3Q13 RESULTS

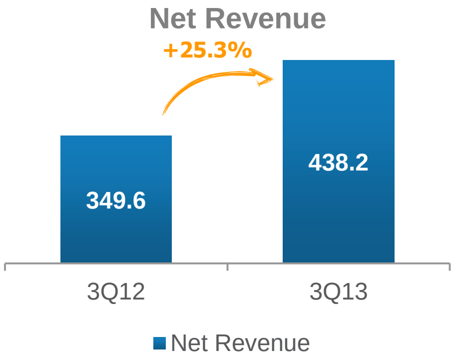
Another Great Quarter

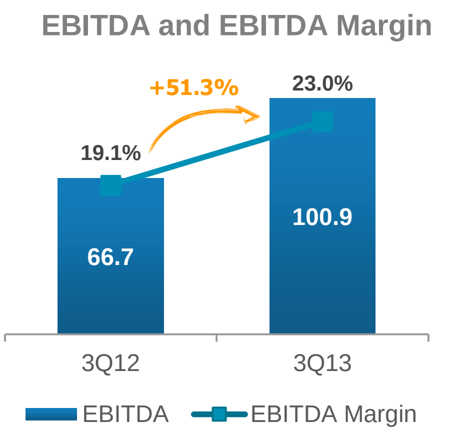
EBITDA grows 51% to R$101 million
Seventh consecutive record enrollment cycle: 85,000 new students
EBITDA margin widens by 3.9 p.p. to 23%

Rio de Janeiro, November 7, 2013 – **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 2013 (3Q13) in comparison with the third quarter of 2012 (3Q12). The following accounting information is presented in accordance with International Financial Reporting Standards ("IFRS") on a consolidated basis.

Quarter Highlights

(R$ million)





Highlights:

- Estácio closed 3Q13 with a **total base** of 340,400 students, 19.7% up on 3Q12, 273,000 of whom enrolled in on-campus programs (18.1% up year-on-year, including acquisitions) and 67,400 in distance learning programs (26.5% more than in 3Q12).
- **Net operating revenue** came to R$438.2 million in 3Q13, 25.3% more than in the same period last year, due to the significant expansion of the student base and the increase in the average ticket.
- **EBITDA** totaled R$100.9 million in 3Q13, 51.3% up on 3Q12, with a margin gain of 3.9 p.p.
- **Net income** came to R$86.3 million in the third quarter, a year-on-year improvement of more than 116%, while **earnings per share** came to R$0.29, 81.3% up year-on-year.
- **Operational cash flow** totaled R$61.0 million in 3Q13, R$3.2 million more than in 3Q12.
- **Cash and cash equivalents** closed 3Q13 at R$806.1 million.

ESTC3
(On November 6, 2013)

Price: R$17.50/share
Number of shares: 295,095,750
Market cap: R$5.2 billion
Free Float: 98%

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ESTC3 NOVO MERCADO BM&FBOVESPA

Key Indicators in the Quarter

Financial Highlights	Consolidated 3Q12	Consolidated 3Q13	Consolidated Change	Excluding acquisitions in the last 12 months 3Q12	Excluding acquisitions in the last 12 months 3Q13	Excluding acquisitions in the last 12 months Change
Net Revenue (R$ million)	349.6	438.2	25.3%	349.6	432.1	23.6%
Gross Profit (R$ milllion)	138.0	188.1	36.3%	138.0	186.9	35.4%
Gross Profit margin	*39.5%*	*42.9%*	*3.4 p.p.*	*39.5%*	*43.3%*	*3.8 p.p.*
EBIT (R$ million)	52.6	84.1	59.9%	52.6	82.9	57.6%
EBIT Margin	*15.0%*	*19.2%*	*4.2 p.p.*	*15.0%*	*19.2%*	*4.2 p.p.*
EBITDA (R$ million)	66.7	100.9	51.3%	66.7	99.7	49.5%
EBITDA Margin	*19.1%*	*23.0%*	*3.9 p.p.*	*19.1%*	*23.1%*	*4.0 p.p.*
Net Income (R$ milllion)	39.8	86.3	116.8%	39.8	87.7	120.4%
Net Income Margin	*11.4%*	*19.7%*	*8.3 p.p.*	*11.4%*	*20.3%*	*8.9 p.p.*

Financial Highlights	Consolidated 9M12	Consolidated 9M13	Consolidated Change
Net Revenue (R$ million)	1,021.6	1,295.0	26.8%
Gross Profit (R$ milllion)	383.9	531.8	38.5%
Gross Profit margin	*37.6%*	*41.1%*	*3.5 p.p.*
EBIT (R$ million)	119.6	201.7	68.6%
EBIT Margin	*11.7%*	*15.6%*	*3.9 p.p.*
EBITDA (R$ million)	161.6	254.5	57.5%
EBITDA Margin	*15.8%*	*19.7%*	*3.9 p.p.*
Net Income (R$ milllion)	94.8	199.6	110.5%
Net Income Margin	*9.3%*	*15.4%*	*6.1 p.p.*

Note: EBITDA calculated in accordance with CVM Rule 527.

Message from Management

In line with our performance in recent years, we once again recorded impressive results in 3Q13, with gradual and sustainable EBITDA growth and healthy and steady margin gain. At the same time, we are watching significant improvements in quality standards, as observed in the National Student Performance Exam (ENADE) results recently disclosed. This excellent EBITDA, which surpassed the R$100-million barrier for the first time, is primarily explained by another highly successful intake cycle, as we reap the benefits of all the changes implemented in the last few years. For the seventh consecutive intake cycle, new enrollments reached record levels, with 85,000 new students, 25% up on last year's comparable cycle.

As a result, our same-shop undergraduate on-campus student base increased by 15.1% and our distance learning base by 21.9%, resulting in a total same-shop growth of 17.0% over 3Q12. The number of students using FIES came to 73,000 at the end of 3Q13, representing 28% of our on-campus student base (12,100 freshmen, or 19%, joined FIES during the enrollment process). Our average on-campus and distance learning ticket increased once again, reflecting the health of our business model and laying the ground for significant net revenue growth of 25.3% over 3Q12 to R$438.2 million (including acquisitions in the period).

In this scenario, this quarter our EBITDA grew by 51.3% to reach R$100.9 million, with a 23.0% margin, up by 3.9 p.p. Net income came to R$86.3 million, 116.8% more than in 3Q12, with earnings per share of R$0.29.

Operational cash flow was a positive R$61.0 million in the third quarter and more than R$124 million year-to-date, R$25 million higher than in 9M12, reflecting the continuous improvement in cash generation and creating a promising scenario for this indicator in the coming years.

Parallel to the robust organic growth, on September 12, we announced Estácio's largest ever acquisition with the formalization of the commitment to purchase UniSEB, with headquarters and a campus in Ribeirão Preto (SP). The investment will total R$615.3 million, to be paid partly in cash and partly with new shares to be issued by Estácio.

UniSEB has approximately 37,800 students in three campuses (one in Ribeirão Preto and two in Araçatuba and São José do Rio Preto, through a partnership with FGV), with 14 on-campus undergraduate courses, 13 distance learning undergraduate courses, 6 on-campus graduate courses, 24 distance learning graduate courses and 36 graduate/MBA courses in association with FGV, in addition to extension and short-term courses. When concluded, the transaction will substantially expand Estácio's penetration of the post-secondary distance learning segment, adding 164 new authorized distance learning centers, and mark its definitive entry into São Paulo state, a strategic target for our company. Estácio has also strengthened its presence in on-campus post-secondary segment by adding a highly regarded university, with a General Course Index (IGC) rating of 4.

At the same time, our grades in the ENADE (referring only to tests taken by students concluding their courses) improved substantially over the last cycle in 2009. A total of 214 course-campus combinations were evaluated (involving 27,500 students), covering courses in Communications, Law, Management and Psychology, with 61% of results being graded 3 or more, versus 50% in the previous cycle. We believe that when the other components of the formula are announced, permitting calculation of the CPC (Preliminary Course Grade) and IGC, our results will be even better, underlining the evolution of our academic quality together with the implementation with our academic model. It is worth emphasizing that the results of this cycle are particularly important for Estácio, given that the courses assessed encompass around 58% of our total student base.

The improvement in ENADE grades motivates our team, which continues to work hard on improving all aspects of our business. While we wait for the outcome of the process regarding the UniSEB acquisition from the regulatory agencies, we continue to disseminate our culture through the entire institution, and we prepare to close the academic year with serenity and efficiency. Also thinking about our service level, we successfully put into action a very broad quality evaluation system, which allows us to monitor dissatisfaction levels among our students and quickly focus on the roots of the problems. We also keep implementing the "Hospitality Project", which aims to create a higher service level culture, much higher than our current one. Concurrently, we have already begun our 2014 enrollment process, while we continue to structure our New Business area and move ahead with the implementation of the long-term projects defined in our Strategic Plan, so as to add value to our shareholders in a sustainable and long-lasting manner.

Student Base

Estácio ended 3Q13 with a base of 340,400 students (19.7% more than in 3Q12), 273,000 of whom enrolled in on-campus programs and 67,400 in distance learning programs. The same-shop student base (excluding acquisitions in the last 12 months) grew by 17.0% over the same period last year. It is also worth noting the acquisition of ASSESC in Florianópolis, Santa Catarina, announced in June, whose approximately 900 students will be consolidated in our student base in the coming quarters.

Table 1 – Total Student Base*

'000	3Q12	3Q13	Change
On-Campus	**231.1**	**265.4**	**14.8%**
Undergraduate	218.6	251.6	15.1%
Graduate	12.5	13.8	10.4%
Distance Learning	**53.3**	**67.4**	**26.5%**
Undergraduate	51.8	63.1	21.8%
Graduate	1.5	4.3	186.7%
Student Base - same shops	**284.4**	**332.8**	**17.0%**
Acquisitions in the last 12 months	-	7.6	N.A.
Total Student Base	**284.4**	**340.4**	**19.7%**
# Campuses	74	79	6.8%
On-Campus Students per Campus	**3,123**	**3,359**	**7.6%**
# Distance Learning Centers	52	52	0.0%
Distance Learning Students per Center	**1,025**	**1,296**	**26.4%**

Note: Acquisitions in the last 12 months refer to students from São Luís and FACITEC.
Students from SEAMA, iDez, FARGS and Uniuol are already included in the same-shop student base.

Estácio's **on-campus undergraduate base** totaled 259,200 students at the close of 3Q13, 18.6% more than at the end of 3Q12. The enrollment cycle ended in the quarter accounted for 63,800 new students in the on-campus segment, 24.1% up on the previous year. Same-shop growth, excluding the institutions acquired in the last 12 months, came to 15.1%. The renewal rate climbed to 88.5%, a 0.3 p.p. improvement over the last year, continuing our gradual process of increasing retention rates, even though we had a significantly younger base after several record enrollment cycles (in the 2013.2 renewal process, 51% of the renewable base was in the 1st and 2nd semesters vs. 49% in the same period last year).

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

'000	3Q12	3Q13	Change
Students - Starting balance	**201.1**	**233.6**	**16.2%**
(+/-) Acquisitions in the last 12 months (until 2Q)	1.6	(7.6)	N.A.
(-) Graduates	(13.0)	(13.8)	6.1%
Renewable Base	**189.7**	**212.2**	**11.9%**
(+) Enrollments	51.4	63.8	24.1%
(-) Not Renewed	(22.5)	(24.4)	8.6%
Students - same shops	**218.6**	**251.6**	**15.1%**
(+) Acquisitions in the last 12 months (until 3Q)	-	7.6	N.A.
Students - Ending Balance	**218.6**	**259.2**	**18.6%**

Note: "Students not enrolled in class" reported in 3Q12 are already included in "Enrollments".

From this quarter onwards, both the on-campus and the distance learning enrollments will be presented excluding students who do not get enrolled in any class. In other words, we will disclose the "net" enrollments of each segment. For the average ticket calculation, we will keep disclosing the students who have dropped out during the quarter, excluding them in the calculation of the revenue generating base.

Our **distance learning undergraduate student base** grew by 21.9% over 3Q12 to 63,100 students. Distance learning enrollments accounted for 20,800 students this cycle, 26.7% up on the previous year. The distance learning undergraduate renewal rate stood at 83.3%, stable when compared to 3Q12. This figure, as observed in the first semester, is gradually improving, despite the fact we cannot offer FIES for distance learning programs.

(*) Figures not reviewed by the auditors

Table 3 – Evolution of Distance Learning Undergraduate Student Base*

'000	3Q12	3Q13	Change
Students - Starting Balance	**43.4**	**51.8**	**19.4%**
(-) Graduates	(0.9)	(1.0)	12.9%
Renewable Base	**42.5**	**50.8**	**19.5%**
(+) Enrollments	16.4	20.8	26.7%
(-) Dropouts	(7.1)	(8.5)	19.4%
Students - Ending Balance	**51.8**	**63.1**	**21.9%**

Note: "Students not enrolled in class" reported in 3Q12 are already included in "Enrollments".

Operating Revenue

Net operating revenue came to R$438.2 million in 3Q13, 25.3% up on 3Q12, due to the 19.7% expansion of the student base and the increase in the average ticket.

It is worth noting once again that, as of 4Q12, we 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. This contribution, currently 5.63%, has been recorded as a deduction from gross revenue (in the FGEDUC line) and no longer as a selling expense under the PDA (provision for doubtful accounts) line, as previously.

Table 4 – Operating Revenue

R$ MM	3Q12	3Q13	Change	9M12	9M13	Change
Gross Operating Revenue	**502.3**	**657.4**	**30.9%**	**1,468.2**	**1,886.1**	**28.5%**
Monthly Tuition Fees	495.2	650.5	31.4%	1,449.9	1,866.4	28.7%
Others	7.0	6.8	-2.9%	18.3	19.7	7.7%
Gross Revenue Deductions	**(152.6)**	**(219.2)**	**43.6%**	**(446.6)**	**(591.1)**	**32.4%**
Scholarships and Discounts	(138.3)	(192.2)	39.0%	(401.3)	(522.8)	30.3%
Taxes	(14.3)	(18.0)	25.9%	(45.3)	(54.4)	20.1%
FGEDUC	-	(8.9)	N.A.		(14.1)	N.A.
% Scholarships and Discounts/ Gross Operating Revenue	*27.5%*	*29.2%*	*1.7 p.p.*	*27.3%*	*27.7%*	*0.4 p.p.*
Net Operating Revenue	**349.6**	**438.2**	**25.3%**	**1,021.6**	**1,295.0**	**26.8%**

In 3Q13, the **average on-campus ticket** grew by 6.0%, in line with the inflation registered in the period. Our capacity to increase prices in a sustainable manner, at a similar pace to last year's, is proof that students have a higher perception of our quality and are attributing more value to our product. It is worth noting that the increase would have been even higher if we did not have the deduction from FGEDUC, since in 3Q12 this amount was still booked in the provisions for doubtful accounts line.

Table 5 – Calculation of the Average Ticket in 3Q13 – On-Campus

'000	3Q12	3Q13	Change
On-Campus Undergraduate Student Base	**218.6**	**259.2**	**18.6%**
(-) Dropouts	(7.4)	(9.2)	25.4%
(=) Revenue Generating On-Campus Undergraduate Student Base	**211.3**	**250.0**	**18.3%**
(+) On-Campus Graduate Student Base	**12.5**	**13.8**	**10.4%**
(=) Revenue Generating On-Campus Student Base	**223.8**	**263.8**	**17.9%**
On-Campus Gross Revenue	**456.7**	**597.4**	**30.8%**
On-Campus Deductions	(137.9)	(198.9)	44.3%
On-Campus Net Revenue (R$ million)	**318.8**	**398.4**	**25.0%**
On-Campus Average Ticket (R$)	**475.0**	**503.6**	**6.0%**

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

(*) Figures not reviewed by the auditors

The **average distance learning ticket** recorded an increase of 2.5%, occasionally below inflation, partially due to intake campaigns which are more concentrated in odd quarters, but mainly due to the launch of “EAD Mais”, a new product which dilutes the course curriculum (and thus the monthly value) in two more semesters.

Table 6 – Calculation of the Average Ticket in 3Q13 – Distance Learning

'000	3Q12	3Q13	Change
Distance Learning Undergraduate Student Base	**51.8**	**63.1**	**21.9%**
(-) Dropouts	(2.3)	(2.3)	0.0%
(=) Revenue Generating Distance Learning Undergraduate Student Base	**49.5**	**60.8**	**22.9%**
(+) Distance Learning Graduate Student Base	**1.5**	**4.3**	**186.7%**
(=) Revenue Generating Distance Learning Student Base	**51.0**	**65.1**	**27.7%**
Distance Learning Gross Revenue	**43.7**	**58.2**	**33.2%**
Distance Learning Deductions	(14.5)	(20.0)	37.9%
Distance Learning Net Revenue (R$ million)	**29.2**	**38.2**	**30.8%**
Distance Learning Average Ticket (R$)	**190.8**	**195.5**	**2.5%**

Cost of Services

In 3Q13, the **cash cost to net revenue ratio** recorded a significant efficiency gain of 3.5 p.p. over 3Q12, thanks to gains in the following lines: (i) 1.6 p.p. in personnel, thanks to another quarter of efficiency gains from the management of faculty costs and the maturation of the academic model; (ii) 1.6 p.p. in the INSS line, due to a retroactive benefit on INSS paid on the one-third additional vacation pay, totaling R$5.2 million; and (iii) 0.6 p.p. in third-party services, confirming the scale gains in this line.

Table 7 – Breakdown of Cost of Services

R$ MM	3Q12	3Q13	Change	9M12	9M13	Change
Cost of Services	**(202.1)**	**(238.1)**	**17.8%**	**(608.9)**	**(727.8)**	**19.5%**
Personnel	(152.9)	(178.0)	16.4%	(456.8)	(548.8)	20.1%
Salaries and Payroll Charges	(126.4)	(151.8)	20.1%	(375.8)	(459.8)	22.4%
Brazilian Social Security Institute (INSS)	(26.5)	(26.2)	-1.1%	(81.0)	(89.1)	10.0%
Rentals / Real Estate Taxes Expenses	(29.8)	(37.2)	24.8%	(87.3)	(102.8)	17.8%
Textbooks Materials	(6.3)	(9.2)	46.0%	(24.3)	(32.1)	32.1%
Third-Party Services and Others	(13.1)	(13.7)	4.6%	(40.5)	(44.1)	8.9%

Table 8 – Vertical Analysis of Cost of Services

% of Net Operating Revenue	3Q12	3Q13	Change	9M12	9M13	Change
Cost of Services	**-57.8%**	**-54.3%**	***3.5 p.p.***	**-59.6%**	**-56.2%**	***3.4 p.p.***
Personnel	-43.8%	-40.6%	*3.2 p.p.*	-44.7%	-42.4%	*2.3 p.p.*
Salaries and Payroll Charges	-36.2%	-34.6%	*1.6 p.p.*	-36.8%	-35.5%	*1.3 p.p.*
Brazilian Social Security Institute (INSS)	-7.6%	-6.0%	*1.6 p.p.*	-7.9%	-6.9%	*1.0 p.p.*
Rentals / Real Estate Taxes Expenses	-8.5%	-8.5%	*0.0 p.p.*	-8.5%	-7.9%	*0.6 p.p.*
Textbooks Materials	-1.8%	-2.1%	*-0.3 p.p.*	-2.4%	-2.5%	*-0.1 p.p.*
Third-Party Services and Others	-3.7%	-3.1%	*0.6 p.p.*	-4.0%	-3.4%	*0.6 p.p.*

Table 9 – Cost Reconciliation

R$ MM	3Q12	3Q13	Change	9M12	9M13	Change
Cash Cost of Services	**(202.1)**	**(238.1)**	**17.8%**	**(608.9)**	**(727.8)**	**19.5%**
(+) Depreciation	(9.6)	(12.0)	25.0%	(28.8)	(35.4)	22.9%
Cost of Services	**(211.7)**	**(250.1)**	**18.1%**	**(637.7)**	**(763.2)**	**19.7%**

Gross Income

Table 10 – Statement of Gross Income

R$ MM	3Q12	3Q13	Change	9M12	9M13	Change
Net Operating Revenue	349.6	438.2	25.3%	1,021.6	1,295.0	26.8%
Cost of Services	(211.7)	(250.1)	18.1%	(637.7)	(763.2)	19.7%
Gross Profit	**138.0**	**188.1**	**36.3%**	**383.9**	**531.8**	**38.5%**
(-) Depreciation	9.6	12.0	25.0%	28.8	35.4	22.9%
Cash Gross Profit	**147.6**	**200.1**	**35.6%**	**412.7**	**567.2**	**37.4%**
Cash Gross Margin	*42.2%*	*45.7%*	*3.5 p.p.*	*40.4%*	*43.8%*	*3.4 p.p.*

Selling, General and Administrative Expenses

Selling expenses represented 9.3% of 3Q13 net revenue, generating a margin gain of 0.4 p.p. over 3Q12, due to the 0.6 p.p. decrease in the PDA/net revenue ratio, demonstrating the organic improvement in our PDA over 3Q12. 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 25).

