



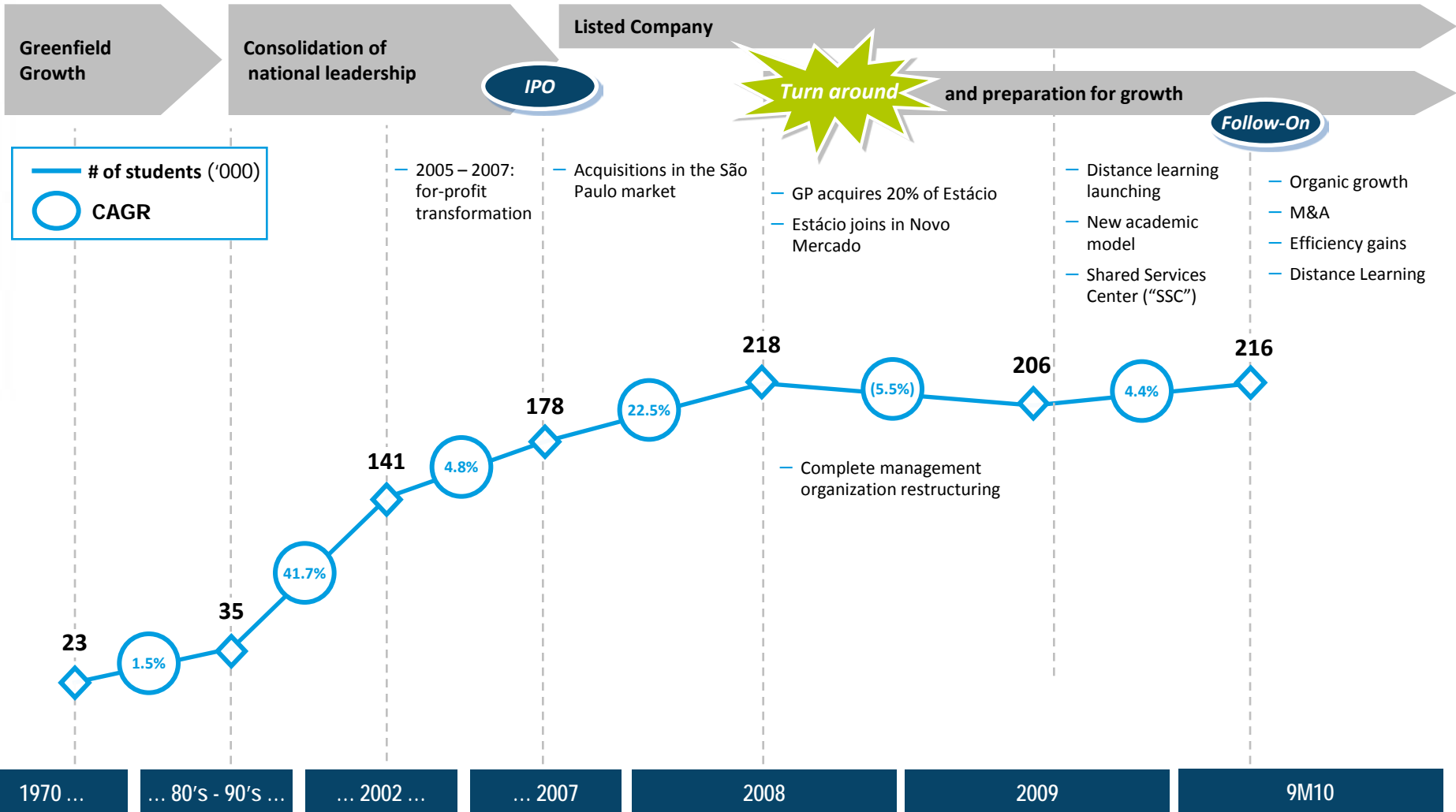
Estácio

UBS 7TH ANNUAL LAT/EMEA CONFERENCE

INVESTOR RELATIONS

November, 2010

ESTÁCIO: KEY MILESTONES



Note: Until 2007 the student base did not include graduate students.

