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**Universo Online S.A.**  
**Quarterly Information (ITR) at**  
**September 30, 2011**  
**and Report on Review of**  
**Quarterly Information**

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## **Report on Review of Quarterly Information**

To the Board of Directors and Stockholders  
Universo Online S.A.

### **Introduction**

We have reviewed the accompanying parent company and consolidated interim accounting information of Universo Online S.A., included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2011, comprising the balance sheet at that date and the statements of income and comprehensive income for the three-month and nine-month periods then ended, as well as 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 - "Interim Financial Reporting" of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with accounting standard CPC 21 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

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Universo Online S.A.

has not been prepared, in all material respects, in accordance with CPC 21 - "Interim Financial Reporting" applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

**Conclusion on the consolidated interim information**

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

**Other matters**

**Interim statements of value added**

We have also reviewed the parent company and consolidated interim statements of value added for the nine-month period ended September 30, 2011, which are required to be presented in accordance with standards issued by the Brazilian Securities Commission (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 properly prepared and presented, in all material respects, in relation to the parent company and consolidated interim accounting information taken as a whole.

São Paulo, November 10, 2011

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Ricardo Novaes de Queiroz  
Contador CRC 1DF012332/O-2 "S" SP

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## 1. General Information

<b>Corporate name</b>	UNIVERSO ONLINE SA				
<b>Date of adoption of the corporate name</b>	9/15/2003				
<b>Type</b>	Publicly-held corporation				
<b>Previous corporate name</b>	UNIVERSO ONLINE LTDA.				
<b>Date of establishment</b>	7/15/1996				
<b>Federal Corporate Taxpayers' Registration Number (CNPJ)</b>	01.109.184/0001-95				
<b>Brazilian Securities Commission (CVM) code</b>	1988-7				
<b>CVM registration date</b>	12/14/2005				
<b>CVM registration status</b>	Active				
<b>Date of effectiveness of status</b>	12/14/2005				
<b>Home country</b>	Brazil				
<b>Country in which the securities are held in custody</b>	Brazil				
<b>Other countries in which the securities can be traded</b>					
<b>Activity sector</b>	<table><thead><tr><th><b>Country</b></th><th><b>Date of admission</b></th></tr></thead><tbody><tr><td>Telecommunications</td><td></td></tr></tbody></table>	<b>Country</b>	<b>Date of admission</b>	Telecommunications	
<b>Country</b>	<b>Date of admission</b>				
Telecommunications					
<b>Description of activities</b>	TELECOMMUNICATIONS NETWORK ACCESS PROVIDER				
<b>Issuer category</b>	Category A				
<b>Date of registration in the current category</b>	1/1/2010				
<b>Issuer status</b>	Operating				
<b>Date of effectiveness of status</b>	12/14/2005				
<b>Type of ownership control</b>	Private				
<b>Date of last change in ownership control</b>	7/15/1996				
<b>Date of last change of the fiscal year</b>					
<b>Month/day of the end of the fiscal year</b>	12/31				
<b>Issuer's website on the Internet</b>	www.uol.com.br				
<b>Newspapers in which the issuer discloses its information</b>	<table><thead><tr><th><b>Name of newspapers in which the issuer discloses its information</b></th><th><b>State</b></th></tr></thead><tbody><tr><td>Valor Econômico</td><td>SP</td></tr></tbody></table>	<b>Name of newspapers in which the issuer discloses its information</b>	<b>State</b>	Valor Econômico	SP
<b>Name of newspapers in which the issuer discloses its information</b>	<b>State</b>				
Valor Econômico	SP				

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## 2. Address

### Mail address

Av. Brigadeiro Faria Lima, 1384, 6o. andar, Jardim Paulistano, São Paulo, SP, Brasil,  
CEP 01452-002, Telephone (011) 30388958, Fax (011) 30388477, E-mail  
ri@uolinc.com

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### Headquarters address

Av. Brigadeiro Faria Lima, 1384, 6o. andar, Jardim Paulistano, São Paulo, SP, Brasil,  
CEP 01452-002, Telephone (011) 30388958, Fax (011) 30388477, E-mail  
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### 3. Securities

<b>Shares</b>							
<b>Market</b>	<b>Managing entity</b>	<b>Beginning</b>	<b>Trading</b>		<b>Segment</b>	<b>Beginning</b>	<b>Listing</b>
			<b>End</b>				<b>End</b>
Stock exchange	BM&FBOVESPA	12/14/2005			Bovespa Level 2	12/14/2005	

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#### 4. Auditor

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**Does the issuer have an auditor?** YES

**CVM code** 287-9

**Type of auditor** Domestic

**Name/Corporate name** PricewaterhouseCoopers Auditores Independentes

**Individual Taxpayers' Registration Number (CPF)/  
Federal Corporate Taxpayers' Registration Number (CNPJ)** 61.562.112/0001-20

**Period of services** 1/1/2010

Partner responsible	Period of services	CPF
RICARDO NOVAES DE QUEIROZ	1/1/2010	528.099.605-00

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## 5. Share Registrar

<b>Does the Company have a service provider?</b>	YES
<b>Corporate name</b>	Itaú Corretora de Valores S.A.
<b>CNPJ</b>	61.194.353/0001-64
<b>Period of services</b>	7/17/2006
<b>Service address</b>	Av. Eng. Armando Arruda Pereira, 707, 10o. andar, Jabaquara, São Paulo, SP, Brasil, CEP 04344-902, Telephone (011) 50291925, Fax (011) 50291920, E-mail marcio.conde- souza@itau-unibanco.com.br

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## 6. Investor Relations Officer or Equivalent

<b>Name</b>	Eduardo Alcaro Investor Relations Officer
<b>CPF /CNPJ</b>	189.393.428-44
<b>Mail address</b>	Av. Brigadeiro Faria Lima, 1384 6o. andar, Jardim Paulistano, São Paulo, SP, Brasil, CEP 01452-002, Telefone (011) 30388400, Fax (011) 30388477, E-mail ri@uolinc.com
<b>Date when the person assumed the position</b>	5/12/2011
<b>Date when the person left the position</b>	

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## 7. Stockholders' Department

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**CONTACT**

**Eduardo Alcaro**

**Date when the person  
assumed the position**

**5/12/2011**

**Date when the person left the  
position**

**Mail address**

Av. Brigadeiro Faria Lima, 1384 6o. andar, Jardim Paulistano, São Paulo, SP, Brasil,  
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### Company Information / Capital Composition

<b>Number of shares (units)</b>	<b>Current quarter 9/30/2011</b>
<b>Paid-up capital</b>	
<b>Common shares</b>	60,066,155
<b>Preferred shares</b>	60,066,155
<b>Total</b>	120,132,310
<b>Treasury shares</b>	
<b>Common shares</b>	0
<b>Preferred shares</b>	495,000
<b>Total</b>	495,000

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**Parent Company Financial Statements / Balance Sheet - Assets**

**(R\$ thousand)**

1 - Code	2 - Description	Current quarter 9/30/2011	Prior year 12/31/2010
1	Total assets	1,588,393	1,869,410
1.01	Current assets	306,409	578,689
1.01.01	Cash and cash equivalents	3,290	4,300
1.01.02	Financial investments	2,773	424,419
1.01.02.01	Financial investments at fair value	2,773	46,484
1.01.02.01.01	Trading securities	2,773	46,484
1.01.02.02	Financial investments at amortized cost	0	377,935
1.01.02.02.01	Held-to-maturity securities	0	377,935
1.01.03	Receivables	268,833	120,145
1.01.03.01	Customers	263,684	117,180
1.01.03.01.01	Trade receivables	262,088	115,907
1.01.03.01.02	Amounts due from related parties	1,596	1,273
1.01.03.02	Other receivables	5,149	2,965
1.01.06	Taxes recoverable	18,333	14,984
1.01.06.01	Current taxes recoverable	18,333	14,984
1.01.06.01.01	Taxes recoverable	18,333	14,984
1.01.07	Prepaid expenses	4,323	3,255
1.01.08	Other current assets	8,857	11,586
1.01.08.03	Other	8,857	11,586
1.01.08.03.01	Judicial deposits	1,099	1,244
1.01.08.03.02	Unrealized gain on swap transaction	5,790	7,845
1.01.08.03.03	Advances to suppliers	1,968	2,497
1.02	Non-current assets	1,281,984	1,290,721
1.02.01	Long-term receivables	155,659	212,470
1.02.01.03	Receivables	11,319	11,319
1.02.01.03.02	Other receivables	11,319	11,319
1.02.01.06	Deferred taxes	96,047	98,673
1.02.01.06.01	Deferred income tax and social contribution	96,047	98,673
1.02.01.07	Prepaid expenses	4,756	3,735
1.02.01.08	Receivables from related parties	18,892	28,035
1.02.01.08.04	Receivables from other related parties	18,892	28,035
1.02.01.09	Other non-current assets	24,645	70,708
1.02.01.09.03	Judicial deposits	24,645	70,708
1.02.02	Investments	929,170	893,558
1.02.02.01	Equity interests	929,170	893,558
1.02.02.01.02	Investments in subsidiaries	929,170	893,558
1.02.03	Property and equipment	132,657	121,961
1.02.03.01	Property and equipment in use	132,657	121,961
1.02.04	Intangible assets	64,498	62,732
1.02.04.01	Intangible assets	64,498	62,732

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**Parent Company Financial Statements / Balance Sheet - Liabilities and Equity**

**(R\$ thousand)**

1 - Code	2 - Description	Current quarter 9/30/2011	Prior year 12/31/2010
2	Total liabilities and equity	1,588,393	1,869,410
2.01	Current liabilities	337,093	354,539
2.01.01	Labor and social security obligations	30,563	27,867
2.01.01.01	Social security obligations	30,563	27,867
2.01.01.01.01	Salaries and social charges	30,563	27,867
2.01.02	Trade payables	150,832	130,547
2.01.02.01	Domestic suppliers	150,832	130,547
2.01.02.01.01	Trade payables	149,931	129,423
2.01.02.01.02	Amounts due to related parties	901	1,124
2.01.03	Tax obligations	13,138	11,692
2.01.03.01	Federal tax obligations	12,558	11,270
2.01.03.02	State tax obligations	103	46
2.01.03.03	Municipal tax obligations	477	376
2.01.04	Borrowings and financing	107,621	120,494
2.01.04.01	Borrowings and financing	107,621	120,494
2.01.04.01.01	Domestic currency	107,621	120,494
2.01.05	Other obligations	29,465	57,380
2.01.05.02	Other	29,465	57,380
2.01.05.02.01	Dividends and interest on capital payable	1	926
2.01.05.02.04	Unrealized loss on swap transaction	0	7,358
2.01.05.02.05	Advances from customers	25,000	24,864
2.01.05.02.06	Other payables	4,464	24,232
2.01.06	Provisions	5,474	6,559
2.01.06.01	Tax, social security, labor and civil provisions	5,474	6,559
2.01.06.01.01	Tax provisions	1,819	3,390
2.01.06.01.02	Social security and labor provisions	174	287
2.01.06.01.04	Civil provisions	3,481	2,882
2.02	Non-current liabilities	247,614	561,179
2.02.01	Borrowings and financing	98,196	79,582
2.02.01.01	Borrowings and financing	98,196	79,582
2.02.01.01.01	Domestic currency	98,196	79,582
2.02.02	Other obligations	102,732	436,781
2.02.02.01	Payables to related parties	80,642	423,208
2.02.02.01.04	Payables to other related parties	80,642	423,208
2.02.02.02	Other	22,090	13,573
2.02.02.02.03	Provision for losses on subsidiaries	4,841	5,930
2.02.02.02.04	Taxes and contributions	9,956	50
2.02.02.02.05	Other payables	7,293	7,593
2.02.03	Deferred taxes	42,503	35,290
2.02.03.01	Deferred income tax and social contribution	42,503	35,290
2.02.04	Provisions	4,183	9,526
2.02.04.01	Tax, social security, labor and civil provisions	4,183	9,526
2.02.04.01.01	Tax provisions	0	1,372
2.02.04.01.02	Social security and labor provisions	2,447	7,002
2.02.04.01.04	Civil provisions	1,736	1,152
2.03	Equity	1,003,686	953,692
2.03.01	Paid-up share capital	530,621	530,621
2.03.01.01	Share capital	530,621	530,621
2.03.04	Revenue reserves	432,216	432,216
2.03.04.01	Legal reserve	22,001	22,001
2.03.04.05	Profit retention reserve	414,863	414,863
2.03.04.09	Treasury stock	-4,648	-4,648
2.03.05	Retained earnings/accumulated deficit	46,225	0
2.03.06	Carrying value adjustments	-5,376	-9,145

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**Parent Company Financial Statements / Statement of Income**

**(R\$ thousand)**

1 - Code	2 - Description	Current quarter	Accumulated -	Same quarter of	Accumulated -
		7/1/2011 to 9/30/2011	current year 1/1/2011 to 9/30/2011	prior year 7/1/2010 to 9/30/2010	prior year 1/1/2010 to 9/30/2010
3.01	Sales and/or service revenues	188,493	544,877	180,982	513,169
3.02	Cost of sales and/or services	-64,753	-198,190	-69,786	-204,590
3.03	Gross profit	123,740	346,687	111,196	308,579
3.04	Operating (expenses) income	-75,380	-277,248	-83,074	-238,613
3.04.01	Selling expenses	-69,770	-189,691	-55,409	-154,669
3.04.02	General and administrative expenses	-38,372	-96,645	-27,626	-85,406
3.04.05	Other operating expenses	-1,296	-2,233	-92	2,071
3.04.05.01	Other operating expenses	-1,296	-2,233	-92	2,071
3.04.06	Equity in the results of investees	34,058	11,321	53	-609
3.04.06.01	Equity in the results of investees	34,323	12,179	449	-570
3.04.06.02	Provision for losses on investments	-265	-858	-397	-1,369
3.04.06.03	Other results from investments	0	0	1	1,330
3.05	Profit (loss) before finance result and taxation	48,360	69,439	28,122	69,966
3.06	Finance result	-7,920	-17,170	8,767	31,121
3.06.01	Finance income	-392	14,042	-271	35,657
3.06.01.01	Finance income	1,595	14,648	31,023	68,156
3.06.01.02	Foreign exchange gains (losses), net	-1,987	-606	-31,294	-32,499
3.06.02	Finance costs	-7,528	-31,212	9,038	-4,536
3.06.02.01	Finance costs	-7,528	-31,212	9,038	-4,536
3.07	Profit (loss) before income tax and social contribution	40,440	52,269	36,889	101,087
3.08	Income tax and social contribution	-223	-6,044	2,591	-7,770
3.08.01	Current	501	-3,865	-67	-3,981
3.08.02	Deferred	-724	-2,179	2,658	-3,789
3.09	Profit (loss) for the period from continuing operations	40,217	46,225	39,480	93,317
3.11	Profit (loss) for the period	40,217	46,225	39,480	93,317
3.99	Earnings (loss) per share - (reais / share)				
3.99.01	Basic earnings (loss) per share				
3.99.01.01	Common shares	0	0.38623	0	0.78000

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**Parent Company Financial Statements / Statement of Comprehensive Income**

**(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Current quarter 7/1/2011 to 9/30/2011</b>	<b>Accumulated - current year 1/1/2011 to 9/30/2011</b>	<b>Same quarter of prior year 7/1/2010 to 9/30/2010</b>	<b>Accumulated - prior year 1/1/2010 to 9/30/2010</b>
4.01	Profit for the period	28,068	46,225	35,527	89,364
4.02	Other comprehensive income	3,192	3,769	380	3,953
4.03	Comprehensive income for the period	31,260	49,994	35,907	93,317

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**Parent Company Financial Statements / Statement of Cash Flows - Indirect Method**

**(R\$ thousand)**

1 - Code	2 - Description	Accumulated - current year 1/1/2011 to 9/30/2011	Accumulated - prior year 1/1/2010 to 9/30/2010
6.01	Net cash (used in) generated by operating activities	-19,808	58,701
6.01.01	Cash from operating activities	127,461	152,540
6.01.01.01	Profit for the period	46,225	93,317
6.01.01.02	Depreciation and amortization	49,075	52,301
6.01.01.03	Loss on property and equipment disposals	10	367
6.01.01.04	Increase in provision for losses on subsidiaries	858	1,369
6.01.01.05	Equity in the results of investees	-12,179	570
6.01.01.07	Deferred income tax and social contribution	2,179	3,789
6.01.01.08	Increase (decrease) in provision for impairment of trade receivables	60,320	43,473
6.01.01.11	Increase (decrease) in provision for contingencies	-2,757	3,698
6.01.01.12	Unrealized gain on swap transaction	2,055	0
6.01.01.13	Unrealized loss on swap transaction	-7,358	-10,663
6.01.01.14	Interest, revenue from financial investments and foreign exchange gains	-10,967	-35,458
6.01.01.16	Increase in barter amounts	0	-223
6.01.02	Changes in assets and liabilities	-152,487	-87,914
6.01.02.01	Trade receivables	-206,501	-83,623
6.01.02.02	Taxes recoverable	-3,349	2,596
6.01.02.04	Advances to suppliers	529	-3,357
6.01.02.05	Judicial deposits	46,808	-8,184
6.01.02.06	Prepaid expenses	-2,089	-537
6.01.02.07	Other receivables	-2,184	-3,862
6.01.02.08	Other payables	-20,068	-10,869
6.01.02.09	Trade payables	20,508	6,758
6.01.02.10	Salaries and social charges	2,696	-195
6.01.02.11	Taxes and contributions	11,027	2,247
6.01.02.12	Advances from customers	136	10,267
6.01.02.13	Increase in financial investments	0	-90,200
6.01.02.14	Redemption of financial investments	0	91,045
6.01.03	Other	5,218	-5,925
6.01.03.01	Income tax and social contribution paid	8,831	-5,734
6.01.03.02	Interest paid	-3,613	-191
6.02	Net cash (used in) generated by investing activities	12,254	-84,472
6.02.01	Investments - amount paid on acquisitions	0	-6,464
6.02.02	Property and equipment	-32,212	-34,093
6.02.03	Intangible assets	-29,335	-32,019
6.02.04	Amounts due from (to) related parties	-333,969	-19,208
6.02.05	Increase in financial investments	-243,714	-483,101
6.02.06	Redemption of financial investments	674,754	494,392
6.02.07	Investment - capitalization	-23,270	0
6.02.08	Decrease in investment (waiver of debt)	0	-3,979
6.03	Net cash generated by financing activities	6,544	23,063
6.03.01	Bank borrowings and financing	171,925	30,541
6.03.02	Payments of bank financing (principal)	-163,563	-1,242
6.03.03	Payment of dividends	-925	-1,301
6.03.04	Payment of CPMF- REFIS/PAES	-893	-706
6.03.05	Repurchase of shares	0	-4,229
6.05	Increase (decrease) in cash and cash equivalents	-1,010	-2,708
6.05.01	Cash and cash equivalents at the beginning of the period	4,300	6,713
6.05.02	Cash and cash equivalents at the end of the period	3,290	4,005