General and administrative expenses recorded a 0.1 p.p. year-on-year margin gain in the quarter, chiefly due to the 0.8 p.p. growth in the personnel line, since unlike what happened in 3Q12, we did not have the negative impact of labor agreements and convictions this quarter, so this line could gain efficiency even with the continuing impacts we commented in the 2Q13 earnings release (the increase in headcount, related to the creation of new business areas, redistribution of bonus provisioning in 2013 and salary increasing following the collective bargaining agreement). These positive variations more than compensated the loss in the “Others” line, which did not benefit from a reversal in the provision for contingencies (amounting to R$3.5 million), as it did in 3Q12, and was also impacted by a R$2.6 million negative variation due to civil agreements and convictions, as a consequence of a strategy we have been adopting to lower civil lawsuits liabilities at the same time we seek to reduce the number of new ones.

Table 11 – Selling, General and Administrative Expenses

R$ MM	3Q12	3Q13	Change	9M12	9M13	Change
Selling, General and Administrative Cash Expenses	**(80.9)**	**(99.1)**	**22.5%**	**(251.1)**	**(312.7)**	**24.5%**
Selling Expenses	**(33.9)**	**(40.8)**	**20.4%**	**(119.7)**	**(139.9)**	**16.9%**
Provisions for Doubtful Accounts	(16.1)	(17.5)	**8.7%**	(60.2)	(59.1)	-1.8%
Provision for FIES	-	(0.5)	**N.A.**	-	(3.7)	N.A.
Marketing	(17.8)	(22.9)	**28.7%**	(59.6)	(77.1)	29.4%
General and Administrative Expenses	**(47.0)**	**(58.3)**	**24.0%**	**(131.4)**	**(172.8)**	**31.5%**
Personnel	(25.8)	(27.8)	**7.8%**	(67.5)	(86.9)	28.7%
Salaries and Payroll Charges	(23.0)	(25.4)	**10.4%**	(58.9)	(77.2)	31.1%
Brazilian Social Security Institute (INSS)	(2.8)	(2.5)	**-10.7%**	(8.7)	(9.7)	11.5%
Others	(21.2)	(30.5)	**43.9%**	(63.8)	(85.9)	34.6%
Third-Party Services	(10.6)	(12.2)	**15.1%**	(33.2)	(36.6)	10.2%
Machinery rentals and leasing	(0.4)	(0.3)	**-25.0%**	(0.9)	(0.9)	0.0%
Consumable Material	(0.4)	(0.5)	**25.0%**	(1.1)	(1.5)	36.4%
Provision for Contingencies	2.6	(1.7)	**N.A.**	2.1	(3.7)	-276.2%
Other Operating Renevue (expenses)	2.9	4.4	**51.7%**	9.5	11.4	20.0%
Others	(15.4)	(20.2)	**31.2%**	(40.1)	(54.7)	36.4%
Depreciation	**(4.4)**	**(4.8)**	**9.1%**	**(13.2)**	**(17.3)**	**31.1%**

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

% of Net Operating Revenue	3Q12	3Q13	Change	9M12	9M13	Change
Selling, General and Administrative Cash Expenses	**-23.1%**	**-22.6%**	***0.5 p.p.***	**-24.6%**	**-24.1%**	***0.5 p.p.***
Selling Expenses	**-9.7%**	**-9.3%**	***0.4 p.p.***	**-11.7%**	**-10.8%**	***0.9 p.p.***
Provisions for Doubtful Accounts	-4.6%	-4.0%	*0.6 p.p.*	-5.9%	-4.6%	*1.3 p.p.*
Provision for FIES	0.0%	-0.1%	*-0.1 p.p.*	0.0%	-0.3%	*-0.3 p.p.*
Marketing	-5.1%	-5.2%	*-0.1 p.p.*	-5.8%	-6.0%	*-0.2 p.p.*
General and Administrative Expenses	**-13.4%**	**-13.3%**	***0.1 p.p.***	**-12.9%**	**-13.3%**	***-0.4 p.p.***
Personnel	-7.4%	-6.3%	*1.1 p.p.*	-6.6%	-6.7%	*-0.1 p.p.*
Salaries and Payroll Charges	-6.6%	-5.8%	*0.8 p.p.*	-5.8%	-6.0%	*-0.2 p.p.*
Brazilian Social Security Institute (INSS)	-0.8%	-0.6%	*0.2 p.p.*	-0.9%	-0.7%	*0.2 p.p.*
Others	-6.1%	-7.0%	*-0.9 p.p.*	-6.2%	-6.6%	*-0.4 p.p.*
Third-Party Services	-3.0%	-2.8%	*0.2 p.p.*	-3.2%	-2.8%	*0.4 p.p.*
Machinery rentals and leasing	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Consumable Material	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Provision for Contingencies	0.7%	-0.4%	*-1.1 p.p.*	0.2%	-0.3%	*-0.5 p.p.*
Other Operating Renevue (expenses)	0.8%	1.0%	*0.2 p.p.*	0.9%	0.9%	*0.0 p.p.*
Others	-4.4%	-4.6%	*-0.2 p.p.*	-3.9%	-4.2%	*-0.3 p.p.*
Depreciation	**-1.3%**	**-1.1%**	***0.2 p.p.***	**-1.3%**	**-1.3%**	***0.0 p.p.***

EBITDA

EBITDA totaled R$100.9 million in 3Q13, 51.3% up on 3Q12, with an **EBITDA margin** of 23.0%, up by 3.9 p.p. We remind that our EBITDA is calculated in accordance with the concept proposed by CVM Rule 527 (i.e. excluding the operating financial result and non-recurring items). Once again, EBITDA moved up substantially, unquestionably reflecting our growing capacity for attracting students, which benefits our highly scalable business model, and our efforts to manage and control costs and expenses that 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 steady improvement in the margin in the last three years, a direct result of our management model.

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

R$ MM	3Q12	3Q13	Change	9M12	9M13	Change
Net Revenue	**349.6**	**438.2**	**25.3%**	**1,021.6**	**1,295.0**	**26.8%**
(-) Cash Cost of Services	(202.1)	(238.1)	17.8%	(608.9)	(727.8)	19.5%
(-) Selling, General and Administrative Cash Expenses	(80.9)	(99.1)	22.5%	(251.1)	(312.7)	24.5%
EBITDA	**66.7**	**100.9**	**51.3%**	**161.6**	**254.5**	**57.5%**
EBITDA Margin	*19.1%*	*23.0%*	*3.9 p.p.*	*15.8%*	*19.7%*	*3.9 p.p.*

Under the same-shop concept, excluding the acquisition in the last 12 months (FACITEC), 3Q13 EBITDA totaled R$99.7 million, 49,4% up year-on-year, with an EBITDA margin of 23.1%, up by 4.0 p.p.

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

R$ MM	3Q12	3Q13 ex-acquisitions	Change
Net Revenue	**349.6**	**432.1**	**23.6%**
(-) Cash Cost of Services	(202.1)	(233.2)	15.4%
(-) Selling, General and Administrative Cash Expenses	(80.9)	(99.2)	22.6%
EBITDA	**66.7**	**99.7**	**49.4%**
EBITDA Margin	*19.1%*	*23.1%*	*4.0 p.p.*

Companies Acquired

The following chart shows the 3Q13 results of the company acquired in the last 12 months (FACITEC). 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 other acquisitions in 2012 (SEAMA, iDez, FARGS, Uniuol, and São Luis) are already consolidated in our results, as are the companies acquired in 2011. It is also worth noting that we announced the acquisition of ASSESC, in Santa Catarina, in the first half of 2013, which will be incorporated into our results in the coming quarters.

Table 15 – Key Indicators of Acquired Company in 3Q13

R$ million	FACITEC
Net Revenue	**6.1**
Gross Profit	**1.1**
Gross Margin	*18.0%*
EBITDA	**1.2**
EBITDA Margin	*19.7%*
Net Income	**-1.4**
Income Margin	*-23.0%*

Giving more details on FACITEC's figures, which had the first full quarter booked in our results, we see that the recent acquisition had an EBITDA of R$1.2 million, with a 19.7% contribution margin. EBITDA is higher than Net Income as a result of R$0.2 million in other operating revenues, as well as a reversal in the provision for doubtful accounts line. The net loss recorded is explained by financial discounts over tuition fees which were still booked and should start following Estácio's standards in the next quarters.

Financial Result

Table 16 – Breakdown of the Financial Result

R$ MM	3Q12	3Q13	Change	9M12	9M13	Change
Financial Revenue	**4.6**	**21.5**	**367.4%**	**18.7**	**44.6**	**138.5%**
Fines and interest charged	1.1	3.8	245.5%	6.5	7.0	7.7%
Investments income	3.2	15.3	378.1%	10.5	34.9	232.4%
Other	0.4	2.4	500.0%	1.7	2.7	58.8%
Financial Expenses	**(15.3)**	**(15.7)**	**2.8%**	**(40.5)**	**(40.1)**	**-0.9%**
Bank charges	(1.6)	(1.8)	10.4%	(5.0)	(5.2)	3.4%
Interest and financial charges	(8.3)	(7.9)	-5.3%	(22.7)	(20.5)	-9.9%
Financial Discounts	(4.6)	(5.3)	15.2%	(9.7)	(10.0)	3.1%
Other	(0.7)	(0.7)	0.0%	(3.0)	(4.5)	50.0%
Financial Result	**(10.7)**	**5.8**	**-154.3%**	**(21.8)**	**4.5**	**-120.7%**

The 3Q13 **financial result** was positive by R$5.8 million, a R$16.5 million improvement over 3Q12, chiefly due to the R$12.1 million increase in income from financial investments as a result of the higher volume of cash available for investment.

Net Income

Table 17 – Reconciliation of EBITDA and Net Income

R$ MM	3Q12	3Q13	Change	9M12	9M13	Change
EBITDA	**66.7**	**100.9**	**51.3%**	**161.6**	**254.5**	**57.5%**
Financial Result	(10.6)	5.8	N.A.	(21.7)	4.5	N.A.
Depreciation	(14.1)	(16.8)	19.1%	(42.0)	(52.7)	25.5%
Social Contribution	(0.6)	(1.0)	66.7%	(0.8)	(1.9)	137.5%
Income Tax	(1.6)	(2.6)	62.5%	(2.3)	(4.7)	104.3%
Net Income	**39.8**	**86.3**	**116.8%**	**94.8**	**199.6**	**110.5%**

Estácio posted 3Q13 **net income** of R$86.3 million, 116.8% more than in 3Q12, due to the more than 25% increase in net revenue and efficiency gains in the cost and expense lines, which led to EBITDA growth of 51.3%. It is also worth mentioning the R$16.5 million improvement in the financial results, given our higher cash and financial application positions.

Earnings per share grew by 81.3%, totaling R$0.29 in 3Q13.

FIES

As expected, the **FIES student base** recorded further growth in 3Q13, totaling 72,600 students at the end of September, 83.7% up year-on-year and 18.8% more than in the previous quarter, representing 28.0% of our on-campus undergraduate student base at the close of the quarter.

At the end of the enrollment process, 12,100 freshmen students joined FIES, representing 19.0% of the on-campus intake. It is also worth noting that both freshmen and senior students can join the financing program throughout the academic semester, especially those finding it difficult to pay their monthly tuition, who see FIES as a means of resolving their financial problems, thus allowing them to fully focus on earning their degrees.

Table 18 – FIES Student Base*

('000)	3Q12	4Q12	1Q13	2Q13	3Q13	Change
On-campus undergraduate students	218.6	209.9	253.9	233.6	259.2	18.6%
FIES Student Base	**39.5**	**41.3**	**48.9**	**61.1**	**72.6**	**83.7%**
% of FIES Students	18.1%	19.7%	19.3%	26.1%	28.0%	*9.9 p.p.*

Accounts Receivable and Average Receivable Days

The number of **net student receivables days** (tuition and agreements), including FIES receivables and net revenue, averaged 77 days, 2 less than in 2Q13 and 5 more than in 3Q12. Excluding FIES net revenue and receivables, the average receivables period was 80 days, 5 days less than in 2Q13. It is worth mentioning that, by the end of September, we still had around 7,000 students contracting FIES. As these students usually stop paying their regular tuitions when they decide to contract FIES, they have a negative impact on our average receivable days.

(*) Figures not reviewed by the auditors

Table 19 – Accounts Receivable and Average Receivable Days

Accounts Receivable (R$ MM)	3Q12	4Q12	1Q13	2Q13	3Q13
Gross Accounts Receivable	**351.6**	**362.3**	**428.5**	**439.7**	**440.9**
FIES	45.0	55.7	82.2	77.3	100.2
Tuition monthly fees	251.5	267.7	289.9	307.7	263.3
Credit Cards receivable	25.3	19.0	27.1	23.8	31.4
Renegotiation receivables	29.8	19.9	29.3	30.9	46.0
Credits to identify	(5.3)	(6.2)	(3.6)	(3.6)	(1.9)
Provision for bad debts	(81.9)	(76.4)	(77.6)	(90.2)	(83.9)
Net Accounts Receivable	**264.4**	**279.7**	**347.4**	**345.9**	**355.1**
Net Revenue (last twelve months)	**1,316.1**	**1,383.3**	**1,466.0**	**1,568.1**	**1,656.7**
Days Receivables	**72**	**73**	**85**	**79**	**77**
Net Revenue Ex. FIES (last twelve months)	**1,098.1**	**1,111.3**	**1,133.3**	**1,143.9**	**1,144.0**
Days Receivables Ex. FIES and FIES Revenue	**72**	**73**	**84**	**85**	**80**

Table 20 – Accounts Receivable and Average FIES Receivable Days

FIES Average Days Receivables	3Q12	4Q12	1Q13	2Q13	3Q13
FIES Receivables	45.0	55.7	82.2	77.3	100.2
FIES Carry-Forward Credits	10.9	1.1	0.4	0.5	0.3
FIES Net Revenue (last twelve months)	218.0	272.0	332.7	424.2	512.7
FIES Days Receivables	**92**	**75**	**89**	**66**	**71**

FIES accounts receivable increased by R$22.9 million over 2Q13, as a result of the FIES student base increase and, mostly, as result of the concentration of contract amendments in the first month of the academic period. We had R$135.3 million in FIES transfers in 3Q13, R$60.6 million up on 1Q13, due to the increase in the student base. The average FIES days receivables increased by five days in 3Q13 over 2Q13, since the concentration of contract amendment processes in the odd quarters tends to increase the average number of FIES days receivables.

FIES carry-forward credits remained in line with 2Q13, as a result of repurchase auctions and tax payments that have been normally occurring.

Table 21 – Evolution of FIES Accounts Receivable*

FIES Accounts Receivable (R$ MM)	3Q12	4Q12	1Q13	2Q13	3Q13
Opening Balance	**36.5**	**45.0**	**55.7**	**82.2**	**77.3**
(+) FIES Net Revenue	78.7	90.2	103.1	152.2	167.2
(-) Transfer	70.1	81.0	74.7	153.2	135.3
(-) FIES PDA	1.0	-1.8	2.0	4.2	9.4
(+) Acquisitions	0.8	-0.3	0.0	0.3	0.4
Ending Balance	**45.0**	**55.7**	**82.2**	**77.3**	**100.2**

Table 22 – Evolution of FIES Carry-Forward Credits*

FIES Carry-Forward Credits (R$ MM)	3Q12	4Q12	1Q13	2Q13	3Q13
Opening Balance	**2.3**	**10.9**	**1.1**	**0.4**	**0.5**
(+) Transfer	70.1	81.0	74.7	153.2	135.3
(-) Tax payment	43.0	48.5	44.7	59.9	52.2
(-) Repurchase auctions	18.5	42.7	30.6	93.2	83.3
(+) Acquisitions	0.0	0.4	0.0	0.0	0.0
Ending Balance	**10.9**	**1.1**	**0.4**	**0.5**	**0.3**

(*) Information not revised by the auditors

Table 23 – Aging of Gross Total Accounts Receivable

Breakdown of Accounts Receivable by Age (R$ million)	3Q12	%	3Q13	%
FIES	45.0	13%	100.2	23%
Not yet due	97.5	28%	90.6	21%
Overdue up to 30 days	50.5	14%	62.6	14%
Overdue from 31 to 60 days	24.8	7%	34.3	8%
Overdue from 61 to 90 days	8.8	2%	9.7	2%
Overdue from 91 to 179 days	43.2	12%	59.6	14%
Overdue more than 180 days	81.9	23%	83.9	19%
TOTAL	**351.6**	**100%**	**440.9**	**100%**

Table 24 – Aging of Agreements Receivable[1]

Breakdown of Agreements by Age (R$ million)	3Q12	%	3Q13	%
Not yet due	16.4	55%	28.9	63%
Overdue up to 30 days	3.4	11%	2.6	6%
Overdue from 31 to 60 days	0.9	3%	1.3	3%
Overdue from 61 to 90 days	1.2	4%	0.9	2%
Overdue from 91 to 179 days	3.0	10%	5.0	11%
Overdue more than 180 days	5.0	17%	7.2	16%
TOTAL	**29.8**	**100%**	**46.0**	**100%**
% over Accounts Receivable	**8%**		**10%**	

[1]Excluding credit card agreements

Our third-quarter receivables portfolio remained healthy. Thanks to the continuation of our rigorous debt renegotiation policies, in 3Q13 only 10% of total receivables came from renegotiations with students. In addition, the percentage of receivables from renegotiations overdue by more than 60 days accounted for 29% of total agreements, or 3.0% 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 25 and 26 show how our PDA is constituted, and reconciles the balance sheet amounts with those in the income statement.

Table 25 – 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	9/30/2013
Tuitions and fees	59.7	108.0	(44.2)	63.8	(57.4)	66.1
Acquired Companies	16.7	16.7	(9.0)	7.7	(6.6)	17.8
TOTAL	**76.4**	**124.6**	**(53.2)**	**71.4**	**(63.9)**	**83.9**

Table 26 – Reconciliation of the Provision for Doubtful Account Balances in the Balance Sheet

	9/30/2013
Additional Provision	71.4
Write off of charges and unidentified deposits	(2.7)
Portfolio sale	(8.6)
Acquired companies at the time of acquisition	(1.6)
Others	0.6
Total	**59.1**

Investments (CAPEX and Acquisitions)

Table 27 – CAPEX Breakdown

R$ million	3Q12	3Q13	Change	9M12	9M13	Change
Total CAPEX	**62.5**	**32.6**	**-47.8%**	**134.6**	**103.2**	**-23.3%**
Maintenance	**12.9**	**16.2**	**25.6%**	**38.6**	**42.5**	**10.1%**
Discretionary, Expansion and Acquisitions	**49.6**	**16.4**	**-66.9%**	**96.0**	**60.7**	**-36.8%**
Academic Model	3.7	1.7	-54.1%	12.0	5.7	-52.5%
New IT Architecture	2.3	3.2	39.1%	8.0	8.8	10.0%
Integration Processes	-	-	N.A.	-	0.4	N.A.
Tablet Project	3.8	6.9	81.6%	9.1	12.1	33.0%
Computers	-	0.6	N.A.	-	0.6	N.A.
Expansion	0.9	4.0	344.4%	6.8	6.2	-8.8%
Acquisitions	38.9	-	N.A.	60.1	26.9	-55.2%

In 3Q13, **total CAPEX** came to R$32.6 million, 47.8% down on 3Q12, mainly due to the lack of acquisitions in 3Q13.

Maintenance CAPEX totaled R$16.2 million, 25.6% up year-on-year, mostly allocated to upgrading software and hardware, as well as the modernization of equipment, libraries and laboratories in our units. In 3Q13, we also invested around R$1.7 million in the Academic Model (creation of content and distance learning development and production), R$6.9 million in the Tablet Project and R$3.2 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$4.0 million in 3Q13, including investments in units to be launched, expansions of existing campuses and new rooms, already in preparation for the first semester of 2014.

