

3Q10 RESULTS

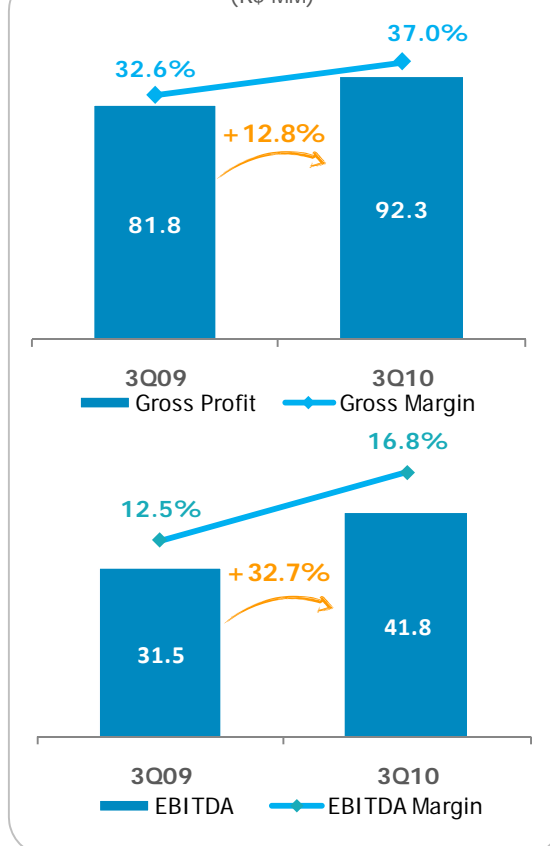
Estácio announces a record of 50,000 new students in the enrollment cycle, 32.7% growth in EBITDA to R\$41.8 million and margin EBITDA gain of 4.3 p.p. in the quarter.

Rio de Janeiro, November 11, 2010 – **Estácio Participações S.A.** - "Estácio" or "Company" (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA) announces its results for the third quarter of 2010 (3Q10) in comparison with the same period of the previous year (3Q09). The following financial and operating information is unaudited and provided on a consolidated basis and, except where indicated otherwise, is presented in accordance with the International Financial Reporting Standards ("IFRS"). Differences between the balances and results under IFRS and the Brazilian Law of Corporations ("BR GAAP") are explained in the section "Main accounting differences between BR GAAP and IFRS".

Highlights

- ◆ The **enrollment cycle in the second half of 2010** reached a record of 50,300 new students (on-campus and distance learning undergraduate and graduate programs) representing a 27.0% growth in comparison with 3Q09.
- ◆ Estácio ended 3Q10 with a **total student base** of 216,200, up 2.0% over 3Q09, of which 191,500 students were enrolled in **on-campus programs** and 24,700 in **distance learning programs**.
- ◆ The **gross operating revenue** totaled R\$363.4 million in 3Q10, 0.6% up on 3Q09.
- ◆ In 3Q10, the **average ticket in distance learning** grew by 10.6%, while the on-campus average ticket increased 2.2% quarter-on-quarter.
- ◆ **Recurring gross margin** increased 4.3 p.p. in 3Q10 over 3Q09, primarily due to better management of faculty cost.
- ◆ **Recurring EBITDA** amounted to R\$41.8 million, up 32.7% over 3Q09, chiefly due to greater control and efficiency of operating costs and expenses.
- ◆ **Recurring net income** totaled R\$32.9 million in 3Q10, a 53.0% increase over 3Q09, due to a better margin and IFRS introduction.

Quarterly Highlights (R\$ MM)



ESTC3

(Closing 11/10/2010)

Stock Price: R\$25.70 / share
 Number of Shares: 82,038,041
 Market Cap: R\$2.1 billion
 Free Float: 76%

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Message from Management

It is with great satisfaction that we announce the results of 3Q10, bringing significant improvements to our key operating indicators, the fruit of our constant efforts to improve our operations and our financial discipline, which has always focused on the sustainable quality of our operations for our students, employees and shareholders.

- **Record enrollments in 2H10 with 53,000 new students, 27.0% higher than in 2009.**
- **EBITDA grows 32.7% to R\$41.8 million.**
- **EBITDA margin increases 4.3 p.p. to 16.8%**

In 3Q10, we enrolled 53,000 new students, of which 39,200 were on-campus undergraduate students, up 18.1% over 3Q09. In the distance learning segment, we added 11,100 students, up 73.4% over 3Q09. Total enrollments grew 27.0%, taking our total student base (including graduate students) to 216,200, up 2.0% over 3Q09, indicating the inflection point in the direction of growth sustained by the quality of our operations.

What lies behind this success in enrollments? The launch of the new academic model on a national scale, with special disclosure to the fact that textbooks are included in tuition fees - a differential in the market that has been gaining increasingly wider acceptance from our target public versus our competitors, strengthening, even more, the image and reputation of Estácio's teaching quality. Added to this, we now have the strength of our commercial area, consisting of a team that works together with our units at the national level and is segmented into different channels, which makes enrollment process efficient throughout the year, producing lasting results and not just short-term achievements based on expensive campaigns and offers. Result: record enrollment at the lowest "acquisition cost per student" in the sector, which is defined as marketing expenses incurred in the six months preceding the closing of the enrollment cycle (i.e., April to September), divided by the number of students enrolled, and we have a ratio of R\$345.5/enrolled student, certainly the lowest among our peers.

We substantially improved our efficiency and profitability in the period, especially with regard to faculty costs, our key operational focus. We improved our EBITDA by 32.7% in the period to R\$41.8 million, with margin increase of 4.3 p.p. to 16.8%. These results, achieved during a period of stable revenues (due to student admissions and terminations throughout 2009 and 2010, as described in our previous reports) make us even more confident about continuing the gains in efficiency going forward and expanding the margins by leveraging the growing student base, given the enrollment results.

On October 18, 2010, we announced the acquisition of Faculdade Atual da Amazônia (FAA), headquartered in Boa Vista, Roraima. With 4,500 thousand students and 40% market share, the Faculdade fits perfectly in our strategy of bringing differentiated quality of teaching at accessible prices to young working adults in Brazil, expanding our presence in high growth regions, generating substantial gains in efficiency as a result of our integration capacity and the scalable business model.

On October 20, 2010, the Ministry of Education (MEC) announced a batch of positive changes to the government's new student loan program (FIES), notably the waiver of a guarantor from 2011 and the authorization of Banco do Brasil as another financing channel. We are in an advanced stage of negotiations with Banco do Brasil, given its massive presence and nationwide distribution network, and will implement the "Green Line", comprising exclusive Estácio students service at the branches of the bank to receive and speed

up the documentation process necessary for registering with FIES. This will be another growth driver in future enrollments and in better managing enrollment renewals and defaults. At the end of 3Q10, Estácio had around 6,000 students using FIES financing.