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Quarterly Information (ITR) - 9/30/2011 - UNIVERSO ONLINE SA

(Unaudited)  
Version: 1

**Parent Company Financial Statements / Statement of Changes in Equity - 1/1/2011 to 9/30/2011**

**(R\$ thousand)**

1 - Code	2 - Description	Paid-up share capital	Capital reserves, options granted and treasury stock	Revenue reserves	Retained earnings (accumulated deficit)	Other comprehensive income	Equity
5.01	Opening balances	530,621	-4,648	436,864	0	-9,145	953,692
5.03	Adjusted opening balances	530,621	-4,648	436,864	0	-9,145	953,692
5.05	Total comprehensive income	0	0	0	46,225	3,769	49,994
5.05.01	Profit for the period	0	0	0	46,225	0	46,225
5.05.02	Other comprehensive income	0	0	0	0	3,769	3,769
5.05.02.06	Carrying value adjustments	0	0	0	0	3,769	3,769
5.07	Closing balances	530,621	-4,648	436,864	46,225	-5,376	1,003,686

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Quarterly Information (ITR) - 9/30/2011 - UNIVERSO ONLINE SA

(Unaudited)  
Version: 1

**Parent Company Financial Statements / Statement of Changes in Equity - 1/1/2010 to 9/30/2010**

**(R\$ thousand)**

1 - Code	2 - Description	Paid-up share capital	Capital reserves, options granted and treasury stock	Revenue reserves	Retained earnings (accumulated deficit)	Other comprehensive income	Equity
5.01	Opening balances	530,621	0	337,067	2,842	-9,999	860,531
5.03	Adjusted opening balances	530,621	0	337,067	2,842	-9,999	860,531
5.04	Capital transactions with partners	0	0	-4,229	0	0	-4,229
5.04.04	Treasury shares acquired	0	0	-4,229	0	0	-4,229
5.05	Total comprehensive income	0	0	0	93,317	3,056	96,373
5.05.01	Profit for the period	0	0	0	93,317	0	93,317
5.05.02	Other comprehensive income	0	0	0	0	3,056	3,056
5.05.02.06	Carrying value adjustments	0	0	0	0	3,056	3,056
5.07	Closing balances	530,621	0	332,838	96,159	-6,943	952,675

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Quarterly Information (ITR) - 9/30/2011 - UNIVERSO ONLINE SA

(Unaudited)  
Version: 1

**Parent Company Financial Statements / Statement of Value Added**

**(R\$ thousand)**

1 - Code	2 - Description	Accumulated - current year 1/1/2011 to 9/30/2011	Accumulated - prior year 1/1/2010 to 9/30/2010
7.01	Revenue	567,403	562,094
7.01.01	Sales of goods and services	604,983	566,754
7.01.02	Other revenue	-2,696	0
7.01.03	Revenue from construction of own assets	25,436	38,813
7.01.04	Provision for (reversal of) impairment of trade receivables	-60,320	-43,473
7.02	Inputs acquired from third parties	-305,801	-289,138
7.02.01	Cost of sales and services	-128,790	-136,303
7.02.02	Materials, energy, outsourced services and other	-177,011	-152,835
7.03	Gross value added	261,602	272,956
7.04	Retentions	-49,077	-52,304
7.04.01	Depreciation, amortization and depletion	-49,077	-52,304
7.05	Net value added generated by the entity	212,525	220,652
7.06	Value added received through transfer	28,952	70,383
7.06.01	Equity in the results of investees	12,179	-570
7.06.02	Finance income	17,630	70,992
7.06.03	Other	-857	-39
7.06.03.01	Provision for losses on investments	-857	-1,369
7.06.03.02	Other results from investments	0	1,330
7.07	Total value added to distribute	241,477	291,035
7.08	Distribution of value added	241,477	291,035
7.08.01	Personnel	81,852	80,880
7.08.01.01	Direct remuneration	63,008	63,878
7.08.01.02	Benefits	11,343	10,067
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	7,501	6,935
7.08.02	Taxes, fees and contributions	69,150	63,181
7.08.02.01	Federal	65,322	61,477
7.08.02.02	State	124	5
7.08.02.03	Municipal	3,704	1,699
7.08.03	Third-party capital remuneration	44,250	53,657
7.08.03.01	Interest	36,484	39,768
7.08.03.02	Rentals	7,766	13,889
7.08.04	Stockholders' capital remuneration	46,225	93,317
7.08.04.03	Profits reinvested/loss for the period	46,225	93,317

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Quarterly Information (ITR) - 9/30/2011 - UNIVERSO ONLINE SA

(Unaudited)  
Version: 1

**Consolidated Financial Statements / Balance Sheet - Assets**

**(R\$ thousand)**

1 - Code	2 - Description	Current quarter 9/30/2011	Prior year 12/31/2010
1	Total assets	1,680,220	1,987,182
1.01	Current assets	493,661	726,718
1.01.01	Cash and cash equivalents	12,161	31,396
1.01.02	Financial investments	13,483	426,325
1.01.02.01	Financial investments at fair value	13,483	48,390
1.01.02.01.01	Trading securities	13,483	48,390
1.01.02.02	Financial investments at amortized cost	0	377,935
1.01.02.02.01	Held-to-maturity securities	0	377,935
1.01.03	Receivables	358,946	210,745
1.01.03.01	Customers	330,117	186,018
1.01.03.01.01	Trade receivables	328,521	184,745
1.01.03.01.02	Amounts due from related parties	1,596	1,273
1.01.03.02	Other receivables	28,829	24,727
1.01.06	Taxes recoverable	73,829	23,514
1.01.06.01	Current taxes recoverable	73,829	23,514
1.01.06.01.01	Taxes recoverable	73,829	23,514
1.01.07	Prepaid expenses	19,043	21,366
1.01.08	Other current assets	16,199	13,372
1.01.08.03	Other	16,199	13,372
1.01.08.03.01	Judicial deposits	1,099	1,244
1.01.08.03.02	Unrealized gain on swap transaction	5,790	7,920
1.01.08.03.03	Advances to suppliers	9,310	4,208
1.02	Non-current assets	1,186,559	1,260,464
1.02.01	Long-term receivables	151,065	205,222
1.02.01.01	Financial investments at fair value	1,685	10,713
1.02.01.01.01	Trading securities	1,685	10,713
1.02.01.03	Receivables	14,884	14,883
1.02.01.03.02	Other receivables	14,884	14,883
1.02.01.06	Deferred taxes	100,943	98,673
1.02.01.06.01	Deferred income tax and social contribution	100,292	98,673
1.02.01.06.02	Taxes recoverable	651	0
1.02.01.07	Prepaid expenses	7,278	10,080
1.02.01.08	Receivables from related parties	53	53
1.02.01.08.04	Receivables from other related parties	53	53
1.02.01.09	Other non-current assets	26,222	70,820
1.02.01.09.04	Judicial deposits	26,222	70,820
1.02.03	Property and equipment	326,249	307,473
1.02.03.01	Property and equipment in use	326,249	307,473
1.02.04	Intangible assets	709,245	747,769
1.02.04.01	Intangible assets	709,245	747,769

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Quarterly Information (ITR) - 9/30/2011 - UNIVERSO ONLINE SA

(Unaudited)  
Version: 1

## Consolidated Financial Statements / Balance Sheet - Liabilities and Equity

(R\$ thousand)

1 - Code	2 - Description	Current quarter 9/30/2011	Prior year 12/31/2010
2	Total liabilities and equity	1,680,220	1,987,182
2.01	Current liabilities	488,505	853,833
2.01.01	Labor and social security obligations	50,227	44,668
2.01.01.01	Social security obligations	50,227	44,668
2.01.01.01.01	Salaries and social charges	50,227	44,668
2.01.02	Trade payables	182,513	170,854
2.01.02.01	Domestic suppliers	182,513	170,854
2.01.02.01.01	Trade payables	181,612	169,730
2.01.02.01.02	Amounts due to related parties	901	1,124
2.01.03	Tax obligations	58,257	48,896
2.01.03.01	Federal tax obligations	55,379	42,012
2.01.03.02	State tax obligations	1,745	6,195
2.01.03.03	Municipal tax obligations	1,133	689
2.01.04	Borrowings and financing	126,536	491,872
2.01.04.01	Borrowings and financing	126,536	491,872
2.01.05	Other obligations	65,331	90,859
2.01.05.02	Other	65,331	90,859
2.01.05.02.01	Dividends and interest on capital payable	1	926
2.01.05.02.04	Unrealized loss on swap transaction	0	7,830
2.01.05.02.05	Advances from customers	36,706	39,453
2.01.05.02.06	Other payables	28,624	42,650
2.01.06	Provisions	5,641	6,684
2.01.06.01	Tax, social security, labor and civil provisions	5,641	6,684
2.01.06.01.01	Tax provisions	1,818	3,389
2.01.06.01.02	Social security and labor provisions	174	288
2.01.06.01.04	Civil provisions	3,649	3,007
2.02	Non-current liabilities	188,903	179,776
2.02.01	Borrowings and financing	108,675	94,395
2.02.02	Other obligations	25,162	31,005
2.02.02.02	Other	25,162	31,005
2.02.02.02.03	Taxes and contributions	9,956	50
2.02.02.02.05	Other payables	15,206	30,955
2.02.03	Deferred taxes	42,503	35,290
2.02.03.01	Deferred income tax and social contribution	42,503	35,290
2.02.04	Provisions	12,563	19,086
2.02.04.01	Tax, social security, labor and civil provisions	12,563	19,086
2.02.04.01.01	Tax provisions	8,079	10,911
2.02.04.01.02	Social security and labor provisions	2,613	7,002
2.02.04.01.04	Civil provisions	1,871	1,173
2.03	Consolidated equity	1,002,812	953,573
2.03.01	Paid-up share capital	530,621	530,621
2.03.01.01	Paid-up share capital	530,621	530,621
2.03.04	Revenue reserves	432,216	432,216
2.03.04.01	Legal reserve	22,001	22,001
2.03.04.05	Profit retention reserve	414,863	414,863
2.03.04.09	Treasury stock	-4,648	-4,648
2.03.05	Retained earnings/accumulated deficit	46,225	0
2.03.06	Carrying value adjustments	-5,376	-9,145
2.03.09	Non-controlling interests	-874	-119

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Quarterly Information (ITR) - 9/30/2011 - UNIVERSO ONLINE SA

(Unaudited)  
Version: 1

**Consolidated Financial Statements / Statement of Income**

**(R\$ thousand)**

1 - Code	2 - Description	Current quarter 7/1/2011 to 9/30/2011	Accumulated - current year 1/1/2011 to 9/30/2011	Same quarter of prior year 7/1/2010 to 9/30/2010	Accumulated - prior year 1/1/2010 to 9/30/2010
3.01	Sales and/or service revenues	312,026	918,251	205,761	587,297
3.02	Cost of sales and/or services	-96,975	-298,027	-74,738	-221,320
3.03	Gross profit	215,051	620,224	131,023	365,977
3.04	Operating (expenses) income	-172,323	-484,576	-101,985	-292,881
3.04.01	Selling expenses	-81,077	-229,652	-57,174	-159,438
3.04.02	General and administrative expenses	-90,581	-252,824	-44,870	-136,629
3.04.05	Other operating expenses	-665	-2,100	59	1,856
3.04.06	Equity in the results of investees	0	0	0	1,330
3.04.06.01	Other results from investments	0	0	0	1,330
3.05	Profit (loss) before finance result and taxation	42,728	135,648	29,038	73,096
3.06	Finance result	-6,824	-36,452	9,778	31,871
3.06.01	Finance income	1,668	8,557	913	37,017
3.06.01.01	Finance income	1,860	15,714	31,374	69,115
3.06.01.02	Foreign exchange gains (losses), net	-192	-7,157	-30,461	-32,098
3.06.02	Finance costs	-8,492	-45,009	8,865	-5,146
3.06.02.01	Finance costs	-8,492	-45,009	8,865	-5,146
3.07	Profit before income tax and social contribution	35,904	99,196	38,816	104,967
3.08	Income tax and social contribution	-4,248	-53,272	571	-11,743
3.08.01	Current	8,047	-29,945	-594	-5,714
3.08.02	Deferred	-12,295	-23,327	1,165	-6,029
3.09	Profit (loss) for the period from continuing operations	31,656	45,924	39,387	93,224
3.11	Consolidated profit (loss) for the period	31,656	45,924	39,387	93,224
3.11.01	Profit (loss) attributable to stockholders of the parent company	31,862	46,225	39,480	93,317
3.11.02	Profit (loss) attributable to non-controlling interests	-206	-301	-93	-93
3.99	Earnings (loss) per share - (reais / share)				

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Quarterly Information (ITR) - 9/30/2011 - UNIVERSO ONLINE SA

(Unaudited)  
Version: 1

**Consolidated Financial Statements / Statement of Comprehensive Income**

**(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Current quarter 7/1/2011 to 9/30/2011</b>	<b>Accumulated - current year 1/1/2011 to 9/30/2011</b>	<b>Same quarter of prior year 7/1/2010 to 9/30/2010</b>	<b>Accumulated - prior year 1/1/2010 to 9/30/2010</b>
4.01	Consolidated profit for the period	27,861	45,924	35,527	89,364
4.02	Other comprehensive income	3,379	3,315	380	3,953
4.03	Consolidated comprehensive income for the period	31,240	49,239	35,907	93,317
4.03.01	Comprehensive income attributable to stockholders of the parent company	32,090	49,994	35,814	93,224
4.03.02	Comprehensive income attributable to non-controlling interests	(850)	(755)	93	93

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Quarterly Information (ITR) - 9/30/2011 - UNIVERSO ONLINE SA

(Unaudited)  
Version: 1

**Consolidated Financial Statements / Statement of Cash Flows - Indirect Method**

**(R\$ thousand)**

1 - Code	2 - Description	Accumulated - current year 1/1/2011 to 9/30/2011	Accumulated - prior year 1/1/2010 to 9/30/2010
6.01	Net cash generated by operating activities	33,952	46,967
6.01.01	Cash from operating activities	273,276	168,531
6.01.01.01	Profit for the period	45,924	93,317
6.01.01.02	Depreciation and amortization	115,670	67,988
6.01.01.03	Loss on property and equipment disposals	17,478	2,144
6.01.01.08	Deferred income tax and social contribution	23,327	6,029
6.01.01.09	Increase in provision for impairment of trade receivables	68,302	44,065
6.01.01.10	Non-controlling interests	301	0
6.01.01.12	Increase (decrease) in provision for contingencies	-4,602	3,814
6.01.01.13	Unrealized gain on swap transaction	2,130	0
6.01.01.14	Unrealized loss on swap transaction	-7,830	-10,663
6.01.01.15	Interest, revenue from financial investments and foreign exchange (gains) losses	12,576	-36,446
6.01.01.16	Increase in barter amounts	0	-223
6.01.01.17	Write-off of goodwill	0	-1,494
6.01.02	Changes in assets and liabilities	-168,536	-113,659
6.01.02.01	Trade receivables	-212,078	-92,155
6.01.02.02	Taxes to be offset	-50,966	6,092
6.01.02.04	Advances to suppliers	-5,102	-4,292
6.01.02.05	Judicial deposits	45,343	-14,058
6.01.02.06	Prepaid expenses	5,125	-3,337
6.01.02.07	Other receivables	-4,102	-4,891
6.01.02.08	Other payables	-29,775	-10,542
6.01.02.09	Trade payables	11,882	-2,750
6.01.02.10	Salaries and social charges	5,559	1,970
6.01.02.11	Taxes and contributions	69,080	-576
6.01.02.12	Advances from customers	-2,747	9,733
6.01.02.13	Increase in financial investments	0	-90,322
6.01.02.14	Redemption of financial investments	0	91,469
6.01.02.15	Non-controlling interests	-755	0
6.01.03	Other	-70,788	-7,905
6.01.03.01	Income tax and social contribution paid	-66,700	-6,413
6.01.03.02	Interest paid	-4,088	-1,492
6.02	Net cash (used in) generated by investing activities	320,248	-74,348
6.02.02	Property and equipment	-74,579	-47,665
6.02.03	Intangible assets	-37,171	-37,974
6.02.04	Amounts due from (to) related parties	-546	0
6.02.05	Increase in financial investments	-244,202	-483,101
6.02.06	Redemption of financial investments	676,746	494,392
6.03	Net cash (used in) generated by financing activities	-373,435	21,652
6.03.01	Bank borrowings and financing	167,720	30,988
6.03.02	Payments of bank financing (principal)	-539,337	-3,100
6.03.03	Payment of dividends	-925	-1,301
6.03.04	Payment of CPMF- REFIS/PAES	-893	-706
6.03.05	Repurchase of shares	0	-4,229
6.04	Exchange variation on cash and equivalents	0	3,057
6.05	Increase (decrease) in cash and cash equivalents	-19,235	-2,672
6.05.01	Cash and cash equivalents at the beginning of the period	31,396	11,373
6.05.02	Cash and cash equivalents at the end of the period	12,161	8,701

