

2Q10 RESULTS

Estácio announces recurring EBITDA of R\$18.7 million, recurring EBITDA MARGIN of 7.2% and recurring NET INCOME of R\$7.8 million in the quarter

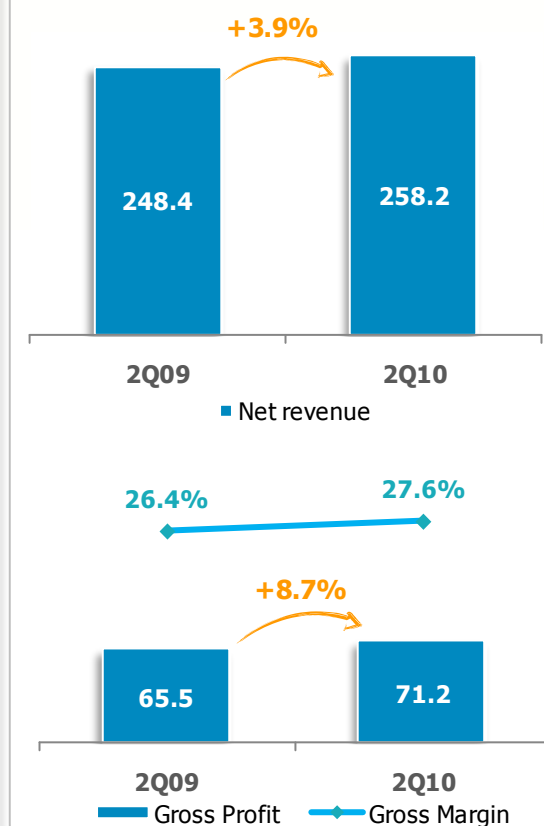
GROW WITH ESTÁCIO AND WRITE YOUR OWN STORY.

Rio de Janeiro, August 10, 2010 - **Estácio Participações S.A.** – “Estácio” or “Company” (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA) announces its results for the second quarter of 2010 (2Q10) in comparison with the same period of the previous year (2Q09). The operating and financial information in this release is presented on a consolidated basis and in Brazilian real, in accordance with Brazilian Corporation Law.

Highlights

- ◆ Estácio ended 2Q10 with a **total student base** of 214,800, up 1.6% from 2Q09, with 193,900 students enrolled in **on-campus programs** and 20,900 enrolled in **distance learning programs**.
- ◆ **Net operating revenue** in the quarter was R\$258.2 million, a 3.9% increase on 2Q09, chiefly due to the expansion in the distance learning operations.
- ◆ The **on-campus average ticket** in the quarter was R\$424.0, up 8.2% on 2Q09.
- ◆ **Recurring gross margin** rose 1.2 p.p. in 2Q10 from 2Q09, due to better management of faculty costs, which offset the increase in social security charges (INSS) due to application of the progressive tax rate.
- ◆ **Recurring EBITDA** was R\$18.7 million in the quarter, up 4.5% from 2Q09, mainly due to the higher net revenue and good cost management in the period.
- ◆ In April 2010, Estácio paid **dividend to shareholders** for fiscal year 2009 of R\$30.5 million, maintaining the pay-out ratio of 50% of net income.

Quarterly Highlights (R\$ MM)



ESTC3

(Closing 08/09/2010)

Stock Price: R\$21.80 / stock
Number of Shares: 78,617,187
Market cap: R\$ 1.7 billion
Free Float: 27%

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Message from Management

Estácio's second quarter results demonstrate our efforts to grow revenue and improve profitability. The success of the Distance Learning operations, the lower dropout rates and the higher enrollment in our special tutoring courses lead us to believe we are on the right path for achieving our larger objective, which is to provide the market with a superior post-secondary education and to achieve high levels of student satisfaction.

After the lower-than-expected enrollment in the first quarter, as discussed in our previous earnings release, we were able to deliver net revenue growth of 3.9% and an increase in recurring EBITDA of 4.5% in relation to the second quarter of last year.

Revenue growth was basically driven by the success of the Distance Learning segment, which accounted for R\$10.8 million of the quarter's consolidated net revenue. In just 12 months of operations, we reached the mark of 20,900 students in this segment. The reasons for this success stem mainly from the quality of Estácio's academic model (including the complete set of textbooks for students), infrastructure and highly trained faculty. Also contributing to the good revenue performance was the increase in our average ticket of 8.2% in on-campus programs and of 5% in distance learning programs, once again reflecting our discipline in terms of the discounts and scholarships offered and the introduction of the new academic model.

In the second quarter, we launched a strong nationwide advertising campaign focused on Estácio's advantages in terms of quality, such as the special attention given to textbooks (which are included in the tuition), which contribute considerably to the development of our students. The campaign is illustrated by Estácio's unique advantages, such as students and professors who excel in their fields. Another important point covered by the new campaign was the government's new student loan program FIES, which will provide access to a college education to thousands of low-income youths, which represent a substantial part of our target public.

Another highlight is the priority we are placing on developing our graduate programs, which have begun to show good results and to make a positive contribution to expanding our student base and revenue. We have 11,100 on-campus students and another 1,700 distance learning students in this segment, which represents an increase of 3,200 students, or 33.3%, from the same period last year.

Our efforts are currently focused on the final stage of the enrollment process for the second semester of 2010. We believe that with our new academic model, well structured sales team and the beginning of textbook distribution to new students in the state of Rio de Janeiro, we are well positioned to move forward in pursuit of organic growth, acquisition opportunities and enhanced profitability.

Operating Indicators

Table 2 – Student Base

'000	2Q09	1Q10	2Q10	2Q10 vs. 2Q09	2Q10 vs. 1Q10
Total Student Base	211.4	216.5	214.8	1.6%	-0.8%
On-Campus	211.4	200.1	193.9	-8.3%	-3.1%
Undergraduate	201.8	190.3	182.8	-9.4%	-3.9%
Graduate	9.6	9.7	11.1	15.6%	14.4%
Distance Learning	-	16.4	20.9	N.A.	27.4%
Undergraduate	-	14.9	19.2	N.A.	28.9%
Graduate	-	1.5	1.7	N.A.	13.3%

The **student base** totaled 214,800 at the end of 2Q10, an increase of 1.6% in relation to 2Q09, led mainly by growth in the **distance learning student base**, which totaled 20,900 students at the end of 2Q10. The on-campus student base declined by 8.3% from 1Q10, with the contraction of 9.4% in the on-campus undergraduate base partially offset by the 15.6% increase in the on-campus graduate base.

A highlight was the growing success of our **distance learning segment**, which registered growth of 27.4% in relation to 1Q10, given the fact that, unlike the on-campus programs, the distance learning enrollment process takes place on a quarterly basis.

Table 2 – Evolution of On-Campus Undergraduate Student Base

'000	2Q09	1Q10	2Q10	2Q10 vs. 2Q09	2Q10 vs. 1Q10
Students - Starting Balance	210.7	186.9	190.3	-9.7%	1.8%
Graduates	-	(19.5)	-	N.A.	N.A.
Renewable Base	210.7	167.4	190.3	-9.7%	13.7%
Non-Payment/Non-Renewals	(8.9)	(24.4)	(7.5)	-15.7%	-69.3%
Enrollment Renewals	201.8	143.0	182.8	-9.4%	27.8%
Enrollments	-	47.3	-	N.A.	N.A.
Students - Ending Balance	201.8	190.3	182.8	-9.4%	-3.9%

Estácio has been implementing special measures focused on **student retention**, and one of these measures is to monitor the performance of students and tutoring courses in order to assure the quality of their learning process and academic development.

The student support project called "**Gabaritando**", which offers online special tutoring classes, has enjoyed excellent acceptance among Estácio students, reaching enrollment of 60,600 at the end of 2Q10, or three times higher than in 2Q09. These actions, combined with the monitoring of students' individual performance by our program coordinators, have led **dropouts** in the quarter to fall 15.7% from the same period last year.

Operating Revenue

Table 3 – Breakdown of Operating Revenue

R\$ MM	2Q09	2Q10	Change	1H09	1H10	Change
Gross Operating Revenue	360.7	369.2	2.4%	741.2	734.6	-0.9%
Monthly Tuition Fees	355.1	364.8	2.7%	731.6	726.8	-0.7%
Others	5.6	4.4	-21.4%	9.6	7.8	-18.8%
Gross Revenue Deductions	(112.3)	(111.0)	-1.2%	(228.2)	(220.4)	-3.4%
Gratuities - Scholarships	(94.6)	(97.0)	2.5%	(192.5)	(190.7)	-0.9%
Monthly Tuition Fees and Charges Returned	(0.9)	(0.8)	-11.1%	(1.7)	(1.4)	-17.6%
Discounts Granted	(6.4)	(2.3)	-64.1%	(12.3)	(6.7)	-45.5%
Taxes	(10.4)	(10.9)	4.8%	(21.7)	(21.6)	-0.5%
% Deductions / Gross Operating Revenue	31.1%	30.1%	-1.0 p.p.	30.8%	30.0%	-0.8 p.p.
Net Operating Revenue	248.4	258.2	3.9%	513.0	514.2	0.2%

Gross operating revenue in 2Q10 was R\$369.2 million, an increase of 2.4% on 2Q09, supported by the Distance Learning segment, which contributed with a total of R\$14.9 million to the quarter's revenue.

Gross revenue in the first six months totaled R\$734.6 million, down 0.9% on a year earlier, mainly due to the contraction in the on-campus undergraduate student base, which was partially offset by the gross revenue of R\$26.2 million from the Distance Learning segment.

In 2Q10, **deductions** represented 30.1% of gross revenue, versus 31.1% in 2Q09, demonstrating the continuation of our restrictive policy to control discounts and scholarships.

Note that, with the control of discounts and scholarships, the Company was able to increase the **on-campus average ticket** by 8.2% and thus maintain the level of revenue despite the reduction in the average student base in the period. The introduction of the new academic model, with textbooks included in the tuition, also helped increase the average ticket (cost fully passed-through of R\$4.3 million in 2Q10 and R\$6.5 million in 1H10).

The **distance learning average ticket** increased by 5% in comparison with 1Q10.

Table 6 – On-Campus Average Ticket Calculation

R\$ MM*	2Q09	1Q10	2Q10	2Q10 vs. 2Q09
Gross Revenue - On-Campus	360.7	354.1	354.3	-1.8%
Deductions - On-Campus	(112.3)	(106.2)	(106.9)	-4.8%
Net Revenue - On-Campus	248.4	247.9	247.4	-0.4%
On-Campus Students - Total (000)	211.4	200.1	193.9	-8.3%
Average Ticket - On-Campus (R\$)	391.8	412.9	424.0	8.2%

* Unless otherwise stated.



Table 8 – Distance Learning Average Ticket Calculation

R\$ MM*	2Q09	1Q10	2Q10	2Q10 vs. 1Q10
Gross Revenue - Distance Learning	-	11.3	14.9	31.9%
Deductions - Distance Learning	-	(3.1)	(4.1)	32.3%
Net Revenue - Distance Learning	-	8.2	10.8	31.7%
Distance Learning Students - Total (000)	-	16.4	20.9	27.4%
Average Ticket - Distance Learning (R\$)	-	167.0	175.3	5.0%

* Unless otherwise stated.

Cost of Services

Table 6 – Breakdown of Cost of Services

R\$ MM	2Q09	2Q10	Change	1H09	1H10	Change
Cost of Services	(183.7)	(187.2)	1.9%	(359.9)	(357.1)	-0.8%
Personnel	(138.4)	(137.4)	-0.7%	(265.9)	(260.2)	-2.1%
Salaries and Payroll Charges	(117.8)	(114.6)	-2.7%	(226.5)	(216.8)	-4.3%
Brazilian Social Security Institute (INSS)	(20.6)	(22.8)	10.7%	(39.4)	(43.4)	10.2%
Rentals / Real Estate Taxes Expenses	(23.5)	(24.3)	3.4%	(49.1)	(47.9)	-2.4%
Textbooks Materials	-	(4.3)	N.A.	-	(6.5)	N.A.
Third-Party Services and Others	(13.9)	(14.1)	1.4%	(27.1)	(26.1)	-3.7%
Non-Recurring Costs	(0.8)	(0.2)	-75.0%	(1.8)	(2.5)	38.9%
Depreciation	(7.1)	(6.9)	-2.8%	(16.0)	(13.9)	-13.1%

Note: Throughout 2009, we conducted various studies to improve the planning and control of personnel costs, which resulted in changes to the administrative guidelines and processes. Consequently, the amounts of R\$12.0 million and R\$25.8 million that were recognized in 2Q09 and 1H09, respectively, under general and administrative expenses, were reclassified under costs of services.

Table 7 – Vertical Analysis of Cost of Services

% of Net Operating Revenue	2Q09	2Q10	Change	1H09	1H10	Change
Cost of Services	74.0%	72.5%	-1.5 p.p.	70.1%	69.4%	-0.7 p.p.
Personnel	55.7%	53.2%	-2.5 p.p.	51.8%	50.6%	-1.2 p.p.
Salaries and Payroll Charges	47.4%	44.4%	-3.0 p.p.	44.2%	42.2%	-2.0 p.p.
Brazilian Social Security Institute (INSS)	8.3%	8.8%	0.5 p.p.	7.7%	8.4%	0.7 p.p.
Rentals / Real Estate Taxes Expenses	9.5%	9.4%	-0.1 p.p.	9.6%	9.3%	-0.3 p.p.
Textbooks Materials	0.0%	1.7%	1.7 p.p.	0.0%	1.3%	1.3 p.p.
Third-Party Services and Others	5.6%	5.5%	-0.1 p.p.	5.3%	5.1%	-0.2 p.p.
Non-Recurring Costs	0.3%	0.1%	-0.2 p.p.	0.4%	0.5%	0.1 p.p.
Depreciation	2.9%	2.7%	-0.2 p.p.	3.1%	2.7%	-0.4 p.p.

In the first half of 2010, **costs of services** as a percentage of net revenue declined by 0.7 percentage point in relation to 1H09. Despite the stable revenue scenario and following the negative impact generated by the adoption of a progressive rate for INSS contributions, margin compression was lower in 2Q10 than in 1Q10.

In 2Q10, we booked R\$0.2 million in **nonrecurring costs** related to layoffs, representing a reduction of R\$0.6 million from the same quarter of last year.

Gross Profit

Table 8 – Gross Profit Statement

R\$ MM	2Q09	2Q10	Change	1H09	1H10	Change
Net Operating Revenue	248.4	258.2	3.9%	513.0	514.2	0.2%
Cost of Services	(183.7)	(187.2)	1.9%	(359.9)	(357.1)	-0.8%
Gross Profit	64.7	71.0	9.7%	153.1	157.1	2.6%
(-) Non-Recurring Costs	0.8	0.2	-75.0%	1.8	2.5	38.9%
Recurring Gross Profit	65.5	71.2	8.7%	154.9	159.6	3.0%
<i>Recurring Gross Margin</i>	<i>26.4%</i>	<i>27.6%</i>	<i>1.2 p.p.</i>	<i>30.2%</i>	<i>31.0%</i>	<i>0.8 p.p.</i>

In 2Q10, **recurring gross profit** reached R\$71.2 million, compared with R\$65.5 million in 2Q09, as a result of the 3.9% increase in net revenue, which offset the cost increase recorded in the period. **Recurring gross margin** expanded by 1.2 percentage point in 2Q10 from the same period last year.

In the comparison of six-month periods, **recurring gross profit** totaled R\$159.6 million, up 3.0%, for a 0.8 percentage point gain in recurring gross margin in 1H10, mainly due to the higher revenue and continued cost reductions, especially in costs with faculty.

Selling, General & Administrative Expenses (SG&A)

Table 9 – Breakdown of SG&A Expenses

R\$ MM	2Q09	2Q10	Change	1H09	1H10	Change
Selling, General and Administrative Expenses	(61.8)	(67.8)	9.7%	(122.1)	(133.1)	9.0%
Selling Expenses	(17.6)	(23.0)	30.7%	(35.3)	(44.3)	25.5%
Provisions for Doubtful Debts	(9.4)	(15.1)	60.6%	(15.6)	(20.1)	28.8%
Marketing	(8.2)	(7.9)	-3.7%	(19.7)	(24.2)	22.8%
General and Administrative Expenses	(41.2)	(42.0)	1.9%	(83.1)	(83.2)	0.1%
Personnel	(16.8)	(17.1)	1.8%	(31.0)	(31.0)	0.0%
Salaries and Payroll Charges	(14.6)	(14.0)	-4.1%	(26.9)	(25.4)	-5.6%
Brazilian Social Security Institute (INSS)	(2.2)	(3.1)	40.9%	(4.1)	(5.6)	38.4%
Others	(22.6)	(23.1)	2.2%	(48.4)	(47.0)	-2.9%
Non-Recurring Expenses	(1.8)	(1.8)	0.0%	(3.7)	(5.2)	40.5%
Depreciation	(3.0)	(2.8)	-6.7%	(3.7)	(5.6)	51.4%

Table 10 – Vertical Analysis of SG&A Expenses

% of Net Operating Revenue	2Q09	2Q10	Change	1H09	1H10	Change
Selling, General and Administrative Expenses	24.9%	26.3%	1.4 p.p.	23.8%	25.9%	2.1 p.p.
Selling Expenses	7.1%	8.9%	1.8 p.p.	6.9%	8.6%	1.7 p.p.
Provisions for Doubtful Debts	3.8%	5.8%	2.0 p.p.	3.0%	3.9%	0.9 p.p.
Marketing	3.3%	3.1%	-0.2 p.p.	3.8%	4.7%	0.9 p.p.
General and Administrative Expenses	16.6%	16.3%	-0.3 p.p.	16.2%	16.2%	0.0 p.p.
Personnel	6.8%	6.6%	-0.2 p.p.	6.0%	6.0%	0.0 p.p.
Salaries and Payroll Charges	5.9%	5.4%	-0.5 p.p.	5.2%	4.9%	-0.3 p.p.
Brazilian Social Security Institute (INSS)	0.9%	1.2%	0.3 p.p.	0.8%	1.1%	0.3 p.p.
Others	9.1%	8.9%	-0.2 p.p.	9.4%	9.1%	-0.3 p.p.
Non-Recurring Expenses	0.7%	0.7%	0.0 p.p.	0.7%	1.0%	0.3 p.p.
Depreciation	1.2%	1.1%	-0.1 p.p.	0.7%	1.1%	0.4 p.p.

In the first six months of 2010, **selling, general & administrative expenses** as a percentage of net revenue increased by 2.1 percentage points in relation to 1H09, mainly due to the following items:

- (i) the R\$4.8 million increase in marketing expenses in 1Q10 due to the efforts to launch textbooks in order to encourage enrollment in view of the postponement of the High School National Exam (ENEM) and the distance learning campaigns; and
- (ii) the R\$5.7 million variation in the provision for doubtful accounts (PDD) in relation to 2Q09, due to a R\$3.3 million reversal occurred in the 2Q09

PDD as a percentage of net revenue in 1H10 was 3.9%, compared with 3.0% in 1H09. Excluding the effects from the reversal in 2Q09, the PDD / net revenue ratio was up 0.2 percentage point in the first six months of this year in relation to the same period last year.

The total **nonrecurring expenses** of R\$1.8 million registered in the quarter refer to severance charges and the rescission fines at the distance learning support units.

EBITDA

Table 11 – Statement of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

R\$ MM	2Q09	2Q10	Change	1H09	1H10	Change
Net Operating Revenue	248.4	258.2	3.9%	513.0	514.2	0.2%
Cost of Services	(183.7)	(187.2)	1.9%	(359.9)	(357.1)	-0.8%
Selling, General and Administrative Expenses	(61.8)	(67.8)	9.7%	(122.1)	(133.1)	9.0%
(-) Depreciation and Amortization	10.1	9.7	-4.0%	19.7	19.5	-1.0%
EBITDA	13.0	12.9	-0.8%	50.7	43.5	-14.2%
(-) Operating Financial Result	2.3	3.8	65.2%	5.5	7.2	30.9%
(-) Non-Recurring Costs and Expenses	2.6	2.0	-23.1%	5.5	7.7	40.0%
Recurring EBITDA	17.9	18.7	4.5%	61.7	58.4	-5.3%
<i>Recurring EBITDA Margin</i>	<i>7.2%</i>	<i>7.2%</i>	<i>0.0 p.p.</i>	<i>12.0%</i>	<i>11.4%</i>	<i>-0.6 p.p.</i>

In the first six months of 2010, **recurring EBITDA** was R\$58.4 million, down 5.3% from 1H09, mainly due to the increase in marketing expenses in the 1Q10 and the increase in bad debts in the 2Q10.

Despite the stable revenues and the increase in expenses in the 1H10, the company practically recovered the lower EBITDA margin obtained in the 1Q10.

In 2Q10, **recurring EBITDA** totaled R\$18.7 million, for an increase of R\$0.8 million (+4.5%) on 2Q09, with **recurring EBITDA margin** of 7.2%, chiefly due to the improvement in net revenue.

Financial Result

Table 12 – Breakdown of Financial Result

R\$ MM	2Q09	2Q10	Change	1H09	1H10	Change
Financial Result	4.6	4.0	-13.0%	8.2	6.9	-15.9%
Financial Revenues	7.3	7.8	6.8%	16.3	15.0	-8.0%
Interest and Financial Investment	5.0	4.0	-20.0%	10.8	7.8	-27.8%
Operating Financial Result	2.3	3.8	65.2%	5.5	7.2	30.9%
Financial Expenses	(2.7)	(3.8)	40.7%	(8.1)	(8.1)	0.0%

The **financial result** declined by R\$1.3 million in 1H10 in relation to 1H09, chiefly due to the reduction of R\$3.0 million in financial income and financial investments as a result of the lower balance of cash invested, which was offset by the R\$1.7 million increase in operating financial income (fines and interest received for past-due tuition payments).

Net Income

Table 13 – Statement of Net Income based on EBITDA

R\$ MM	2Q09	2Q10	Change	1H09	1H10	Change
EBITDA	13.0	12.9	-0.8%	50.7	43.5	-14.2%
Financial Result	4.6	4.0	-13.0%	8.2	6.9	-15.9%
Depreciation and Amortization	(10.1)	(9.7)	-4.0%	(19.7)	(19.5)	-1.0%
Non-operating result	(0.1)	(1.1)	N.A.	(0.1)	(1.1)	N.A.
Income Tax	0.2	(0.1)	N.A.	(0.3)	(0.2)	-33.3%
Social Contribution	0.6	(0.2)	N.A.	(0.8)	(0.6)	-25.0%
Net Income	8.2	5.8	-29.3%	38.0	29.0	-23.7%
(-) Non-Recurring Costs and Expenses	2.6	2.0	-23.1%	5.5	7.7	40.0%
Adjusted Net Income	10.8	7.8	-27.8%	43.5	36.7	-15.6%

Capitalization and Cash

Table 18 – Capitalization and Cash

R\$ MM	06/30/2009	06/30/2010	Change
Shareholders' Equity	460.6	492.2	6.9%
Loans and Financing	8.2	3.5	-57.3%
Short Term	5.4	3.3	-38.9%
Long Term	2.8	0.2	-92.9%
Cash & Cash Equivalents	223.8	172.3	-23.0%
Net Cash	215.6	168.8	-21.7%

At the close of 2Q10, the Company's **net cash** totaled R\$168.8 million, which was conservatively invested in fixed-income instruments pegged to the CDI rate, in government bonds and in certificates of deposits at prime Brazilian banks.

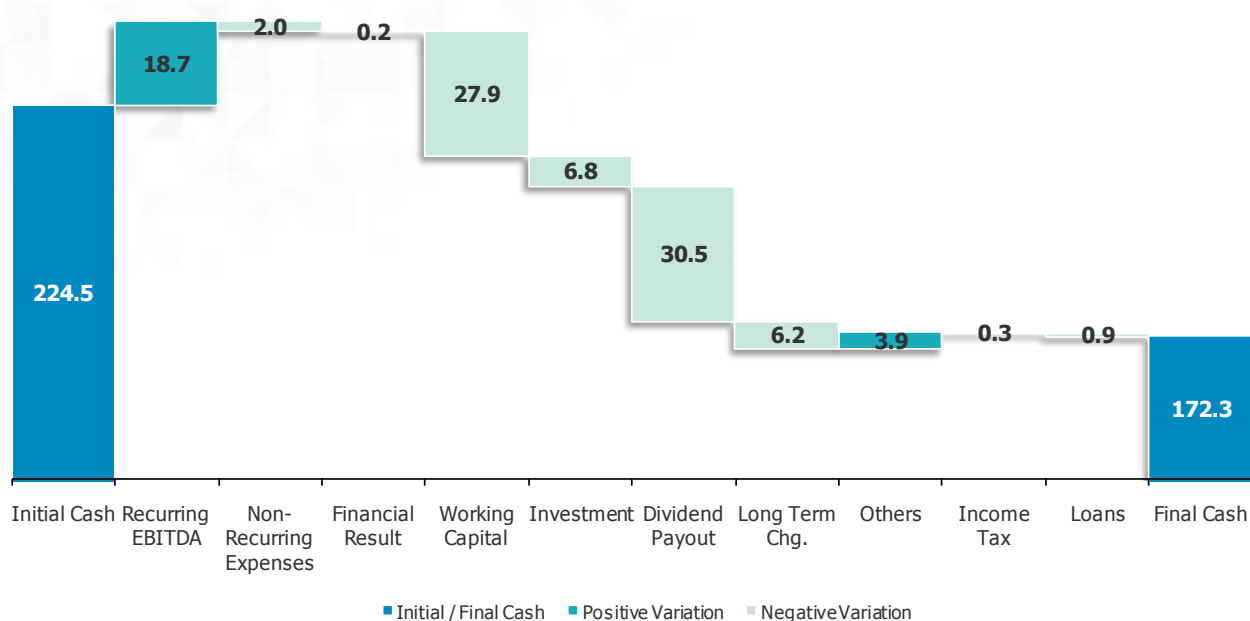
The R\$46.8 million decline in the net cash balance in relation to the end of 2Q09 was basically due to:

- (i) the dividend payment of R\$30.5 million, compared with R\$17.9 million in 2Q09;
- (ii) the prepayment of the faculty's vacation pay (paid in June);
- (iii) the change in the due date for monthly tuition payments to the 5th business day of each month (which is more convenient for most of our working students) and the subsequent elimination of discounts for advance payment.

Debt at the close of 2Q10 was R\$3.5 million and corresponds to the capitalization of equipment leasing expenses, in accordance with Federal Law 11,638.

Cash Flow

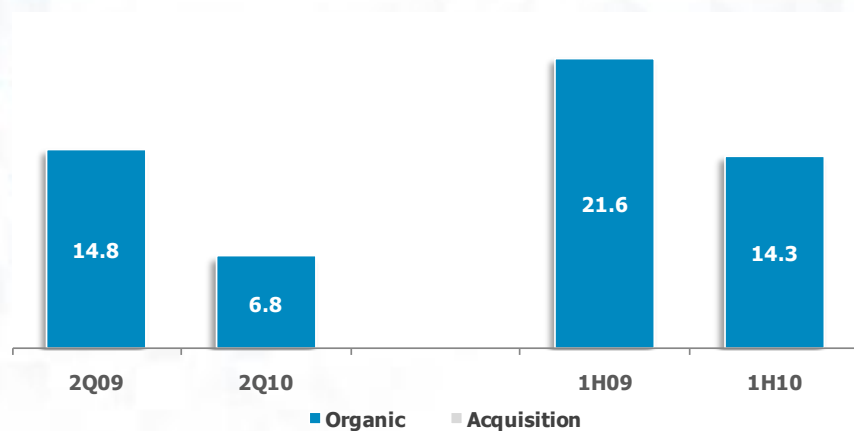
Chart 1 – Cash Flow (R\$ MM)



Capital Expenditure (CAPEX)

Estácio's **organic CAPEX** in 2Q10 corresponded to 2.6% of net revenue, down from 6.0% in 2Q09. Of the CAPEX of R\$6.8 million in the quarter, 53% was allocated to restructuring and expansion projects (including the new academic model) and the remainder was allocated to current operating investments in maintenance. Estácio's organic CAPEX in 1H10 corresponded to 2.8% of net revenue, compared with 4.2% in the same period last year.

Chart 2 – CAPEX Breakdown (R\$ MM)



Results Conference Calls

Conference Call (in Portuguese)	Conference Call (in English)
Date: August 11, 2010 (Wednesday)	Date: August 11, 2010 (Wednesday)
Time: 10 a.m. (Brasília) / 9 a.m. (U.S. ET)	Time: 12 p.m. (Brasília) / 11 a.m. (U.S. ET)
Dial-in: +55 (11) 4688-6361	Dial-in: +1 (973) 935-8454
Webcast: www.estacioparticipacoes.com.br/ri	Webcast: www.estacioparticipacoes.com.br/ir
Replay: available from Aug. 11 to 17, 2010	Replay: available from Aug. 11 to 18, 2010
Dial-in: +55 (11) 4688-6312	Dial-in: +1 (706) 645-9291
Code: Estácio	Code: 86588790

The statements included in this report related to the prospects of the business, estimates of operating and financial results, as well as those relating to Estácio's growth prospects are merely projections and as such are based exclusively on the Management's expectations regarding the future of the business. These statements depend substantially on changes in market conditions, performance of the Brazilian economy, the sector and international markets and therefore are subject to changes without prior notice.

Income Statement

R\$ MM	2Q09	2Q10	Change	1H09	1H10	Change
Gross Operating Revenue	360.7	369.2	2.4%	741.2	734.6	-0.9%
Monthly Tuition Fees	355.1	364.8	2.7%	731.6	726.8	-0.7%
Others	5.6	4.4	-21.4%	9.6	7.8	-18.8%
Gross Revenue Deductions	(112.3)	(111.0)	-1.2%	(228.2)	(220.4)	-3.4%
Gratuities - Scholarships	(94.6)	(97.0)	2.5%	(192.5)	(190.7)	-0.9%
Monthly Tuition Fees and Charges Returned	(0.9)	(0.8)	-11.1%	(1.7)	(1.4)	-17.6%
Discounts Granted	(6.4)	(2.3)	-64.1%	(12.3)	(6.6)	-46.3%
Taxes	(10.4)	(10.9)	4.8%	(21.7)	(21.7)	0.0%
Net Operating Revenue	248.4	258.2	3.9%	513.0	514.2	0.2%
Cost of Services	(183.7)	(187.2)	1.9%	(359.9)	(357.1)	-0.8%
Personnel	(138.4)	(137.4)	-0.7%	(265.9)	(260.2)	-2.1%
Rentals / Real Estate Taxes Expenses	(23.5)	(24.3)	3.4%	(49.1)	(47.9)	-2.4%
Textbooks Materials	-	(4.3)	N.A.	-	(6.5)	N.A.
Third-Party Services and Others	(13.9)	(14.1)	1.4%	(27.1)	(26.1)	-3.7%
Non-Recurring Costs	(0.8)	(0.2)	-75.0%	(1.8)	(2.5)	38.9%
Depreciation	(7.1)	(6.9)	-2.8%	(16.0)	(13.9)	-13.1%
Gross Profit	64.7	71.0	9.7%	153.1	157.1	2.6%
(-) Non-Recurring Costs	0.8	0.2	-75.0%	1.8	2.5	38.9%
Recurring Gross Profit	65.5	71.2	8.7%	154.9	159.6	3.0%
Recurring Gross Margin	26.4%	27.6%	1.2 p.p.	30.2%	31.0%	0.8 p.p.
Selling, General and Administrative	(61.8)	(67.8)	9.7%	(122.1)	(133.1)	9.0%
Selling Expenses	(17.6)	(23.0)	30.7%	(35.3)	(44.3)	25.5%
Provisions for Doubtful Debts	(9.4)	(15.1)	60.6%	(15.6)	(20.1)	28.8%
Marketing	(8.2)	(7.9)	-3.7%	(19.7)	(24.2)	22.8%
General and Administrative Expenses	(41.2)	(42.0)	1.9%	(83.1)	(83.2)	0.1%
Personnel	(16.8)	(17.1)	1.8%	(31.0)	(31.0)	0.0%
Others	(22.6)	(23.1)	2.2%	(48.4)	(47.0)	-2.9%
Non-Recurring Expenses	(1.8)	(1.8)	0.0%	(3.7)	(5.2)	40.5%
Depreciation	(3.0)	(2.8)	-6.7%	(3.7)	(5.6)	51.4%
(-) Depreciation and Amortization	10.1	9.7	-4.0%	19.7	19.5	-1.0%
EBITDA	13.0	12.9	-0.8%	50.7	43.5	-14.2%
EBITDA Margin	5.2%	5.0%	-0.2 p.p.	9.9%	8.5%	-1.4 p.p.
(-) Operating Financial Result	2.3	3.8	65.2%	5.5	7.2	30.9%
(-) Non-Recurring Costs and Expenses	2.6	2.0	-23.1%	5.5	7.7	40.0%
Recurring EBITDA	17.9	18.7	4.5%	61.7	58.4	-5.3%
Recurring EBITDA Margin	7.2%	7.2%	0.0 p.p.	12.0%	11.4%	-0.6 p.p.
Financial Result	4.6	4.0	-13.0%	8.2	6.9	-15.9%
Depreciation and Amortization	(10.1)	(9.7)	-4.0%	(19.7)	(19.5)	-1.0%
Non-operating result	(0.1)	(1.1)	N.A.	(0.1)	(1.1)	N.A.
Social Contribution	0.2	(0.1)	N.A.	(0.3)	(0.2)	-33.3%
Income Tax	0.6	(0.2)	N.A.	(0.8)	(0.6)	-25.0%
Net Income	8.2	5.8	-29.3%	38.0	29.0	-23.7%
Non-Recurring Costs and Expenses	2.6	2.0	-23.1%	5.5	7.7	40.0%
Recurring Net Income	10.8	7.8	-27.8%	43.5	36.7	-15.6%

Balance Sheet

R\$ MM	06/30/2009	03/31/2010	06/30/2010
Short-Term Assets	373.7	381.5	363.5
Cash & Cash Equivalents	47.6	85.5	30.7
Short-Term Investments	176.2	139.0	141.6
Accounts Receivable	123.0	123.7	147.7
Carry-Forwards Credits	2.1	0.9	1.0
Parties	3.6	4.2	14.8
Related Parties	0.4	0.3	0.2
Prepaid Expenses	6.7	13.7	9.6
Others	14.2	14.2	17.8
Long-Term Assets	303.9	312.0	308.0
Non-Current Assets	6.5	9.6	9.9
Prepaid Expenses	2.6	4.3	3.6
Related Parties	0.0	2.8	2.9
Judicial Deposits	1.4	2.5	3.4
Others	2.5	-	-
Permanent Assets	297.5	302.3	298.1
Investments	0.2	0.2	0.2
Fixed Assets	185.4	183.8	177.4
Intangible	111.8	118.3	120.5
Total Assets	677.6	693.4	671.5
Short-Term Liabilities	167.9	173.5	148.4
Loans and Financing	5.4	4.2	3.3
Suppliers	21.7	17.3	15.9
Salaries and Payroll Charges	95.1	74.8	88.5
Taxes Payable	9.0	14.1	11.8
Prepaid Monthly Tuition Fees	32.4	26.4	23.1
Taxes Paid in Installments	0.9	0.4	0.5
Dividends Payable	-	30.5	-
Commitments Payable	1.5	1.3	1.3
Others	1.9	4.5	3.9
Long-Term Liabilities	49.1	36.9	30.9
Loans and Financing	2.8	0.2	0.2
Provisions for Contingencies	19.4	12.0	7.0
Agreement	25.1	22.9	22.1
Taxes Paid in Installments	1.8	1.8	1.5
Others	-	0.0	-
Shareholders' Equity	460.6	483.0	492.2
Capital	295.2	295.8	297.8
Capital Reserves	98.6	101.8	103.3
Earnings Reserves	29.0	62.7	62.7
Retained Earnings	38.0	23.1	29.0
Retained Translation Adjustments	(0.2)	(0.3)	(0.3)
Treasury Stocks	-	-	(0.3)
Equity	677.6	693.4	671.5



Cash Flow Statement

R\$ MM	2Q09	2Q10	Change	1H09	1H10	Change
Cash Flow from Operating Activities						
Net Income for the Period	8.3	5.9	-28.9%	38.0	29.0	-23.7%
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Depreciation e Amortization	10.0	9.6	-4.0%	19.6	19.5	-0.5%
Residual Value of Fixed Asset Disposals	2.3	1.4	-39.1%	2.3	1.4	-39.1%
Provision for Doubtful Debts	9.4	15.1	60.6%	15.7	20.1	28.0%
Stock Option	0.9	1.5	66.7%	2.1	2.9	38.1%
Provision for Contingencies	1.2	2.3	91.7%	2.6	2.3	-11.5%
	32.1	35.8	11.5%	80.3	75.2	-6.4%
Changes in Assets and Liabilities:						
(Increase) in Accounts Receivable	(25.6)	(39.0)	52.3%	(36.8)	(49.8)	35.3%
(Increase) in Other Assets	(5.2)	(10.3)	98.1%	2.0	(12.0)	N.A.
Increase (Decrease) in Suppliers	(3.5)	(1.4)	-60.0%	(2.7)	(1.7)	-37.0%
Increase (Decrease) in Tax Payable	(1.2)	(2.3)	91.7%	(7.8)	(3.8)	-51.3%
Increase in Salaries and Social Charges	21.8	13.8	-36.7%	38.9	29.4	-24.4%
Increase (Decrease) in Prepaid Monthly Tuition Fees	(3.2)	(3.3)	3.1%	3.3	(7.1)	N.A.
(Decrease) in the Provision for Contingencies	(1.9)	(7.3)	284.2%	(3.4)	(10.2)	200.0%
Increase (Decrease) in Other Liabilities	(3.4)	(0.8)	-76.5%	(4.6)	0.1	N.A.
Increase (Decrease) in Advanced under Partnership Agreement	(0.7)	(0.8)	14.3%	(1.4)	(1.4)	0.0%
Changes in Transactions with Related Parties						
Increase (Decrease) in Accounts Receivable	(2.8)	0.1	N.A.	(2.8)	(0.1)	-96.4%
Increase (decrease) in Accounts Payable	-	-	N.A.	-	-	N.A.
Increase in Non-Current Assets	0.2	(0.1)	N.A.	-	(2.5)	N.A.
Net Cash Generated by (Used in) Operating Activities	6.7	(15.7)	N.A.	64.9	16.1	-75.2%
Cash Flow from Investing Activities						
Financial Investments	28.2	(2.6)	N.A.	(12.1)	8.1	N.A.
Fixed Assets and Intangible	(15.0)	(6.8)	-54.7%	(21.6)	(14.3)	-33.8%
Net Cash Generated by (Used in) Investing Activities	13.2	(9.4)	N.A.	(33.7)	(6.2)	-81.6%
Cash Flow from Financing Activities						
Capital Increase	-	2.0	N.A.	-	2.6	N.A.
Paid Dividends	(17.9)	(30.5)	70.4%	(17.9)	(30.5)	70.4%
Treasury Stocks	-	(0.3)	N.A.	-	(0.3)	N.A.
Increase (Decrease) in Loans and Financings	(1.6)	(0.9)	-43.8%	(3.4)	(2.1)	-38.2%
Net Cash Used in Financing Activities	(19.5)	(29.6)	51.8%	(21.3)	(30.3)	42.3%
Foreign Exchange Gains (Losses) on Investments Abroad	(0.4)	0.1	N.A.	(0.6)	0.0	N.A.
Increase (Decrease) in Cash & Cash Equivalents	0.0	(54.8)	N.A.	9.5	(20.6)	N.A.
At the Beginning of the Period	47.6	85.5	79.6%	38.1	51.3	34.6%
At the End of the Period	47.6	30.7	-35.5%	47.6	30.7	-35.5%
Changes in Cash & Cash Equivalents	(0.0)	(54.8)	N.A.	9.5	(20.6)	N.A.

About Estácio

Estácio is Brazil's **largest private sector higher education group** in terms of number of students, with a nationwide presence in major cities. Its student base has a highly diversified profile and includes mostly young working adults from the middle and lower-middle income brackets. Since its foundation 40 years ago, Estácio has expanded mainly through organic growth. Its growth and market leadership are due to the quality of its programs, the strategic location of its units, its competitive prices and its solid financial position.

Estácio's strengths are:

- Innovative, diversified and flexible portfolio of academic programs;
- Quality in education, faculty and facilities;
- Market leadership in Rio de Janeiro and scale gains;
- Excellent track record;
- Efficient management of the regulatory process;
- Ability to offer its students internship programs and job opportunities;
- Management based on an "Asset Light" business model, since approximately 90% of its campuses are leased through real estate partnerships.

At the end of June 2010, Estácio had more than 214,800 students enrolled in its undergraduate, graduate and distance learning education network with nationwide coverage, with operations also in Paraguay, as shown in the following map:

