to employees / third parties	2.7	2.7	1.2	(1.7)
(Increase) decrease in prepaid expenses	(15.9)	(12.8)	(11.0)	15.5
(Increase) decrease in taxes and contributions	(16.4)	(16.2)	(25.3)	(48.6)
Increase (decrease) in suppliers	7.7	14.8	(0.7)	11.2
Increase (decrease) in taxes payable	6.2	14.3	5.9	7.3
Increase (decrease) in payroll and related charges	5.6	17.5	38.8	80.4
(Decrease) in prepaid monthly tuition fees	(2.2)	1.1	(3.7)	(3.5)
Payment of civil claims	-	0.0	0.2	0.0
Provision for decommissioning of assets	-	0.0	-	(0.0)
Increase (decrease) in other liabilities	1.9	3.0	5.0	4.4
Decrease (increase) in taxes paid in installments	(0.6)	(7.7)	(0.6)	(8.3)
(Decrease) in non-current assets	(6.7)	(0.3)	(7.3)	1.1
Increase in judicial deposits	(6.7)	(1.1)	(16.0)	(12.3)
Interest paid on borrowings	(1.0)	(1.2)	(12.2)	(16.4)
IRPJ and CSLL paid	-	0.7	(2.7)	0.9
Net cash provided by (used in) operating activities:	**89.8**	**122.3**	**191.6**	**286.1**
CAPEX (Ex-Acquisitions)	**(32.6)**	**(59.5)**	**(76.3)**	**(127.5)**
Operational Cash Flow:	**57.2**	**62.8**	**115.3**	**158.6**
	-	-	-	-
Other investing activities:	**(2.2)**	**(946.7)**	**(33.7)**	**(952.4)**
Acquisitions	-	(937.2)	(26.9)	(938.0)
Amortization of funding costs (IFC and bonds)	0.1	0.1	0.5	0.4
Net book amount of property and equipment written-off	(0.1)	(0.9)	(0.3)	(1.0)
Investment/loan to subsidiaries	(1.1)	0.3	(0.3)	0.3
Commitments payable	(1.2)	(8.9)	(6.7)	(14.2)
Net cash provided by (used in) investing activities	**55.1**	**(883.9)**	**81.6**	**(793.8)**
Cash flows from financing activities:	**8.9**	**531.6**	**584.0**	**489.8**
Capital increase	9.4	25.0	640.5	42.4
Dividends	(0.0)	(0.0)	(26.1)	(58.0)
Goodwill adjustment in share subscription	-	493.7	-	498.9
Expenditure on issuance of shares	(0.3)	-	(24.0)	-
Net increase in borrowings	(0.1)	12.9	(6.5)	6.6
Net cash provided by (used in) financing activities	**64.2**	**(352.1)**	**665.6**	**(303.8)**
Cash and cash equivalents at the beginning of the period	**741.9**	**787.4**	**140.5**	**739.2**
Increase in cash and cash equivalents	64.2	(352.1)	665.6	(303.8)
Cash and cash equivalents at the end of the period	**806.1**	**435.4**	**806.1**	**435.4**

Cash flow statement adjusted for the new FIES buyback auction reception schedule.

Cash Flow Statement (R$ million)	3Q13	3Q14	9M13	9M14
Profit before income taxes and social contribution	**89.9**	**127.1**	**206.2**	**351.7**
Adjustments to reconcile profit to net cash generated:	**42.6**	**42.4**	**132.8**	**136.2**
Depreciation and amortization	16.6	27.0	52.3	67.8
Amortization of funding costs (IFC and bonds)	0.1	0.1	0.5	0.4
Net book amount of property and equipment written-off	0.1	0.9	0.3	1.0
Provision for impairment of trade receivables	17.5	10.5	59.1	61.0
Options granted	1.7	5.8	5.1	5.8
Earnings on financial investments	(1.7)	(11.0)	(6.8)	(22.7)
Provision for contingencies	1.7	0.4	3.7	(1.8)
Appropriation of agreements	(0.7)	(0.7)	(2.2)	(2.2)
Interest on commitments payable	0.2	0.8	1.5	2.5
Interest on borrowings	6.9	8.3	18.3	23.6
Increase in provision for decommissioning of assets	0.2	0.2	1.0	0.8
Result after reconciliation to net cash generated	**132.5**	**169.5**	**339.0**	**487.9**
Changes in assets and liabilities:	**(42.7)**	**(78.7)**	**(147.3)**	**(195.7)**
(Increase) in accounts receivable	(26.6)	(101.6)	(133.4)	(241.3)
Decrease (increase) in other assets	7.5	(2.7)	(4.8)	(7.1)
Increase) decrease in advances to employees / third parties	2.7	2.7	1.2	(1.7)
(Increase) decrease in prepaid expenses	(15.9)	(12.8)	(11.0)	15.5
(Increase) decrease in taxes and contributions	(16.4)	(16.2)	(25.3)	(48.6)
Increase (decrease) in suppliers	7.7	14.8	(0.7)	11.2
Increase (decrease) in taxes payable	6.2	14.3	5.9	7.3
Increase (decrease) in payroll and related charges	5.6	17.5	38.8	80.4
(Decrease) in prepaid monthly tuition fees	(2.2)	1.1	(3.7)	(3.5)
Payment of civil claims	-	0.0	0.2	0.0
Provision for decommissioning of assets	-	0.0	-	(0.0)
Increase (decrease) in other liabilities	1.9	3.0	5.0	4.4
Decrease (increase) in taxes paid in installments	(0.6)	(7.7)	(0.6)	(8.3)
(Decrease) in non-current assets	(6.7)	(0.3)	(7.3)	1.1
Increase in judicial deposits	(6.7)	(1.1)	(16.0)	(12.3)
Interest paid on borrowings	(1.0)	(1.2)	(12.2)	(16.4)
IRPJ and CSLL paid	-	0.7	(2.7)	0.9
Net cash provided by (used in) operating activities:	**89.8**	**90.8**	**191.6**	**292.1**
	-	-	-	-
CAPEX (Ex-Acquisitions)	**(32.6)**	**(59.5)**	**(76.3)**	**(127.5)**
Operational Cash Flow:	**57.2**	**31.3**	**115.3**	**164.6**
Other investing activities:	**(2.2)**	**(946.7)**	**(33.7)**	**(952.4)**
Acquisitions	-	(937.2)	(26.9)	(938.0)
Amortization of funding costs (IFC and bonds)	0.1	0.1	0.5	0.4
Net book amount of property and equipment written-off	(0.1)	(0.9)	(0.3)	(1.0)
Investment/loan to subsidiaries	(1.1)	0.3	(0.3)	0.3
Commitments payable	(1.2)	(8.9)	(6.7)	(14.2)
Net cash provided by (used in) investing activities	**55.1**	**(915.4)**	**81.6**	**(787.8)**
Cash flows from financing activities:	**8.9**	**531.6**	**584.0**	**489.8**
Capital increase	9.4	25.0	640.5	42.4
Dividends	(0.0)	(0.0)	(26.1)	(58.0)
Goodwill adjustment in share subscription	-	493.7	-	498.9
Expenditure on issuance of shares	(0.3)	-	(24.0)	-
Net increase in borrowings	(0.1)	12.9	(6.5)	6.6
Net cash provided by (used in) financing activities	**64.2**	**(383.6)**	**665.6**	**(297.8)**
	-	-	-	-
Cash and cash equivalents at the beginning of the period	**741.9**	**868.9**	**140.5**	**783.2**
Increase in cash and cash equivalents	64.2	(383.6)	665.6	(297.8)
Cash and cash equivalents at the end of the period	**806.1**	**485.4**	**806.1**	**485.4**

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.

Exhibit II – Student Base Evolution

On-Campus Evolution (Undergraduate)

'000	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
Students - Starting balance	**209.9**	**253.9**	**233.6**	**259.2**	**239.4**	**302.8**	**280.9**
(+/-) Acquisitions in the last 12 months (until 2Q)	-	3.6	-	-	(0.9)	(0.9)	(0.9)
(-) Graduates	(14.7)	-	(13.8)	-	(12.5)	-	(13.8)
Renewable Base	**195.2**	**257.5**	**219.8**	**259.2**	**226.0**	**301.9**	**266.2**
(+) Enrollments	85.3	-	63.8	-	105.7	-	67.5
(-) Dropouts	-	(23.9)	-	(20.7)	-	(21.9)	-
(-) Not Renewed	(26.6)	-	(24.4)	-	(29.8)	-	(30.4)
Students - same shops	**253.9**	**233.6**	**259.2**	**238.5**	**301.9**	**280.0**	**303.3**
(+) Acquisitions in the last 12 months (until 3Q)	-	-	-	0.9	0.9	0.9	10.2
(+) UniSEB (on-campus undergraduate)	-	-	-	-	-	-	2.2
Students - Ending Balance	**253.9**	**233.6**	**259.2**	**239.4**	**302.8**	**280.9**	**315.7**

Notes:
In 2Q13, we include the 3,600 students from FACITEC in the same-shop student base.
ASSESC (900 students) was acquired in 4Q13.
UniSEB (2,200 students), IESAM (4,500 students) and Literatus (4,800 students) were acquired in 3Q14.

Distance-Learning Evolution (Undergraduate)

'000	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
Students - Starting Balance	**46.1**	**59.4**	**54.0**	**63.1**	**55.5**	**73.0**	**66.6**
(-) Graduates	(0.2)	(0.9)	(1.0)	(0.4)	(1.7)	(0.8)	(2.4)
Renewable Base	**45.9**	**58.5**	**53.0**	**62.7**	**53.8**	**72.2**	**64.2**
(+) Enrollments	23.8	6.9	20.8	6.0	29.0	7.6	27.0
(-) Dropouts	(10.3)	(11.4)	(10.7)	(13.2)	(9.8)	(13.2)	(12.8)
Students - same shops	**59.4**	**54.0**	**63.1**	**55.5**	**73.0**	**66.6**	**78.4**
(+) UniSEB (distance learning undergraduate)	-	-	-	-	-	-	27.3
Students - Ending Balance	**59.4**	**54.0**	**63.1**	**55.5**	**73.0**	**66.6**	**105.7**

Note:
UniSEB (27,300 students) was acquired in 3Q14.

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

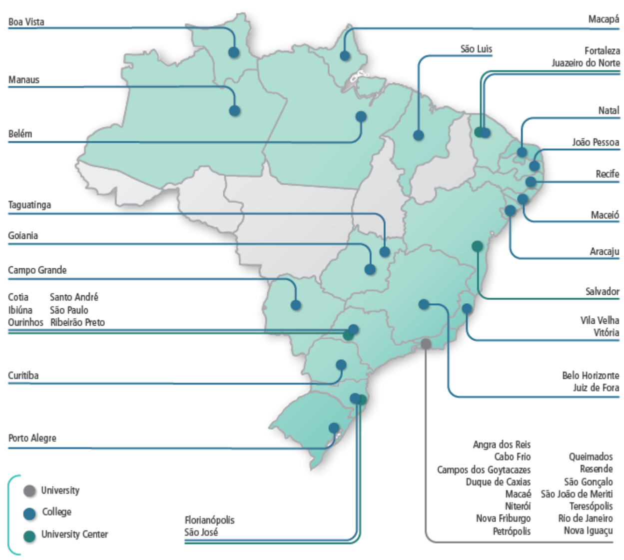
- Growth with profitability
- Organic expansion and through acquisitions

Financial Solidity

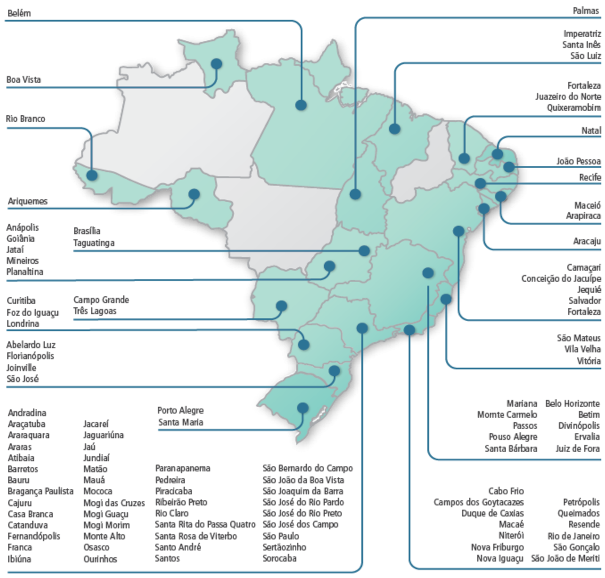
- Strong cash reserves
- Capacity to generate and raise funds
- Control of working capital

Estácio closed 3Q14 with 469,000 undergraduate, graduate and distance-learning students enrolled in its nationwide educational network, which now operates in 21 states, as well as the Federal District, following the acquisitions in recent years, as shown in the maps below.

On-Campus Operation
Locations Served



Distance Learning Operation



(A free translation of the original in Portuguese)

Estácio Participações S.A.

**Quarterly Information (ITR) at
September 30, 2014
and report on review of
quarterly information**

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Estácio Participações S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Estácio Participações S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2014, comprising the balance sheet as at that date and the statements of income and comprehensive income for the quarter and nine-month periods then ended and changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21 (R1), Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with CPC 21 (R1) and International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the parent company interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Other matters

Statement of value added

We have also reviewed the parent company and consolidated statements of value added for the nine-month period ended September 30, 2014. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Rio de Janeiro, November 6, 2014

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" RJ

Claudia Eliza Medeiros de Miranda
Contadora CRC 1RJ087128/O-0

Estácio Participações S.A.

Balance sheet

All amounts in thousands of reais (A free translation of the original in Portuguese)

Assets	September 30, 2014	December 31, 2013	Consolidated September 30, 2014	Consolidated December 31, 2013
Current assets				
Cash and cash equivalents (Note 3)	136	160	25,703	7,132
Marketable securities (Note 3)	215,416	654,505	409,190	732,051
Trade receivables (Note 4)			533,028	334,632
Accounts recoverable - Student Financing Fund (FIES) program (Note 29(a))			54,259	48,647
Advances to employees/third parties	21	19	35,399	33,442
Related parties (Note 5)	1,321	1,074		259
Prepaid expenses (Note 6)	507	122	46,544	57,515
Dividends receivable (Note 8)		58,118		
Interest on capital receivable	1,275	1,275		
Taxes and contributions (Note 7)	9,444	651	73,434	30,004
Other	1,363	1,340	34,593	26,319
	229,483	717,264	1,212,150	1,270,001
Non-current assets				
Long-term receivables				
Prepaid expenses (Note 6)			9,327	2,554
Judicial deposits (Note 16)	2,325	2,169	116,650	104,058
Deferred taxes (Note 28)			24,987	16,999
Taxes and contributions (Note 7)	3,660	6,483	24,392	25,634
Other	1	586	11,236	14,262
	5,986	9,238	186,592	163,507
Investments				
In subsidiaries (Note 8)	1,636,231	1,127,596		
Other			228	228
	1,636,231	1,127,596	228	228
Intangible assets (Note 9)	832,554	401	1,319,665	369,301
Property, plant and equipment (Note 10)	286	2,356	453,974	335,614
	2,469,071	1,130,353	1,773,867	705,143
	2,475,057	1,139,591	1,960,459	868,650
Total assets	2,704,540	1,856,855	3,172,609	2,138,651

Liabilities and equity	Parent company September 30, 2014	Parent company December 31, 2013	Consolidated September 30, 2014	Consolidated December 31, 2013
Current liabilities				
Trade payables	1,149	483	54,645	40,429
Borrowings (Note 11)	19,200	31,246	26,295	36,692
Payroll and related charges (Note 12)	189	135	166,431	79,672
Taxes payable (Note 13)	3,397	2,156	51,553	34,022
Prepaid monthly tuition fees (Note 29(b))			9,193	11,090
Advances under exclusivity agreements (Note 17)	1,800	1,800	2,887	2,887
Taxes paid in installments (Note 14)			3,402	1,495
Related parties (Note 5)	4,203	4,218		
Dividends payable (Note 18)	78	58,118	78	58,118
Purchase price payable (Note 15)			18,113	22,206
Other	2	5	9,930	3,498
	30,018	98,161	342,527	290,109
Non-current liabilities				
Long-term liabilities				
Borrowings (Note 11)	249,408	235,352	264,575	238,214
Provision for contingencies (Note 16)			28,096	28,380
Advances under exclusivity agreements (Note 17)	4,350	5,700	6,976	9,141
Taxes paid in installments (Note 14)			15,636	6,939
Deferred taxes (Note 28)			3,347	8,366
Provision for decommissioning of assets (Note 29(c))			14,919	14,095
Purchase price payable (Note 15)			64,322	17,266
Other			11,447	8,499
	253,758	241,052	409,318	330,900
Equity (Note 18)				
Share capital	1,053,098	1,010,687	1,053,098	1,010,687
Share issue costs	(26,852)	(26,852)	(26,852)	(26,852)
Capital reserves	636,934	120,981	636,934	120,981
Treasury shares	(11,348)	(11,348)	(11,348)	(11,348)
Revenue reserves	424,175	424,174	424,175	424,174
Profit for the period	344,757		344,757	
	2,420,764	1,517,642	2,420,764	1,517,642
Total liabilities and equity	2,704,540	1,856,855	3,172,609	2,138,651

The accompanying notes are an integral part of this quarterly information.