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Quarterly Information (ITR) - 9/30/2011 - UNIVERSO ONLINE SA

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**Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2011 to 9/30/2011**

**(R\$ thousand)**

1 - Code	2 - Description	Paid-up share capital	Capital reserves, options granted and treasury stock	Revenue reserves	Retained earnings (accumulated deficit)	Other comprehensive income	Equity	Non- controlling interests	Consolidated Equity
5.01	Opening balances	530,621	-4,648	436,864	0	-9,145	953,692	-119	953,573
5.03	Adjusted opening balances	530,621	-4,648	436,864	0	-9,145	953,692	-119	953,573
5.05	Total comprehensive income	0	0	0	46,225	3,769	49,994	-755	49,239
5.05.01	Profit for the period	0	0	0	46,225	0	46,225	-755	45,470
5.05.02	Other comprehensive income	0	0	0	0	3,769	3,769	0	3,769
5.05.02.06	Carrying value adjustments	0	0	0	0	3,769	3,769	0	3,769
5.07	Closing balances	530,621	-4,648	436,864	46,225	-5,376	1,003,686	-874	1,002,812

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Quarterly Information (ITR) - 9/30/2011 - UNIVERSO ONLINE SA

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**Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2010 to 9/30/2010**

**(R\$ thousand)**

1 - Code	2 - Description	Paid-up share capital	Capital reserves, options granted and treasury stock	Revenue reserves	Retained earnings (accumulated deficit)	Other comprehensive income	Equity	Non- controlling interests	Consolidated Equity
5.01	Opening balances	530,621	0	337,067	2,842	-9,999	860,531	1,352	861,883
5.03	Adjusted opening balances	530,621	0	337,067	2,842	-9,999	860,531	1,352	861,883
5.04	Capital transactions with partners	0	0	-4,229	0	0	-4,229	0	-4,229
5.04.04	Treasury shares acquired	0	0	-4,229	0	0	-4,229	0	-4,229
5.05	Total comprehensive income	0	0	0	93,317	3,056	96,373	-1,409	94,964
5.05.01	Profit for the period	0	0	0	93,317	0	93,317	-93	93,224
5.05.02	Other comprehensive income	0	0	0	0	3,056	3,056	-1,316	1,740
5.05.02.06	Carrying value adjustments	0	0	0	0	3,056	3,056	-1,316	1,740
5.07	Closing balances	530,621	0	332,838	96,159	-6,943	952,675	-57	952,618

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Quarterly Information (ITR) - 9/30/2011 - UNIVERSO ONLINE SA

(Unaudited)  
Version: 1

## Consolidated Financial Statements / Statement of Value Added

(R\$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2011 to 9/30/2011	Accumulated - prior year 1/1/2010 to 9/30/2010
7.01	Revenue	1,001,365	646,325
7.01.01	Sales of goods and services	1,041,889	654,263
7.01.02	Other revenue	-2,696	-9
7.01.03	Revenue from construction of own assets	30,474	36,136
7.01.04	Provision for impairment of trade receivables	-68,302	-44,065
7.02	Inputs acquired from third parties	-392,372	-322,199
7.02.01	Cost of sales and services	-177,764	-144,774
7.02.02	Materials, energy, outsourced services and other	-214,608	-177,425
7.03	Gross value added	608,993	324,126
7.04	Retentions	-115,671	-67,970
7.04.01	Depreciation, amortization and depletion	-115,671	-67,970
7.05	Net value added generated by the entity	493,322	256,156
7.06	Value added received through transfer	18,536	73,985
7.06.02	Finance income	18,536	72,655
7.06.03	Other	0	1,330
7.06.03.01	Other results from investments	0	1,330
7.07	Total value added to distribute	511,858	330,141
7.08	Distribution of value added	511,858	330,141
7.08.01	Personnel	166,920	98,101
7.08.01.01	Direct remuneration	129,766	77,848
7.08.01.02	Benefits	23,704	12,345
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	13,450	7,908
7.08.02	Taxes, fees and contributions	189,321	82,110
7.08.02.01	Federal	151,213	72,954
7.08.02.02	State	32,390	5,997
7.08.02.03	Municipal	5,718	3,159
7.08.03	Third-party capital remuneration	109,693	56,706
7.08.03.01	Interest	70,508	40,678
7.08.03.02	Rentals	39,185	16,028
7.08.04	Stockholders' capital remuneration	45,924	93,224
7.08.04.03	Profits reinvested/loss for the period	46,225	93,317
7.08.04.04	Non-controlling interests in profits reinvested	-301	-93

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Quarterly Information (ITR) - 9/30/2011 - UNIVERSO ONLINE SA

(Unaudited)  
Version: 1

## Management Report / Comments on Company Performance

# EBITDA reaches R\$79.6 million in 3Q11, 59.3% up on 3Q10

*São Paulo, November 10, 2011* - UOL - Universo Online ("UOL or Company") (BM&FBovespa: **UOLL4**), Brazil's preeminent internet services and content provider, announces its results for the third quarter of 2011 (3Q11). The consolidated interim financial information is presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Brazilian accounting standards (CPC).

## HIGHLIGHTS

- **Gross service revenue** came to R\$ 405.6 million in 3Q11, 42.3% higher than the R\$284.9 million recorded in 3Q10, driven by the 74.7% growth in advertising and other revenues as a result of the Diveo integration and organic growth;
- **Net revenue** reached R\$312.0 million in 3Q11, up by 51.6 % on 3Q10;
- **Number of subscribers totaled 1,828,467** at the end of 3Q11, 8.9% more than in 3Q10, consisting of 1,306,773 (71.5%) broadband subscribers and 521,694 dial-up subscribers;
- **Audience:** According to Ibope/NetRatings surveys, UOL ended 3Q11 once again as Brazil's leading internet portal. The residential & corporate panel showed that during September over 32 million visitors accessed the portal until the end of September, up by 11.5% year over year, and visited 5.4 billion pages.

Key Indicators (R\$ Thousand)				
(R\$ Thousand)	3Q10	2Q10	3Q10	Change % 3Q11/3Q10
Net Revenues	312,026	308,875	205,761	51.6%
EBITDA	79,642	82,787	50,003	59.3%
EBITDA Margin	25.5%	26.8%	24.3%	1.2
Net Income	31,656	-7,001	39,387	-19.6%
Net Margin	10.1%	-2.3%	19.1%	-9.0

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## Management Report / Comments on Company Performance

# UOL, the best content on the Internet

Ever since its foundation in April 1996, UOL has remained Brazil's leading content and internet services provider, home to the most extensive Portuguese language content in the world, and is accessed by seven out of ten internet users in the country. It reached the top thanks to its history of credibility and innovation.

During its 15-year history, UOL became a synonym for Internet in Brazil, offering the best news, sports and entertainment content, as well as products and services focused on the needs of the country's growing ranks of Internet users. Today UOL has more than one thousand channels and dozens of theme stations. It is home to almost 30 million web pages.

Updated on a 24x7 basis, UOL is Brazil's largest internet service and content provider. According to Ibope, the UOL portal is the largest in the country, reaching an audience of more than 50 million unique viewers and over 4 billion page views per month.

UOL offers the most extensive content available in Portuguese, with over 1,000 news, entertainment and service channels.

Credibility and innovation are its values. It has the most complete Internet products and services platform in the areas of online advertising, communication, e-commerce, hosting and security.

## Earnings Disclosure

**November 10, 2011**

After market close

## Conference Calls

**November 11, 2011**

10:00 a.m. - Portuguese

Phone: (11) 3127-4971

Code: UOL



## Investors Relations

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Chief Financial and Investor Relations Officer

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### Diogo Zinsly

Investor Relations Officer

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## Management Report / Comments on Company Performance

# Financial Performance

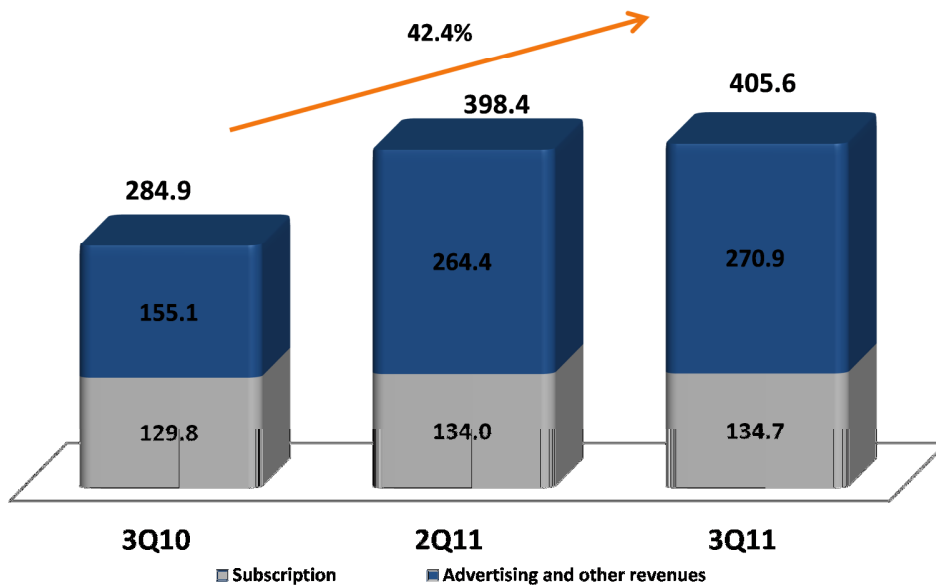
### ■ Gross Service Revenue

Gross service revenue came to R\$405.6 million in 3Q11, up by 42.4% on 3Q10 and remained virtually stable when compared to the second quarter of 2011.

**Advertising and other revenues** increased by 74.7%, from R\$155.1 million in 3Q10 to R\$270.9 million in 3Q11, driven by the organic growth of online advertising, data center products and services, and the Diveo consolidation.

The paying subscriber base totaled 1.8 million at the end of September, up by 8.9% on the same period of 2010. Broadband subscribers totaled 1.3 million (71.5% of the total subscriber base).

Consequently, **subscription revenue** came to R\$134.7 million in 3Q11, up by 3.8% on the R\$129.8 million recorded in 3Q10.



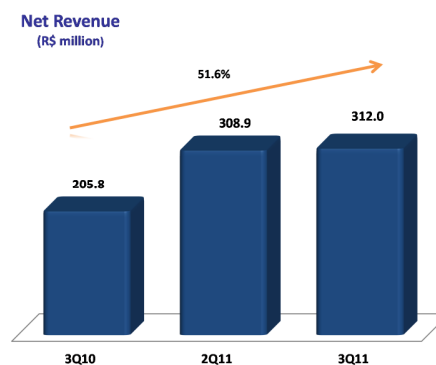
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## Management Report / Comments on Company Performance

As a result of the above changes, total net revenue came to R\$312.0 million in 3Q11, 51.6% higher than the 3Q10 total of R\$205.8 million and flat in comparison with 2Q11.



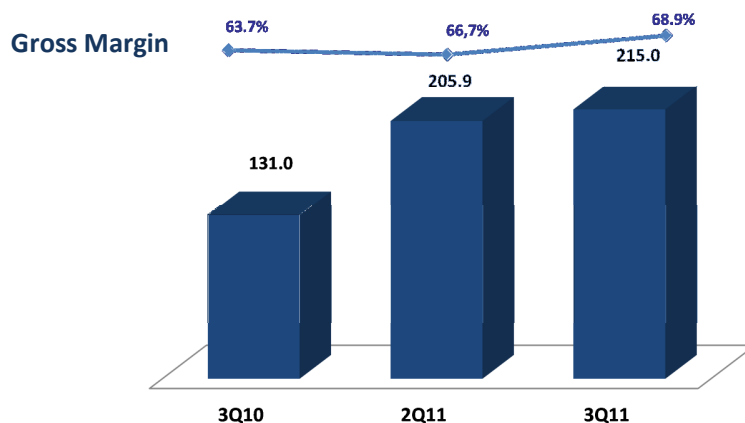
### ■ Cost of Services

Cost of services (CSR) totaled R\$97.0 million in 3Q11, up by 29.8% on 3Q10 and down by 5.8% on 2Q11. The increase between 3Q10 and 3Q11 was chiefly due to the Diveo integration.

### ■ Gross Profit

Gross profit came to R\$215.0 million in 3Q11, accompanied by a gross margin of 68.9%, up by 520 bps on 3Q10 and 220 bps on 2Q11.

(Million)



### ■ Selling Expenses

Selling expenses stood at R\$81.1 million in 3Q11, up by 41.8% on 3Q10 and virtually flat compared to 2Q11.

On an annual basis, the increase was due to the expansion of direct sales teams and marketing efforts to consolidate the Company's position in the data center, IT infrastructure and webhosting segment with the Diveo integration.

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## Management Report / Comments on Company Performance

### ■ General and Administrative Expenses

General and administrative expenses came to R\$90.6 million in 3Q11, up by 101.9% on 3Q10 due to the consolidation of Diveo's operating results in the Company's balance sheet.

### ■ EBITDA and EBITDA Margin

EBITDA reached R\$79.6 million in 3Q11, up by 59.3% on 3Q10, accompanied by an EBITDA margin of 25.5%, 120 bps higher than in 3Q10. The increase was due to the Diveo integration.

	R\$ Thousand		
	3Q11	2Q11	3Q10
Net Income (loss)	31,656	(7,001)	39,387
(+) Income Tax / Social Contribution	4,248	34,097	(571)
(+) Depreciation and Amortization	36,914	35,511	20,965
(+/-) Financial Result	<u>6,824</u>	<u>20,182</u>	<u>(9,778)</u>
<b>(=) EBITDA</b>	<b><u>79,642</u></b>	<b><u>82,789</u></b>	<b><u>50,003</u></b>
Net revenue	312,026	308,875	205,761
<b>EBITDA Margin</b>	<b>25.5%</b>	<b>26.8%</b>	<b>24.3%</b>

### ■ Financial Result

The financial result was an expense of R\$6.8 million in 3Q11.

### ■ Income Tax and Social Contribution

Income tax and social contribution totaled R\$4.2 million in 3Q11, a decrease of R\$ 29.8 million over 2Q11 and an increase of R\$4.8 million over 3Q10.

The quarter-on-quarter increase was chiefly due to the payment of R\$26.8 million in income tax in the U.S. related to the winding up of Diveo Broadband Networks Inc.

### ■ Net Income and Earnings per Share

Net income totaled R\$31.7 million in 3Q11, while earnings per share came to R\$0.2624.

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## Management Report / Comments on Company Performance

### ■ Capital Structure

In the first nine months of 2011, the Company's cash and cash equivalents totaled R\$12.2 million and net debt amounted to R\$203.8 million.

With regards to the debt profile, 46.2% was long term and 53.8% was short term.

Shareholders' equity ended the period at R\$ 1,002.8 million.

Below is the net debt breakdown comparing 9M11 with 9M10:

<b>Net Debt Breakdown (R\$ Thousand)</b>	<b>9M11</b>	<b>9M10</b>
Cash and cash equivalents	12,161	8,701
Financial Investments	13,483	577,263
Unrealized gain from swap transaction	5,790	10,663
Unrealized loss from swap transaction	-	-
Loans and financing - short-term	(126,536)	(13,851)
Loans and financing - long-term	(108,675)	(81,678)
<b>Net Debt</b>	<b>(203,777)</b>	<b>501,098</b>

### ■ Subsequent Events

On October 09, 2011, the Company disclosed a material fact announcing that it had received a notice from its parent company Folhapar S.A. ("Offeror") stating that the price for the acquisition of each share in the public tender offer for the delisting of UOL announced by the Offeror had increased to nineteen reais (R\$19.00) per share, adjusted by the Selic rate from October 7, 2011 to the payment date, subject to the registration and publication of the public tender offer notice.

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## Management Report / Comments on Company Performance

# Exhibits

## Exhibit I - Balance Sheet

### Consolidated (IFRS)

<b>Assets</b>	<b>09/30/11</b>	<b>12/31/2010</b>
<b>CURRENT:</b>		
Cash and cash equivalents	12,161	31,396
Temporary cash equivalents	13,483	426,325
Unrealized gain on swap transaction	5,790	7,920
Trade accounts receivable	328,521	184,745
Accounts receivable from related parties	1,596	1,273
Recoverable taxes	73,829	23,514
Deferred Income Tax	-	-
Advances to suppliers	9,310	4,208
Prepaid expenses	19,043	21,366
Escrow deposits	1,099	1,244
Other receivables	28,829	24,727
<b>Total current assets</b>	<b>493,660</b>	<b>726,718</b>
<b>NON-CURRENT</b>		
<b>Long-term assets</b>		
Temporary cash equivalents	1,685	10,713
Trade accounts receivable	-	-
Escrow deposits	26,222	70,820
Recoverable taxes	651	-
Deferred taxes	100,292	98,673
Accounts receivable from related parties	53	53
Prepaid expenses	7,278	10,080
Other receivables	14,884	14,883
Investments in controlled companies	-	-
Fixed assets	326,249	307,473
Intangible assets	709,245	747,769
<b>Total non-current assets</b>	<b>1,186,560</b>	<b>1,260,464</b>
<b>TOTAL ASSETS</b>	<b>1,680,219</b>	<b>1,987,182</b>

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**Management Report / Comments on Company Performance**

<b>Liabilities and Shareholders' Equity (R\$ thousand)</b>	<b>09/30/2011</b>	<b>12/31/2010</b>
<b>CURRENT:</b>		
Suppliers	181,612	169,730
Suppliers - related parties	901	1,124
Unrealized loss from swap operations		7,830
Loans and financing	126,536	491,872
Payroll and related charges	50,227	44,668
Taxes contributions	58,257	48,896
Reserve for contingencies	5,641	6,684
Proposed Dividends	1	926
Advances from clients	36,706	39,453
Other accounts payable	28,621	42,650
<b>Total Current</b>	<b>488,503</b>	<b>853,833</b>
<b>NON-CURRENT</b>		
<b>Long-term liabilities</b>		
Related parties		
Loans and financing	108,675	94,395
Provision for losses in controlled companies		
Taxes and contributions	9,956	50
Deferred income tax	42,503	35,290
Reserve for contingencies	12,563	19,086
Other accounts payable	15,206	30,955
	<b>188,904</b>	<b>179,776</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital Stock	530,621	530,621
Legal Reserve	22,001	22,001
Profit retention reserve	414,863	414,863
Adjustment to equity evaluation	(5,376)	(9,145)
Retained earnings	46,225	-
Treasury stocks	(4,648)	(4,648)
<b>Controlling Shareholders' Equity</b>	<b>1,003,687</b>	<b>953,691</b>
Minority interest	(874)	(119)
<b>Total Shareholders' Equity</b>	<b>1,002,813</b>	<b>953,573</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,680,219</b>	<b>1,987,182</b>

(A free translation of the original in Portuguese)

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**Management Report / Comments on Company Performance**

**Exhibit II - Income Statement (R\$ thousand)**

**INCOME STATEMENT**  
(R\$ Thousand)

**Consolidated (IFRS)**

	<b>3Q11</b>	<b>2Q11</b>	<b>3Q10</b>
<b>Net Operating Revenue</b>	<b>312,026</b>	<b>308,875</b>	<b>205,761</b>
Cost of services	(96,975)	(102,935)	(74,738)
<b>Gross Profit</b>	<b>215,051</b>	<b>205,940</b>	<b>131,023</b>
<b>Operating Income (Expenses)</b>	<b>(172,323)</b>	<b>(158,662)</b>	<b>(101,985)</b>
Selling expenses	(81,077)	(77,773)	(57,174)
General and administrative expenses	(90,581)	(79,933)	(44,870)
Investment in controlled companies	-	-	-
Other Operating Income (Expenses)	(665)	(956)	59
Equity Accounting Results	-	-	-
<b>Operating Profit before Financial Result</b>	<b>42,728</b>	<b>47,278</b>	<b>29,038</b>
<b>Financial Result</b>	<b>(6,824)</b>	<b>(20,182)</b>	<b>9,778</b>
Financial Expenses	(8,492)	(8,599)	8,865
Financial Income	1,860	3,015	31,374
Exchange Variation, net	(192)	(14,598)	(30,461)
<b>Operating profit</b>	<b>35,904</b>	<b>27,096</b>	<b>38,816</b>
<b>Net Income before income tax and social contribution</b>	<b>35,904</b>	<b>27,096</b>	<b>38,816</b>
Current income tax and social contribution	8,047	(28,347)	(594)
Deferred income tax and social contribution	(12,295)	(5,750)	1,165
<b>Net Income (loss)</b>	<b>31,656</b>	<b>(7,001)</b>	<b>39,387</b>

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## Management Report / Comments on Company Performance

### Exhibit III - Cash Flow (R\$ thousand)

Consolidated IFRS	09/30/2011	09/30/2010
<b>Cash Flow of operating activities</b>		
<b>Net income for the period</b>	<b>45,924</b>	<b>93,317</b>
<b>Expenses (revenue) not representing cash variation</b>		
Depreciation and amortization	115,670	67,988
Provision for adjustments inventories	17,478	2,144
Additional (reversion) provision for losses in controlled companies	-	-
Equity accounting	-	-
Deferred income tax and social contribution	23,327	6,029
Increase (reversion) of bad debt	68,302	44,065
Provision for contingencies	(4,602)	3,814
Increase (reduction) of swap value	-	(223)
Reversion (provision) of un-realized gains in swap operations	2,130	-
Un-realized gains in swap operations	(7,830)	(10,663)
Interest, financial income and foreign exchange variation, net	12,576	(36,446)
Minorities interests	301	-
Capital loss in the sale of investment per minority	-	-
Premium write-offs	-	(1,494)
<b>(Increase) decrease in assets</b>		
Accounts receivable from clients	(212,078)	(92,155)
Recoverable taxes	(50,966)	6,092
Deferred Income tax	(17,733)	-
Advance to suppliers	(5,102)	(4,292)
Judicial deposits	45,343	(14,058)
Payments in advance	5,125	(3,337)
Other accounts receivable	(4,102)	(4,891)
Other accounts payable	(29,775)	(10,542)
Suppliers	11,882	(2,750)
Payroll and social contribution	5,559	1,970
Taxes and contributions	69,080	(576)
Prepayment from clients	(2,747)	9,733
Financial application increase	-	(90,322)
Financial application redemption	-	91,469
Minorities interest	(755)	-
<b>Net cash generated by operating activities</b>	<b>87,007</b>	<b>54,871</b>
Income tax and social contribution	(48,967)	(6,413)
Interest paid	(4,088)	(1,492)
<b>Net cash generated (applied) by operating activities</b>	<b>33,952</b>	<b>46,966</b>
<b>Cash flow of investment activities</b>		
<b>Investments</b>		
Value paid in acquisitions	-	-
Value paid in acquisitions less cash and cash equivalents of investments	-	-
Fixed assets	(74,579)	(47,665)
Intangible	(37,171)	(37,974)
Reduction of investment (waiver of debt)	-	-
Investment - capitalization	-	-
Accounts receivable (payable) with related parties	(546)	-
Increase in financial investments	(244,202)	(483,101)
Sales of financial investments	676,746	494,392
<b>Net cash generated in (used in) investment activities</b>	<b>320,248</b>	<b>(74,348)</b>
<b>Cash flow of financing activities</b>		
Loans and financing	167,720	30,988
Loan payments (including interest)	(539,337)	(3,100)
Share buyback	-	(4,229)
Dividends paid	(925)	(1,301)
Payment of CPMF/PAES	(893)	(706)
<b>Net cash provided by (used in) financing activities</b>	<b>(373,436)</b>	<b>21,652</b>
Exchange variation effects	-	(3,057)
<b>Net increase (reduction) in cash and cash equivalent</b>	<b>(19,235)</b>	<b>(2,672)</b>
Cash and cash equivalents at the end of the period	31,396	11,373
Cash and cash equivalents at the beginning of the period	12,161	8,701
<b>Changes in cash and cash equivalents</b>	<b>(19,235)</b>	<b>(2,672)</b>

## Notes to the Quarterly Information

### UNIVERSO ONLINE S.A.

#### NOTES TO THE INTERIM FINANCIAL INFORMATION AT SEPTEMBER 30, 2011

All amounts in thousands of reais unless otherwise stated

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## 1. GENERAL INFORMATION

Universe Online S.A. (the "Company") is a publicly-traded company established in April 1996 in the City of São Paulo, Brazil, and its subsidiaries (collectively referred to as the "Group") are engaged in the development of Internet and other related activities, sale and display of advertising, intermediation in the sale of products and subscriptions through electronic means, and holding of investments in other companies that carry out the same activities, in Brazil and/or abroad.

On December 14, 2005, Universe Online S.A. ("Parent Company") was registered with the Brazilian Securities Commission (CVM), and its shares are traded under the ticker symbol UOLL4 on the São Paulo Stock Exchange (BOVESPA) and are classified in the Corporate Governance Level II of that exchange.

On July 26, 2011, the Company disclosed, in a Significant Event notice, the intention of its controlling stockholder of carrying out a public tender offer for the shares of the non-controlling stockholders, pursuant to paragraph 6, article 4 of Law 6404/76, as well as CVM Instruction 361/02, in order to cancel the registration as a publicly-traded company ("OPA").

The OPA public offer will comprise 18,392,630 common shares and 30,727,018 preferred shares issued by the Company, representing 40.89% of its share capital. The maximum price to be offered was to be R\$ 17.00 per share.

On October 9, 2011, the Company disclosed, in a Significant Event notice, that it received on that date a communication from its controlling stockholder Folhapar S.A. ("Bidder"), in which the Bidder informed that the price of acquisition of shares in the public offer to cancel UOL's registration as a publicly-traded company announced by the Bidder ("OPA") was increased to R\$ 19.00 per share, restated at the Special System for Settlement and Custody (SELIC) rate as from October 7, 2011 up to the effective date of payment, according to the registration and publication of the OPA notice.

## 2. PRESENTATION AND PREPARATION OF INTERIM FINANCIAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Presentation of interim financial information

#### (a) Consolidated interim financial information

The consolidated interim financial information has been prepared and is being presented in accordance with accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), approved by the Brazilian Securities Commission (CVM).

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## Notes to the Quarterly Information

The consolidated interim financial information should be read together with the annual financial statements for the year ended December 31, 2010, and were prepared and presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the CPC, as well as the International Financial Reporting Standards (IFRS) issued by IASB.

### (b) Parent company interim financial information

The parent company interim financial information has been prepared and is being presented in accordance with accounting standard CPC 21 and approved by the CVM.

The parent company interim financial information should be read together with the annual financial statements for the year ended December 31, 2010, which were prepared and presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the CPC.

### (c) Approval of interim financial information

The interim financial information was approved by the Company's management on November 10, 2011, considering the events after the reporting period up to that date which affected the disclosure of this information.

## 2.2 Significant accounting practices

There have been no changes in the accounting policies of the Company and its subsidiaries since December 31, 2010. These accounting policies can be consulted in the parent company and consolidated financial statements at December 31, 2010, in Notes 2.2 to 2.24.

## 2.3 Reclassifications

During the nine-month period ended September 30, 2011, the Company reviewed the criteria for classification of foreign exchange gains (losses), the effects of which on the financial information for the nine-month period ended September 30, 2010, are as follows:

	Parent		Consolidated	
	Original presentation	Current presentation	Original presentation	Current presentation
Other operating income (expenses)	(30,428)	2,701	(30,242)	1,856 (i)
Foreign exchange gains (losses), net	-	(32,499)	-	(32,098) (i)

Due to the nature of the operations of the Company and its subsidiaries, foreign exchange gains (losses) were reclassified from "Other operating income (expenses)" to "Foreign exchange gains (losses), net", within the group "finance result".

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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## Notes to the Quarterly Information

There have been no changes in the main critical accounting judgments and estimates of the Company and its subsidiaries since December 31, 2010. These estimates and judgments can be consulted in the parent company and consolidated financial statements at December 31, 2010, in Note 3.1.

### 4 CONSOLIDATION CRITERIA

Direct subsidiaries	Number of shares or	Type of	Share of total and	
	quotas paid up at		consolidation	voting capital - %
	9/30/2011		9/30/2011	12/31/2010
Boldcron Technologies Com. Serv. Ltda. ("Boldcron")	7,588,721	Full	100.00	100.00
Colorcube Jogos e Entretenimento Ltda. ("Cube")	24,360	Full	65.00	65.00
DH&C Outsourcing S.A. ("DH&C")	-	Full	-	100.00
UOL Diveo S.A. ("Diveo")	1,298,788	Full	100.00	100.00
Nuggent Hall Ltd ("Nuggent")	-	Full	-	100.00
Net+Phone Telecomunicações Ltda. ("Net+Phone")	7,948,143	Full	99.99	99.99
Pagseguro Internet Ltda. ("Pagseguro")	42,568,005	Full	100.00	100.00
UBN Internet Ltda. ("UBN")	6,478,646	Full	99.99	99.99
UNI5 S.A. ("UNI5")	2,306,830	Full	100.00	100.00
UOL Argentina Holdings S.A. ("UOL-A")	12,818	Full	94.00	94.00
UOL E-Corp. ("UOL-E")	1,000	Full	100.00	100.00
UOL Host Tecnologia Ltda. ("Host")	29,936,244	Full	100.00	100.00
Yutz Participações Ltda. ("Yutz")	1,000	Full	99.90	99.90
Yourgame Jogos e Entretenimento S.A.	10,000	Full	75.00	75.00
Zip.Sports Ltda. ("Zip")	200,000	Full	60.00	60.00

The results of the companies acquired were consolidated in the interim financial information as from the acquisition of control.

In the consolidated interim financial information, intercompany balances, transactions and investments were eliminated.

Except for the changes mentioned below, the information on the subsidiaries' activities has not changed since December 31, 2010 and can be consulted in the financial statements at that date, as mentioned in Note 5.

#### 4.1. Corporate restructuring

At March 31, 2011, in order to increase synergy among their activities and decrease operating and administrative costs, the following subsidiaries were merged into Diveo Broadband Networks, Inc.:

- Diveo, Inc.
- Diveo USA, Inc.
- Diveo Brazil, Inc.
- Diveo Colombia Datacenter, Inc.
- Diveo Colombia Minority Holder LLC
- Diveo Colombia, Inc.
- Diveo Datacenter (USA), Inc.

These subsidiaries were operating only as holding companies of operating companies in Brazil and Colombia.

At the same date, Diveo Broadband Networks, Inc. was liquidated in accordance with laws effective in the United States of America. Its assets and liabilities, presented in the table below, were transferred to its parent company DH&C.

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Assets	
Current	17,484
Non-current	440,859
Total assets	<u>458,343</u>
Liabilities	
Current	(904)
Non-current	(320,357)
Total liabilities	<u>(321,261)</u>
Total net assets	<u>137,082</u>

According to the Merger Protocol dated April 30, 2011, DH&C was merged into UOL Diveo S.A. (formerly Diveo do Brasil Telecomunicações Ltda.). The purpose of the merger is to increase the operating, administrative and financial efficiency, as well as reduce operating costs. The merged net assets are as follows:

Assets	
Current	502,188
Non-current	673,379
Total assets	<u>1,175,567</u>
Liabilities	
Current	(32,595)
Non-current	(7,995)
Total liabilities	<u>(40,590)</u>
Total net assets	<u>1,134,977</u>

#### 4.2. Changes in the structure of subsidiaries in the nine-month period

- Nugget Hall Ltd. ("Nugget"): was headquartered in the city of Road Town, territory of the British Virgin Islands, and was primarily engaged in holding of investments in other companies, as partner, stockholder or quotaholder operating as a holding company. The company was extinguished on May 13, 2011, in accordance with the laws of the territory of the British Virgin Islands.
- UBN Internet Ltda. ("UBN"): is engaged in the provision of services related to Internet by means of any type of protocols, platforms or technologies available presently or that may be created in the future; telecommunications network management for traffic of data, audio, video and voice for connection with other companies; holding of investments in other companies, and lease of company-owned properties to third parties, for residential and/or commercial purposes. On April 5, 2011, UBN acquired the following equity interest:
  - Boa Compra S.A.: is primarily engaged in the provision of services related to Internet, extranet, banner posting, operation and hosting of websites. At September 30, 2011, its share capital is R\$ 199, comprising 198,557 shares, and equity of R\$1,233. UBN holds 101,264 shares, equivalent to 51% of its share capital.

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### 5. CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Cash and cash equivalents	<u>3,290</u>	<u>4,300</u>	<u>12,161</u>	<u>31,396</u>

### 6. FINANCIAL INVESTMENTS

	Parent		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Held-to-maturity				
Kingdom of Norway bonds	-	377,935	-	377,935
	<u>-</u>	<u>377,935</u>	<u>-</u>	<u>377,935</u>
Trading securities				
Fixed-income securities (a)	-	19,734	510	21,640
Debentures (b)	2,773	26,750	2,773	26,750
Overdraft deposit (c)	-	-	10,199	-
	<u>2,773</u>	<u>46,484</u>	<u>13,483</u>	<u>48,390</u>
Current	2,773	424,419	13,483	426,325
Trading securities				
Use in overdraft (d)	-	-	1,685	1,549
Overdraft deposit (c)	-	-	-	9,164
Non-current	<u>-</u>	<u>-</u>	<u>1,685</u>	<u>10,713</u>

(a) Investments in Bank Deposit Certificates (CDBs), yielding 95.00% to 101.00% of the CDI, which were fully redeemed in 2011.

(b) Investments in debentures, yielding 101.00% to 102.00% of the CDI with immediate liquidity.

(c) Deposit made with the Bank of Bogota as guarantee of a loan granted to Colombia (B2B) - LIBOR + 1%. Maturity in March 2012.

(d) Agreement for Fiduciary Assignment as Guarantee of CDB. Indefinite term linked to a letter of guarantee of R\$ 2,382. Yield at fixed rate of 101.00% of the CDI.

### 7. TRADE RECEIVABLES

	Parent		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
<u>Subscriptions</u>	<u>76,177</u>	<u>73,441</u>	<u>76,177</u>	<u>73,441</u>
<u>Advertising and other</u>	<u>210,182</u>	<u>73,034</u>	<u>287,296</u>	<u>154,036</u>
	<u>286,359</u>	<u>146,475</u>	<u>363,474</u>	<u>227,477</u>
<u>Provision for impairment of trade receivables</u>	<u>(24,271)</u>	<u>(30,568)</u>	<u>(34,953)</u>	<u>(42,732)</u>
<u>Current</u>	<u>262,088</u>	<u>115,907</u>	<u>328,521</u>	<u>184,745</u>

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Changes in the provision for impairment of trade receivables:

	Parent		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Balance at the beginning of the period	(30,568)	(28,963)	(42,732)	(35,491)
Receivables accrued during the period	(101,810)	(99,771)	(128,777)	(108,778)
Receivables recovered during the period	41,490	41,606	58,935	43,410
Receivables definitely written off	<u>66,616</u>	<u>56,560</u>	<u>77,621</u>	<u>58,127</u>
Balance at the end of the period	<u>(24,271)</u>	<u>(30,568)</u>	<u>(34,953)</u>	<u>(42,732)</u>

The aging of trade receivables is as follows:

	Parent		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Not yet due	240,496	98,425	293,844	155,087
Up to 30 days past-due	15,070	18,217	20,441	25,452
31 to 60 days past-due	8,273	9,941	10,639	13,235
61 to 90 days past-due	3,830	3,739	5,233	6,461
91 to 180 days past-due	15,275	9,014	20,103	11,965
Over 180 days past-due	<u>3,416</u>	<u>7,139</u>	<u>13,213</u>	<u>15,277</u>
Total trade receivables	<u>286,359</u>	<u>146,475</u>	<u>363,474</u>	<u>227,477</u>

Changes in the provision for impairment of trade receivables by company are as follows:

	9/30/2011	12/31/2010
Universo Online S.A	24,271	30,568
Host	5,956	6,741
UOL-E	2,947	2,822
Diveo	1,531	2,254
Boldcron	232	72
UNI5 S.A.	15	-
DH&C	-	275
	<u>34,953</u>	<u>42,732</u>

## 8. TAXES RECOVERABLE

	Parent		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Prepaid income tax and social contribution	5,401	10,164	52,040	12,249
Value-added Tax on Sales and Services (ICMS) recoverable	-	-	2,168	3,224
Withholding Income Tax (IRRF) recoverable	11,620	-	14,159	1,709
Withholding Income Tax (IRRF) on financial investments	1,233	4,631	1,375	4,706
Other	79	189	4,087	1,626
Current	<u>18,333</u>	<u>14,984</u>	<u>73,829</u>	<u>23,514</u>
Value-added Tax on Sales and Services (ICMS) recoverable Non-current	-	-	651	-
	<u>-</u>	<u>-</u>	<u>651</u>	<u>-</u>

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### 9. JUDICIAL DEPOSITS

The Group maintains judicial deposits, restated based on official indexes, for tax, labor and civil matters that are being discussed in the courts as follows:

	Parent		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Tax	1,099	1,244	1,099	1,244
Current assets	<u>1,099</u>	<u>1,244</u>	<u>1,099</u>	<u>1,244</u>
Labor	10,707	9,074	10,864	9,074
Tax	11,884	59,671	13,236	59,744
Civil	<u>2,054</u>	<u>1,963</u>	<u>2,122</u>	<u>2,002</u>
Non-current assets	<u>24,645</u>	<u>70,708</u>	<u>26,222</u>	<u>70,820</u>

During the first quarter of 2011, the Company was authorized to withdraw the following judicial deposit related to tax lawsuits (i) in the amount of R\$ 16,352, which had been blocked in its bank account and replaced by a letter of guarantee; and (ii) in the amount of R\$35,685, related to the challenge of the levy of ICMS on its activities.

The judicial deposits related to lawsuits classified as possible loss are as follows:

	Parent and Consolidated	
	9/30/11	12/31/10
Current	<u>104</u>	<u>272</u>
Non-current	<u>911</u>	<u>1,328</u>

### 10. DEFERRED INCOME TAX

The differences between the tax bases and book values of assets and liabilities were recognized as temporary differences for purposes of recording deferred taxes against income or expenses in the statement of income.

The estimated realization of the deferred taxes in non-current assets and liabilities is as follows:

	Parent				Consolidated			
	9/30/2011		12/31/2010		9/30/2011		12/31/2010	
	Tax assets	Tax liabilities	Tax assets	Tax liabilities	Tax assets	Tax liabilities	Tax assets	Tax liabilities
2012	260	5,843	13,553	5,843	260	5,843	13,553	5,843
2013	16,379	515	16,379	515	16,379	515	16,379	515
2014	16,916	512	16,916	512	16,916	512	16,916	512
2015	16,174	507	16,174	507	16,174	507	16,174	507
2016 to 2019	<u>46,318</u>	<u>35,126</u>	<u>35,651</u>	<u>27,913</u>	<u>50,563</u>	<u>35,126</u>	<u>35,651</u>	<u>27,913</u>
Total	<u>96,047</u>	<u>42,503</u>	<u>98,673</u>	<u>35,290</u>	<u>100,292</u>	<u>42,503</u>	<u>98,673</u>	<u>35,290</u>

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### Breakdown of and changes in deferred income tax and social contribution assets and liabilities at nominal rates:

	Parent			Consolidated					
	At 12/31/2010	Recognized in the statement of income	Refis*	At 9/30/2011	At 12/31/2010	Reclassification	Recognized in the statement of income	Refis*	At 9/30/2011
<b>Assets:</b>									
Income tax losses	57,456	1,117	(7,660)	48,679	57,456		1,117	(7,660)	48,679
Social contribution losses	24,903	(192)		25,095	24,903		(193)		25,096
Other temporary differences	<u>16,314</u>	<u>(5,959)</u>		<u>22,273</u>	<u>16,314</u>	<u>25,393</u>	<u>15,190</u>		<u>26,517</u>
	98,673	(5,034)	(7,660)	96,047	98,673	25,393	16,114	(7,660)	110,292
<b>Liabilities:</b>									
Other temporary exclusions	35,290	7,213		42,503	35,290		7,213		42,503
Effect in the statement of income		<u>2,179</u>					<u>23,327</u>		

(\* ) As mentioned in Note 17, the Company used part of the accumulated tax losses for the settlement of debts included in the Tax Recovery Program (REFIS).

### Unrecognized tax assets

At September 30, 2011 and December 31, 2010, the Company's subsidiaries had the following unrecognized tax assets and liabilities, in conformity with prevailing accounting practices:

	<u>9/30/2011</u>	<u>12/31/2010</u>
	<u>Tax assets</u>	<u>Tax assets</u>
Subsidiaries in Brazil		
Deferred taxes on income tax and social contribution losses	129,265	181,237
Subsidiaries abroad		
Deferred income tax on tax losses	<u>3,316</u>	<u>3,316</u>
	<u>132,581</u>	<u>184,553</u>

### Reconciliation of income tax and social contribution

The reconciliation of income tax and social contribution recorded in the statement of income for the periods ended September 30, 2011 and 2010 is as follows:

	Parent		Consolidated	
	<u>9/30/2011</u>	<u>9/30/2010</u>	<u>9/30/2011</u>	<u>9/30/2010</u>
Profit for the period before income tax and social contribution	64,418	101,087	111,345	104,967
Statutory rate	34%	34%	34%	34%
Expected income tax and social contribution expense, in relation to income before these taxes at statutory rate	21,902	34,370	37,857	35,689
Effect of income tax and social contribution on:				
Permanent additions (exclusions):				
Officers' profit sharing	955	1,161	955	1,161
Gifts and other non-deductible expenses	396	455	396	455
Equity in the results of investees and provision for losses in subsidiaries	(7,980)	659	-	-
Earnings from investments abroad not taxed in the country	(1,318)	(14,303)	(1,318)	(14,303)
Technological research and innovation benefit - Law 11196/05	(6,919)	(7,112)	(6,919)	(7,112)
Income tax on liquidation of company DBNI (i)	-	-	26,780	-
Other additions (exclusions)	<u>(992)</u>	<u>(7,459)</u>	<u>(4,479)</u>	<u>(4,147)</u>
Income tax and social contribution expense in the statement of income for the period	<u>6,044</u>	<u>7,770</u>	<u>53,272</u>	<u>11,743</u>
Income tax and social contribution - current	3,865	3,981	29,945	5,714
Income tax and social contribution - deferred	2,179	3,789	23,327	6,029

(i) Refers to income tax paid on liquidation of the company DBNI, headquartered in the United States, calculated according to the legal and tax requirements of that country.

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### 11. RELATED-PARTY TRANSACTIONS

The Parent Company's controlling stockholder is Folhapar S.A., a company headquartered in Brazil and also the parent of Banco de Dados de São Paulo Ltda., Empresa Folha da Manhã S.A., Transfolha Transporte and Distribuição Ltda., Valor Econômico S.A., among other companies.

#### Balances and transactions with related parties

	Parent									
	9/30/2011					12/31/2010				
	Current		Non-current		Net effect on results	Current		Non-current		9/30/2010
Amounts due from related parties	Amounts due to related parties	Amounts due from related parties	Amounts due to related parties	Amounts due from related parties		Amounts due to related parties	Amounts due from related parties	Amounts due to related parties		
Subsidiaries										
Advance for expenses:										
Boa Compra	-	-	955	-	-	-	-	-	-	-
Boldcron	-	-	517	-	-	-	-	1,538	-	-
CLRI	-	-	237	-	-	-	-	-	-	-
Colorecube	-	-	1,064	-	-	-	-	400	-	-
Diveo Brasil	-	-	11,673	-	-	-	-	-	-	-
Host	-	-	-	22,151	-	-	-	-	8,096	-
Net+ Phone	-	-	157	-	-	-	-	1,160	-	-
Pagseguro	-	-	-	45,452	-	-	-	-	44,819	-
UBN	-	-	6	-	-	-	-	21,111	-	-
SPNI	-	-	2	-	-	-	-	-	-	-
Unig	-	-	-	2,579	-	-	-	-	270	-
UOL-E	-	-	-	10,459	-	-	-	-	370,022	-
Youngame	-	-	164	-	-	-	-	-	-	-
Yutz	-	-	-	1	-	-	-	-	1	-
Zip	-	-	4,064	-	-	-	-	3,773	-	-
	-	-	18,839	80,642	-	-	-	27,982	423,208	-
Provision of services										
Boldcron	-	-	-	-	(314)	-	-	-	-	-
CLRI	-	-	-	-	(62)	-	-	-	-	-
UBN	-	-	-	-	(107)	-	-	-	-	(107)
	-	-	-	-	(483)	-	-	-	-	(107)
Other related parties										
Provision of services										
Banco de Dados de São Paulo Ltda.	-	-	-	-	-	-	-	-	-	(304)
Empresa Folha da Manhã S.A.	1,333	901	53	-	(7,458)	1,217	769	53	-	(9,421)
Transfolha Transporte e Distribuição Ltda.	-	-	-	-	(310)	-	48	-	-	(674)
Valor Econômico S.A.	263	-	-	-	192	56	307	-	-	198
	1,596	901	53	-	(7,576)	1,273	1,124	53	-	(10,201)
<b>Total</b>	<b>1,596</b>	<b>901</b>	<b>18,892</b>	<b>80,642</b>	<b>(8,059)</b>	<b>1,273</b>	<b>1,124</b>	<b>28,035</b>	<b>423,208</b>	<b>(10,308)</b>

	Consolidated								
	9/30/2011				12/31/2010				
	Current		Non-current		Net effect on results	Current		Non-current	9/30/2010
Amounts due from related parties	Amounts due to related parties	Amounts due from related parties	Amounts due to related parties	Amounts due from related parties		Amounts due to related parties	Amounts due from related parties		
Other related parties									
Provision of services									
Banco de Dados de São Paulo Ltda.	-	-	-	-	-	-	-	-	(304)
Empresa Folha da Manhã S.A.	1,333	901	53	-	(7,458)	1,217	769	53	(9,421)
Transfolha Transporte e Distribuição Ltda.	-	-	-	-	(310)	-	48	-	(674)
Valor Econômico S.A.	263	-	-	-	192	56	307	-	198
	1,596	901	53	-	(7,576)	1,273	1,124	53	(10,201)
<b>Total</b>	<b>1,596</b>	<b>901</b>	<b>53</b>	<b>(7,576)</b>	<b>1,273</b>	<b>1,124</b>	<b>53</b>	<b>(10,201)</b>	

In order to use better its available resources, the Parent Company offers advertising space on its website for barter, both to third parties and to related parties, under equivalent commercial conditions. Income and expenses related to barter transactions with related parties, calculated at fair value, as determined by the accounting policies, are as follows:

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	Parent and Consolidated					
	9/30/2011			9/30/2010		
	Net revenue from barter	Barter expenses	Net effect	Net revenue from barter	Barter expenses	Net effect
Other related parties						
Empresa Folha da Manhã S.A.	1,714	(1,161)	553	1,072	(301)	771
Valor Econômico S.A.	<u>452</u>	<u>(93)</u>	<u>359</u>	<u>544</u>	<u>-</u>	<u>544</u>
Total	<u><u>2,166</u></u>	<u><u>(1,254)</u></u>	<u><u>912</u></u>	<u><u>1,616</u></u>	<u><u>(301)</u></u>	<u><u>1,315</u></u>

### Key management compensation

During the nine-month periods ended September 30, 2011 and 2010, key management compensation, in the consolidated, was recorded in the statement of income under "General and administrative expenses", and does not exceed the limit approved by the stockholders, as shown below.

Key management compensation	Parent and Consolidated	
	9/30/2011	9/30/2010
Short-term benefits to key management	6,363	5,307
Post-employment benefits	<u>183</u>	<u>132</u>
Total	<u><u>6,546</u></u>	<u><u>5,439</u></u>

## 12. INVESTMENTS

### Information on investees at September 30, 2011

Direct subsidiaries	Share capital	Equity (net capital deficiency)	Profit (loss) for the period	Share in total and voting capital (%)	Equity in the results of investees	Recognition of provision for losses on subsidiaries' operations	Investments (provision for losses) in subsidiaries
Boldcron	7,589	5,340	(1,872)	100.00	(1,872)	-	5,340
Colorcube	24	(1,019)	(668)	65.00	-	(435)	(663)
Uol Diveo	1,202,641	787,781	11,032	100.00	11,033	-	787,781
Net+Phone	7,948	(33)	(414)	99.99	(381)	(33)	(33)
Pagueguro	42,568	45,477	-	100.00	-	-	45,477
UBN	4,148	2,260	(400)	99.99	(400)	-	2,260
UNI5	2,307	2,775	468	100.00	468	-	2,775
UOL-Host	29,936	37,073	6,309	100.00	6,309	-	37,073
UOL-A	6	5	-	94.00	-	-	5
UOL-E	16,977	11,715	(2,978)	100.00	(2,978)	-	11,715
Yourgame	10	(72)	(82)	75.00	-	(62)	(53)
Yutz	1	1	-	99.90	-	-	1
Zip	200	(4,125)	(328)	60.00	-	(328)	(4,125)
Total					<u>12,179</u>	<u>(858)</u>	
						Investments	892,394
						Goodwill arising on acquisition of investment	<u>36,776</u>
						Investments in subsidiaries	<u>929,170</u>
						Provision for losses in subsidiaries	<u>(4,841)</u>

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Direct subsidiaries	Share capital 12/31/2010	Equity (net capital deficiency) 12/31/2010	Profit (loss) for the period 9/30/2010	Share in total and voting capital (%)	Equity in the results of investees 9/30/2010	Recognition of provision for losses on subsidiaries' operations 9/30/2010	Investments (provision for losses) in subsidiaries 12/31/2010
Boldcron	5,570	2,804	(945)	100.00	(945)	-	2,804
Colorcube	24	(351)	(267)	65.00	-	(174)	(228)
DH&C	783,392	760,926	975	100.00	975	-	760,926
Net+Phone	6,935	(632)	(761)	99.99	(761)	-	(632)
Nuggent	75,789	-	-	100.00	-	-	-
Passeguero	24,439	27,348	-	100.00	-	-	27,348
UBN	214	(1,274)	(943)	99.99	-	(943)	(1,274)
UNI5	4,613	4,347	392	100.00	392	-	4,347
UOL-Host	29,936	30,764	-	100.00	1	-	30,764
UOL-A	6	5	-	83.00	-	-	4
UOL-E	16,977	13,615	(232)	100.00	(232)	-	13,615
Your	10	10	-	75.00	-	-	10
Yutz	1	1	-	99.90	-	-	1
Zip	200	(3,796)	(252)	60.00	-	(252)	(3,796)
Total					(570)	(1,369)	
						Investments	839,819
						Goodwill arising on acquisition of investment	53,739
						Investments in subsidiaries	893,558
						Provision for losses in subsidiaries	(5,930)

### 13. BUSINESS COMBINATION

We present below the cost of acquisition of control of the companies acquired in 2010 and 2011, mentioned in Note 4, as well as the indication of the economic basis that gave rise to it.

The acquisitions followed the Company's business guidance, as well as the analysis of the products offered by them and their customer base.

Acquisitions for the period ended September 30, 2011

	Book value of acquirees	Carrying value adjustment	Fair value in acquirees
Assets and liabilities derived from the acquisition are:			
Cash and cash equivalents	12	-	12
Net working capital, being:			
Assets acquired	605	-	605
Liabilities assumed	(396)	-	(396)
Property and equipment and intangible assets	291	-	291
Borrowings and financing	(983)	-	(983)
Net value of assets	(471)	-	(471)
Goodwill on acquisition	1,597	-	1,597
Cost of acquisition	1,126	-	1,126
Purchase consideration settled in cash			674
Cash and cash equivalents in subsidiary acquired			(12)
Amount paid on acquisitions, less cash and cash equivalents acquired			662

Acquisitions for the year ended December 31, 2010

	Book value of acquirees	Carrying value adjustment	Fair value in acquirees
Assets and liabilities derived from the acquisition are:			
Cash and cash equivalents	21,309	-	21,309
Net working capital, being:			
Assets acquired	64,915	-	64,915
Liabilities assumed	(99,059)	-	(99,059)
Property and equipment and intangible assets	127,371	255,739	383,110
Borrowings and financing	(21,186)	-	(21,186)
Net value of assets	93,350	255,739	349,089
Goodwill on acquisition	620,148	(255,739)	364,409
Cost of acquisition	713,498		713,498
Purchase consideration settled in cash			713,063
Cash and cash equivalents in subsidiary acquired			(21,309)
Amount paid on acquisitions, less cash and cash equivalents acquired			691,754

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### Acquisition of Diveo Broadband Networks Inc. ("DBNI")

On December 28, 2010, the subsidiary DH&C acquired the control of 100% of the common shares of Diveo Broadband Networks Inc., a company headquartered in the United States of America, and its subsidiaries. The company and its subsidiaries are mainly engaged in the rendering of telecommunications and data center integrated solutions services for corporate clients. As a result of the acquisition, the Group is expected to increase its presence in the data center and outsourcing markets.

The amount paid in the acquisition was R\$693,503, fully in cash, and settled on that date. Additionally, the amount of R\$ 19,460 was deposited in a guaranteed account for future price adjustments, in the event such adjustments do occur.

The goodwill recognized in the operation was R\$555,532 and is based on future profitability, since the Company expects to achieve gains in scale and synergy in the operations of the subsidiaries DH&C and UOL Host. As established in the Brazilian accounting practices through CPC 15 - Business combinations, approved through CVM Resolution 580/09 and in the International Standards through IFRS 3 - Business combinations, the final allocation of goodwill will be carried out in up to one year. The Company estimates that 100% of the goodwill will be deductible for tax purposes.

Up to the closing date of the financial statements at December 31, 2010, the appraisal report, which will be the basis for the allocation of goodwill arising on the acquisition of DBNI, was still being prepared. Therefore, as established in CPC 15 and IFRS 3, the Company's management estimated amounts and carried out the allocation of the amount paid as follows:

### Consideration

On December 28, 2010

Cash	693,503
Guaranteed account for future adjustments	<u>19,460</u>
Total consideration transferred	<u><u>712,963</u></u>

### Recognized amounts of identifiable assets acquired and liabilities assumed

Cash and cash equivalents	21,728
Property and equipment (Note 15)	156,421
Trademarks (included in intangible assets) (Note 16)	28,746
Licenses (included in intangible assets) (Note 16)	5,744
Trade and other receivables	61,310
Trade and other payables	(97,178)
Borrowings	<u>(19,340)</u>
Total identifiable net assets	<u><u>157,431</u></u>
Goodwill	555,532
Total	712,963

At December 31, 2010, the Company estimated the preliminary amount for the customer portfolio as R\$ 220,769.

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	Fair value in the acquirees (recorded as <u>intangible assets</u> )
Trademarks	28,746
Goodwill based on expected future profitability	<u>555,532</u>
Total	<u><u>584,278</u></u>

During the nine-month period ended September 30, 2011, the Company carried out analyses and studies to perform the final allocation of the goodwill arising on the acquisition of Diveo, considering the assumptions determined for allocation of the fair value of the customer portfolio, trademarks and property and equipment, as follows:

- (a) Tangible assets: The Company carried out the allocation of the fair value of tangible assets (property and equipment), in the amount of R\$36,785, considering the new remaining useful lives.
- (b) Intangible assets - trademarks: The Company performed the allocation of the fair value of such intangible assets, in the amount of R\$ 60,593, using the real discount rate (without inflation effects) of 10.9% with remaining useful life of 15 years for operations in Brazil and Colombia.
- (c) Intangible assets - customer portfolio: The Company performed the allocation of the fair value of such intangible assets, in the amount of R\$ 158,361, using the churn rate of 9.7% for operations in Brazil and 20.9% in Colombia, resulting in useful lives of 10 years and 4 months, and 4 years and 10 months, respectively.

In the consolidated, the goodwill of R\$364,409 is presented in intangible assets, as mentioned in Note 15.

In the second quarter of 2011, the Company carried out a corporate restructuring involving its subsidiary DH&C, in order to streamline its operating structure and generate economic benefits, as well as to permit a better use of the resources of the involved companies and rationalize their operating and administrative interrelations, as described in Note 4. As a result of the corporate restructuring, at the subsidiary UOL Diveo, the goodwill initially recorded based on expected future profitability of R\$ 554,167 generated a tax benefit of R\$209,841, as established in CVM Instruction 319/99. In the consolidated, the related goodwill is presented in intangible assets, as mentioned in Note 15.

The assumptions adopted for the impairment test of goodwill can be verified in the financial statements at December 31, 2010, and described in Note 15.

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### 14. PROPERTY AND EQUIPMENT

	Annual depreciation rate - %	Parent					
		9/30/2011			12/31/2010		
		Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Property and equipment in service							
Data processing equipment	37	227,863	(193,981)	33,882	218,508	(182,135)	36,373
Facilities	10	65,174	(18,755)	46,419	54,031	(14,394)	39,637
Machinery and equipment	15	61,754	(14,745)	47,009	52,148	(10,945)	41,203
Furniture and fixtures	12	7,223	(4,132)	3,091	6,463	(3,856)	2,607
Leasehold improvements	27	5,049	(3,165)	1,884	5,049	(3,003)	2,046
Other	20	36	(30)	6	36	(30)	6
Finance lease							
Data processing equipment	20	6,426	(6,426)	-	6,426	(6,426)	-
Property and equipment in progress							
Property and equipment in progress		366	-	366	89	-	89
Total		<u>373,891</u>	<u>(241,234)</u>	<u>132,657</u>	<u>342,750</u>	<u>(220,789)</u>	<u>121,961</u>

	Annual depreciation rate - %	Consolidated					
		9/30/2011			12/31/2010		
		Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Property and equipment in service							
Data processing equipment	37	577,399	(412,859)	164,540	533,611	(380,126)	153,485
Facilities	10	482,337	(402,635)	79,702	460,123	(392,401)	67,722
Machinery and equipment	15	71,670	(22,133)	49,537	63,516	(23,062)	40,454
Furniture and fixtures	12	10,346	(6,552)	3,794	9,917	3,915	13,832
Land		1,850	-	1,850	1,850	-	1,850
Leasehold improvements	27	8,989	(6,760)	2,229	8,886	(7,869)	1,017
Other	20	79	(31)	48	67	(31)	36
Voice equipment	20	6,543	(4,895)	1,648	4,843	(3,553)	1,290
Vehicles	40	50	(46)	4	50	(43)	7
Finance lease	10						
Voice equipment		2,440	(1,723)	717	2,175	(1,456)	719
Data processing equipment		71,620	(56,334)	15,286	68,960	(49,590)	19,370
Facilities		13,217	(7,061)	6,156	13,358	(6,149)	7,209
Machinery and equipment		123	(77)	46	123	(57)	66
Property and equipment in progress							
Property and equipment in progress		692	-	692	416	-	416
Total		<u>1,247,355</u>	<u>(921,106)</u>	<u>326,249</u>	<u>1,167,895</u>	<u>(860,422)</u>	<u>307,473</u>

### Changes in property and equipment

	Parent						Lease		Total
	Data processing equipment	Facilities	Machinery and equipment	Furniture and fixtures	Leasehold improvements	Other	Data processing equipment	Property and equipment in progress	
<b>At December 31, 2010</b>									
Cost	218,508	54,031	52,148	6,463	5,049	36	6,426	89	342,750
Accumulated depreciation	(182,135)	(14,394)	(10,945)	(3,856)	(3,003)	(30)	(6,426)	-	(220,789)
Net book amount	36,373	39,637	41,203	2,607	2,046	6	-	89	121,961
<b>At September 30, 2011</b>									
Opening balance	36,373	39,637	41,203	2,607	2,046	6	-	89	121,961
Cost	9,355	11,143	9,606	760	-	-	-	277	31,141
Additions	10,426	11,143	9,606	760	-	-	-	277	32,212
Disposals	(1,071)	-	-	-	-	-	-	-	(1,071)
Depreciation	(11,846)	(4,361)	(3,800)	(276)	(162)	-	-	-	(20,445)
Additions	(12,907)	(4,361)	(3,800)	(276)	(162)	-	-	-	(21,506)
Disposals	1,061	-	-	-	-	-	-	-	1,061
Net book amount	33,882	46,419	47,009	3,091	1,884	6	-	366	132,657
<b>At September 30, 2011</b>									
Cost	227,863	65,174	61,754	7,223	5,049	36	6,426	366	373,891
Accumulated depreciation	(193,981)	(18,755)	(14,745)	(4,132)	(3,165)	(30)	(6,426)	-	(241,234)
Net book amount	33,882	46,419	47,009	3,091	1,884	6	-	366	132,657

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	Consolidated														Total	
	Data processing equipment	Facilities	Machinery and equipment	Furniture and fixtures	Land	Leasehold improvements	Other	Voice equipment	Vehicles	Lease Voice equipment	Lease Data processing equipment	Lease Facilities	Lease Machinery and equipment	Property and equipment in progress		
<b>At December 31, 2010</b>																
Cost	533,611	460,123	63,516	9,917	1,850	8,886	67	4,843	50	2,175	68,960	13,358	123	416	1,167,895	
Accumulated depreciation	(380,126)	(392,401)	(23,062)	3,915	-	(7,869)	(31)	(3,553)	(43)	(1,456)	(49,590)	(6,149)	(57)	-	(860,422)	
Net book amount	153,485	67,722	40,454	13,832	1,850	1,017	36	1,290	7	719	19,370	7,209	66	416	307,473	
<b>At September 30, 2011</b>																
Opening balance	153,485	67,722	40,454	13,832	1,850	1,017	36	1,290	7	719	19,370	7,209	66	416	307,473	
Cost	43,788	22,214	8,154	429	-	103	12	1,700	-	265	2,660	(141)	-	276	79,460	
Exchange differences	(597)	4,231	226	23	-	(11)	-	86	-	382	1,108	(257)	-	-	5,191	
Assets acquired	-	32	137	19	-	-	-	-	-	-	-	-	-	-	188	
Additions	47,138	22,487	9,795	797	-	114	12	366	-	-	1,189	487	-	276	82,661	
Disposals	(2,766)	(2,930)	(2,426)	(410)	-	-	-	-	-	(126)	-	-	-	-	(8,658)	
Transfers	13	(1,606)	422	-	-	-	-	1,248	-	9	363	(371)	-	-	78	
Depreciation	(32,733)	(10,234)	929	(10,467)	-	1,109	-	(1,342)	(3)	(267)	(6,744)	(912)	(20)	-	(60,684)	
Exchange differences	86	(2,916)	(264)	(107)	-	(27)	-	33	-	(76)	(621)	124	-	-	(3,768)	
Assets acquired	-	(87)	(5)	(6)	-	-	-	-	-	-	-	-	-	-	(98)	
Additions	(42,988)	(16,454)	(4,195)	(435)	-	(237)	-	(918)	(6)	(264)	(5,857)	(1,036)	(20)	-	(72,410)	
Disposals	9,206	6,444	6	9	-	2	-	3	-	-	-	-	-	-	15,670	
Transfers	963	2,779	5,387	(9,928)	-	1,371	-	(460)	3	73	(266)	-	-	-	(78)	
Net book amount	164,540	79,702	49,537	3,794	1,850	2,229	48	1,648	4	717	15,286	6,156	46	692	326,249	
<b>At September 30, 2011</b>																
Cost	577,399	482,337	71,670	10,346	1,850	8,989	79	6,543	50	2,440	71,620	13,217	123	692	1,247,355	
Accumulated depreciation	(412,859)	(402,635)	(22,133)	(6,552)	-	(6,760)	(31)	(4,895)	(46)	(1,723)	(56,334)	(7,061)	(77)	-	(921,106)	
Net book amount	164,540	79,702	49,537	3,794	1,850	2,229	48	1,648	4	717	15,286	6,156	46	692	326,249	



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### Changes in intangible assets

	Parent									
	Software and technology expenditures	Software license	Trademarks and patents	Customer base	Intangible assets in progress		Total			
<b>At December 31, 2010</b>										
Cost	119,801	71,637	2,554	-	-	184	-	-	-	194,176
Accumulated amortization	(72,938)	(58,506)	-	-	-	-	-	-	-	(131,444)
Net book amount	46,863	13,131	2,554	-	-	184	-	-	-	62,732
<b>At September 30, 2011</b>										
Opening balance	46,863	13,131	2,554	-	-	184	-	-	-	62,732
Cost	25,436	3,753	85	61	-	-	-	-	-	29,335
Additions	25,436	3,753	85	61	-	-	-	-	-	29,335
Amortization	(23,839)	(3,730)	-	-	-	-	-	-	-	(27,569)
Additions	(23,839)	(3,730)	-	-	-	-	-	-	-	(27,569)
Net book amount	48,460	13,154	2,639	61	-	184	-	-	-	64,498
<b>At September 30, 2011</b>										
Cost	145,237	75,390	2,639	61	-	184	-	-	-	223,511
Accumulated amortization	(96,777)	(62,236)	-	-	-	-	-	-	-	(159,013)
Net book amount	48,460	13,154	2,639	61	-	184	-	-	-	64,498
	Consolidated									
	Software and technology expenditures	Software license	Radio frequency license	Indefeasible right of use	Customer base	Non-competition	Trademarks and patents	Goodwill on acquisition	Intangible assets in progress	Total
<b>At December 31, 2010</b>										
Cost	136,495	92,334	14,066	5,127	190,621	2,007	63,426	420,186	184	924,446
Accumulated amortization	(80,127)	(70,128)	(12,816)	(709)	(12,095)	(802)	-	-	-	(176,677)
Net book amount	56,368	22,206	1,250	4,418	178,526	1,205	63,426	420,186	184	747,769
<b>At September 30, 2011</b>										
Opening balance	56,368	22,206	1,250	4,418	178,526	1,205	63,426	420,186	184	747,769
Cost	28,432	6,677	(9,571)	154	61	-	96	(23,206)	-	2,643
Exchange differences	(2)	51	(115)	121	-	-	-	-	-	55
Assets acquired	-	499	-	-	-	-	11	-	-	510
Additions	28,505	6,191	308	33	61	-	85	2,384	-	37,567
Disposals	(71)	(64)	(9,764)	-	-	-	-	(25,590)	-	(35,489)
Transfers	-	-	-	-	-	-	-	-	-	-
Amortization	(27,610)	(6,130)	9,716	(382)	(16,761)	-	-	-	-	(41,167)
Exchange differences	-	(9)	114	68	-	-	-	-	-	173
Assets acquired	-	(1)	-	-	-	-	(2)	-	-	(3)
Additions	(28,066)	(6,228)	(162)	(450)	(17,432)	-	2	-	-	(52,336)
Disposals	456	108	9,764	-	671	-	-	-	-	10,999
Net book amount	57,190	22,753	1,395	4,190	161,826	1,205	63,522	396,980	184	709,245
<b>At September 30, 2011</b>										
Cost	164,927	99,011	4,495	5,281	190,682	2,007	63,522	396,980	184	927,089
Accumulated amortization	(107,737)	(76,258)	(3,100)	(1,091)	(28,856)	(802)	-	-	-	(217,844)
Net book amount	57,190	22,753	1,395	4,190	161,826	1,205	63,522	396,980	184	709,245

During 2011, the Company performed the final allocation of the goodwill arising from the acquisition of Diveo, considering assumptions determined for allocation of the fair value of customer portfolio and trademarks with base date December 31, 2010, as described in Note 13. Accordingly, the Company restated the balances related to the first and second quarters formerly disclosed, due to the recalculation of the amortization for the year beginning on January 1, 2011, as follows:

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	<u>Original presentation</u>	<u>Consolidated Current presentation</u>
Amortization expense in the first quarter	2,327	6,377
Amortization expense in the second quarter	3,233	7,282

The impact of the amortization arising from the final allocation of goodwill represents an increase in amortization expenses in the nine-month period ended September 30, 2011 of R\$12,149.

## 16. BORROWINGS AND FINANCING

The Group's borrowings and financing recorded in the interim financial information are as follows:

Type	Charges	Maturity through	Parent		Consolidated		
			9/30/2011	12/31/2010	9/30/2011	12/31/2010	
Local currency							
FINEP	4.25% and 4% p.a	April 2017 and November 2018	14,257	12,341	14,257	12,341	
FINAME	4.50% p.a.	November 2014 and April 2015	1,544	192	1,544	192	
Lease - Banco IBM (i)	10.71% p.a.	March 2015	318	-	318	-	
BNDES	TJLP + 1% p.a. 10.28% and 17.45%	September 2013	-	-	1,497	1,515	
Lease	p.a	January 2014	-	-	6,048	7,396	
Loan US\$ Banco Bradesco S.A.	2.5% p.a.	January 2011	-	-	-	361,637	
Loan US\$ Banco Itaú S.A.	2.340% p.a.	September 2011	-	107,961	-	107,961	
Loan US\$ Banco Bradesco	2.3205% p.a.	March 2012	91,503	-	91,503	-	
Loan CDI Banco ABC S.A.	17.45% p.a.	January 2013	-	-	1,127	830	
Loan Bco Bogota B2B	Libor + 1.5	March 2012	-	-	10,244	-	
Current			<u>107,621</u>	<u>120,494</u>	<u>126,536</u>	<u>491,872</u>	
Local currency							
FINEP	4.25% and 4% p.a	April 2017 and November 2018	92,223	74,118	92,223	74,118	
FINAME	4.50% p.a.	November 2014 and April 2015	5,177	5,464	5,177	5,464	
Lease - Banco IBM (i)	10.71% p.a.	March 2015	795	-	795	-	
BNDES	TJLP + 1% p.a. 10.28% and 17.45%	September 2013	-	-	5,521	3,025	
Lease	p.a	May 2014	-	-	4,575	8,636	
Loan CDI Banco ABC S.A.	17.45% p.a.	January 2013	-	-	383	3,152	
Non-current			<u>98,196</u>	<u>79,582</u>	<u>108,675</u>	<u>94,395</u>	

FINEP - Fund for Financing of Studies and Projects

FINAME - Fund for Financing the Acquisition of Industrial Machinery and Equipment

BNDES - National Bank for Economic and Social Development

LIBOR - London Interbank Offered Rate

The payment schedule of the borrowings and financing recorded in non-current liabilities at September 30, 2011 is as follows:

	<u>Parent</u>	<u>Consolidated</u>
2012	5,117	9,933
2013	20,467	24,317
2014	20,318	21,395
2015	18,330	19,067
2016	17,926	17,926
2017	9,809	9,809
2018	5,749	5,749
2019	479	479
	<u>98,196</u>	<u>108,675</u>

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Except for the inclusion of item (i) mentioned below, the information on borrowings and financing of the parent company and its subsidiaries have not been altered since December 31, 2010 and can be consulted in the financial statements at December 31, 2010, as mentioned in Note 17.

(i) With the objective of renewing the SAP software licenses, on September 26, 2011, the Company entered into a leasing operation with Banco IBM, in the amount of R\$ 1,113, with monthly maturities from January 2012 to March 2015.

### 17. TAXES AND CONTRIBUTIONS

	Parent		Consolidated	
	<u>9/30/2011</u>	<u>12/31/2010</u>	<u>9/30/2011</u>	<u>12/31/2010</u>
Social Integration Program (PIS)	758	667	1,383	872
Income tax and social contribution				
Payable	3,865	3,000	42,686	32,108
Social Contribution on				
Revenues (COFINS)	3,492	3,074	6,341	4,021
Economic Domain Intervention				
Contribution (CIDE)	1,256	1,205	1,256	1,283
Tax on Bank Account				
Outflows (CPMF) (i)	615	1,053	615	1,053
Import Taxes				
(PIS, COFINS, IRRF, ISS)	1,273	1,213	1,573	1,213
Services Tax (ISS)	476	376	1,133	689
Value-added Tax on Sales and				
Services (ICMS)	103	46	1,745	6,195
Tax Recovery Program (REFIS) (i)	824	-	824	-
Other	476	1,058	701	1,462
Total current	<u>13,138</u>	<u>11,692</u>	<u>58,257</u>	<u>48,896</u>
CPMF (i)	-	50	-	50
REFIS (i)	<u>9,956</u>	-	<u>9,956</u>	-
Total non-current	<u>9,956</u>	<u>50</u>	<u>9,956</u>	<u>50</u>

#### (i) Law 11941/09 ("REFIS")

In November 2009, the Company enrolled in the Tax Recovery Program (REFIS) established by Law 11941/2009, including part of the Brazilian Federal Revenue Service (RFB) and General Counsel to the National Treasury (PGFN) debts, which would be settled in cash through the remaining balance of judicial deposits, as well as the remaining balance of the Tax Installment Payment Program (PAES), which would be settled through a refinancing.

In February 2011, the Joint Ordinance PGFN/RFB 02/2011 was amended, revoking paragraph 7, of article 32, of Joint Ordinance PGFN/RFB 06/2009, which established the possibility of settling debts using the remaining balance of judicial deposits.

Due to the new regulation in effect, the Company transferred the debts that were not linked to the judicial deposits to the payment in installments programs established by the RFB and PGFN, with

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payment in 180 monthly installments. As a result of this change, the financial benefits related to the fine and interest decreased by R\$1,534.

#### **(i.1) Consolidation of the payment in installments program**

On June 22, 2011, the payment in installments of RFB and PGFN debts amounting to R\$ 18,715 was consolidated, taking into consideration the legal reductions. In this context, the judicial deposits formerly used for settling the debts, in the amount of R\$ 8,752, were reestablished and are presented in the Company's non-current assets.

#### **(i.2) Consolidation of the payment in cash**

The consolidation in this type of payment was ensured by an injunction granted through the writ of mandamus 0005922-50.2011.4.03.6100.

Accordingly, the debts, which will be manually consolidated in this type of payment, amount to R\$ 47,634.

#### **(i.3) Consolidation of the PAES refinancing program**

The Company opted to refinance the debts formerly included in PAES. The enrollment occurred on November 27, 2009.

Upon the consolidation of the PAES refinancing program, which took place on June 27, 2011, all debts were included in the Brazilian Federal Revenue Service (RFB) system, except for CPMF debts.

The consolidated debts - excluding CPMF debts - total R\$ 670, already taking into consideration the legal reductions.

The inclusion of CPMF debts in the PAES refinancing program will be carried out manually, as ensured by the favorable decision obtained in the records of the writ of mandamus 0013101.69.2010.403.6100.

The effect of the REFIS consolidation amounts to R\$ 9,966, represented by the principal, fine and interest, and was recorded in the statement of income for the period in the accounts "General and administrative" and "Finance result" according to its nature.

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### 18. PROVISION FOR CONTINGENCIES

	Parent		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Labor	174	287	174	287
Tax	1,819	3,390	1,819	3,389
Civil	3,481	2,882	3,648	3,008
Current liabilities	5,474	6,559	5,641	6,684
Labor	2,447	7,002	2,613	7,002
Tax	-	1,372	8,079	10,911
Civil	1,736	1,152	1,871	1,173
Non-current liabilities	4,183	9,526	12,563	19,086

The assessments of events considered as risk of possible loss are disclosed in the notes to the financial statements, when material, and those assessed as risk of remote loss are not recorded nor disclosed.

### Changes in provision for contingencies

	Parent					9/30/2011
	12/31/2010	Addition	Reduction	Transfer	Monetary variation	
Labor	287	128	(291)	50	-	174
Tax	3,390	-	(1,634)	-	63	1,819
Civil	2,882	1,288	(785)	162	(66)	3,481
Current	6,559	1,416	(2,710)	212	(3)	5,474
Labor	7,002	1,220	(2,516)	(50)	(3,209)	2,447
Tax	1,372	-	(855)	-	(517)	-
Civil	1,152	1,207	(519)	(162)	58	1,736
Non-current liabilities	9,526	2,427	(3,890)	(212)	(3,668)	4,183

	Consolidated					9/30/2011
	12/31/2010	Addition	Reduction	Transfer	Monetary variation	
Labor	287	128	(291)	50	-	174
Tax	3,389	-	(1,634)	-	63	1,819
Civil	3,008	1,382	(822)	142	(61)	3,648
Current	6,684	1,510	(2,747)	192	2	5,641
Labor	7,002	1,302	(2,516)	32	(3,207)	2,613
Tax	10,911	1,397	(4,351)	(57)	179	8,079
Civil	1,173	1,310	(507)	(167)	62	1,871
Non-current liabilities	19,086	4,009	(7,374)	(192)	(2,966)	12,563

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### 19. EQUITY

#### (i) Share capital

At September 30, 2011 and December 31, 2010, the Company's capital is R\$530,621 and is comprised of 120,132,310 shares, of which 60,066,155 are common shares and 60,066,155 are preferred shares, all registered and without par value.

As provided for in the by-laws, the Company is authorized to increase its capital by means of a resolution of the Board of Directors, without amending the by-laws, by issuing common and/or preferred shares, up to the limit of 300,000,000 shares. The Board of Directors will set the issue conditions, including the price and payment term. The Parent Company may, within the authorized capital threshold and according to a plan approved by the General Meeting, grant stock options to its officers or employees or to individuals that provide services to the Parent Company or to companies under its control.

#### (ii) Legal reserve

The legal reserve is set up in accordance with the by-laws, in an amount equivalent to 5% of the annual profit, up to the limit of 20% of the capital or 30% of the capital plus the capital reserves. The legal reserve can only be used for capital increase or absorption of losses.

#### (iii) Profit retention reserve

On March 22, 2011 the Parent Company's stockholders approved the proposal for the recognition of a profit retention reserve of R\$ 94,505, related to the profit for the year ended December 31, 2010, plus retained earnings from prior years, to cover the Parent Company's Capital Budget.

#### (iv) Dividends and share rights

The shares entitle their holders to the rights, privileges and restrictions established by the Corporation Law, in the Level 2 Differentiated Corporate Governance Practices Regulation of BM&FBOVESPA and the Company's by-laws. The main rights of preferred shares are as follows:

- Tag-alone right in tender offers for the sale of the controlling interest in the Parent Company, under the same conditions offered to the common shares of the control block.
- Priority in capital reimbursement, without premium, in the event of liquidation of the Parent Company.
- Right to receive dividends equal to the dividends attributed to common shares.

The stockholders are entitled to a mandatory dividend equivalent to 1% of the profit for the year, adjusted as provided for in the by-laws. Dividends were calculated in accordance with the Parent Company's by-laws, as follows:

The dividends for the year ended December 31, 2010 of R\$ 926 started to be paid on May 18, 2011. At September 30, 2011, the remaining balance payable is R\$1.

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### (v) Carrying value adjustments

The Company recognizes in this line item the cumulative effect of foreign exchange gains (losses) arising from the translation of the interim financial information of direct and indirect foreign subsidiaries, UOL E-Corp., UOL Argentina Holdings S.A, Diveo Broadband Networks, Inc and Diveo Colombia Datacenter, Inc, totaling R\$5,376 at September 30, 2011 (R\$9,145 at December 31, 2010).

The cumulative translation adjustment will be reclassified to the statement of income as a gain or loss only in the case of sale or write-off of the related investment.

### (vi) Treasury shares

In compliance with article 157 of Law 6404/76 and CVM Instructions 10/80 and 358/02, the Company disclosed, in a Significant Event notice on 10/08/2009, the authorization for acquisition by the Company of up to 3,122,201 of its own preferred shares, using available reserves. The purpose of such authorization is to cancel the acquired shares, without capital reduction. The maximum term for carrying out the authorized transactions was September 30, 2010, which was not renewed.

Up to September 30, 2011, the Company acquired and held in treasury 495,000 preferred shares, representing 3.76% of the shares traded on the market, acquired for R\$4,648. The average weighted cost of these acquisitions was R\$9.39 per share, ranging from R\$9.20 to R\$9.40. The price of the Company's preferred share (PN N2) at the spot market closing rate at September 30, 2011 was R\$17.69.

## 20. EARNINGS PER SHARE

	<u>9/30/2011</u>	<u>9/30/2010</u>
Profit allocated to the Parent Company's stockholders - common and preferred shares	46,225	93,317
Basic denominator		
Weighted average number of shares	<u>119,682,310</u>	<u>119,682,310</u>
Number of preferred shares	59,616,155	59,616,155
Number of common shares	60,066,155	60,066,155
Earnings per share (in R\$) - basic and diluted	<u>0.38623</u>	<u>0.77971</u>
Profit attributable to preferred shares (in R\$)	0.38623	0.77971
Profit attributable to common shares (in R\$ )	0.38623	0.77971

The Parent Company did not have, in any of the nine-month periods presented, instruments and contracts that can result in the issue of shares considered potential shares, which could impact the diluted earnings per share.

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### 21. FINANCE RESULT

	Parent		Consolidated	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Finance costs				
Unrealized loss on swap transaction	(13,714)	-	(13,714)	-
Realized loss on swap transaction	-	-	(6,738)	-
Interest expenses	(12,436)	(2,193)	(17,859)	(2,470)
Monetary variation	(1,072)	(238)	(1,143)	(297)
Other	(3,990)	(2,105)	(5,555)	(2,379)
Total	<u>(31,212)</u>	<u>(4,536)</u>	<u>(45,009)</u>	<u>(5,146)</u>
Finance income				
Realized gain on swap transaction	4,145	-	4,145	-
Unrealized gain on swap transaction	-	10,663	-	10,663
Earnings from investments	8,303	54,826	8,379	55,672
Interest income	2,200	2,667	3,190	2,780
Total	<u>14,648</u>	<u>68,156</u>	<u>15,714</u>	<u>69,115</u>
Foreign exchange gains (losses), net	(606)	(32,499)	(7,157)	(32,098)

### 22. OTHER OPERATING EXPENSES

	Parent		Consolidated	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Other operating expenses				
Provision for legal claims and others	464	1,893	403	1,878
Loss on sale of property and equipment	(39)	-	168	-
Other	(2,658)	178	(2,671)	(22)
	<u>(2,233)</u>	<u>2,071</u>	<u>(2,100)</u>	<u>1,856</u>

### 23. INCOME (EXPENSES) BY NATURE

	Parent		Consolidated	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Gross revenue from subscriptions	404,800	386,906	404,800	390,046
Deductions from gross revenue from subscriptions	(101,915)	(104,763)	(102,783)	(104,889)
Revenue from advertising and others	348,549	328,925	792,685	414,457
Deductions from gross revenue from advertising and others	(106,557)	(97,899)	(176,451)	(112,317)
	<u>544,877</u>	<u>513,169</u>	<u>918,251</u>	<u>587,297</u>
Personnel expenses	(80,898)	(81,525)	(174,979)	(102,076)
Depreciation and amortization	(45,673)	(48,725)	(109,379)	(61,448)
Third-party services	(255,199)	(237,927)	(320,694)	(265,030)
Finance income	14,648	68,156	15,714	69,115
Finance costs	(31,212)	(4,536)	(45,009)	(5,146)
Foreign exchange gains (losses), net	(606)	(32,499)	(7,157)	(32,098)
Provision for impairment of trade receivables	(60,320)	(43,172)	(68,302)	(43,762)
Maintenance and occupancy expenses	(19,806)	(25,268)	(70,232)	(33,230)
Other operating expenses	(13,542)	(6,586)	(39,016)	(8,655)
	<u>(492,608)</u>	<u>(412,082)</u>	<u>(819,055)</u>	<u>(482,330)</u>

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	Parent		Consolidated	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Classified as				
Cost of services rendered	(198,190)	(204,590)	(298,027)	(221,320)
Selling expenses	(189,691)	(154,669)	(229,652)	(159,438)
General and administrative expenses	(96,645)	(85,406)	(252,824)	(136,629)
Equity in the results of investees:	11,321	(1,939)	-	-
Other results from investments	-	1,330	-	1,330
Other operating income (expenses)	(2,233)	2,071	(2,100)	1,856
Finance income	14,648	68,156	15,714	69,115
Finance costs	(31,212)	(4,536)	(45,009)	(5,146)
Foreign exchange gains (losses), net	(606)	(32,499)	(7,157)	(32,098)
	<u>(492,608)</u>	<u>(412,082)</u>	<u>(819,055)</u>	<u>(482,330)</u>

## 24. FINANCIAL INSTRUMENTS

There have been no changes in the main financial instruments policies and categories, as well as in the capital risk management and risk management, credit and liquidity risks of the Company and its subsidiaries since December 31, 2010. These practices can be consulted in the parent company and consolidated financial statements at December 31, 2010, in Note 25.

The Group's financial instruments were classified in the following categories:

	Parent				Consolidated			
	9/30/2011		12/31/2010		9/30/2011		12/31/2010	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets								
Held-to-maturity								
Kingdom of Norway bonds	-	-	377,935	377,935	-	-	377,935	377,935
	-	-	377,935	377,935	-	-	377,935	377,935
Financial assets and liabilities at fair value:								
Fixed-income securities	-	-	19,734	19,734	510	510	21,640	21,640
Debentures	2,773	2,773	26,750	26,750	2,773	2,773	26,750	26,750
Deposit in guarantee	-	-	-	-	10,199	10,199	-	-
Investment in guarantee	-	-	-	-	1,685	1,685	1,549	1,549
Unrealized gain on swap transaction	5,790	5,790	7,845	7,845	5,790	5,790	7,920	7,920
Unrealized loss on swap transaction	-	-	(7,358)	(7,358)	-	-	(7,830)	(7,830)
	8,563	8,563	46,971	46,971	20,958	20,958	50,029	50,029
Loans and receivables								
Cash and cash equivalents	3,290	3,290	4,300	4,300	12,161	12,161	31,396	31,396
Trade receivables	262,088	262,088	115,907	115,907	328,521	328,521	184,745	184,745
Amounts due from related parties	1,596	1,596	29,308	29,308	1,596	1,596	1,326	1,326
Other receivables	16,468	16,468	14,285	14,285	43,712	43,712	39,611	39,611
	283,442	283,442	163,800	163,800	385,990	385,990	257,078	257,078
Amortized cost								
Trade payables	149,931	149,931	129,423	129,423	181,612	181,612	169,730	169,730
Amounts due to related parties	901	901	424,332	424,332	901	901	1,124	1,124
Borrowings and financing	205,817	205,817	200,076	200,076	235,211	235,211	586,267	586,267
Tax installment payment program - REFIS	10,780	10,780	1,053	1,053	10,780	10,780	1,053	1,053
Other payables	11,757	11,757	31,826	31,826	43,830	43,830	73,604	73,604
	379,186	379,186	786,710	786,710	472,334	472,334	831,779	831,779

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The gearing ratios at September 30, 2011 and December 31, 2010 were as follows:

	Parent	
	9/30/2011	12/31/2010
Total borrowings	205,817	200,076
(-) Cash and banks	(3,290)	(4,300)
Net debt	202,527	195,776
Total equity	1,015,835	953,692
Total capital	1,218,362	1,149,468
Gearing ratio	16.62%	17.03%

	Consolidated	
	9/30/2011	12/31/2010
Total borrowings	235,211	586,267
(-) Cash and banks	(12,161)	(31,396)
Net debt	223,050	554,871
Total equity	1,015,835	953,692
Total capital	1,238,885	1,508,564
Gearing ratio	18.00%	36.78%

At September 30, 2011 and December 31, 2010, the net exposure to exchange rate risk, at the carrying amount and fair value, was as follows:

	Parent and Consolidated			
	9/30/2011		12/31/2010	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets:</b>				
Kingdom of Norway bonds	-	-	377,935	377,935
Financial investments hedged by derivative contract	=	=	(377,935)	(377,935)
Net exposure	=	=	=	=
Foreign deposit certificates	-	-	19,734	19,734
Net exposure	=	=	19,734	19,734
<b>Liabilities</b>				
CDI Banco Itau S.A	-	-	107,961	107,961
CDI Banco Bradesco S.A	91,503	91,503	-	-
Net exposure	91,503	91,503	107,961	107,961

The financial investments are pegged to the US dollar and have current contractual conditions similar to the original ones and, therefore, the fair values are equal to their carrying amounts.

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### (i) Interest rate risk exposure

The Group's financial investments are basically maintained in transactions pegged to the CDI, and some of the borrowings and financing are pegged to the TJLP.

The amount of the financial investments subject to the risk of fluctuations in the CDI at September 30, 2011 and December 31, 2010 is as follows:

	Parent			
	9/30/2011		12/31/2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Kingdom of Norway bonds	-	-	377,395	377,395
Fixed-income securities	-	-	19,734	19,734
Debentures	2,773	2,773	26,750	26,750
Total	<u>2,773</u>	<u>2,773</u>	<u>424,419</u>	<u>424,419</u>
	Consolidated			
	9/30/2011		12/31/2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Kingdom of Norway bonds	-	-	377,935	377,935
Fixed-income securities	510	510	21,640	21,640
Deposit in guarantee	10,199	10,199	-	-
Investment in guarantee	1,685	1,685	-	-
Debentures	2,773	2,773	26,750	26,750
Total	<u>15,168</u>	<u>15,168</u>	<u>426,325</u>	<u>426,325</u>

The amount of borrowings and financing subject to the risk of fluctuations in the TJLP at September 30, 2011 and December 31, 2010 is as follows:

	Consolidated			
	9/30/2011		12/31/2010	
	Carrying amount	Fair value	Carrying amount	Fair value
BNDES	<u>7,018</u>	<u>7,018</u>	<u>3,205</u>	<u>3,205</u>

The fair value of such financing is equal to its carrying amount, considering the characteristics of the financing.

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

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	9/30/2011		
	Less than one year	Between one and two years	Between two and seven years
Borrowings	126,536	34,250	74,425

### Derivative financial instruments

The amounts of derivative instruments are summarized below:

	Parent			Consolidated				
	Maturity	Notional amount 12/31/2010	Fair value 12/31/2010	Amount receivable (payable) 12/31/2010	Maturity	Notional amount 12/31/2010	Fair value 12/31/2010	Amount receivable (payable) 12/31/2010
Future dollar contract:								
Asset position								
Foreign currency - U.S.dollar	January 2011	374,934	374,934	-	January 2011	374,934	374,934	-
Liability position								
Fixed premium in reais	January 2011	(374,934)	(367,089)	7,845	January 2011	(374,934)	(367,014)	7,920
Net amount		-	7,845	7,845		-	7,920	7,920
Asset position								
Swap (Banco Itaú S.A.)	April 2011	109,501	109,501	-	April 2011	109,501	109,501	-
Liability position								
Swap (Banco Bradesco S.A.)	January 2011	-	-	-	January 2011	367,207	367,207	-
Swap (Banco Itaú S.A.)	April 2011	(109,501)	(116,859)	(7,358)	April 2011	(109,501)	(116,859)	(7,358)
Swap (Banco Bradesco S.A.)	January 2011	-	-	-	January 2011	(367,207)	(367,679)	(472)
Net amount		-	-	(7,358)		-	-	(7,830)
Parent								
Consolidated								
	Maturity	Notional amount 9/30/2011	Fair value 9/30/2011	Amount receivable (payable) 9/30/2011	Maturity	Notional amount 9/30/2011	Fair value 9/30/2011	Amount receivable (payable) 9/30/2011
Asset position								
Swap (Banco Bradesco S.A.)	March 2012	85,713	85,713	-	March 2012	85,713	85,713	-
Liability position								
Swap (Banco Bradesco S.A.)	March 2012	85,713	91,503	5,790	March 2012	85,713	91,503	5,790
Net amount		-	-	5,790		-	-	5,790

### Fair value measurement criteria

The fair value of derivatives is calculated based on usual market practices, using the closing interest rates in reais for the whole contract period. The methodology used was the option pricing model commonly used by the market.

### Sensitivity analysis

At the end of the period, Management estimated the probable scenario for the devaluation of the real in relation to other currencies based on the US dollar closing exchange rate (selling PTAX) and the quotation on the Commodities and Futures Exchange (BM&F) for future US dollar contracts with

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maturities on March 12, 2012. For these maturities, the probable rate was depreciated by 25% and 50%, and used as a benchmark for scenarios I and II, respectively.

Two scenarios are presented to show the balances of financial liabilities converted at a projected rate for March 12, 2012. For scenario I the Company considered an appreciation of the real in relation to the dollar of 25% and 50%, and for scenario II a devaluation of the real in relation to the dollar of 25% and 50%, as shown in the tables below:

Future dollar contract with maturity on March 12, 2012:

Foreign exchange rate scenarios Banco Bradesco S.A.						
Probable scenario		Possible scenario I (- 25%)		Remote scenario I (- 50%)		
Benchmark		Benchmark		Benchmark		
dollar*	Devaluation	dollar	Devaluation	dollar	Devaluation	
1.67	0.00%	1.32	-20.62%	0.88	-47.08%	
Foreign exchange rate scenarios						
Probable scenario		Possible scenario II (+ 25%)		Remote scenario II (+ 50%)		
Benchmark		Benchmark		Benchmark		
dollar*	Devaluation	dollar	Appreciation	dollar	Appreciation	
1.67	0.00%	2.21	32.29%	2.65	58.75%	

### Simulation

The simulation below, based on the sensitivity analysis, presents the possible gains and losses on borrowings obtained from Banco Bradesco S.A, which are hedged by future dollar put options.

Change in borrowing from Bradesco			
	Remote scenario	Possible scenario	Probable scenario
Transaction	(-50%)	(-25%)	
Derivative	R\$ 37,718	R\$ 16,522	(R\$ 4,675)
Financial investment	(R\$ 37,718)	(R\$ 16,522)	R\$ 4,675
Net effect	R\$ 0	R\$ 0	R\$ 0

### Sensitivity analysis of fluctuations in interest rates

The Group is exposed to interest rates in its financial investments pegged to CDI. Sensitivity analyses were performed in relation to possible changes in this interest rate.

Earnings from the Company's financial investments are affected by fluctuations in the CDI rate. At September 30, 2011, estimating an increase or decrease of 10% in interest rates, there would be an increase or decrease in finance income by R\$1,071. This amount was calculated considering the impact of hypothetical increases or decreases in interest rates on the average balance of financial investments in 2011. In regard to borrowings and financing, the Company understands that there are no changes since they are pegged to fixed rates.

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### (ii) Fair value measurement

The fair value is defined as the amount for which an asset could be exchanged or a liability settled in the main or most advantageous market for the asset or liability in an arm's length transaction at the measurement date, and a three-level hierarchy is established for fair value measurement, namely:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted (unadjusted) prices included within level 1 that are observable for the asset or liability (directly as prices or indirectly as derived from prices), in non-active markets, or other inputs that are available or that can be corroborated by observable market data to substantiate all the terms of the assets and liabilities.
- Level 3 - inputs not available in view of the small or no market activity and that are significant for the definition of the fair value of assets and liabilities (unobservable).

A market is seen as active if quoted prices are readily and regularly available from an exchange, regulatory agency, among others, and those prices represent actual and regularly occurring market transactions on an arm's length basis; therefore, the fair value of financial instruments traded in active markets (as held-to-maturity and trading securities) is based on market prices, quoted at the end of the reporting period, being included in Level 1.

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.

The Group's assets and liabilities measured at fair value on a recurring basis and subject to disclosure at September 30, 2011 and December 31, 2010 are as follows:

	12/31/2010	Fair value measurement		
		Quoted prices in active markets for identical assets Level 1	Quoted prices in non-active markets for similar assets Level 2	Unobservable data Level 3
Current assets				
Financial investments				
Derivatives	46,484	46,484		-
	46,484	46,484		-
Current liabilities				
Borrowings	107,961	107,961		-
	9/30/2011	Fair value measurement		
		Quoted prices in active markets for identical assets Level 1	Quoted prices in non-active markets for similar assets Level 2	Unobservable data Level 3
Current assets				
Financial investments				
Trading securities	2,773	-	2,773	-
	2,773	-	2,773	-
Current liabilities				
Borrowings	91,503	-	91,503	-
	91,503	-	91,503	-

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### 25. INSURANCE

The insurance coverage is determined according to the nature of the asset risks and was contracted to cover potential losses arising from claims. The insurance coverage is as follows:

<u>Coverage</u>	<u>Type</u>	<u>Amount insured</u>
Production/ administrative facilities	Any damages to buildings, facilities, machinery and equipment	671,950
Civil liability	Unintentional bodily injury to individuals and/or damages caused to third parties	24,830
Loss of profits	Loss of revenue: gross profit arising from fire, lightning and explosion of any nature	<u>401,853</u>
		<u>1,098,632</u>

### 26. PENSION PLAN

The Company co-contributes, on behalf of some employees, to a multiemployer defined contribution plan named Folhaprev. The Company recognizes the related expenses in the statement of income for the year in which they are incurred. In the nine-month periods ended September 30, 2011 and 2010, the Company made the following contributions:

	<u>9/30/2011</u>	<u>9/30/2010</u>
Pension plan for officers	183	132
Pension plan for employees	<u>323</u>	<u>420</u>
Total	506	552

Besides the contributions above, there are no other present or future obligations for the Company.

### 27. LONG-TERM LEASE COMMITMENTS

At September 30, 2011, the Group has a long-term agreement for the lease of its offices and rooftops of buildings for installation of equipment, which is annually adjusted based on the General Market Price Index (IGP-M) variation. Future lease commitments as from September 30, 2011 are as follows:

	<u>Parent</u>	<u>Consolidated</u>
2011	1,975	8,940
2012	8,206	13,721
2013	8,863	12,946
2014	9,572	12,634
2015	10,338	12,786
2016	-	2,359

Expenses incurred in connection with these agreements totaled R\$ 20,381 during the nine-month period ended September 30, 2011 (R\$4,153 in the nine-month period ended September 30, 2010). There are no expenses arising from contingent payments or subleases.

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The agreement does not specify any fine or any other obligation due by the Company in the event of early termination. The Company does not receive any income from sub-rental in connection with these contracts.

\* \* \*

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## Other Information Considered Relevant by the Company

### ITR TABLE - OTHER INFORMATION CONSIDERED RELEVANT BY THE COMPANY OWNERSHIP STRUCTURE - UNIVERSO ONLINE S/A

OWNERSHIP STRUCTURE OF STOCKHOLDERS HOLDING MORE THAN 5% OF THE COMPANY'S SHARES OF EACH TYPE AND CLASS, UP TO THE LEVEL OF INDIVIDUAL						
Company: UNIVERSO ONLINE S.A.						At 9/30/2011 (In share units)
Stockholder	Common shares		Preferred shares		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
Folhapar	41,673,525	69.38%	28,844,139	48.02%	70,517,664	58.70%
João Alves de Queiroz Filho*	9,777,837	16.28%	6,890,539	11.47%	16,668,376	13.88% *
Negocio Magni S.A. de C.V.	7,095,730	11.81%	4,917,499	8.19%	12,013,229	10.00%
Fundo Fator**	-	0.00%	4,999,500	8.32%	4,999,500	4.16% **
Other stockholders	1,519,063	2.53%	13,919,478	23.17%	15,438,541	12.85%
Treasury stock	-	0.00%	495,000	0.82%	495,000	0.41%
<b>Total</b>	<b>60,066,155</b>	<b>100.00%</b>	<b>60,066,155</b>	<b>100.00%</b>	<b>120,132,310</b>	<b>100.00%</b>

\*Company headquartered abroad.

\*\* Funds managed by Banco Fator S.A.; of the total shares, 1,514,700 shares are held by Fundo Sinergia III and 3,288,300 shares are held by Fundo Fator Sinergia IV and 196,500 by Fundo Fator I

CAPITAL DISTRIBUTION OF THE LEGAL ENTITY (COMPANY'S STOCKHOLDER) UP TO THE LEVEL OF INDIVIDUAL						
Name: FOLHAPAR S.A.						At 9/30/2011 (In share units)
Stockholder	Common shares		Preferred shares		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
Luiz Frias	9,727,444	100.00%	8,731,945	48.17%	18,459,389	66.27%
Empresa Folha da Manhã S.A.	-	0.00%	9,255,329	51.06%	9,255,329	33.23%
Other stockholders	15	0.00%	139,269	0.77%	139,284	0.50%
<b>Total</b>	<b>9,727,459</b>	<b>100.00%</b>	<b>18,126,543</b>	<b>100.00%</b>	<b>27,854,002</b>	<b>100.00%</b>

CAPITAL DISTRIBUTION OF THE LEGAL ENTITY (COMPANY'S STOCKHOLDER) UP TO THE LEVEL OF INDIVIDUAL						
Name: EMPRESA FOLHA DA MANHÃ S.A.						At 9/30/2011 (In share units)
Stockholder	Common shares		Preferred shares		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
Larimus Participações Ltda.	781,501	100.00%	781,498	100.00%	1,562,999	100.00%
Luiz Frias	-	- 0.00%	1	0.00%	1	0.00%
Octávio Frias de Oliveira Filho	-	- 0.00%	1	0.00%	1	0.00%
<b>Total</b>	<b>781,501</b>	<b>100.00%</b>	<b>781,500</b>	<b>100.00%</b>	<b>1,563,001</b>	<b>100.00%</b>

CAPITAL DISTRIBUTION OF THE LEGAL ENTITY (COMPANY'S STOCKHOLDER) UP TO THE LEVEL OF INDIVIDUAL						
Name: LARIMUS PARTICIPAÇÕES LTDA.						At 9/30/2011 (In quota units)
Quotaholder	Quotas		Total			
	Number of quotas	%	Number of quotas	%		
Folha Participações S.A.	12,558,998	100.00%	12,558,998	100.00%		
Luiz Frias	1	0.00%	1	0.00%		
Octávio Frias de Oliveira Filho	1	0.00%	1	0.00%		
<b>Total</b>	<b>12,559,000</b>	<b>100.00%</b>	<b>12,559,000</b>	<b>100.00%</b>		

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### Other Information Considered Relevant by the Company

CAPITAL DISTRIBUTION OF THE LEGAL ENTITY (COMPANY'S STOCKHOLDER) UP TO THE LEVEL OF INDIVIDUAL						
Name: FOLHA PARTICIPAÇÕES S.A.					At 9/30/2011 (In share units)	
Stockholder	Common shares		Preferred shares		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
Luiz Frias	260,500	33.33%	137,500	18.87%	398,000	26.36%
Octávio Frias de Oliveira Filho	260,500	33.33%	137,500	18.87%	398,000	26.36%
Maria Cristina Frias de Oliveira	260,500	33.33%	96,500	13.25%	357,000	23.64%
Maria Helena Camargo de Toledo Piza	-	0.00%	357,000	49.00%	357,000	23.64%
<b>Total</b>	<b>781,500</b>	<b>100.00%</b>	<b>728,500</b>	<b>100.00%</b>	<b>1,510,000</b>	<b>100.00%</b>

CONSOLIDATED OWNERSHIP STRUCTURE OF CONTROLLING STOCKHOLDERS, OFFICERS AND OUTSTANDING SHARES At 9/30/2011						
Stockholder	Number of common shares (In units)	%	Number of preferred shares (In units)	%	Total number of shares (In units)	%
<b>Controlling stockholder</b>	41,673,525	69.38%	28,844,139	48.02%	70,517,664	58.70%
<b>Officers</b>						
Board of directors	720,794	1.20%	13	0.00%	720,807	0.60%
Executive Board	187	0.00%	0	0.00%	187	0.00%
<b>Statutory Audit Board</b>	-	0.00%	0	0.00%	-	0.00%
<b>Treasury stock</b>	-	0.00%	495,000	0.00%	495,000	0.41%
<b>Other stockholders</b>	17,671,649	29.42%	30,727,033	51.16%	48,398,652	40.29%
<b>Total</b>	<b>60,066,155</b>	<b>100.00%</b>	<b>60,066,155</b>	<b>99.18%</b>	<b>120,132,310</b>	<b>100.00%</b>
<b>Outstanding shares</b>	7,893,999	13.14%	23,836,470	39.68%	31,730,469	26.41%

CONSOLIDATED OWNERSHIP STRUCTURE OF CONTROLLING STOCKHOLDERS, OFFICERS AND OUTSTANDING SHARES At 12/31/2010 (12 months ago)*						
Stockholder	Number of common shares (In units)	%	Number of preferred shares (In units)	%	Total number of shares (In units)	%
<b>Controlling stockholder</b>	37,067,752	61.71%	28,844,140	48.02%	65,911,892	54.87%
<b>Officers</b>						
Board of directors	-	0.00%	196	0.00%	196	0.00%
Executive Board	-	0.00%	-	0.00%	-	0.00%
<b>Statutory Audit Board</b>	-	0.00%	-	0.00%	-	0.00%
<b>Treasury stock</b>	-	0.00%	495,000	0.00%	495,000	0.41%
<b>Other stockholders</b>	22,998,403	38.29%	30,726,819	51.15%	53,725,222	44.72%
<b>Total</b>	<b>60,066,155</b>	<b>100.00%</b>	<b>60,066,155</b>	<b>99.18%</b>	<b>120,132,310</b>	<b>100.00%</b>
<b>Outstanding shares</b>	22,998,403	38.29%	30,726,819	51.15%	53,725,222	44.72%

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## **Reports / Report on Special Review – Without Exceptions**

Report on Review of Quarterly Information

To the Management and Stockholders  
Universo Online S.A.

### **Introduction**

We have reviewed the accompanying parent company and consolidated interim accounting information of Universo Online S.A., included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2011, comprising the balance sheet at that date and the statements of income and comprehensive income for the three-month and nine-month periods then ended, as well as 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 - "Interim Financial Reporting" of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with accounting standard CPC 21 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 - Interim Financial Reporting applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

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## **Reports / Report on Special Review – Without Exceptions**

### **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 - "Interim Financial Reporting" and IAS 34 - "Interim Financial Reporting" applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

### **Other matters**

#### **Interim statements of value added**

We have also reviewed the parent company and consolidated interim statements of value added for the nine-month period ended September 30, 2011, which are required to be presented in accordance with standards issued by the Brazilian Securities Commission (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 properly prepared and presented, in all material respects, in relation to the parent company and consolidated interim accounting information taken as a whole.

São Paulo, November 10, 2011

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Ricardo Novaes de Queiroz  
Contador CRC 1DF012332/O-2 "S" SP