


2Q09

Stock Price - ESTC3
R23.20/per share
8/12/2009

No. Of Shares
78,585,066

Market Cap
R$ 1.823 billion

Free Float
26%

Conference Calls:
08/13/2009

Portuguese
9:00 AM (Brasília)
8:00 AM (US EST)
Tel.: +55 (11) 4003-9004
Replay: +55 (11) 4003-9004
Code: Estácio

English
11:00 AM (Brasília)
10:00 AM (US EST)
Tel.: +1(866) 866-2673
Code: Estácio
Replay: +55 (11) 4003-9004
Code: Estacio

IR Contacts:

Lorival Luz
CFO and IR Director

Daniella Guanabara
+55 (21) 3311-9789
daniella.guanabara@estacio.br

Fernando Santino
+55 (21) 3311-9790
fernando.santino@estacio.br

ESTC3 NOVO MERCADO
BOVESPA BRASIL

EBITDA MARGIN GROWS BY 2.1 P.P. AND ADJUSTED NET INCOME TOTALS R$10.9M IN 2Q09. EBITDA REACHES R$61.0M AND NET INCOME COMES TO R$43.5M IN 1H09.

Rio de Janeiro, August 13, 2009 – Estácio Participações S.A. (*Bovespa, ESTC3; Bloomberg, ESTC3.BZ; Reuters, ESTC3.SA*) announces its results for the second quarter (2Q09) and first half (1H09) of 2009. Except where otherwise stated, the operating and financial information in this release is presented in a consolidated form, in thousands of reais and pursuant to Brazilian Corporate Law.

FINANCIAL HIGHLIGHTS

Estácio's net revenues totaled R$248.5 million in 2Q09 on a combination of larger student base, development of acquisitions made and price stability. The Company's net revenues reached R$513.0 million in the first half of 2009, up by 7.9% over 1H08.

At the close of 1H09, the Company had 202 thousand enrolled students, which represents a 4.7% growth in its base, compared with 1H08. In addition, the average ticket for the semester moved up by 3.1%, reaching R$424.

Recurring EBITDA totaled R$18.0 million in 2Q09 (7.2% margin), compared with R$12.2 million in 2Q08 (5.1% margin), up by 2.1 p.p. year on year. In 1H09, EBITDA came to R$61.0 million (11.9% margin), versus R$51.0 million in 1H08 (10.7% margin). The major contributions to the EBITDA were:

i) Significant gains in general and administrative (G&A) expenses. G&A expenses, excluding personnel expenses, recorded a gain of 2.5 p.p. of net revenues in 1H09 versus 1H08. This result is chiefly due to the reduction in outsourcing, particularly consulting services.

ii) Greater Commercial Efforts. Commercial expenses totaled R$35.3 million (6.9% of net revenues) in 1H09, compared with R$28.4 million (6.0% of net revenues) in 1H08. The larger expenses in this account derived from higher marketing investments in order to strengthen the brand (+1.2 p.p. of net revenues), partially offset by the reduction in the provision for doubtful debts (PDD) account (-0.3 p.p. of net revenues).

iii) Stability in the Personnel Account. To improve the quality of education offered to students, the Company reinforced the importance of program coordination. However, despite the increase in coordinators' workload and the higher tax burden stemming from INSS social security charges, personnel expenses remained stable in 1H09.

Adjusted net income reached R$10.9 million in 2Q09, compared with R$6.2 million in 2Q08. In 1H09, adjusted net income came to R$43.5 million, versus R$39.3 million in 1H08. The Company remains with a solid net cash position of R$215.6 million.

MESSAGE FROM THE CEO, Eduardo Alcalay

In line with Estácio's strategic planning, the second quarter of 2009 started at an accelerated pace with the deployment of the Shared Services Center (CSC) in mid-May. The CSC is comprised of 301 employees segregated into different units covering the following activities: payroll, accounting, IT, people and management, accounts payable, collection, academic management and procurement. Important operating indicators have already been met in the first two months of deployment, such as the elimination of delays in issuing certificates. Following Estácio's implementation plan, system stabilization should still be reached in upcoming months, allowing for the discontinuation of parallel support systems. The Company believes that efficiency gains will be more easily noticed as from the fourth quarter of 2009.

The Company's 1H09 results also attest its commitment to the strict costs and expenses control. The significant reduction in general and administrative expenses (-2.9 p.p. of net revenues) derives from the monthly monitoring of the Zero-Based Budget and the ongoing pursuit of efficiency, which should positively affect the upcoming quarters as well. It is worth noting that the lower administrative expenses more than offset the higher outsourcing costs, allowing for EBITDA margin expansion of 1.2 p.p. in 1H09.

After being granted approval by the Ministry of Education (MEC) in April, the Company began the enrollment process for its new undergraduate distance learning programs, offered in 54 units distributed across 15 Brazilian states. Students were offered three undergraduate programs (Business Administration, Accounting Sciences and Pedagogy) and two associate undergraduate programs (Marketing Management and Human Resources Management). Enrollments for the second semester of 2009 are within Company's expectations, and the enrollment estimate stands at 5,000 students at the close of 2009.

The activities carried out by the Education Center are also in full swing and will reach their final stage in the second semester of 2009. With the rationalization of its portfolio, the Company reduced its undergraduate programs to 78. As from the first quarter of 2010, Estácio will implement standard curricula nationwide, for its 40 largest programs, which currently account for 87% of the Company's student base. Estácio seeks to improve education quality, to enhance programs' differentiation and to optimize its academic structure so as to achieve greater efficiency.

During the second quarter, the Company carried on with its marketing investments, aiming at strengthening and consolidating the Estácio brand at a national level. In São Paulo, the migration to the Estácio brand is coming to conclusion soon. In the Northeast, this transition will take place smoothly, considering the strength of regional brands. The Company estimates that the Estácio brand will be fully consolidated during the next 2 years in all its units.

For the intake and enrollment processes in the second half of 2009, the Company will keep its strict and rigid controls in the renegotiation policies with students in default. Its main purpose is to improve credit quality, enhance working capital management, as well as establish a price policy to new students, which preserves the average ticket. When compared to 2008, such strategy represents a challenge in current market conditions. Nonetheless, the Company believes it is possible to reach a balance between growth and quality results.

Following the orientation of the Brazilian Health Authorities, the beginning of classes for the second half of 2009 was postponed to August 17th, because of the swine flu.

KEY OPERATING AND FINANCIAL INDICATORS

Table 1 – Key Operating and Financial Indicators

	2Q08	2Q09	Chg.%	1H08	1H09	Chg.%
Student Base (final) - thousand	193	202	4.7%	193	202	4.7%
Average Ticket (R$)[1]	411	410	-0.3%	411	424	3.1%
R$ million						
Gross Revenue	351.0	360.7	2.8%	699.2	741.2	6.0%
Net Revenue	238.0	248.5	4.4%	475.6	513.0	7.9%
Recurring Cash Gross Profit[2]	**85.1**	**84.7**	**-0.5%**	**186.7**	**196.7**	**5.4%**
Gross Margin (%)	*35.8%*	*34.1%*	*(1.7) p.p*	*39.3%*	*38.3%*	*(0.9) p.p*
Recurring EBITDA[2]	**12.2**	**18.0**	**47.2%**	**51.0**	**61.0**	**19.7%**
Recurring EBITDA Margin (%)	*5.1%*	*7.2%*	*2.1 p.p*	*10.7%*	*11.9%*	*1.2 p.p*
Recurring EBITDA ex-rentals	**32.1**	**39.5**	**22.9%**	**91.7**	**106.0**	**15.6%**
Recurring EBITDA Margin ex-rentals (%)	*13.5%*	*15.9%*	*2.5 p.p*	*19.3%*	*20.7%*	*1.4 p.p*
Adjusted Net Income[3]	**6.2**	**10.9**	**76.7%**	**39.3**	**43.5**	**10.7%**

(1) Net Revenues/Final Student Base
(2) Adjusted for non-recurring expenses and Law 11.638 in 2008 and 2009
(3) Excluding goodwill amortization from acquisitions in 2008 and non-recurring expenses in 2009

ANALYSIS OF RESULTS – 2Q09

In view of the seasonality of the business, the comparisons were focused on the same period of 2008.

Tables containing the income statement can be found on pages 17, 18 and 19 of this release.

REVENUES

Table 2, as follows, provides the revenue breakdown and variations for the periods indicated.

Table 2 – Revenue Breakdown

R$ million	2Q08	2Q09	Chg.%	1H08	1H09	Chg.%
Monthly Tuition Fees	346.4	355.1	2.5%	688.7	731.6	6.2%
Others	4.6	5.6	21.1%	10.5	9.5	-9.3%
Gross Revenue	**351.0**	**360.7**	**2.8%**	**699.2**	**741.2**	**6.0%**
Deductions	**(113.0)**	**(112.2)**	**-0.7%**	**(223.6)**	**(228.1)**	**2.0%**
Gratuities - Scholarships	(89.5)	(94.6)	5.7%	(177.8)	(192.4)	8.2%
Monthly tuition fees and charges returned	(0.8)	(0.9)	2.2%	(2.0)	(1.7)	-15.8%
Allowances	(11.9)	(6.4)	-46.3%	(22.8)	(12.3)	-45.9%
Taxes	(10.8)	(10.4)	-3.2%	(21.1)	(21.7)	2.9%
Net Revenue	**238.0**	**248.5**	**4.4%**	**475.6**	**513.0**	**7.9%**

Estácio's student base moved up by 4.7% in 2Q09, reaching 202 thousand students enrolled, against the 193 thousand students in 2Q08.

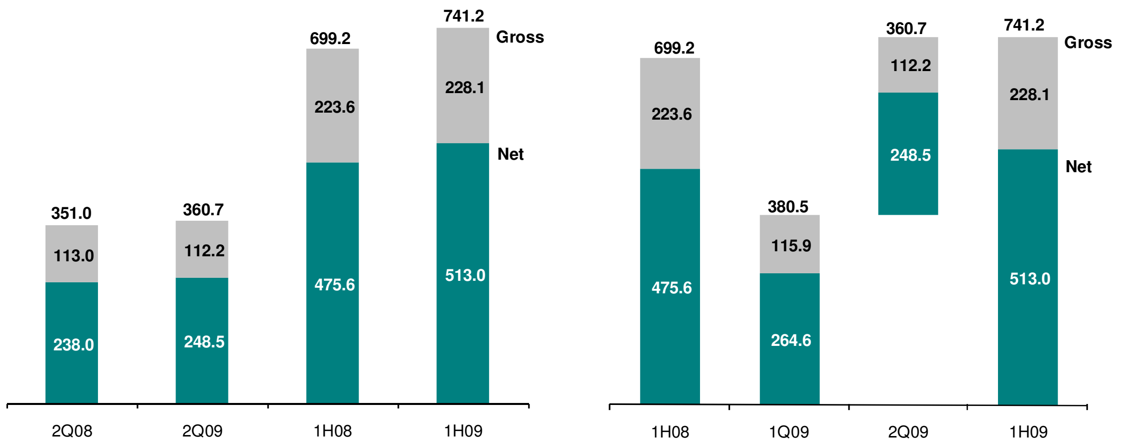
The Company believes that intakes for 2H09 could be impacted by harsher economic conditions affecting the country's employment level, together with stricter renegotiation policies for overdue tuitions. The more conservative approach towards credit will remain during the enrollment cycle in 2H09, so as to improve profitability, reduce delinquency and preserve the Company´s working capital. This policy has already shown positive results in 2Q09 with the stabilization of PDD levels against 2Q08.

Estácio's gross revenues reached R$360.7 million in 2Q09, 2.8% up over 2Q08. In 1H09, gross revenues totaled R$741.2 million, posting a 6.0% growth compared with 1H08. In regard to gross revenue deductions, the following should be highlighted: a) slight increase in gratuities; b) stability in the monthly tuition fees and charges returned lines; and c) reduction in the allowances line as a percentage of gross revenues, particularly in São Paulo.

The Company's net revenues totaled R$248.5 million in 2Q09, 4.4% up over 2Q08. This result derives from a 4.7% growth in its student base and relative price stability (-0.3% year on year). The larger growth in net revenues vis-à-vis gross revenues derives mainly from the reduction in the amount of allowances granted. In 1H09, net revenues came to R$513.0 million, a 7.9% upturn versus 1H08, resulting from the price increase of nearly 3.1% and the student base growth of 4.7%.

Estácio's average ticket stood at R$410 in 2Q09, which represents a slight decline of 0.3% compared with 2Q08. In the semester, the average ticket was R$424, which corresponds to a 3.1% upturn against the R$411 recorded in 1H08. In its enrollment cycle for 2H09, the Company will keep its policy of passing through inflation to monthly tuitions.

Chart 1 – Revenue Evolution (R$ million)



COST OF SERVICES (COS)

Cash cost totaled R$164.6 million in 2Q09, including non-recurring items related to lay-offs amounting to R$0.8 million. On a recurring basis, cash cost amounted to R$163.8 million, up by 1.7 p.p. as a percentage of net revenues in 2Q08. This upturn reaches 0.9 p.p. in 1H09, with the Company's cash cost representing 61.7% of net revenues against 60.7% in 1H08.

The main recurring cash cost variations were the following:

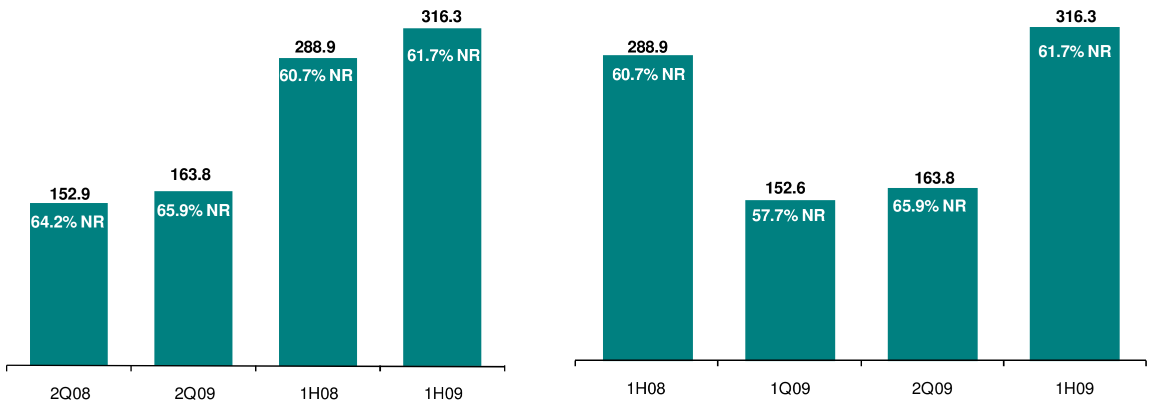
- **Faculty Costs**: recurring faculty costs reached R$126.4 million in 2Q09, versus R$117.9 million in 2Q08. As a percentage of net revenues, such costs moved up by 1.3 p.p. vis-à-vis 2Q08. Part of this increase is due to the larger impact from the companies acquired in 2008, whose efficiency gains were not yet fully absorbed. In addition, to enhance education quality, the Company strengthened the importance of its program coordination offices.

  The additional INSS charges in personnel costs totaled R$2.4 million in 2Q09, a 0.8 p.p. increase of net revenues. Disregarding this impact, 2Q09 personnel costs would have been 0.5 p.p. higher than in 2Q08. In 1H09, faculty costs accounted for 46.8% of net revenues, versus 46.3% in 1H08, up by 0.5 p.p. Apart from these further INSS charges in the semester, costs would have fallen by 0.2 p.p. over 1H08.

- **Rental (includes Real Estate Taxes and Expenses)**: rental expenses totaled R$23.5 million in 2Q09, compared with R$22.1 million in 2Q08, up by 6.4%. As a percentage of net revenues, rental expenses reached 9.5 p.p. in 2Q09, against 9.3 p.p. in 2Q08. In 1H09, rental expenses totaled R$49.1 million, or 9.6 p.p. of net revenues, up by 0.2 p.p. against 1H08. This increase is chiefly due to higher rental taxes in acquired companies (average of 11.7% in 1H09), compared with the remaining companies of the group (average of 9.2% in 1H09).

- **Third-party Services/Other**: both accounts corresponded to 5.6% of net revenues in 2Q09, versus 5.4% in 2Q08. In 1H09, such increase stood at 0.3 p.p. These accounts basically comprise cleaning services, security, electricity, water, gas and sewage. The Company has been devoting a series of efforts to reduce such figures, and lower figures are expected as from 2H09.

Chart 2 – Cost of Services (R$ million)



The following table shows the COS breakdown for the periods under analysis:

Table 3 – Cash cost evolution

R$ million	2Q08	2Q09	1H08	1H09
Cash Cost	**152.9**	**164.6**	**288.9**	**318.2**
Non Recurring Expenses	-	(0.8)	-	(1.9)
Recurring Cash Costs	**152.9**	**163.8**	**288.9**	**316.3**
Faculty Costs	**117.9**	**126.4**	**220.4**	**240.1**
- Faculty Payroll	108.7	114.7	202.5	217.4
- Social Security taxes	9.2	11.7	17.9	22.8
Rentals / Real Estate Taxes	**22.1**	**23.5**	**44.7**	**49.1**
Others	**12.9**	**13.9**	**23.8**	**27.1**
- Third-Part Services	5.2	6.1	10.2	12.2
- Others	7.7	7.8	13.6	14.9

GROSS PROFIT

With a larger impact on costs, recurring gross profit totaled R$84.7 million (34.1% margin) in 2Q09, compared with R$85.1 million (35.8% margin) in 2Q08. In 1H09, gross profit reached R$196.7 million (38.3% margin), versus R$186.7 million (39.3% margin) in 1H08.

Despite the focus on general and administrative expenses in 2009, the Company expects to achieve better results in its gross margin in upcoming quarters, in view of the measures taken to reduce each cost of services component.

Table 4 – Gross Profit

R$ million	2Q08	2Q09	Chg.%	1H08	1H09	Chg.%
Net Revenue	238.0	248.5	4.4%	475.6	513.0	7.9%
Recurring Cash Cost of Services	(152.9)	(163.8)	7.1%	(288.9)	(316.3)	9.5%
(+) Cash Cost of Services	(152.9)	(164.6)	7.6%	(288.9)	(318.2)	10.1%
(+) Non-recurring Expenses	-	0.8		-	1.9	
Recurring Cash Gross Profit	**85.1**	**84.7**	**-0.5%**	**186.7**	**196.7**	**5.4%**
Recurring Gross Margin	*35.8%*	*34.1%*	*(1.7) p.p*	*39.3%*	*38.3%*	*(0.9) p.p*

SELLING, GENERAL & ADMINISTRATIVE EXPENSES (SG&A)

On a cash basis, SG&A expenses totaled R$70.8 million in 2Q09, down by 4.7% versus 2Q08. Non-recurring SG&A expenses reached R$1.8 million in the quarter – R$1.7 million with personnel and R$0.1 million with outsourcing.

On a recurring basis, SG&A expenses totaled R$69.1 million in 2Q09, down by 5.3% versus the R$73.0 million recorded in 2Q08. As a percentage of net revenues, the 2Q09 figure was 2.8 p.p. lower than in 2Q08. When comparing 2H09 and 2H08, the reduction in SG&A expenses reached 2.0 p.p. versus 1H08.

Selling Expenses: total selling expenses amounted to R$17.6 million (7.1% of net revenues) in 2Q09, compared with R$19.2 million (8.1% of net revenues) in 2Q08. This result derives mainly from:

- **Marketing:** in the semester, the Company carried on with its institutional marketing campaign to strengthen the Estácio brand nationwide. Marketing expenses totaled R$8.2 million in 2Q09 (3.3% of net revenues), compared with R$6.9 million in 2Q08 (2.9% of net revenues). In 1H09, these expenses reached R$19.6 million (3.8% of net revenues), versus R$12.6 million in 1H08 (2.6% of net revenues). The institutional campaign will persist throughout the second half of 2009, though the first semester concentrated the heavier efforts in this regard.
- **Provision for Doubtful Debts (PDD):** PDD expenses came to R$9.4 million in 2Q09, down by 23.3% over 2Q08. This reduction is partially due to the provision reversal amounting to R$3.3 million in 2Q09. In 1H09, PDD expenses totaled R$15.7 million (3.1% of net revenues), compared with R$15.8 million (3.3% of net revenues) in 1H08. Apart from the impact of provision reversal, PDD expenses would have reached R$19.0 million in 1H09 (3.7% of net revenues), against R$15.8 million (3.3% of net revenues) in 1H08. The Company will maintain its more conservative approach towards renegotiations, emphasizing profitability, cash generation and lower PDD levels.

General and Administrative Expenses: on a recurring basis, general and administrative expenses totaled R$51.5 million (20.7% of net revenues) in 2Q09, compared with R$53.7 million (22.6% of net revenues) in 2Q08. The reduction in G&A expenses in 1H09 stood at 2.9 p.p. of net revenues, year on year.

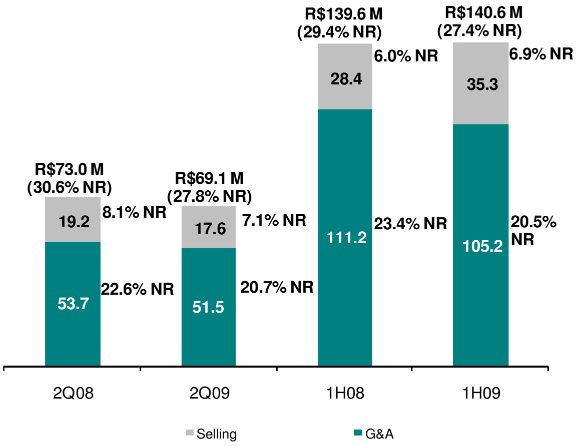
Among the items comprising G&A expenses, the personnel line accounted for 56.3% of the total result, reaching R$29.0 million (11.7% of net revenues), versus R$26.0 million (10.9% of net revenues) in 2Q08. Despite the higher 2Q09 figures, the Company booked a reduction of 0.4 p.p. of net revenues when comparing 1H09 with 1H08.

The additional INSS charges on personnel expenses amounted to R$0.9 million in 2Q09, corresponding to an upturn of 0.3 p.p. of net revenues against 2Q08. In 1H09, INSS expenses climbed 0.1 p.p. of net revenues versus 1H08.

The other administrative expenses line posted a significant decline of 19.0% when comparing 2Q09 with 2Q08, which corresponds to 2.6 p.p. of net revenues. This result reflects the Company's efforts to permanently reduce and control expenses by means of the Zero-Based and Matrix Budget.

It is worth noting that the reduction in SG&A expenses more than offset the higher costs of services, allowing for margin expansion in the period.

Chart 3 – SG&A (R$ million)



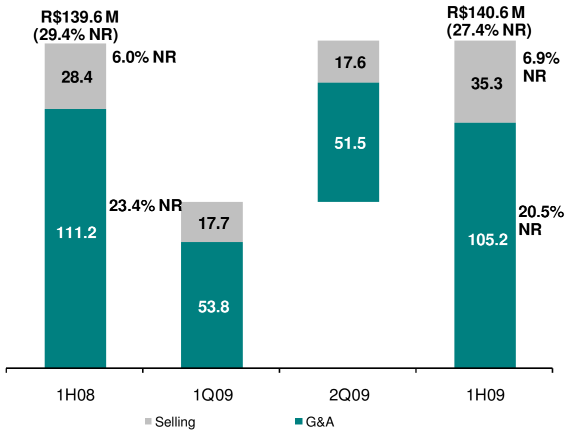


Table 5 – Breakdown of SG&A expenses

R$ million	2Q08*	% NR	2Q09	% NR	1H08*	% NR	1H09	% NR
Total Selling / Administative	**74.3**		**70.8**		**141.0**		**144.2**	
- Non-Recurring Expenses	(1.4)		(1.8)		(1.4)		(3.6)	
Recurring Selling/Administative	**73.0**	**30.6%**	**69.1**	**27.8%**	**139.6**	**29.4%**	**140.6**	**27.4%**
Selling	**19.2**	**8.1%**	**17.6**	**7.1%**	**28.4**	**6.0%**	**35.3**	**6.9%**
- Provisions for Bad Debts	12.3		9.4		15.8		15.7	
- Marketing	6.9		8.2		12.6		19.6	
Administrative Expenses	**53.7**	**22.6%**	**51.5**	**20.7%**	**111.2**	**23.4%**	**105.2**	**20.5%**
- Personnel	**26.0**		**29.0**		**54.5**		**57.0**	
- Personnel	23.9		26.0		49.7		51.4	
- Personnel charges (INSS SESES)	2.1		2.9		4.8		5.5	
- Others	**27.8**		**22.5**		**56.7**		**48.3**	

(*) Adjusted by Law 11.638, as per Income Statement (page 14)

FINANCIAL RESULT

The Company's financial result was affected by the changes required by Law 11.638. Equipment leasing expenses, which were previously booked in the general and administrative expenses line, are now accounted for in the financial result. Leasing financial expenses totaled R$0.5 million (0.2% of net revenues) in 2Q09.

Financial revenues totaled R$7.3 million in 2Q09, of which R$5.0 million derive from the Company's cash investments and R$2.3 million are related to interest and fines charged on overdue monthly tuitions (operating financial result).

Table 6 – Financial Result

R$ million	2Q08	2Q09	1H08	1H09
Financial Result	**5.0**	**4.6**	**13.0**	**8.3**
Financial Revenue	7.6	7.3	18.3	16.3
- Interest on Financial Instruments	7.6	5.0	14.4	11.5
- Operating Financial Result	0.0	2.3	3.9	4.9
Financial Expenses	(2.6)	(2.7)	(5.4)	(8.1)

DEPRECIATION AND AMORTIZATION

Depreciation totaled R$10.1 million in 2Q09, compared with R$8.6 million in 2Q08. This increase was due to adjustments required by Law 11.638. The Company capitalized the present value of equipment leasing expenses, generating an additional depreciation of R$1.4 million in 2Q09 and an adjustment of R$1.4 million in 2Q08 (0.6% of net revenues).

Table 7 – Depreciation and Amortization

R$ million	2Q08	2Q09	1H08	1H09
Depreciation	**(8.6)**	**(10.1)**	**(16.5)**	**(19.6)**
- Cost	(7.7)	(7.1)	(15.0)	(16.0)
- Expenses	(0.9)	(3.0)	(1.5)	(3.7)
Goodwill Amortization	**(2.4)**	**-**	**(4.2)**	**-**

EBITDA

The Company's recurring EBITDA totaled R$18.0 million with 7.2% margin in 2Q09, compared with R$12.2 million with 5.1% margin in 2Q08. In 2Q09, non-recurring costs and expenses amounted to R$2.6 million, comprising dismissal charges (R$2.5 million) and outsourcing (R$0.1 million).

The positive evolution of EBITDA margin in 2Q09 (+2.1 p.p.) was mostly affected by:

(i) higher personnel expenses (Costs and SG&A, which represented 2.1 p.p. of net revenues), because of higher INSS charges (0.8 p.p. of net revenues) and higher working hours by program coordinators;

(ii) reduction in other administrative expenses (2.6 p.p. of net revenues);

(iii) reduction in the provision for doubtful debts (1.4 p.p. of net revenues);

(iv) higher marketing expenses (0.4 p.p. of net revenues), driven by a more aggressive enrollment-oriented policy and brand consolidation;

(v) higher costs (rental/utilities/other), representing 0.3 p.p. of net revenues;

(vi) higher operating financial result (0.9 p.p. of net revenues).

Table 8 – EBITDA

R$ million	2Q08	2Q09	Chg. %	1H08	1H09	Chg. %
Cash Operating Income	**10.8**	**13.0**	**21.2%**	**45.7**	**50.6**	**10.8%**
Non-recurring expenses	1.4	2.6		1.4	5.5	
Operating Financial Result	0.0	2.3		3.9	4.9	
Recurring EBITDA	**12.2**	**18.0**	**47.2%**	**51.0**	**61.0**	**19.7%**
Recurring EBITDA Margin	*5.1%*	*7.2%*	*2.1 p.p*	*10.7%*	*11.9%*	*1.2 p.p*
Recurring EBITDA ex-rentals	**32.1**	**39.5**	**22.9%**	**91.7**	**106.0**	**15.6%**
Recurring EBITDA	12.2	18.0		51.0	61.0	
- Rentals*	19.9	21.5		40.7	45.0	
Recurring EBITDA Margin Ex-rentals	*13.5%*	*15.9%*	*2.4 p.p*	*19.3%*	*20.7%*	*1.4 p.p*

(*) Excludes Real Estate taxes and expenses

NET INCOME

Adjusted for non-recurring expenses, net income totaled R$10.9 million (4.4% of net margin) in 2Q09, up by 76.7% compared with 2Q08. The higher operating result was the main driver behind the larger net income figure.

Table 9 – Net Income

R$ million	2Q08	2Q09	Chg.%	1H08	1H09	Chg.%
Net Income	**2.4**	**8.3**	**252.2%**	**33.8**	**38.0**	**12.6%**
Non-recurring expenses	1.4	2.6		1.4	5.5	
Goodwill Amortization from Acquisitions	2.4	-		4.2	-	
Adjusted Net Income	**6.2**	**10.9**	**76.7%**	**39.3**	**43.5**	**10.7%**
Adjusted Net Margin (%)	*2.6%*	*4.4%*	*1.8 p.p*	*8.3%*	*8.5%*	*0.2 p.p*

CAPITALIZATION AND CASH

At the close of 2Q09, the Company's cash position amounted to R$223.8 million, conservatively invested in fixed-income instruments, indexed to the CDI rate, in government bonds and certificates of deposits at top-class Brazilian banks.

The debts amounting to R$8.1 million booked in 2Q09 correspond to the capitalization of equipment leasing expenses as required by Law 11.638. Considering said debt amount, the Company's net cash position stood at R$215.6 million.

Estácio follows a conservative management policy towards receivables, aiming to preserve its cash position and working capital. The Company believes that this is a differential approach, supporting quality investments and selective performance in the sector's consolidation.

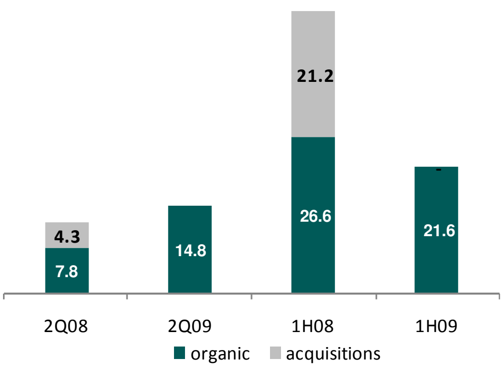
Table 10 – Capitalization and Cash

R$ million	12/31/2008	03/31/2009
Shareholders' Equity	451.8	460.6
Total indebtedness	9.7	8.1
Short-term indebtdeness	5.8	5.4
Long-term indebtdeness	3.9	2.8
Cash and cash equivalents	251.9	223.8
Net Cash	**242.2**	**215.6**

CAPITAL EXPENDITURES

In 2Q09, the Company's organic capex totaled R$14.8 million, equivalent to 6.0% of net revenues, and was assigned to current operating investments (R$9.5 million), and restructuring and expansion investments (R$5.3 million). Year to date, total organic capex reached R$21.6 million, which corresponds to 4.2% of net revenues.

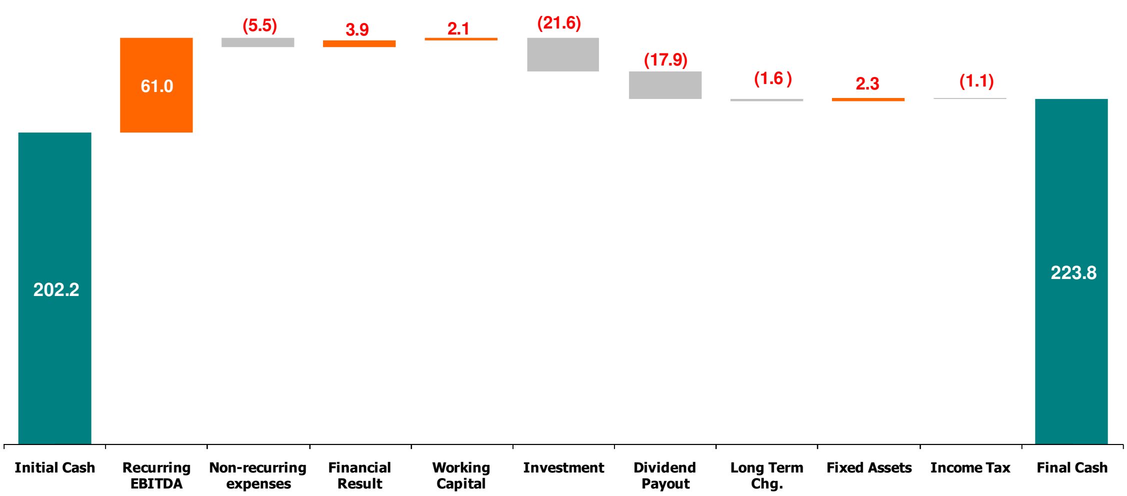
Chart 4 – Investments (R$ million)



CASH FLOW

In the first half of 2009, the Company's cash generation stood at R$61.1 million. After organic capex of R$21.6 million and dividends payment of R$17.9 million, generated a positive variation of R$21.6 million, with its cash position standing at R$223.8 million at the end of 2Q09.

Chart 5 – 1H09 Cash Flow (R$ million)



OTHER EVENTS

- **Impacts from Law 11.638 and Provisional Measure 449/08**:

In view of the changes in Law 6.404/76, implemented by the Company in 2008, some balances as of June 30, 2008 were reclassified and adjusted by Law 11.638/07 for purposes of comparison with 2009 first semester Information, as shown below.

	Holding Company			
	06/30/2008			
	Formerly Published	11.638/07 Adjustments		Currently Published
(Expenses) Revenues	37,535	(2,607)	(i) / (ii)	34,928
Equity Pick-Up	36,206	(2,607)		33,599
Earnings Before Income Tax and Social Contribution	37,535	(2,607)		34,928
Net Income in the Period	36,402	(2,607)		33,795

	Consolidated			
	06/30/2008			
	Formerly Published	11.638/07 Adjustments		Currently Published
Costs of Services Provided (COS)	(301,444)	(2,502)	(i)	(303,946)
Gross Profit	174,142	(2,502)		171,640
(Expenses) Revenues	(134,618)	(105)		(134,723)
General and Administrative Expenses	(115,126)	1,256	(ii)	(113,870)
Financial Expenses	(4,003)	(1,361)	(i)	(5,364)
Earning Before Income Tax and Social Contribution	39,524	(2,607)		36,917
Net Income in the Period	36,402	(2,607)		33,795

The above reclassifications and adjustments derive from the adoption of the following accounting practices:

(i) Financial leasing

Leased assets were incorporated to fixed assets, on the transition date, January 1, 2008, at their fair value or, if lower, at the present value of the minimum payments of the lease, on the initial date of the contract, adjusted by accumulated depreciation up to the transition date. The net difference was recorded in the retained earnings account on the transition date.

(ii) Deferred assets

Pursuant to CVM Resolution 527/08, which approved CPC 13, the Company performed the write-off of the amounts recorded in deferred assets that were not reclassified to Intangible Assets.

IMPORTANT NOTICE (CVM INSTRUCTION 358)

Estácio Participações S.A. advises its shareholders about compliance with the terms of Article 12 of CVM Instruction 358. However, the Company is not responsible for disclosing information about the acquisition or sale, by third parties, of interest corresponding to 5% or more of the type or class of share representing its capital or rights over these shares and the remaining securities issued by the Company.

We are a holding company whose sole assets are our interests in SESES, STB, SESPA, SESCE, SESPE and Radial/IREP, and we currently hold 99.9% of the capital stock of each of these subsidiaries. This report contains forward-looking statements concerning industry's prospects and Estácio Participações' estimated financial and operating results. These are mere projections and, as such, are based solely on the Company management's expectations regarding the future of the business and its continuous access to capital to finance Estácio Participações' business plan. These considerations depend substantially on changes in market conditions, government rules, competitive pressures and the performance of the sector and the Brazilian economy, as well as other factors, and are, therefore, subject to changes without previous notice.

The Company's ownership structure is the following:

Table 11 - Ownership Breakdown – 06/30/09

Shareholders	ON	%
Founding Family	42,337,648	54%
GP Investments	15,717,013	20%
Executive Officers and Directors	57,751	0%
Others	20,742,654	26%
Total	**78,855,066**	**100%**

ABOUT ESTÁCIO PARTICIPAÇÕES

We are the largest private post-secondary education institution in Brazil in terms of number of enrolled students and have a nationwide presence in the country's major cities.

Our student profile is highly diversified and includes mostly young working adults from the middle and mid-low-income families. Since we were founded, 39 years ago, our growth has been mainly organic. We attribute a large part of our growth and market leadership to the high quality of our programs, the strategic location of our units, our competitive prices and our solid financial profile.

Our main strengths are innovative, diversified and flexible portfolio of academic programs; quality of education, faculty and facilities; leadership in the Rio de Janeiro market and scale gains; excellent track record; efficient management of the regulatory process; ability to offer our students internship programs and job opportunities; and management based on an "Asset Light" business model, under which approximately 90% of our campuses are leased through real estate partnerships.

Estácio has nearly 202 thousand undergraduate students enrolled in our nationwide education network and in Paraguay, consisting of 1 University (Rio de Janeiro), 2 University Centers (Bahia and São Paulo) and 27 Colleges, which combined represent 77 campuses distributed across 16 Brazilian states, of which 37 are in Rio de Janeiro, besides 1 University in Paraguay, with more than 2 thousand undergraduate students, as shown in the map below.

Table 12 – Income Statement

Income Statement (R$ million)	2Q08	Adjustments 11,638	2Q08 Adjusted	%VA	2Q09	%VA	1H08	Adjustments 11,638	1H08 Adjusted	%VA	1H09	%VA
Gross Revenue	**351.0**		**351.0**	**147.5%**	**360.7**	**145.2%**	**699.2**		**699.2**	**147.0%**	**741.2**	**144.5%**
Tuition fees	346.4		346.4	145.5%	355.1	142.9%	688.7		688.7	144.8%	731.6	142.6%
Others	4.6		4.6	1.9%	5.6	2.2%	10.5		10.5	2.2%	9.5	1.9%
Deductions	**(113.0)**		**(113.0)**	**-47.5%**	**(112.2)**	**-45.2%**	**(223.6)**		**(223.6)**	**-47.0%**	**(228.1)**	**-44.5%**
Gratuities - Scholarships	(89.5)		(89.5)	-37.6%	(94.6)	-38.1%	(177.8)		(177.8)	-37.4%	(192.4)	-37.5%
Monthly tuition fees and charges returned	(0.8)		(0.8)	-0.4%	(0.9)	-0.3%	(2.0)		(2.0)	-0.4%	(1.7)	-0.3%
Allowances	(11.9)		(11.9)	-5.0%	(6.4)	-2.6%	(22.8)		(22.8)	-4.8%	(12.3)	-2.4%
Taxes	(10.8)		(10.8)	-4.5%	(10.4)	-4.2%	(21.1)		(21.1)	-4.4%	(21.7)	-4.2%
Net Revenue	238.0		238.0	100.0%	248.5	100.0%	475.6		475.6	100.0%	513.0	100.0%
Recurring Net Revenue	238.0		238.0	100.0%	248.5	100.0%	475.6		475.6	100.0%	513.0	100.0%
Cost of services (Recurring / Cash)	**(152.9)**	**0.0**	**(152.9)**	**-64.2%**	**(163.8)**	**-65.9%**	**(288.8)**	**(0.1)**	**(288.9)**	**-60.7%**	**(316.3)**	**-61.7%**
- Faculty Payroll	(117.9)	0.0	(117.9)	-49.5%	(126.4)	-50.9%	(220.3)	(0.1)	(220.4)	-46.3%	(240.1)	-46.8%
- Rentals / Real State Taxes Expenses	(22.1)		(22.1)	-9.3%	(23.5)	-9.5%	(44.7)		(44.7)	-9.4%	(49.1)	-9.6%
- Third-Part Services	(5.2)		(5.2)	-2.2%	(6.1)	-2.4%	(10.2)		(10.2)	-2.1%	(12.2)	-2.4%
- Others	(7.7)		(7.7)	-3.3%	(7.8)	-3.1%	(13.6)		(13.6)	-2.9%	(14.9)	-2.9%
- Non-Recurring Expenses	-		-		(0.8)		-				(1.9)	
Cash Gross Profit	85.1	0.0	85.1	35.8%	83.9	33.8%	186.8	(0.1)	186.7	39.3%	194.8	38.0%
Recurring Cash Gross Profit	85.1	0.0	85.1	35.8%	84.7	34.1%	186.8	(0.1)	186.7	39.3%	196.7	38.3%
Recurring Cash Gross Margin (%)	*35.7%*		*35.8%*		*34.1%*		*39.3%*		*39.3%*		*38.3%*	
Selling, General and administrative (Recurring / Cash)	**(73.8)**	**0.8**	**(73.0)**	**-30.6%**	**(69.1)**	**-27.8%**	**(140.9)**	**1.3**	**(139.6)**	**-29.4%**	**(140.6)**	**-27.4%**
- Selling	**(19.2)**		**(19.2)**	**-8.1%**	**(17.6)**	**-7.1%**	**(28.4)**		**(28.4)**	**-6.0%**	**(35.3)**	**-6.9%**
- Provisions for Doubtful accounts	(12.3)		(12.3)	-5.2%	(9.4)	-3.8%	(15.8)		(15.8)	-3.3%	(15.7)	-3.1%
- Marketing	(6.9)		(6.9)	-2.9%	(8.2)	-3.3%	(12.6)		(12.6)	-2.6%	(19.6)	-3.8%
- General and administrative (Recurring/Cash)	**(54.6)**	**0.8**	**(53.7)**	**-22.6%**	**(51.5)**	**-20.7%**	**(112.5)**	**1.3**	**(111.2)**	**-23.4%**	**(105.2)**	**-20.5%**
- Non-recurring	**(1.4)**		**(1.4)**	-0.6%	**(1.8)**	-0.7%	(1.4)		(1.4)	-0.3%	(3.6)	-0.7%
Cash Operating Income	9.9	0.8	10.8	4.5%	13.0	5.3%	44.5	1.2	45.7	9.6%	50.6	9.9%
Recurring Cash Operating income	11.3	0.8	12.2	5.1%	15.6	6.3%	45.9	1.2	47.1	9.9%	56.1	10.9%
Net financial result	**5.8**	**(0.8)**	**5.0**	**2.1%**	**4.6**	**1.9%**	**14.3**	**(1.4)**	**13.0**	**2.7%**	**8.3**	**1.6%**
- Financial revenue	7.6		7.6	3.2%	7.3	3.0%	18.3		18.3	3.9%	16.3	3.2%
- Financial expenses	(1.8)	(0.8)	(2.6)	-1.1%	(2.7)	-1.1%	(4.0)	(1.4)	(5.4)	-1.1%	(8.1)	-1.6%
Depreciation	**(7.2)**	**(1.4)**	**(8.6)**	**-3.6%**	**(10.1)**	**-4.1%**	**(14.1)**	**(2.4)**	**(16.5)**	**-3.5%**	**(19.6)**	**-3.8%**
- COS	(6.3)	(1.4)	(7.7)	-3.3%	(7.1)	-2.8%	(12.6)	(2.4)	(15.0)	-3.2%	(16.0)	-3.1%
- G&A	(0.9)		(0.9)	-0.4%	(3.0)	-1.2%	(1.5)		(1.5)	-0.3%	(3.7)	-0.7%
Goodwill Amortization from Acquisition	**(2.4)**		**(2.4)**	**-1.0%**	**-**		**(4.2)**		**(4.2)**	**-0.9%**	**-**	
Non Operating Revenue (Expenses)	**(1.4)**		**(1.4)**	**-0.6%**	**(0.1)**	**0.0%**	**(1.1)**		**(1.1)**	**-0.2%**	**(0.1)**	**0.0%**
Income before social contribution and income tax	4.7	(1.3)	3.4	1.4%	7.5	3.0%	39.5	(2.6)	36.9	7.8%	39.2	7.6%
Social Contribuition and Income Tax	(1.0)		(1.0)	-0.4%	0.8	0.3%	(3.1)		(3.1)	-0.7%	(1.1)	-0.2%
Net Income	3.7	(1.3)	2.4	1.0%	8.3	3.3%	36.4	(2.6)	33.8	7.1%	38.0	7.4%
Adjusted Net Income (Godwill, One-off Expenses)	7.5	(1.3)	6.2	2.6%	10.9	4.4%	41.9	(2.6)	39.3	8.3%	43.5	8.5%
Adjusted Net Margin (%)	3.1%		2.6%		4.4%		8.8%		8.3%		8.5%	
EBITDA	2Q08		2Q08		2Q09		1H08		1H08		1H09	
Operating Income	9.9	0.8	10.8	4.5%	13.0	5.3%	44.5	1.2	45.7	9.6%	50.6	9.9%
Non Recurring Expenses	1.4		1.4	0.6%	2.6	1.0%	1.4		1.4	0.3%	5.5	1.1%
Operating Financial Result	0.0		0.0		2.3	0.9%	3.9		3.9	0.8%	4.9	1.0%
Recurring EBITDA	11.4	0.8	12.2	5.1%	18.0	7.2%	49.8	1.2	51.0	10.7%	61.0	11.9%
Recurring EBITDA Margin (%)	***4.8%***		***5.1%***		***7.2%***		***10.5%***		***10.7%***		***11.9%***	

Table 13 – Balance Sheet

Balance Sheet (R$ milhões)	03/31/2009	06/30/2009
Current Assets	**380.5**	**373.7**
Cash	47.6	47.6
Cash Equivalents	204.3	176.2
Accounts Receivable	104.9	121.0
Carry-fowards Credits	1.8	2.1
Advance to Employees / Third Parties	2.9	3.6
Related Parties	0.1	0.4
Prepaid Expenses	8.1	6.7
Others	10.7	16.2
	-	-
Long term receivables	**4.0**	**6.5**
Prepaid Expenses	2.8	2.6
Related Parties	-	2.5
Judicial Deposits	1.1	1.4
	-	-
Permanent Assets	**294.9**	**297.5**
Investments	0.2	0.2
Fixed Assets	186.6	185.4
Intangible	108.0	111.8
	-	-
Total Assets	**679.3**	**677.6**
	-	-

Liabilities and Shareholders' Equity	03/31/2008	06/30/2009
Current liabilities	**173.8**	**167.9**
Loans and financings	5.8	5.4
Suppliers	25.2	21.7
Salaries and payroll charges	73.4	95.1
Taxes payable	10.2	9.0
Prepaid monthly tuition fees	35.6	32.4
Taxes paid in installments	1.3	0.9
Dividends payable	17.9	-
Commitments payable	1.5	1.5
Others	2.9	1.9
	-	-
Long term liabilities	**53.6**	**49.1**
Loans and financings	3.9	2.8
Provisions for contingencies	20.1	19.4
Advances under partnership agreement	25.7	25.1
Taxes paid in installments	3.9	1.8
	-	-
Shareholders' Equity	**451.8**	**460.6**
Capital	295.2	295.2
Capital Reserves	97.6	98.6
Earnings Reserves	29.0	29.0
Impairment	0.2	(0.2)
Acumulated Net Income	29.8	38.0
Total liability and shareholders' Equity	**679.3**	**677.6**

Table 14 – Cash Flow

Statement of cash flow (R$ million)	2Q08	2Q09	1H08	1H09
Cash flow from operating activities:				
Net income for the period	**3.7**	**8.3**	**33.8**	**38.0**
Adjustments - net income to cash generated by operating activities:				
Depreciation e amortization	7.2	10.1	16.6	19.6
Residual value of fixed asset disposals	0.5	2.3	1.6	2.3
Goodwill amortization	2.4	9.4	4.2	-
Provision for doubtful accounts	-	-	-	15.7
Stock Option	-	0.9	-	2.1
Provision for contingencies	-	1.2	-	2.6
Cash flow from operating activities	**13.8**	**32.2**	**56.1**	**80.4**
Changes in assets and liabilities:				
(Increase) in accounts receivable	(14.3)	(25.5)	(14.6)	(36.2)
(Increase) in other assets	(9.8)	(5.0)	(10.1)	1.7
Increase (decrease) in Suppliers	(3.3)	(3.5)	4.5	(2.7)
Increase (decrease) in tax payable	1.7	(3.6)	1.3	(10.6)
Increase in salaries and social charges	19.1	21.8	35.3	38.9
Increase in prepaid monthly tuition fees	0.7	(3.2)	0.7	3.3
Increase (decrease) in the provision for contingencies	1.9	(1.9)	3.6	(3.4)
Increase (decrease) in other liabilities	(0.5)	(1.0)	2.8	(1.9)
Increase (decrease) in advanced under partnership agreement	(0.7)	(0.7)	16.5	(1.4)
Changes in transactions with related parties:	-	-	-	-
(Increase) in accounts receivable	(0.7)	(0.3)	(1.2)	(0.3)
Increase (decrease) in accounts payable	-	-	(5.7)	-
(Increase) in non current assets	0.6	(2.5)	-	(2.7)
Net cash generated by (used in) operating activities	**8.5**	**6.7**	**89.3**	**65.0**
Cash flow from financing activities:				
Financial Investments	12.6	28.2	1.9	(12.1)
Goodwill on acquisitions	(4.3)	-	(20.8)	-
Fixed Assets	(5.1)	(12.1)	(21.8)	(16.6)
Intangible	(3.2)	(2.7)	0.4	(5.0)
Deferred Charges	-	-	(6.3)	-
Others	-	(0.6)	-	(0.6)
Net cash used in investing activities	**(0.0)**	**12.7**	**(46.6)**	**(34.3)**
Cash flow from financing activities:				
Dividends distributed	(13.7)	(17.9)	(12.6)	(17.9)
Payment of Loans and Financings	(0.9)	(1.6)	(1.2)	(3.4)
Net cash used in financing activities	**(14.5)**	**(19.4)**	**(13.9)**	**(21.3)**
Increase (decrease) in cash				
At the beginning o period	57.7	47.6	22.9	38.1
At end of o period	51.7	47.6	51.7	47.6
Changes in net cash	**(6.0)**	**0.0**	**28.9**	**9.5**