4Q13 AND 2013 RESULTS

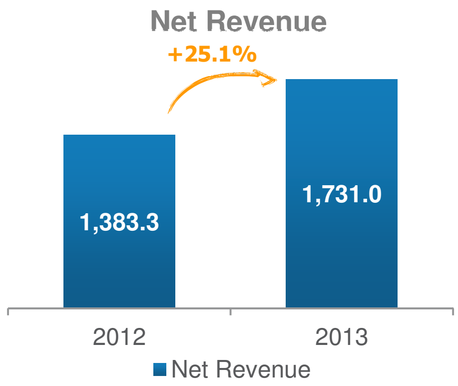
2013: Growing with Balance

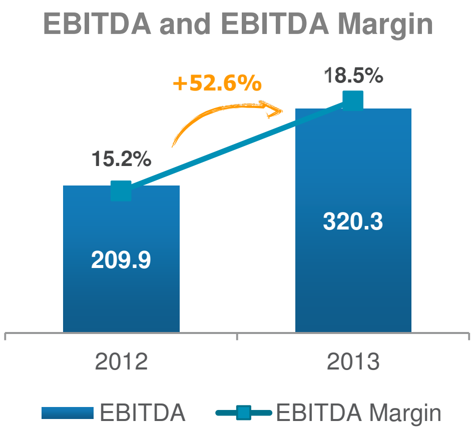
Annual EBITDA of R$320 million, 53% up on 2012, with a 3.3 p.p. margin gain and a 15% Organic Student Base Growth

Rio de Janeiro, March 20, 2014 – **Estácio Participações S.A.** – "Estácio" or "Company" (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA; OTC: ECPCY) – announces its results for the fourth quarter (4Q13) and full year of 2013 in comparison with the fourth quarter (4Q12) and full year of 2012. The following accounting information is presented in accordance with International Financial Reporting Standards ("IFRS") and on a consolidated basis.

Quarter Highlights

(R$ million)





Highlights:

- Estácio closed 2013 with a **total base** of 315,700 students, 16.3% up on 2012, 255,000 of whom enrolled in on-campus programs (14.6% up year-on-year, including acquisitions) and 60,700 in distance-learning programs (24.1% more than in 2012).
- **Net operating revenue** came to R$1,731.0 million in 2013, 25.1% more than in 2012, due to the significant expansion of the student base and the increase in the average ticket.
- **EBITDA** totaled R$320.3 million in 2013, 52.6% up on 2012, with a margin gain of 3.3 p.p.
- **Net income** came to R$244.7 million in 2013, 123.1% more than in 2012, while **earnings per share** totaled R$0.83, up by 89%.
- **Operational cash flow** totaled R$78.5 million in 2013. Excluding the effect of the delay in the FIES buyback auction in December, cash flow would have come to R$122.5 million, a R$33.3 million improvement over the previous year.
- **Cash and cash equivalents** closed 2013 at R$739.2 million.

ESTC3
(On March 19, 2014)

Price: R$22.27/share
Number of Shares: 295,212,146
Market Cap: R$6.6 billion
Free Float: 98%

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Key Indicators

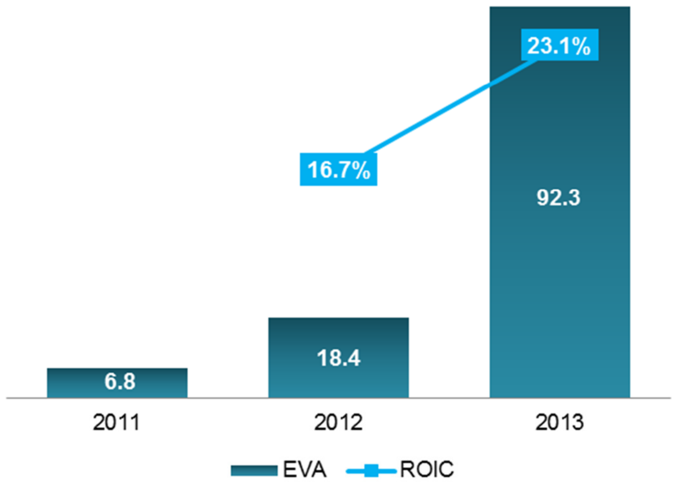
	Consolidated		
Financial Highlights	**2012**	**2013**	**Change**
Net Revenue (R$ million)	1,383.3	1,731.0	25.1%
Gross Profit (R$ milllion)	505.9	694.5	37.3%
Gross Profit margin	*36.6%*	*40.1%*	*3.5 p.p.*
EBIT (R$ million)	148.7	248.5	67.1%
EBIT Margin	*10.7%*	*14.4%*	*3.7 p.p.*
EBITDA (R$ million)	209.9	320.3	52.6%
EBITDA Margin	*15.2%*	*18.5%*	*3.3 p.p.*
Net Income (R$ milllion)	109.7	244.7	123.1%
Net Income Margin	*7.9%*	*14.1%*	*6.2 p.p.*

	Consolidated			Excluding acquisitions in the last 12 months		
Financial Highlights	**4Q12**	**4Q13**	**Change**	**4Q12**	**4Q13**	**Change**
Net Revenue (R$ million)	361.7	436.0	20.5%	361.7	430.1	18.9%
Gross Profit (R$ milllion)	122.1	162.7	33.3%	122.1	161.5	32.3%
Gross Profit margin	*33.8%*	*37.3%*	*3.5 p.p.*	*33.8%*	*37.5%*	*3.7 p.p.*
EBIT (R$ million)	29.1	46.8	60.8%	29.1	47.2	62.2%
EBIT Margin	*8.0%*	*10.7%*	*2.7 p.p.*	*8.0%*	*11.0%*	*3.0 p.p.*
EBITDA (R$ million)	48.3	65.8	36.2%	48.3	66.2	37.1%
EBITDA Margin	*13.4%*	*15.1%*	*1.7 p.p.*	*13.4%*	*15.4%*	*2.0 p.p.*
Net Income (R$ milllion)	14.9	45.1	202.7%	14.9	45.6	206.0%
Net Income Margin	*4.1%*	*10.3%*	*6.2 p.p.*	*4.1%*	*10.6%*	*6.5 p.p.*

Note: EBITDA calculated in accordance with CVM Instruction 527.

Value Creation

In 2013, we a positive EVA® (Economic Value Added) of R$92.3 million, which means we were capable to generate a return on invested capital (ROIC) higher than the cost of capital (WACC) employed in our activities, creating value to our shareholders in the most strict meaning of the word. We also had a positive Delta EVA® of R$73.9 million, which evidences our capacity to keep generating value to our shareholders over the coming years.



Message from Management

Here at Estácio, we believe one of the most important features of companies inserted in the reality of the 21st century is 'Equilibrium' among the several variables which are relevant to any business. In this context, we work constantly seeking Equilibrium between: Financial Management and Academic Quality; Financial and Non-Financial Results; Short-Term and Long-Term Results. In this context, when we analyze the 2013 operational and financial results, we see **we had great success in promoting such an Equilibrium**, and at the same time we prepared our company to either sustain or even surpass this growth pace in 2014.

Our **same-shop on-campus undergraduate student base grew by 11.9%** and our distance-learning undergraduate base by 20.4%, yielding a total same-shop growth of 14.6% over 2012. The number of students using FIES came to 76,000 at year-end, representing around 32% of our on-campus student base. Our **average ticket increased once again**, reflecting the health of our business model and laying the ground for **significant net revenue growth of 25% over 2012 to R$1,731.0 million.**

In 2013, annual **EBITDA grew by a substantial 53% to R$320 million**, with a margin of 18.5%, 3.3 percentage points up on 2012. **Net income came to R$245 million**, 123% more than the year before, while **earnings per share (R$0.83) went up by 89%** year on year**. Operational cash flow was a positive R$122.5 million**, R$33.3 million higher than the previous year (excluding the non-recurring delay in the FIES buyback auction in late December), underlining the continuous improvement in cash generation and our ability to improve this indicator in the coming years. More importantly, this financial result, even though it means a substantial improvement over 2012, comes in line with the gradual evolution we have been presenting in the past few years, which means we have been growing steadily and smoothly, without "ups" and "downs", in a balanced way.

So, in our constant search for Equilibrium between Financial Management and Academic Quality, **we obtained excellent results in the MEC evaluation metrics** referring to 2012 and disclosed at the end of 2013, focused on Law, Communications and Management courses, which comprise approximately 53% of our student base. Courses are divided in groups and evaluated in cycles every three years, so the 2012 results are comparable with 2009 results. Our CPC (Preliminary Course Concept) grades presented excellent numbers, attesting to the growing quality of our academic model, which, it is worth remembering, has still not been fully implemented in the student base that took this last exam. Of all the courses evaluated, **87% obtained a satisfactory grade (3 or more)**, versus 50% in 2009. In regard to our Institutions, the 2012 General Course Index (IGC) showed that **89% of Estácio's institutions were graded 3 or more**, excluding those whose operations we are discontinuing, a substantial improvement over the 48% recorded in 2009 and the 53% obtained in 2011.

Another proof of our quality improvement comes from the process of turning Colleges into University Centers, which follow rigid standards according to MEC evaluation metrics. We had **the approval of the upgrade of Faculdade Estácio de Belo Horizonte and FACITEC (Brasília) into University Centers by the National Education Council (CNE).** We are only awaiting publication of the respective ordinances in the *Diário Oficial* (Official Gazette). Also, **we recovered our University Center status in São Paulo and Salvador**, thanks to the good grades in the last Enade and CPC evaluations.

At Estácio, we also look for Equilibrium between financial and non-financial results In this context, we follow in a very close way two very important non-financial indicators: the levels of student and employee satisfactions, which are measured at Estácio in a systemic, regular and concrete way. We had **an important improvement in our student satisfaction level**, which climbed from 58% in 2008 (when we started to measure this indicator) to 68% in 2013, according to surveys conducted by Copernicus and Ipsos Pesquisa de Mercado. At the same time, **the level of employee satisfaction rose from 56% in 2008 to 68% in 2013**, according to survey conducted by the Hay Group.