Estácio Participações S.A.

Statements of income
Periods ended September 30

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2014	**2013**	**2014**	**2013**
Continuing operations				
Net operating revenue (Note 23)			1,752,088	1,295,003
Cost of services rendered (Note 24)	(4)		(1,001,013)	(763,248)
Gross profit	(4)		751,075	531,755
Operating income (expenses)				
Selling expenses (Note 25)			(175,292)	(139,881)
General and administrative expenses (Note 25)	(8,729)	(6,407)	(258,214)	(201,557)
Equity in the results of subsidiaries (Note 8)	340,668	194,362		
Other operating income (Note 26)	1,267	1,296	13,708	11,390
Operating profit	333,202	189,251	331,277	201,707
Finance income (Note 27)	38,273	31,022	85,694	44,618
Finance costs (Note 27)	(25,093)	(18,499)	(65,279)	(40,159)
Finance income (costs), net	13,180	12,523	20,415	4,459
Profit before income tax and social contribution	346,382	201,774	351,692	206,166
Income tax (Note 28)	(1,190)	(1,590)	(5,006)	(4,657)
Social contribution (Note 28)	(435)	(579)	(1,929)	(1,904)
Profit for the period attributable to owners of the Company	344,757	199,605	344,757	199,605
Earnings per share - basic (Note 22)	0.00113	0.00068	0.00043	0.00029
Earnings per share - diluted (Note 22)	0.00112	0.00067	0.00043	0.00029

The Company has not obtained other comprehensive income for the periods ended September 30, 2014 and 2013.

The accompanying notes are an integral part of this quarterly information.

Estácio Participações S.A.

Statement of changes in equity

All amounts in thousands of reais (A free translation of the original in Portuguese)

			Capital reserves			Revenue reserves				
	Share capital	**Share issue costs**	**Long-Term Incentives**	**Share premium**	**Options granted**	**Legal**	**Profit retention**	**Treasury shares**	**Retained earnings**	**Total**
At January 1, 2013	369,319	(2,819)		96,565	17,733	19,263	218,322	(11,348)		707,035
Public offering of shares	616,723									616,723
Exercise of stock options	23,819									23,819
Options granted					5,102					5,102
Share issue costs		(24,033)								(24,033)
Treasury shares acquired								(4,216)		(4,216)
Share repurchase option								4,216		4,216
Profit for the year									199,605	199,605
At September 30, 2013	1,009,861	(26,852)		96,565	22,835	19,263	218,322	(11,348)	199,605	1,528,251
Exercise of stock options	826									826
Options granted					1,581					1,581
Share issue costs										
Profit for the year									45,102	45,102
Allocation of profit for the period										
Transfer to reserves						12,235	174,354		(186,589)	
Proposed dividends									(58,118)	(58,118)
At December 31, 2013	1,010,687	(26,852)		96,565	24,416	31,498	392,676	(11,348)		1,517,642
Exercise of stock options (Note 21)	42,412									42,412
Options granted					14,652					14,652
Long- term incentives			2,402							2,402
Profit retention										
Special goodwill reserve on merger				498,899						498,899
Profit for the period									344,757	344,757
At September 30, 2014	1,053,099	(26,852)	2,402	595,464	39,068	31,498	392,676	(11,348)	344,757	2,420,764

The accompanying notes are an integral part of this quarterly information.

Estácio Participações S.A.

Statement of cash flows
Periods ended September 30
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2014	**2013**	**2014**	**2013**
Cash flows from operating activities				
Profit before income tax and social contribution	346,382	201,774	351,692	206,166
Adjustments to reconcile profit to net cash generated				
Depreciation and amortization	1,189	1,898	67,791	52,297
Amortization of funding costs	440	477	440	477
Residual value on disposal of property and equipment and intangible assets	1,012		952	337
Provision for impairment of trade receivables			61,000	59,101
Options granted	17,055		17,055	5,101
Income from financial investments	(14,653)	(2,680)	(22,741)	(6,813)
Provision for contingencies			(1,840)	3,684
Appropriation of agreements	(1,350)	(1,350)	(2,165)	(2,165)
Interest on commitments payable			2,470	1,536
Dividends received		26,000		
Interest on borrowings	23,599	18,263	23,599	18,263
Increase in provision for decommissioning of assets			837	1,007
Equity in the results of subsidiaries	(340,668)	(194,362)		
	33,006	50,020	499,090	338,991
Changes in assets and liabilities				
Marketable securities held for trading	453,742	(562,195)	345,602	(667,019)
(Increase) in trade receivables			(241,250)	(133,364)
Decrease (increase) in other assets	(23)	68	(13,099)	(4,845)
(Increase) decrease in advances to employees/third parties	(2)	4	(1,727)	1,182
(Increase) decrease in prepaid expenses	(385)	541	15,451	(11,025)
(Increase) in taxes and contributions	(5,970)	(201)	(48,630)	(25,266)
Increase (decrease) in trade payables	666	(277)	11,211	(725)
Increase (decrease) in taxes payable	(384)	(11)	7,251	5,851
Increase (decrease) in salaries and social charges	54	7	80,404	38,774
(Decrease) in prepaid monthly tuition fees			(3,530)	(3,661)
Provision for contingencies				224
Provision for decommissioning of assets			(13)	
Increase (decrease) in other liabilities	627	3	4,405	4,984
(Decrease) in taxes paid in installments			(8,293)	(582)
Increase (decrease) in non-current assets	585	464	1,129	(7,300)
(Increase) in judicial deposits	(156)	(236)	(12,325)	(15,977)
	481,760	(511,813)	635,676	(479,758)
Interest paid on borrowings	(16,360)	(12,215)	(16,360)	(12,215)
Income tax and social contribution paid			921	(2,717)
Net cash provided by (used in) operating activities	465,400	(524,028)	620,237	(494,690)
Cash flows from investing activities				
Property and equipment			(86,487)	(44,085)
Intangible assets	(832,283)	(19)	(971,855)	(29,834)
Intercompany loans	(261)	885	259	
Investments in subsidiaries	(100,385)	(38,975)	39,782	
Dividends received	58,118			
Commitments payable			(14,155)	(6,684)
Acquisition of subsidiaries, net of cash obtained on acquisition	(40,412)		(59,049)	(16,938)
Advances for future capital increase	(27,800)	(22,998)		
Other				
Net cash provided by (used in) investing activities	(943,023)	(61,107)	(1,091,505)	(97,541)
Cash flows from financing activities				
Capital increase	42,411	640,542	42,411	640,542
Share issue costs		(24,033)		(24,033)
Dividends distributed	(58,040)	(26,051)	(58,040)	(26,051)
Share premium adjustment	498,898		498,898	
Repayment of borrowings	(5,670)	(4,940)	6,570	(6,460)
Net cash provided by financing activities	477,599	585,518	489,839	583,998
Net increase (decrease) in cash and cash equivalents	(24)	383	18,571	(8,233)
Cash and cash equivalents at the beginning of the year	160	132	7,132	18,132
Cash and cash equivalents at the end of the year	136	515	25,703	9,899
Net (decrease) increase in cash and cash equivalents	(24)	383	18,571	(8,233)

The accompanying notes are an integral part of this quarterly information.

Estácio Participações S.A.

Statement of value added
Periods ended September 30

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2014	**2013**	**2014**	**2013**
Revenue				
Educational services			1,814,277	1,337,814
Other income			11,297	11,539
Provision for impairment of trade receivables			(61,000)	(59,151)
Other commercial expenses			(2,950)	(4,791)
			1,761,624	1,285,461
Inputs acquired from third parties				
Materials, energy, and outsourced services	(5,441)	(2,779)	(318,758)	(237,996)
Contingencies			1,878	(3,684)
	(5,441)	(2,779)	(316,880)	(241,680)
Gross value added	(5,441)	(2,779)	1,444,744	1,043,781
Depreciation and amortization	(1,629)	(2,375)	(68,232)	(52,774)
Net value added generated by the Company	(7,070)	(5,154)	1,376,512	991,007
Value added received through transfer				
Equity in the results of subsidiaries	340,668	194,362		
Finance income	38,273	31,022	85,694	44,618
Other	1,350	1,391	13,785	11,390
	380,291	226,775	99,479	56,008
Total value added to distribute	373,221	221,621	1,475,991	1,047,015
Distribution of value added				
Personnel				
Direct remuneration	1,319	996	664,625	486,303
Benefits	1	1	21,225	16,626
Government Severance Indemnity Fund for Employees (FGTS)			44,179	33,970
	1,320	997	730,029	536,899
Taxes and contributions				
Federal	2,051	2,519	136,399	109,202
State			2	1
Municipal		2	80,913	59,084
	2,051	2,521	217,314	168,287
Remuneration of third-party capital				
Interest	25,093	18,498	65,279	39,068
Rentals			118,612	103,156
	25,093	18,498	183,891	142,224
Remuneration of own capital				
Dividends				
Retained profits	344,757	199,605	344,757	199,605
	344,757	199,605	344,757	199,605
Value added distributed	373,221	221,621	1,475,991	1,047,015

The accompanying notes are an integral part of this quarterly information.

1 General information

Estácio Participações S.A. ("Estácio" or the "Company") and its subsidiaries (together, the "Group") have as their main activities the development and/or administration of activities and or/ institutions in the college and professional education areas and/or other areas associated to education, to the administration of own assets and business, and the interest, as partner or stockholder, in other limited companies in Brazil.

The Company is a corporation headquartered at Avenida Embaixador Abelardo Bueno, 199, in the Municipality and State of Rio de Janeiro, incorporated by the private subscription of shares on March 31, 2007, and currently listed on the New Market.

The Group has eighteen companies, including Estácio Participações, fifteen of which are sponsors of college institutions, incorporated as limited liability companies, and has one University, seven University Centers and thirty-five colleges, distributed in twenty-one States of the country and in the Federal District.

The Company's Board of Directors, in a meeting that took place on November 5, 2014, authorized the disclosure of this quarterly information.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of this quarterly information are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the quarterly information, include: goodwill loss (impairment), transactions with share-based payment, provision for tax, civil and labor risks, as well as the useful lives of assets (Note 2.24).

Settlement of transactions involving these estimates may result in amounts different from those recorded in the quarterly information due to the uncertainties inherent in the estimation process. The Company reviews its estimates and assumptions periodically, at least annually.

Consolidated quarterly information

The consolidated quarterly information was prepared in accordance with CPC 21 (R1)/IAS 34 'Interim Financial Reporting'. The Company also applies accounting policies set out in the Brazilian corporate legislation and specific rules issued by the Brazilian Securities Commission (CVM), which do not conflict with CPC 21 (R1)/IAS 34.

The presentation of the parent company and consolidated statements of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies, while it is not required by IFRS. Therefore, under the IFRS, the presentation of such statements is considered supplementary information, and not part of the set of financial statements.

Parent company's quarterly information

The parent company's quarterly information was prepared in accordance with CPC 21 (R1) 'Interim Financial Reporting', and is disclosed together with the consolidated quarterly information.

In the parent company quarterly information, subsidiaries are recorded based on the equity accounting method. The accounting practices adopted in Brazil applicable to the parent company quarterly information differ from IFRS applicable to separate financial quarterly information only in relation to the measurement of investments in subsidiaries based on the equity accounting method, instead of cost or fair value in accordance with IFRS.

The information relating to the annual financial statements for the year ended December 31, 2013, presented together with the quarterly information for comparison purposes, was prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS). The accounting practices applied in this parent company and consolidated quarterly information are consistent with those applied in the annual financial statements as at December 31, 2013.

For a better comparison of the quarterly information at September 30, 2013, the Company reclassified, in the statement of cash flows, the amounts referring to tax liabilities and Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) paid, without changing the results from operating operations, and the amounts referring to "Marketable securities held for trading (financial investments)", thus changing the results from operating and investing operations.

The accounting standards CPC 36 (R3)/IFRS 10, Consolidated financial statements; CPC 40 (R1)/IFRS 7, Financial instruments: Disclosures; CPC 45/IFRS 12, Disclosure of Interests in Other Entities; and CPC 46/IFRS 13, Fair Value Measurement, applicable to the Company and effective for the year started on January 1, 2013, did not have a material impact on the Company's quarterly information.

2.2 Consolidation

The following accounting policies are applied in the preparation of the consolidated quarterly information.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity instruments issued by the Group. The consideration transferred includes the fair value of assets or liabilities resulting from a contingent consideration arrangement, when applicable. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and assets and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

All amounts in thousands of reais unless otherwise stated

The excess of the consideration transferred plus the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. When the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

Transactions, balances and unrealized gains on transactions between Group companies are eliminated.

Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated quarterly information includes the operations of the Company and the following subsidiaries, together with its ownership interest in each:

	Direct - %	
	September 30, 2014	**December 31, 2013**
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	100	100
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	100	100
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")	100	100
Estácio Editora ("EDITORA")	100	100
União dos Cursos Superiores SEB Ltda. ("UNISEB")	100	

	Indirect - %	
	September 30, 2014	**December 31, 2013**
Sociedade Educacional Atual da Amazônia ("ATUAL")	100	100
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	100	100
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	100	100
Idez Empreendimentos Educacionais Sociedade Simples Ltda. ("IDEZ")	100	100
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")	100	100
Unisãoluis Educacional S.A ("UNISÃOLUIS")	100	100
Uniuol Gestão de Empreendimentos Educacionais e Participações S.A. ("UNIUOL")	100	100
Sociedade Educacional da Amazônia ("SEAMA")	100	100
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	100	100
Associação de Ensino de Santa Catarina ("ASSESC")	100	100
Instituto de Estudos Superiores da Amazônia ("IESAM")	100	
Centro de Assistência ao Desenvolvimento de formação Profissional Unicel Ltda. ("LITERATUS")	100	

The reporting periods of the quarterly information of the subsidiaries included in consolidation are the same as those of the Parent company. Accounting practices were applied uniformly by the consolidated companies and are consistent with those used in the prior period.

All amounts in thousands of reais unless otherwise stated

The consolidation process of the equity and result accounts corresponds to the sum of the balances of the assets, liabilities, revenues and expenses accounts, according to their nature, complemented by the eliminations of the operations carried out between the consolidated companies, as well as the economically unrealized balances and results between the mentioned companies.

2.3 Business combinations

The acquisitions and purchase commitments made in 2013 and 2014 are summarized as follows:

(i) União dos Cursos Superiores SEB Ltda. ("UNISEB")

On July 1, 2014, Estácio Participações S.A. purchased all the shares of UNISEB Holding, headquartered in the City of Ribeirão Preto, State of São Paulo, and the holding company of UNISEB - União dos Cursos Superiores SEB Ltda. ("UNISEB"). The deal amounted to R$ 850,754, paid in cash and through the issue of equity instruments (17,853,127 common shares) as presented below.

On the date of acquisition, UNISEB had about 35,700 students distributed in 14 face-to-face courses, 13 long-distance courses, 24 graduation programs, 36 graduation/MBA courses in partnership with Fundação Getúlio Vargas (FGV), and 85 fully online extension courses.

The consolidated information for the quarter ended September 30, comprise the net revenue of R$ 24,901 and proft of R$ 4,368, regarding the UNISEB related to the period of July 1, 2014 to September 30, 2014.

The consideration paid and the values of acquired assets and contracted liabilities recognized at the dates of the acquisitions are summarized below:

	UNISEB Holding
Acquisition cost	
Cash	328,550
Equity instruments issued (17,853,127 common shares)	522,204
Total consideration	850,754
Identifiable assets acquired and liabilities assumed	(27,913)
Goodwill	822,841

All amounts in thousands of reais unless otherwise stated

	UNISEB Holding
Investment	19,172
Goodwill	9,371
Trade payables	(630)
Net assets acquired	27,913

[1] The valuation report (Purchase Price Allocation) for the allocation of the goodwill on assets identified are in process of preparation.

On July 1, 2014, the Uniseb Holding SA, parent company of UNISEB – União dos Cursos Superiores SEB Ltda., was incorporated by the Group, for the net asset book value of R $ 27,913 on the date of incorporation, as presented above . Due to the merger, the Company incorporated was extinguished and succeeded by Estacio Participacoes SA. In all its rights, assets and obligations.

(ii) Instituto de Estudos Superiores da Amazônia Ltda. ("IESAM")

On July 1, 2014, Estácio acquired, through its indirect subsidiary SOCIEDADE EDUCACIONAL ATUAL DA AMAZÔNIA LTDA. ("ATUAL"), the total number of quotas of Instituto de Estudos Superiores da Amazônia – IESAM ("IESAM"), bythe total amount of R$ 80,000 (eighty million), described as below.

Established in 2000, IESAM has 4,500 students for a total capacity of 15,440 students, and 130 teachers allocated in campus 1. Its portfolio includes 23 undergraduate courses and 18 graduate courses, in addition to extension and free courses.