Capitalization and Cash

Table 28 – Capitalization and Cash

R$ MM	09/30/2012	06/30/2013	09/30/2013
Shareholders' Equity	716.7	1,431.2	1,528.3
Cash & Cash Equivalents	183.8	741.9	806.1
Total Gross Debt	(321.7)	(315.3)	(318.7)
Loans and Financing	(287.7)	(274.0)	(280.0)
Short Term	(17.8)	(19.5)	(29.1)
Long Term	(269.9)	(254.4)	(250.9)
Commitments to Pay	(24.3)	(32.0)	(30.0)
Taxes Paid in Installments	(9.7)	(9.3)	(8.7)
Cash / Net Debt	(137.9)	426.6	487.3

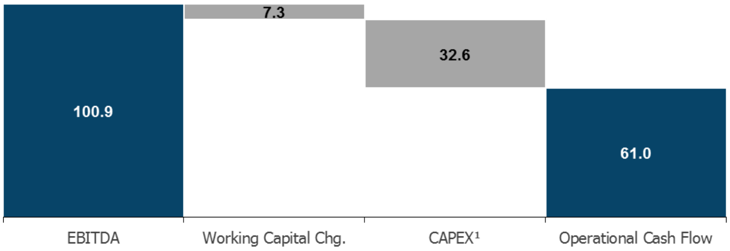
Cash and cash equivalents closed 3Q13 at R$806.1 million, conservatively invested in fixed-income instruments pegged to the CDI interbank rate, government bonds and certificates of deposit with top-tier Brazilian banks. Bank **debt** of R$280.0 million corresponded mainly to the Company's first local debenture issue totaling R$200 million, the loan from the IFC (first loan of R$48.5 million and first withdrawal of the second line of funding, totaling R$20 million) and the capitalization of equipment leasing expenses in compliance with Federal Law 11638. We have also included the commitments for future payments related to acquisitions made, totaling around R$30.0 million, as well as taxes payable in installments, to determine our **gross debt**, which came to R$318.7 million at the end of the quarter, in line with 2Q13. Thus, the Company's **net cash** closed 3Q13 at R$487.3 million.

Cash Flow

In 3Q13, we recorded a negative working capital variation of R$7.3 million, mainly due to the R$9.1 million increase in our accounts receivable and the R$10.6 million increase in taxes and contributions (chiefly labor tax to be recovered), partially compensated by the improvements in suppliers (R$7.7 million) and salaries and payroll charges (R$5.6 million), while CAPEX (excluding acquisitions) totaled R$32.6 million. These variations, plus EBITDA of R$100.9 million, generated **positive operational cash flow** of R$61.0 million, maintaining this year's excellent cash generation levels.

Operational cash flow before CAPEX came to R$93.6 million in 3Q13.

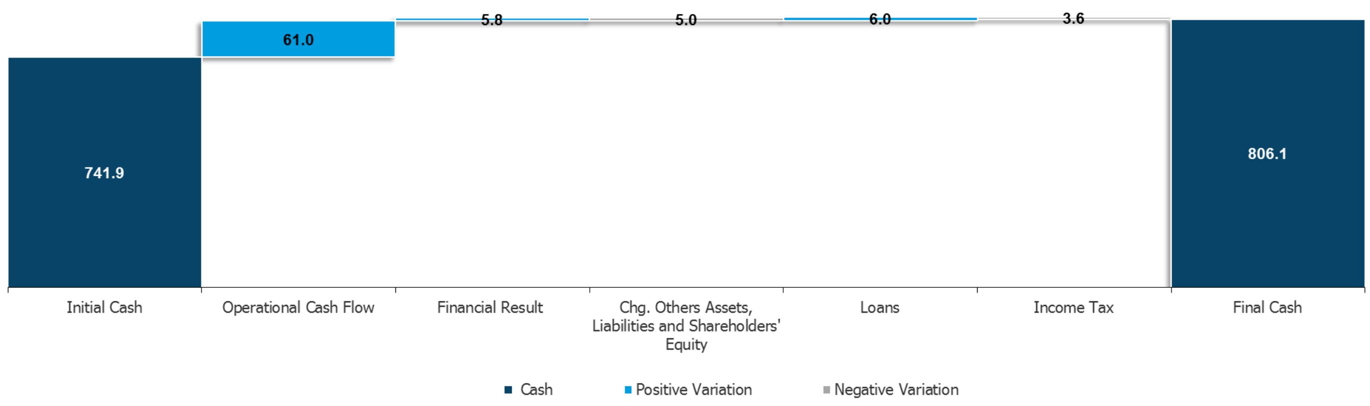
Graph 1 - Operational Cash Flow (R$ million) - Quarter



[1]CAPEX excluding Acquisitions.

This positive operational cash flow of R$61.0 million, the positive financial result of R$5.8 million and the positive loan variation of R$6.0 million offset the income tax and social contribution payment effect of R$3.6 million. Consequently, our cash position increased by R$64.2 million, closing 3Q13 at R$806.1 million.

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



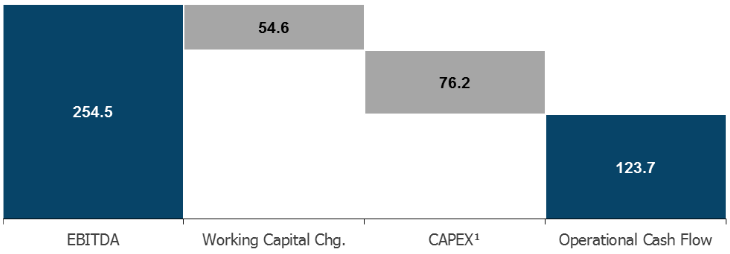
The table below gives a detailed breakdown of operational cash flow in the quarter, in order to ensure a better understanding of our working capital variations.

Table 29 – Quarterly Cash Flow 3Q13 x 3Q12

In million	3Q12	3Q13
Initial Cash Position	**167.7**	**741.9**
EBITDA	**66.7**	**100.9**
Working Capital Change	**14.7**	**(7.3)**
Increase (Decrease) in Accounts receivable	3.5	(9.1)
Increase (Decrease) in Carry-Forward credits	(8.8)	0.2
Increase (Decrease) in Advance to employees / third-parties	(2.9)	2.7
Increase (Decrease) in Prepaid expenses	(10.4)	(15.9)
Increase (Decrease) in Taxes and contributions	3.1	(10.6)
Increase (Decrease) in Suppliers	9.7	7.7
Increase (Decrease) in Salaries and payroll charges	7.6	5.6
Increase (Decrease) in Taxes payable	6.3	9.8
Increase (Decrease) in Prepaid monthly tuition fees	(1.9)	(2.2)
Increase (Decrease) in Commitments payable	8.4	4.4
CAPEX	**(62.5)**	**(32.6)**
Permanent Assets Change	(48.5)	(15.8)
Depreciation and amortization	(14.1)	(16.8)
Acquisition Investment	**38.9**	**-**
Operational Cash Flow	**57.8**	**61.0**
Acquisition Investment	**(38.9)**	**-**
Financial Result	(10.6)	5.8
Share Buyback Program	(4.8)	-
Chg. Other Assets, Liabilities and Shareholders' Equity	2.2	(5.0)
Dividends	(16.7)	-
Loans	29.4	6.0
Income Tax	(2.2)	(3.6)
Final Cash Position	**183.9**	**806.1**

In the first nine months of 2013, operational cash flow was positive by R$123.7 million, R$25.4 million higher than in the same period last year, due to EBITDA growth and the improved cash management, receivables and FIES processes, underlining the continuous improvement in our cash generation.

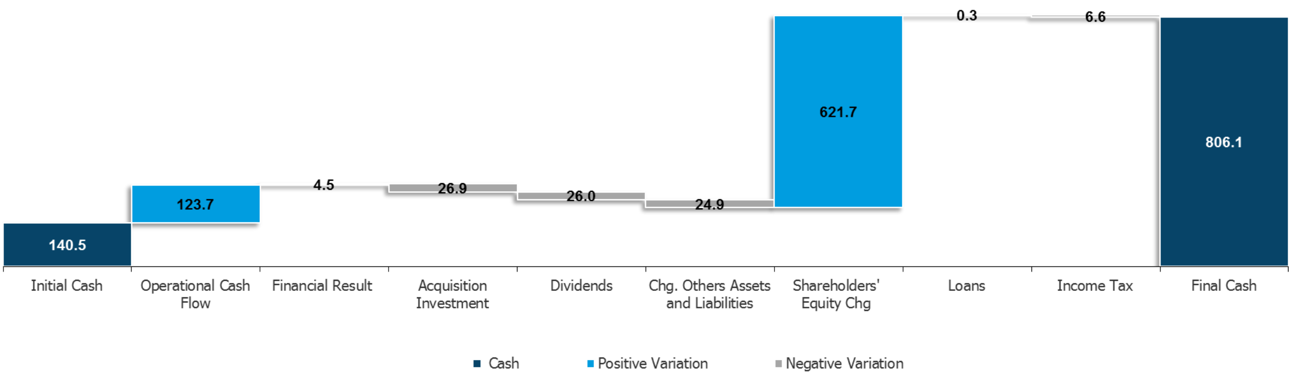
Graph 3 – Operational Cash Flow (R$ million) – 9M13



[1]CAPEX excluding acquisitions.

In 9M13, operational cash flow of R$123.7 million and the public share offering concluded in January were the main reasons for the R$665.6 million increase in our cash position, which more than offset the investments in acquisitions and the payment of dividends. Thus, Estácio's cash position came to R$806.1 million at the end of September.

Graph 4 – Cash Flow (R$ million) - 9M13



Key Material Facts

Acquisition of UniSEB

On September 12, we announced a purchase commitment to acquire TCA Investimentos e Participações Ltda (TCA), the parent company of UniSEB União dos Cursos Superiores SEB Ltda. (UniSEB), headquartered and with a campus in Ribeirão Preto (SP).

Should the operation be concluded, the total investment in UniSEB will be R$615.3 million, to be paid in cash and with shares issued by the Company. The acquisition price is subject to adjustment, as established in the transaction agreements.

Payment will be as follows: (i) on the closing date, Estácio will acquire shares from TCA equivalent to fifty per cent (50%) of TCA's total capital stock in cash in domestic currency, and (ii) the remaining amount will be paid through the merger of TCA and the consequent issue of 17,853,127 registered common non-par shares by Estácio, to be subscribed by TCA's current shareholders. The number of shares to be issued was calculated based on the average closing price of the 60 calendar days immediately prior to the signature date.

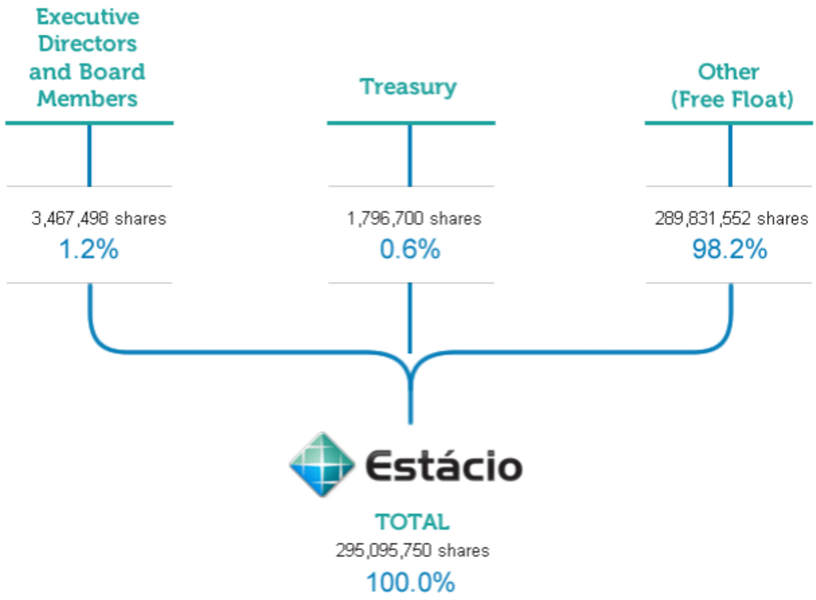
Founded in 1999, UniSEB has approximately 37,800 students in three campuses (one in Ribeirão Preto and two in Araçatuba and São José do Rio Preto, through a partnership with FGV), 14 on-campus undergraduate courses, 13 distance learning undergraduate courses, 6 on-campus graduate courses, 24 distance learning graduate courses and 36 graduate/MBA courses in association with FGV, in addition to extension and short-term courses. The average net ticket is approximately R$829 for on-campus courses and R$184 for distance learning courses The institution was evaluated by the Ministry of Education (MEC) and obtained a General Course Index (IGC) rating of 4 on a scale of 1 to 5.

When concluded, the transaction will substantially expand Estácio's penetration of the post-secondary distance learning segment, adding 164 new authorized distance learning centers, and marking its definitive entry into São Paulo state. Estácio has also strengthened its market presence in the on-campus post-secondary segment by adding a University Center headquartered in Ribeirão Preto.

The transaction will be submitted to the approval of CADE, Brazil's antitrust authority. It does not include the acquisition of real estate and it envisages a non-compete clause.

Sale of stake – GP Investments

Pursuant to CVM Instructions 358/2002 and 449/2007, on September 20 Estácio announced that it had received notification from Private Equity Partners C, LLC, announcing that, on September 19 it had sold its entire stake in the Company. Estácio's shareholding structure on September 30, 2013 was as follows.



V Annual Faculty Forum

On August 7 and 8, Rio de Janeiro hosted the V Annual Faculty Forum, which was opened by Rogério Melzi, CEO, and Miguel de Paula, Human Resources Officer. The subject of the event was “Connected Education in the Society of Knowledge”. With the participation of around 700 professors and faculty managers from all over Brazil, the Forum became consolidated as Estácio’s most important academic event and included the presentation of five teaching practices, eight lectures and four work groups among the faculty.

Helping Build Rock in Rio

Estácio, Rock In Rio’s education partner, was present at the 2013 edition bringing interactivity to the world’s greatest music festival. The university’s stand offered a series of initiatives aimed at ensuring the public’s participation in a differentiated manner, allowing them to gain knowledge through the interaction with music and art. The “Helping Build Rock In Rio” stand was one of the highlights of the event and around 700 Estácio students were involved.

Photo: Estácio students at Rock in Rio

Estácio Journalism Awards

On September 25, Estácio announced the winners of the 2013 Estácio Journalism Awards. The ceremony was attended by around 80 communications professionals from all over Brazil and R$100,000 was distributed among the nine awards, which included a new category this year – the Estácio Grand Journalism Award, given for the best article on post-secondary education and disputed by all the finalists, independently of which category they were registered in.

Photo: Rogério Melzi and Lauro Netto, from "O Globo" newspaper, winner of the Estácio Grand Journalism Award

The article from "O Globo" newspaper, signed by journalist Lauro Netto, author of the news that gave national visibility to serious mistakes in the High School National Exam (ENEM) essays, was the winner of the Grand Award. The impact of the article was such that the Ministry of Education took several measures to change the essay correcting system. The article was chosen by a jury of great relevance, composed by the Brazilian Academy of Letters' member, Arnaldo Nisker; "Veja" magazine journalist, Augusto Nunes; and by "TV Globo" executive, Vera Irís Paternostro, among others.

For Estácio's CEO, Rogério Melzi, the major legacy of the Awards is to emphasize the unequivocal link between education and a free press. "Together, we can really change the country and help build a better, fairer and more developed Brazil."

The 2013 Estácio Journalism Awards received 211 press registrations from 20 states and the Federal District. All in all, 90 communications vehicles nationwide participated in the event.

Developments in the Continuing Education Department

- **New Graduate Program: partnership with Harvard in graduate courses**

  In September, Estácio and Harvard Business Publishing entered into a partnership through which Harvard's case studies will become part of Estácio's graduate course syllabus. The project began with the MBA in Marketing, MBA in Strategic People Management, MBA in Project Management and MBA in Corporate Management. These four 360-hour programs are offered in Rio de Janeiro state on-campus and nationwide through the distance learning platform. Students receive the cases in Portuguese electronically and discuss them in class. Throughout the 18-month course, students should have contact with at least 72 different Harvard cases in the various MBA disciplines.

  Estácio's new graduate program also offers individual coaching for students, aiming to develop their skills and to work on the weak points in their personal and professional lives so they can have a more promising career. For more information, visit: http://novapos.estacio.br/ (Portuguese only).

- **<u>Launch of short-term courses</u>**

  In November, Estácio is launching its new short-term courses. With this in mind, it created a new brand, *Você Aprende Mais* (You Learn More), and entered into a partnership with WebAula, one of Brazil's largest distance learning and technology companies, which will manage the new portal. The offering includes over 60 courses, initially via distance learning, where classes will be recorded and the content made available to students so they can decide when and how they would like to study (www.voceaprendemais.com.br). These courses will be certified by Estácio.

  The courses cover several areas: preparatory courses for bar examinations (OAB), Finance, Career Management, Business Management, Languages, Technology, and Marketing, among others. Hours will vary depending on the course and the number of days used by students. Options such as Environmental Law, Consumer's Right and Corporate Sustainability will have a minimum of four hours.

Sustainability and Corporate Social Responsibility

In recent months, Estácio moved forward with its commitment to transform society through Education. In our first "Sustainability Week", we encouraged our campuses to work together on environmental issues, and in the end we carried out 275 activities in 45 units throughout Brazil. Speaking of this, our Sustainability Project is noteworthy because it currently selecting the best practices in higher education institutions in Brazil and other countries. These references will help us to improve our "Social and Environmental Management Program", which follows indicators recommended by the International Finance Corporation (IFC).

Another highlight this quarter was the "Social Responsibility Week" in which we had 73 campuses participating in the "Day of Social Responsibility in Higher Education" campaign, organized by the Brazilian Association of Higher Education Maintainers (ABMES), conducting more than 370 activities to the benefit of the communities where we operate.

Estácio also carried out important cultural projects through incentive laws, such as ISS from Rio de Janeiro and the Rouanet Law. Throughout the year, 18 cultural projects were supported by the Company, such as Anima Mundi, one of the largest animation festivals in the world, held in July in Rio de Janeiro and São Paulo, and ArtRio, one of the most important art fairs in the world, which took place in Rio de Janeiro.

Estácio is recognized with two importants awards

- **<u>"The Best Companies for Shareholders" – *Revista Capital Aberto* Award</u>**

  Estácio was chosen by *Revista Capital Aberto* one of the "Best Companies for Shareholders" in 2013, securing the 2nd place for companies with assets up to R$2 billion. The criteria were: liquidity, economic value added (EVA®), economic return per share (TSR-ke), corporate governance, and sustainability.

- **Value Creation – Education Sector – ABRASCA Award**

Estácio won the 2012 Value Creation – Award for the Education Sector from ABRASCA, by achieving the significant mark of 52.24% value creation to its shareholders (average of the last three years). The award evaluates which companies presented market valuation above the shareholders' return expectation, which is calculated by adding the interest rate to a risk premium proportional to each stock volatility.