In parallel to it, we believe it is of utmost importance to develop projects with the Scientific Community. Based on such belief, in 2013, **we did research in quantity and with quality**, organized one of the largest research seminars in the country (1,427 papers submitted in all fields of knowledge, from 38 higher education institutions), created an Applied Research agency (ADITEC) and saw the first patent request be filed by one of our professors.

When it comes to Social Responsibility, we have **developed several actions in Education**, among them: the training of teachers and managers from Rio de Janeiro Public Schools and the recent sponsoring of *Solar Meninos de Luz,* also in Rio de Janeiro.

Lastly, when we think about balancing short-term results and long-term results, we know the excellent results we reap today are the fruits of seeds we planted a few years ago, so if we want to keep this positive trend for the years to come, we need to keep planting new seeds. In this sense, **we continued with our expansion process, entering new cities either through organic growth or by means of strategic acquisitions.** We launched three new greenfield campuses: two in Rio de Janeiro (Angra dos Reis and Teresópolis) and our third in Fortaleza. And, through acquisitions, we arrived in Brasilia by acquiring FACITEC and reinforced our presence in Santa Catarina with the acquisition of ASSESC.

Talking about New Businesses, **we began to see the first results of our Continuing Education Office**, created in the end of 2012. The Graduate segment performed exceptionally well, closing the year with more than 20,000 students, boosted by the beginning of our partnership with Grupo Phorte. The Short Term courses segment, with the *Você Aprende Mais* (You Learn More) portal, reached one million accesses and continues to grow.

Moreover, we are in strict compliance with the recommendations of our Strategic Plan, which we shared with the market at the beginning of 2013. We now have a formally organized Innovation area, just started the operation of our Corporate University, began to build our Branding project (to boost Estácio's Brand), reinforced our institutional positioning, kept thinking about our future academic model, consolidated the EVA® culture throughout the Company, began building relationships with alumni and measuring our students' employability, as well as reinforced the Applied Research area. With the intent of improving our Student Satisfaction even further, we have successfully implemented an extensive Quality System (Student Complaint Control and Central Ombudsman) that allows us to monitor our students' complaints and deal with problems at their point of origin.

In short, during this year we could see the result of our work in several aspects while, in the meantime, we could more than ever achieve the Equilibrium we mentioned in the beginning of this message. Besides proving it is possible to obtain improvements in apparently conflicting indicators, **our results ended up showing us that we are on the right path toward our 2020 Vision**, which aims to generate the best returns to our shareholders, students, and employees. And, by doing that, we are certainly fulfilling our mission of "Educating to Transform" and, thus, decisively contributing to a better country. So, let's welcome 2014!

2014 Outlook

Our first intake cycle, not yet concluded, indicates **we will sustain the good growth pace seen in recent years**, as we move towards another record high intake cycle. We expect an intake growth of approximately 18% both in the on-campus undergraduate and the distance learning undergraduate segments. These results should pave the way for another good year in terms of student base growth and margin expansion, in a scenario of continuity of strong demand for higher education.

We began the year with a great piece of news coming from our **victory in MEC's Assisted Transfer bids to receive students from Universidade Gama Filho and UniverCidade**, which lost their licenses to operate in Rio de Janeiro. We shall receive medical students from Universidade Gama Filho and, jointly with

Universidade Veiga de Almeida and SENAC, we won the two other bids from several other Gama Filho and UniverCidade courses. According to the Ministry of Education, approximately 10,000 students could transfer to Estácio through this process. Besides opening new growth paths, we believe playing this part will allow us to reach out for these students whose future was uncertain, which is totally aligned with our Social Responsibility principles and initiatives.

In 2014, we also **began to explore a new business segment for Estácio: vocational courses, through Pronatec.** This decision already began to bear fruits with the result of the seats bidding process for the first semester of 2014 conducted by MEC, which indicated a 100%-approval for the seats we requested. During this last semester, after we made the decision to participate in the bidding process, we were able to organize a strong team to lead the program with the same quality standards we are used to offer in regular Higher Education courses. So now we feel ready to successfully deliver these courses in Rio de Janeiro, in places where we have demand, capillarity and idle capacity to absorb these new students.

The Corporate Solutions area, after entering into its first agreement with Grupo Contax, **also has promising contracts lined up for the coming cycles**. **The Academia do Concurso, reinvigorated and ready to launch its courses in the distance learning model** in 2014, is fully equipped to begin leveraging its results following a period of intense restructuring.

Continuing our expansion process, **we are still awaiting authorization from CADE, Brazil's antitrust authority, to conclude the acquisition of UniSEB**, but are very excited about the growth prospects for our distance learning segment after the integration UniSEB. In parallel to our M&A strategy, we also filed requests to open new units and expect to get **authorization to launch 11 news campuses over the coming cycles.**

In the meantime, we made sure we included several long-term projects, which are linked to our strategic planning, in our Executive team's goals for 2014, such as:

- "Branding Project", which has the goals to reinforce Estácio's brand and perceived values by improving the quality of the relationship with our diverse stakeholders;
- "Hospitality Project", designed to take Estácio's service to a much higher level than the one we currently operate;
- "EVA in our Management Model", which seeks to measure the performance of units over their invested capital, aligning compensation packages to this KPI and its drivers;
- "Alumni Project", which seeks to build and maintain the relationship with graduating students, creating an important database and also opening new opportunities to offer products in our portfolio.

We acknowledge that, besides planting seeds for Estácio's future growth, we need to create elements to differentiate ourselves from our competitors. In a segment such as ours, which is people intensive and with such a long lead time, it is necessary to begin the building of such elements years before seeing them generate effective results, which requires great discipline and a management model which considers the balance between short and long term. This is the reason why we are confident **Estácio has plenty of "Discipline, Management, and Equilibrium" to generate value to its stakeholders in a healthy and consistent way.**

Student Base

Estácio ended 2013 with a base of 315,700 students (16.3% more than in 2012), 255,000 of whom enrolled in on-campus programs and 60,700 in distance-learning programs. The same-shop student base (excluding acquisitions in the last 12 months) grew by 14.6% over the previous year. In 4Q13, we added around 900 students from ASSESC to our base.

Table 1 – Total Student Base*

'000	4Q12	4Q13	Change
On-Campus	**222.6**	**250.5**	**12.5%**
Undergraduate	209.9	234.9	11.9%
Graduate	12.7	15.6	22.8%
Distance Learning	**48.9**	**60.7**	**24.1%**
Undergraduate	46.1	55.5	20.4%
Graduate	2.8	5.2	85.7%
Student Base - same shops	**271.5**	**311.2**	**14.6%**
Acquisitions in the last 12 months	-	4.5	N.A.
Total Student Base	**271.5**	**315.7**	**16.3%**
# Campuses	75	80	6.7%
On-Campus Students per Campus	**2,968**	**3,131**	**5.5%**
# Distance Learning Centers	52	52	0.0%
Distance Learning Students per Center	**940**	**1,167**	**24.1%**

Note: Acquisitions in the last 12 months refer to students from FACITEC and ASSESC.
Acquisitions in 2012 have completed one year and are already included in the same-shop student base.

Estácio's **on-campus undergraduate base** totaled 239,400 students in December 2013, 14.0% more than at the end of 2012. Same-shop growth, excluding the institutions acquired in the last 12 months (FACITEC and ASSESC), came to 11.9%.

Dropouts reached 20,700 students, an increase of approximately 8,000 in comparison to the previous year, mainly due to:

(i) A much younger student base in 4Q13, which had 62.3% of its students enrolled in the first three semesters, vs. 57.5% in 4Q12;

(ii) The dropout of FIES students who were not able to renew their contracts, chiefly due to insufficient academic performance, totaling around 3,000 students;

(iii) A base cleaning of 3,000 students who did not request the withdrawal from their classes and/or did not show academic records (i.e. attended classes and/or took exams). It is worth highlighting that this procedure was conservatively changed in 4Q13, as we observed the behavior of this type of student in the previous quarters, which ended up not returning to classes even with our prolonged wait.

We believe this change, although it has negative impacts in 4Q13's net revenue, will bring positive effects in our 2014.1 renewal rates (since the student base will no longer have these students, which were likely to not renew) and will help us to reduce our level of civil litigations related to undue charges (since these students occasionally ended up in our collection process).

(*) Figures not reviewed by the auditors

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

'000	4Q12	4Q13	Change
Students - Starting balance	**218.6**	**259.2**	**18.6%**
(+/-) Acquisitions in the last 12 months (until 3Q)	4.0	(3.6)	N.A.
Renewable Base	**222.6**	**255.6**	**14.8%**
(-) Dropouts	(12.7)	(20.7)	63.0%
Students - same shops	**209.9**	**234.9**	**11.9%**
(+) Acquisitions in the last 12 months (until 4Q)	-	4.5	N.A.
Students - Ending Balance	**209.9**	**239.4**	**14.0%**

Our **distance learning undergraduate student base** grew by 20.4% over 2012 to 55,500 students. The fourth distance-learning intake cycle of the year added 6,000 new students to our base, 22.4% up on 4Q12.

Table 3 – Evolution of Distance Learning Undergraduate Student Base*

'000	4Q12	4Q13	Change
Students - Starting Balance	**51.8**	**63.1**	**21.9%**
(-) Graduates	(0.5)	(0.4)	-20.0%
Renewable Base	**51.3**	**62.7**	**22.3%**
(+) Enrollments	4.9	6.0	22.4%
(-) Dropouts	(10.1)	(13.2)	31.0%
Students - Ending Balance	**46.1**	**55.5**	**20.4%**

Operating Revenue

Net operating revenue came to R$1,731.0 million in 2013 and R$436.0 million in 4Q13, 25.1% and 20.5% up, respectively, due to the 16.3% expansion of the student base and the increase in the average ticket, both in the quarterly and annual comparison.

Regarding 4Q13 operating revenue, we should highlight three aspects:

(i) **Higher dropout:** The higher dropout level was caused by the higher concentration of the student base in the first three academic periods and by the dropouts from FIES students, amounting to 3,000 students, who did not amend their contracts.

(ii) **Base cleaning:** Estácio's 4Q13 net operating revenue was impacted in approximately R$12 million due to a base cleaning we decided to do in a very conservative approach, as previously explained. Out of this amount, around R$9 million refer to on-campus revenues and R$3 million to distance learning revenues.