This quarter, we are anticipating the full adoption of the CPC and IFRS standards (mandatory from December 31, 2010), becoming the first Brazilian company in the education sector to present our financial information in accordance with the "new" accounting standards.

Finally, we would like to record our satisfaction with the results of our public offering concluded on October 8, involving the distribution of 36,083,564 shares for a total of R\$685.6 million, increasing our free float to 75.6% of the Company's capital. Since then, the average daily liquidity of our shares has reached the level of R\$10.8 million and shares appreciated by 32.4%. The success of the public offering reflects the confidence of investors and shareholders in our management and in the outlook for the Company and the Brazilian educational sector as a whole. We commit ourselves to the constant pursuit of sustainable growth with profitability, founded on the quality of our teaching, satisfaction of our students as well as our operational and financial discipline.

Operating Indicators

Table 1 – Student Base

'000	3Q09	3Q10	Change
Total Student Base	211.9	216.2	2.0%
On-Campus	204.1	191.5	-6.2%
Undergraduate	194.5	180.7	-7.1%
Graduate	9.6	10.8	12.5%
Distance Learning	7.8	24.7	216.7%
Undergraduate	6.2	22.3	259.7%
Graduate	1.6	2.4	50.0%

The **student base** totaled 216,200 at the end of 3Q10, an increase of 2.0% over 3Q09, mainly led by the growth in the distance learning student base, which totaled 24,700 students at the end of 3Q10.

With the second semester enrollment cycle we were able to recover the undergraduate student base, which suffered a reduction due to the 2009 base clean up.

After one year of operations, the **distance learning segment**, which offers real-time and on-line classes (directly transmitted via satellite from the studios in Rio de Janeiro) with a net addition of 16.900 students in the period, thanks to the high quality of the structure and methodology adopted by Estácio.

Table 2 – Evolution of On-Campus Student Base (graduate and Undergraduate)

'000	3Q09	3Q10	Change
Students - Starting Balance	211.4	193.9	-8.3%
Graduates	(13.7)	(18.1)	32.1%
Renewable Base	197.7	175.8	-11.1%
Non-Payment/Non-Renewals	(26.8)	(23.5)	-12.3%
Enrollment Renewals	170.9	152.3	-10.9%
Enrollments	33.2	39.2	18.1%
Students - Ending Balance	204.1	191.5	-6.2%

Table 3 – Evolution of Distance Learning Student Base (graduate and undergraduate)

'000	3Q09	3Q10	Change
Students - Starting Balance	-	20.9	N.A.
Graduates	-	(0.1)	N.A.
Renewable Base	1.5	20.8	1286.7%
Non-Payment/Non-Renewals	(0.1)	(7.2)	N.A.
Enrollment Renewals	1.4	13.6	871.4%
Enrollments	6.4	11.1	73.4%
Students - Ending Balance	7.8	24.7	216.7%

In 3Q10, **enrollments in the on-campus student base** totaled 39,200 students, an increase of 18.1% year over year. **Distance learning enrollments** in 3Q10 added 11,100 new students to Estácio's base, a 73.4% increase year over year.

The enrollment cycle this quarter was fueled by the introduction of the new academic model with textbooks included in the tuition, and by the support from a structured sales team that focused on trade marketing, and segmentation based on region and sales channel. Today Estácio has a team that regularly visits 7,000 schools and 2,000 companies for student enrollments throughout the year. These initiatives, combined with such direct marketing initiatives as the *Tira Dúvidas* project and the new Estácio Point of Sale, underline the increasingly more efficient use of the marketing budget to strengthen and drive Estácio's student enrollment process.



We launched the ***Tira Dúvidas* project**, by which teachers and undergraduate students from Estácio UniRadial provide assistance on Portuguese and mathematics to users of the train and subway stations in the city of São Paulo, out target public. The project was launched in March at the Brás station (one of the busiest subway stations in São Paulo with a circulation of 450,000 passengers per day). The project is an opportunity to promote the Estácio brand in São Paulo.



In September, **Estácio's Point of Sale (PDV)** was inaugurated at the Madureira Shopping mall in Rio de Janeiro to publicize its undergraduate, distance learning, graduate, free and extension Courses in order to acquire enrollments through different modes: common entrance exam, external transfer, reopening and 2nd entrance exam. At the PDV, prospective students have access to the textbooks offered by Estácio, the Click Profession program (vocational exercise) and the diverse student financing options. This was the first of many others that will soon be launched to support the next enrollment processes of Estácio.

At the end of 2Q09, the **new FIES** was approved, which offers better conditions to students wishing to study (financing of bulk of the tuition fee at interest of 3.4% p.a., 18 month grace period and amortization in 3 times the course duration). Thus, at the end of 3Q10, Estácio had 6,000 students with his type of financing.

Operating Revenue

Table 4 – Breakdown of Operating Revenue

R\$ MM	3Q09	3Q10	Change	9M09	9M10	Change
Gross Operating Revenue	361.3	363.4	0.6%	1,102.5	1,098.1	-0.4%
Monthly Tuition Fees	357.1	357.8	0.2%	1,088.8	1,084.6	-0.4%
Others	4.2	5.6	33.3%	13.7	13.5	-1.5%
Gross Revenue Deductions	(110.0)	(113.9)	3.5%	(338.1)	(334.4)	-1.1%
Scholarships and Discounts	(98.5)	(101.4)	2.9%	(303.3)	(298.8)	-1.5%
Monthly Tuition Fees and Charges Returned	(0.7)	(2.0)	185.7%	(2.3)	(3.4)	47.8%
Taxes	(10.8)	(10.5)	-2.8%	(32.5)	(32.2)	-0.9%
<i>% Deductions / Gross Operating Revenue</i>	<i>30.4%</i>	<i>31.3%</i>	<i>0.9 p.p.</i>	<i>30.7%</i>	<i>30.5%</i>	<i>-0.2 p.p.</i>
Net Operating Revenue	251.3	249.5	-0.7%	764.4	763.7	-0.1%

The **gross operating revenue** amounted to R\$363.4 million in 3Q10, a 0.6% increase, was mainly due to the increase in the distance learning student's base (that has a lower average ticket) combined with the 6.2% reduction in on campus students. In 9M10, **gross revenue** totaled R\$1,098.1 million, down 0.4% on a year earlier.

Table 5 – On-Campus Average Ticket Calculation

R\$ MM*	3Q09	3Q10	Change
Gross Revenue - On-Campus	355.9	344.8	-3.1%
Deductions - On-Campus	(108.3)	(107.7)	-0.6%
Net Revenue - On-Campus	247.6	237.1	-4.2%
On-Campus Students - Total (000)	204.1	191.5	-6.2%
Average Ticket - On-Campus (R\$)	404.4	413.2	2.2%

* Unless otherwise stated.