All amounts in thousands of reais unless otherwise stated

None of the goodwill recognized is expected to be deductible for income tax purposes. The consideration paid and the preliminary values of acquired assets and contracted liabilities recognized at the dates of the acquisitions are summarized in the table below:

	IESAM
Acquisition cost	
Cash	36,427
Commitments payable	18,500
Assumption of Debt	25,073
Total consideration	80,000
Identifiable assets acquired and liabilities assumed	(11,806)
Goodwill	68,194

	IESAM
Cash and cash equivalents	125
Trade receivables	147
Prepaid expenses	45
Judicial deposits	139
Property and equipment	38,439
Borrowings	(15,218)
Trade payables	(177)
Labor obligations	(1,519)
Taxes payable	(414)
Installment payments	(8,831)
Provisions	(930)
Other obligations	
Net assets acquired	11,806

[1] **The valuation report (Purchase Price Allocation) for the allocation of the goodwill on assets identified are in preparation.**

All amounts in thousands of reais unless otherwise stated

(iii) Centro de Assistência ao Desenvolvimento de Formação Profissional Unicel Ltda. ("LITERATUS")

On August 7, 2014, Estácio acquired, through its indirect subsidiary, Sociedade Educacional Atual da Amazônia Ltda. ("ATUAL"), the total number of quotas of Centro de Assistência ao Desenvolvimento de Formação Profissional Unicel Ltda. ("LITERATUS")by the amount of R$ 25,425, as described below.

Founded in 2007, LITERATUS has approximately 4,800 students, for an authorized total number of 14,170 students, distributed in two campi, and 22 undergraduate courses and 25 graduate courses. This acquisition will introduce the Company in the capital of the State of Amazonas, therefore promoting the expansion of its operations in the North region of Brazil, through one of its major markets.

None of the goodwill recognized is expected to be deductible for income tax purposes. The consideration paid and the preliminary values of acquired assets and contracted liabilities recognized at the dates of the acquisitions are summarized in the table below:

	LITERATUS
Acquisition cost	
Cash	14,350
Commitments payable	11,075
Total consideration	25,425
Net assets acquired and liabilities assumed	4,393
Goodwill	29,818

	LITERATUS
Cash and cash equivalents	106
Trade receivables	300
Property and equipment	27,413
Borrowings	(16,970)
Trade payables	(599)
Labor obligations	(2,011)
Taxes payable	(2,219)
Installment payments	(10,066)
Provisions	(347)
Other obligations	
Net assets acquired	(4,393)

[1] **The valuation report (Purchase Price Allocation) for the allocation of the goodwill on assets identified are in preparation.**

2.4 Foreign currency translation

Items included in the quarterly information of each of the Group's entities are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The parent company and consolidated quarterly information are presented in Brazilian reais (R$), which is the Company's functional currency, and also the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at year-end foreign exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the statement of income.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash, bank accounts and other highly liquid short-term investments with original maturities of three months or less and with immaterial risk of change in value, which are held to meet the Company's short-term commitments.

2.7 Marketable securities

At initial recognition, the Company classifies its marketable securities in the following categories, depending on the purpose for which the securities were acquired:

- held for trading – they are bought for the purpose of sale in the near term and are measured at fair value. Interest, monetary variation and fair value changes are recognized in profit or loss;
- held to maturity – they are purchased with the intention and ability to hold them to maturity, and are recognized and measured at amortized cost using the effective interest method, with earnings allocated to profit or loss; and

- available for sale – they are non-derivative instruments that are either designated in this category or not classified in any of the previous categories. They are measured at fair value and interest and monetary variations are charged to profit or loss, while the fair value changes are recorded in equity under the heading of carrying value adjustments and transferred to profit or loss for the year upon the settlement of the security.

At September 30, 2014 and December 31, 2013, all of the Company's marketable securities are classified as "Held for trading".

2.8 Trade receivables and prepaid monthly tuition fees

These receivables arise mainly from the rendering of educational activity services and do not include services provided after the balance sheet date. Services billed but not yet provided at the balance sheet date are recorded as prepaid monthly tuition fees and will be recognized in the respective statement of income for the year, on the accrual basis.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment of trade receivables.

2.9 Provision for impairment of trade receivables

This provision, recorded as a reduction of accounts receivable, is set up at an amount considered sufficient by the Company's management to cover any losses on collection of monthly tuition fees and checks receivable, considering the risks involved.

2.10 Investments in subsidiaries (applicable only for the parent company's quarterly information)

The investments in subsidiaries are accounted for using the equity method. In the parent company's quarterly information, the goodwill based on the expected future profitability of the acquired companies is presented in the investment account.

2.11 Property and equipment

Property and equipment are measured at acquisition or construction cost, less accumulated depreciation.

Depreciation is calculated under the straight-line method over the useful life of the assets at the rates mentioned in Note 10.

Costs subsequent to initial recognition are included in the net book amount of property and equipment or recognized as a specific item, as applicable, only if the economic benefits related to these items are probable and the amounts can be reliably measured. The residual balance of the replaced item is written off. Other repair and maintenance expenses are recognized directly in the statement of income when incurred.

Property and equipment items are written off when sold or when no future economic benefit is expected to arise from its use or sale. Any gain or loss resulting from the asset disposal (calculated as the difference between net sales value and the carrying amount of the asset) is included in the statement of income for the year in which the asset was written-off.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.12 Intangible assets

(8) Goodwill

Goodwill represents the excess of the cost of an acquisition after the purchase price allocation over the net fair value of assets and liabilities of the acquired entity. If negative goodwill is determined, the amount is recorded as a gain in profit or loss for the period on the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to Cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

(b) Student portfolio

Contractual student relationships acquired in a business combination are recognized at fair value at the acquisition date. They have a defined useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the student relationship.

the first Software

Computer software licenses purchased are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of the software.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use or sell it.
- There is an ability to use or sell the software product.
- It can be demonstrated how the software product will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of applicable overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recorded as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful life, which does not exceed five years.

2.13 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating units (CGUs)). Non-financial assets other than goodwill that were adjusted due to impairment are subsequently reviewed for possible reversal of the impairment at the balance sheet date.

In estimating an asset's value in use, estimated future cash flows are discounted to present value, using a pre-tax discount rate reflecting the weighted average cost of capital for the industry in which the cash generating unit operates. The net sales price is determined, whenever possible, based on firm sale contracts in a transaction on an arm's length basis, between well informed and willing parties, adjusted by expenses attributable to the asset sale, or, when there is no firm sale contract, based on the price in an active market, or the most recent transaction price with similar assets.

2.14 Leases

Finance leases

Lease agreements transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item. They are classified as finance lease agreements, and the corresponding assets are recognized at fair value or present value of minimum lease payments provided for in the agreements. Items recognized as assets are depreciated at the rates applicable to each group of assets detailed in Note 10. Financial charges related to finance lease agreements are appropriated to the statement of income over the lease term, based on the amortized cost and effective interest method.

Operating leases

Operating lease expenses are recognized in the statement of income on the straight-line accrual basis during the lease term.

2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the statement of income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.16 Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to the Company's stockholders is recognized as a liability in the Group's interim accounting information at year-end, based on the Company's bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved by the stockholders in General Meeting.

The tax benefit of interest on capital is recognized in the statement of income.

2.17 Provision for asset decommissioning

This represents the estimated future cost of the renovation of rented buildings where the Group's teaching units are located. They are recognized in property and equipment at present value, discounted at an adjusted credit rate, as part of the value of the assets that gave rise to them, provided that there is a legal obligation and the value can be reliably estimated, with the contra entry of a provision recorded in liabilities. Interest incurred on this provision is classified as finance costs. The annually reviewed decommissioning estimates suffer depreciation/amortization on the same bases of the main assets.

2.18 Provision

Provisions for legal claims (labor, civil and tax) are recognized when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the time elapses is recognized as interest expense.

2.19 Taxation

Subsidiaries that enrolled in the "University for All" Program (PROUNI) benefit from exemption of the federal taxes listed below, for as long as they remain registered with the program:

- Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Income (CSLL), introduced by Law 7,689, of December 15, 1988.
- Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS), introduced by Supplementary Law 70, of December 30, 1991.
- Social Integration Program (PIS), introduced by Supplementary Law 7, of September 7, 1970.

The above exemptions are originally calculated on the amount of revenues earned from higher education activities, derived from undergraduate and occupationally specific sequential courses. Also as a result of the change in the form of organization to limited companies, the Company became subject to the following events as from October 2005 and February 2007:

(8) Loss of Service Tax (ISS) immunity.

(ii) Loss of 100% exemption regarding the employer's contribution to the National Institute for Social Security (INSS), which is required to be paid on a graduating scale, as defined under PROUNI legislation (20% in the first year, 40% in the second year and up to 100% in the fifth year). In 2012, the Company began to pay 100% of the employer's contribution to INSS.

Estácio Participações S.A. (Parent company) does not benefit from PROUNI-related exemptions and computes its federal taxes payable in the normal manner.

Current income tax and social contribution

Current income tax and social contribution were determined considering the criteria established by Normative Instruction issued by the Brazilian Federal Revenue Secretariat (RFB), with specific regard to PROUNI, whereby such taxes may not be paid on profits from regular undergraduate and technological educational activities and may be subsequently transferred to a reserve account.

PIS and COFINS

The rules governing PROUNI establish that revenues from traditional undergraduate and technological courses are exempt from PIS and COFINS contributions. Revenues from other educational activities are subject to PIS and COFINS at the rate of 0.65% and 3.00%, respectively, whereas non-education related revenues are subject to PIS at the rate of 1.65% and to COFINS at 7.6%.

Deferred income tax and social contribution

Deferred taxes are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- Over deductible tax temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is likely that temporary differences will be reversed in the near future and the taxable income will be available against which the temporary differences may be used.

The carrying amount of the deferred tax assets is revised at each balance sheet date and written down to the extent that it is no longer probable that taxable income will be available to permit the use of all or part of the deferred tax assets. Written off deferred tax assets are revised at each balance sheet date and reinstated to the extent that it becomes likely that future taxable income will allow the deferred tax assets to be realized. Deferred tax assets and liabilities are measured at the tax rates expected to be applicable in the year when the asset will be realized or the liability will be settled, based on the tax rate (and tax law) in effect on the balance sheet date.

Deferred taxes relating to items recognized directly in equity are also recognized in equity and not in the statement of income. Deferred tax items are recognized in correlation to the underlying transaction either in comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are presented net if a legally enforceable right exists to offset tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

2.20 Share-based payments

The Company grants to its main executives and officers an equity-settled, share-based compensation plan, under which the Company receives services from these executives and officers as consideration for equity instruments (options) of the Group. The fair value of the services received in exchange for the grant of the options is recognized as an expense. The total amount to be recognized is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the balance sheet date, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Beyond the Plan Option Shares, the Company granted a Special Program for Long-Term Incentive Statutory Officers ("ILP"), as contemplated in the overall compensation of the Company's Directors. The "ILP" follows the same assumptions of the plan option to purchase shares.

2.21 Profit sharing

The Group recognizes a liability and an expense for profit-sharing based on a methodology that takes into consideration the profit attributable to the Company's stockholders after certain adjustments. The Group recognizes a provision where it is contractually obliged to do so, or where there is a past practice that has created a constructive obligation.

2.22 Earnings per share

The Company calculates earnings per thousand shares using the weighted average number of outstanding common shares, in the period to which the profit refers, according to Technical Pronouncement CPC 41 (IAS 33) (Note 22)

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential common shares with dilutive effects. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would be outstanding assuming the exercise of the share options.

2.23 Share capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Company's stockholders until the shares are canceled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax and social contribution effects, is included in equity attributable to the Company's stockholders.

2.4 Recognition of revenues, costs and expenses

Revenues, costs and expenses are recognized on an accrual basis.

(8) Revenue from services

Revenue comprises the fair value of the consideration received or receivable for the provision of educational services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will result from the transaction and when specific criteria have been met.

(b) Finance income and costs

The finance income and costs include mainly income from interest on financial investments, expenses for interest on financing, gains and losses stated at fair value, according to the classification of the note, besides net exchange and monetary variations.

Interest income is recognized on the accrual basis, using the effective interest rate method. When a loan and receivable instrument is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Subsequently, as time elapses, interest is incorporated into loans and receivables against interest income. This interest income is calculated at the same effective interest rate used to determine the recoverable amount, that is, the original rate of the instrument.

2.24 Critical accounting estimates and assumptions

Judgments

The preparation of the parent company and consolidated quarterly information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, the uncertainty related to these assumptions and estimates could lead to results that would require a significant adjustment to the carrying amount of the respective asset or liability in future periods.

Estimates and assumptions

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the quarterly information due to the uncertainties inherent in their estimation process. The Company reviews its estimates and assumptions at least annually.

(i) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.12. The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates, as follows:

	In percentages
	December 31, 2013
Average gross margin (i)	41.5
Growth rate (ii)	5
Discount rate (iii)	14.6

(8) Budgeted average gross margin

(8) Weighted average growth rate used to extrapolate cash flows beyond the budget period.

(8) Pre-tax discount rate applied to the cash flow projections.

If the estimated pre-tax discount rate on the discounted cash flows had been 1% higher than management's estimates (for example, 15.6% instead of 14.6%), the Group would not have recognized a further impairment against goodwill.

(8) Share-based payment transactions

The Company measures the cost of share-based payments to employees based on the fair value of the equity instruments on the grant date. The estimate of the fair value of the share-based payments requires the determination of the most adequate assessment model for the grant of equity instruments, which depends on the grant terms and conditions. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in

Note 21(b).

The Special Program for Long-Term Incentive Executive Officers “ILP” has the main board of the Company as the exclusive beneficiaries, and was structured in a variable compensation form, whose value depends on the value of its shares. The compensation within the Programme will be paid in four annual installments, calculated by multiplying the number of shares determined at market value thereof on the last trading day of the BM&F BOVESPA SA – Securities, Commodities and Futures immediately preceding the year in which each payment will occur year.. The characteristics and models used to estimate the fair value of the program payments are disclosed in Note 21 the first.

(8) Provision for tax, civil and labor risks

The Company recognizes provisions for civil, tax and labor cases. The assessment of the likelihood of loss includes the evaluation of the available evidence, the hierarchy of laws, available case law, recent court decisions and their significance in the legal system, as well as the opinion of outside legal advisors. The provisions are reviewed and adjusted to account for changes in circumstances, such as the applicable statute of limitations, completion of tax inspections, or additional exposures identified on the basis of new matters or court decisions.

(iv) Assets’ useful life

The Company annually reviews the economic useful life of its assets, based on the opinion of external appraisers. The depreciation is recognized in the statement of income based on the remaining useful life of the asset.

2.25 Statement of cash flows

The statements of cash flows were prepared using the indirect method and are presented in accordance with Technical Pronouncement CPC 03 R2 (IAS 7), Statement of cash flows, issued by CPC (IASB).

2.26 Statement of value added

The purpose of the statement of value added is to disclose the wealth generated by the Company and its subsidiaries and the wealth distribution over a given period, and it is presented as required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. This statement is not required under the IFRS. Therefore, under the IFRS, the presentation of such statements is considered supplementary information, and not part of the set of financial statements.

The statement of value added was prepared based on information obtained from the accounting records used to prepare the quarterly information and pursuant to the provisions of Technical Pronouncement CPC 09. The first part shows the wealth created by the Company, represented by revenues (gross sales revenue, including applicable taxes, other revenues and the effects of the provision for impairment of trade receivables), inputs acquired from third parties (cost of sales and purchases of materials, electric power and outsourced services, including taxes levied upon acquisition, effects of impairment and recovery of assets, depreciation and amortization), and value added received from third parties (equity in the results of investees, finance and other income). The second part of the statement of value added shows how this wealth is distributed among personnel, taxes, charges and contributions, and return on equity and remuneration of third-party capital.

2.27 Financial instruments

(8) Initial recognition and measurement

The Company's financial instruments are represented by cash and cash equivalents, marketable securities, accounts receivable, judicial deposits, accounts payable, debentures, borrowings and financing. The instruments are initially recognized at fair value plus costs directly attributable to their acquisition or issue, except for financial instruments classified at fair value through profit or loss, when such costs are directly recorded in the statement of income.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that a lender would not otherwise consider;

(iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- adverse changes in the payment status of borrowers in the portfolio; and
- national or local economic conditions that correlate with defaults on the assets in the portfolio.

Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the statement of income within "Finance income (costs)" in the period in which they arise.

(b) Subsequent measurement

The subsequent measurement of financial assets and liabilities depends on their classification as follows:

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss include financial assets and liabilities held for trading and financial assets and liabilities designated upon initial recognition at fair value through profit or loss. Financial assets and liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by CPC 38 (IAS 39).

Gains or losses on liabilities held for trading are recognized in the statement of income.

At September 30, 2014 and December 31, 2013, the Company did not have derivative operations.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

the first Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recorded loss is recognized in the statement of income.

2.28 Segment information

All amounts in thousands of reais unless otherwise stated

Because the Company concentrates its businesses on college educational activities, it is organized into one single business unit. Although the courses offered by the Company are designed for different student requirements, they are neither controlled nor managed as independent segments, and the Company's results are analyzed, monitored and evaluated on an integrated basis.

2.29 New standards, amendments and interpretations to existing standards that are not yet effective

The following new standards and interpretations to existing standards were issued by IASB are not effective for the quarter ended September 30, 2014. The early adoption of standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

- IFRS 15 – Revenue from contracts with customers – This new standard provides the principles that an entity applies to determine the measurement of revenue and when it is recognized. It will be effective for 2017 and supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue and corresponding interpretations. Management is evaluating the impact of its adoption..

- IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial instruments. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of income, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact. The standard is applicable as from January 1, 2018.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3 Cash and cash equivalents and marketable securities

	Parent company		Consolidated	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Cash and banks	136	160	25,703	7,132
Cash and cash equivalents	136	160	25,703	7,132
Bank Deposit Certificates (CDB)	17,395	100,846	56,159	107,692
Investment funds	117,297	145,184	133,638	153,825
Repurchase agreements	80,724	408,475	219,393	470,534
Marketable securities	215,416	654,505	409,190	732,051

All amounts in thousands of reais unless otherwise stated

	215,552	654,665	434,893	739,183

Bank Deposit Certificates (CDB) earn interest at rates varying from 90.0% to 101.2% of the Interbank Deposit Certificate (CDI) rate at September 30, 2014 (December 31, 2013 – 94.2% to 101.6%).

Repurchase agreements backed by first-tier debentures are recorded at effective rate, bearing interest at 75% to 104.0% of CDI at September 30, 2014 (December 31, 2013 – 75% to 105.7% of CDI).

The fair values of securities traded in the market are based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to these securities (2014 – 10.81%; 2013 – 7.25%). None of these financial assets is either past due or impaired.

The investment fund is backed by financial allocations in private credit fund quotas, CDBs, and repurchase agreements with first-tier banks and issuers.

The Company has a Financial Investments and Derivatives Policy that stipulates that investments must be in low risk marketable securities with highly-rated financial institutions. At September 30, 2014, the operations earn interest based on the variation of the Interbank Deposit Certificate (CDI) rate.

At September 30, 2014 and December 31, 2013, all of the Company's marketable securities are classified as "Held for trading".

4 Trade receivables

	Consolidated	
	September 30, 2014	**December 31, 2013**
Monthly tuition fee	304,058	261,670
Student Financing Fund (FIES) (a)	222,150	78,885
Agreements and exchanges	29,428	27,762
Receivables on credit cards (b)	38,465	25,281
Renegotiated receivables	47,407	30,226
	641,508	423,824
Receivable identifiable	(6,802)	797
Provision for impairment of trade receivables the first	(101,678)	(89,989)
	533,028	334,632

The aging of accounts receivable is as follows:

	Consolidated	
	September	**December**

	30, 2014	%	31, 2013	%
FIES	222,150	33	78,885	19
Not yet due	108,558	17	81,179	19
Overdue for up to 30 days	71,929	12	45,683	11
Overdue from 31 to 60 days	39,291	6	39,169	9
Overdue from 61 to 90 days	24,196	4	29,897	7
Overdue from 91 to 179 days	73,706	12	59,022	14
Overdue for more than 180 days	101,678	16	89,989	21
	641,508	100	423,824	100

All amounts in thousands of reais unless otherwise stated

The aging of agreements receivable is as follows:

	Consolidated			
	September 30, 2014	**%**	**December 31, 2013**	**%**
Not yet due	28,603	60	16,732	55
Overdue for up to 30 days	2,633	6	3,157	10
Overdue from 31 to 60 days	2,379	5	2,055	7
Overdue from 61 to 90 days	1,979	4	1,866	6
Overdue from 91 to 179 days	5,332	11	3,225	11
Overdue for more than 180 days	6,481	14	3,191	11
	47,407	100	30,226	100

(a) Trade receivables from the Student Financing Fund (FIES) are represented by educational loans obtained by students from Caixa Econômica Federal (CEF) and the National Education Development Fund (FNDE), whereby the financed funds are transferred monthly by CEF and Banco do Brasil to a specific bank account. This amount has been used exclusively to pay the social security contributions and federal taxes and converted into cash by means of auctions of Brazilian National Treasury securities. These receivables presented a growth of 157% at September 30, 2014 compared to December 31, 2013, explained by the increase in the FIES student base.

In 2014, the credit risk of "Student Financing Fund" (FIES) receivables is estimated in R$ 11,450 (R$ 8,499 on December 31, 2013) and it is recorded in "Others" on the long term liabilities. The provision is determinated as follows:

(i) For FIES students with guarantor, a provision was recognized for 2.25% of the accounts receivable with this characteristic, considering the assumptions of 15% of the credit risk on 15% of default.

(ii) For the uncovered risk of the Guarantee Fund for Educational Credit Operations (FGEDUC), with accession held as from April 2012, a provision was recognized for 10% of the receivables under the responsibility of the sponsors (and the Guarantor Fund is responsible for the remaining 90%) on the 15% credit risk on an estimate of 15% of default, i.e. 0.225%.

For the uncovered risk of the FGEDUC, with accession held up to March 2012, a provision was recognized for 20% of the receivables under the responsibility of the sponsors (and the Guarantor Fund is responsible for the remaining 80%) on the 15% credit risk on an estimate of 15% of default, i.e. 0.450%.

(b) A substantial part of the credit card receivables arises from the negotiation of overdue monthly tuition fees.

All amounts in thousands of reais unless otherwise stated

(c) Changes in the consolidated provision for impairment of receivables were as follows:

Description	December 31, 2013	Gross increase in provision for impairment of receivables	Recovered amounts	Net effect of provision	Write-off	September 30, 2014
Monthly tuition and fees	89,989	153,765	(82,024)	71,741	(60,052)	101,678
	89,989	153,765	(82,024)	71,741	(60,052)	101,678

For the periods ended September 30, 2014 and 2013, expenses for the provision of impairment of trade receivables (Note 25), recognized in the statement of income as "Selling expenses", consist of the following (consolidated):

	2014	2013
Increase in provision (i)	71,741	71,412
Unidentified deposits and collections written-off		(2,748)
Sale of customer portfolio		(8,603)
Provision for impairment of receivables of 29cquires (ii)	(10,741)	(1,580)
Credit risk – FIES		9
Other		611
	61,000	59,101

(i) In order to facilitate understanding and to allow a direct reconciliation of the provision for impairment of receivables between the balance sheet and statement of income of the period, the Company believes that this change should consider the consolidated amount not recovered after 180 days from the due date as supplementary amounts, and the consolidated amounts received/renegotiated relating to bills not settled up to the previous month, as recovered amounts.

(ii) Companies acquired in 2014 as described in the note 2.3.

All amounts in thousands of reais unless otherwise stated

5 Related-party transactions

The related-party transactions were carried out in terms equivalent to those prevailing in the transactions with independent parties, according to item 23 of Technical Pronouncement CPC 05, and are as follows:

	Parent company		Consolidated	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Current assets				
Loan				
SESES	1,130	912		
Nova Academia do Concurso	1	1		
FAL	2	1		
Fatern	3	2		
IREP	159	138		
Atual	5	4		
Seama	4	3		
Editora	6	6		
FARGS	2	1		
São Luís	4	3		
Facitec	4	3		
Assesc	1			
Subsidiaries	1,321	1,074		
Related individuals				259
	1,321	1,074		259
Investment fund (i)			10,252	5,511
			10,252	5,511

	Parent company		Consolidated	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Current liabilities				
Subsidiaries				
SESES	4,125	4,140		
IREP	65	65		
Atual	3	3		
Nova Academia	3	3		
FAL	1	1		
Fatern	2	2		
Seama	4	4		
	4,203	4,218		

All amounts in thousands of reais unless otherwise stated

Income statement

	Parent company	
	2014	**2013**
Result of loan operations		
Interest paid	1	
Net result at September 30	1	

(i) At September 30, 2014, the Company has R$ 10,252 invested in the BRZ Renda Fixa Fundo de Investimento CP fund, whose quotas were acquired by the Fundo Exclusivo de Investimento Estapart fund of the BTG Pactual bank. GP Investimentos, which was a Company's stockholder until September 20, 2013, has an 82% interest in the share capital of BRZ Investimentos, manager of the BRZ fund. Mr. Eduardo Alcalay, a Member of the Board of Directors, has a Partner-Director and/or Associate relationship with GP Investimentos.

6 Prepaid expenses

	Parent company		Consolidated	
	September 30, 2014	**December 31, 2013**	**September 30, 2014**	**December 31, 2013**
Insurance	1	122	1,404	2,073
Municipal Real Estate Tax (IPTU)			2,324	
Educational materials (i)			30,390	12,932
Advances – vacation and related charges			6,685	41,920
Registration fee – Ministry of Education (MEC)			3,207	2,573
Professional services	506		506	
Sponsorship			4,286	
Technical-pedagogical cooperation - Santa Casa			4,000	
Other prepaid expenses			3,069	571
Total	507	122	55,871	60,069
Current assets	507	122	46,544	57,515
Non-current assets			9,327	2,554
	507	122	55,871	60,069

(i) It refers to the costs incurred for copyright, printing and postage for the production of education material to be used both in the current and future period. They are recorded as prepaid expenses and allocated during the period of utilization.

All amounts in thousands of reais unless otherwise stated

7 Taxes and contributions

	Parent company		Consolidated	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Corporate Income Tax/Withholding Income Tax (IRPJ/IRRF)	11,450	6,119	31,868	21,066
Social Contribution on Net Income (CSLL)	1,458	828	6,871	4,600
Social Integration Program (PIS) (i)	5	3	28,833	253
Social Contribution on Revenues (COFINS)	8	1	1,417	848
Services Tax (ISS)	77	77	21,468	17,601
National Institute of Social Security (INSS)			6,800	11,112
Government Severance Indemnity Fund for Employees (FGTS)			454	46
Tax on Financial Transactions (IOF)	106	106	115	112
	13,104	7,134	97,826	55,638
Current assets	9,444	651	73,434	30,004
Non-current assets	3,660	6,483	24,392	25,634
	13,104	7,134	97,826	55,638

(8) In the first semester of 2014, the Company recorded a PIS credit related to the Declaratory Action and Undue Payments issued by the Federal Government to its subsidiary SESES, regarding the years 1995 to 2005, representing the total amount of R$ 28,457, adjusted by the Special System for Settlement and Custody (SELIC) rate.

8 Investments in subsidiary companies

	Parent company	
	September 30, 2014	December 31, 2013
Sociedade de Ensino Superior Estácio de Sá Ltda. (“SESES”)	841,402	626,935
Sociedade de Ensino Superior, Médio e Fundamental Ltda. (“IREP”)	755,131	484,405
Nova Academia do Concurso – Cursos Preparatórios Ltda. (“NACP”)	16,186	16,280
Estácio Editora (“EDITORA”)	(29)	(24)
União dos Cursos Superiores SEB Ltda. (“UNISEB”)	23,541	
	1,636,231	1,127,596

All amounts in thousands of reais unless otherwise stated

The subsidiaries' information is as follows:

									2014
	Int	Number of quotas	Total assets	Total liabilities	Equity	Advances for future capital increase	Goodwill	Deferred income tax on goodwill from downstream merger	Equity in the results of subsidiaries
SESES	100%	391,077	1,058,298	216,896	841,402				147,412
IREP	100%	292,858	947,834	281,846	665,989	26,700	62,442		190,086
Nova Academia de Concurso	100%	8,155	6,449	5,380	1,068	1,100	14,018		(1,193)
) Estácio Editora e Distribuidora Ltda.	100%	250	41	75	(34)		5		(5)
UNISEB	100%	22,336	46,216	20,446	25,770			(2,229)	4,368
Total - September 30, 2014			2,058,838	524,643	1,534,195	27,800	76,465	(2,229)	340,668

									2013
	Interest	Number of quotas	Total assets	Total liabilities	Equity	Advances for future capital increase	Goodwill	Deferred income tax on goodwill from downstream merger	Equity in the results of subsidiaries
SESES	100%	340,577	774,453	148,018	626,435	500			106,000
IREP	100%	211,000	630,238	236,193	394,045	27,918	62,442		133,953
Nova Academia de Concurso	100%	6,370	4,425	3,613	812	1,450	14,018		(1,510)
Estácio Editora e Distribuidora	100%	250	42	71	(29)		5		(6)
Total - December 31, 2013			1,409,158	387,895	1,021,263	29,868	76,465		238,437

The global changes in the investments in subsidiaries in the period and year ended September 30, 2014 and December 31, 2013, respectively, are as follows:

Investments in subsidiaries December 31, 2012	818,052
Equity in the results of subsidiaries	238,437
Capital increase	38,975
Advances for future capital increase	29,868
Dividends	(58,118)
Profit retention reserve (i)	53,699
Options granted	6,683
Investments in subsidiaries December 31, 2013	1,127,596
Equity in the results of subsidiaries	340,668
Capital increase	103,940
Advances for future capital increase	27,800
Options granted	17,055
Acquisition of subsidiary	19,172
Investments in subsidiaries September 30, 2014	1,636,231

(i) During the year ended December 31, 2012, subsidiaries IREP and SESES proposed the distribution of dividends of R$ 93,699. The Annual and Extraordinary General Meeting held on June 17, 2013 approved the payment of dividends of R$ 40,000 from this proposed amount, of which R$ 26,000 and R$ 14,000 were paid on June 26 and October 30, 2013, respectively. The remaining R$ 53,699 was allocated to the profit retention reserve.

The accounting information of the subsidiaries, used for application of the equity method of accounting, was prepared as of September 30, 2014.

All amounts in thousands of reais unless otherwise stated

9 Intangible assets

Intangible assets - Parent company

		December 31, 2012		September 30, 2013
		Cost	Additions	Cost
Cost				
Software licenses		7	19	26
Students portfolio		818		818
		825	19	844
	Amortization rates	Amortization	Additions	Amortization
Depreciation				
Software licenses	20% p.a.	(2)	(4)	(6)
Students portfolio	20% p.a.	(273)	(122)	(395)
		(275)	(126)	(401)
Net book value		550	(107)	443

		December 31, 2013		September 30, 2014
		Cost	Additions	Cost
Cost				
Goodwill on acquisition			832,212	823,212
Software licenses		28	71	99
Students portfolio		818		818
		846	832,283	833,129
	Amortization rates	Amortization	Additions	Amortization
Amortization				
Software licenses	20% p.a.	(8)	(7)	(15)
Students portfolio	20% p.a.	(437)	(123)	(560)
		(445)	(130)	(575)
Net book value		401	832,153	832,554

All amounts in thousands of reais unless otherwise stated

Intangible assets - Consolidated

		December 31, 2012 Cost	Additions	Write-offs	Transfers	September 30, 2013 Cost
Cost						
Goodwill on investment acquisitions		204,190	25,414			229,604
Software licenses		70,565	12,780	(12)		83,333
Distance Learning Project (EAD) and Integração		14,656	373			15,029
Shared Service Center (CSC)		1,940				1,940
Learning Center		46,837	5,651			52,488
Relationship Center		2,348				2,348
Hemisférios		1,346				1,346
IT Architecture		7,323	3,453			10,776
Discipline content - online		4,628	1,059			5,687
Knowledge factory - EAD		4,505	5,097			9,603
Student portfolio		17,133	1,657			18,790
Brands and patents		2				2
Other		1,994	1,421			3,414
		377,467	56,905	(12)		434,360
	Amortization rates	**Amortization**	**Additions**	**Write-offs**	**Transfers**	**Amortization**
Amortization						
Goodwill on investment acquisitions	Indefinite	(6,924)				(6,924)
Software licenses	20% p.a.	(39,515)	(11,555)			(51,070)
Distance Learning Project (EAD) and Integração	20% p.a.	(9,118)	(2,138)			(11,256)
Shared Service Center (CSC)	20% p.a.	(1,403)	(291)			(1,694)
Learning Center	5% p.a.	(6,425)	(1,465)			(7,890)
Relationship Center	20% p.a.	(939)	(353)			(1,292)
Hemisférios	20% p.a.	(534)	(202)			(736)
Discipline content - online	20% p.a.		(736)			(736)
Knowledge factory - EAD	20% p.a.		(216)			(216)
Student portfolio	20% p.a.	(4,627)	(2,762)			(7,389)
Brands and patents		(2)				(2)
Other	20% p.a.	(82)	(92)			(174)
		(69,569)	(19,810)			(89,379)
Net book value		307,898	37,095	(12)		344,981

The accompanying notes are an integral part of this quarterly information.

All amounts in thousands of reais unless otherwise stated

		December 31, 2013					September 30, 2014
		Cost	Additions due to acquisition	Additions	Write-offs	Transfers	Cost
Cost							
Goodwill on investment acquisitions		236,959		930,223	(524)		1,166,658
Software licenses		90,353	2,035	22,950	(2)	59	115,395
Distance Learning Project (EAD) and Integração		15,303		999			16,302
Shared Service Center (CSC)		1,940					1,940
Learning Center		54,154		4,877			59,031
Relationship Center		2,348					2,348
Hemisférios		1,346					1,346
IT Architecture		12,197		3,030			15,227
Discipline content - online		5,770		547			6,317
Knowledge factory - EAD		10,814		4,814			15,628
Student portfolio		26,429		795			27,224
Other		5,377	3	3,620			9,000
		462,990	2,038	971,855	(526)	59	1,436,416
	Amortization rates	Amortization	Additions due to acquisition	Additions	Write-offs	Transfers	Amortization
Amortization							
Goodwill on investment acquisitions	Indefinite	(6,924)					(6,924)
Software licenses	20% p.a.	(50,162)	(969)	(14,129)		(59)	(65,319)
Distance Learning Project (EAD) and Integração	20% p.a.	(11,851)		(1,014)			(12,865)
Shared Service Center (CSC)	20% p.a.	(1,791)		(149)			(1,940)
Learning Center	5% p.a.	(8,420)		(1,776)			(10,196)
Relationship Center	20% p.a.	(1,409)		(352)			(1,761)
Hemisférios	20% p.a.	(803)		(202)			(1,005)
Discipline content - online	20% p.a.	(1,010)		(867)			(1,877)
Knowledge factory - EAD	20% p.a.	(317)		(447)			(764)
Student portfolio	20% p.a.	(10,797)		(2,963)			(13,760)
Other	20% p.a.	(205)		(135)			(340)
		(93,689)	(969)	(22,034)		(59)	(116,751)
Net book value		369,301	1,069	949,821	(526)		1,319,665

The accompanying notes are an integral part of this quarterly information.