HIGHLIGHTS

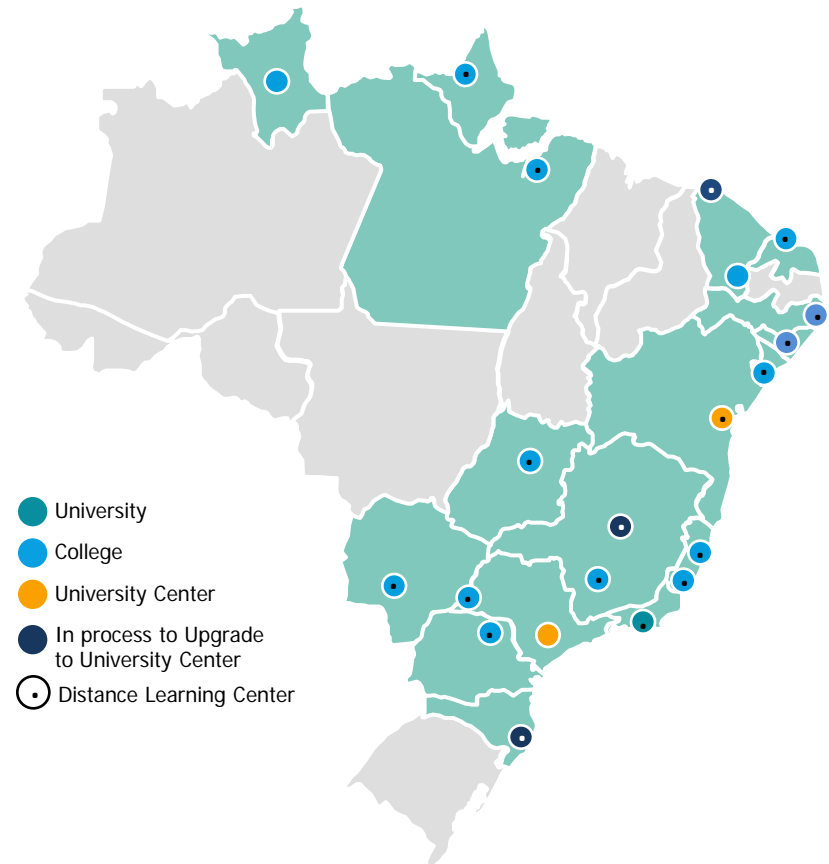
- Largest private post-secondary education group in Brazil
- Leading presence in the large and underserved working adults target group
- Diversified portfolio of programs with differentiated quality and competitive pricing
- Only Brazilian education company listed in Novo Mercado

KEY FIGURES

- ◆ **216k students**
- ◆ **69 campuses in 35 major cities in Brazil**
- ◆ **51 accredited Distance-learning Centers**
- ◆ **78 programs**

ESTÁCIO'S REGIONAL FOOTPRINT¹

Nationwide operations, covering states that account for 86% of GDP and 82% of population

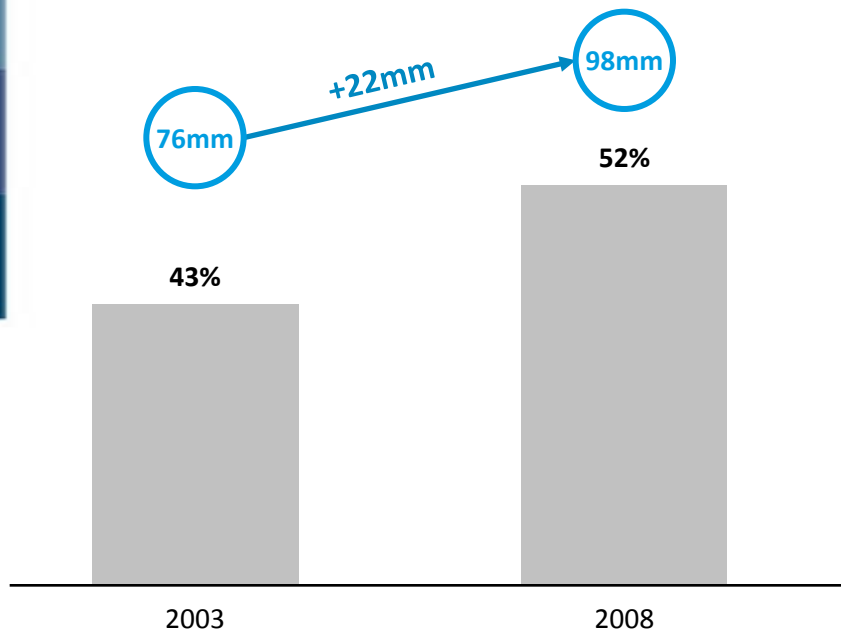


(1) Estácio also owns a University in Paraguay with 2.7 thousand students

- Emergence of a class C with enormous consumption power and increasing awareness of the value of education