Results Conference Call

Conference Call (in Portuguese)	Conference Call (in English)
Date: November 8, 2013 (Friday)	Date: November 8, 2013 (Friday)
Time: 10:00 a.m. (Brasília) / 7:00 (US ET)	Time: 12:00 p.m. (Brasília) / 9:00 (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 17
Access Dial-in Brazil: +55 (11) 3127-4999	Access Dial-in NY: +1 (412) 317-0088
Access Code: 54685562	Access Code: 10034504

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

R$ MM	Consolidated 3Q12	Consolidated 3Q13	Consolidated Change	Excluding acquisitions in the last 12 months 3Q12	Excluding acquisitions in the last 12 months 3Q13	Excluding acquisitions in the last 12 months Change
Gross Operating Revenue	**502.3**	**657.4**	**30.9%**	**502.3**	**647.3**	**28.9%**
Monthly Tuition Fees	495.2	650.5	31.4%	495.2	640.1	29.3%
Others	7.0	6.8	-2.9%	7.0	7.2	2.9%
Gross Revenue Deductions	**(152.6)**	**(219.2)**	**43.6%**	**(152.6)**	**(215.2)**	**41.0%**
Scholarships and Discounts	(138.3)	(192.2)	39.0%	(138.3)	(188.5)	36.3%
Taxes	(14.3)	(18.0)	25.9%	(14.3)	(17.8)	24.5%
FGEDUC	-	(8.9)	N.A.	-	(8.9)	N.A.
Net Operating Revenue	**349.6**	**438.2**	**25.3%**	**349.6**	**432.1**	**23.6%**
Cost of Services	**(211.7)**	**(250.1)**	**18.1%**	**(211.7)**	**(245.1)**	**15.8%**
Personnel	(152.9)	(178.0)	16.4%	(152.9)	(173.8)	13.7%
Rentals / Real Estate Taxes Expenses	(29.8)	(37.2)	24.8%	(29.8)	(36.6)	22.8%
Textbooks Materials	(6.3)	(9.2)	46.0%	(6.3)	(9.2)	46.0%
Third-Party Services and Others	(13.1)	(13.7)	4.6%	(13.1)	(13.6)	3.6%
Depreciation	(9.6)	(12.0)	25.0%	(9.6)	(11.9)	24.0%
Gross Profit	**138.0**	**188.1**	**36.3%**	**138.0**	**186.9**	**35.4%**
Gross Margin	***39.5%***	***42.9%***	***3.4 p.p.***	***39.5%***	***43.3%***	***3.8 p.p.***
Selling, General and Administrative Expenses	**(85.4)**	**(104.0)**	**21.8%**	**(85.4)**	**(104.0)**	**21.8%**
Selling Expenses	**(33.9)**	**(40.8)**	**20.4%**	**(33.9)**	**(41.2)**	**21.5%**
Provisions for Doubtful Accounts	(16.1)	(17.5)	8.7%	(16.1)	(17.8)	10.6%
Provisions for FIES	-	(0.5)	N.A.	-	(0.5)	N.A.
Marketing	(17.8)	(22.9)	28.7%	(17.8)	(22.8)	28.1%
General and Administrative Expenses	**(47.0)**	**(58.3)**	**24.0%**	**(47.0)**	**(58.0)**	**23.4%**
Personnel	(25.8)	(27.8)	7.8%	(25.8)	(27.7)	7.3%
Others	(21.2)	(30.5)	43.9%	(21.2)	(30.3)	42.9%
Depreciation	**(4.4)**	**(4.8)**	**9.1%**	**(4.4)**	**(4.8)**	**9.1%**
EBIT	**52.6**	**84.1**	**59.9%**	**52.6**	**82.9**	**57.6%**
EBIT Margin	***15.0%***	***19.2%***	***4.2 p.p.***	***15.0%***	***19.2%***	***4.2 p.p.***
(+) Depreciation	14.1	16.8	19.1%	14.1	16.7	18.4%
EBITDA	**66.7**	**100.9**	**51.3%**	**66.7**	**99.7**	**49.5%**
EBITDA Margin	***19.1%***	***23.0%***	***3.9 p.p.***	***19.1%***	***23.1%***	***4.0 p.p.***
Financial Result	(10.6)	5.8	-154.7%	(10.6)	8.4	-179.2%
Depreciation and Amortization	(14.1)	(16.8)	19.1%	(14.1)	(16.7)	18.4%
Social Contribution	(0.6)	(1.0)	66.7%	(0.6)	(1.0)	66.7%
Income Tax	(1.6)	(2.6)	62.5%	(1.6)	(2.6)	62.5%
Net Income	**39.8**	**86.3**	**116.8%**	**39.8**	**87.7**	**120.4%**
Net Income Margin	***11.4%***	***19.7%***	***8.3 p.p.***	***11.4%***	***20.3%***	***8.9 p.p.***

	Consolidated		
R$ MM	**9M12**	**9M13**	**Change**
Gross Operating Revenue	**1,468.2**	**1,886.1**	**28.5%**
Monthly Tuition Fees	1,449.9	1,866.4	28.7%
Others	18.3	19.7	7.7%
Gross Revenue Deductions	**(446.6)**	**(591.1)**	**32.4%**
Scholarships and Discounts	(401.3)	(522.7)	30.2%
Taxes	(45.3)	(54.4)	20.1%
FGEDUC	-	(14.1)	N.A.
Net Operating Revenue	**1,021.6**	**1,295.0**	**26.8%**
Cost of Services	**(637.7)**	**(763.2)**	**19.7%**
Personnel	(456.8)	(548.8)	20.1%
Rentals / Real Estate Taxes Expenses	(87.3)	(102.8)	17.8%
Textbooks Materials	(24.3)	(32.2)	32.5%
Third-Party Services and Others	(40.5)	(44.1)	8.9%
Depreciation	(28.8)	(35.4)	22.9%
Gross Profit	**383.9**	**531.8**	**38.5%**
Gross Margin	***37.6%***	***41.1%***	***3.5 p.p.***
Selling, General and Administrative Expenses	**(264.2)**	**(330.0)**	**24.9%**
Selling Expenses	**(119.7)**	**(139.9)**	**16.9%**
Provisions for Doubtful Accounts	(60.2)	(59.1)	-1.8%
Provisions for FIES	-	(3.7)	N.A.
Marketing	(59.6)	(77.1)	29.4%
General and Administrative Expenses	**(131.4)**	**(172.8)**	**31.5%**
Personnel	(67.5)	(86.9)	28.7%
Others	(63.8)	(85.9)	34.6%
Depreciation	**(13.2)**	**(17.3)**	**31.1%**
EBIT	**119.6**	**201.7**	**68.6%**
EBIT Margin	***11.7%***	***15.6%***	***3.9 p.p.***
(+) Depreciation	42.0	52.8	25.7%
EBITDA	**161.6**	**254.5**	**57.5%**
EBITDA Margin	***15.8%***	***19.7%***	***3.9 p.p.***
Financial Result	(21.7)	4.5	-120.7%
Depreciation and Amortization	(42.0)	(52.8)	25.7%
Social Contribution	(0.8)	(1.9)	137.5%
Income Tax	(2.3)	(4.7)	104.3%
Net Income	**94.8**	**199.6**	**110.5%**
Net Income Margin	***9.3%***	***15.4%***	***6.1 p.p.***

Balance Sheet in IFRS

R$ MM	09/30/2012	06/30/2013	09/30/2013
Short-Term Assets	**542.7**	**1,193.4**	**1,282.9**
Cash & Cash Equivalents	11.8	6.8	9.9
Short-Term Investments	172.0	735.1	796.2
Accounts Receivable	264.5	345.9	355.1
Carry-Forwards Credits	15.0	4.9	4.7
Advance to Employees / Third-Parties	23.2	27.5	24.8
Related Parties	0.3	0.3	0.3
Prepaid Expenses	23.2	26.1	42.0
Taxes and contributions	15.5	16.0	26.5
Others	17.4	30.8	23.5
Long-Term Assets	**696.5**	**776.6**	**813.5**
Non-Current Assets	**111.9**	**139.2**	**160.3**
Prepaid Expenses	0.7	2.8	2.5
Judicial Deposits	80.4	92.5	99.2
Taxes and contributions	9.0	24.0	25.1
Deferred Taxes and others	21.7	19.9	33.5
Permanent Assets	**584.6**	**637.4**	**653.1**
Investments	0.2	0.2	0.2
Fixed Assets	279.8	297.3	307.9
Intangible	304.6	339.8	345.0
Total Assets	**1,239.2**	**1,969.9**	**2,096.4**
Short-Term Liabilities	**178.2**	**192.6**	**227.9**
Loans and Financing	17.8	19.5	29.1
Suppliers	30.4	27.5	35.2
Salaries and Payroll Charges	91.2	99.7	105.3
Taxes Payable	15.1	22.2	32.0
Prepaid Monthly Tuition Fees	5.4	7.4	5.2
Advances under Partnership Agreement	2.9	2.9	2.9
Taxes Paid in Installments	1.0	2.0	1.6
Dividends Payable	0.0	0.0	-
Commitments Payable	12.0	9.0	13.4
Others	2.5	2.4	3.2
Long-Term Liabilities	**344.3**	**346.2**	**340.2**
Loans and Financing	269.9	254.4	250.9
Provisions for Contingencies	23.5	25.4	27.1
Advances under Partnership Agreement	12.7	10.6	9.9
Taxes Paid in Installments	8.7	7.3	7.1
Provision for asset retirement obligations	13.9	14.8	15.0
Deferred Taxes	3.2	2.4	5.0
Commitments Payable	12.4	23.0	16.6
Others	-	8.2	8.6
Shareholders' Equity	**716.7**	**1,431.2**	**1,528.3**
Capital	369.3	1,000.5	1,009.9
Share Issuance Expenses	(2.8)	(26.5)	(26.9)
Capital Reserves	112.8	117.7	119.4
Earnings Reserves	153.9	237.6	237.6
Retained Earnings	94.8	113.3	199.6
Treasury Stocks	(11.3)	(11.3)	(11.3)
Total Liabilities and Shareholders' Equity	**1,239.2**	**1,969.9**	**2,096.4**

Exhibit I – Provision for FIES

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

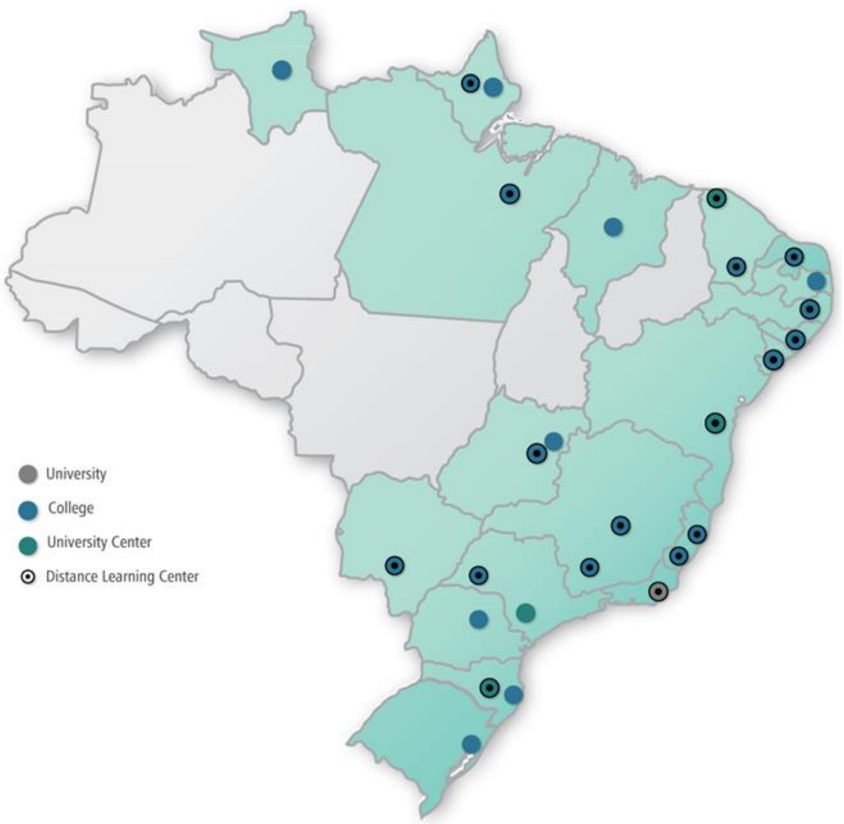
Scalable Business Model

- 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 3Q13 with 340,400 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:



(A free translation of the original in Portuguese)

Estácio Participações S.A.

Quarterly Information (ITR) at
September 30, 2013 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 Shareholders
Estácio Participações S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Estácio Participações S.A. (the "Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2013, comprising the balance sheet as at that date and the statements of income for the quarter and nine-month periods then ended, and the statements of 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, of 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.

Estácio Participações S.A.

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

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the nine-month period ended September 30, 2013. 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 7, 2013

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

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

Estácio Participações S.A.

Balance sheets

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

Assets	Parent September 30, 2013	Parent December 31, 2012	Consolidated September 30, 2013	Consolidated December 31, 2012
Current assets				
Cash and cash equivalents (Note 3)	515	132	9,899	18,132
Marketable securities (Note 3)	653,369	88,495	796,172	122,340
Accounts receivable (Note 4)			355,064	279,657
Accounts recoverable - FIES program			4,669	5,416
Advances to employees / third parties	19	24	24,775	25,957
Related parties (Note 5)	1,074	897	259	259
Prepaid expenses (Note 6)	1	542	41,956	30,931
Dividends receivable (Note 8)	14,000	93,699		
Interest on capital receivable	1,275	1,275		
Taxes and contributions (Note 7)			26,533	10,588
Others	1,297	1,364	23,542	17,947
	671,550	186,428	1,282,869	511,227
Non-current assets				
Long-term receivables				
Prepaid expenses (Note 6)			2,510	1,337
Judicial deposits (Note 16)	2,134	1,897	99,198	83,221
Deferred taxes (Note 28)			18,754	11,695
Taxes and contributions (Note 7)	6,923	6,722	25,092	20,886
Others	558	1,022	14,785	8,658
	9,615	9,641	160,339	125,797
Investments				
In subsidiaries (Note 8)	1,133,188	818,052		
Others			228	228
	1,133,188	818,052	228	228
Intangible assets (Note 9)	443	550	344,981	307,898
Property and equipment (Note 10)	1,935	3,707	307,935	294,660
	1,135,566	822,309	653,144	602,786
	1,145,181	831,950	813,483	728,583
	1,816,731	1,018,378	2,096,352	1,239,810

Liabilities and equity	Parent September 30, 2013	Parent December 31, 2012	Consolidated September 30, 2013	Consolidated December 31, 2012
Current liabilities				
Trade accounts payable	128	405	35,235	35,435
Borrowings and financing (Note 11)	24,602	9,978	29,093	13,856
Payroll and related charges (Note 12)	143	136	105,272	65,727
Taxes payable (Note 13)	2,182	24	32,020	22,229
Prepaid monthly tuition fees			5,193	8,854
Advances under exclusivity agreements (Note 17)	1,800	1,800	2,887	2,887
Taxes paid in installments (Note 14)			1,611	2,210
Related parties (Note 5)	4,184	3,122		
Dividends payable		26,051		26,051
Commitments payable (Note 15)			13,388	12,985
Others	3		3,182	3,078
	33,042	41,516	227,881	193,312
Non-current liabilities				
Long-term liabilities				
Borrowings and financing (Note 11)	249,288	262,327	250,876	265,868
Provision for contingencies (Note 16)			27,120	23,205
Advances under exclusivity agreements (Note 17)	6,150	7,500	9,862	12,027
Taxes paid in installments (Note 14)			7,130	6,410
Deferred taxes (Note 28)			4,984	1,638
Provision for decommissioning of assets			15,011	14,004
Commitments payable (Note 15)			16,628	11,180
Others			8,609	5,131
	255,438	269,827	340,220	339,463
Equity (Note 18)				
Share capital	1,009,861	369,319	1,009,861	369,319
Share issue costs	(26,852)	(2,819)	(26,852)	(2,819)
Capital reserves	119,400	114,298	119,400	114,298
Treasury shares	(11,348)	(11,348)	(11,348)	(11,348)
Revenue reserves	237,585	237,585	237,585	237,585
Profit for the period	199,605		199,605	
	1,528,251	707,035	1,528,251	707,035
	1,816,731	1,018,378	2,096,352	1,239,810

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 (A free translation of the original in Portuguese)

	Parent		Consolidated	
	2013	**2012**	**2013**	**2012**
Continuing operations				
Net operating revenue (Note 23)			1,295,003	1,021,619
Cost of services (Note 24)			(763,248)	(637,744)
Gross profit			531,755	383,875
Operating income (expenses)				
Selling expenses (Note 26)			(139,881)	(119,719)
General and administrative expenses (Note 26)	(6,407)	(8,580)	(201,557)	(154,057)
Equity in the results of subsidiaries (Note 8)	194,362	112,482		
Other operating income (Note 25)	1,296	1,796	11,390	9,646
Operating profit	189,251	105,698	201,707	119,745
Finance income (Note 27)	31,022	10,002	44,618	18,786
Finance costs (Note 27)	(18,499)	(20,912)	(40,159)	(40,527)
Finance income (costs), net	12,523	(10,910)	4,459	(21,741)
Profit before income tax and social contribution	201,774	94,788	206,166	98,004
Income tax (Note 28)	(1,590)		(4,657)	(2,280)
Social contribution (Note 28)	(579)		(1,904)	(820)
Profit for the period from continuing operations	199,605	94,788	199,605	94,904
Discontinued operations				
Loss from discontinued operations				(116)
Profit for the period	199,605	94,788	199,605	94,788
Attributable to				
Owners of the Company			199,605	94,788
Non-controlling interests				
Earnings per share from continuing and discontinued operations attributable to the owners of the Company during the period (expressed in R$ per share)			199,605	94,788
Basic earnings per share (Note 22)				
From continuing operations			0.00068	0.00038
From discontinued operations				
			0.00068	0.00038
Diluted earnings per share (Note 22)				
From continuing operations			0.00067	0.00038
From discontinued operations				
			0.00067	0.00038

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

Estácio Participações S.A.

Statements of changes in equity

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

				Capital reserves		Revenue reserves				
	Share capital	Unpaid capital	Share issue costs	Share premium	Options granted	Legal	Profit retention	Treasury shares	Retained earnings	Total
At January 1, 2012	364,392		(2,819)	96,565	13,195	13,779	140,170	(6,347)		618,935
Capital increase	4,927									4,927
Profit for the period									94,788	94,788
Options granted					3,075					3,075
Treasury shares acquired								(632)		(632)
Share repurchase option								(4,369)		(4,369)
At September 30, 2012	369,319		(2,819)	96,565	16,270	13,779	140,170	(11,348)	94,788	716,724
Profit for the period									14,899	14,899
Allocation of profit for the period										
Transfer to reserves						5,484	78,152		(83,636)	
Proposed dividends									(26,051)	(26,051)
Options granted					1,463					1,463
Treasury shares acquired								(1,744)		(1,744)
Share repurchase option								1,744		1,744
At December 31, 2012	369,319		(2,819)	96,565	17,733	19,263	218,322	(11,348)		707,035
Capital increase	640,679	(137)								640,542
Share issue costs			(24,033)							(24,033)
Profit for the period									199,605	199,605
Options granted					5,102					5,102
Treasury shares acquired								(4,216)		(4,216)
Share repurchase option								4,216		4,216
At September 30, 2013	1,009,998	(137)	(26,852)	96,565	22,835	19,263	218,322	(11,348)	199,605	1,528,251

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

Estácio Participações S.A.

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

	Parent		Consolidated	
	2013	2012	2013	2012
Cash flows from operating activities				
Profit before taxes and after result of discontinued operations	201,774	94,788	206,166	97,888
Adjustments to reconcile profit to net cash generated				
Depreciation and amortization	1,898	2,004	52,297	41,422
Amortization of funding costs	477	549	477	549
Net book amount of property and equipment written-off			337	256
Provision for impairment of trade receivables			59,101	60,154
Options granted			5,101	3,075
Earnings on investments	(30,720)	(8,501)	(34,944)	(10,502)
Provision for contingencies			3,684	(2,062)
Appropriation of agreements	(1,350)	(1,350)	(2,165)	(2,164)
Interest on commitments payable			1,536	
Interest on loans to subsidiaries		(49)		
Interest on borrowings and financing	18,263	19,974	18,263	20,097
Increase in provision for decommissioning of assets			1,007	751
Equity in the results of subsidiaries	(194,362)	(112,482)		
	(4,020)	(5,067)	310,860	209,464
Changes in assets and liabilities				
(Increase) in accounts receivable			(133,364)	(76,886)
Decrease (increase) in other assets	68	(7)	(4,845)	2,047
(Increase) decrease in advances to employees / third parties	4		1,182	(5,528)
Decrease in prepaid expenses	541	1,395	(11,025)	(12,862)
(Increase) decrease in taxes and contributions	(201)	(940)	(25,266)	(4,141)
Increase (decrease) in trade accounts payable	(277)	(223)	(725)	11,988
Increase (decrease) in taxes payable	(11)	(223)	5,851	(2,283)
Increase (decrease) in payroll and related charges	7	(49)	38,774	26,770
(Decrease) in prepaid monthly tuition fees			(3,661)	(3,760)
Increase (decrease) in provision for contingencies			224	(7,115)
(Decrease) in deferred income tax and social contribution				)
Provision for decommissioning of assets				(547)
Increase (decrease) in other liabilities	3	(268)	4,984	869
(Decrease) in taxes paid in installments			(582)	271
Changes in related parties transactions				
Decrease accounts receivables				
(Decrease) accounts payables				
(Increase) in non-current assets	464	417	(7,300)	(3,010)
(Decrease) in judicial deposits	(236)	(907)	(15,977)	(16,374)
	(3,658)	(5,872)	159,130	118,903
Dividends received	26,000	27,000		
Interest paid on borrowings	(12,215)	(15,408)	(12,215)	(15,144)
IRPJ and CSLL paid			(2,717)	(2,654)
Net cash (used in) provided by operating activities	10,127	5,720	144,198	101,105
Cash flows from investing activities:				
Financial investments	(534,155)	46,415	(638,888)	(8,556)
Property and equipment			(44,085)	(37,931)
Intangible assets	(19)		(29,834)	(31,259)
Commitments payable			(6,684)	
Intercompany loans	885	14,143		
Investments in subsidiaries	(38,975)	(75,528)		
Acquisition of subsidiaries, net of cash obtained on acquisition			(16,938)	(41,154)
Advance for future capital increase	(22,998)	96		
Net cash (used in) provided by investing activities	(595,262)	(14,874)	(736,429)	(118,900)
Cash flows from financing activities				
Capital increase	640,542	4,927	640,542	4,927
Share issue costs	(24,033)		(24,033)	
Dividends paid	(26,051)	(16,655)	(26,051)	(16,655)
Treasury shares		(84)		(84)
Increase in borrowings and financing	(4,940)	19,506	(6,460)	19,506
Net cash provided by (used in) financing activities	585,518	7,694	583,998	7,694
Net (decrease) increase in cash and cash equivalents	383	(1,460)	(8,233)	(10,101)
Cash and cash equivalents at the beginning of the period	132	1,530	18,132	21,857
Cash and cash equivalents at the end of the period	515	70	9,899	11,756
Net (decrease) increase in cash and cash equivalents	383	(1,460)	(8,233)	(10,101)

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

Estácio Participações S.A.