(iii) **Provision for FIES Guarantee Fund (FGEDUC):** As of 4Q12, we have changed the provisioning methodology for students contracting loans through the FIES Guarantee Fund (FGEDUC). Over the revenues of these students, we must make a contribution in order to constitute the Fund. The number of FIES students using FGEDUC increased significantly in 2H13, reaching 81% of the FIES student base. This difference increased the amount of revenue deductions related to FGEDUC to R$10.9 million, an increase of R$6.9 million or 172.5% in relation to 4Q12.

Excluding the one-time effects mentioned above, 4Q13 net revenue would have been approximately R$19 million higher, totaling R$455 million, a 25%-growth in comparison to 4Q12.

(*) Figures not reviewed by the auditors

Table 4 – Operating Revenue

R$ MM	4Q12	4Q13	Change	2012	2013	Change
Gross Operating Revenue	**503.7**	**604.8**	**20.1%**	**1,971.9**	**2,491.0**	**26.3%**
Monthly Tuition Fees	496.7	597.2	20.2%	1,946.6	2,463.6	26.6%
Others	6.9	7.7	11.6%	25.3	27.4	8.3%
Gross Revenue Deductions	**(142.0)**	**(168.8)**	**18.9%**	**(588.6)**	**(760.0)**	**29.1%**
Scholarships and Discounts	(122.5)	(139.8)	14.1%	(523.8)	(662.5)	26.5%
Taxes	(15.5)	(18.2)	17.4%	(60.8)	(72.5)	19.2%
FGEDUC	(4.0)	(10.9)	172.5%	(4.0)	(24.9)	522.5%
% Scholarships and Discounts/ Gross Operating Revenue	*24.3%*	*23.1%*	*-1.2 p.p.*	*26.6%*	*26.6%*	*0.0 p.p.*
Net Operating Revenue	**361.7**	**436.0**	**20.5%**	**1,383.3**	**1,731.0**	**25.1%**

In 4Q13, the **average on-campus ticket** grew by 5.9%, in line with 2013 inflation. In the full year, the average ticket increased by 5.0%, slightly below inflation, mainly due to the revenue deductions from FGEDUC. If we exclude the FGEDUC deductions from the average ticket calculation both in 2013 and 2012, the increase would have come to 6.4% year-on-year, above the inflation of the period. It is also worth remembering the cancellations mentioned above had an one-off effect in the average ticket increase.

Table 5 – Calculation of the Average Ticket in 4Q13 – On-Campus

'000	4Q12	4Q13	Change
On-Campus Undergraduate Student Base	209.9	239.4	14.0%
(+) On-Campus Graduate Student Base	12.7	15.6	22.8%
(=) Revenue Generating On-Campus Student Base	222.6	255.0	14.5%
On-Campus Gross Revenue	460.0	556.6	21.0%
On-Campus Deductions	(128.5)	(154.6)	20.3%
On-Campus Net Revenue (R$ million)	331.5	402.1	21.3%
On-Campus Average Ticket (R$)	496.4	525.6	5.9%

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

Table 6 – Calculation of the Average Ticket in 2013 – On-Campus

'000	2012	2013	Change
Revenue Generating On-Campus Undergraduate Student Base (average)	207.8	247.8	19.3%
(+) On-Campus Graduate Student Base (average)	12.2	14.2	16.5%
(=) Revenue Generating On-Campus Student Base	219.9	262.0	19.1%
On-Campus Gross Revenue	1,800.1	2,272.8	26.3%
On-Campus Deductions	(532.9)	(687.4)	29.0%
On-Campus Net Revenue (R$ million)	1,267.1	1,585.5	25.1%
On-Campus Average Ticket (R$)	480.1	504.3	5.0%

The **average distance learning ticket** fell by 6.6% in 4Q13, due to the cancellation of undue charges, corresponding to R$3 million, referring to students without proven academic record, so this affected the average ticket this time. In the full year, however, it moved up by 4.1%, exceptionally below inflation, for the same reason as in 4Q13, plus the launch of "EAD Mais", an option which dilutes the course curriculum and, consequently, its value over a further two semesters, which also impacted the quarter.

Table 7 – Calculation of the Average Ticket in 4Q13 – Distance Learning

'000	4Q12	4Q13	Change
Distance Learning Undergraduate Student Base	46.1	55.5	20.4%
(+) Distance Learning Graduate Student Base	2.8	5.2	85.7%
(=) Revenue Generating Distance Learning Student Base	48.9	60.7	24.1%
Distance Learning Gross Revenue	41.9	46.7	11.5%
Distance Learning Deductions	(13.7)	(14.0)	2.2%
Distance Learning Net Revenue (R$ million)	28.2	32.7	16.0%
Distance Learning Average Ticket (R$)	192.2	179.6	-6.6%

Table 8 – Calculation of the Average Ticket in 2013 – Distance Learning

'000	2012	2013	Change
Revenue Generating Distance Learning Undergraduate Student Base (average)	45.8	56.1	22.4%
(+) Distance Learning Graduate Student Base (average)	2.5	4.1	62.4%
(=) Revenue Generating Distance Learning Student Base	**48.4**	**60.2**	**24.5%**
Distance Learning Gross Revenue	**163.0**	**211.6**	**29.8%**
Distance Learning Deductions	(55.0)	(71.6)	30.2%
Distance Learning Net Revenue (R$ million)	**108.0**	**140.0**	**29.6%**
Distance Learning Average Ticket (R$)	**186.1**	**193.7**	**4.1%**

Cost of Services

In 4Q13, the **cash cost to net revenue ratio** recorded a 2.5 p.p. improvement over 4Q12, thanks to gains in the following lines:

(i) 1.2 p.p. in personnel, for the same reasons as the gains in previous quarters; and
(ii) 0.8 p.p. in third-party services, highlighting the dilution in this line and the improved management of third part service contracts throughout the year.

In 2013, the **cash cost to net revenue ratio** was once again an important source of efficiency gains, improving by 3.2 p.p., thanks to gains in the following lines:

(i) 1.3 p.p. in personnel, demonstrating another year of the increasingly efficient management of faculty costs and the penetration of the new academic model in the student base;
(ii) 0.8 p.p. in the INSS line, reflecting the one-off gains in prior quarters;
(iii) 0.5 p.p. in rentals, thanks to improved contract management and gains of scale from the increase in the student base; and
(iv) 0.7 p.p.in third-party services, confirming the scale gains we have been obtaining in this line.

Table 9 – Breakdown of Cost of Services

R$ MM	4Q12	4Q13	Change	2012	2013	Change
Cost of Services	**(225.0)**	**(260.1)**	**15.6%**	**(833.9)**	**(987.9)**	**18.5%**
Personnel	(164.8)	(192.5)	16.8%	(621.6)	(741.3)	19.3%
Salaries and Payroll Charges	(135.0)	(157.3)	16.5%	(510.8)	(617.0)	20.8%
Brazilian Social Security Institute (INSS)	(29.7)	(35.2)	18.5%	(110.8)	(124.3)	12.2%
Rentals / Real Estate Taxes Expenses	(30.5)	(36.2)	18.7%	(117.8)	(139.0)	18.0%
Textbooks Materials	(13.7)	(15.9)	16.1%	(37.9)	(48.0)	26.6%
Third-Party Services and Others	(16.0)	(15.5)	-3.1%	(56.6)	(59.6)	5.3%

Table 10 – Vertical Analysis of Cost of Services

% of Net Operating Revenue	4Q12	4Q13	Change	2012	2013	Change
Cost of Services	**-62.2%**	**-59.7%**	***2.5 p.p.***	**-60.3%**	**-57.1%**	***3.2 p.p.***
Personnel	-45.6%	-44.2%	*1.4 p.p.*	-44.9%	-42.8%	*2.1 p.p.*
Salaries and Payroll Charges	-37.3%	-36.1%	*1.2 p.p.*	-36.9%	-35.6%	*1.3 p.p.*
Brazilian Social Security Institute (INSS)	-8.3%	-8.1%	*0.2 p.p.*	-8.0%	-7.2%	*0.8 p.p.*
Rentals / Real Estate Taxes Expenses	-8.4%	-8.3%	*0.1 p.p.*	-8.5%	-8.0%	*0.5 p.p.*
Textbooks Materials	-3.8%	-3.6%	*0.2 p.p.*	-2.7%	-2.8%	*-0.1 p.p.*
Third-Party Services and Others	-4.4%	-3.6%	*0.8 p.p.*	-4.1%	-3.4%	*0.7 p.p.*

Table 11 – Cost Reconciliation

R$ MM	4Q12	4Q13	Change	2012	2013	Change
Cash Cost of Services	**(225.0)**	**(260.1)**	**15.6%**	**(833.9)**	**(987.9)**	**18.5%**
(+) Depreciation	(14.6)	(13.2)	-9.6%	(43.5)	(48.7)	12.0%
Cost of Services	**(239.6)**	**(273.3)**	**14.1%**	**(877.4)**	**(1,036.5)**	**18.1%**

Gross Income

Table 12 – Statement of Gross Income

R$ MM	4Q12	4Q13	Change	2012	2013	Change
Net Operating Revenue	361.7	436.0	20.5%	1,383.3	1,731.0	25.1%
Cost of Services	(239.6)	(273.3)	14.1%	(877.4)	(1,036.5)	18.1%
Gross Profit	**122.1**	**162.7**	**33.3%**	**505.9**	**694.5**	**37.3%**
(-) Depreciation	14.6	13.2	-9.6%	43.5	48.7	12.0%
Cash Gross Profit	**136.7**	**175.9**	**28.7%**	**549.4**	**743.2**	**35.3%**
Cash Gross Margin	*37.8%*	*40.3%*	*2.5 p.p.*	*39.7%*	*42.9%*	*3.2 p.p.*

Selling, General and Administrative Expenses

In 4Q13, **selling expenses** recorded a 0.4 p.p. gain. The PDA/net revenue ratio posted a deterioration of 0.5 p.p., which was more than offset by gains of 0.9 p.p. from marketing.