EMERGING CLASS¹

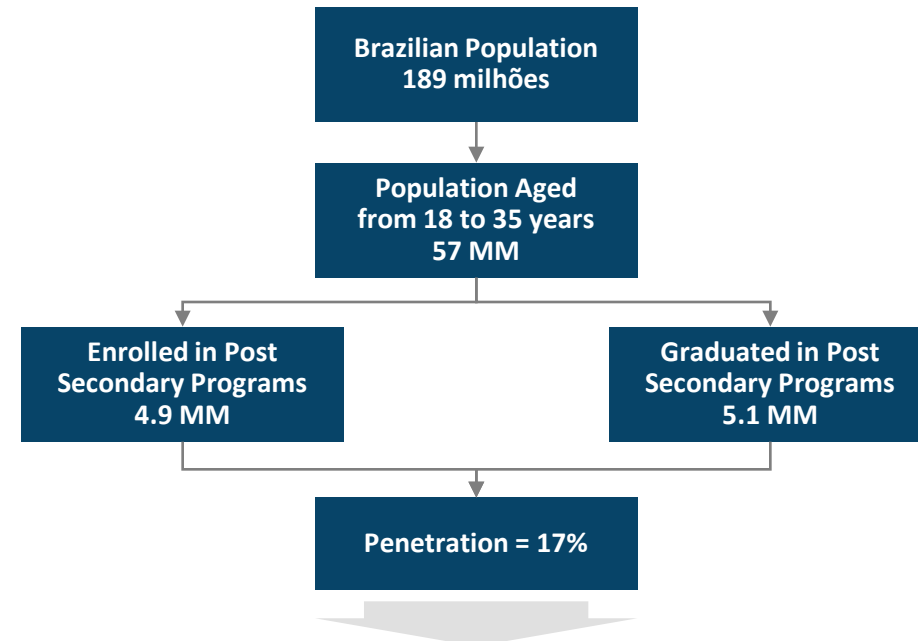
(% households, Apr/03 – Apr/08)



- Income per capita CAGR of 4% since 1980 and 22 million individuals entered the class C income segment in the last 5 years
- According to FGV, 36 million people will join class C over the next 4 years

Note: (1) Households earning: R\$1,064 to R\$4,591 per month
(2) PNAD - IBGE

FOCUS ON MIDDLE AND LOWER CLASSES²



Market size and penetration per Income Brackets:

	A Class	B Class	C Class	D&E Classes	Total Mkt
Current Mkt Size	2.3	5.7	2.1	0.48	10.6
Penetration Level	77%	36%	9%	3%	17%
Share of Penetrated Mkt	22%	54%	20%	5%	100%
Unpenetrated Mkt	0.7	10.1	21.2	15.5	47.6
Share of Unpenetrated	1%	21%	45%	33%	100%

Estácio's Target



NEW ACADEMIC MODEL DRIVING QUALITY AND EFFICIENCY



DIFFERENTIATED QUALITY PRODUCTS...

- ◆ 41 programs updated to labor market demands (90% of Estácio's current student base)
- ◆ Tailor made text books bundled in tuitions
- ◆ Comprehensive student portal
- ◆ On-line library with more than 2,000 titles

Higher attraction and retention of students

....WITH REDUCED COSTS

- ◆ Integrated curricula with shared disciplines
- ◆ 20% of distance learning content in on-campus programs
- ◆ 20% of on-line self-learning activities

Improved gross margin



Innovation and product reengineering aiming at better quality at competitive pricing

MARKET INTELLIGENCE

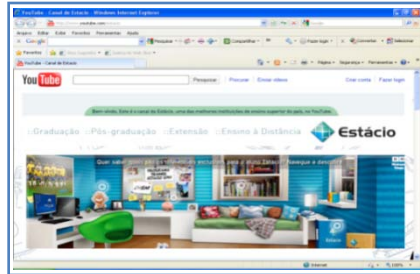
- ◆ Screening of key geographies and targets for:
 - New programs and revenue sources
 - Expansion through new units
 - M&A targets

STRUCTURES SALES FORCE

- ◆ Geographical and channel segmentation
- ◆ 7,000 high schools and 2,000 companies regularly visited for student sourcing
- ◆ Trade marketing approach
- ◆ Full planning, execution and tracking for all admission cycles

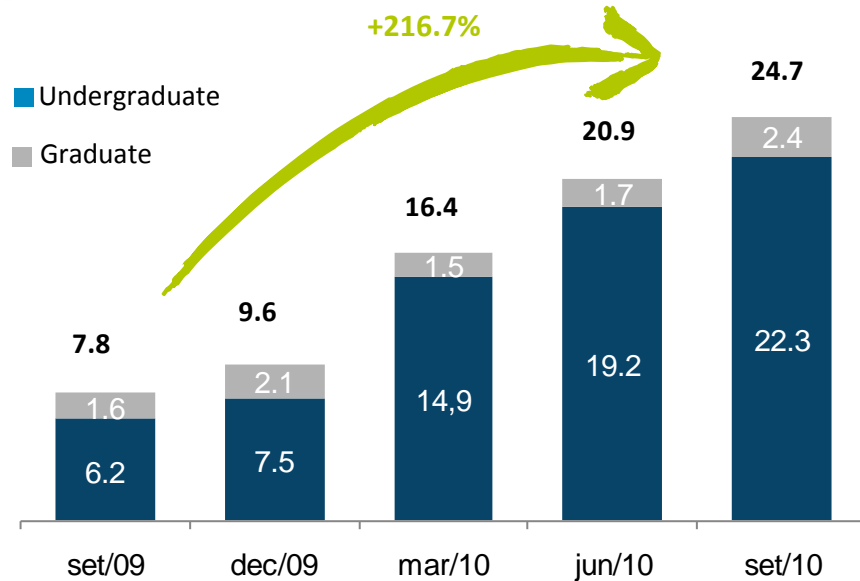
BRANDING AND ADVERTISING

- ◆ Strong national brand equity:
 - ◆ 2nd most valuable brand in the education sector and 48th overall, by InBrands
- ◆ New media channels (online and social networks)



DISTANCE LEARNING

(Students in thousands)



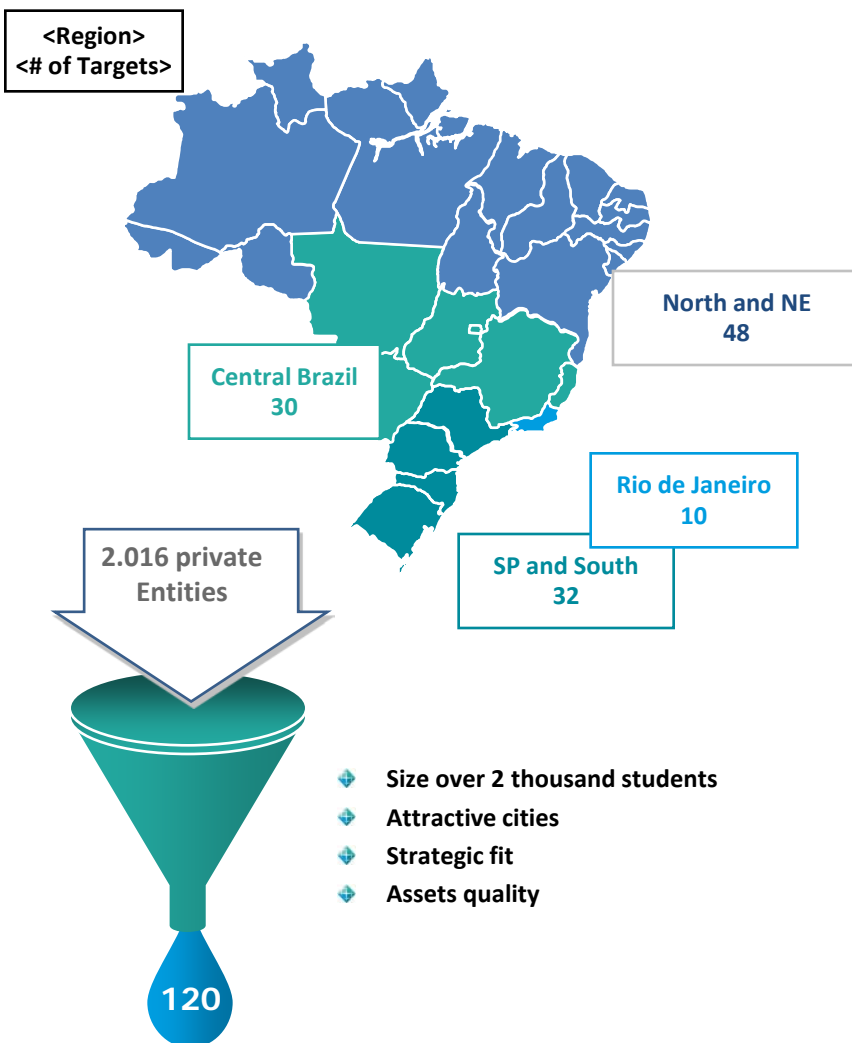
- ◆ Quality of education coupled with technology and support
- ◆ Lower average ticket: bringing D Class to the addressable market
- ◆ No additional CAPEX: 51 centers within our 69 campuses
- ◆ Higher profitability

OTHER ORGANIC OPPORTUNITIES

- ◆ **Launching of new programs and courses**
 - ◆ Focus on high growth segments according to market needs (Ex: courses for oil & gas, infrastructure and tourism industries)
- ◆ **Opening of new campuses**
 - ◆ Geographic expansion
- ◆ **New revenue sources**
 - ◆ Corporate education and vocational courses