Statements of value added
Periods ended September 30
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent		Consolidated	
	2013	**2012**	**2013**	**2012**
Revenue				
Educational services			1,337,814	1,060,869
Other revenues			11,539	6,034
Provision for impairment of trade receivables			(59,101)	(60,154)
Other commercial expenses			(4,791)	
			1,285,461	1,006,749
Inputs acquired from third parties				
Materials, energy and services	(2,779)	(4,402)	(237,996)	(191,258)
Impairment/recovery of assets				(96)
Contingencies			(3,684)	(2,049)
	(2,779)	(4,402)	(241,680)	(189,305)
Gross value added	(2,779)	(4,402)	1,043,781	817,444
Depreciation and amortization	(2,375)	(2,553)	(52,774)	(41,971)
Net value added generated by the Company	(5,154)	(6,955)	991,007	775,473
Value added received through transfer				
Equity in the results of subsidiaries	194,362	112,482		
Finance income	31,022	10,002	44,618	18,786
Others	1,391	1,796	11,390	9,639
	226,775	124,280	56,008	28,425
Total value added to distribute	221,621	117,325	1,047,015	803,898
Distribution of value added				
Personnel				
Direct compensation	996	1,196	486,303	392,943
Benefits	1		16,626	12,968
Government Severance Indemnity Fund for Employees (FGTS)			33,970	28,443
Taxes, charges and contributions				
Federal	2,519	411	109,212	96,998
State			1	2
Municipal	2	18	59,074	50,493
	2,521	429	168,287	147,493
Remuneration of third-party capital				
Interest	18,498	20,912	39,068	40,527
Rentals			103,156	86,733
	18,498	20,912	142,224	127,260
Return on equity				
Dividends				
Retained profits	199,605	94,788	199,605	94,791
	199,605	94,788	199,605	94,791
Value added distributed	221,621	117,325	1,047,015	803,898

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

1 Operations

Estácio Participações S.A. ("Estácio" or "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 other areas associated to education, to the administration of own assets and business, and the interest, as partner or shareholder, in other limited companies in Brazil.

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

The Group has thirteen companies: eleven of them are maintainers of college institutions, incorporated as limited liability companies, and has one University, four University Centers and thirty-four colleges, distributed in twenty States of the country and in the Federal District.

The Company's Board of Directors, in a meeting that took place on November 7, 2013, 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 to the years and periods presented, unless otherwise stated.

2.1 Basis of preparation

The quarterly information has 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, when applicable.

The preparation of quarterly information 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: selection of useful lives of property and equipment and the recoverability thereof in the normal course of operations, valuation of financial assets at fair value, credit risk assessment to determine the provision for impairment of trade receivables, as well as assessment of other risks to determine other provisions, including provisions for contingencies (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.

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 corporation law and specific rules issued by the Brazilian Securities Commission (CVM), which do not conflict with CPC 21 (R1)/IAS 34.

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 financial statements, subsidiaries are recorded based on the equity accounting method. The accounting practices adopted in Brazil applicable to the parent company financial statements differ from IFRS applicable to separate financial statements 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, 2012, 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, 2012.

For a better comparison of the quarterly information for September 30, 2012, the Company presented the results of the discontinued operations as part of the profit before income tax in the cash flows statements without changing the results from continued operations.

2.2 Consolidation

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

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. 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 interests 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.

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.

All amounts in thousands of reais unless otherwise stated

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

	Direct - %	
	September 30, 2013	December 31, 2012
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.	100	100
Estácio Editora	100	100

	Indirect - %	
	September 30, 2013	December 31, 2012
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.	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	

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

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 made in 2013 are as follows:

(i) Faculdade de Ciências Sociais e Tecnológicas ("FACITEC")

On April 5, 2013, the Group acquired all the quotas of Faculdade de Ciências Sociais e Tecnológicas (FACITEC), which has its headquarters and campus in the city of Taguatinga, in the Federal District.

The acquisition price was determined based on the acquired company's enterprise value of R$29,000, minus R$1,824 of debt assumed by the Group.

An additional payment of R$ 7 million is foreseen if FACITEC becomes a University Center up to December 31, 2014.

All amounts in thousands of reais unless otherwise stated

The institution was founded in 2001 and at the acquisition date had approximately 3,600 students and 120 professors in 13 undergraduate courses and 24 graduate courses, in addition to extension and free courses.

None of the goodwill recognized is expected to be deductible for income tax purposes. The considerations paid and the values of the acquired assets and contracted liabilities recognized at the acquisition date are as follows:

	FACITEC
Acquisition value	
Cash	15,176
Commitments payable	12,000
Total consideration	27,176
Identifiable assets acquired and liabilities assumed	(970)
Goodwill	26,206
Students portfolio	1,657
Goodwill	24,549

	FACITEC
Cash and cash equivalents	232
Trade receivables	1,147
Taxes and contributions	3
Property and equipment	2,001
Borrowings and financing	(180)
Trade payables	(525)
Labor obligations	(204)
Taxes payable	(96)
Advance receipts	(130)
Installments	(704)
Provisions	(574)
Net assets acquired	

The Company has not yet allocated the goodwill because it is in the process of determining the fair value of the assets acquired and liabilities assumed.

The Company entered into the following purchase agreements in 2013.

(ii) Associação de Ensino de Santa Catarina ("ASSESC")

On June 17, 2013, the Company, through its indirect subsidiary SOCIEDADE EDUCACIONAL ATUAL DA AMAZÔNIA LTDA. ("ATUAL"), entered into a purchase commitment to acquire all the shares of Associação de Ensino de Santa Catarina ("ASSESC"), maintainer of Faculdades Integradas Associação de Ensino de Santa Catarina ("FASSESC"), which has its headquarters and campus in the city of Florianópolis, State of Santa Catarina.

If the deal is concluded, the value of the investment in ASSESC will be R$ 5,825. In order to be concluded, the transaction needs to be approved in the Shareholder´s meeting (AGE).

ASSESC has 915 students for a total capacity of 4,970, divided among 10 undergraduate courses and an average monthly fee of about R$ 570.

This acquisition will mark the entry of the Group into the capital of Santa Catarina, and will thus allow the Group to consolidate its operations in Greater Florianópolis, considering the São José University Center.

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

On September 12, 2013, the Company entered into a purchase commitment ("operation") to acquire all the shares of TCA Investimentos e Participações Ltda. ("TCA"), a limited liability company to be transformed in a corporation before the completion of the operation. TCA has its headquarter and campus in the city of Ribeirão Preto, State of São Paulo, and is the holding company of UNISEB - União dos Cursos Superiores SEB Ltda. ("UNISEB").

If the deal is concluded, the value of the investment in UNISEB will be R$ 615,318 to be paid through cash and Company´s shares. In order to be concluded, the transaction needs to be approved in the Shareholder´s meeting (AGE).

UNISEB has approximately 37.8 thousands students in 3 campus (1 in Ribeirão Preto and 2 in a partnership with FGV, in Araçatuba and São José do Rio Preto) and has, as part of its portfolio, 14 presential courses, 13 non-presential courses, 6 post-graduation presential courses, 24 post-graduation non-presential courses and 36 post-graduation/ MBA in a partnership with FGV, besides extension and free courses. The average monthly fees for the presential and non-presential courses are, respectively, R$ 829 and R$ 184.

In order to be concluded, the operation will be submitted for the approval of Superintendência-Geral do Conselho Administrativo de Defesa Econômica ("CADE").

2.4 Recognition of revenues, costs and expenses

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

(a) Service revenue

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 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 goes by, 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.

2.5 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 ("the 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the income statement.

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 period upon the settlement of the security.

At September 30, 2013 and December 31, 2012, all of the Company's marketable securities are classified as "held for trading".

2.8 Accounts receivable and prepaid monthly tuition fees

Accounts receivable arise from the provision of educational services and do not include any amounts for 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 income statement for the period on the accrual basis.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest 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 income statement when incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

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

2.12 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the net fair value of assets and liabilities of the acquired entity. Goodwill on acquisitions of subsidiaries is recorded as "Intangible assets" in the consolidated quarterly information. 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) Students portfolio

Contractual student relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual student relations have a finite 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.

(c) Computer software

Computer software licenses 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 (five years).

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 recognized 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). 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 assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the weighted average cost of capital for the industry in which the cash-generating unit operates. Fair value less costs to sell is determined considering, whenever possible, firm sale agreements in arm's length transactions between knowledgeable and willing parties less costs to sell the asset; if no firm sale agreements can be identified, this will be based on the market price of an active market or the price of the most recent transaction involving similar assets.

2.14 Leases

Finance leases

Lease agreements which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item are classified as finance lease agreements, and the corresponding assets are recognized at fair value or present value of minimum lease payments. 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 income statement over the lease term, based on the amortized cost and effective interest method.

Operating leases

Operating lease expenses are recognized in the income statement based on payments made and on the straight-line accrual basis during the lease term.

2.15 Borrowings and financing

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 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 shareholders is recognized as a liability in the Group's financial statements at year-end based on the Company's bylaws. Any amount above the mandatory minimum is only accrued on the date it is approved by the shareholders in a General Meeting.

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

2.17 Provision for decommissioning of assets

This represents the estimated future cost of the renovation of rented buildings where the Company'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 it, since there is a legal obligation and its 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 Provisions

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 passage of time is recognized as interest expense.

2.19 Taxation

Subsidiaries that enrolled in PROUNI (the "University for All" Program) 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 Profit (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; and

- Social Contribution Tax on Gross Revenue for 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:

(i) 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 the Revenue Procedure issued by the Brazilian IRS, with specific regard to PROUNI, whereby such taxes may not be paid on profits from regular undergraduate and technological educational activities that benefit from a favorable tax treatment ("lucro da exploração") and may be subsequently transferred to a reserve account.

Social Integration Program (PIS) and Social Contribution on Revenues (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 tax assets 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.

- On deductible temporary differences referring to investments in subsidiaries, deferred tax assets are recognized only to the extent that the temporary differences will likely be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Derecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred taxes relating to items recognized directly in equity are also recognized in equity and not in the income statement. 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 offset 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, revenue 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.

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 shareholders after certain adjustments. The Group recognizes a provision where contractually obliged 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 company of the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders 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 shareholders.

2.24 Critical accounting judgments, 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 involved in these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that 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 quarterly.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.13. 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, 2012
Gross margin (i)	38.7
Growth rate (ii)	5
Discount rate (iii)	14.6

(i) Budgeted gross margin.

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

(iii) 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.

(ii) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. 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).

(iii) Provisions for tax, civil and labor contingencies

The Company recognizes provisions for civil, tax and labor cases. The assessment of the probability of loss includes an analysis of available evidence, the hierarchy of laws, available case law, the latest decisions of courts of law and their relevance in the legal system, as well as the opinion of external legal advisors. The provisions are reviewed and adjusted to take into account changes in circumstances, such as the applicable statute of limitations, outcomes of tax inspections, or additional exposures that may be identified based on new issues 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 income statement 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 ("DVA")

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. As required by Brazilian corporate law, this statement is an integral part of the parent company financial statements and supplementary information to the consolidated quarterly information, considering that it is not required under IFRS.

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 subsidiaries, 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

(a) 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 income statement.

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 it 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 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 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), net" 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 income statement.

At September 30, 2013 and December 31, 2012, 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.

(c) 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 recorded 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

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, amendments and interpretations to existing standards became effective as from January 1, 2013, but did not impact the Group:

- IAS 1, "Presentation of financial statements". The main change is a requirement for entities to group items presented in "other comprehensive income" on the basis of whether they will be reclassified to profit or loss or remain in equity.

- IAS 19, "Employee benefits" was amended in June 2011. This amendment was included in the text of CPC 33 (R1) - "Employee benefits".

- IFRS 10, "Consolidated financial statements", included as an amendment to CPC 36(R3), "Consolidated financial statements". This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated quarterly information of the parent company. The standard provides additional guidance to assist in the determination of control.

- IFRS 11, "Joint arrangements" was issued in May 2011 and included as an amendment to CPC 19(R2), "Joint ventures". The standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: (i) joint operations - arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses; and (ii) joint ventures - arise where the joint operator has rights to the net assets of the arrangement and hence accounts in equity for its interest. The proportional consolidation method will no longer be permitted in joint ventures.

- IFRS 12, "Disclosures of interests in other entities", considered in a new pronouncement CPC 45 - "Disclosures of interests in other entities". IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.

All amounts in thousands of reais unless otherwise stated

- IFRS 13,"Fair value measurement" was issued in May 2011 and disclosed in a new pronouncement CPC 46, "Fair value measurement". IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP.

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		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Cash and banks	515	132	9,899	18,132
Cash and cash equivalents	515	132	9,899	18,132
Bank Deposit Certificates (CDB)	119,876	39,505	150,595	51,068
Investment fund	139,666	1,105	146,561	2,908
Repurchase agreements	393,827	47,885	499,016	68,364
Marketable securities	653,369	88,495	796,172	122,340
	653,884	88,627	806,071	140,472

The Bank Deposit Certificates (CDB) earn interest based on two indexes: Interbank Deposit Certificate (CDI) with rates varying from 95.2% to 101.5% at September 30, 2013 (from 101.5% to 104.0% at September 30, 2012) and Amplified Consumer Price Index (IPCA), plus 2.44% per annum.

Repurchase agreements backed by first-tier debentures are recorded at fair value, bearing interest at 75% to 105.7% of CDI at September 30, 2013 (100.0% to 103.5% of CDI at September 30, 2012).

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 the unlisted securities (2013 – 9.00%; 2012 8.50%). None of these financial assets is either past due or impaired.

The investment funds comprise non-exclusive fixed-income and multimarket funds, whose portfolio mainly includes government securities, debentures from prime companies and other fixed-income securities.

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, 2013, the operations earn interest based on the variation of the Interbank Deposit Certificate (CDI) rate and IPCA.

All amounts in thousands of reais unless otherwise stated

4 Accounts receivable

	Consolidated	
	September 30, 2013	**December 31, 2012**
Monthly tuition fees	233,761	235,319
FIES	100,210	55,735
Accounts receivable (Corporate)	29,580	32,349
Receivables on credit cards	31,359	18,982
Renegotiated receivables	46,007	19,896
	440,917	362,281
Unidentified credits	(1,938)	(6,187)
Provision for impairment of receivables	(83,915)	(76,437)
	355,064	279,657

The aging of accounts receivable is as follows:

	Consolidated			
	September 30, 2013	**%**	**December 31, 2012**	**%**
FIES	100,210	23	55,735	15
Not yet due	90,564	21	76,258	21
Overdue up to 30 days	62,627	14	37,217	10
Overdue from 31 to 60 days	34,279	8	31,599	9
Overdue from 61 to 90 days	9,690	2	28,839	8
Overdue from 91 to 179 days	59,632	13	56,196	16
Overdue for more than 180 days	83,915	19	76,437	21
	440,917	100	362,281	100

All amounts in thousands of reais unless otherwise stated

The aging of renegotiated receivables is as follows:

	Consolidated			
	September 30, 2013	**%**	**December 31, 2012**	**%**
Not yet due	28,918	62	7,558	38
Overdue up to 30 days	2,602	6	2,349	12
Overdue from 31 to 60 days	1,313	3	917	5
Overdue from 61 to 90 days	946	2	1,109	5
Overdue from 91 to 179 days	5,010	11	3,159	16
Overdue for more than 180 days	7,218	16	4,804	24
	46,007	100	19,896	100

(a) Accounts receivable 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.

In 2013, accounts receivable from FIES are presented net of estimated losses 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 FGEDUC, 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%.

(iii) For the uncovered risk of FGEDUC, a provision was recognized for 20% 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%.

(iv) For the the restricted deposits based on 2% of the FGEDUC contribution, held as Minimum Guarantee, a provision was recognized based on an estimate of 15% of default.

(b) A substantial part of the receivables on credit cards arises from the funding and renewal of payment obligations.

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

Description	**December 31, 2012**	**Gross increase in provision for impairment of receivables**	**Recovered amounts**	**Net effect of provision**	**Write-off**	**September 30, 2013**
Monthly tuition and fees	59,702	107,953	(44,201)	63,751	(57,370)	66,083
Other	16,735	16680	(9,019)	7,661	(6,564)	17,832
	76,437	124,633	(53,220)	71,412	(63,934)	83,915

All amounts in thousands of reais unless otherwise stated

For the quarters ended September 30, 2013 and September 30, 2012, expenses for the provision for impairment of receivables (Note 25), recognized in the income statement as 'selling expenses', consist of the following:

	September 30, 2013	September 30, 2012
Supplementary provision	71,412	67,114
Unidentified deposits and collections written-off	(2,748)	(2,943)
Sale of customer portfolio	(8,603)	(5,195)
Provision for impairment of receivables	(1,580)	(6,597)
Credit risk - FIES	9	7,160
Others	611	615
	59,101	60,154

(i) In order to facilitate the understanding and to allow the provision for impairment reconciliation between the balance sheet and profit and loss statements, Management believes that the movement should consider, as an addition, the consolidated amount of overdue from more than 180 days invoices and, as a deduction, the consolidated amount of received/ negotiated invoices not paid until the prior month.

(ii) In 2013, the FIES risk of credit is recorded as explained on item (a), above, being recorded in the profit and loss as selling expenses in the amount of R$ 3,700.

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		Consolidated		
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012	Interest
Current assets					
Intercompany loan					
Subsidiaries					
SESES	912	813			110% CDI
Nova Academia do Concurso	1				110% CDI
FAL	1				110% CDI
Fatern	2				110% CDI
IREP	138	78			110% CDI
Atual	4				110% CDI
Seama	3				110% CDI
Editora	6	6			110% CDI
FARGS	1				110% CDI
São Luís	3				110% CDI
Facitec	3				110% CDI
	1,074	897			
Related individuals			259	259	100% CDI
	1,074	897	259	259	
Prepaid expenses (i)			325	1,300	
Investment fund (ii)			3,194	1,027	
			3,519	2,327	
Non-current assets					
Advance for future capital increase - Investments (Note 8)					
IREP	22,598				
Nova Academia	400	705			
SESES		35,900			
	22,998	36,605			
Current liabilities					
Subsidiaries					
SESES	4,106	3,119			110% CDI
IREP	65	3			110% CDI
Atual	3				110% CDI
Nova Academia	3				110% CDI
FAL	1				110% CDI
Fatern	2				110% CDI
Seama	4				110% CDI
	4,184	3,122			

Income statement

	September 30, 2013	September 30, 2012
Result of loan operations		
Interest received		(380)
Interest paid		331
Net result at September 30		(49)

All amounts in thousands of reais unless otherwise stated

(i) On July 5, 2011, the Company entered into a Management Service Agreement with ARemor Consultoria e Treinamento Ltda. ("ARemor"), a company owned by a Company's officer, for the provision of management and administration services of those units located in the Regional Norte, comprising services relating to the Company's best practices and efforts to (i) obtain licenses, certificates and authorizations from the Education and Culture Ministry or any other governmental body, which may be required to perform or expand the activities of those units pertaining to the Company's Regional Norte, (ii) when so requested, represent the interests of the units located at the Company's Regional Norte before local, state or federal government departments, (iii) provide guidance and any support required for the Company's Regional Norte units to become a University Center, (iv) maintain orderly records and processes to ensure the successful outcome of internal and external audit processes, (v) prepare and comply with the budget of the Company's Regional Norte units, in accordance with instructions from the Company, (vi) develop local marketing strategies and campaigns (in line with the guidelines provided by the Company and its controlling shareholders) to acquire new students and foster the growth of the Company's Regional Norte units, (vii) develop strategies for the maintenance of the student body of the Company's Regional Norte units, (viii) ensure the students' satisfaction with the Company and a good environment for its employees, (ix) build a relationship network with the external public, (x) ensure the execution of the expansion plan for Estácio's Regional Norte units as per the CAPEX plan, (xi) ensure the implementation of large corporate projects in the Company's Regional Norte units, (xii) provide guidance on improvements in the activities of the local secretary, (xiii) implement and maintain the Company's and its controlling shareholders' culture, vision, mission and values, (xiv) ensure good operating conditions in the Company's Regional Norte units, and (xv) carry out other activities associated with the Company's Regional Norte units that may be reasonably required by the Company. In January and May 2012, advances of R$ 1,000 and R$ 300, respectively, were made to ARemor, which correspond to part of the contract amount. This price is associated with the accomplishment of student body targets to be made possible through the obtainment of licenses, certificates and authorizations required to turn the Regional Norte into a University Center. The prepaid amount will be considered to have been incurred as the targets are consistently attained.