All amounts in thousands of reais unless otherwise stated

At September 30, 2014 and December 31, 2013, goodwill on acquisition of investments was comprised of the following:

	Consolidated	
	September 30, 2014	**December 31, 2013**
Goodwill on acquisition of investment (Note 2.3)		
Irep	89,090	89,090
Atual	15,503	15,503
Seama	18,035	18,035
Idez	2,047	2,047
Uniuol	956	956
Fargs	8,055	8,055
São luis	27,369	27,369
Facitec	26,654	27,124
Assesc	4,723	4,778
Iesam	68,194	
Literatus	29,818	
Fal	8,076	8,076
Fatern	14,979	14,979
Nova academia	14,018	14,018
Estácio editor	5	5
Uniseb	9,371	
Uniseb Holding	822,841	
	1,159,734	230,035

The Company carries out annual analyses for impairment purposes, the last being for the year ended December 31, 2013, relative to goodwill on investment acquisitions and mergers, based on expected future profitability, considering projections of future results for the next five years, at the nominal perpetuity growth rate of 5.0% p.a. (equivalent to the long-term inflation rate, not considering any incremental growth) and a single nominal discount rate of 14.6% to discount estimated future cash flows. Asset impairment testing did not result in the need to recognize losses.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and the impairment loss is recognized in the statement of income.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

The key assumptions were based on the Company's historical performance and reasonable macroeconomic assumptions using financial market projections, duly documented and approved by Company management.

All amounts in thousands of reais unless otherwise stated

10 Property and equipment

Property and equipment - Parent

		December 31, 2012			September 30, 2013
		Cost	**Additions**	**Write-offs**	**Cost**
Cost					
Computers and peripherals		9,079			9,079
		9,079			9,079
	Depreciation rate	**Depreciation**	**Additions**	**Write-offs**	**Depreciation**
Depreciation					
Computers and peripherals	25% p.a.	(5,372)	(1,772)		(7,144)
		(5,372)	(1,772)		(7,144)
Net book value		3,707	(1,772)		1,935

		December 31, 2013			September 30, 2014
		Cost	**Additions**	**Write-offs**	**Cost**
Cost					
Computers and peripherals		10,090		(1,013)	9,077
		10,090		(1,013)	9,077
	Depreciation rate	**Depreciation**	**Additions**	**Write-offs**	**Depreciation**
Depreciation					
Computers and peripherals	25% p.a.	(7,734)	(1,058)	1	(8,791)
		(7,734)	(1,058)	1	(8,791)
Net book value		2,356	(1,058)	(1,012)	286

All amounts in thousands of reais unless otherwise stated

Property and equipment - Consolidated

		December 31, 2012					September 30, 2013
		Cost	**Additions by business combination**	**Additions**	**Write-offs**	**Transfers**	**Cost**
Cost							
Land		19,480					19,480
Buildings		84,610		409	(52)	5,056	90,023
Leasehold improvements		101,081		3,312		19,360	123,753
Furniture and fittings		52,035	365	4,231	(32)		56,599
Computers and peripherals		82,590	1,349	3,103	(35)	36	87,043
Machinery and equipment		64,181	610	4,685	(60)		69,416
Physical exercise/hospital equipment		25,523		3,635	(6)		29,152
Library		78,792	1,104	6,999			86,895
Facilities		12,526	80	1,774			14,380
Tablets		16,649		11,866			28,515
Other		8,509	164	744	(45)	(36)	9,336
Construction in progress		24,328		3,327	(95)	(24,416)	3,144
Decommissioning		12,060					12,060
		582,364	3,672	44,085	(325)		629,796
	Depreciation rates	**Depreciation**		**Additions**	**Write-offs**	**Transfers**	**Depreciation**
Depreciation							
Buildings	1.67% p.a.	(38,159)		(861)			(39,020)
Leasehold improvements	11.11% p.a.	(65,217)		(6,339)			(71,556)
Furniture and fittings	8.33% p.a.	(27,347)	(168)	(2,642)			(30,157)
Computers and peripherals	25% p.a.	(53,826)	(1,101)	(9,576)			(64,503)
Machinery and equipment	8.33% p.a.	(37,906)	(274)	(5,829)			(44,009)
Physical exercise/hospital equipment	6.67% p.a.	(11,390)		(889)			(12,279)
Library	5% p.a.	(33,077)	(1)	(2,388)			(35,466)
Facilities	8.33% p.a.	(4,911)	(40)	(779)			(5,730)
Tablets	20.00% p.a.	(1,172)	(87)	(1,753)			(3,012)
Other	14.44% p.a.	(3,799)		(335)			(4,134)
Decommissioning		(10,900)		(1,095)			(11,995)
		(287,704)	(1,671)	(32,486)			(321,861)
Net book value		294,660	2,001	11,599	(325)		307,935

All amounts in thousands of reais unless otherwise stated

Property and equipment - Consolidated

		December 31, 2013					September 30, 2014
		Cost	**Additions by business combination**	**Additions**	**Write-offs**	**Transfers**	**Cost**
Cost							
Land		19,480					19,480
Buildings		89,993	56,583	702	(450)	2,445	149,273
Leasehold improvements		131,673	3,216	11,042		7,442	153,373
Furniture and fittings		62,766	8,399	5,635	(236)		76,564
Computers and peripherals		93,131	18,357	7,528	(1,386)		117,630
Machinery and equipment		73,535	9,170	7,941	(143)		90,503
Physical exercise/hospital equipment		32,147	57	6,319	(82)		38,441
Library		96,448	12,710	10,554			119,712
Facilities		17,516	1,786	5,630			24,932
Tablets		32,126	62	12,347	(2)		44,533
Other		10,020	288	1,296	(44)		11,560
Construction in progress		11,131		17,493		(9,887)	18,737
Decommissioning		11,650			(12)		11,638
		681,616	110,628	86,487	(2,355)		876,376
	Depreciation rates	**Depreciation**		**Additions**	**Write-offs**	**Transfers**	**Depreciation**
Depreciation							
Buildings	1.67% p.a.	(39,204)	(6,863)	(1,233)	69		(47,231)
Leasehold improvements	11.11% p.a.	(79,860)	(1,904)	(11,713)			(93,477)
Furniture and fittings	8.33% p.a.	(33,498)	(3,270)	(3,271)	161		(39,878)
Computers and peripherals	25% p.a.	(69,383)	(11,803)	(10,720)	1,475		(90,431)
Machinery and equipment	8.33% p.a.	(46,694)	(2,436)	(7,729)	46		(56,813)
Physical exercise/hospital equipment	6.67% p.a.	(12,772)	(11)	(1,317)	43		(14,057)
Library	5% p.a.	(39,679)	(4,452)	(3,138)			(47,269)
Facilities	8.33% p.a.	(6,098)	(1,632)	(1,220)			(8,950)
Tablets	20.00% p.a.	(3,918)	(38)	(4,464)	2		(8,418)
Other	14.44% p.a.	(4,906)	(161)	(604)	17		(5,654)
Decommissioning		(9,990)		(348)	114		(10,224)
		(346,002)	(32,570)	(45,757)	1,927		(422,402)
Net book value		335,614	(78,058)	40,730	(428)		453,974

All amounts in thousands of reais unless otherwise stated

As mentioned in Note 11, certain assets acquired through financing were used as a financing guarantee. The Company has not pledged any other of its properties to secure obligations.

Machinery and IT equipment include the following amounts where the Group is a lessee under a finance lease:

		December 31, 2013			September 30, 2014
		Cost	**Additions**	**Write-offs**	**Cost**
Cost					
Capitalized finance leases		48,392	6,136		54,528
		48,392	6,136		54,528
	Depreciation rate	**Depreciation**	**Additions**	**Write-offs**	**Depreciation**
Depreciation					
Capitalized finance leases	25% p.a.	(35,625)	(6,668)		(42,293)
		(35,625)	(6,668)		(42,293)
Net book value		12,767	(532)		12,235

The Group leases various machinery and equipment under non-cancelable finance lease agreements. The lease terms are between three and four years, and ownership of the assets is then transferred to the Group.

Impairment of assets

Under Technical Pronouncement CPC 01 (IAS 36), Impairment of Assets, property and equipment items that present evidence that their recorded costs exceed their recoverable value (market value) will be reviewed to determine the need for setting up a provision for impairment. Management performed an annual analysis of operating and financial performance of its assets and did not identify changes in circumstances or indication of technological obsolescence. At September 30, 2014 and December 31, 2013, there was no need to record any provision for impairment of property and equipment.

All amounts in thousands of reais unless otherwise stated

11 Borrowings

Type	Financial charges	Parent company		Consolidated	
		September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
In local currency					
Working capital	1.70% p.m. and/or CDI + 0.25% p.m.				228
Lease agreements	IGPM + 12.3% p.a.		1,010		1,010
Lease agreements - Colortel	INPC + 0.32% p.a.			6,359	5,721
Lease agreements - Assist				146	653
Lease agreements - CIT		(93)		755	0
Lease agreements - Total Service				31	113
Lease agreements - Springer	IGPM + 1% p.a.			102	
Lease agreements - Santander	15.2% p.a.			17	
Lease agreements - Santander	12.23% p.a.			12	
International Finance Corporation (IFC) borrowing	CDI + 1.53% p.a.	63,181	66,914	63,181	66,914
International Finance Corporation (IFC) expenditure		(2,272)	(2,519)	(2,272)	(2,519)
Issue of debentures	CDI + +1.60% p.a.	208,573	202,166	208,573	202,166
Expenditure on issue of debentures		(815)	(1,007)	(815)	(1,007)
Share repurchase option Banco Itaú		34	34	34	34
Borrowing - FEE BNB	3% p.a.			1,251	1,593
Borrowing - Banco da Amazônia	9.5% p.a.			13,036	
Borrowing - Banco Safra				513	
Borrowing - Caixa Econômica Federal (CEF)				(77)	
Borrowing - Banco Itaú				24	
		268,608	266,598	290,870	274,906
Current liabilities		19,200	31,246	26,295	36,692
Non-current liabilities		249,408	235,352	264,575	238,214
		268,608	266,598	290,870	274,906

Funding costs amount to R$ 3,087 at September 30, 2014, being R$ 2,272 related to borrowings from IFC (R$ 497 of the 1st borrowing and R$ 1,775 of the 2nd borrowing), and R$ 815 to the debentures.

The maturity of amounts recorded in non-current liabilities at September 30, 2014 and December 31, 2013 is as follows:

	Parent company		Consolidated	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
2015	2,908	49,118	4,777	51,310
2016	8,787	68,613	12,237	69,067
2017	8,787	88,613	11,432	88,829
2018	108,788	8,863	110,229	8,863
2019	108,787	8,863	110,229	8,863
2020	8,898	8,863	10,338	8,863
2021	2,453	2,419	3,893	2,419
2022			1,440	
Non-current liabilities	249,408	235,352	264,575	238,214

The borrowed funds have been used to finance the expansion of the Company including, but not limited to, acquisition of other enterprises in the industry and/or organization of new campuses.

All amounts in thousands of reais unless otherwise stated

The Group's borrowings are denominated in Brazilian reais (R$).

(a) Lease agreements

Promissory notes endorsed by stockholders and the leased assets, in the amount of R$ 54,186, were given to guarantee the lease agreements.

(b) IFC borrowing

Receivables of the IREP and UNESA units in an escrow account were given to guarantee the borrowings from the International Finance Corporation (IFC), and there was no pledge of assets, securities or investments; a minimum monthly flow in the escrow accounts was set at R$ 33,000. On June 2, 2014, the Company negotiated with the IFC the centralization of the receivables relating to both contracts in the UNESA units only, without any changes to the minimum monthly flow of R$ 33,000, and, therefore, made the receivables of IREP available for future transactions.

These borrowings contain restrictive covenants that require the borrower to maintain certain financial ratios within preset limits. In the quarterly information as of September 30, 2014, the Company and its subsidiaries are compliant with all contractually required ratios.

(c) Debenture

Just as the borrowing agreements with IFC, the debentures also contain restrictive covenants that require maintenance of certain financial ratios within preset limits. In the quarterly information as of September 30, 2014, the Company and its subsidiaries are compliant with all contractually required ratios.

Debentures were issued in the holders name and recorded in the books without certificates being issued. They are subordinated, simple, non-convertible debentures. On May 20, 2014, the 2nd General Meeting of Debenture Holders (AGD) approved the renegotiation of this issue.

The debentures pay interest of 100% of the Interbank Deposit Certificate (CDI) rate plus a spread of 1.50% per annum. Its maturity date (principal) will be November 25, 2019, except for any early redemption offers and accelerated maturity events as provided in the indenture. Interest is paid every six months (May and November).

The debentures payment flow is as follows:

	2014
2014	8,573
2018	100,000
2019	100,000
	208,573

The fair value of the current portion of borrowings equals the carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 12.49% p.a. (2013 - 11.52%).

The annual effective interest rate of the debentures (TIR) is 11.73%.

All amounts in thousands of reais unless otherwise stated

12 Salaries and social charges

	Parent company		Consolidated	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Salaries and social charges payable	189	135	90,952	64,956
Vacation pay			40,544	14,716
Provision for 13th month salary			34,935	
	189	135	166,431	79,672

13 Tax liabilities

	Parent company		Consolidated	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
ISS payable	4	4	19,557	13,212
IRRF payable	49	40	8,566	6,282
PIS and COFINS payable	30	(7)	1,840	759
IOF			384	384
INSS			203	
IPTU			63	
	83	37	30,613	20,637
IRPJ payable	2,423	1,551	15,227	9,660
CSLL payable	891	568	5,713	3,725
	3,314	2,119	20,940	13,385
	3,397	2,156	51,553	34,022

14 Taxes payable in installments

	Consolidated	
	September 30, 2014	December 31, 2013
IRPJ	67	67
CSLL	107	107
FGTS	11	12
ISS	837	1,008
PIS	85	85
COFINS	318	323
INSS	17,613	6,832
	19,038	8,434
Current liabilities	3,402	1,495
Non-current liabilities	15,636	6,939
	19,038	8,434

All amounts in thousands of reais unless otherwise stated

Monthly, the amount of installments is adjusted based on the SELIC rate.

These refer basically to taxes and social security contributions payable in installments to Municipalities, the Brazilian IRS and Social Security and the payment flow is as follows:

	Consolidated	
	September 30, 2014	**December 31, 2013**
2015	226	777
2016	777	777
2017	777	777
2018 to 2027	13,856	4,608
	15,636	6,939

15 Purchase price payable

	Consolidated	
	September 30, 2014	**December 31, 2013**
FAL	548	785
FATERN	1,067	1,529
SEAMA	-	2,011
IDEZ	-	217
FARGS	-	1,108
UNIUOL	322	461
FACITEC	10,425	19,032
São Luis	13,868	12,848
ASSESC	1,280	1,481
IESAM	43,795	
LITERATUS	11,130	
	82,435	39,472
Current liabilities	18,113	22,206
Non-current liabilities	64,322	17,266
	82,435	39,472

These basically refer to the amount payable to the former owners for the acquisition of related companies, subjected monthly to the following rates: SELIC or IPCA (Amplified Consumer Price Index) or CDI variation.

The following table presents the purchase price payable by the Group by maturity period, corresponding to the remaining period between the balance sheet date and the contractual maturity date.

All amounts in thousands of reais unless otherwise stated

	Consolitaded		
	Less than one year	Between one and two years	Between two and five years
Em 30 de setembro de 2014			
IESAM	4.020	2.010	12.565
LITERATUS	3.271	1.211	6.648

At the acquisition of the IESAM, the Group assumed a net debt of R $ 25,073.

16 Provision for contingencies

The Company's subsidiaries are involved in various civil, labor and tax proceedings at different court levels. Management, based on the opinion of its external legal advisors, recorded a provision for an amount considered sufficient to cover expected losses arising from pending litigation.

At September 30, 2014 and December 31, 2013, the provision for contingencies was comprised of the following:

	Consolidated			
	September 30, 2014		December 31, 2013	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Civil	3,774	19,522	3,250	17,491
Labor	24,322	81,821	25,130	78,319
Tax		15,307		8,248
	28,096	116,650	28,380	104,058

The changes in the provision for contingencies were as follows:

	Consolidated			
	Tax	Labor	Civil	Total
At December 31, 2013		25,130	3,250	28,380
Additions			1,755	1,755
Reversals		(808)	(1,231)	(2,039)
At September 30, 2014		24,322	3,774	28,096

For the period ended September 30, 2013, the expense for the provision for contingencies, recognized in the statement of income as "General and administrative expenses", was as follows:

	2014	2013
Statement of income		

Additions	16,756	21,297
Reversals	(17,040)	(17,382)
Reversal of liability of former quotaholders		(161)
Balance of acquired companies	(1,556)	
Other		(70)
General and administrative expenses (Note 25)	(1,840)	3,684

(a) Civil

Most proceedings mainly involve claims for indemnity for moral and property damages arising from incorrect collections, late issue of diplomas, failure to return summer course registration fees, among other matters of an operational and/or educational nature.

