



Closing price:
NETC4: R\$18.11 /share (BM&FBOVESPA)
NETC: US\$10.69 /ADR (Nasdaq)
Total number of shares: 342,963,601

3Q11 Earnings Release

São Paulo, October 28, 2011 – Net Serviços de Comunicação S.A. (BM&FBOVESPA: NETC3 and NETC4; Nasdaq: NETC; and Latibex: XNET), the largest cable operator in Brazil and Latin America, offering integrated services that include Pay TV (“NET”), Digital Video (“NET Digital”), High Definition Digital Video (“NET Digital HD”), bidirectional broadband internet access (“NET Virtua”) and Voice (“NET Fone via Embratel”), announces today its results for the third quarter of 2011 (“3Q11”).

FINANCIAL STATEMENTS

NET Serviços de Comunicação S.A. DRE e Destaques Financeiros Consolidados IFRS - (R\$ thousands)	3Q11	3Q10	%	9M11	9M10	%
Net Revenue	1,715.3	1,381.1	24%	4,908.2	3,951.6	24%
Operating costs	(832.3)	(669.2)	24%	(2,390.1)	(1,890.7)	26%
Selling, General and Administrative Expenses	(386.9)	(334.5)	16%	(1,079.4)	(912.8)	18%
Bad Debt Expenses	(9.9)	(8.5)	17%	(35.4)	(35.1)	1%
EBITDA^(a)	486.2	369.0	32%	1,403.2	1,113.1	26%
EBITDA margin	28.3%	26.7%		28.6%	28.2%	
Depreciation and Amortization	(269.6)	(231.0)	17%	(778.5)	(666.5)	17%
Net Exchange and Monetary Variation	(168.9)	79.0	-314%	(105.6)	34.1	(410%)
Financial Expenses	(57.0)	(122.5)	-53%	(280.7)	(299.3)	(6%)
Financial Income	43.6	46.5	-6%	132.1	125.9	5%
Income/(loss) bef. Investees, min.ints.	34.3	141.0	-76%	370.6	307.3	21%
Current income Tax and Social Contribution tax	(10.7)	(69.2)	-85%	(115.5)	(133.1)	(13%)
Net Income	23.6	71.8	-67%	255.0	174.1	46%
Net Debt	1,418.6	1,300.4	9%			

(a) EBITDA does not represent an accounting item or cash flow for the periods in question. Therefore, EBITDA should not be considered an alternative measure of net income (loss), an indicator of operating performance or an alternative to cash flow as a source of liquidity. Since EBITDA is not an accounting item, companies may make adjustments, which means that the definition of EBITDA may not be comparable with the definitions adopted by other companies.

Net Revenue totaled **R\$1,715.3 million** in 3Q11, up by 24% from R\$1,381.1 million in 3Q10. This increase was sustained by subscriber base growth and increased sales of higher value-added products.

EBITDA (earnings before interest, tax, depreciation and amortization) stood at **R\$486.2 million** in 3Q11, up by 32% from R\$369.0 million in 3Q10.

Net Income fell by 67%, from R\$71.8 million in 3Q10 to **R\$23.6 million** in this quarter, chiefly due to the exchange rate variation in the period, which did not substantially alter the Company's cash position.

NET Serviços de Comunicação S.A. Consolidated Balance Sheet IFRS - (R\$ thousands)	3Q11	3Q10	NET Serviços de Comunicação S.A. Consolidated Balance Sheet IFRS - (R\$ thousands)	3Q11	3Q10
Assets			Liabilities		
Total Current Assets	1,523,624	1,561,082	Total Current Liabilities	1,460,332	1,292,529
Total Long-term Assets	7,277,524	6,927,827	Total Long Term Liabilities	3,271,134	3,514,715
			Shareholders' Equity	4,069,682	3,681,665
Total Assets	8,801,148	8,488,909	Liabilities and Stockholders' Equity	8,801,148	8,488,909



On October 5, 2011, NET, Claro and Embratel joined forces to transform the offering of telecommunications and entertainment in Brazil. They integrated their networks to launch **Combo Multi**, the most complete convergent offering of fixed and mobile services in country, combining high-definition pay TV, on-demand video, fixed and mobile broadband, fixed and mobile telephony and access to Wi-Fi networks at home or in public places.

In the material fact published on October 20, 2011, the Company announced that the current controlling shareholder GB Empreendimentos e Participações S.A. ("GB"), Globo Comunicação e Participações S.A. ("Globo"), Embratel Participações S.A ("Embrapar") and Empresa Brasileira de Telecomunicações S.A. ("EMBRATEL"), began negotiations for the exercise of the option for the purchase, by Embrapar, of Net Serviço's shares held by Globo, which had already been announced to ANATEL. After the implementation of this transaction, Embrapar, jointly with its subsidiary Embratel, will be GB's direct controlling company and, in turn, the indirect controlling company of Net Serviços.