We decided to present the "Provision for FIES" line once again consolidated with the PDA. Firstly because this line has been losing importance with the organic growth of the FIES FGEDUC throughout 2013, but, more importantly, after the new rules for the contribution to FGEDUC were announced by the FNDE in the beginning of the year. From 02/01/2014 onwards, the FIES default risk will be covered by FGEDUC also for new contracts with a guarantor (in the proportions between government and institutions already known) while, as a counterparty, we will do the 5.63% contribution for all new contracts, with or without guarantor.

Also, it is worth noting that, as of July 2013, we have been receiving an analytical report on the real distribution of FIES students with a guarantor and with FGEDUC from the National Education Development Fund (FNDE). Based on the difference between our own estimates and the figures in this report, we began to effect this retroactive adjustment given that the percentage of FIES students with FGEDUC was higher than we originally estimated. In 2H13, the distribution of FIES students was: 81% with FGEDUC and 19% with a guarantor. Further details on the Provision for FIES line and the way the provisions for students using this financing are recognized can be found in Exhibit I at the end of this release (page 27).

Selling expenses represented 10.6% of 2013 net revenue, generating a margin gain of 0.8 p.p., chiefly due to a 0.7 p.p. improvement in the PDA/net revenue ratio, demonstrating the organic improvement in our PDA in 2013 as a whole and also the increase in FIES penetration in our student base.

In 4Q13, **general and administrative expenses** corresponded to 15.2% of net revenue, 1.3 p.p. down on 4Q12. The 0.4 p.p. gain from personnel was offset by losses in the following lines:

(i) 1.3 p.p. in other operating revenue (expenses), which did not benefit from the one-off gain in 4Q12 from the sale of properties, totaling R$4.0 million (this represented 1.1 p.p. and 0.3 p.p. losses in 4Q13 and 2013, respectively; and

(ii) 0.4 p.p. in "others", impacted by the R$3.3 million loss in civil agreements and convictions as a result of the strategy adopted this year to decrease liabilities from civil lawsuits at the same time as reducing the number of new lawsuits.

It is also worth mentioning the efficiency gain in the Personnel line, despite the R$3.3 million higher provision for bonus in comparison to 4Q12, reflecting the positive result we had this year.

General and administrative expenses represented 13.8% of net revenue in 2013, a 0.7 p.p. deterioration over the year before, chiefly due to efficiency losses in the following lines:

(i) 0.3 p.p. in the provision for contingencies (which benefited from reversals in 2012, as mentioned in the 3Q13 release);
(ii) 0.4 p.p. in other operating revenue (expenses), as detailed above; and
(iii) 0.3 p.p. in "others", impacted by the negative variation in civil agreements and convictions, as in recent quarters.

It is important to remember that, as we have been mentioning since 2Q13, this line was impacted by the increase in the headcount (around R$4 million), corresponding to investments in new areas that will generate significant revenue for the Company, such as the Continuing Education Department.

Table 13 – Selling, General and Administrative Expenses

R$ MM	4Q12	4Q13	Change	2012	2013	Change
Selling, General and Administrative Cash Expenses	**(88.4)**	**(110.2)**	**24.7%**	**(339.5)**	**(422.9)**	**24.6%**
Selling Expenses	**(38.1)**	**(44.0)**	**15.5%**	**(157.8)**	**(183.9)**	**16.5%**
Provisions for Doubtful Accounts	(25.3)	(32.6)	28.9%	(85.4)	(95.4)	11.7%
Marketing	(12.8)	(11.4)	-10.9%	(72.4)	(88.5)	22.2%
General and Administrative Expenses	**(50.3)**	**(66.2)**	**31.6%**	(181.7)	**(239.0)**	**31.5%**
Personnel	(29.4)	(34.0)	15.6%	(96.9)	(120.9)	24.8%
Salaries and Payroll Charges	(26.6)	(30.7)	15.4%	(85.5)	(107.9)	26.2%
Brazilian Social Security Institute (INSS)	(2.8)	(3.3)	17.9%	(11.4)	(13.0)	14.0%
Others	(20.9)	(32.1)	53.6%	(84.8)	(118.1)	39.3%
Third-Party Services	(11.2)	(13.4)	19.6%	(44.5)	(50.0)	12.4%
Machinery rentals and leasing	(0.5)	(0.7)	40.0%	(1.5)	(1.6)	6.7%
Consumable Material	(0.5)	(0.5)	0.0%	(1.6)	(2.0)	25.0%
Provision for Contingencies	(1.3)	(1.3)	0.0%	0.8	(4.9)	-712.5%
Other Operating Renevue (expenses)	8.3	4.4	-47.0%	17.8	15.8	-11.2%
Others	(15.8)	(20.7)	31.0%	(55.9)	(75.4)	34.9%
Depreciation	**(4.6)**	**(5.7)**	**23.9%**	**(17.7)**	**(23.1)**	**30.5%**

Table 14 – Vertical Analysis of Selling, General and Administrative Expenses

% of Net Operating Revenue	4Q12	4Q13	Change	2012	2013	Change
Selling, General and Administrative Cash Expenses	**-24.4%**	**-25.3%**	***-0.9 p.p.***	**-24.5%**	**-24.4%**	***0.1 p.p.***
Selling Expenses	**-10.5%**	**-10.1%**	***0.4 p.p.***	**-11.4%**	**-10.6%**	***0.8 p.p.***
Provisions for Doubtful Accounts	-7.0%	-7.5%	*-0.5 p.p.*	-6.2%	-5.5%	*0.7 p.p.*
Marketing	-3.5%	-2.6%	*0.9 p.p.*	-5.2%	-5.1%	*0.1 p.p.*
General and Administrative Expenses	**-13.9%**	**-15.2%**	***-1.3 p.p.***	**-13.1%**	**-13.8%**	***-0.7 p.p.***
Personnel	-8.2%	-7.8%	*0.4 p.p.*	-7.0%	-7.0%	*0.0 p.p.*
Salaries and Payroll Charges	-7.4%	-7.0%	*0.4 p.p.*	-6.2%	-6.2%	*0.0 p.p.*
Brazilian Social Security Institute (INSS)	-0.8%	-0.8%	*0.0 p.p.*	-0.8%	-0.8%	*0.0 p.p.*
Others	-5.7%	-7.4%	*-1.7 p.p.*	-6.1%	-6.8%	*-0.7 p.p.*
Third-Party Services	-3.1%	-3.1%	*0.0 p.p.*	-3.2%	-2.9%	*0.3 p.p.*
Machinery rentals and leasing	-0.1%	-0.2%	*-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%	-0.3%	*0.1 p.p.*	0.1%	-0.2%	*-0.3 p.p.*
Other Operating Renevue (expenses)	2.3%	1.0%	*-1.3 p.p.*	1.3%	0.9%	*-0.4 p.p.*
Others	-4.3%	-4.7%	*-0.4 p.p.*	-4.0%	-4.3%	*-0.3 p.p.*
Depreciation	**-1.3%**	**-1.3%**	***0.0 p.p.***	**-1.3%**	**-1.3%**	***0.0 p.p.***

EBITDA

EBITDA came to R$320.3 million in 2013, a substantial 52.6% increase over 2012, capping a year of excellent results, with an **EBITDA margin** of 18.5%, up by 3.3 p.p., unquestionably reflecting our capacity to attract students, which benefits our highly scalable business model, and our efforts to manage and control costs and expenses, which are becoming increasingly efficient. It is also worth noting the gradual and constant pace at which we have been growing our EBITDA and the consistent and smooth improvement in the margin in the last three years, a direct result of our management model and our focus on the long run.

In 4Q13, **EBITDA** totaled R$65.8 million, 36.2% higher than in 4Q12, with an **EBITDA margin** of 15.0%, up by 1.7 p.p. The margin expansion slowdown observed in 4Q13, in comparison to the previous quarters, can be explained by:

(i) The R$4 million asset sale concluded in 4Q12 (loss of 1.1 p.p.);
(ii) The higher amount of provisions for bonus, due to the superior result and the achievement of our internal goals (loss of 0.7 p.p.);

Excluding the effect of these two events, the margin expansion pace would have come to 3.5 percentage points. In this context, our margin gain in 2013 was of 3.3 p.p., within our expectations for the year.

Table 15 – Table 15 – Statement of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

R$ MM	4Q12	4Q13	Change	2012	2013	Change
Net Revenue	**361.7**	**436.0**	**20.5%**	**1,383.3**	**1,731.0**	**25.1%**
(-) Cash Cost of Services	(225.0)	(260.1)	15.6%	(833.9)	(987.9)	18.5%
(-) Selling, General and Administrative Cash Expenses	(88.4)	(110.2)	24.7%	(339.5)	(422.9)	24.6%
EBITDA	**48.3**	**65.8**	**36.2%**	**209.9**	**320.3**	**52.6%**
EBITDA Margin	*13.4%*	*15.1%*	*1.7 p.p.*	*15.2%*	*18.5%*	*3.3 p.p.*

Under the same-shop concept, excluding acquisitions in the last 12 months (FACITEC and ASSESC), 4Q13 EBITDA totaled R$66.2 million, 37.1% up year-on-year, with an EBITDA margin of 15.4%, up by 2.0 p.p., indicating that the acquisitions concluded in 2013 still pressure our margins in some level.

Table 16 – Statement of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) – Same-shop

R$ MM	4Q12	4Q13 ex-acquisitions	Change
Net Revenue	**361.7**	**430.1**	**18.9%**
(-) Cash Cost of Services	(225.0)	(255.4)	13.5%
(-) Selling, General and Administrative Cash Expenses	(88.4)	(108.6)	22.8%
EBITDA	**48.3**	**66.2**	**37.1%**
EBITDA Margin	*13.4%*	*15.4%*	*2.0 p.p.*

Companies Acquired

The following chart shows the 4Q13 results of the companies acquired in the last 12 months (FACITEC and ASSESC). 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 in 2012 (SEAMA, iDez, FARGS, Uniuol and São Luis) are already consolidated in our results, as are those acquired in 2011.

Table 17 – Key Indicators of Acquired Companies in 4Q13

R$ million	FACITEC	ASSESC	Total
Net Revenue	5.3	0.6	5.9
Gross Profit	1.1	0.1	1.2
Gross Margin	*20.8%*	*16.7%*	*20.3%*
EBITDA	-0.3	-0.1	-0.4
EBITDA Margin	*-5.7%*	*-16.7%*	*-6.8%*
Net Income	-0.3	-0.1	-0.4
Income Margin	*-5.7%*	*-16.7%*	*-6.8%*

Financial Result

Table 18 – Breakdown of the Financial Result

R$ MM	4Q12	4Q13	Change	2012	2013	Change
Financial Revenue	**3.3**	**17.2**	**420.3%**	**22.1**	**61.8**	**179.5%**
Fines and interest charged	0.2	2.3	1063.5%	6.8	9.3	37.2%
Investments income	2.7	14.0	420.1%	13.2	48.9	270.8%
Other	0.4	0.8	100.0%	2.1	3.5	66.7%
Financial Expenses	**(15.4)**	**(13.5)**	**-12.6%**	**(55.9)**	**(53.6)**	**-4.1%**
Bank charges	(1.7)	(2.5)	51.2%	(6.7)	(7.7)	15.3%
Interest and financial charges	(7.7)	(7.9)	3.6%	(30.4)	(28.4)	-6.5%
Financial Discounts	(4.8)	(1.2)	-74.7%	(14.5)	(11.2)	-22.6%
Other	(1.3)	(1.7)	31.2%	(4.3)	(6.2)	44.3%
Financial Result	**(12.0)**	**3.7**	**-130.6%**	**(33.8)**	**8.2**	**N.A.**

The 2013 financial result was positive by R$8.2 million, a R$42.0 million improvement over 2012, chiefly due to the R$35.7 million increase in income from financial investments as a result of the higher cash position. Regarding financial expenses, we observed a decrease of 4.1% in the same period, helped by the lower level of financial discounts.

Net Income

Table 19 – Reconciliation of EBITDA and Net Income

R$ MM	4Q12	4Q13	Change	2012	2013	Change
EBITDA	**48.3**	**65.8**	**36.2%**	**209.9**	**320.3**	**52.6%**
Financial Result	(12.0)	3.7	N.A.	(33.8)	8.2	N.A.
Depreciation	(19.2)	(19.0)	-1.0%	(61.2)	(71.8)	17.3%
Social Contribution	(0.7)	(1.5)	114.3%	(1.5)	(3.4)	126.7%
Income Tax	(1.5)	(3.9)	160.0%	(3.8)	(8.6)	126.3%
Net Income	**14.9**	**45.1**	**202.7%**	**109.7**	**244.7**	**123.1%**

Estácio posted 2013 **net income** of R$244.7 million, a significant 123.1% increase over 2012, due to the more than 25% rise in net revenue and efficiency gains in the cost and expense lines, which led to EBITDA growth of 53%. A further contribution came from the substantial improvement in the financial result, as a result of our increased cash position and financial investments. In 4Q13, **net income** totaled R$44.5 million, a year-on-year increase of 202.7%.

Earnings per share came to R$0.83 in 2013, 89% up on 2012.

FIES

The FIES student base recorded further growth in 4Q13, totaling 76,100 students at the close of December, 84.3% up year-on-year and 4.9% more than in 3Q13, representing 31.8% of our on-campus undergraduate student base at year-end. We are continuing with our policy of using FIES in a responsible manner, recommending this type of financing to students with monthly tuition payment difficulties, making it an important tool for reducing the drop-out rate and ensuring the sustainability of the program.

Table 20 – FIES Student Base*

('000)	4Q12	1Q13	2Q13	3Q13	4Q13	Change
On-campus undergraduate students	209.9	262.6	247.5	259.2	239.4	14.1%
FIES Student Base	**41.3**	**48.9**	**61.1**	**72.6**	**76.1**	**84.3%**
% of FIES Students	19.7%	18.6%	24.7%	28.0%	31.8%	*12.1 p.p.*

Accounts Receivable and Average Receivable Days

The number of **net student days receivables** (tuition and agreements), including FIES receivables and FIES net revenue, averaged 70 days, 7 less than in 3Q13 and 3 less than in 4Q12. Excluding FIES net revenue and receivables, the average days receivables was 81 days, one day more than in 3Q13. It is worth noting the improvement of the non-FIES days receivables in comparison to 1H13, coming to a 4-day decrease.

Table 21 – Accounts Receivable and Average Receivable Days

Accounts Receivable (R$ MM)	4Q12	1Q13	2Q13	3Q13	4Q13
Gross Accounts Receivable	**362.3**	**428.5**	**439.7**	**440.9**	**423.8**
FIES	55.7	82.2	77.3	100.2	78.9
Tuition monthly fees	267.7	289.9	307.7	263.3	289.4
Credit Cards receivable	19.0	27.1	23.8	31.4	25.3
Renegotiation receivables	19.9	29.3	30.9	46.0	30.2
Credits to identify	(6.2)	(3.6)	(3.6)	(1.9)	0.8
Provision for bad debts	(76.4)	(77.6)	(90.2)	(83.9)	(90.0)
Net Accounts Receivable	**279.7**	**347.4**	**345.9**	**355.1**	**334.6**
Net Revenue (last twelve months)	**1,383.3**	**1,466.0**	**1,568.1**	**1,656.7**	**1,731.0**
Days Receivables	**73**	**85**	**79**	**77**	**70**
Net Revenue Ex. FIES (last twelve months)	**1,111.3**	**1,133.3**	**1,143.9**	**1,144.0**	**1,137.1**
Days Receivables Ex. FIES and FIES Revenue	**73**	**84**	**85**	**80**	**81**

Table 22 – Accounts Receivable and Average FIES Receivable Days

FIES Average Days Receivables	4Q12	1Q13	2Q13	3Q13	4Q13
FIES Receivables	55.7	82.2	77.3	100.2	78.9
FIES Carry-Forward Credits	1.1	0.4	0.5	0.3	44.4
FIES Net Revenue (last twelve months)	272.0	332.7	424.2	512.7	593.9
FIES Days Receivables	**75**	**89**	**66**	**71**	**75**

In 4Q13, **FIES accounts receivable** fell by R$21.3 million over the previous quarter, showing the normalization of the certificate transfer process following the greater volume of FIES contract amendments in 3Q13. These amendments are concentrated in the opening months of the academic semester. In 4Q13, FIES transfers totaled R$180.9 million, R$45.6 million more than in the previous three months.

FIES carry-forward credits increased by R$44.0 million in 4Q13, due to a one-off delay in the FNDE's buyback auction in December, which was postponed until January, thereby impacting quarterly cash flow by this amount. However, cash flow was normalized when the buyback auction took place in the first week of January. The average receivables period also increased over 3Q13, predominantly due to the postponement of the auction, which led to an increase in the number of certificates in this item, as shown in table 24. Had the buyback auction occurred regularly, the FIES average days receivables would have come to 48 days, reaching the lowest level since the beginning of the program and reflecting the great improvement in the management of FIES contracts.

(*) Figures not reviewed by the auditors

Table 23 – Evolution of FIES Accounts Receivable*

FIES Accounts Receivable (R$ MM)	4Q12	1Q13	2Q13	3Q13	4Q13
Opening Balance	**45.0**	**55.7**	**82.2**	**77.3**	**100.2**
(+) FIES Net Revenue	90.2	103.1	152.2	167.2	171.4
(-) Transfer	81.0	74.7	153.2	135.3	180.9
(-) FIES PDA	-1.8	2.0	4.2	9.4	11.1
(+) Acquisitions	-0.3	0.0	0.3	0.4	-0.7
Ending Balance	**55.7**	**82.2**	**77.3**	**100.2**	**78.9**

Table 24 – Evolution of FIES Carry-Forward Credits*

FIES Carry-Forward Credits (R$ MM)	4Q12	1Q13	2Q13	3Q13	4Q13
Opening Balance	**10.9**	**1.1**	**0.4**	**0.5**	**0.3**
(+) Transfer	81.0	74.7	153.2	135.3	180.9
(-) Tax payment	48.5	44.7	59.9	52.2	50.7
(-) Repurchase auctions	42.7	30.6	93.2	83.3	86.2
(+) Acquisitions	0.4	0.0	0.0	0.0	0.0
Ending Balance	**1.1**	**0.4**	**0.5**	**0.3**	**44.3**

Table 25 – Aging of Total Gross Accounts Receivable

Breakdown of Accounts Receivable by Age (R$ million)	4Q12	%	4Q13	%
FIES	55.7	15%	78.9	19%
Not yet due	76.3	21%	81.2	19%
Overdue up to 30 days	37.2	10%	45.7	11%
Overdue from 31 to 60 days	31.6	9%	39.2	9%
Overdue from 61 to 90 days	28.8	8%	29.9	7%
Overdue from 91 to 179 days	56.2	16%	59.0	14%
Overdue more than 180 days	76.4	21%	90.0	21%
TOTAL	**362.3**	**100%**	**423.8**	**100%**

Table 26 – Aging of Agreements Receivable[1]

Breakdown of Agreements by Age (R$ million)	4Q12	%	4Q13	%
Not yet due	7.6	38%	16.7	55%
Overdue up to 30 days	2.3	12%	3.2	10%
Overdue from 31 to 60 days	0.9	5%	2.1	7%
Overdue from 61 to 90 days	1.1	6%	1.9	6%
Overdue from 91 to 179 days	3.2	16%	3.2	11%
Overdue more than 180 days	4.8	24%	3.2	11%
TOTAL	**19.9**	**100%**	**30.2**	**100%**
% over Accounts Receivable	**5%**		**7%**	

[1]Excludes credit card agreements

Our receivables portfolio remained healthy in 2013. Thanks to the continuation of our rigorous debt renegotiation policies, in 4Q13 only 7% of total receivables came from renegotiations with students. In addition, the percentage of receivables from renegotiations overdue by more than 60 days accounted for 28% of total agreements, or 2.0% 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.