The provisions recognized for civil lawsuits are due to the following:

Matters	**All amounts in thousands of reais**
Indemnity for moral damages	2,908
Incorrect collection	495
Prevention of enrollment/reenrollment	61
Discipline-related problems	41
Return of fees	41
Delay in issuance of diploma	32
Other*	196
	3,774

- These arise from other operating and/or academic problems, civil class actions, actions for review and other suits for damages.

(b) Labor

The main labor claims refer to overtime, unused vacation time, recognition of an employment relationship, salary parity and salary differences arising from the decrease in the working hours of certain professors.

All amounts in thousands of reais unless otherwise stated

The provisions recognized for labor lawsuits are due to the following:

Matters	Amounts
Salary differences + reduction of working time + Collective Labor Agreement Convention (CCT) fine + FGTS + dismissal prior notice	5,437
Fines (Article 467 of the Consolidation of the Labor Laws (CLT), Article 477 of the CLT and CCT/Collective Bargaining Agreement (ACT)	4,005
Overtime + Suppression Inter + Intra	3,530
Moral and property damage/moral harassment	1,911
Correction of Work and Social Security Card (CTPS) + Indirect repeal + recognition of employment relationship	1,525
Vacation	1,429
Allowances (health hazards/night shift pay/improvement/length of service/risk premium)	953
Deviation of function and parity	859
Other*	4,673
	24,322

(*) Pleadings complementary to the main ones described above (effects) and Union's fees.

(c) Tax

The Company's legal advisors reviewed, assessed and quantified the various tax proceedings and, considering that there are no proceedings assessed as probable losses, management considered not necessary the recognition of a provision for such proceedings.

(d) Possible losses, not provided for in the balance sheet

The Company has the following tax, civil and labor litigation involving risks of loss classified by management as possible, based on the evaluation of the legal advisors, for which no provision for estimated possible losses was recognized:

	Consolidated	
	September 30, 2014	December 31, 2013
Tax	349,863	348,689
Civil	98,027	89,038
Labor	56,223	71,309
	504,113	509,036

Among the main proceedings not provided for in the quarterly information, we highlight:

(i) In 2011, the Federal Revenue Secretariat issued four tax assessment notices, due to alleged debts of social security contributions for the period from January 2006 to January 2007 and noncompliance with record-keeping and reporting obligations. Currently, the referred defenses are pending judgment by the Special IRS Office for the Largest Taxpayers of the State of Rio de Janeiro (DEMAC/RJO). In August 2012, an administrative lower court sentence was rendered, which partially granted the Company's objections, to recognize the extinguishment of right and exclude the entries of the period from January to July 2006, the other inspection arguments were maintained. The Company filed appeals, which are waiting judgment by the Board of Tax Appeals. The total amount involved, disregarding the effects of the extinguishment of right, is R$ 190,046. According to the opinion of the external legal advisors, the risk of loss in these cases remains possible.

(ii) In 2009, SESES filed a common civil action against the Federal Government/Federal Tax Authorities, through which it claims authorization to pay the social security contributions, according to the gradation provided by Article 13 of Law 11,096/05 ("PROUNI Act"), with the beginning of the gradation as from the 1st month that a general meeting took place authorizing the change of its legal nature to a company for profit, in February 2007, consequently resulting in the following gradation for the payment of the social security contributions by SESES: 20% in 2007; 40% in 2008; 60% in 2009; 80% in 2010; and 100% in 2011, notwithstanding the understanding of INSS inspectors, who claim that the 5 (five) year period for application of the escalated rates, as defined in Article 13 of the PROUNI Act, should start to be counted as from the date of publication of this Act, which occurred in 2005. On August 7, 2012, the Federal Regional Court (TRF) favorably judged the Company's appeal. According to the mentioned decision, the enjoyment begins as from the date of the Shareholders' Meeting that changed the legal nature of SESES, and not the publication date of the Prouni Act. Currently, the suit is awaiting judgment of the appeal filed by Federal Tax Authorities. The outside legal advisors assessed this case as a possible loss and the estimated amount involved is R$ 11,900.

(iii) Given the divergence of understanding of Article 13 of Law No. 11,096/05 ("PROUNI Act"), as mentioned in item (ii) above, Tax Foreclosures were issued by the National Treasury aimed at the judicial recovery of debts related to the alleged differences in payments of social security contributions. Embargoes were imposed on these executions, which are still being tried. The total case amount is R$ 68,623. According to the opinion of the outside legal advisors, the possibility of loss in this case remains possible.

17 Advances under exclusivity agreements

On August 3, 2006, an agreement was entered into between the Company's subsidiaries and Unibanco, effective until July 31, 2011. The purpose of such agreement was granting exclusivity/preference to Unibanco with respect to the offering and provision of products and services to students, employees and suppliers, as well as for Unibanco to be the main provider of financial services.

In exchange for the exclusivity granted to Unibanco, and for maintaining such a condition during the term of the agreement, i.e. until July 31, 2011, Unibanco paid to the subsidiaries a fixed amount of R$ 15,954, which has been recognized in income over the term of the agreement. On February 18, 2008, without significant changes in the main contractual clauses, the parties entered into a new agreement extending the partnership until February 18, 2018. In consideration for the exclusive rights granted to Unibanco while the agreement remains effective, Unibanco paid the Company an additional amount of R$ 18,000. At September 30, 2014, the balance related to amounts advanced in connection with the agreement amounted to R$ 9,863 (R$ 12,028 at December 31, 2013), being R$ 2,887 classified in consolidated current liabilities, which will be amortized over the life of the agreement.

All amounts in thousands of reais unless otherwise stated

18 Equity

(a) Share capital

Capital may be increased by the Board of Directors, regardless of any amendment to the bylaws, up to the limit of 1,000,000,000 (one billion) shares. At September 30, 2014, capital is represented by 315,429,884 common shares.

The Company's shareholding structure at September 30, 2014 and December 31, 2013 is as follows:

	Common shares			
Stockholders	**September 30, 2014**	**%**	**December 31, 2013**	**%**
Officers and directors	24,977,749	7.9	3,379,507	1.2
Treasury	1,796,700	0.6	1,796,700	0.6
Other (*)	288,655,435	91.5	290,035,939	98.2
	315,429,884	100.0	295,212,146	100.0

(*) Free float.

During 2013, the Company made a public offering and, as a result, its share capital were increased by R$ 616,858, corresponding to 44,061,300 shares. Also in 2013, the Company's share capital was increased by R$ 24,510, corresponding to 3,634,793 shares, as a result of exercise of stock options.

On September 20, 2013, Estácio Participações S.A., in compliance with Article 12, paragraph 4th of CVM Instruction 358, of January 3, 2002, as amended by CVM Instruction 449, of March 16, 2007, issued a communication informing that the Company had been advised by "Private Equity Partners C, LLC" and "GPCP4- Fundo de Investimento em Participações", about the fact that they had sold, on September 19, 2013, all of their interest holding in the Company's capital, the settlement of which was carried out on September 23, 2013.

The Annual General Meeting of Stockholders held on April 22, 2014 approved the private issue of 2,182,342 registered common shares, with no par value, which resulted in the consequent increase of the Company's capital in the amount of R$ 17,365, within the limit of the authorized capital in order to meet the exercise of the options granted to the beneficiaries of the stock option plan.

At September 30, 2014, the Company's capital is represented by 315,429,884 registered common shares.

(b) Changes in shares

At December 31, 2013	295,212,146
Issue of common shares due to exercise of granted options	
- Board of Directors minutes of meeting held on April 22, 2014	2,182,342
Issue of common shares due to the merger of Uniseb Holding	
- Extraordinary General Meeting held on July 1, 2014	17,853,127
Issue of common shares due to exercise of granted options	
- Board of Directors minutes of meeting held on August 7, 2014	182,269
At September 30, 2014	315,429,884

All amounts in thousands of reais unless otherwise stated

The share capital is composed of shares with no par value.

The cost for issuing public offering shares in 2013 was R$ 24,033.

(c) Treasury shares

At the Board of Directors' Meeting on May 12, 2010, the Board unanimously approved the 1st Program for Repurchase of our shares on the stock exchange, up to 1,527,788 common shares, equivalent to 7.21% of the share capital.

On May 11, 2011, the program was closed and 59,000 (fifty-nine thousand) common shares were acquired, equivalent to 3.86% of the total shares provided for the Program.

The Board of Directors approved the 2nd Share Repurchase Program, initiated on July 14, 2011, whose objective was to invest available funds, observing the limit of the balance of profits or reserves at December 31, 2010, in order to maximize the generation of value to the stockholder, within a stipulated limit of up to 3,323,796 common shares, equivalent to 5% of the Company's share capital. 193,500 common shares were acquired, equivalent to 5.82% of the total shares provided for the program.

Complementing the 2nd Repurchase Program, the Company's Board of Directors, in a meeting held on September 27, 2011, approved the repurchase of its own shares by entering into call and put options (collectively "options") on shares issued by the Company, for the purpose of canceling, keeping in treasury and/or subsequently disposing of such shares, which may also be used to cover options exercised under the Company's share repurchase programs, pursuant to CVM Instruction 390/03, and having Banco Itaú as agent in the transaction. This operation carried a floating-rate cost for the Company, since the obligation represented the amount disbursed by the financial institution on the date of repurchase, plus a fixed rate equal to the DI rate, plus spread.

After the 2nd Share Repurchase Program was closed on July 13, 2012, the Company began to exercise the options of the repurchase program with derivatives, and the first call was exercised on September 17, 2012.

The program ended on April 15, 2013 after the exercise of the last call. The Company exercised a call option to acquire 1,007,700 shares at an average cost of R$ 7.09.

	Quantity	Average cost	Balance
Treasury shares at September 30, 2014	1,796,700	6.32	11,348

(d) Capital reserves

(d.1) Share premium

The share premium reserve refers to the difference between the subscription price that the stockholders pay for the shares and their par value. Since this is a capital reserve, it can only be used to increase capital, offset losses, redeem, reimburse or purchase shares or pay cumulative dividends on preferred shares.

All amounts in thousands of reais unless otherwise stated

The amount of the share premium in the quarterly information for the period ended at September 30, 2014 and the year ended at December 31, 2013 is as follows:

	Parent company	
	September 30, 2014	**December 31, 2013**
Tax reserve	3	3
Undistributed profits (i)	96,477	96,477
Special reserve for goodwill on merger	85	85
Share premium	498,899	
	595,464	96,565

(i) Profits earned in periods previous to the Company's conversion into a profit-oriented company.

The special reserve for goodwill on merger is represented as follows:

	30 de setembro de 2014
Issue of 17.853.127 common shares	(23.305)
Amount paid for the purchase of 17.853.127 common shares	522.204
Goodwill paid	498.899

(d.2) Option grants

The Company recorded the Capital Reserve for Share Options granted in the amount of R$ 14,652 during the period ended September 30, 2014 (R$ 6,683 during the year ended December 31, 2013), as mentioned in Note 21(b). As required by the applicable technical accounting pronouncement, the fair value of options was determined on the grant date and has been recognized over the vesting period up to the date of this parent company and consolidated quarterly information.

(d.3) Special Program for Long-Term Incentive Executive Officers "ILP"

The Company recorded a capital reserve for long-term incentives (Note 21 (c)) in the amount of R $ 2,402 for the period ended September 30, 2014.

(e) Revenue reserves

(e.1) Legal reserve

The Brazilian legislation requires that 5% of the profit for the year must be allocated to the legal reserve until this reserve equals 20% of the paid-in capital, or 30% of capital plus capital reserves. After this limit is reached, further transfer to such reserve is not necessary. The capital reserve may only be used to increase capital or offset accumulated losses.

(e.2) Profit retention reserve

This reserve is intended to be used for scheduled investments as per the capital budget, in conformity with Article 196 of Brazilian Corporate Legislation.

At December 31, 2013, R$ 174,354 of the results accumulated by the Company was allocated to the profit retention reserve (2012 - R$ 78,152), in order to realize the investments expected in the Company's capital budget, prepared by management. The Annual General Meeting of Stockholders was held on April 30, 2014.

19 Financial instruments and sensitivity analysis of financial assets and liabilities

The fair value of financial assets and liabilities was determined based on available market information and appropriate valuation methodologies for each situation. However, considerable judgment was required in the interpretation of the market data to estimate the most appropriate realizable values. Consequently, the estimates presented do not necessarily indicate the amounts that could be realized in the current market. The use of different market information and/or estimation methodologies may have a material effect on the market value amounts.

The Company's financial assets and liabilities at September 30, 2014 and December 31, 2013 are recorded in the balance sheet at amounts that are consistent with those prevailing in the market. The main financial instruments are described below, as well as the criteria and assumptions used in the calculation of fair values and their limitations:

(a) Cash and cash equivalents and marketable securities

The carrying amounts approximate fair values due to the short-term maturity of these instruments.

(b) Borrowings

These are measured at amortized cost using the effective interest method.

(c) Trade receivables

These are classified as loans and receivables and are recorded at the contractual amounts, which approximate fair value.

(d) Other financial assets and liabilities

The estimated realizable value of the Group's financial assets and liabilities was determined based on available market information and appropriate valuation methodologies.

Financial risk factors

All operations of the Group are carried out with first-tier banks, which minimizes risks. Management records a provision for impairment of receivables at an amount considered sufficient to cover possible losses on the collection of receivables; therefore the risk of incurring losses on billed amounts is duly measured and recorded. The main market risk factors that affect the Group's business are as follows:

(a) Credit risk

This risk relates to any difficulties experienced in collecting amounts for services rendered.

The Group is also subject to credit risk from their short-term investments.

The credit risk relating to the rendering of services is minimized by a strict control of the student base and active management of default levels and dispersion of balances.

With respect to the credit risk associated with financial institutions, the Company and its subsidiaries operate in accordance with the Financial Investments and Derivatives Policy approved by the Board of Directors. The balances of cash and cash equivalents, marketable securities and judicial deposits are held at financial institutions with AA to AAA credit rating according to the credit rating agencies Standard & Poor's, Fitch and Moody's.

(b) Interest rate risk

The Group is exposed to fluctuations in the Interbank Deposit Certificate (CDI) rate, which is used to adjust the balance of its short-term investments and debts., as mentioned in Note 19(e). Additionally, any increase in interest rates could drive up the cost of student loans, including loans under the FIES program, and reduce the demand for the courses.

(c) Foreign exchange rate risk

The Group's income is not subject to changes due to foreign exchange rate volatility, as it does not have significant operations denominated in foreign currency.

(d) Liquidity risk

Liquidity risk consists of the possibility that the Group may not have sufficient funds to meet its financial commitments due to the different settlement terms of its rights and obligations.

The Group's liquidity and cash flow control is monitored on a daily basis by the Group's financial management department, in order to ensure that cash flows from operations and funding, when necessary, are sufficient to meet its commitment schedule, not generating liquidity risks for the Group. There was no significant change in the financial liabilities of the Group as of September 30, 2014, compared to December 31, 2013.

The table below analyzes the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

All amounts in thousands of reais unless otherwise stated

				Consolidated
	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At September 30, 2014				
Trade payables	54,645			
Borrowings	40,776	39,565	300,476	17,207
Finance lease liabilities	4,528		3,559	
Purchase price payable	18,898	3,577	69,160	
At December 31, 2013				
Trade payables	40,429			
Borrowings	57,071	74,401	200,896	24,549
Finance lease liabilities	4,763		1,724	
Purchase price payable	22,206	4,734	15,211	

(e) Sensitivity analysis

CVM Resolution 550, of October 17, 2008, establishes that publicly-held companies must disclose, in a specific note, qualitative and quantitative information on all their financial instruments, recognized or not as assets or liabilities in their balance sheet.

The Group's financial instruments are represented by cash and cash equivalents, accounts receivable, accounts payable, judicial deposits, and borrowings, being recorded at cost plus interest earned or incurred, which, at September 30, 2014 and December 31,2013 approximate their market value.

The main risks to the Group's operations refer to changes in the Interbank Deposit Certificate (CDI) rate.

CVM Instruction 475, of December 17, 2008, requires the presentation of information on financial instruments, in a specific note, as well as disclosure of the sensitivity analysis.

With respect to loans, these refer to transactions for which the carrying amount approximates their fair value.

Investments in CDI are recognized at fair value, as per quotations published by the financial institutions. Other investments relate essentially to Bank Deposit Certificates and repurchase operations. Accordingly, the carrying values are equal to their market values.

For purposes of verifying the sensitivity of the index in the financial investments to which the Company was exposed on the base date of September 30, 2014, three different scenarios were defined. The most recent benchmark rate (SELIC) determined by the Brazilian Central Bank's Monetary Policy Committee at its September 2, 2014 meeting - 11.00% p.a. - was used as the probable scenario for the year. Rate changes of 25% and 50% were then calculated.

For each scenario, a "gross finance income" was calculated, disregarding the effect of taxes on the investment yields. The base date used for the portfolio was September 30, 2014, with projections for one year and verification of the sensitivity of the CDI for each scenario.

All amounts in thousands of reais unless otherwise stated

	Risk	CDI increase scenario Probable scenario (I)	Scenario (II)	Scenario (III)
Operations				
Financial investments	CDI	10.81%	13.63%	16.21%
R$ 409,190		44,231	55,288	66,346
Debentures	CDI+1.50	12.47%	15.22%	17.96%
R$ (208,573)		(26,013)	(31,735)	(37,456)
IFC I	CDI+1.53	12.51%	15.25%	17.99%
R$ (44,064)		(5,508)	(6,717)	(7,926)
IFC II	CDI+1.69	12.68%	15.43%	18.18%
R$ (19,117)		(2,425)	(2,950)	(3,475)
Net position		10,284	13,887	17,489

	Risk	CDI decrease scenario Probable scenario (I)	Scenario (II)	Scenario (III)
Operations				
Financial investments	CDI	10.81%	8.11%	5.40%
R$ 409,190		44,231	33,173	22,115
Debentures	CDI+1.50	12.47%	9.73%	6.99%
R$ (208,573)		(26,013)	(20,292)	(14,571)
IFC I	CDI+1.53	12.51%	9.76%	7.02%
R$ (44,064)		(5,508)	(4,300)	(3,091)
IFC II	CDI+1.69	12.68%	9.93%	7.19%
R$ (19,117)		(2,425)	(1,899)	(1,374)
Net position		10,824	6,682	3,079

All amounts in thousands of reais unless otherwise stated

(f) Capital management

The Company's debt in relation to the share capital at the end of the period is presented by the consolidated data as follows:

	Consolidated	
	September 30, 2014	**December 31, 2013**
Total liabilities	751,845	621,009
(-) Cash and cash equivalents	(25,703)	(7,132)
Net debt	726,142	613,877
Equity	2,420,764	1,517,642
Net debt on equity	0.30	0.40

(g) Fair value of financial instruments

On September 30, 2014 and December 31, 2013, the carrying values of the Company's financial instruments approximate their fair value.

The Group's financial instruments were classified as loans and receivables or other financial liabilities, except marketable securities (Note 3), classified as securities held for trading (Level 2).

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments classified as trading or available-for-sale securities.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on Group-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(h) Offsetting of financial instruments

There were no significant assets or liabilities subject to offset during the period and year ended September 30, 2014 and December 31, 2013.

All amounts in thousands of reais unless otherwise stated

20 Insurance coverage (not reviewed)

The Company and its subsidiaries have a risk management program to limit risks, seeking coverage in the market compatible with its size and operations. Insurance was contracted at the amounts indicated below, being considered sufficient by management to cover possible losses, in accordance with the nature of activity, risks involved in operations and the guidelines of insurance advisors.

The Company and the subsidiaries had the following main insurance policies with third-party insurers:

	Amounts insured	
	September 30, 2014	**December 31, 2013**
D&O insurance	80,000	80,000
Fire insurance for fixed assets	53,876	53,876
Civil liability	10,000	10,000
Fixed expense	5,000	5,000
Electronic equipment	200	200
Group life	411,551	353,160
Other lines	2,720	2,720

21 Management remuneration

(a) Remuneration

According to Brazilian Corporate Legislation and the Company's bylaws, stockholders are responsible for setting the aggregate amount of management's annual compensation at a General Meeting. The Board of Directors is responsible for the allocation of funds among officers. The Annual General Meeting held on April 3, 2012 fixed the monthly limit of total compensation of management (Board of Directors and Executive Officers) of the Company.

In the periods ended September 30, 2014 and September 30, 2013, total remuneration (salaries and profit sharing) paid to the Company's directors, officers and main executives amounted to R$ 12,966 and R$ 10,553, respectively. These amounts are within the limits fixed at the corresponding General Meetings.

The Company and its subsidiaries do not grant post-employment benefits, employment termination benefits or other long-term benefits to its management and employees, except for the share option plan described in Note 21(b) and the Special Program for Long-Term Incentive Executive Officers in Note 21(c)

(b) Stock option plan

The Extraordinary General Meeting of Stockholders held on September 12, 2008 approved the Company's Stock Option Plan (the "Plan"), for the Company's management, employees and service providers (the "beneficiaries"). The Plan is managed by the Plan's Administration Committee, created by the Board of Directors specifically for that purpose, in a meeting that took place on July 1, 2008. The Committee is responsible for periodically creating stock option programs and granting to the Beneficiaries the options and the specific applicable rules (reviewed from time to time), always observing the Plan's ("Program") general rules.

The volume of stock options is limited to 5% of the total shares of the Company's share capital existing on the date each Program is approved.

The stock options are formally documented in an individual contract between the Company and each beneficiary. As a condition to acquire the right to purchase shares, the beneficiary will pay the price of the shares within 30 days from the subscription or acquisition of shares related to the lot acquired and exercised. For the first stock option program, as approved by the Committee on July 15, 2008, the exercise price of the options will be R$ 16.50 per share, adjusted by reference to the IGP-M index since July 11, 2008, less the amount of dividends and interest on capital per share that may be paid by the Company from the date of execution of the individual contracts with the beneficiaries.

For the second stock option program, as approved by the Committee on April 20, 2010, the exercise price of the options will be R$ 19.00, equivalent to the average price of the shares over the last thirty trading days on the São Paulo Stock Exchange prior to the date the beneficiary joins the 2nd program, adjusted by reference to the IGP-M index from the date the beneficiary is included in the 2nd program, less the amount of dividends and interest on capital per share that may be paid by the Company from the date of execution of the individual contracts with the beneficiaries. The Committee may, upon inclusion of the beneficiary in the 2nd program, determine the granting of a discount of up to 10% on the exercise price.

On December 20, 2010, upon termination of the 2nd program, the creation of the 3rd program was approved, with an issue price of shares to be acquired of R$ 23.60, to be increased based on the variation of the IGP-M index from January 3, 2011 until the date the actual option is exercised.

On April 2, 2012, upon termination of the 3rd program, the creation of the 4th program was approved, with an issue price of shares to be acquired of R$ 19.00, to be increased based on the variation of the IGP-M index from April 2, 2012 until the date the actual option is exercised.

As from 2013, the Company started to use, for the calculation of the fair value of the options of each grant, the Binomial model, but the Company will not change the old grants, according to the standards established by Technical Pronouncement CPC 10, which will continue being calculated by the Black and Scholes model.

On March 1, 2013, upon termination of the 4th program, the creation of the 5th program was approved, with an issue price of shares to be acquired of R$ 40.00, to be increased based on the variation of the IGP-M index from March 1, 2013 until the date the actual option is exercised.

On October 2, 2013, upon termination of the 5th program, the creation of the 6th program was approved, with an issue price of shares to be acquired of R$ 15.67, to be increased based on the variation of the IGP-M index from October 2, 2013 until the date the actual option is exercised.

At September 30, 2014, the number of exercised granted options of active employees totaled 8,073,665 shares (R$ 42,412), out of a total of 16.461.188 granted shares (R$ 38,068).

All amounts in thousands of reais unless otherwise stated

The assumptions used to determine each grant, based on the Black-Scholes model, are described as follows:

Program	End of grace period	Expiration date	Fair Value	Price of the underlying asset (*)	Expected annual volatility	Expected dividends	Risk-free interest rate	Estimated life (years)	Number of options granted	Number of lapsed options
Program 1P Jul/08	4/15/2009	4/15/2019	R$ 3.35	R$ 7.83	57.49%	0.97%	6.85%	11	727,668	521,100
	4/15/2010	4/15/2020	R$ 4.14	R$ 7.83	57.49%	0.97%	6.85%	12	727,626	550,176
	4/15/2011	4/15/2021	R$ 4.68	R$ 7.83	57.49%	0.97%	6.85%	13	727,626	564,720
	4/14/2012	4/14/2022	R$ 5.36	R$ 7.83	57.49%	0.97%	6.85%	14	727,626	564,720
	4/14/2013	4/14/2023	R$ 4.70	R$ 7.83	57.49%	0.97%	6.85%	15	727,626	564,720
Program 1P Sep/08	4/15/2009	4/15/2019	R$ 1.06	R$ 4.68	56.00%	1.62%	8.42%	11	663,645	-
	4/15/2010	4/15/2020	R$ 1.71	R$ 4.68	56.00%	1.62%	8.42%	12	663,633	399,999
	4/15/2011	4/15/2021	R$ 2.14	R$ 4.68	56.00%	1.62%	8.42%	13	663,633	399,999
	4/14/2012	4/14/2022	R$ 2.37	R$ 4.68	56.00%	1.62%	8.42%	14	663,633	399,999
	4/14/2013	4/14/2023	R$ 2.67	R$ 4.68	56.00%	1.62%	8.42%	15	663,633	399,999
Program 1P Jan/09	4/15/2010	4/15/2020	R$ 1.02	R$ 4.40	63.99%	1.72%	6.83%	11	636,369	18,180
	4/15/2011	4/15/2021	R$ 1.66	R$ 4.40	63.99%	1.72%	6.83%	12	636,363	72,729
	4/14/2012	4/14/2022	R$ 2.07	R$ 4.40	63.99%	1.72%	6.83%	13	636,363	72,729
	4/14/2013	4/14/2023	R$ 2.37	R$ 4.40	63.99%	1.72%	6.83%	14	636,363	72,729
	4/14/2014	4/14/2024	R$ 2.56	R$ 4.40	63.99%	1.72%	6.83%	15	636,363	72,729
Program 1P Sep/09	4/15/2010	4/15/2020	R$ 2.37	R$ 6.70	56.75%	1.13%	5.64%	11	174,582	-
	4/15/2011	4/15/2021	R$ 3.10	R$ 6.70	56.75%	1.13%	5.64%	12	174,537	32,727
	4/14/2012	4/14/2022	R$ 3.59	R$ 6.70	56.75%	1.13%	5.64%	13	174,537	32,727
	4/14/2013	4/14/2023	R$ 3.99	R$ 6.70	56.75%	1.13%	5.64%	14	174,537	32,727
	4/14/2014	4/14/2024	R$ 4.21	R$ 6.70	56.75%	1.13%	5.64%	15	174,537	101,814
Program 1P Jan/10	4/15/2011	4/15/2021	R$ 3.73	R$ 8.17	63.15%	0.93%	6.23%	11	89,115	10,914
	4/14/2012	4/14/2022	R$ 4.55	R$ 8.17	63.15%	0.93%	6.23%	12	89,085	38,181
	4/14/2013	4/14/2023	R$ 5.11	R$ 8.17	63.15%	0.93%	6.23%	13	89,085	38,181
	4/14/2014	4/14/2024	R$ 5.53	R$ 8.17	63.15%	0.93%	6.23%	14	89,085	52,728
	4/14/2015	4/14/2025	R$ 5.80	R$ 8.17	63.15%	0.93%	6.23%	15	89,085	52,728
Program 1P Mar/10	4/15/2011	4/15/2021	R$ 3.16	R$ 7.50	62.20%	1.01%	6.21%	11	90,909	-
	4/14/2012	4/14/2022	R$ 3.96	R$ 7.50	62.20%	1.01%	6.21%	12	90,909	-
	4/14/2013	4/14/2023	R$ 4.50	R$ 7.50	62.20%	1.01%	6.21%	13	90,909	-
	4/14/2014	4/14/2024	R$ 4.91	R$ 7.50	62.20%	1.01%	6.21%	14	90,909	-
	4/14/2015	4/14/2025	R$ 5.16	R$ 7.50	62.20%	1.01%	6.21%	15	90,909	-
Program 2P Jul/10	4/15/2011	4/15/2021	R$ 2.05	R$ 6.73	58.84%	1.52%	6.25%	11	129,702	39,063
	4/14/2012	4/14/2022	R$ 2.87	R$ 6.73	58.84%	1.52%	6.25%	12	129,684	39,063
	4/14/2013	4/14/2023	R$ 3.40	R$ 6.73	58.84%	1.52%	6.25%	13	129,684	48,438
	4/14/2014	4/14/2024	R$ 3.80	R$ 6.73	58.84%	1.52%	6.25%	14	129,684	48,438
	4/14/2015	4/14/2025	R$ 4.04	R$ 6.73	58.84%	1.52%	6.25%	15	129,684	60,936
Program 2P Nov/10	4/15/2011	4/15/2021	R$ 3.36	R$ 8.40	57.60%	1.52%	5.88%	11	12,000	-
	4/14/2012	4/14/2022	R$ 4.22	R$ 8.40	57.60%	1.52%	5.88%	12	12,000	-
	4/14/2013	4/14/2023	R$ 4.80	R$ 8.40	57.60%	1.52%	5.88%	13	12,000	-
	4/14/2014	4/14/2024	R$ 5.24	R$ 8.40	57.60%	1.52%	5.88%	14	12,000	-
	4/14/2015	4/14/2025	R$ 5.52	R$ 8.40	57.60%	1.52%	5.88%	15	12,000	-
Program 3P Jan/11	4/15/2012	4/15/2022	R$ 2.96	R$ 9.00	56.55%	1.14%	5.79%	11	195,861	10,170
	4/14/2013	4/14/2023	R$ 3.99	R$ 9.00	56.55%	1.14%	5.79%	12	195,807	35,592
	4/14/2014	4/14/2024	R$ 4.69	R$ 9.00	56.55%	1.14%	5.79%	13	195,807	51,072
	4/14/2015	4/14/2025	R$ 5.22	R$ 9.00	56.55%	1.14%	5.79%	14	195,807	51,072
	4/14/2016	4/14/2026	R$ 5.57	R$ 9.00	56.55%	1.14%	5.79%	15	195,807	51,072
Program 1P Apr/11	4/15/2012	4/15/2022	R$ 2.15	R$ 7.80	54.94%	1.32%	6.20%	11	165,324	12,717
	4/14/2013	4/14/2023	R$ 3.13	R$ 7.80	54.94%	1.32%	6.20%	12	165,240	38,133
	4/14/2014	4/14/2024	R$ 3.78	R$ 7.80	54.94%	1.32%	6.20%	13	165,240	61,011
	4/14/2015	4/14/2025	R$ 4.28	R$ 7.80	54.94%	1.32%	6.20%	14	165,240	61,011
	4/14/2016	4/14/2026	R$ 4.60	R$ 7.80	54.94%	1.32%	6.20%	15	165,240	61,011
Program 4P Apr/12	4/15/2013	4/15/2023	R$ 1.65	R$ 6.50	51.66%	1.65%	4.29%	11	306,000	27,000
	4/14/2014	4/14/2024	R$ 2.34	R$ 6.50	51.66%	1.65%	4.29%	12	306,000	42,000
	4/14/2015	4/14/2025	R$ 2.79	R$ 6.50	51.66%	1.65%	4.29%	13	306,000	42,000
	4/14/2016	4/14/2026	R$ 3.13	R$ 6.50	51.66%	1.65%	4.29%	14	306,000	42,000
	4/14/2017	4/14/2027	R$ 3.35	R$ 6.50	51.66%	1.65%	4.29%	15	306,000	42,000
Program 4P Jul/12	4/15/2013	4/15/2023	R$ 2.80	R$ 8.10	50.78%	1.23%	4.29%	11	48,000	-
	4/14/2014	4/14/2024	R$ 3.53	R$ 8.10	50.78%	1.23%	4.29%	12	48,000	-
	4/14/2015	4/14/2025	R$ 4.03	R$ 8.10	50.78%	1.23%	4.29%	13	48,000	9,000
	4/14/2016	4/14/2026	R$ 4.43	R$ 8.10	50.78%	1.23%	4.29%	14	48,000	9,000
	4/14/2017	4/14/2027	R$ 4.69	R$ 8.10	50.78%	1.23%	4.29%	15	48,000	9,000
Program 4P Nov/12	4/15/2014	4/15/2024	R$ 7.19	R$ 13.13	49.44%	0.76%	3.50%	12	15,000	-
	4/15/2015	4/15/2025	R$ 7.76	R$ 13.13	49.44%	0.76%	3.50%	13	15,000	-
	4/15/2016	4/15/2026	R$ 8.24	R$ 13.13	49.44%	0.76%	3.50%	14	15,000	-
	4/15/2017	4/15/2027	R$ 8.67	R$ 13.13	49.44%	0.76%	3.50%	15	15,000	-
	4/15/2018	4/15/2028	R$ 8.96	R$ 13.13	49.44%	0.76%	3.50%	16	15,000	-

(*) Market price on the respective grant dates.

All amounts in thousands of reais unless otherwise stated

The assumptions used to determine each grant, based on the Binomial model, are described as follows:

Program	End of grace period	Expiration date	Fair Value	Price of the underlying asset (*)	Expected annual volatility	Expected dividends	Risk-free interest rate	Estimated life (years)	Number of options granted	Number of lapsed options
Program 4P Jan/13	1/10/2014	1/10/2024	R$ 8.50	R$ 14.40	33.47%	0.00%	3.90%	11	160,200	7,200
	1/10/2015	1/10/2025	R$ 8.64	R$ 14.40	33.47%	0.00%	3.90%	12	160,200	7,200
	1/10/2016	1/10/2026	R$ 8.79	R$ 14.40	33.47%	0.00%	3.90%	13	160,200	7,200
	1/10/2017	1/10/2027	R$ 8.93	R$ 14.40	33.47%	0.00%	3.90%	14	160,200	7,200
	1/10/2018	1/10/2028	R$ 9.07	R$ 14.40	33.47%	0.00%	3.90%	15	160,200	7,200
Program 5P 3	3/1/2014	3/1/2024	R$ 8.01	R$ 16.16	39.85%	0.00%	11.02%	11	144,000	-
	3/1/2015	3/1/2025	R$ 8.70	R$ 16.16	39.85%	0.00%	11.02%	12	144,000	21,000
	3/1/2016	3/1/2026	R$ 9.30	R$ 16.16	39.85%	0.00%	11.02%	13	144,000	21,000
	3/1/2017	3/1/2027	R$ 9.84	R$ 16.16	39.85%	0.00%	11.02%	14	144,000	21,000
	3/1/2018	3/1/2028	R$ 10.32	R$ 16.16	39.85%	0.00%	11.02%	15	144,000	21,000
Program 6P Oct/13	4/10/2014	4/10/2024	R$ 6.41	R$ 16.82	28.80%	0.00%	11.99%	11	265,000	-
	4/10/2015	4/10/2025	R$ 7.22	R$ 16.82	28.80%	0.00%	11.99%	12	265,000	5,000
	4/10/2016	4/10/2026	R$ 7.92	R$ 16.82	28.80%	0.00%	11.99%	13	265,000	5,000
	4/10/2017	4/10/2027	R$ 8.56	R$ 16.82	28.80%	0.00%	11.99%	14	265,000	5,000
	4/10/2018	4/10/2028	R$ 9.13	R$ 16.82	28.80%	0.00%	11.99%	15	265,000	5,000
Program 6P Jul/14	4/15/2015	4/15/2025	R$ 18.62	R$ 29.94	26.43%	0.00%	11.99%	11	770,500	-
	4/15/2016	4/15/2026	R$ 19.30	R$ 29.94	26.43%	0.00%	11.99%	12	770,500	-
	4/15/2017	4/15/2027	R$ 19.92	R$ 29.94	26.43%	0.00%	11.99%	13	608,000	-
	4/15/2018	4/15/2028	R$ 20.47	R$ 29.94	26.43%	0.00%	11.99%	14	608,000	-
	4/15/2019	4/15/2029	R$ 20.95	R$ 29.94	26.43%	0.00%	11.99%	15	608,000	-
Program 6P Aug/14	4/15/2015	4/15/2025	R$ 17.81	R$ 29.16	26.68%	0.00%	11.99%	11	110,000	-
	4/15/2016	4/15/2026	R$ 18.51	R$ 29.16	26.68%	0.00%	11.99%	12	110,000	-
	4/15/2017	4/15/2027	R$ 19.13	R$ 29.16	26.68%	0.00%	11.99%	13	60,000	-
	4/15/2018	4/15/2028	R$ 19.68	R$ 29.16	26.68%	0.00%	11.99%	14	60,000	-
	4/15/2019	4/15/2029	R$ 20.17	R$ 29.16	26.68%	0.00%	11.99%	15	60,000	-

(*) Market price on the respective grant dates.

Pursuant to the requirements of Technical Pronouncement CPC 10, share-based payments that were outstanding as of September 30, 2014 were measured and recognized by the Company.

The Company recognizes on a monthly basis the stock options granted in a capital reserve account, with a corresponding entry in the statement of income, of R$ 14,653 for the nine-month period ended September 30, 2014 (R$ 6,683 for the year ended December 31, 2013).

In addition to the Stock Option Plan, the Company recognized at the General Meeting held on April 30, 2014 the establishment of a Special Program for Long-Term Incentive Statutory Directors, as contemplated in the annual remuneration of Company administrators. The provision of the program at September 30 2014 is R$ 2,402.

The change in the number of share options outstanding and their related weighted average exercise prices is as follows:

Statutory Board

	September 30, 2014		December 31, 2013	
	Average exercise price per share	Options - thousands	Average exercise price per share	Options - thousands
January 1	7.00	570,141	22.07	2,110,233
Transfer to the Board of Directors			6.58	1,250,472
Granted	7.24	514,881	6.63	734,214
Exercised	7.06	583,061	7.00	1,023,834
	8.28	501,961	7.00	570,141

All amounts in thousands of reais unless otherwise stated

Board of Directors

	September 30, 2014		December 31, 2013	
	Average exercise price per share	Options - thousands	Average exercise price per share	Options - thousands
January 1	6.67	30,000	22.07	30,000
Transfer from the Statutory Board			6.58	1,250,472
Granted	5.71	725,454	6.32	725,454
Exercised	6.57	724,824	6.67	1,975,926
	6.76	30,630	6.67	30,000

The Special Program for Long-Term Incentive Executive Officers "ILP", approved by the Board of Directors Meeting on January 28, 2014 and ratified by the Annual General Meeting / Extraordinary General Meeting of April 30, 2014, was granted in order to improve the corporate governance practices of the Company and strengthen incentives for the retention and long-term stability of the Statutory Directors, within the context of a Listed Company with powdered stock control.

The Program has the main directos as the beneficiaries, and was structured in the form of variable remuneration, whose value depends on the value of its shares, which may be settled in cash or shares, the entity ruling the form of settlement. Currently, the Company estimates to settle with shares held in treasury.

The remuneration under this program will be paid in four annual installments, maturing on April 30, 2015, April 30, 2016, April 30, 2017 and April 30, 2018, calculated by multiplying the specific number of shares (being such a quantity called "action Reference") at market value thereof on the last trading day of the BM&F BOVESPA SA - Securities, Commodities and Futures immediately preceding the year in which each payment will occur year. The sum of the quantity of the Reference Shares to be granted to all beneficiaries taken together will be 994,080.

It is noteworthy that the payment of each annual installment of compensation payable under the Program is conditional upon acceptance and approval by the shareholders of Estacio, gathered at the annual general meeting in its fiscal year as part of the overall remuneration fixed for the Company's management.

Additionally, at the sole discretion of the Board, one or more installments of compensation provided, may be paid by delivery of shares that the Company has held in treasury, since in strict accordance with the Brazilian Corporation Law and the regulations of the Security and Exchange Commission of Brazil.

22 Earnings per share

In compliance with CPC 41 (IAS 33) (approved by CVM Resolution 636 - Earnings per Share), the Company sets out below the information on earnings per share as at September 30, 2014.

The calculation of basic earnings per share is made by dividing the profit for the period, attributed to the holders of common shares of the parent company, by the weighted average number of common shares outstanding during the period.

Diluted earnings per share are calculated by dividing the profit attributable to common stockholders of the parent company by the weighted average number of common shares outstanding during the period, plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

The following tables reflect the income and share data used in the calculation of basic and diluted earnings per share.

(a) Basic earnings per share

	9/30/2014	9/30/2013
Numerator		
Profit for the period	344,757	199,605
Denominator (in thousands of shares)		
Weighted average number of shares outstanding	302,678,839	293,457,139
Net earnings per share - basic	0.001139	0.00068

(b) Diluted earnings per share

	2014	2013
Numerator		
Profit for the year	344,757	199,605
Denominator (in thousands of shares)		
Weighted average number of shares outstanding	302,678,839	293,457,139
Potential increase in the number of shares relating to the stock option plan	3,765,000	2,866,307
Adjusted weighted average number of shares outstanding	306,443,839	296,323,446
Net earnings per share - diluted	0.00112	0.00067

All amounts in thousands of reais unless otherwise stated

23 Net operating revenue from services rendered

	Consolidated	
	2014	**2013**
Gross operating revenue	2,528,245	1,886,144
Gross revenue deductions	(776,157)	(591,141)
Grants - scholarships	(642,563)	(501,360)
Return of monthly tuition fees and charges	(18,279)	(14,870)
Discounts granted	(3,467)	(6,467)
Taxes	(73,486)	(54,351)
FGEDUC	(38,362)	(14,093)
Net operating revenue	1,752,088	1,295,003

24 Cost of services rendered

	Consolidated	
	2014	**2013**
Payroll and related charges	(735,714)	(548,821)
Electricity, water, gas and telephone	(21,247)	(19,942)
Rents, condominium fees and property taxes	(129,723)	(102,769)
Mailing and courier expenses	(3,156)	(2,487)
Depreciation and amortization	(48,906)	(35,436)
Education material	(34,186)	(29,623)
Outsourced services - security and cleaning	(28,081)	(24,170)
Cost of services rendered	(1,001,013)	(763,248)

All amounts in thousands of reais unless otherwise stated

25 Expenses by nature

	Parent company		Consolidated	
	2014	**2013**	**2014**	**2013**
Provisions for impairment of trade receivables			(61,000)	(59,101)
Advertising			(86,817)	(55,037)
Sales and marketing			(24,525)	(22,043)
Other			(2,950)	(3,700)
Selling expenses			(175,292)	(139,881)
Payroll and related charges	(1,584)	(1,195)	(117,870)	(86,883)
Outsourced services	(2,655)	(1,609)	(45,871)	(36,555)
Machinery rents and leases			(1,247)	(888)
Consumption material	(3)		(1,759)	(1,461)
Maintenance and repairs	(49)	(19)	(20,280)	(16,881)
Depreciation and amortization (i)	(1,629)	(2,374)	(19,325)	(17,338)
Educational agreements	(208)	(240)	(5,876)	(4,838)
Travel and lodging	(165)	(87)	(8,126)	(4,739)
Conviction paid	(9)	(118)	(12,954)	(8,942)
Institutional events	(107)	(5)	(2,512)	(1,256)
Provision for contingencies			1,840	(3,684)
Copies and bookbinding			(2,445)	(1,502)
Insurance	(1,567)	(170)	(3,404)	(1,029)
Cleaning supplies			(1,645)	(1,285)
Transportation	(2)	(3)	(1,949)	(1,366)
Car rental			(1,858)	(1,662)
Other	(751)	(587)	(12,933)	(11,248)
General and administrative expenses	(8,729)	(6,407)	(258,214)	(201,557)

(i) Includes the amortization of funding costs of R$ 440.

26 Other operating income

	Parent company		Consolidated	
	2014	**2013**	**2014**	**2013**
Income from agreements	1,268	1,350	2,182	2,230
Rental income			9,353	7,401
Business agency			469	639
Reversal of administrative provisions				(310)
Revenue Web Class			938	
Other operating (income) expenses	(1)	(54)	766	1,430
	1,267	1,296	13,708	11,390

All amounts in thousands of reais unless otherwise stated

27 Finance result

	Parent company		Consolidated	
	2014	**2013**	**2014**	**2013**
Finance income				
Late payment fine and interest			11,640	6,995
Earnings from marketable securities	38,147	30,720	50,089	34,944
Monetary variation gains (i)	11	11	20,187	2,324
Other	115	291	3,778	355
	38,273	31,022	85,694	44,618
Finance costs				
Bank expenses	(1,333)	(61)	(7,724)	(5,157)
Interest and financial charges	(23,599)	(18,263)	(32,641)	(20,474)
Financial discounts (ii)			(18,958)	(10,020)
Monetary variation losses			(4,427)	(2,629)
Other	(161)	(174)	(1,529)	(1,880)
	(25,093)	(18,499)	(65,279)	(40,159)

(i) This value corresponds to the update of recoverable taxes. Monetary variation gains grew in the period ended September 30, 2014 when compared to September 30, 2013, which is mainly explained by the recognition of the PIS-related credit, as mentioned in Note 7.

(ii) This value corresponds to the discounts granted upon renegotiation of overdue monthly tuition fees.

28 Income tax and social contribution

In compliance with Law 11,096/2005, regulated by Decree 5,493/2005 and by Normative Instruction 456/2004, issued by the Federal Revenue Secretariat, under the terms of Article 5 of Provisional Measure 213/2004, college educational entities participating in the PROUNI program are exempt from IRPJ and CSLL, among other taxes, for as long as they remain registered with the program, and the taxes will be computed based on profit from operations benefiting from incentives.

All amounts in thousands of reais unless otherwise stated

Reconciliation of income tax and social contribution, determined at statutory rates, and the amount of taxes recognized in the statement of income for the periods ended September 30, 2014 and 2013 are as follows:

	Parent company		Consolidated	
	2014	**2013**	**2014**	**2013**
Profit before income tax and social contribution	346,382	201,774	351,692	206,166
Combined income tax and social contribution statutory rate - %	34	34	34	34
Income tax and social contribution at the statutory rates	(117,770)	(68,603)	(119,575)	(70,096)
Adjustments for calculation at effective rate				
Adjustments due to Law 11,638/2007			(3,863)	1,182
Equity in the results of subsidiaries	115,827	66,083		
Goodwill amortization	(42)	(604)	(1,050)	
Non-deductible expenses (a)		937	(1,938)	(2,149)
Tax losses	704		704	(260)
Decommissioning expenses				
Initial adjustments upon adoption of the new accounting practices			(82)	(369)
Provision for contingencies			660	(1,251)
Reversal of non-deductible provision for impairment of trade receivables and cancelable monthly tuitions (b)	(362)		(5,804)	(4,102
Reversal of administrative provisions				(105)
Rouanet Law			32	618
Other	18	18	(975)	154
	(1,625)	(2,169)	(131,891)	(76,378)
Tax incentives - PROUNI			114,189	65,631
Current income tax and social contribution on the profit for the period	(1,625)	(2,169)	(17,702)	(10,747)
Effective rate - %	(0.47)	(1.07)	(5,03)	(5.21)

(a) These primarily refer to expenses for sponsorships, donations and giveaways.

(b) Refers to non-deductible provision for impairment of trade receivables relating to students with payments overdue for more than 180 days and the provision for cancellation of monthly tuition fees.

	Parent company		Consolidated	
	2014	**2013**	**2014**	**2013**
Current income tax and social contribution	(1,625)	(2,169)	(17,702)	(10,747)
Deferred income tax and social contribution			10,765	3,713
Income tax and social contribution for prior periods			2	473
	(1,625)	(2,169)	(6,935)	(6,561)

All amounts in thousands of reais unless otherwise stated

At September 30, 2014, the Company recorded deferred tax assets on temporary differences in the amount of R$ 21,640. The breakdown of the tax effects of temporary differences which originated the deferred tax assets is summarized below:

	September 30, 2014	December 31, 2013
Provision for contingencies	11,436	11,532
Monthly tuition fees to be canceled	2,247	2,273
Provision for decommissioning of assets	3,504	3,424
Goodwill amortization	(6,901)	(8,596)
Provision for risk – FIES	1,003	
Recognized options granted	4,982	
Update of decommissioning	285	
Student portfolio	(903)	
Provision for long-term incentive to employees	817	
Tax Recovery Program (Referred to as the "World Cup REFIS")	2,584	
Other assets	2,586	
	21,640	8,633
Assets	24,987	16,999
Liabilities	(3,347)	(8,366)
	21,640	8,633

The realization of the tax effect deferred on temporary differences recorded at September 30, 2014 is linked to the realization of the provision which gave rise to this credit. Consequently, it is not currently possible to present expected annual realization, since the Company's management is not yet able to forecast the timing of the realization of the provision for contingencies and the provision for decommissioning of assets.

At September 30, 2014, the subsidiaries IREP has a deferred tax liabilities in the amount of R$ 4,671 due to the tax depreciation of goodwill generated upon acquisition of the companies merged into it.

On May 13, 2014 the Provisional Measure 627 was converted into Law No. 12,973 / 14, confirming the revocation of the Transitional Tax Regime (RTT) from 2015, with an option to anticipate its effects for 2014.

The Company and its subsidiaries opted to apply the effects of the law 12 973 starting the year 2015 based on the analysis made by management.

29 Other information

(a) Accounts recoverable - FIES program - in current assets, refer to available amounts from the Student Finance Program for future compensation with federal taxes or, in case of option, cash withdrawal.

(b) Prepaid monthly tuition fees, in current liabilities, refer to amounts received in advance from students as part of a negotiation for discounts. They are recognized in the statement of income, according to the services provided to the student by the Company.

(c) Provision for decommissioning of assets, in non-current liabilities, refers to expenditures to be incurred on decommissioning of leased educational units for recovering or putting them on their original attributes (before leasing). This amount is calculated by engineers and takes into consideration the leasing terms.

30 Subsequente events

On October 23, 2014 the Group closed its public offering of non-convertible with restricted placement efforts, 30,000 debentures, unsecured, of the second issue of the Company ("Debentures").

Under the Restricted Offer, 30,000 debentures, with a nominal value of R $ 10 amounting to R$ 300,000, were subscribed. Debentures have a term of 5 years from the date of issue, so maturing on October 15, 2019, subject to the following assumptions:

(i) voluntary early acquisition and the consequent cancellation of debentures
(ii) Early Redemption optional,
(iii) Offer early redemption and
(iv) Antecipated Maturity[1].

They pay interest on the Debentures correspond to 100% of the accumulated variation of the average daily DI - Deposits of one day over extra-group, expressed as a percentage per year, based on 252 business days, calculated and published by CETIP SA plus a surcharge set by the intention collection equivalent to 1.18% per annum investment procedure, based on 252 business days, calculated as set forth in Scripture.

The funds raised through the Restricted Offer will be used to strengthen the Company's cash to cope with its expansion policy and investment.

[1] As defined in the "Private Deed of Second (2nd) Public Issue of Simple Debentures, Non-Convertible Securities, in a single series, unsecured, for Distribution with Restricted Efforts of Distribution of the Estacio Participacoes SA"

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