Market share gains, increased points of presence and time to market

M&A

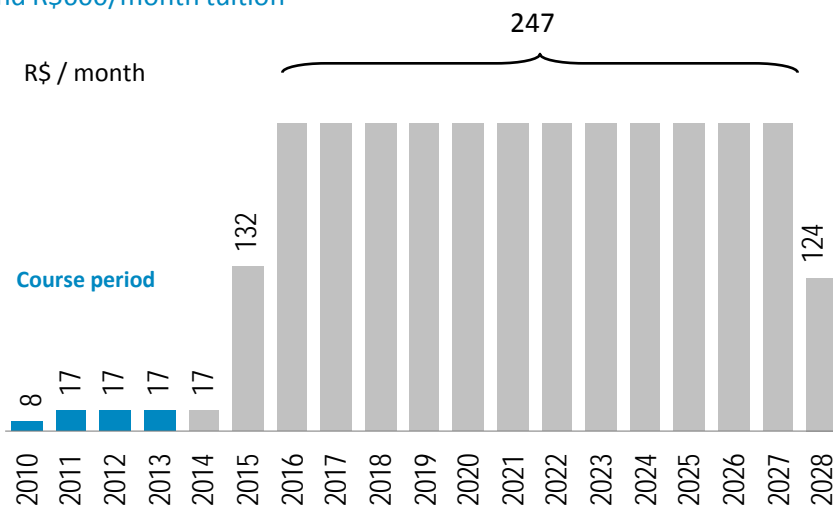


STUDENT FINANCING



- Long-term financing to low-income students
- 3.5% a.a. nominal interests with 18-year term
- No guarantor required from 2011 onwards
- Allows further penetration in Classes C and D
- Students become more quality sensitive and less price sensitive
- Lower level of drop-outs: financing is currently the major reason for drop-outs

Example: payment flow for a 100% FIES financed of a 4-year course and R\$600/month tuition



LOWER OPERATING COSTS

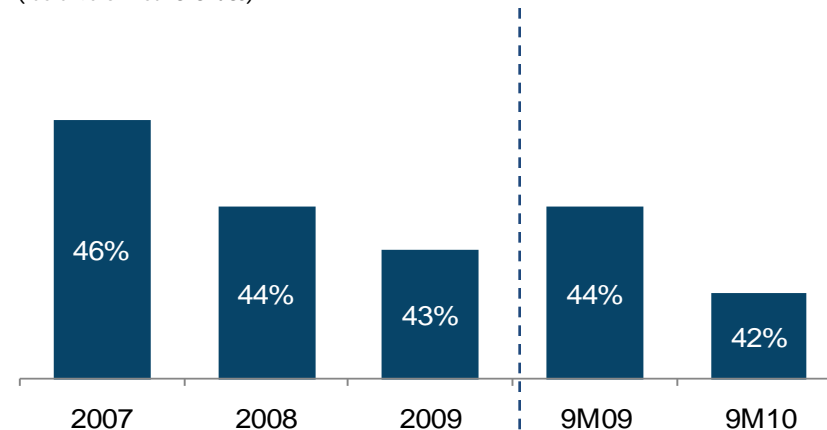
- 1** Product reengineering – new academic model
- 2** More efficient faculty cost allocation:
PPC modeling and control
- 3** Management on a unit-by-unit basis
(individual P&Ls and internal benchmarking)

G&A DILUTION

- 1** Zero based / matrix budgeting → Strong cost austerity
- 2** Centralization of back-office (SSC) → Scalability
- 3** Better management of receivables → Lower bad debt provisions

PERSONNEL COSTS¹

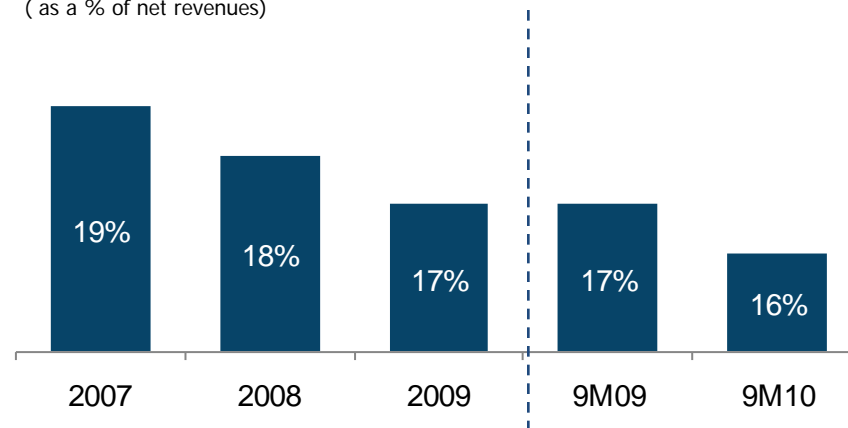
(as a % of net revenues)



(1) Excluding INSS and non-recurring

G&A

(as a % of net revenues)



Result-oriented culture is key to differentiation and long-term sustainability of business model

Expertise in education combined with experience from several industries

Management by “walking around” to guarantee execution and disseminate culture

- 220 managers with individual, monthly tracked goals driving their variable compensation
- 68 units visited by CEO in the first 18 months

Stock options & variable compensation fully aligned with shareholders

- EBITDA based variable compensation for executives, managers and faculty members
- Stock option to 28 senior executives (up to 4.5% of capital to be granted)

Capacity to attract and retain new talents

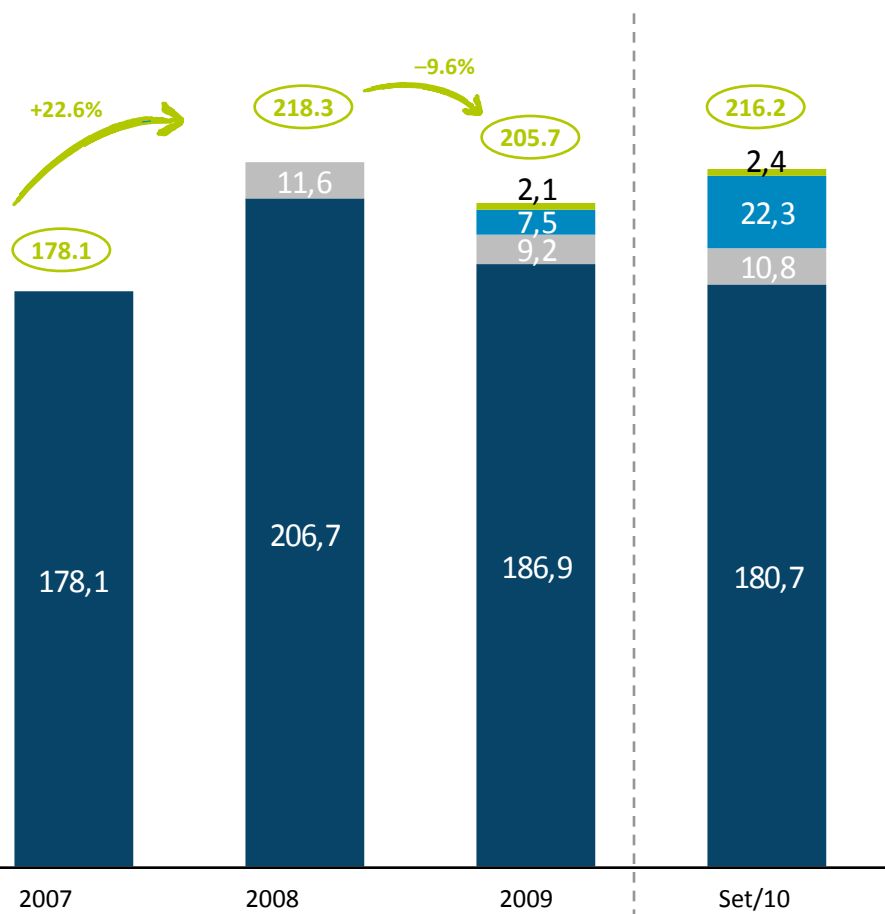
- Trainee programs and accelerated meritocratic career planning in all levels

Culture set to groom internal talents for self-sustained growth

- Excellence in human talents in all levels is top priority

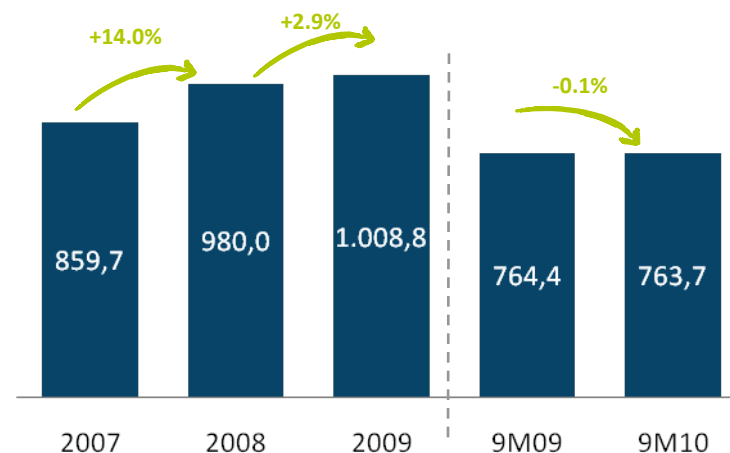
STUDENT BASE

(in '000 students) total



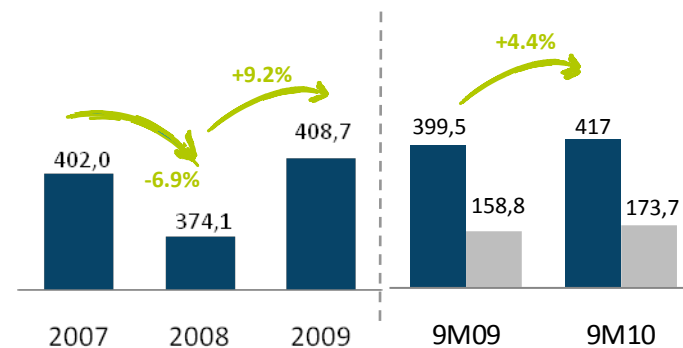
■ Distance Learning Graduate
■ On Campus Graduate
■ Distance Learning Undergraduate
■ On Campus Undergraduate

NET REVENUES



AVERAGE TICKETS

■ On Campus Average Ticket ■ Distance Learning Average Ticket



(1) Average ticket = net revenues in the period over student base at the end of the period

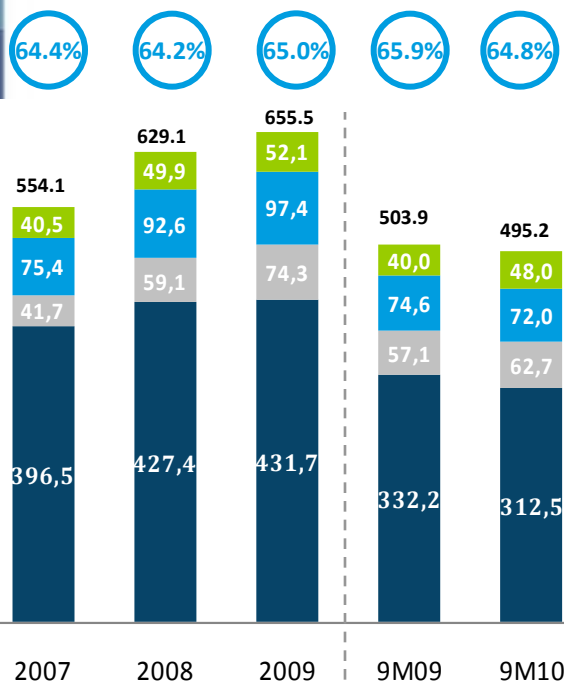
STRICT CONTROL OF COSTS AND EXPENSES

COST OF SERVICES

(in R\$ million)

○ % of net revenues

Payroll INSS Rentals Others



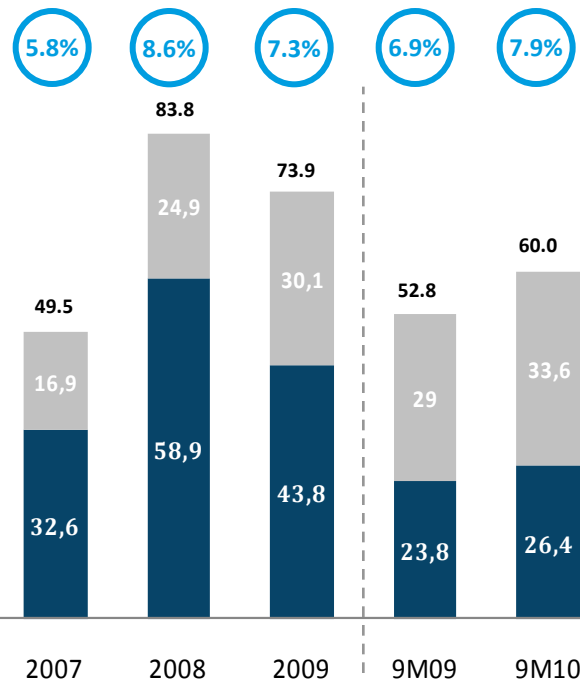
Better management of faculty offset the step up of INSS and inflation

SELLING EXPENSES

(in R\$ million)

○ % of net revenues

PDD Marketing



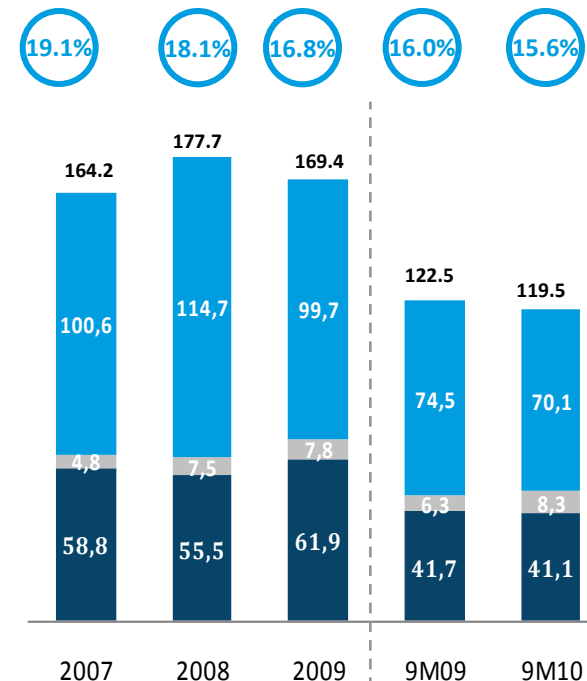
**Benchmark delinquency in the industry
Discretionary increase in marketing to advertise new academic model and FIES**

G&A EXPENSES

(in R\$ million)

○ % of net revenues

Payroll INSS Others




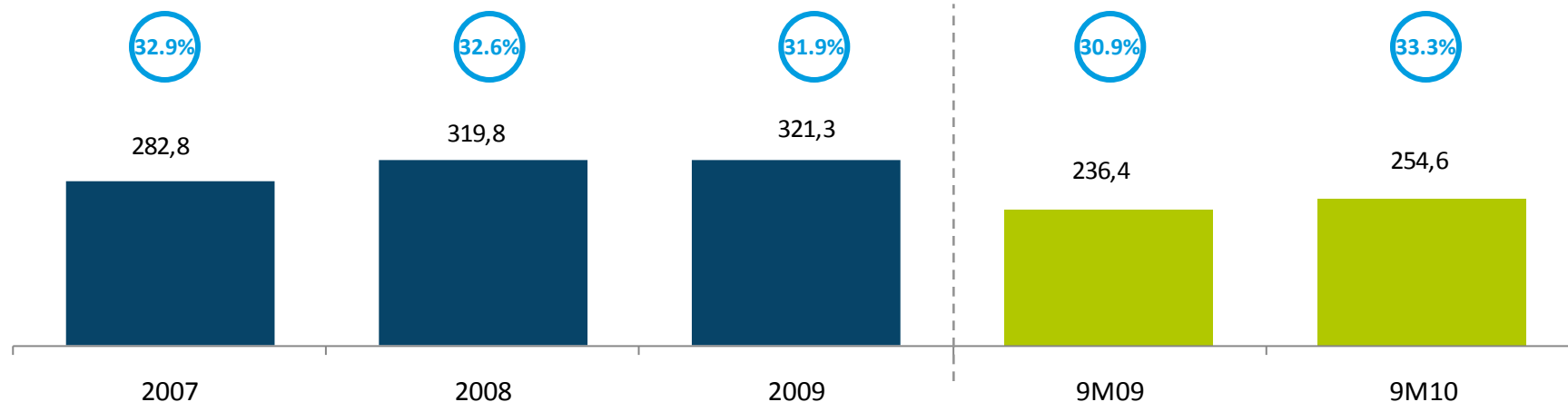
Real decrease in G&A expenses – scalable model

Note: (1) Not considering depreciation and non-recurring items

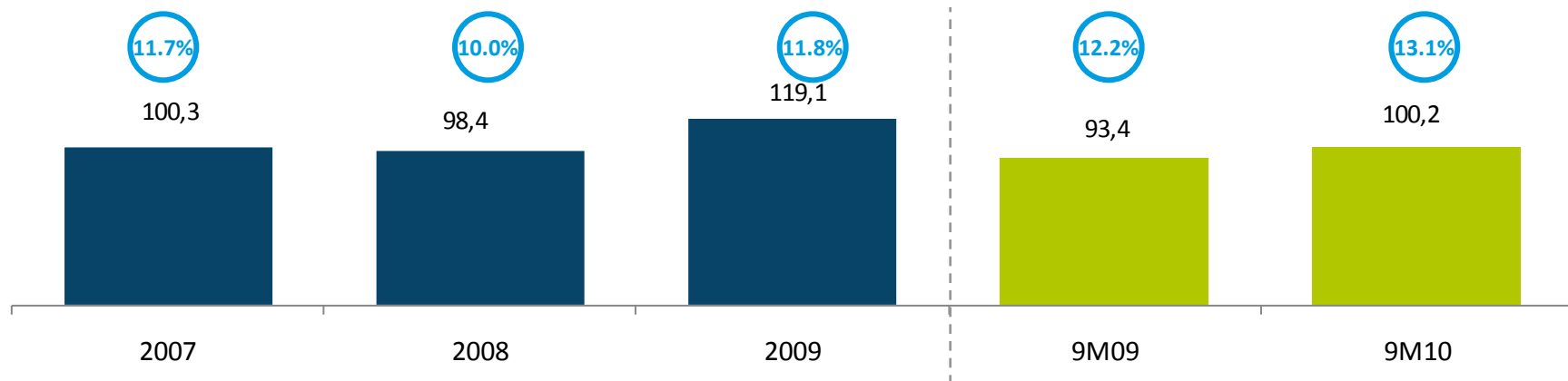
SIGNIFICANT ROOM FOR MARGIN EXPANSION

ADJUSTED GROSS PROFIT (R\$MM) AND GROSS MARGIN¹

 % of net revenues



ADJUSTED EBITDA (R\$MM) AND EBITDA MARGIN (%)¹



Note: (1) On a recurring basis

Student base growth and efficiency gains will leverage margin expansion

NET CASH (NET DEBT) AS OF 30-SEP-2010 (R\$MM)

○ Net debt/EBITDA LTM



kroton

16.1

AESA

(130.8)

-0.6x

238.5

DIVIDENDS DISTRIBUTED (R\$ MM) AND PAYOUT RATIO

○ % of net income

52.6%

56.7%

50.0%

13,7

17,9

30,5

2007

2008

2009



Quality product and competitive pricing



Organic and M&A growth platform



Scalable business model with margin expansion potential



Management culture drives self sustained business model and long term growth

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