(*) Figures not reviewed by the auditors

Table 27 – Constitution of Provision for Doubtful Accounts in the Income Statement

R$ MM	12/31/2012	Gross increase in the provision for deliquency	Deliquency recover	Net provision effect	Write off	12/31/2
Tuitions and fees	59.7	159.3	(65.7)	93.5	(82.1)	71.1
Acquired Companies	16.7	23.5	(11.7)	11.8	(9.6)	18.9
TOTAL	**76.4**	**182.8**	**(77.4)**	**105.3**	**(91.8)**	**90.0**

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

	12/31/2013
Additional Provision	105.3
Write off of charges and unidentified deposits	(2.7)
Portfolio sale	(8.6)
Acquired companies at the time of acquisition	(2.3)
Others	0.6
Total	**92.3**

Investments (CAPEX and Acquisitions)

Table 29 – CAPEX Breakdown

R$ million	4Q12	4Q13	Change	2012	2013	Change
Total CAPEX	**37.4**	**71.0**	**89.8%**	**172.0**	**174.2**	**1.3%**
Maintenance	**23.5**	**38.6**	**64.3%**	**62.1**	**81.1**	**30.6%**
Discretionary, Expansion and Acquisitions	**13.9**	**32.4**	**133.1%**	**109.9**	**93.1**	**-15.3%**
Academic Model	4.1	1.7	-58.5%	16.1	7.4	-54.1%
New IT Architecture	3.3	5.3	60.6%	11.3	14.1	24.3%
Integration Processes	-	0.8	N.A.	-	1.2	N.A.
Tablet Project	3.8	3.8	0.0%	12.9	15.9	23.3%
Computers	-	1.1	N.A.	-	1.7	N.A.
Expansion	2.7	4.7	74.1%	9.5	10.9	14.7%
Acquisitions	-	15.0	N.A.	60.1	41.9	-30.2%

In 2013, **total CAPEX** came to R$174.2 million, flat over the previous year. In 4Q13, total CAPEX stood at R$71.0 million, 89.8% up on 4Q12, due to investments in acquisitions that did not occur in the latter quarter, and the increased level of maintenance and discretionary CAPEX.

Annual **maintenance CAPEX** totaled R$81.1 million, 30.6% up on 2012, mostly allocated to upgrading software and hardware, as well as the modernization of equipment, libraries and laboratories in our units. In 2013, we also invested around R$7.4 million in the **Academic Model** (creation of content and distance-learning development and production), R$15.9 million in the Tablet Project and R$14.1 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$10.9 million in 2013, 14.7% over 2012, including investments in existing campuses and new rooms. In 4Q13, these investments came to R$4.7 million, 74.1% up on 4Q12, as a result of increased investments in preparation for the first semester of 2014.

Capitalization and Cash

Table 30 – Capitalization and Cash

R$ MM	12/31/2012	09/30/2013	12/31/2013
Shareholders' Equity	707.0	1,528.3	1,517.6
Cash & Cash Equivalents	140.5	806.1	739.2
Total Gross Debt	(312.5)	(318.7)	(322.8)
Loans and Financing	(279.7)	(280.0)	(274.9)
Short Term	(13.9)	(29.1)	(36.7)
Long Term	(265.9)	(250.9)	(238.2)
Commitments to Pay	(24.2)	(30.0)	(39.5)
Taxes Paid in Installments	(8.6)	(8.7)	(8.4)
Cash / Net Debt	(172.0)	487.3	416.4

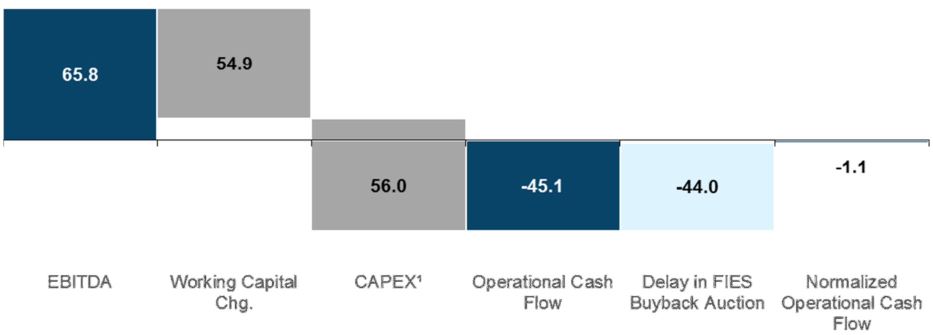
Cash and cash equivalents closed 2013 at R$739.2 million, conservatively invested in fixed-income instruments pegged to the CDI interbank rate, government bonds and certificates of deposit with top-tier Brazilian banks. Bank **debt** of R$274.9 million corresponded mainly to the Company's first local debenture issue totaling R$200 million, the loan from the IFC (first loan of R$48.5 million and around R$20 million from the second line of funding) and the capitalization of equipment leasing expenses in compliance with Federal Law 11638. We have also included the commitments for future payments related to acquisitions made, totaling around R$39.5 million, as well as taxes payable in installments, to determine our **gross debt**, which came to R$322.8 million at the end of the year, practically in line with 3Q13. Thus, the Company's **net cash** closed 2013 at R$416.4 million.

Cash Flow

In 4Q13, we recorded a negative working capital variation of R$54.9 million, chiefly due to the one-off problem regarding the December FIES buyback auction, as mentioned previously, which was responsible for the increase of certificates in our FIES Carry-Forward Credits, thereby reducing our working capital by R$44.0 million, while CAPEX (excluding acquisitions) totaled R$56.0 million. These negative variations more than offset our fourth-quarter EBITDA of R$65.8 million, generating negative **normalized operational cash flow** of R$1.1 million. Operational cash flow, without the adjustment for the delay in the FIES buyback auction, was a negative R$45.1 million.

Normalized operational cash flow before CAPEX came to R$54.9 million in 4Q13.

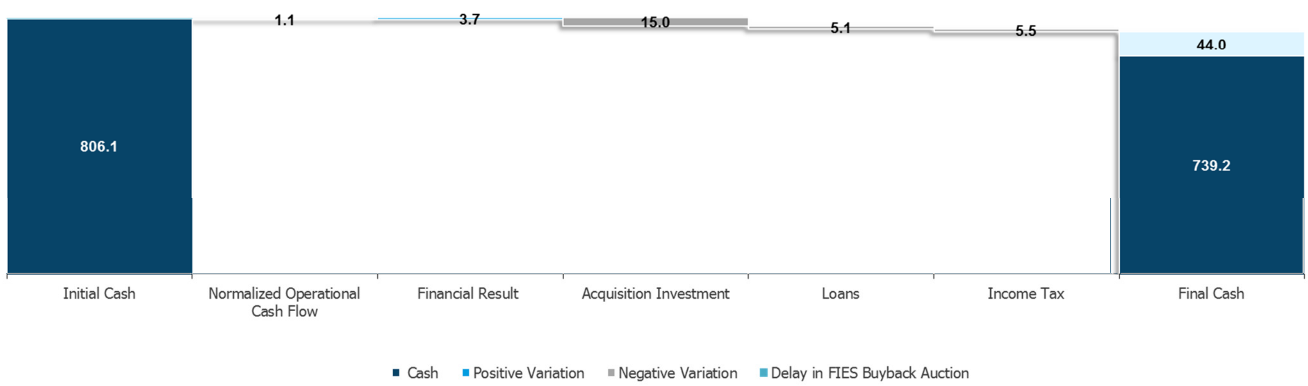
Graph 1 – Operational Cash Flow (R$ million) – Quarter



[1]CAPEX excluding acquisitions.

The negative normalized operational cash flow of R$1.1 million, investments of R$15.0 million in acquisitions, the negative variations in loans and income tax and social contributions and the delay in the FIES buyback auction contributed to the R$66.9 million reduction in our cash position, which closed 4Q13 at R$739.2 million. Without this delay, our final cash position would have been R$783.2 million.

Graph 2 – Cash Flow (R$ million) – Quarter



The table below gives a detailed breakdown of operational cash flow in the quarter, in order to ensure a better understanding of our working capital variations.

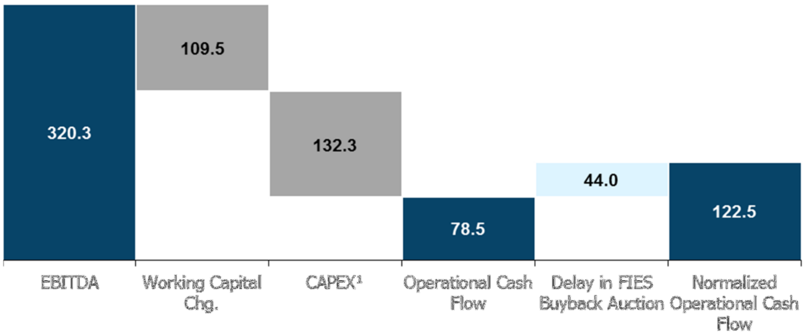
Table 31 – Quarterly Cash Flow 4Q13 x 4Q12

In million	4Q12	4Q13
Initial Cash Position	**183.8**	**806.1**
EBITDA	**48.3**	**65.8**
Working Capital Change	**(20.0)**	**(54.9)**
Increase (Decrease) in Accounts receivable	(15.2)	20.4
Increase (Decrease) in Carry-Forward credits	9.6	(44.0)
Increase (Decrease) in Advance to employees / third-parties	(2.7)	(8.7)
Increase (Decrease) in Prepaid expenses	(7.7)	(15.6)
Increase (Decrease) in Taxes and contributions	4.9	(3.5)
Increase (Decrease) in Suppliers	5.0	5.2
Increase (Decrease) in Salaries and payroll charges	(25.5)	(25.6)
Increase (Decrease) in Taxes payable	7.1	2.0
Increase (Decrease) in Prepaid monthly tuition fees	3.5	5.9
Increase (Decrease) in Commitments payable	1.0	8.8
CAPEX	**(37.4)**	**(71.0)**
Permanent Assets Change	(18.2)	(52.0)
Depreciation and amortization	(19.2)	(19.0)
Acquisition Investment	**-**	**15.0**
Operational Cash Flow	**(9.1)**	**(45.1)**
Acquisition Investment	**-**	**(15.0)**
Financial Result	(12.0)	3.7
Chg. Other Assets, Liabilities and Shareholders' Equity	(12.0)	-
Loans	(8.0)	(5.1)
Income Tax	(2.1)	(5.5)
Final Cash Position	**140.5**	**739.2**

In 2013, operational cash flow was positive by R$78.5 million. Excluding the delay in the FIES buyback auction in December, our **normalized operational cash flow** was a positive R$122.5 million, an increase of R$33.3 million over 2012.

Operational cash before CAPEX came to R$210.8 million in 2013.

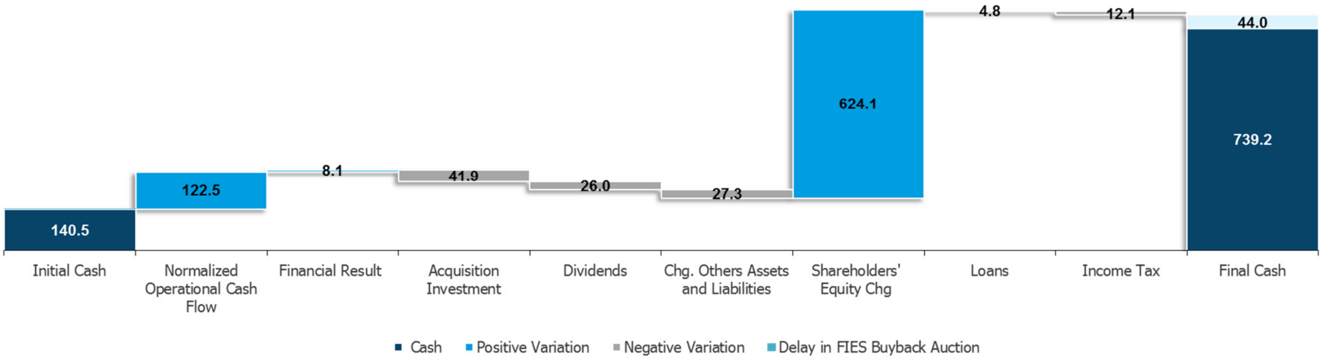
Graph 3 – Operational Cash Flow (R$ million) – 2013



[1]CAPEX excluding acquisitions.

In 2013, positive operation cash flow and the public share offering concluded in January were the main reasons for the R$598.7 million increase in our cash position, which more than offset the investments in acquisitions and the payment of dividends and other negative variations. As a result, Estácio closed the year with a cash position of R$739.2 million. Without the delay in the FIES buyback auction, our final cash position would have come to R$783.2 million.

Graph 4 – Cash Flow (R$ million) – 2013



Key Material Facts

Estácio opens its doors to students from Gama Filho and UniverCidade

Estácio participated in the Assisted Transfer bidding process of students from Universidade Gama Filho and UniverCidade, which were disaccredited by the Ministry of Education (MEC). After careful review, MEC chose Estácio to receive approximately 2,000 medical students from Gama Filho, in Rio de Janeiro, who will be able to transfer to Estácio. It is also worth noting that, following an *in loco* visit, MEC may authorize a further 170 Medicine places per year for Estácio.

Estácio also won two other bids, jointly with Universidade Veiga de Almeida and Faculdade de Tecnologia Senac Rio (Fatec), comprising Consórcio Rio Universitário, which was created to receive students from other courses at Universidade Gama Filho and UniverCidade.

As a result, in addition to the medical students, Estácio will also receive students of the following courses from Universidade Gama Filho:: Administration, Law, Nursing, Nursing & Obstetrics, Pharmacology, Psychology, Industrial Automation, Control & Automation Engineering, Mechanical Engineering, Oil & Gas, Philosophy, Geography (bachelor's and teaching degrees), History (bachelor's degree), Architecture & Urban Planning, Industrial Design, Physical Education (bachelor's and teaching degrees), Information Technology Management, Financial Management, Mathematics and Production Engineering. From UniverCidade, Estácio will receive students of the following courses: Dance, Language & Literature (Spanish, English and Portuguese), Drama, Systems Analysis & Development, Production Engineering, Information Systems, Environmental Engineering, Hotel Management, Accounting, Journalism, Marketing, Advertising, International Relations and Industrial Design (Visual Programming Line and Product Project Line)..

According to the Assisted Transfer Notice, around 10,000 students, including the medical students, may join Estácio's student base in Rio de Janeiro in the first semester of 2014.

Estácio obtains 100% of the places requested from Pronatec in the first 2014 Bid

At the end of February, Estácio received approval for 100% of the places requested from the National Program for Access to Vocational Education and Employment (Pronatec), created by the federal government in 2011 to democratize access to vocational education for various target groups. Estácio's request in the first Bid was for around 24,000 places which will be offered in the state of Rio de Janeiro.

Estácio will participate through the *Bolsa Formação* modality, which provides full scholarships to all public high school graduates in morning, afternoon and nighttime vocational courses, thereby ensuring the occupation of structures in some of our units that are idle in certain periods of the day.

Estácio will subsidize students' transportation so they can attend classes, as well as providing free printed learning materials and access to the institution's best laboratories. Classes will begin in the first semester, between April and May.

Corporate Solutions area enters into first contract with the Contax Group

In January, Estácio entered into an important strategic partnership with the Contax Group, Brazil's leading customer relations company, through which Estácio will be responsible for training 4,000 Contax employees. The contact is worth around R$30 million and will extend until 2017.

Fifty-six groups of Contax employees will receive subsidies of between 70% and 90% of tuition in three courses – Marketing Management, Commercial Management and Managerial Processes – in São Paulo, Rio de Janeiro, Niterói, Campinas, Recife, Belo Horizonte, Fortaleza, Porto Alegre, Londrina, Joinville and Salvador, eight of which on-campus and three distance learning centers. The employees attending the undergraduate courses will be admitted under the same circumstances as candidates admitted through the university entrance exam.

"One year ago, Estácio created a business unit – the Continuing Education Executive Department – with the mission of investing heavily in this segment. It is in fact the institution's largest corporate education project. Estácio's more than 40 years' experience in post-secondary education will be a distinct advantage for these young people just beginning their professional careers," declared Rogério Melzi, Estácio's CEO.

Inclusion in the Ibovespa and IBrX-50 theoretical portfolios

Estácio was included in the portfolio of the current Bovespa Index (Ibovespa), the Brazilian stock market's most important average performance indicator, which will remain in effect between January and April, with a weight of 0.708%. The shares listed in the Ibovespa account for more than 80% of the BM&FBovespa's traded volume and number of trades.

The Company was also included in the IBrX-50 portfolio, valid for the same period, which consists of the stock exchange's 50 most liquid shares. Estácio's share is 0.669%.

Estácio records excellent performance in MEC evaluations

In December 2013, the Ministry of Education ("MEC") published the grades of the General Course Index (IGC) and the Preliminary Course Concept (CPC) for 2012. Estácio obtained excellent results, improving substantially over the previous assessment, in 2009, of the same courses (Law, Communications and Management).

Estácio's CPC assessment recorded excellent numbers, underlining the growing quality of its academic model. Of all the courses evaluated, 87%, or 177 courses, obtained a satisfactory grade (3 or more), versus 50% in 2009. Only 17 received unsatisfactory grades and were penalized. Nevertheless, eleven of these recorded an improvement and only 6 presented a deterioration.

In relation to the IGC, 89% of Estácio's institutions were graded 3 or more, excluding those whose operations are being discontinued, substantially better than the 48% registered in 2009 and the 53% obtained in 2011.

Crowning this cycle of exceptionally positive academic evaluations, Estácio celebrated the grades of the São Paulo and Salvador University Centers, which recovered their IGC 3 grade and their autonomy as University Centers, as well as the significant evolution of the continuous IGC of Universidade Estácio de Sá (UNESA), the Company's largest institution, which received an excellent score of 2.46 (grade 3).

2013 Climate Survey

We achieved our organizational climate goal for 2013, with a 68% favorable ratio in a survey covering 72% of employees conducted by the Hay Group at year-end. This result shows we are on the right track, with important initiatives for improving the working environment, increasingly consolidating our management model and our culture, one of the most important pillars of our strategy.

2013 PESA – Estácio's Student Satisfaction Survey

Every year we conduct Estácio's Student Satisfaction Survey (PESA) with our on-campus and distance learning students. The survey is carried out by Copernicus Marketing Consulting and Ipsos Pesquisa de Mercado, two of the largest consumer satisfaction research companies. PESA's main goal is to measure the student satisfaction level according to the following criteria: Service, Teaching, Financial, and Infrastructure.

This year, we posted once again a positive result in the survey, increasing our student satisfaction level, both in the on-campus and distance learning segments, reaching 68%.

Sustainability Project: First Stakeholders' Panel

In January, Estácio held its First Stakeholders' Panel, bringing together executive officers and opinion makers to identify the most pressing issues related to post-secondary education in Brazil and which should therefore be considered by our institution.

In addition to being one of the Sustainability Project's deliverables, in line with the practices of major international brands that adopt this type of initiative, the idea of the panel is entirely aligned with Estácio's pursuit of institutional leadership through a more comprehensive dialogue with different stakeholders. As a result, we identified opportunities for improving practices and reflected on the future of the organization in increasingly more complex scenarios.

The event, which was held in Rio de Janeiro, was attended by the Company's CEO, Rogério Melzi, the executive officers Virgílio Gibbon and Marcos Lemos, and the Sustainability & Corporate Relations team. Jorge Soto (Braskem), Marina Grossi (CEBDS), Paulo Nassar (ABERJE/ECA-USP), Sérgio Besserman Vianna (PUC-Rio), Sérgio Campos (Pollux Capital), Patrícia Almeida Ashley (UFF) and Ricardo Guimarães (Thymus Branding) were also present.

Corporate Social Responsibility - Estácio sponsors Solar Meninos de Luz

Estácio is the new partner of Solar Meninos de Luz, a philanthropic organization that has been encouraging education for socially vulnerable youngsters in the underprivileged Pavão-Pavãozinho and Cantagalo communities for 22 years. Estácio will provide scholarships for students completing high school with Solar and for the organization's employees, based on available places and an assessment of the students' school performance and household financial situation.

Also in order to encourage further education and professional development, Estácio will offer the youngsters all its curriculum development support tools, career counseling and access to the Job and Internship Portal, in addition to recommending them for possible internal selection processes based on their profile.