The **average on-campus ticket** was R\$413.2, a 2.2% increase year over year.

Table 6 – Calculation of Average Ticket in Distance Learning

R\$ MM*	3Q09	3Q10	Change
Gross Revenue - Distance Learning	5.4	18.6	244.4%
Deductions - Distance Learning	(1.7)	(6.2)	264.7%
Net Revenue - Distance Learning	3.7	12.4	235.1%
Distance Learning Students - Total (000)	7.8	24.7	216.7%
Average Ticket - Distance Learning (R\$)	158.8	175.7	10.6%

* Unless otherwise stated.

The **Distance Learning average ticket** totaled R\$175.7, a 10.6% increase over 3Q09.

Cost of Services

Table 7 – Breakdown of Cost of Services

R\$ MM	3Q09	3Q10	Change	9M09	9M10	Change
Cost of Services	(174.9)	(164.8)	-5.8%	(535.2)	(519.2)	-3.0%
Personnel	(123.4)	(115.0)	-6.8%	(389.3)	(375.2)	-3.6%
Salaries and Payroll Charges	(105.7)	(95.7)	-9.5%	(332.2)	(312.5)	-5.9%
Brazilian Social Security Institute (INSS)	(17.7)	(19.3)	9.0%	(57.1)	(62.7)	9.8%
Rentals / Real Estate Taxes Expenses	(25.4)	(24.2)	-4.7%	(74.6)	(72.0)	-3.5%
Textbooks Materials	(0.7)	(3.2)	357.1%	(0.7)	(9.7)	1285.7%
Third-Party Services and Others	(12.3)	(12.0)	-2.4%	(39.3)	(38.2)	-2.8%
Non-Recurring Costs	(5.4)	(7.6)	40.7%	(7.2)	(10.1)	40.3%
Depreciation	(7.7)	(2.8)	-63.6%	(24.1)	(14.0)	-41.9%

Note: In 2009, the amounts of R\$10.3 million and R\$36.1million that were recognized in 3Q09 and 9M09, respectively, under general and administrative expenses, were reclassified under costs of services.

Table 8 – Vertical Analysis of Cost of Services

% of Net Operating Revenue	3Q09	3Q10	Change	9M09	9M10	Change
Cost of Services	69.6%	66.1%	-3.5 p.p.	70.0%	68.0%	-2.0 p.p.
Personnel	49.1%	46.1%	-3.0 p.p.	50.9%	49.1%	-1.8 p.p.
Salaries and Payroll Charges	42.1%	38.4%	-3.7 p.p.	43.5%	40.9%	-2.5 p.p.
Brazilian Social Security Institute (INSS)	7.0%	7.7%	0.7 p.p.	7.5%	8.2%	0.7 p.p.
Rentals / Real Estate Taxes Expenses	10.1%	9.7%	-0.4 p.p.	9.8%	9.4%	-0.4 p.p.
Textbooks Materials	0.3%	1.3%	1.0 p.p.	0.1%	1.3%	1.2 p.p.
Third-Party Services and Others	4.9%	4.8%	-0.1 p.p.	5.1%	5.0%	-0.1 p.p.
Non-Recurring Costs	2.1%	3.0%	0.9 p.p.	0.9%	1.3%	0.4 p.p.
Depreciation	3.1%	1.1%	-1.9 p.p.	3.2%	1.8%	-1.3 p.p.

In 3Q10, cost of services decreased 5.8% over 3Q09, chiefly due to the reduction of 9.5% (R\$10.0 million) in faculty costs as a result of better management of this item.

In 3Q10, non-recurring costs amounted to R\$7.6 million and are related to employee termination, which resulted on a 8% reduction of faculty.

In 9M10, the **cost of services** fell by 3.0% or 2.0 p.p. in relation to net revenue in 9M09 mainly driven by the better management of faculty costs, which more than offset expenses with the introduction of textbooks.

Gross Profit

Table 9 – Gross Profit Statement

R\$ MM	3Q09	3Q10	Change	9M09	9M10	Change
Net Operating Revenue	251.3	249.5	-0.7%	764.4	763.7	-0.1%
Cost of Services	(174.9)	(164.8)	-5.8%	(535.2)	(519.2)	-3.0%
Gross Profit	76.4	84.7	10.9%	229.2	244.5	6.7%
(-) Non-Recurring Costs	5.4	7.6	40.7%	7.2	10.1	40.3%
Recurring Gross Profit	81.8	92.3	12.8%	236.4	254.6	7.7%
<i>Recurring Gross Margin</i>	<i>32.6%</i>	<i>37.0%</i>	<i>4.4 p.p.</i>	<i>30.9%</i>	<i>33.3%</i>	<i>2.4 p.p.</i>

In 3Q10, **recurring gross profit** amounted to R\$92.3 million, a 12.8% increase over the R\$81.8 million in 3Q09, mainly as a result of reduction in the cost of services in the quarter. Recurring gross margin in the quarter increased 4.4 p.p..

In 9M10, **recurring gross profit** amounted to R\$254.6 million, reflecting a 2.4 p.p. growth in the recurring gross margin of the period. The continuous reduction in costs, mainly faculty costs, was responsible for the margin increase.

Selling, General & Administrative Expenses

Table 10 – Breakdown of Selling, General & Administrative Expenses

R\$ MM	3Q09	3Q10	Change	9M09	9M10	Change
Selling, General and Administrative Expenses	(64.4)	(62.6)	-2.8%	(186.7)	(194.0)	3.9%
Selling Expenses	(17.5)	(15.7)	-10.3%	(52.8)	(60.0)	13.6%
Provisions for Doubtful Debts	(8.1)	(6.3)	-22.2%	(23.8)	(26.4)	10.9%
Marketing	(9.4)	(9.4)	0.0%	(29.0)	(33.6)	15.9%
General and Administrative Expenses	(44.3)	(41.7)	-5.9%	(127.3)	(124.9)	-1.9%
Personnel	(17.1)	(18.4)	7.6%	(48.0)	(49.4)	2.9%
Salaries and Payroll Charges	(14.8)	(15.8)	6.8%	(41.7)	(41.1)	-1.4%
Brazilian Social Security Institute (INSS)	(2.3)	(2.6)	13.0%	(6.3)	(8.3)	31.7%
Others	(26.0)	(23.1)	-11.2%	(74.4)	(70.1)	-5.8%
Non-Recurring Expenses	(1.2)	(0.2)	-83.3%	(4.9)	(5.4)	10.2%
Depreciation	(2.6)	(5.2)	100.0%	(6.6)	(9.1)	37.9%

Table 11 – Vertical Analysis of Selling, General & Administrative Expenses

% of Net Operating Revenue	3Q09	3Q10	Change	9M09	9M10	Change
Selling, General and Administrative Expenses	25.6%	25.1%	-0.5 p.p.	24.4%	25.4%	1.0 p.p.
Selling Expenses	7.0%	6.3%	-0.7 p.p.	6.9%	7.9%	0.9 p.p.
Provisions for Doubtful Debts	3.2%	2.5%	-0.7 p.p.	3.1%	3.5%	0.3 p.p.
Marketing	3.7%	3.8%	0.0 p.p.	3.8%	4.4%	0.6 p.p.
General and Administrative Expenses	17.6%	16.7%	-0.9 p.p.	16.7%	16.4%	-0.3 p.p.
Personnel	6.8%	7.4%	0.6 p.p.	6.3%	6.5%	0.2 p.p.
Salaries and Payroll Charges	5.9%	6.3%	0.4 p.p.	5.5%	5.4%	-0.1 p.p.
Brazilian Social Security Institute (INSS)	0.9%	1.0%	0.1 p.p.	0.8%	1.1%	0.3 p.p.
Others	10.3%	9.3%	-1.1 p.p.	9.7%	9.2%	-0.6 p.p.
Non-Recurring Expenses	0.5%	0.1%	-0.4 p.p.	0.6%	0.7%	0.1 p.p.
Depreciation	1.0%	2.1%	1.0 p.p.	0.9%	1.2%	0.3 p.p.

The selling, general and administrative expenses came to R\$62.6 million in 3Q10, a 2.8% reduction from 3Q09, mainly due to:

- (i) the R\$1.8 reduction in the provision for doubtful accounts (PDD) in 3Q10, due to higher recovery through renegotiations of overdue tuitions;
- (ii) the R\$1.3 million reduction in personnel expenses, already including the increase in INSS charges;
- (iii) the reduction in "Other" in the amount of R\$2.9 million due to better management of the G&A expenses of our campuses and the corporate center.

In 9M10, **selling, general and administrative expenses** (SG&A) increased 3.9% over 9M09. The items that affected the SG&A expenses most were the increase in provision for doubtful accounts and increase in marketing expenses in 1Q09.

The ratio of the **provision for doubtful account to net revenue** came to 2.5% in 3Q10, versus 3.2% in 9M09, in line with the policy of provisioning 100% of the account receivables due for over 180 days. In 9M10, the provision for doubtful accounts represented 3.5% of net revenue, versus 3.1% in 9M09.

EBITDA

Table 12 – Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

R\$ MM	3Q09	3Q10	Change	9M09	9M10	Change
Net Operating Revenue	251.3	249.5	-0.7%	764.4	763.7	-0.1%
Cost of Services	(174.9)	(164.8)	-5.8%	(535.2)	(519.2)	-3.0%
Selling, General and Administrative Expenses	(64.4)	(62.6)	-2.8%	(186.7)	(194.0)	3.9%
(-) Depreciation and Amortization	10.3	8.0	-22.3%	30.7	23.1	-24.8%
EBITDA	22.3	30.1	35.0%	73.2	73.6	0.5%
(-) Operating Financial Result	2.6	3.9	50.0%	8.1	11.1	37.0%
(-) Non-Recurring Costs and Expenses	6.6	7.8	18.2%	12.1	15.5	28.0%
Recurring EBITDA	31.5	41.8	32.7%	93.4	100.2	7.3%
<i>Recurring EBITDA Margin</i>	<i>12.5%</i>	<i>16.8%</i>	<i>4.3 p.p.</i>	<i>12.2%</i>	<i>13.1%</i>	<i>0.9 p.p.</i>

Recurring EBITDA in 3Q10 totaled R\$41.8 million, a 32.7% growth over 3Q09, mainly due to the reduction in personnel expenses, both with costs and with general and administrative expenses. **Recurring EBITDA margin** in 3Q10 grew by 4.3 p.p. over 3Q09, the result of better management and increased efficiency and profitability of our operations.

In 9M10, **recurring EBITDA** totaled R\$100.2 million, a 7.3% increase over 9M09, due to the better management of faculty costs. The recurring EBITDA margin in 9M10 came to 13.1%, a 0.9 p.p. gain in relation to 9M09.

Financial Result

Table 13 – Breakdown of Financial Result

R\$ MM	3Q09	3Q10	Change	9M09	9M10	Change
Financial Result	3.3	3.9	18.2%	11.5	10.7	-7.0%
Financial Revenues	7.1	8.4	18.3%	23.4	23.3	-0.4%
Interest and Financial Investment	4.5	4.5	0.0%	15.3	12.2	-20.3%
Operating Financial Result	2.6	3.9	50.0%	8.1	11.1	37.0%
Financial Expenses	(3.8)	(4.5)	18.4%	(11.9)	(12.6)	5.9%

The **financial result** increased by R\$0.6 million in 3Q10 in relation to 3Q09, chiefly due to the R\$1.3 million increase in the operating financial result (fines and interest received for past-due tuition payments). In 9M10, the financial result declined by 7.0% mainly due to the R\$0.7 million increase in financial expenses.

Accounts Receivable and Average Term of Receipt

Table 14 - Accounts Receivable and Average Term of Receipt

Accounts Receivable (R\$ mm)	3Q09	4Q09	1Q10	2Q10	3Q10
Gross Accounts Receivable	173.6	196.8	208.8	249.9	256.3
FIES	4.5	2.3	4.6	5.4	17.5
Tuition monthly fees	150.6	175.6	187.7	221.7	210.8
Financed Tuition	18.5	18.9	16.5	22.8	28.0
Cards receivable	4.4	2.7	1.1	6.0	11.8
Checks receivable	14.1	16.3	15.5	16.8	16.2
Provision for bad debts	(55.9)	(78.8)	(85.1)	(102.2)	(107.3)
Net Accounts Receivable	117.8	118.0	123.7	147.7	148.9
(-) FIES	4.5	2.3	4.6	5.4	17.5
Net Accounts Receivable Ex. FIES	113.3	115.7	119.1	142.3	131.5
Net revenue (last twelve months)	1,017.3	1,008.8	1,000.3	1,010.0	1,008.1
Days Receivables Ex. FIES	40	41	43	51	47

The number of days of accounts receivable decreased from 51 days in 2Q10 to **47 days** in 3Q10, showing that we are continuing with our conservative policy towards management of our working capital and the wealth of our receivables.

The Company's accounts receivable came to R\$148.9 million, a 26.4% increase in comparison to 2Q10, mainly due to the factors described below:

- (i) Students' tuition – R\$13.0 million increase in students tuitions via FIES
- (ii) Cards receivable – R\$7.4 million increase due to the change in the criterion for enrollment renewal this semester, eliminating the risk of delinquency of the Company.

The FIES Accounts Receivable consists of educational loans contracted by students from the Caixa Econômica Federal, used by Estácio for the payment of federal taxes, thus, representing fiscal credits without any risk of delinquency.

Net Income

Table 15 – Statement of Net Income Based on EBITDA

R\$ MM	3Q09	3Q10	Change	9M09	9M10	Change
EBITDA	22.3	30.1	35.0%	73.2	73.6	0.5%
Financial Result	3.3	3.9	18.2%	11.5	10.7	-7.0%
Depreciation and Amortization	(10.3)	(8.2)	-20.4%	(30.7)	(23.1)	-24.8%
Non-operating result	-	-	N.A.	(0.1)	(1.1)	N.A.
Social Contribution	(0.2)	(0.1)	-50.0%	(0.4)	(0.5)	25.0%
Income Tax	(0.2)	(0.6)	200.0%	(1.0)	(1.3)	30.0%
Net Income	14.9	25.1	68.5%	52.5	58.3	11.0%
(-) Non-Recurring Costs and Expenses	6.6	7.8	18.2%	12.1	15.5	28.1%
Adjusted Net Income	21.5	32.9	53.0%	64.6	73.8	14.2%

Capitalization and Cash

Table 16 – Capitalization and Cash

R\$ MM	6/30/2009	09/30/2010	Change
Shareholders' Equity	489.9	516.3	5.4%
Loans and Financing	3.5	7.5	114.3%
Short Term	3.3	2.7	-18.2%
Long Term	0.2	4.8	2300.0%
Cash & Cash Equivalents	172.3	183.7	6.6%
Net Cash	168.8	176.2	4.4%

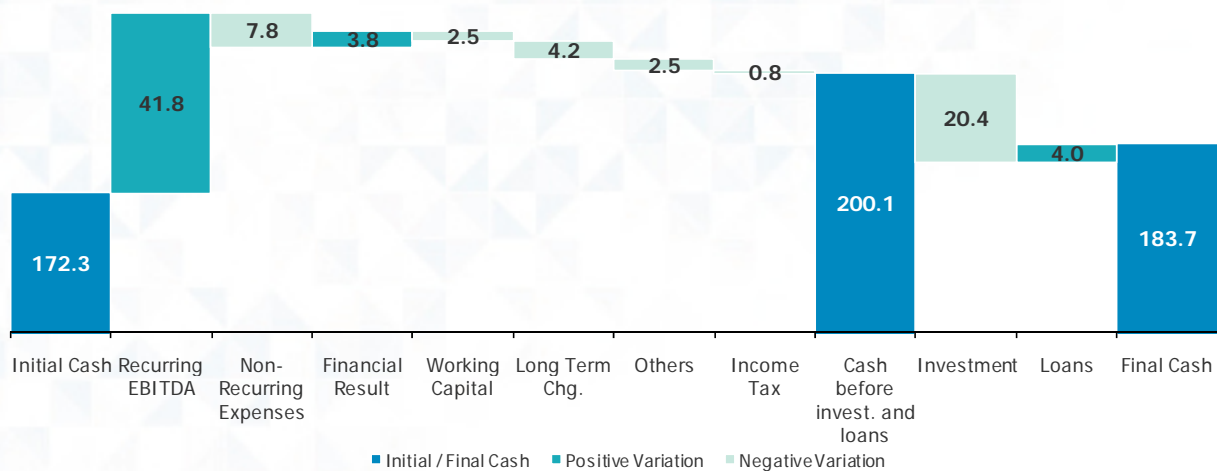
At the close of 3Q10, the Company's **net cash** totaled R\$176.2 million, which was conservatively invested in fixed-income instruments pegged to the CDI rate, in government bonds and in certificates of deposits at prime Brazilian banks.

The amount of R\$62.3 million, referring to the primary offering, was credited and booked in the Company's cash balance only in October, 2010.

Debt at the close of 3Q10 was R\$7.5 million and corresponds to the capitalization of equipment leasing expenses, in accordance with Federal Law 11,638.

Cash Flow

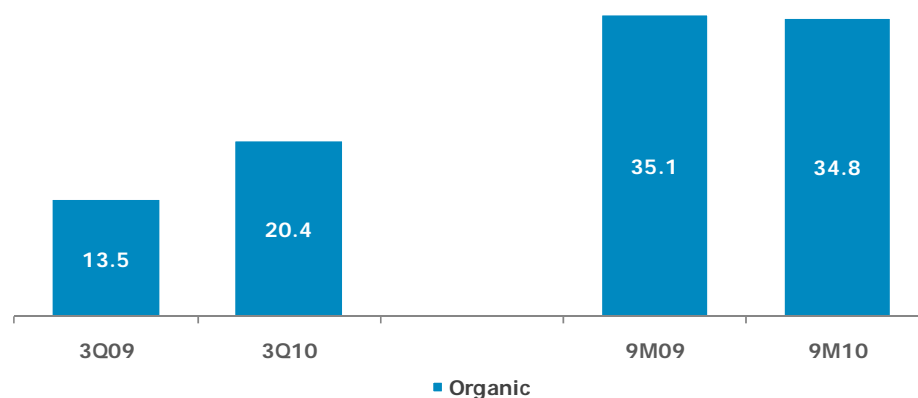
Chart 1 – Cash Flow (R\$ MM)



The quality of the Company's **cash generation**, combined with the better management of **working capital**, was able to self-finance the **CAPEX**, leading to a R\$7.4 million increase in the Company's **cash position** in 3Q10.

Capital Expenditure (CAPEX)

Chart 2 – CAPEX Breakdown (R\$ MM)



Estácio's **organic CAPEX** in 3Q10 came to R\$20.4 million, which was allocated to the new academic model, expansion projects, as well as renovations and improvements to our units. Estácio's organic CAPEX in 9M10 corresponded to 4.6% of net revenue, remaining stable when compared to the same period last year.

Main accounting differences between BR GAAP and IFRS

Table 17 – Effects of the Transition of Accounting Practices from BR GAAP (Brazilian corporate legislation) to IFRS (International Financial Reporting Standards) in the Income Statement

Adjustments to the Income Statement (R\$ '000)	3Q09	3Q10	9M09	9M10
Net Income before the CPCs 2010 and IFRS implementation	15,396	22,817	53,445	51,799
Adjustments that affected Net Income				
Depreciation and amortization - cost	(211)	1,414	(633)	4,054
Depreciation and amortization - expenses	(135)	904	(405)	2,594
Diferred Social Contribution	1	(17)	6	(47)
Diferred Income Tax	5	(46)	18	(128)
Net Income in IFRS after CPCs 2010 and IFRS implementation	15,056	25,072	52,431	58,272

- **EBITDA:** There are no effects of the transition of accounting practices from BR GAAP to IFRS in the EBITDA.
- **Depreciation and Amortization:** Related to the review of the useful life of assets and the provision for the sale of assets (equipment disassembling and removal, improvements to third-party real estate, and renovation of the place before returning it to its owner).
- **Deferred Social Contribution and Income Tax:** The differences between depreciation and amortization due to the review of the useful life of assets and the booking of the provision for the sale of assets resulted in adjustments to the Deferred Social Contribution and Income Tax presented above.

Table 18 - Effects of the Transition of Accounting Practices from BR GAAP to IFRS in the Balance Sheet

Adjustments to the Balance Sheet (R\$ '000)	Before	Adjustments	After
Asset - Non current assets			
Deferred income and social contribution taxes on asset demobilization	-	386	386
Fixed Assets	183,598	12,276	195,874
Liabilities - Long-Term Liabilities			
Provision for asset retirement obligations	-	12,595	12,595
Deferred income and social contribution taxes on the revision of useful life	-	202	202
Shareholders' Equity			
Earnings Reserves	62,706	(6,608)	56,098
Retained Earnings	51,800	6,473	58,273

Relevant Events in the Period

Public Offering

On October 8, 2010, Estácio Participações announced the closing of the primary and second public offering of the common shares issued by it, with 32,803,240 shares sold by its founders (João Uchôa Cavalcanti Netto and Monique Uchôa Cavalcanti de Vasconcelos), and 3,280,324 shares issued by it under the over-allotment option, at the price of R\$19.00 per share, totaling R\$685.6 million.

The current shareholding position of Estácio is as follows:

Shareholder Structure	ON Shares	%
Private Equity C, LLC and GPCP4	15,717,012	19.2%
Executive Directors and Board Members	4,246,054	5.2%
Treasury	15,300	0.0%
Other (Free Float)	62,059,675	75.6%
Total	82,038,041	100.0%

Faculdade Atual da Amazônia (FAA) Acquisition

On October 18, 2010, Estácio announced the acquisition of FAA for R\$20 million. FAA is located in the city of Boa Vista in the state of Roraima and has 4,500 students.

Results Conference Calls

Conference Call (in Portuguese)	Conference Call (in English)
Date: November 12, 2010	Date: November 12, 2010
Time: 10 a.m. (Brasília) / 7 a.m. (U.S. ET)	Time: 12 p.m. (Brasília) / 9 a.m. (U.S. ET)
Dial-in: +55 (11) 3301-3000	Dial-in: +1 (973) 935-8454
Webcast: www.estacioparticipacoes.com.br/ri	Webcast: www.estacioparticipacoes.com.br/ir
Replay: available from Nov. 12 to 18, 2010	Replay: available from Nov. 12 to 18, 2010
Dial-in: +55 (11) 3127-4999	Dial-in: +1 (706) 645-9291
Code: 48410264	Code: 16270275

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 the Management's expectations regarding the future of the business. These statements depend substantially on changes in market conditions, performance of the Brazilian economy, the sector and international markets and therefore are subject to changes without prior notice.

Income Statement

R\$ MM	3Q09	3Q10	Change	9M09	9M10	Change
Gross Operating Revenue	361.3	363.4	0.6%	1,102.5	1,098.0	-0.4%
Monthly Tuition Fees	357.1	357.8	0.2%	1,088.8	1,084.6	-0.4%
Others	4.2	5.6	33.3%	13.7	13.5	-1.5%
Gross Revenue Deductions	(109.9)	(113.9)	3.6%	(338.1)	(334.3)	-1.1%
Gratuities - Scholarships	(92.9)	(98.7)	6.2%	(285.4)	(289.4)	1.4%
Monthly Tuition Fees and Charges Returned	(0.7)	(2.0)	185.7%	(2.3)	(3.4)	47.8%
Discounts Granted	(5.6)	(2.7)	-51.8%	(17.9)	(9.3)	-48.0%
Taxes	(10.8)	(10.5)	-2.8%	(32.5)	(32.2)	-0.9%
Net Operating Revenue	251.3	249.5	-0.7%	764.4	763.7	-0.1%
Cost of Services	(174.9)	(164.8)	-5.8%	(535.2)	(519.2)	-3.0%
Personnel	(123.4)	(115.0)	-6.8%	(389.3)	(375.2)	-3.6%
Rentals / Real Estate Taxes Expenses	(25.4)	(24.2)	-4.7%	(74.6)	(72.0)	-3.5%
Textbooks Materials	(0.7)	(3.2)	357.1%	(0.7)	(9.7)	1285.7%
Third-Party Services and Others	(12.3)	(12.0)	-2.4%	(39.3)	(38.2)	-2.8%
Non-Recurring Costs	(5.4)	(7.6)	40.7%	(7.2)	(10.1)	40.3%
Depreciation	(7.7)	(2.8)	-63.6%	(24.1)	(14.0)	-41.9%
Gross Profit	76.4	84.7	10.9%	229.2	244.5	6.7%
(-) Non-Recurring Costs	5.4	7.6	40.7%	7.2	10.1	40.3%
Recurring Gross Profit	81.8	92.3	12.8%	236.4	254.6	7.7%
Recurring Gross Margin	32.6%	37.0%	4.4 p.p.	30.9%	33.3%	2.4 p.p.
Selling, General and Administrative Expenses	(64.4)	(62.6)	-2.8%	(186.7)	(194.0)	3.9%
Selling Expenses	(17.5)	(15.7)	-10.3%	(52.8)	(60.0)	13.6%
Provisions for Doubtful Debts	(8.1)	(6.3)	-22.2%	(23.8)	(26.4)	10.9%
Marketing	(9.4)	(9.4)	0.0%	(29.0)	(33.6)	15.9%
General and Administrative Expenses	(44.3)	(41.7)	-5.9%	(127.3)	(124.9)	-1.9%
Personnel	(17.1)	(18.4)	7.6%	(48.0)	(49.4)	2.9%
Others	(26.0)	(23.1)	-11.2%	(74.4)	(70.1)	-5.8%
Non-Recurring Expenses	(1.2)	(0.2)	-83.3%	(4.9)	(5.4)	10.2%
Depreciation	(2.6)	(5.2)	100.0%	(6.6)	(9.1)	37.9%
(-) Depreciation and Amortization	10.3	8.0	-22.3%	30.7	23.1	-24.8%
EBITDA	22.3	30.1	35.0%	73.2	73.6	0.5%
EBITDA Margin	8.9%	12.0%	3.1 p.p.	9.6%	9.6%	0.0 p.p.
(-) Operating Financial Result	2.6	3.9	50.0%	8.1	11.1	37.0%
(-) Non-Recurring Costs and Expenses	6.6	7.8	18.2%	12.1	15.5	28.1%
Recurring EBITDA	31.5	41.8	32.7%	93.4	100.2	7.3%
Recurring EBITDA Margin	12.5%	16.8%	4.3 p.p.	12.2%	13.1%	0.9 p.p.
Financial Result	3.2	3.8	18.8%	11.5	10.7	-7.0%
Depreciation and Amortization	(10.3)	(8.0)	-22.3%	(30.7)	(23.1)	-24.8%
Non-operating result	-	-	N.A.	(0.1)	(1.1)	N.A.
Social Contribution	(0.1)	(0.2)	100.0%	(0.4)	(0.5)	25.0%
Income Tax	(0.2)	(0.6)	200.0%	(1.0)	(1.3)	30.0%
Net Income	14.9	25.1	68.5%	52.5	58.3	11.0%
Non-Recurring Costs and Expenses	6.6	7.8	18.2%	12.1	15.5	28.1%
Recurring Net Income	21.5	32.9	53.0%	64.6	73.8	14.2%
Net Recurring Margin	8.6%	13.2%	4.6 p.p.	8.5%	9.7%	1.2 p.p.

Balance Sheet

R\$ MM	09/30/2009	06/30/2010	09/30/2010
Short-Term Assets	376.2	363.5	367.9
Cash & Cash Equivalents	59.9	30.7	39.8
Short-Term Investments	176.1	141.6	143.9
Accounts Receivable	117.8	147.7	148.9
Carry-Forwards Credits	0.7	1.0	0.8
Advance to Employees / Third-Parties	3.8	14.8	4.7
Related Parties	0.2	0.2	0.3
Prepaid Expenses	5.0	9.6	10.6
Others	12.7	17.8	18.9
Long-Term Assets	329.6	346.2	361.8
Non-Current Assets	23.0	38.1	41.3
Prepaid Expenses	2.4	3.6	2.8
Related Parties	2.6	2.9	3.0
Judicial Deposits	17.8	31.3	35.1
Others	0.3	0.4	0.4
Permanent Assets	306.5	308.1	320.5
Investments	0.2	0.2	0.2
Fixed Assets	192.6	187.4	195.9
Intangible	113.7	120.5	124.4
Total Assets	705.8	709.7	729.7
Short-Term Liabilities	165.4	148.4	138.3
Loans and Financing	5.0	3.3	2.7
Suppliers	19.2	15.9	18.0
Salaries and Payroll Charges	95.3	88.5	89.7
Taxes Payable	9.4	11.8	12.8
Prepaid Monthly Tuition Fees	30.9	23.1	9.3
Taxes Paid in Installments	0.8	0.5	0.4
Commitments Payable	1.5	1.3	1.5
Others	3.4	3.9	3.9
Long-Term Liabilities	70.0	71.5	75.1
Loans and Financing	1.8	0.2	4.8
Provisions for Contingencies	29.8	34.9	34.6
Advances under Partnership Agreement	24.4	22.1	21.4
Taxes Paid in Installments	1.7	1.5	1.5
Provision for asset retirement obligations	12.3	12.6	12.6
Others	-	0.1	0.2
Shareholders' Equity	470.3	489.9	516.3
Capital	295.2	297.8	298.0
Capital Reserves	99.5	103.3	104.7
Earnings Reserves	22.6	56.1	56.1
Retained Earnings	53.4	33.2	58.3
Retained Translation Adjustments	(0.4)	(0.3)	(0.5)
Treasury Stocks	-	(0.3)	(0.3)
Total Liabilities and Shareholders' Equity	705.8	709.7	729.7

Cash Flow Statement

R\$ MM	3Q09	3Q10	Change	9M09	9M10	Change
Cash Flow from Operating Activities						
Net Income for the Period	15.1	25.1	66.2%	52.4	58.3	11.3%
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Depreciation e Amortization	10.3	8.0	-22.3%	30.7	23.1	-24.8%
Residual Value of Fixed Asset Disposals	-	-	N.A.	2.3	1.4	-39.1%
Provision for Doubtful Debts	8.1	6.3	-22.2%	23.8	26.4	10.9%
Stock Option	0.9	1.4	55.6%	3.0	4.3	43.3%
Provision for Contingencies	1.7	0.6	-64.7%	4.4	2.9	-34.1%
Interest on Loans to Subsidiaries	-	(0.2)	N.A.	-	(0.4)	N.A.
Equity Income	-	-	N.A.	-	-	N.A.
	36.1	41.2	14.1%	116.6	116.0	-0.5%
Changes in Assets and Liabilities:						
(Increase) in Accounts Receivable	1.0	(1.9)	N.A.	(35.8)	(51.6)	44.1%
(Increase) in Other Assets	0.4	2.5	525.0%	2.4	(9.5)	N.A.
Increase (Decrease) in Suppliers	(2.5)	2.1	N.A.	(5.2)	0.4	N.A.
Increase (Decrease) in Tax Payable	0.4	1.0	150.0%	(7.4)	(2.8)	-62.2%
Increase in Salaries and Social Charges	0.2	1.2	500.0%	39.1	30.6	-21.7%
Increase (Decrease) in Prepaid Monthly Tuition Fees	(1.5)	(13.8)	820.0%	1.7	(20.9)	N.A.
(Decrease) in the Provision for Contingencies	(3.7)	(3.0)	-18.9%	(7.1)	(13.2)	85.9%
Increase in provision for asset retirement obligations	-	-	N.A.	0.2	0.3	50.0%
Increase (Decrease) in Other Liabilities	1.3	0.1	-92.3%	(3.3)	0.4	N.A.
Increase (Decrease) in Advanced under Partnership Agreement	(0.7)	(0.7)	0.0%	(2.1)	(2.2)	4.8%
Changes in Transactions with Related Parties						
Increase (Decrease) in Accounts Receivable	(3.5)	-	-100.0%	(0.2)	(0.3)	40.0%
Increase (decrease) in Accounts Payable	-	-	N.A.	-	-	N.A.
Increase in Non-Current Assets	(0.2)	(0.8)	300.0%	(6.3)	(3.3)	-47.6%
Net Cash Generated by (Used in) Operating Activities	27.3	27.9	2.2%	92.6	43.9	-52.6%
Cash Flow from Investing Activities						
Financial Investments	0.1	(2.3)	N.A.	(12.0)	5.9	N.A.
Fixed Assets and Intangible	(19.7)	(16.9)	-14.2%	(26.5)	(26.5)	0.0%
Costs with Demobilization						
Net Cash Generated by (Used in) Investing Activities	(13.3)	(22.8)	71.4%	(47.2)	(29.2)	-38.1%
Cash Flow from Financing Activities						
Capital Increase	-	0.2	N.A.	-	2.8	N.A.
Paid Dividends	-	-	N.A.	(17.9)	(30.5)	70.4%
Adjustments to the Adoption of New Practices	-	-	N.A.	-	-	N.A.
Treasury Stocks	-	-	N.A.	-	(0.3)	N.A.
Increase (Decrease) in Loans and Financings	(1.3)	4.0	N.A.	(4.8)	1.9	N.A.
Net Cash Used in Financing Activities	(1.3)	4.2	N.A.	(22.7)	(26.1)	15.0%
Foreign Exchange Gains (Losses) on Investments Abroad	(0.3)	(0.3)	N.A.	(1.0)	(0.2)	-80.0%
Increase (Decrease) in Cash & Cash Equivalents	12.3	9.1	-26.0%	21.8	(11.5)	N.A.
At the Beginning of the Period	47.6	30.7	-35.5%	38.1	51.3	34.6%
At the End of the Period	59.9	39.8	-33.6%	59.9	39.8	-33.6%
Changes in Cash & Cash Equivalents	12.3	9.1	-26.0%	21.8	(11.5)	N.A.

Exhibits

Table – Student Base Evolution

'000	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10
Total Student Base	219.2	211.4	211.9	205.7	216.5	214.8	216.2
On-Campus	219.2	211.4	204.1	196.1	200.1	193.9	191.5
Undergraduate	210.7	201.8	194.5	186.9	190.3	182.8	180.7
Graduate	8.5	9.6	9.6	9.2	9.7	11.1	10.8
Distance Learning	-	-	7.8	9.6	16.4	20.9	24.7
Undergraduate	-	-	6.2	7.5	14.9	19.2	22.3
Graduate	-	-	1.6	2.1	1.5	1.7	2.4

About Estácio

Estácio is Brazil's largest private sector higher education group in terms of number of students, with a nationwide presence in major cities. Its student base has a highly diversified profile and includes mostly young working adults from the middle and lower-middle income brackets. Since its foundation 40 years ago, Estácio has expanded mainly through organic growth. 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 course portfolio
- ♦ Managerial and financial capacity to innovate and improve courses
- ♦ Widely recognized "Estácio" brand

Differentiated Teaching Quality

- ♦ Nationally integrated syllabi
- ♦ Differentiated teaching methodology
- ♦ Highly qualified faculty

Professional and Integrated Operational Management

- ♦ Result oriented management model
- ♦ Focus on quality of teaching

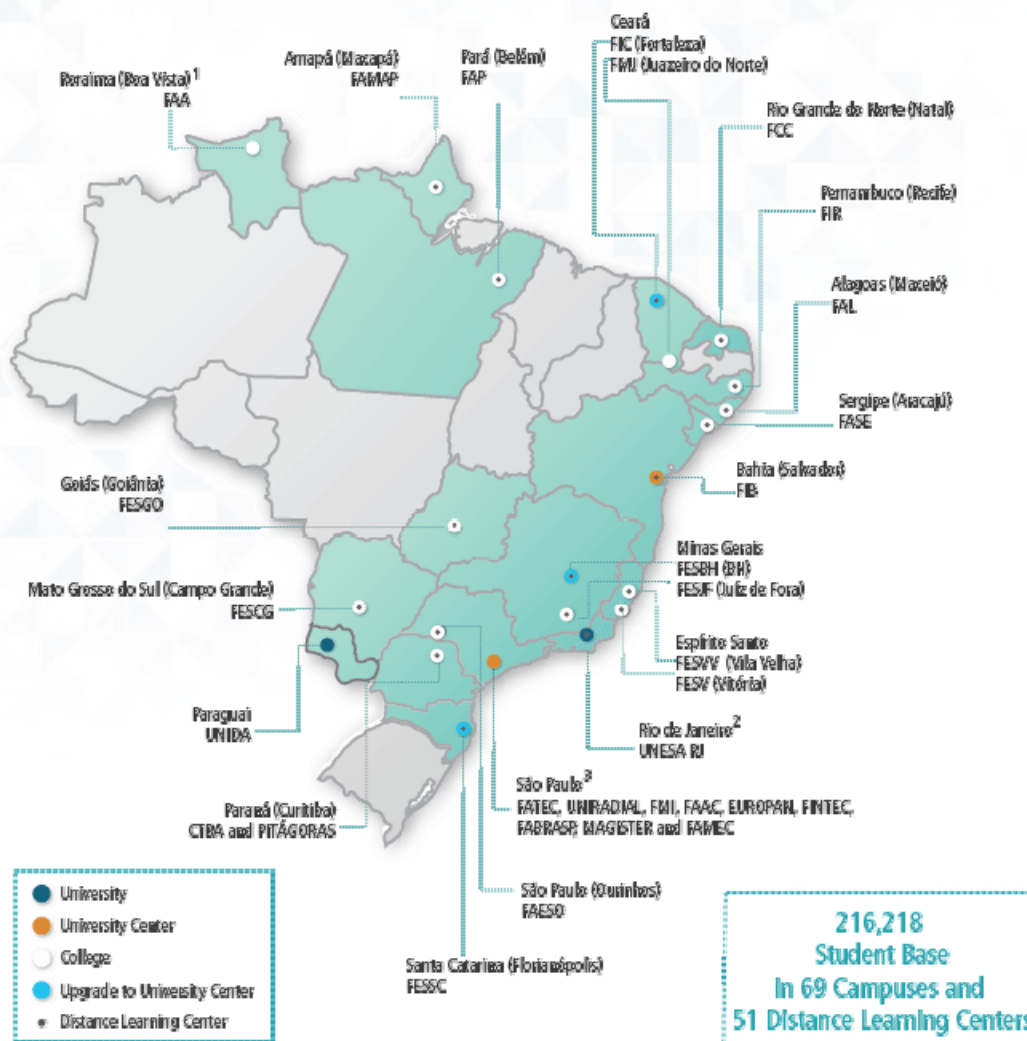
Scalable Business Model

- ♦ Growth with profitability
- ♦ Organic expansion and through acquisitions

Financial Soundness

- ♦ Strong cash reserve
- ♦ Fund generation and raising capacity
- ♦ Control of working capital

At the end of September 2010, Estácio had 216,200 students enrolled in its undergraduate, graduate and distance learning education network with nationwide coverage, with operations also in Paraguay, as shown in the following map:



1 - On September 30, 2010 FAA had approximately 4,500 students. Company data does not include the number of students and campuses.

2 - The state of Rio de Janeiro has 34 recognized Distance Learning Centers.

3 - FATEC, FINTEC, FARRAS, MAGISTER, FAAC, FMI, EUROPA and FAMEC are recognized as College. Percentage data shown in the map represents the share of students per state in Estácio's student base.

This map includes on-campus and distance learning student base distributed by geographic region.

As of 09/30/2010