(ii) On September 30, 2013, the Company has R$ 3,194 invested fundo BRZ Renda Fixa Fundo de Investimento CP, whose quotes were acquired by the Fundo Exclusivo de Investimento Estapart of BTG Pactual Bank. GP Investimentos, which was a Company´s shareholder until September 20, 2013, has a 90.6% interest in the share capital of BRZ Investimentos, manager of BRZ Fund. The Board of Directors members, Mr. Eduardo Alcalay, Marcelo Cunha Ribeiro and Eduardo Romeu Ferraz, have, as Directors or Partners, relationship with GP Investimentos.

6 Prepaid expenses

	Parent		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Insurance	1	100	2,081	1,393
Property tax (IPTU)			1,785	
Educational material (*)			21,169	6,128
Advances - vacation and related charges			16,659	21,522
Registration fee - Ministry of Education			2,285	
Other prepaid expenses		442	487	3,225
Total	1	542	44,466	32,268
Current assets	1	542	41,956	30,931
Non-current assets			2,510	1,337

All amounts in thousands of reais unless otherwise stated

	Parent		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
	1	542	44,466	32,268

(*) 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 utilisation.

7 Taxes and contributions

	Parent		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
IRPJ	6.030	6,301	16,772	15,761
CSLL	714	249	3,174	2,112
PIS		(2)	445	171
COFINS	3	(5)	1,795	501
ISS	70	74	16,787	11,581
INSS			12,494	1,194
FGTS			46	43
IOF	106	105	112	111
	6,923	6,722	51,625	31,474
Current assets			26,533	10,588
Non-current assets	6,923	6,722	25,092	20,886
	6,923	6,722	51,625	31,474

8 Investments in subsidiaries

	Parent	
	September 30, 2013	December 31, 2012
Sociedade de Ensino Superior Estácio Sá Ltda- Seses	601.447	453,115
IREP-Sociedade de Ensino Superior Médio e Fundamental Ltda.	515.863	350,141
Nova Academia de Concurso - Cursos Preparatórios Ltda.	15.899	14,814
Estácio Editora e Distribuidora Ltda.	(21)	(18)
	1,133,188	818,052

All amounts in thousands of reais unless otherwise stated

The subsidiaries' information is as follows:

	Interest	Number of quotas	Total assets	Total liabilities	Equity	Advance for future capital increase	Goodwill	Equity in results of subsidiaries
Seses	100%	340,577	760,673	159,225	601,447			82,594
Irep	100%	211,000	599,954	169,130	430,823	22,598	62,442	112,613
Nova Academia de Concurso	100%	6,370	4,747	3,267	1,481	400	14,018	(841)
Estácio Editora e Distribuidora Ltda.	100%	250	41	68	(26)		5	(4)
Total - September 30, 2013			1,365,415	331,690	1,033,725	22,998	76,465	194,362

	Interest	Number of quotas	Total assets	Total liabilities	Equity	Advance for future capital increase	Goodwill	Equity in results of subsidiaries
Seses	100%	267,227	609,571	192,357	417,214	35,900		50,884
Irep	100%	211,000	454,503	166,804	287,699		62,442	84,881
Nova Academia de Concurso	100%	4,475	3,995	3,903	92	705	14,018	(1,623)
Estácio Editora e Distribuidora Ltda.	100%	250	41	64	(23)		5	(8)
Total - December 31, 2012			1,068,110	363,128	704,982	36,605	76,465	134,134

The global changes in the investments in subsidiaries in the period and year ended September 30, 2013 and December 31, 2012, respectively, are as follows:

Investments in subsidiaries December 31, 2011	663,058
Equity in the results of subsidiaries	134,134
Capital increase	94,648
Advance for future capital increase	(8,492)
Dividends	(93,699)
Profit retention reserve (i)	23,865
Options granted	4,538
Investments in subsidiaries December 31, 2012	818,052
Equity in the results of subsidiaries	194,362
Capital increase	38,975
Advance for future capital increase	22,998
Profit retention reserve (ii)	53,699
Options granted	5,102
Investments in subsidiaries September 30, 2013	1,133,188

(i) During the year ended December 31, 2011, the subsidiary IREP proposed the distribution of dividends of R$ 36,866. The Annual and Extraordinary General Meeting held on May 3, 2012 approved the payment of dividends of R$ 13,000 from this proposed amount, while the remaining R$ 23,865 was allocated to the profit retention reserve.

(ii) During the year ended December 31, 2012, the 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, being R$ 26,000 paid on June 26, 2013 and R$ 14,000 remaining unpaid, while 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, 2013.

All amounts in thousands of reais unless otherwise stated

9 Intangible assets

	Parent			Consolidated									
	Software licenses	Students portfolio	Total	Goodwill on investment acquisitions	Software licenses	Integration and distance learning project	CSC	Learning center	Relationship center	Students portfolio	Trademarks and patents	Other	Total
At January 1, 2012	6	818	824	141,590	26,967	7,988	925	30,121	1,878	10,395		7,993	227,857
Acquired in business combinations											2		2
Additions				61,271	18,069	386		11,597		1,143		11,538	104,004
Transfers				(5,595)	(15)	15				5,595			
Depreciation/amortization	(1)	(273)	(274)		(13,971)	(2,851)	(388)	(1,306)	(469)	(4,627)	(2)	(351)	(23,965)
At December 31, 2012	5	545	550	197,266	31,050	5,538	537	40,412	1,409	12,506		19,180	307,898
Additions	19		19	25,415	12,780	373		5,651		1,657		11,030	56,906
Write-offs					(12)								(12)
Depreciation/amortization	(4)	(122)	(126)		(11,555)	(2,138)	(291)	(1,465)	(353)	(2,763)		(1,246)	(19,811)
At September 30, 2013	20	423	443	222,263	32,263	3,773	246	44,598	1,056	11,400		28,964	344,981

	Parent			Consolidated									
	Software licenses	Students portfolio	Total	Goodwill on investment acquisitions	Software licenses	Integration and distance learning project	CSC	Learning center	Relationship center	Students portfolio	Trademarks and patents	Other	Total
At September 30, 2013													
Total cost	26	818	844	229,604	78,355	15,029	1,940	52,488	2,347	18,791		30,826	429,380
Accumulated amortization	(6)	(395)	(401)	(6,923)	(46,092)	(11,256)	(1,694)	(7,890)	(1,291)	(7,391)		(1,862)	(84,399)
Net book amount	20	423	443	222,681	32,263	3,773	246	44,598	1,056	11,400		28,964	344,981
At December 31, 2012													
Acquired in business combinations											2		2
Total cost	7	818	825	204,190	70,565	14,656	1,940	46,837	2,348	17,133		19,796	377,465
Accumulated amortization	(2)	(273)	(275)	(6,924)	(39,515)	(9,118)	(1,403)	(6,425)	(939)	(4,627)	(2)	(616)	(69,569)
Net book amount	5	545	550	197,266	31,050	5,538	537	40,412	1,409	12,506		19,180	307,898
Annual amortization rates	20% p.a.	20% p.a.		Indefinite	20% p.a.	20% p.a.	20% p.a.	5% p.a.	20% p.a.	20% p.a.		20% p.a.	

All amounts in thousands of reais unless otherwise stated

At September 30, 2013 and December 31, 2012, goodwill on acquisition of investments was comprised of the following:

	Consolidated	
	September 30, 2013	**December 31, 2012**
Goodwill on acquisition of investments		
IREP	89,090	89.090
ATUAL	15,503	15.503
Idez	18,035	18.035
Fargs	2,047	2.047
Seama	956	956
Uniuol	8,055	8.055
São Luis	27,368	26.502
Facitec (Note 2.3)	24,549	
FAL	8,076	8.076
FATERN	14,979	14.979
Nova Academia	14,018	14.018
Estacio Editora	5	5
	222,681	197.266

The Company carries out annual analyses for impairment purposes, the last being for the year ended December 31, 2012, 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 income statement.

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 the reports of the sector. 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

	Computers and peripherals	Closing balance
At December 31, 2011	6,068	6,068
Depreciation/amortization	(2,361)	(2,361)
At December 31, 2012	3,707	3,707
Depreciation/amortization	(1,772)	(1,772)
At September 30, 2013	1,935	1,935
At September 30, 2013		
Total cost	9,079	9,079
Accumulated depreciation	(7,144)	(7,144)
Net book amount	1,935	1,935
At December 31, 2012		
Total cost	9,080	9,080
Accumulated depreciation	(5,373)	(5,373)
Net book amount	3,707	3,707
Annual depreciation rate	25.0%	

All amounts in thousands of reais unless otherwise stated

Property and equipment - Consolidated

	Land	Buildings	Leasehold improvements	Furniture and fittings	Computers and peripherals	Machinery and equipment	Physical exercise/ hospital equipment	Library	Facilities	Other	Construction in progress	Decommissioning	Total
At December 31, 2011	19,830	45,514	29,409	22,957	33,320	21,940	10,206	40,362	6,872	9,002	21,660	2,729	263,801
Acquired in business combinations			847	951	450	682	237	1,251	28	642			5,088
Additions		961	2,569	3,762	6,834	9,651	4,566	6,818	1,608	12,165	14,809	512	64,255
Write-offs	(350)	(280)	(9)	(25)	(161)	(38)		(2)		(12)		(1,047)	(1,924)
Transfers		1,374	10,767					(8)		8	(12,141)		
Depreciation/amortization		(1,118)	(7,719)	(2,957)	(11,679)	(5,960)	(876)	(2,706)	(893)	(1,618)		(1,034)	(36,560)
At December 31, 2012	19,480	46,451	35,864	24,688	28,764	26,275	14,133	45,715	7,615	20,187	24,328	1,160	294,660
Acquired in business combinations				197	248	336		1,103	40	77			2,001
Additions		409	3,312	4,231	3,103	4,685	3,635	6,999	1,774	12,610	3,327		44,085
Write-offs		(52)		(32)	(35)	(60)	(6)			(45)	(95)		(325)
Transfers		5,056	19,360		36					(36)	(24,416)		
Depreciation/amortization		(861)	(6,339)	(2,642)	(9,576)	(5,829)	(889)	(2,388)	(779)	(2,088)		(1,095)	(32,486)
At September 30, 2013	19,480	51,003	52,197	26,442	22,540	25,407	16,873	51,429	8,650	30,705	3,144	65	307,935
At September 30, 2013													
Acquired in business combinations													
Total cost	19,480	89,900	129,360	58,599	88,545	69,587	29,267	90,044	14,439	38,645	3,144	12,060	643,070
Accumulated depreciation		(38,897)	(77,163)	(32,157)	(66,005)	(44,180)	(12,394)	(38,615)	(5,789)	(7,940)		(11,995)	(335,135)
Net book amount	19,480	51,003	52,197	26,442	22,540	25,407	16,873	51,429	8,650	30,705	3,144	65	307,935
At December 31, 2012													
Acquired in business combinations			847	951	450	682	237	1,251	28	217			4,663
Total cost	19,480	84,610	100,234	51,084	82,140	63,499	25,286	77,541	12,498	24,941	24,328	12,060	577,701
Accumulated depreciation		(38,159)	(65,217)	(27,347)	(53,826)	(37,906)	(11,390)	(33,077)	(4,911)	(4,971)		(10,900)	(287,704)
Net book amount	19,480	46,451	35,864	24,688	28,764	26,275	14,133	45,715	7,615	20,187	24,328	1,160	294,660
Annual depreciation rates		1.67%	11.11%	8.33%	25.00%	8.33%	6.67%	5.00%	8.33%	16.67%			

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.

Vehicles and machinery include the following amounts where the Group is a lessee under a finance lease:

	Consolidated	
	September 30, 2013	December 31, 2012
Cost - capitalized finance leases	45,230	43,258
Accumulated depreciation	(34,055)	(30,552)
Net book balance	11,175	12,706

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, 2013 and December 31, 2012, there was no need to record any provision for impairment of property and equipment.

11 Borrowings and financing

		Parent		Consolidated	
Type	**Financial charges**	**September 30, 2013**	**December 31, 2012**	**September 30, 2013**	**December 31, 2012**
Local currency					
Working capital	1.70% p.m. and/or CDI + 0.25% p.m.			228	228
Lease agreements	IGPM + 12.3% p.a.				4
Lease agreements - Colortel	INPC + 0.32% p.a.			4.881	5,813
Lease agreements - Assist				825	1,325
Lease agreements - CIT				4	33
Lease agreements - Total Service				141	
Aymoré financing	1.78% p.m.				8
IFC borrowings	CDI +1.53%	68,162	67,315	68.162	67,315
Issue of debentures	CDI +1.60%	205,695	200,330	205.695	200,331
Share repurchase option Banco Itaú (Note 18(d))		33	4,660	33	4,660
Borrowing - Banco do Brasil					7
		273,890	272,305	279.969	279,724
Current liabilities		24,602	9,978	29.093	13,856
Non-current liabilities		249,288	262,327	250.876	265,868
		273,890	272,305	279.969	279,724

All amounts in thousands of reais unless otherwise stated

The funding costs amount to R$ 3,674 at September 30, 2013, being R$ 2,602 related to the borrowings from IFC (R$ 576 of the 1st borrowing and R$ 2,026 of the 2nd borrowing) and R$ 1,072 to the debentures. The annual effective interest rate of the debentures (TIR) is 10.45%.

The Group has the following undrawn borrowing facilities:

	Consolidated	
	September 30, 2013	December 31, 2012
Floating rate		
Maturity within one year	133,800	122,574
	133,800	122,574

The maturity of amounts recorded in non-current liabilities at September 30, 2013 and December 31, 2012 is as follows:

	Parent		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
2014	14,142	27,336	14,676	28,509
2015	48,729	48,690	49,264	49,874
2016	68,729	68,690	69,248	69,874
2017	88,729	88,690	88,729	88,690
2018	8,729	8,691	8,729	8,691
2019	8,892	8,892	8,892	8,892
2020	8,892	8,892	8,892	8,892
2021	2,446	2,446	2,446	2,446
Non-current liabilities	249,288	262,327	250,876	265,868

The borrowed funds will be 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.

The share repurchase conditions are detailed in Note 21.

(a) Lease agreements

Promissory notes endorsed by shareholders and leased assets, in the amount of R$ 45,231, were given to guarantee the lease agreements.

(b) IFC Borrowings

Receivables of the IREP and UNESA units in an escrow account were given to guarantee the borrowings from 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.

All amounts in thousands of reais unless otherwise stated

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, 2013, the Company and its subsidiaries are compliant with all contractually required ratios.

(c) Debentures

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, 2013, 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. The current issue did not have a renegotiation clause. The debentures pay interest of 100% of CDI (Interbank Deposit Certificate rate) plus a spread of 1.60% per annum.

The issue date was November 25, 2011 and the maturity date (principal) will be November 25, 2017, 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:

	September 30, 2013
2013	16,510
2014	9,674
2015	39,837
2016	59,837
2017	79,837
Total	205,695

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 10.44% p.a. (2012 - 8.60%).

The carrying amounts of short-term borrowings approximate their fair value.

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

12 Payroll and related charges

	Parent		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Salaries and related charges	143	136	65,402	50,367
Accrued vacation pay			23,859	15,360
Provision for 13th months salary			16,011	
	143	136	105,272	65,727

All amounts in thousands of reais unless otherwise stated

13 Taxes payable

	Parent		Consolidated	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
ISS payable	(7)	2	13,369	11,161
IRRF payable	33	16	6,082	5,583
PIS and COFINS payable	(16)	3	698	922
IOF			384	384
	10	21	20,533	18,050
IRPJ payable	1,590		8,389	3,031
CSLL payable	582	3	3,098	1,148
	2,172	3	11,487	4,179
	2,182	24	32,020	22,229

14 Taxes paid in installments

	Consolidated	
	September 30, 2013	December 31, 2012
IRPJ	67	72
CSLL	107	115
FGTS	12	12
ISS	1,045	167
PIS	85	66
COFINS	324	346
INSS	7,101	7,842
	8,741	8,620
Current liabilities	1,611	2,210
Non-current liabilities	7,130	6,410
	8,741	8,620

Monthly, the amount of installments is adjusted based on the SELIC (benchmark interest rate).

All amounts in thousands of reais unless otherwise stated

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, 2013	December 31, 2012
2014	790	697
2015	790	697
2016	790	697
2017	790	697
2018 to 2027	3,970	3,622
	7,130	6,410

15 Commitments payable

	Consolidated	
	September 30, 2013	December 31, 2012
Atual		500
Fal	771	888
Fatern	1,502	1,730
Seama	2,141	5,145
Idez	213	445
Fargs	1,085	2,072
Uniuol	453	583
Facitec	11,265	
São Luis	12,586	12,802
	30,016	24,165
Current liabilities	13,388	12,985
Non-current liabilities	16,628	11,180
	30,016	24,165

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 or CDI variation.

All amounts in thousands of reais unless otherwise stated

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, 2013 and December 31, 2012, the provision for contingencies was comprised of the following:

	Consolidated	
	Provision for Contingencies	**Judicial deposits**
At September 30, 2013		
Civil	3,712	15,955
Labor	23,408	74,995
Tax		8,248
	27,120	99,198
At December 31, 2012		
Civil	3,955	13,138
Labor	19,241	62,157
Tax	9	7,926
	23,205	83,221

Changes in the provision for contingencies are as follows:

	Consolidated			
	Tax	**Labor**	**Civil**	**Total**
At December 31, 2012	9	19,241	3,955	23,205
Additions		20,024	1,273	21,297
Reversals	(9)	(15,857)	(1,516)	(17,382)
At September 30, 2013		23,408	3,712	27,120

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

Income statement	
Additions	21,297
Reversals	(17,382)
Reversal of Liability of Former Quotaholders	(161)
Others	(70)
General and administrative expenses (Note 26)	3,684

All amounts in thousands of reais unless otherwise stated

(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 Company's legal advisors reviewed, assessed and quantified the civil proceedings and, in order to cover probable losses on such claims, management recorded a provision of R$ 3,712 at September 30, 2013 (R$ 3,955 at December 31, 2012).

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

Matters	R$ thousand
Indemnity for moral damages	2.609
Incorrect collection	632
Prevention of enrollment/reenrollment	78
Discipline-related problems	53
Return of fees	51
Delay in issuance of diploma	40
Others*	249
	3.712

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

The Company's legal advisors reviewed, assessed and quantified the various civil proceedings for which the likelihood of loss is possible, totaling R$ 82,733 at September 30, 2013 (R$ 73,148 at December 31, 2012).

The major suits for which no provision was set up are as follows:

(i) Collection suit arising from health insurance contract through which the insurance company that served our employees claims to have a credit with the Company due to an alleged excess of claim rate. The insurance company claims that the premium paid was not sufficient to pay all the claims made during the term of the Company's employees' health insurance. Currently, the case is at the fact-finding stage. The amount involved in this case is estimated at R$ 5,782.

(ii) Suit for Collection of Rent Payments under the Sublease Agreement for property, entered into on January 1, 1998 and terminated on September 15, 2008, when the keys were handed over. In summary, the plaintiff claims that the defendants be ordered to pay (i) an unpaid rent differences of R$ 496; (ii) the amount necessary to repair the property, set at R$ 1,080, as duly supported by three quotations obtained and presented by the plaintiff; (iii) rent payments for the period in which the property has been/will be supposedly unavailable for use, in view of its allegedly poor state of repair, for the time required for completion of repairs; (iv) penalty equivalent to three months' rent, for alleged breach of the obligation to submit the property's documentation and to return the property in usable conditions. On September 15, 2011, a partially-valid decision was awarded whereby the Company was sentenced to pay losses and damages. Currently, the judgment of the appeal filed by the parties is being awaited. The amount involved in this case is estimated at R$ 1,500.

All amounts in thousands of reais unless otherwise stated

(iii) Civil class action together with a motion for interim relief filed by the Federal Department of Justice against several educational institutions, including the Company, seeking to restrain the defendants from collecting charges for issuing a first copy of the course conclusion certificate and to repay an amount equivalent to double the charges collected from students who have already graduated and obtained their certificates. The plea was held partially valid by the court and the Company was ordered to refrain from collecting any amounts for issuing and registering a first copy of the course conclusion certificate. Therefore, such decision does not have a financial impact. An appeal was lodged by the Department of Justice, which awaits judgment. The amount assigned to the case by the Public Prosecution Office is R$ 1,000.

(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. The Company's legal advisors reviewed, assessed and quantified the various labor proceedings and, in order to cover probable losses on such claims, the Company's management recorded a provision of R$ 23,408 at September 30, 2013 (R$ 19,241 at December 31, 2012).

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

Matters	**R$ thousand**
Salary differences + reduction of working time + CCT fine + FGTS + notice	5,054
Fines (article 467 CLT, article 477 CLT and CCT/ACT)	3,724
Overtime + supression Inter + Intra	3,281
Moral/property damage/moral harassment	2,572
Correction CTPS + indirect repeal + recognition of employment relationship	1,418
Vacations	1,330
Allowances (health hazards/night shift pay/ improvement/length of service/risk premium)	886
Deviation of function and parity	799
Others*	4,344
	23,408

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

The Company's legal advisors reviewed, assessed and quantified the various labor proceedings for which the likelihood of loss is possible, whose total value of claims on September 30, 2013 is R$ 71,641 (R$ 104,324 at December 31, 2012).

Among the main labor suits classified as possible losses are those filed by the Teachers' Union, such as:

(i) Lawsuit filed by the Teachers' Union of Rio de Janeiro City, whereby the entity claims the payment of a salary adjustment to the Company's faculty (approximately 5,595 professors when the suit was filed), as defined in the Collective Bargaining Convention: from April 1, 2004, 3% on salary payable in October 2003 and, from October 1, 2004, 6.62% on salary payable in October 2003. It also claims a fine of 10% on base salary of each professor replaced due to noncompliance with collective labor rules. An unfavorable ruling was issued against the Company. The case is at the appeal stage, awaiting judgment of the appeal lodged by the Company. The amount assigned by the Union is R$ 1,500.

(ii) Lawsuit filed by the Federal Labor Prosecution Office, challenging the legality of the amendment made by the Company in employment agreements executed with hourly-paid professors, with the consequent change in the calculation of salary payments, and the legality of the labor procedure of having professors on its faculty with no classes, a situation where employment agreements may be tacitly and unilaterally interrupted. The case is pending a decision by the court of second instance on the Company´s appeal. The amount assigned to the case by the Public Prosecution Office is R$ 500.

(iii) Enforcement action filed by the Teacher's Union of the State of Minas Gerais, claiming the payment of salary differences arising from the supposed noncompliance with salary parity standards that should apply to the Company's faculty, in addition to payment of a 10% fine as set forth in the Collective Bargaining Convention for failure to comply with related obligations. Currently, the case is at the expert examination stage. The amount randomly assigned to the case by the plaintiff is R$ 50.

(c) Tax

The Company's legal advisors reviewed, assessed and quantified the 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 at September 30, 2013.

Similarly, the legal advisors reviewed, assessed and quantified the various tax proceedings assessed as possible losses, amounting to R$ 348,689 at September 30, 2013 (R$ 336,668 at December 31, 2012).

The Company also informs that the tax suits classified as remote risk, on the same date, amount to R$ 733,922.

Among the main tax proceedings not provided for in the financial statements, we highlight:

(i) In 2008, Brazilian IRS issued 24 tax delinquency notices against the Company, due to alleged debts of social security contributions for 2003, 2004 and 2005, and noncompliance with record-keeping and reporting obligations. A restriction on the Company's properties was recorded in the total amount of the notices. These notices mainly contest the subsidiary SESES's fulfillment of legal requirements to be recognized as a social welfare non-profit entity and its corresponding right to the exemption from paying social security contributions, a condition that it held up to February 9, 2007, when it was converted into a profit-oriented company. In 2011, the Company filed voluntary administrative appeals, which are awaiting judgment by the Board of Tax Appeals. The total amount involved in these assessments is R$ 563,590. According to the opinion of our legal advisors, the possibility of loss in these cases remains remote.

(ii) In 2011, the Brazilian IRS 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. In 2012, the Company filed administrative appeals, which are waiting judgment by the Board of Tax Appeals. The total amount involved is R$ 190,046, not considering the effects of lapse. According to the opinion of the external legal advisors, the possibility of loss in these cases remains remote.

(iii) In 2008, a civil class action was filed in order to annul the Welfare Charitable Entity Certificate (CEBAS), related to the three-year period 2001 to 2003 and, consequently, for SESES to pay previously unpaid taxes due to its tax immunity. On September 22, 2009, a ruling was handed down stating that it would not be legitimate to consider the Company as a debtor. Against this decision, the plaintiff filed an appeal. On May 10, 2012, an upper court decision was published that reversed the decision handed down in the lower court to recognize the legitimacy of the liability of the Company. Due to this decision, the Company filed an Appeal to the Federal Superior Court and Extraordinary Review, which is awaiting judgment. The legal advisors assess an unfavorable outcome on the case as remote and its updated amount is R$ 209,160.

(iv) In 2009, a tax notice was served by the Rio de Janeiro City Tax Department, indicating the following alleged violations: (i) failure to pay ISS on college educational services, in the period January 2005 to January 2007, for having transferred all of its equity in February 2007 to a "new limited liability company"; (ii) unpaid ISS on college educational services, in the period February 2007 to July 2009, for failure to include the amount relating to scholarships awarded through PROUNI in the ISS tax base; and (iii) insufficient ISS amounts withheld and paid for services rendered by property security, surveillance, maintenance and cleaning firms from January 2005 to May 2009. On February 19, 2010, SESES filed a defense against the tax notice. The case is pending a decision by the court of first instance. The updated tax notice amount is R$ 168,268. The outside legal advisors assessed that the case involves a remote chance of an unfavorable outcome.

(v) 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 graduation provided by Article 13 of Law 11,096/05 ("PROUNI Act"), with the beginning of the graduation as from the 1st month that a general meeting took place that authorized 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.

(vi) In 2005, a Declaratory Action and Claim for Tax Refund was filed by SESES against the Federal Government, challenging the legal requirement to pay Social Contribution Tax on Gross Revenue for Social Integration Program (PIS). This suit aims at declaring the non-existence of a legal-tax relationship for purposes of payment of PIS, since the Company held a Welfare Entity Certificate (CEBAS), in addition to recognition of the right to refund of amounts paid over the past ten years. The courts of first and second instances handed down favorable decisions to the Company, acknowledging its tax-immunity and tax credit for overpaid amounts. Currently, a special appeal filed by the Company in order to increase lawyers' fees and an extraordinary appeal lodged by the Federal Government seeking dismissal of the original plea are pending trial. On account of this suit, deposits were made of amounts which would be due for PIS (1% of payroll) while SESES had not changed from a civil non-profit entity to a profit-oriented company, on February 9, 2007. The total amount deposited is R$ 9,179. This case involves a risk of loss rated as remote by the outside legal advisors, and the total amount involved is R$ 35,662.

(vii) In 1997, a tax assessment notice issued by the Brazilian IRS against SESES, due to alleged COFINS debts for 1996, considering that SESES did not meet all the legal requirements to qualify as a social welfare entity and its right to tax immunity. This tax notice continues to be discussed at the administrative level, specifically at the Board of Tax Appeals. The outside legal advisors assessed this case as a possible loss and the adjusted amount involved is R$ 3,490.

(viii) In 2008, an Action for Annulment filed by SESES against the Federal Government, seeking to reverse the tax credit dealt with in Tax Payment Notice No. 86,202/2008, based on the collection of social security contributions supposedly due in the period between December 2005 and February 2008. The case is currently at the fact-finding stage, pending a lower level ruling. The outside legal advisors assessed this case as a possible loss and the estimated amount involved is R$ 2,900.

(ix) In 2010, a tax assessment notice was issued by the Brazilian IRS claiming payment by SESES of Social Contribution on Gross Revenue for Social Security Financing (COFINS), for the period January 31, 2006 to January 31, 2007, supposedly levied on revenues not arising from the company's own activities. The Company presented an objection on October 13, 2010, which is currently pending analysis. The outside legal advisors assessed that the case involves a possible loss and its estimated amount is R$ 1,785.

(x) In 2012, an Action for Annulment of debt requesting an injunction to suspend the liability of the credit, related to ISS amounts supposedly owed in the period between January 2003 and January 2007. This case involves a risk of loss rated as possible by the outside legal advisors, and the amount involved is estimated at R$3,430.

(xi) In 2011, the Brazilian IRS issued 5 tax assessment notices against SESES, for the period February to December 2007, due to alleged debts of (a) social security contributions (employers' share) on the compensation of employees registered with the social security and individual taxpayers, and those allocated to RAT (Work-related Environmental Risks) on the compensation of employees registered with the social security; (b) alleged failure to report in GFIP (Tax Form of Social Security Information) social security contributions calculated and deducted from the compensation of employees registered with the social security and individual taxpayers; (c) social security contributions (INCRA, FNDE, SESC, and SEBRAE) on the compensation of employees registered with the social security; and (d) fine for noncompliance with a reporting obligation arising from alleged inaccuracies and/or omissions related to GFIP. The related defense was presented on January 30, 2012. 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). The total amount of the case is R$ 22,600. According to the opinion of the outside legal advisors, the possibility of loss in these cases remains possible.

(xii) In 2012, there was a tax assessment notice filed by the Brazilian IRS against Estácio Participações for supposed IRPJ and CSLL debts. The notice questions the supposed impossibility of deduction of a series of expenses because they are not included in the operating concept (Article 299 of Decree 3,000/1999. On November 6, 2012, an objection was presented through which, in general terms, the inclusion in the operating concept was maintained. Currently, the referred defense is pending judgment by the Special IRS Office for the Largest Taxpayers of the State of Rio de Janeiro (DEMAC/RJO). The total amount of the case is R$ 3,873. According to the opinion of the outside legal advisors, the possibility of loss in this case remains possible.

(xiii) In 2012, the Federal Tax Authorities filed a tax foreclosure notices for the judicial collection of the debts embodied in tax assessment notices No. 39.808401-7, 39.838008-2 and 39.808402-5, regarding the corresponding claimed differences in payments of social security contributions in 2007. The respective embargos to this foreclosure were filed, which are awaiting judgment. The total amount of the cases is R$ 24,955. According to the opinion of the outside legal advisors, the possibility of loss in these cases remains possible.

(xiv) In 2012, the Federal Tax Authorities filed tax foreclosure notices for the judicial collection of the debts embodied in tax assessment notice No. 36.266.291-6, regarding the claimed differences in social security payment in 2007. The respective embargos to this foreclosure were filed, which are awaiting judgment. The total amount of the case is R$ 3,032. According to the opinion of the outside legal advisors, the possibility of loss in this case remains possible.

(xv) In 2005, SESES filed an Action for Annulment against the Federal Government, to question the legality of the collection of Tax for Social Security Financing (FINSOCIAL), considering the temporary suspension, by the Brazilian IRS, of its tax immunity through Declaratory Act No. 14/96. Decision published on November 4, 2009, denying SESES pleadings. SESES requested for amendments of judgment, which were denied on November 11, 2009. On November 26, 2009, an appeal was filed, which is awaiting judgment. The total amount deposited and involved is R$ 1,405. The possibility of loss was assessed by the outside legal advisors as 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, 2013, the balance related to amounts advanced in connection with the agreement amounted to R$ 12,749 (R$ 14,914 at December 31, 2012), being R$ 2,887 classified in non-current liabilities, which will be amortized over the life of the agreement.

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, 2013, capital is represented by 295,095,750 common shares.

All amounts in thousands of reais unless otherwise stated

The Company's shareholding structure at September 30, 2013 and December 31, 2012 is as follows:

	Common shares			
Shareholders	**September 30, 2013**	**%**	**December 31, 2012**	**%**
Private Equity C, LLC		0,0	15,290,209	18.5
GPCP4 - Fundo de Investimento em Participações		0,0	426,804	0.5
Officers and directors	3,467,498	1,2	533,799	0.6
Held in treasury	1,796,700	0,6	384,600	0.5
Others	289,831,552	98,2	65,869,939	79.9
	295,095,750	100,0	82,505,351	100.0

(*) free float

At the Annual General Meetings of April 20 and September 12, 2012; January 24, January 30, April 15 and May 2, 2013, the shareholders approved the private issuance of 182,622, 70,792, 12,771,392, 1,915,708, 702,249 and 4,738 registered common shares, respectively, with no par value, with the consequent increase of the Company's capital in the amounts of R$ 3,406, R$ 1,521, R$ 536,398, R$ 80,458, R$ 14,308 and R$ 105, within the limit of the authorized capital in order to meet the exercise of the options granted to the beneficiaries of the share option plan.

At the Extraordinary General Meeting held on May 21, 2013, the shareholders approved a 3-for-1 stock split ("Stock Split"). This stock split resulted in a change in the number of shares which compose the Company's capital.

On September 20, 2013, the Company, following article 12, paragraph 4th of the CVM instruction nº 358, issued on January 3, de 2002, changed by CVM instruction nº 449, issued on March 16, 2007, submitted a press release communicating that Management was advised by “Private Equity Partners C, LLC” and “GPCP4- Fundo de Investimento em participações” that the aforementioned investors sold all of their shares on Company´s capital on September 23, 2013.

On September 30, 2013, the Company´s capital is represented by 295,095,750 registered common shares.

(b) Changes in shares

At December 31, 2012	247.516.053
Issue of common shares due to the public offer of shares - Annual General Meeting on January 24, 2013	38.314.176
Issue of common shares due to the public offer of shares - Annual General Meeting on January 31, 2013	5.747.124
Issue of common shares due to the public offer of shares - Annual General Meeting on April 15, 2013	2.106.747
Issue of common shares due to the public offer of shares - Annual General Meeting on May 2, 2013	14.214
Issue of common shares due to the public offer of shares - Annual General Meeting on August 29, 2013	1.397.436
At September 30, 2013	295.095.750

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

All amounts in thousands of reais unless otherwise stated

(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 shareholder, within a stipulated limit of up to 3,323,796 common shares, equivalent to 5% of the Company's share capital.

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 cancelling, 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 Rule 390/03, according to the conditions below, and having Banco Itaú as agent in the transaction. This operation carries a floating-rate cost for the Company since the obligation represents 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 335,900 (three hundred, thirty-five thousand, nine hundred) shares at an average cost of R$ 21.27.

Share repurchase options	**Operation**	**Average cost**	**Balance**
December 31, 2012	214,300	19.67	4,216
Exercise of the call option	(214,300)	19,67	(4,216)
September 30, 2013			

	Number	**Average cost**	**Balance**
Share repurchase options			
Treasury shares acquired	1,796,700	6,32	11,348
September 30, 2013			11,348

All amounts in thousands of reais unless otherwise stated

(d) Capital reserves

(d.1) Share premium

The share premium reserve refers to the difference between the subscription price that the shareholders paid for the shares and the par value of the shares. 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.

The amount of the share premium in the quarterly information as at September 30, 2013 and December 31, 2012 is as follows:

	Parent	
	September 30, 2013	**December 31, 2012**
Tax reserve	3	3
Undistributed profits (*)	96,477	96,477
Special reserve for goodwill on merger	85	85
	96,565	96,565

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

(d.2) Option grants

The Company recorded the Capital Reserve for Share Options granted in the amount of R$ 1,713 during the quarter ended September 30, 2013 (R$ 4,538 during the year ended December 31, 2012), 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 these parent company and consolidated quarterly information.

(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 corporation law.

On December 31, 2012, from the results accumulated by the Company, R$ 78,152 was earmarked for the profit retention reserve to finance the investments expected in the Company's capital budget, prepared by Management and approved at the Annual General Meeting of April 30, 2013.

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 is required in interpreting market data to develop the most adequate estimates of realizable value. As a result, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The Company's financial assets and liabilities at September 30, 2013 and December 31, 2012, 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 and financing

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

(c) Accounts receivable

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.

All amounts in thousands of reais unless otherwise stated

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 CDI (Interbank Deposit Certificate) rate, which is used to adjust the balance of its short-term investments and debts. 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 risk

The Group's income is not subject to changes due to 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, 2013 compared to December 31, 2012.

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.

				Consolidated
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At September 30, 2013				
Trade accounts payable	35,235			
Borrowings	41,212	51,939	223,786	29,747
Finance lease obligations	4,263		1,588	
Commitments payable	14,676	3,759	17,436	
At December 31, 2012				
Trade accounts payable	35,435			
Borrowings	26,035	49,820	249,192	35,261
Finance lease obligations	3,631		3,533	
Commitments payable	12,985	3,457	1,592	6,131

(e) Sensitivity analysis

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

All amounts in thousands of reais unless otherwise stated

The Group's financial instruments are represented by cash and cash equivalents, accounts receivable, accounts payable, judicial deposits, borrowings and financing, and are recorded at cost plus interest earned or incurred, which at September 30, 2013 and December 31, 2012 approximate fair value.

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

CVM Rule 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 the fair values.

To verify the sensitivity of the index of financial investments to which the Company was exposed as of September 30, 2013, three different scenarios were built. The most recent benchmark rate (SELIC) determined by the Brazilian Central Bank's Monetary Policy Committee at its August 28, 2013 meeting - 9.00% 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 portfolio base date used was September 30, 2013, with projections for one year and determination of the CDI sensitivity in each scenario.

				CDI increase scenario
	Risk	**Probable scenario (I)**	**Scenario (II)**	**Scenario (III)**
Transactions				
Financial investments (*)	CDI	9.00%	11.25%	13.50%
796,172		71,655	89,569	107,483
Transactions				
Debentures	CDI+1.60	9.00%	11.25%	13.50%
(206,767)		(22,215)	(26,942)	(31,668)
IFC I	CDI+1.53	9.00%	11.25%	13.50%
(50,315)		(5,367)	(6,517)	(7,666)
IFC II	CDI+1.69	9.00%	11.25%	13.50%
(20,449)		(2,217)	(2,685)	(3,153)
Net position		41,856	53,425	64,996

All amounts in thousands of reais unless otherwise stated

	Risk	Probable scenario (I)	CDI decrease scenario Scenario (II)	Scenario (III)
Transactions				
Financial investments	CDI	9.00%	6.75%	4.50%
796,172		71,655	53,742	35,828
Transactions				
Debentures	CDI+1.60	9.00%	6.75%	4.50%
(206,767)		(22,215)	(17,488)	(12,762)
IFC I	CDI+1.53	9.00%	6.75%	4.50%
(50,315)		(5,367)	(4,218)	(3,069)
IFC II	CDI+1.69	9.00%	6.75%	4.50%
(20,449)		(2,217)	(1,749)	(1,281)
Net position		41,856	30,287	18,716

(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, 2013	**December 31, 2012**
Total liabilities	568,101	528,307
(-) Cash and cash equivalents	(9,899)	(18,132)
Net debt	558,202	510,175
Equity	1,528,251	707,035
Net debt on equity	0.37	0.72

(g) Fair value of financial instruments

On September 30, 2013 and December 31, 2012, 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 IBOVESPA 50 equity investments classified as trading or available-for-sale securities.

All amounts in thousands of reais unless otherwise stated

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.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

20 Insurance coverage (not reviewed)

The Company and its subsidiaries have a risk management program designed to limit their risks, seeking to contract insurance compatible with their size and operations. Insurance coverage is considered sufficient by management for possible losses, given the nature of the activity, the risks involved in operations and the guidance of its insurance brokers.

The Company and its subsidiaries had the following main insurance policies:

	Insured amounts	
	September 30, 2013	**December 31, 2012**
D&O insurance	80,000	80,000
Fire insurance for fixed assets	87,030	87,030
Civil liability	10,000	10,000
Fixed expense	5,000	5,000
Electronic equipment	200	200
Group life	343,360	333,790
Other lines	2,660	2,660

21 Compensation of key management personnel

(a) Remuneration

According to Brazilian Corporation Law and the Company's bylaws, shareholders 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.

For the periods ended September 30, 2013 and September 30, 2012, total compensation (salaries and profit sharing) paid to the Company's directors, officers and main executives amounted to R$ 10,906 and R$ 10,819, 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).

(b) Share option plan

The Extraordinary General Meeting held on September 12, 2008 approved the Company's Share 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 share option programs and granting to the Beneficiaries (often reviewed) the options and the specific applicable rules, 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 (thirty) days from the subscription or acquisition of shares related to the lot acquired and exercised. For the first share option program, as approved by the Committee on July 15, 2008, the exercise price of the options will be R$ 16.50(sixteen reais and fifty cents) per share, adjusted by reference to the IGPM 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 share option program, as approved by the Committee on April 20, 2010, the exercise price of the options will be R$ 19.00 (nineteen reais), equivalent to the average price of the shares over the last thirty (30) trading days on the São Paulo Stock Exchange prior to the date the beneficiary joins the 2nd program, adjusted by reference to the IGPM 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% (ten percent) 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 (twenty-three reais and sixty cents), to be increased based on the variation of the IGPM index from January 3, 2011 until the date of 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 (nineteen reais), to be increased based on the variation of the IGPM index from April 2, 2012 until the date of the actual option is exercised.

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 (forty reais), to be increased based on the variation of the IGPM index from March 1, 2013 until the date of the actual option is exercised.

As mentioned in Note 18, a 3-for-1 share split was approved at the Extraordinary General Meeting on May 21, 2013. On September 30, 2013, the capital is represented by 295,095,750 registered common shares.

At September 30, 2013, 5,228,469 options granted had been exercised. The balance of shares represented by options is 11,294,916.

As from 2013, the Company will use for the calculation of the fair value of the options of each grant the Binomial model, but we 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.

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 the grace period	Expiration date	Fair value	Price of the underlying asset (*)	Expected annual volatility expectation	Expected dividends	Risk-free interest rate	Estimated life (in 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%	4.68	727,668	521,100
	4/15/2010	4/15/2020	R$ 4.14	R$ 7.83	57.49%	0.97%	6.85%	4.68	727,626	550,176
	4/15/2011	4/15/2021	R$ 4.68	R$ 7.83	57.49%	0.97%	6.85%	4.68	727,626	564,720
	4/14/2012	4/14/2022	R$ 5.36	R$ 7.83	57.49%	0.97%	6.85%	4.68	727,626	564,720
	4/14/2013	4/14/2023	R$ 4.70	R$ 7.83	57.49%	0.97%	6.85%	4.76	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%	4.68	663,645	0
	4/15/2010	2/15/2020	R$ 1.71	R$ 4.68	56.00%	1.62%	8.42%	4.68	663,633	399,999
	4/15/2011	4/15/2021	R$ 2.14	R$ 4.68	56.00%	1.62%	8.42%	4.68	663,633	399,999
	4/14/2012	4/14/2022	R$ 2.37	R$ 4.68	56.00%	1.62%	8.42%	4.68	663,633	399,999
	4/14/2013	4/14/2023	R$ 2.67	R$ 4.68	56.00%	1.62%	8.42%	4.68	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%	4.68	636,369	18,180
	4/15/2011	4/15/2021	R$ 1.66	R$ 4.40	63.99%	1.72%	6.83%	4.68	636,363	72,729
	4/14/2012	4/15/2022	R$ 2.07	R$ 4.40	63.99%	1.72%	6.83%	4.68	636,363	72,729
	4/14/2013	4/15/2023	R$ 2.37	R$ 4.40	63.99%	1.72%	6.83%	4.68	636,363	72,729
	4/14/2014	4/15/2024	R$ 2.56	R$ 4.40	63.99%	1.72%	6.83%	4.68	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%	4.68	174,582	0
	4/15/2011	2/15/2021	R$ 3.10	R$ 6.70	56.75%	1.13%	5.64%	4.68	174,537	32,727
	4/14/2012	4/14/2022	R$ 3.59	R$ 6.70	56.75%	1.13%	5.64%	4.68	174,537	32,727
	4/14/2013	4/14/2023	R$ 3.99	R$ 6.70	56.75%	1.13%	5.64%	4.68	174,537	32,727
	4/14/2014	4/14/2024	R$ 4.21	R$ 6.70	56.75%	1.13%	5.64%	4.68	174,537	32,727
Program 1P Jan/10	4/15/2011	4/15/2021	R$ 3.73	R$ 8.17	63.15%	0.93%	6.23%	4.68	89,115	10,914
	4/14/2012	4/14/2022	R$ 4.55	R$ 8.17	63.15%	0.93%	6.23%	4.68	89,085	38,181
	4/14/2013	4/14/2023	R$ 5.11	R$ 8.17	63.15%	0.93%	6.23%	4.68	89,085	38,181
	4/14/2014	4/14/2024	R$ 5.53	R$ 8.17	63.15%	0.93%	6.23%	4.68	89,085	52,725
	4/14/2015	4/14/2025	R$ 5.80	R$ 8.17	63.15%	0.93%	6.23%	5.26	89,085	52,725
Program 1P Mar/10	4/15/2011	4/15/2021	R$ 3.16	R$ 7.50	62.20%	1.01%	6.21%	4.68	90,909	0
	4/14/2012	4/14/2022	R$ 3.96	R$ 7.50	62.20%	1.01%	6.21%	4.68	90,909	0
	4/14/2013	4/14/2023	R$ 4.50	R$ 7.50	62.20%	1.01%	6.21%	4.68	90,909	0
	4/14/2014	4/14/2024	R$ 4.91	R$ 7.50	62.20%	1.01%	6.21%	4.68	90,909	0
	4/14/2015	4/14/2025	R$ 5.16	R$ 7.50	62.20%	1.01%	6.21%	5.12	90,909	0
Program 2P Mai/10	4/15/2011	4/15/2021	R$ 3.18	R$ 6.33	60.71%	1.62%	6.30%	4.68	140,625	0
	4/14/2012	4/14/2022	R$ 3.18	R$ 6.33	60.71%	1.62%	6.30%	4.68	140,625	140,625
	4/14/2013	4/14/2023	R$ 3.18	R$ 6.33	60.71%	1.62%	6.30%	4.68	140,625	140,625
	4/14/2014	4/14/2024	R$ 3.18	R$ 6.33	60.71%	1.62%	6.30%	4.68	140,625	140,625
	4/14/2015	4/14/2025	R$ 3.18	R$ 6.33	60.71%	1.62%	6.30%	4.94	140,625	140,625
Program 2P Jul/10	4/15/2011	4/15/2021	R$ 2.05	R$ 6.73	58.84%	1.52%	6.25%	4.68	129,702	39,063
	4/14/2012	4/14/2022	R$ 2.87	R$ 6.73	58.84%	1.52%	6.25%	4.68	129,684	39,063
	4/14/2013	4/14/2023	R$ 3.40	R$ 6.73	58.84%	1.52%	6.25%	4.68	129,684	48,438
	4/14/2014	4/14/2024	R$ 3.80	R$ 6.73	58.84%	1.52%	6.25%	4.68	129,684	48,438
	4/14/2015	4/14/2025	R$ 4.04	R$ 6.73	58.84%	1.52%	6.25%	4.72	129,684	48,438
Program 2P Nov/10	4/15/2011	4/15/2021	R$ 3.36	R$ 8.40	57.60%	1.52%	5.88%	4.68	12,000	0
	4/14/2012	4/14/2022	R$ 4.22	R$ 8.40	57.60%	1.52%	5.88%	4.68	12,000	0
	4/14/2013	4/14/2023	R$ 4.80	R$ 8.40	57.60%	1.52%	5.88%	4.68	12,000	0
	4/14/2014	4/14/2024	R$ 5.24	R$ 8.40	57.60%	1.52%	5.88%	4.68	12,000	0
	4/14/2015	4/14/2025	R$ 5.52	R$ 8.40	57.60%	1.52%	5.88%	4.68	12,000	0
Program 3P Jan/11	4/15/2012	4/15/2022	R$ 2.96	R$ 9.00	56.55%	1.14%	5.79%	4.68	195,861	10,170
	4/14/2013	4/14/2023	R$ 3.99	R$ 9.00	56.55%	1.14%	5.79%	4.68	195,807	35,592
	4/14/2014	4/14/2024	R$ 4.69	R$ 9.00	56.55%	1.14%	5.79%	4.68	195,807	43,218
	4/14/2015	4/14/2025	R$ 5.22	R$ 9.00	56.55%	1.14%	5.79%	4.68	195,807	43,218
	4/14/2016	4/14/2026	R$ 5.57	R$ 9.00	56.55%	1.14%	5.79%	5.28	195,807	43,218
Program 3P Apr/11	4/15/2012	4/15/2022	R$ 2.15	R$ 7.80	54.94%	1.32%	6.20%	4.68	165,324	27,981
	4/14/2013	4/14/2023	R$ 3.13	R$ 7.80	54.94%	1.32%	6.20%	4.68	165,240	45,759
	4/14/2014	4/14/2024	R$ 3.78	R$ 7.80	54.94%	1.32%	6.20%	4.68	165,240	53,385
	4/14/2015	4/14/2025	R$ 4.28	R$ 7.80	54.94%	1.32%	6.20%	4.68	165,240	53,385
	4/14/2016	4/14/2026	R$ 4.60	R$ 7.80	54.94%	1.32%	6.20%	4.99	165,240	53,385
Program 4P Apr/12	4/15/2013	4/15/2023	R$ 1.65	R$ 6.50	51.66%	1.65%	4.29%	4.68	306,000	33,000
	4/14/2014	4/14/2024	R$ 2.34	R$ 6.50	51.66%	1.65%	4.29%	4.68	306,000	42,000
	4/14/2015	4/14/2025	R$ 2.79	R$ 6.50	51.66%	1.65%	4.29%	4.68	306,000	42,000
	4/14/2016	4/14/2026	R$ 3.13	R$ 6.50	51.66%	1.65%	4.29%	4.68	306,000	42,000
	4/14/2017	4/14/2027	R$ 3.35	R$ 6.50	51.66%	1.65%	4.29%	5.03	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%	4.68	48,000	0
	4/14/2014	4/14/2024	R$ 3.53	R$ 8.10	50.78%	1.23%	4.29%	4.68	48,000	0
	4/14/2015	4/14/2025	R$ 4.03	R$ 8.10	50.78%	1.23%	4.29%	4.68	48,000	0
	4/14/2016	4/14/2026	R$ 4.43	R$ 8.10	50.78%	1.23%	4.29%	4.68	48,000	0
	4/14/2017	4/14/2027	R$ 4.69	R$ 8.10	50.78%	1.23%	4.29%	4.79	48,000	0
Program 4P Aug/12	4/15/2013	4/15/2023	R$ 3.24	R$ 8.66	50.39%	1.15%	4.29%	4.68	18,000	0
	4/14/2014	4/14/2024	R$ 3.97	R$ 8.66	50.39%	1.15%	4.29%	4.68	18,000	0
	4/14/2015	4/14/2025	R$ 4.48	R$ 8.66	50.39%	1.15%	4.29%	4.68	18,000	0
	4/14/2016	4/14/2026	R$ 4.89	R$ 8.66	50.39%	1.15%	4.29%	4.68	18,000	0
	4/14/2017	4/14/2027	R$ 5.15	R$ 8.66	50.39%	1.15%	4.29%	4.69	18,000	0
Program 4P Nov/12	4/15/2014	4/15/2024	R$ 7.19	R$ 13.13	49.44%	0.76%	3.50%	4.68	15,000	0
	4/15/2015	4/15/2025	R$ 7.76	R$ 13.13	49.44%	0.76%	3.50%	4.68	15,000	0
	4/15/2016	4/15/2026	R$ 8.24	R$ 13.13	49.44%	0.76%	3.50%	4.68	15,000	0
	4/15/2017	4/15/2027	R$ 8.67	R$ 13.13	49.44%	0.76%	3.50%	4.68	15,000	0
	4/15/2018	4/15/2028	R$ 8.96	R$ 13.13	49.44%	0.76%	3.50%	5.44	15,000	0

(*) 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 the grace period	Expiration date	Fair value	Price of the underlying asset (*)	Expected annual volatility	Expected dividends	Risk-free interest rate	Estimated life (in 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	0
	3/1/2015	3/1/2025	R$ 8.70	R$ 16.16	39.85%	0.00%	11.02%	12	144,000	0
	3/1/2016	3/1/2026	R$ 9.30	R$ 16.16	39.85%	0.00%	11.02%	13	144,000	0
	3/1/2017	3/1/2027	R$ 9.84	R$ 16.16	39.85%	0.00%	11.02%	14	144,000	0
	3/1/2018	3/1/2028	R$ 10.32	R$ 16.16	39.85%	0.00%	11.02%	15	144,000	0

(*) 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, 2013 were measured and recognized by the Company.

The Company recognizes on a monthly basis the share options granted in a capital reserve account with a corresponding entry in the income statement, of R$ 1,713 for the quarter ended September 30, 2013 (R$ 4,538 for the year ended December 31, 2012).

The Company did not offer any other benefits to its management at September 30, 2013 in addition to the Share Option Plan.

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

Statutory Board

	September 30, 2013		December 31, 2012	
	Average exercise price per share	**Options (thousands)**	**Average exercise price per share**	**Options (thousands)**
At January 1	22,07	418.867	22.07	418,867
Granted	6,63	734.214	19.76	490,550
Exercised	7,35	907.438	19.43	206,006
At December 31 / September 30	7,40	502.091	22.06	703,411

Board of Directors

	September 30, 2013		December 31, 2012	
	Average exercise price per share	**Options (thousands)**	**Average exercise price per share**	**Options (thousands)**
At January 1	22,07	54.000	22.07	18,000
Granted	6,32	725.454	19.76	12,000
Exercised	6,67	1.975.926	24.00	20,000
At December 31 / September 30	6,67	1.196.472	22.75	10,000

22 Earnings per share

In compliance with CPC 41 (IAS 33) (approved by CVM Rule 636 - Earnings per Share), the Company sets out below the information on earnings per share as at September 30, 2013.

Basic earnings per share are calculated by dividing the profit for the period attributable to common shareholders 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 shareholders 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 reflects the income and share data used in the basic and diluted earnings per share computations, considering that the information for the period ended 30 September 2012 has been restated due to the split of shares detailed in Note 18 (a)

(a) Basic earnings per share

	September 30, 2013	September 30, 2012
Numerator		
Profit for the period	199,605	94,788
Denominator (in thousands of shares)		
Weighted average number of shares outstanding	293,457,139	247,191,846
Basic earnings per share	0.00068	0.00038

(b) Diluted earnings per share

	September 30, 2013	September 30, 2012
Numerator		
Profit for the period	199,605	94,788
Denominator (in thousands of shares)		
Weighted average number of outstanding shares	293,457,139	247,191,846
Potential increment in the number of shares due to the options plan	2,866,307	3,036,702
Adjusted weighted average number of outstanding shares	296,323,446	250,228,548
Diluted earnings per share	0.00067	0.00038

All amounts in thousands of reais unless otherwise stated

23 Net operating revenue

	Consolidated	
	September 30, 2013	September 30, 2012
Gross operating revenue	1,886,144	1,468,233
Deductions	(591,141)	(446,614)
Grants - scholarships	(501,360)	(389,462)
Return of monthly tuition fees and charges	(14,870)	(6,850)
Discounts granted	(6,467)	(5,020)
Taxes	(54,351)	(45,282)
FGEDUC	(14,093)	
Net operating revenue	1,295,003	1,021,619

24 Cost of services

	Consolidated	
	September 30, 2013	September 30, 2012
Payroll and related charges	(548,821)	(456,813)
Electricity, water, gas and telephone	(19,942)	(20,327)
Rents, condominium fees and property taxes	(102,769)	(87,335)
Mailing and courier expenses	(2,487)	(4,918)
Depreciation and amortization	(35,436)	(28,819)
Education material	(29,623)	(19,336)
Outsourced services - security and cleaning	(24,170)	(20,196)
Cost of services	(763,248)	(637,744)

All amounts in thousands of reais unless otherwise stated

25 Expenses by nature

	Parent		Consolidated	
	September 30, 2013	**September 30, 2012**	**September 30, 2013**	**September 30, 2012**
Provision for impairment of trade receivables			(59,101)	(60,154)
Advertising			(55,037)	(44,378)
Sales and marketing			(22,043)	(15,187)
Others			(3,700)	
Selling expenses			(139,881)	(119,719)
Payroll and related charges	(1,195)	(1,431)	(86,883)	(67,540)
Outsourced services	(1,609)	(2,951)	(36,555)	(33,218)
Machinery rent and leases			(888)	(935)
Consumables			(1,461)	(1,162)
Maintenance and repairs	(19)	(15)	(16,881)	(11,937)
Depreciation and amortization (*)	(2,374)	(2,553)	(17,338)	(13,152)
Educational covenants	(240)	(446)	(4,838)	(5,616)
Travels and accommodation	(87)		(4,739)	(3,036)
Civil conviction	(118)		(8,942)	(2,536)
Institutional events	(5)		(1,256)	(809)
Provision for contingencies			(3,684)	2,062
Others	(760)	(1,184)	(18,092)	(16,178)
General and administrative expenses	(6,407)	(8,580)	(201,557)	(154,057)

(*) Includes the amortization of funding costs of R$330.

26 Other operating income

	Parent		Consolidated	
	September 30, 2013	**September 30, 2012**	**September 30, 2013**	**September 30, 2012**
Income from agreements	1,350	1,350	2,230	2,283
Rental income			7,401	6,304
Business agency			639	
Reversal of administrative provisions			(310)	201
Other operating income (expenses)	(54)	446	1,430	858
	1,296	1,796	11,390	9,646

All amounts in thousands of reais unless otherwise stated

27 Finance income (costs)

	Parent		Consolidated	
	September 30, 2013	**September 30, 2012**	**September 30, 2013**	**September 30, 2012**
Finance income				
Late payment fines and interest received			6,995	6,543
Income on short-term investments	30,720	8,501	34,944	10,512
Others	302	1,501	2,679	1,731
	31,022	10,002	44,618	18,786
Finance costs				
Bank expenses	(61)	(486)	(5,157)	(5,028)
Interest and financial charges	(18,263)	(19,974)	(20,473)	(22,500)
Financial discounts			(10,020)	(9,928)
Others	(175)	(452)	(4,509)	(3,071)
	(18,499)	(20,912)	(40,159)	(40,527)

Financial discounts refer to the discounts granted upon renegotiation of overdue monthly tuition fees.

All amounts in thousands of reais unless otherwise stated

28 Income tax and social contribution

Under Law 11,096/2005, regulated by Decree 5,493/2005 and Revenue Service Procedure 456/2004, in the terms of Article 5 of Provisional Executive Act 213/2004, college educational entities while participating in the PROUNI program are exempt from IRPJ and CSLL, among other taxes, and the taxes will be computed based on profit from operations benefiting from incentives ("lucro da exploração").

Reconciliation of income tax and social contribution determined at statutory rates and taxes recognized in the income statement for the periods ended September 30, 2013 and 2012 is as follows:

	Parent		Consolidated	
	September 30, 2013	**September 30, 2012**	**September 30, 2013**	**Septembe r 30, 2012**
Profit before income tax and social contribution	201,774	94,788	206,166	97,888
Combined income tax and social contribution statutory rate - %	34	34	34	34
Income tax and social contribution at statutory rates	(68,603)	(32,228)	(70,096)	(33,281)
Adjustments for calculation at effective rate				
Adjustments arising from Law 11,638/2007			1,182	250
Equity in the results of subsidiaries	66,083	38,244		
Non-deductible expenses (a)	(604)	(603)	(2,149)	(1,180)
Provision for grants (a)	937	(5,413)	(260)	(7,805)
Tax losses offset			(369)	(226)
Decommissioning expenses				
Provision for contingencies			(1,251)	701
Reversal of non-deductible provision for impairment of				(730)
trade receivables and cancellable monthly tuitions (b)			(4,102)	
Reversal of administrative provision			(105)	68
Lei Rouanet			618	
Others	18		154	109
	(2,169)		(76,378)	(42,094)
Tax incentives - PROUNI			65,631	40,229
Income tax and social contribution on the profit for the period	(2,169)		(10,747)	(1,865)
Effective rate - %	(1,07)		(5,21)	(1,90)

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

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

All amounts in thousands of reais unless otherwise stated

The breakdown of income tax and social contribution expenses in the consolidated income statements for the periods ended September 30, 2013 and 2012 is summarized below:

	Parent		Consolidated	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Income tax and social contribution for the current period	(2,169)		(10,747)	1,865
Deferred income tax and social contribution for the current period			3,713	1,250
Income tax and social contribution for prior periods			473	(15)
	(2,169)		(6,561)	3,100

At September 30, 2013, the subsidiaries SESES and IREP recorded deferred tax assets on temporary differences in the amount of R$ 13,770. The breakdown of the tax effects of temporary differences which originated the deferred tax assets is summarized below:

	September 30, 2013	December 31, 2012
Provision for contingencies	11,347	10,419
Monthly tuition fees to be cancelled	4,668	523
Provision for decommissioning of assets	2,739	2,739
Goodwill amortization	(4,984)	(3,624)
	13,770	10,057
Assets	18,754	11,695
Liabilities	(4,984)	(1,638)
	13,770	10,057

Deferred tax assets on temporary differences recorded at September 30, 2013 will be realized as the provisions that originated them are utilized. 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, 2013, the subsidiary IREP accounted for a deferred tax liability in the amount of R$ 4,984 due to the tax depreciation of goodwill generated upon acquisition of the companies merged into it.

On September 30, 2013, the Company has tax credits arising from tax loss carryforwards in the amount of R$ 14,312 (R$ 15,249 on December 31, 2012) that are not yet accounted for, because it is not possible to state at this time that their realization is considered probable.

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