Results Conference Call

Conference Call (in Portuguese)	Conference Call (in English)
Date: March 21, 2014 (Friday)	Data: March 21, 2014 (Friday)
Time: 10:00 a.m. (Brasília) / 9:00 a.m. (US ET)	Time: 12:00 p.m. (Brasília) / 11:00 a.m. (US ET)
Connection Dial-in Brazil: +55 (11) 3127-4971 / 3728-5971	Connection Dial-in NY: +1 (412) 317-6776
Access Code: Estácio	Access Code: Estácio
Webcast: www.estacioparticipacoes.com.br/ri	Webcast: www.estacioparticipacoes.com.br/ir
Replay: available until March 28	Replay: available until April 1
Access Dial-in Brazil: +55 (11) 3127-4999	Access Dial-in NY: +1 (412) 317-0088
Access Code: 27209796	Access Code: 10040550

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	4Q12	4Q13	Change	4Q12	4Q13	Change
Gross Operating Revenue	**503.7**	**604.8**	**20.1%**	**503.7**	**597.8**	**18.7%**
Monthly Tuition Fees	496.7	597.2	20.2%	496.7	590.1	18.8%
Others	6.9	7.7	11.6%	6.9	7.7	11.6%
Gross Revenue Deductions	**(142.0)**	**(168.8)**	**18.9%**	**(142.0)**	**(167.6)**	**18.0%**
Scholarships and Discounts	(122.5)	(139.8)	14.1%	(122.5)	(138.8)	13.3%
Taxes	(15.5)	(18.2)	17.4%	(15.5)	(18.0)	16.1%
FGEDUC	(4.0)	(10.9)	172.5%	(4.0)	(10.9)	172.5%
Net Operating Revenue	**361.7**	**436.0**	**20.5%**	**361.7**	**430.1**	**18.9%**
Cost of Services	**(239.6)**	**(273.3)**	**14.1%**	**(239.6)**	**(268.6)**	**12.1%**
Personnel	(164.8)	(192.5)	16.8%	(164.8)	(188.9)	14.6%
Rentals / Real Estate Taxes Expenses	(30.5)	(36.2)	18.7%	(30.5)	(35.3)	15.7%
Textbooks Materials	(13.7)	(15.9)	16.1%	(13.7)	(15.8)	15.3%
Third-Party Services and Others	(16.0)	(15.5)	-3.1%	(16.0)	(15.4)	-3.8%
Depreciation	(14.6)	(13.2)	-9.6%	(14.6)	(13.3)	-8.9%
Gross Profit	**122.1**	**162.7**	**33.3%**	**122.1**	**161.5**	**32.3%**
Gross Margin	***33.8%***	***37.3%***	***3.5 p.p.***	***33.8%***	***37.5%***	***3.7 p.p.***
Selling, General and Administrative Expenses	**(93.0)**	**(115.9)**	**24.6%**	**(93.0)**	**(114.3)**	**22.9%**
Selling Expenses	**(38.1)**	**(44.0)**	**15.5%**	**(38.1)**	**(42.8)**	**12.3%**
Provisions for Doubtful Accounts	(25.3)	(32.6)	28.9%	(25.3)	(32.6)	28.9%
Marketing	(12.8)	(11.4)	-10.9%	(12.8)	(10.7)	-16.4%
General and Administrative Expenses	**(50.3)**	**(66.2)**	**31.6%**	**(50.3)**	**(65.8)**	**30.8%**
Personnel	(29.4)	(34.0)	15.6%	(29.4)	(33.7)	14.7%
Others	(20.9)	(32.1)	53.6%	(20.9)	(32.1)	53.6%
Depreciation	**(4.6)**	**(5.7)**	**23.9%**	**(4.6)**	**(5.7)**	**23.9%**
EBIT	**29.1**	**46.8**	**60.8%**	**29.1**	**47.2**	**62.2%**
EBIT Margin	***8.0%***	***10.7%***	***2.7 p.p.***	***8.0%***	***11.0%***	***3.0 p.p.***
(+) Depreciation	19.2	19.0	-1.0%	19.2	19.0	-1.0%
EBITDA	**48.3**	**65.8**	**36.2%**	**48.3**	**66.2**	**37.1%**
EBITDA Margin	***13.4%***	***15.1%***	***1.7 p.p.***	***13.4%***	***15.4%***	***2.0 p.p.***
Financial Result	(12.0)	3.7	N.A.	(12.0)	3.8	N.A.
Depreciation and Amortization	(19.2)	(19.0)	-1.0%	(19.2)	(19.0)	-1.0%
Social Contribution	(0.7)	(1.5)	114.3%	(0.7)	(1.5)	114.3%
Income Tax	(1.5)	(3.9)	160.0%	(1.5)	(3.9)	160.0%
Net Income	**14.9**	**45.1**	**202.7%**	**14.9**	**45.6**	**206.0%**
Net Income Margin	***4.1%***	***10.3%***	***6.2 p.p.***	***4.1%***	***10.6%***	***6.5 p.p.***

	Consolidated		
R$ MM	**2012**	**2013**	**Change**
Gross Operating Revenue	**1,971.9**	**2,491.0**	**26.3%**
Monthly Tuition Fees	1,946.6	2,463.6	26.6%
Others	25.3	27.4	8.3%
Gross Revenue Deductions	**(588.6)**	**(760.0)**	**29.1%**
Scholarships and Discounts	(523.8)	(662.5)	26.5%
Taxes	(60.8)	(72.5)	19.2%
FGEDUC	(4.0)	(24.9)	N.A.
Net Operating Revenue	**1,383.3**	**1,731.0**	**25.1%**
Cost of Services	**(877.4)**	**(1,036.5)**	**18.1%**
Personnel	(621.6)	(741.3)	19.3%
Rentals / Real Estate Taxes Expenses	(117.8)	(139.0)	18.0%
Textbooks Materials	(38.0)	(48.0)	26.3%
Third-Party Services and Others	(56.6)	(59.6)	5.3%
Depreciation	(43.5)	(48.7)	12.0%
Gross Profit	**505.9**	**694.5**	**37.3%**
Gross Margin	***36.6%***	***40.1%***	***3.5 p.p.***
Selling, General and Administrative Expenses	**(357.2)**	**(445.9)**	**24.8%**
Selling Expenses	**(157.8)**	**(183.9)**	**16.5%**
Provisions for Doubtful Accounts	(85.4)	(95.4)	11.7%
Marketing	(72.4)	(88.5)	22.2%
General and Administrative Expenses	**(181.7)**	**(239.0)**	**31.5%**
Personnel	(96.9)	(120.9)	24.8%
Others	(84.8)	(118.1)	39.3%
Depreciation	**(17.7)**	**(23.1)**	**30.5%**
EBIT	**148.7**	**248.5**	**67.1%**
EBIT Margin	***10.7%***	***14.4%***	***3.7 p.p.***
(+) Depreciation	61.2	71.7	17.2%
EBITDA	**209.9**	**320.3**	**52.6%**
EBITDA Margin	***15.2%***	***18.5%***	***3.3 p.p.***
Financial Result	(33.8)	8.2	N.A.
Depreciation and Amortization	(61.2)	(71.7)	17.2%
Social Contribution	(1.5)	(3.4)	126.7%
Income Tax	(3.8)	(8.6)	126.3%
Net Income	**109.7**	**244.7**	**123.1%**
Net Income Margin	***7.9%***	***14.1%***	***6.2 p.p.***

Balance Sheet in IFRS

R$ MM	12/31/2012	09/30/2013	12/31/2013
Short-Term Assets	**511.2**	**1,282.9**	**1,270.0**
Cash & Cash Equivalents	18.1	9.9	7.1
Short-Term Investments	122.3	796.2	732.1
Accounts Receivable	279.7	355.1	334.6
Carry-Forwards Credits	5.4	4.7	48.6
Advance to Employees / Third-Parties	26.0	24.8	33.4
Related Parties	0.3	0.3	0.3
Prepaid Expenses	30.9	42.0	57.5
Taxes and contributions	10.6	26.5	30.0
Others	17.9	23.5	26.3
Long-Term Assets	**728.6**	**813.5**	**868.7**
Non-Current Assets	**125.8**	**160.3**	**163.5**
Prepaid Expenses	1.3	2.5	2.6
Judicial Deposits	83.2	99.2	104.1
Taxes and contributions	20.9	25.1	25.6
Deferred Taxes and others	20.4	33.5	31.3
Permanent Assets	**602.8**	**653.1**	**705.1**
Investments	0.2	0.2	0.2
Fixed Assets	294.7	307.9	335.6
Intangible	307.9	345.0	369.3
Total Assets	**1,239.8**	**2,096.4**	**2,138.7**
Short-Term Liabilities	**193.3**	**227.9**	**290.1**
Loans and Financing	13.9	29.1	36.7
Suppliers	35.4	35.2	40.4
Salaries and Payroll Charges	65.7	105.3	79.7
Taxes Payable	22.2	32.0	34.0
Prepaid Monthly Tuition Fees	8.9	5.2	11.1
Advances under Partnership Agreement	2.9	2.9	2.9
Taxes Paid in Installments	2.2	1.6	1.5
Dividends Payable	26.1	-	58.1
Commitments Payable	13.0	13.4	22.2
Others	3.1	3.2	3.5
Long-Term Liabilities	**339.5**	**340.2**	**330.9**
Loans and Financing	265.9	250.9	238.2
Provisions for Contingencies	23.2	27.1	28.4
Advances under Partnership Agreement	12.0	9.9	9.1
Taxes Paid in Installments	6.4	7.1	6.9
Provision for asset retirement obligations	14.0	15.0	14.1
Deferred Taxes	1.6	5.0	8.4
Commitments Payable	11.2	16.6	17.3
Others	5.1	8.6	8.5
Shareholders' Equity	**707.0**	**1,528.3**	**1,517.6**
Capital	369.3	1,009.9	1,010.7
Share Issuance Expenses	(2.8)	(26.9)	(26.9)
Capital Reserves	114.3	119.4	121.0
Earnings Reserves	237.6	237.6	424.2
Retained Earnings	-	199.6	-
Treasury Stocks	(11.3)	(11.3)	(11.3)
Total Liabilities and Shareholders' Equity	**1,239.8**	**2,096.4**	**2,138.7**

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.

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 the academic programs
- 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 2013 with 315,700 undergraduate, graduate and distance-learning students enrolled in its nationwide educational network, which now operates in 20 states, as well as the Federal District, following the acquisitions in recent years, as shown in the map below: