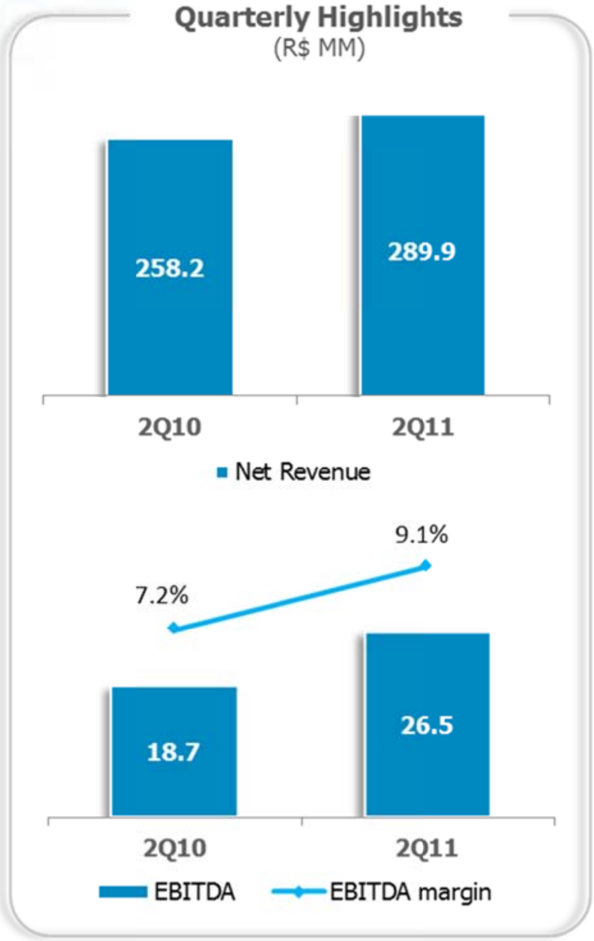
2Q11 Earnings Release

Straight to the Point: Transparency, Fundamentals and Results.
Recurring EBITDA of R$26.5 million in 2Q11,
Recurring EBITDA margin of 9.1%, up 1.9 p.p. year-over-year.

Rio de Janeiro, August 11, 2011 - **Estácio Participações S.A.** – "Estácio" or "Company" (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA) announces its results for the **second quarter of 2011 (2Q11)** in comparison with the same period of the previous year (2Q10). Except where stated otherwise, the following financial and operating information is presented in accordance with International Financial Reporting Standards ("IFRS") and on a consolidated basis.

Highlights

- Estácio ended 2Q11 with a **total base** of 238,700 students (up 11.1% from 2Q10), with 204,700 enrolled in **on-campus programs** and 34,000 in **distance learning programs**.
- **Net operating revenue** was R$289.9 million in 2Q11, growing 12.3% from the prior year, mainly due to the 11.1% expansion in the total student base.
- Consolidated recurring **EBITDA** came to R$26.5 million, an increase of 41.7%, accompanied by a margin expansion of 1.9 p.p. over 2Q10.
- Recurring **net income** totaled R$11.4 million in 2Q11, a 15.2% increase over 2Q10.
- **Investments (CAPEX and Acquisitions)** totaled R$68.8 million, of which R$33.8 million went to Acquisitions.
- At the end of 2Q11, **cash and cash equivalents** stood at R$68.2 million, already deducting the payment of R$38.3 million in dividends.



Main Indicators in the Period

	Consolidated			Excluding Acquisitions		
Financial Highlights	**2Q10**	**2Q11**	**Change**	**2Q10**	**2Q11**	**Change**
Net Revenue (R$ million)	258.2	289.9	12.3%	258.2	277.2	7.4%
Recurring Gross Profit (R$ million)	72.4	87.9	21.4%	72.4	84.1	16.2%
Recurring Gross Profit margin	*28.0%*	*30.3%*	*2.3 p.p.*	*28.0%*	*30.3%*	*2.3 p.p.*
Recurring EBIT	11.0	17.1	55.5%	11.0	16.4	49.1%
Recurring EBIT Margin	*4.3%*	*5.9%*	*1.6 p.p.*	*4.3%*	*5.9%*	*1.6 p.p.*
Recurring EBITDA	18.7	26.5	41.7%	18.7	25.6	36.9%
Recurring EBITDA Margin	*7.2%*	*9.1%*	*1.9 p.p.*	*7.2%*	*9.2%*	*2.0 p.p.*
Recurring Net Income (R$ million)	9.9	11.4	15.2%	9.9	11.0	11.1%
Recurring Net Income Margin	*3.9%*	*3.9%*	*0.0 p.p.*	*3.9%*	*4.0%*	*0.1 p.p.*

Message from Management

While we noticed a deterioration in the international scenario in recent months and the critical developments in the stock exchange, particularly in the Education sector, Estácio has been living its best moment in recent years. We resumed organic growth in the on-campus base, concluded new acquisitions, obtained a series of approvals for new courses, received excellent scores in *in loco* visits, launched two greenfield projects, and completed preparation for the launch of tablets in the second semester of 2011 for our law students in Rio de Janeiro and Espirito Santo. Here we are very motivated, working with high spirits and certain that we are on the right track – the same we took three years ago at the beginning of this new phase at Estácio.

Before going into the details of our results, we would like to let you know that we received in good spirit the demand from investors and analysts for greater transparency in the accounting and financial information provided by publicly held companies. Throughout the report, we have provided the key indicators clearly and in detail to enable you to measure our true performance as a company providing post-secondary education, including:

- **Receivables:** analysis of the evolution of accounts receivable and days receivable, aging of receivables, aging of agreements and due reconciliation between the balance of Provision for Doubtful Accounts (PDA) in the balance sheet and the amounts expensed. Note that our PDA is not “estimated by Management” but the direct and mechanical result of the aging of our accounts receivable;
- **Acquisitions:** analysis of our performance under the same shops concept, separating the effect of acquisitions within the same year and at the same time providing information about the specific performance of the acquisitions approved at Shareholders’ Meetings;
- **Non-recurring items:** we have detailed the nature of each item that we believe had a specific reason to have happened only at that moment, and the respective justification; and
- **Indebtedness:** now that we have resumed acquisitions and a part of these are financed by way of commitments to pay to the sellers, we have included such balances in our debt figures. Similarly, we have included all and any balance of taxes payable in installments in the medium and long term.

Having mentioned this, let us go to the results. Our consolidated recurring EBITDA totaled R$26.5 million in 2Q11, up 41.7% on 2Q10. Though we are still harmed by the step-up in the social security contribution (INSS) rate on our payroll and ended the quarter with the on-campus base, excluding acquisitions, remaining practically unchanged from last year (i.e., with no volume increase), our consolidated recurring EBITDA margin grew 1.9 p.p. over 2Q10. Delivering this robust growth with a significant margin gain is a matter of great pride for us.

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Note that this scenario began to change the moment when all our efforts during the three years of restructuring – from the cleanup of our student base in 2008 and the change in the rules for credit, till the complete redesign of our products, the launch of the distance-learning program, and the setup of a sales task force – resulted in successive record enrollments in the last two semesters. As a result, despite the increasingly stricter credit policies, our organic on-campus base is now equal to what it was a year back and we are firmly on track to resume growth from the second half of 2011. At the end of the 1H11, our on-campus undergraduate students base already showed an increase of 4.9%, compared to the end of 2010.

Chart 1 – On-campus Undergraduate Students base

Chart: On-campus undergraduate students base excluding acquisitions in the 1H11.

Chart 2 – Distance Learning Students Base

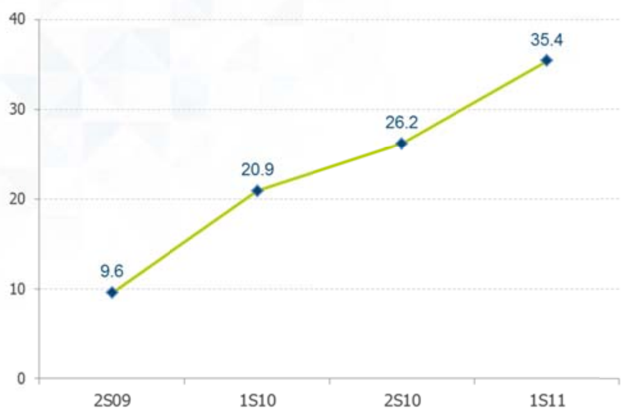

Chart: Undergraduate and Graduate Distance Learning Students Base.

In order to further capitalize on this organic growth of the student base, we have been paying special attention and dedicating our effort to our "course grouping" to continue taking advantage of the opportunities in a Brazilian market that demands qualified labor. Estácio has already applied to the Ministry of Education for permission to open another 1,000 new municipal courses. Of this total, 42 of the on-campus courses have already been authorized by the Ministry, corresponding to 5,040 new seats (set to be launched during 2012), and 124 courses, also on-campus, are waiting for the Ministry´s approval, corresponding to 14,880 new seats.

Estácio's Distance-Learning Operations, which play an important role in maintaining our growth momentum, recovered in 2Q11 and posted an 11.4% gain in the number of enrollments over the same period last year. We have also improved our student tutoring and online assistance. We now have 34,000 students who count on greater support and responsiveness from our professors.

As a result of all this, our revenue increased 12.3% on a consolidated basis and 7.4% excluding acquisitions, in the same shops concept. In this context, our management model – based on centralization, scale and standardization – has started to present concrete results after a natural dilution of fixed costs and expenses. At the same time, advances made in the implementation of our educational model at our Units, the increasing efficiency of academic planning activities and improved management of our assets have started to provide results in the Cost lines. All told, we have once again started posting organic growth with gains in revenue, EBITDA and EBITDA margin.

All our acquisitions (Atual, FAL, FATERN, Academia do Concurso) were approved by the Annual Shareholders' Meeting, in which shareholders had the opportunity to take a detailed look at the business plans and lent their support to our quest for synergies among our new units. In this release, we will provide the main numbers of the units acquired to enable the market to monitor the performance and impact thereof in our consolidated results.

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However, we would like to highlight the performance of Atual and FATERN, which posted recurring EBITDA margins of 19.5% and 17.5%, respectively, in the quarter. Note that the basis for this evaluation is the internal rate of return (IRR) of the investment, as we believe that this metric considers the business' future potential and synergies. We would like to reaffirm that the financial results of all the businesses acquired by Estácio are presented in the business plan and automatically incorporated into the Company's targets, conditioning its achievement to the variable compensation of our Executives.

Our Cash position ended the quarter with R$68.2 million. During 2Q11, we paid dividends of R$38.3 million relating to fiscal year 2010, as we believe that besides providing remuneration for shareholders, the practice of paying dividends serves as another instrument of financial discipline for the Company's management. We invested R$68.8 million in CAPEX and Acquisitions to continue our growth projects. As we will explain below, operating with lower amounts of cash has significantly increased our attention to financial management and triggered a series of actions that are important for the Company, notably the decision to begin a series of projects aimed at the adoption of EVA (Economic Value Added) as a measure of Estácio's performance and a vector of appraisal and variable compensation of our Executives.

Consolidated recurring net income totaled R$11.4 million and R$44.5 million in 2Q11 and 1H11, up 15.2% and 7.7% on 2Q10 and 1H10, respectively.

We have added two new sections at the end of the report, as described below:

- Key Material Facts, where we have detailed a few operational and financial achievements that are important for our growth and consolidation strategy;
- Sustainability Projects, where we have described the Company's social responsibility initiatives in the academic and corporate spheres and which are increasingly a part of our institutional agenda.

Through this report, we hope to share with our shareholders and the market in general our enthusiasm with the Company's recent accomplishments, our commitment and our energy to continue working hard with the zeal and focus on improving the quality of our services and results, as well as our certainty that we are following the right path to sustainable growth.

Student Base

Estácio ended the second quarter with a **student base** of 238,700 students (up 11.1% from 2Q10), with 204,700 students enrolled in on-campus programs and 34,000 in distance-learning programs, including the acquisitions of Atual, FAL and FATERN. Discarding the acquisitions in 2011, the student base, under the same shops concept, came to 228,700 students in 2Q11, 6.5% more than in 2Q10.

Table 1 – Total Student Base

'000	2Q10	2Q11	Change
On-Campus	**193.9**	**194.7**	**0.4%**
Undergraduate	182.8	181.6	-0.7%
Graduate	11.1	13.1	18.0%
Distance Learning	**20.9**	**34.0**	**62.7%**
Undergraduate	19.2	31.4	63.5%
Graduate	1.7	2.6	52.9%
Total Student Base ex-Acquisitions	**214.8**	**228.7**	**6.5%**
2011 Acquisitions	-	10.0	N.A.
Total Student Base	**214.8**	**238.7**	**11.1%**

Note: Acquisitions in 2011 refer to the total student base of Atual, FAL and FATERN.

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At the end of 2Q11, Estácio's undergraduate student base totaled 191,600 students, 4.8% more than in 2Q10. Excluding students from the institutions acquired in the semester (Atual, FAL and FATERN), the undergraduate student base would be 181,600, about the same as in 2Q10, showing that our student base started to grow again after two consecutive record enrollments.

Table 2 – Evolution of On-Campus Undergraduate Student Base

'000	2Q10	2Q11	Change
Students - Starting Balance	**190.3**	**193.7**	**1.8%**
(-) Students not enrolled in class	(1.8)	(3.3)	83.3%
Student Base enrolled in classes	188.5	190.4	1.0%
(-) Droupouts	(5.7)	(8.8)	54.4%
Droupouts Rate	*-3.0%*	*-4.6%*	*-1.6 p.p.*
Students ex. Acquisitions - Ending Bal	**182.8**	**181.6**	**-0.7%**
(+) Acquisitions	-	10.0	N.A.
Students - Ending Balance	**182.8**	**191.6**	**4.8%**

Obs.: The line Acquisitions refers to the total undergraduate on-campus student base of the companies acquired in 2011 (Atual, FAL e FATERN).

In 2Q11, indicators of drop-out were higher than in 2Q10. In order to facilitate understanding and ensure transparency, we have divided this indicator into two components: drop-out due to lack of students to form a sizeable class and drop-out due to abandon of the course by the student during the semester.

The strong enrollment volume in 1Q11 allowed us to be more restrictive when opening new classes for the semester. Although this may imply loss of revenue in the short term, forming larger classes will reduce faculty costs in the future.

On the other hand, the increase in drop-out due to abandon of the course by the student directly reflects the higher enrollment in the last two cycles. As first- and second-semester students are more likely to drop out from the course, with a higher share of the student mix consisting of students in the commencement of their course after two massive enrollments, this figure should naturally increase. In fact, in 1Q10, first- and second-semester students accounted for 36.4% of the student base, compared to 42.4% in 1Q11.

In the distance learning segment, the undergraduate student base grew 63.5% year on year to reach 31,400, reflecting a series of successful enrollments and the launch of new courses.

Table 3 – Growth in Distance-Learning Base (undergraduate)

'000	2Q10	2Q11	Change
Students - Starting Balance	**14.9**	**28.2**	**89.3%**
(-) Droupouts	(2.1)	(4.0)	90.5%
Droupouts Rate	*-14.1%*	*-14.2%*	*-0.1 p.p.*
Enrollment Renewals	**12.8**	**24.2**	**89.1%**
(+) Enrollments	6.4	7.2	12.5%
Students - Ending Balance	**19.2**	**31.4**	**63.5%**

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Operating Revenue

In 2Q11, **net operating revenue** totaled R$289.9 million, up 12.3%, thanks to the 11.1% growth in the student base, while **net operating revenue excluding acquisitions** totaled R$277.2 million, up 7.4% year on year.

Table 4 – Breakdown of Operating Revenue

R$ MM	2Q10	2Q11	Change	1H10	1H11	Change
Gross Operating Revenue	**369.2**	**369.2**	**10.5%**	**734.6**	**806.0**	**9.7%**
Monthly Tuition Fees	364.8	364.8	9.5%	726.8	794.0	9.2%
Others	4.4	4.4	88.6%	7.8	12.0	53.8%
Gross Revenue Deductions	**(111.0)**	**(111.0)**	**6.2%**	**(220.4)**	**(240.3)**	**9.0%**
Scholarships and Discounts	(100.1)	(100.1)	5.1%	(198.8)	(216.3)	8.8%
Taxes	(10.8)	(10.8)	17.6%	(21.6)	(24.1)	11.6%
% Deductions / Gross Operating Revenue	*30.1%*	*30.1%*	*-1.2 p.p.*	*30.0%*	*29.8%*	*-0.2 p.p.*
Net Operating Revenue	**258.2**	**258.2**	**12.3%**	**514.2**	**565.7**	**10.0%**

The **on-campus average ticket** in 2Q11 came to R$443.7, a 4.7% increase over the same period last year. Excluding acquisitions, the average ticket increased 4.9%, reflecting our purpose and success in applying the inflationary adjustment to our tuitions.

Table 5 – Calculation of Average Ticket – On-campus

R$ MM*	2Q10	2Q11	Change	2Q11 ex-acquisitions	Change
Gross Revenue - On-Campus	**354.2**	**382.1**	**7.9%**	**366.1**	**3.4%**
Deductions - On-Campus	(106.9)	(109.6)	2.5%	(106.3)	-0.5%
Net Revenue - On-Campus	**247.3**	**272.5**	**10.2%**	**259.8**	**5.1%**
On-Campus Students - Total (000)	194.5	204.7	5.2%	194.7	0.1%
Average Ticket - On-Campus (R$)	**423.8**	**443.7**	**4.7%**	**444.8**	**4.9%**

* Unless otherwise stated.

The **distance learning average ticket** was R$170.6, 1.9% lower from the same period last year but in line with the ticket in 1Q11.

Table 6 – Calculation of Average Ticket – Distance Learning

R$ MM*	2Q10	2Q11	Change
Gross Revenue - Distance Learning	**15.0**	**25.7**	**71.3%**
Deductions - Distance Learning	(4.1)	(8.3)	102.4%
Net Revenue - Distance Learning	**10.9**	**17.4**	**59.6%**
Distance Learning Students - Total (000)	20.9	34.0	62.7%
Average Ticket - Distance Learning (R$)	**173.8**	**170.6**	**-1.9%**

* Unless otherwise stated.

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Cost of Services

The ratio of **recurring cash cost to net revenue** climbed 2.2 p.p., mainly due to a more efficient management of faculty costs (gain of 2.5 p.p.), outsourced services (gain of 0.8 p.p.) and rents, condominium fees and municipal property tax (IPTU) (gain of 0.5 p.p.), which more than offset the textbook material costs. With a revenue growth of around 12% (7% excluding acquisitions), we could demonstrate the effects of the dilution of costs resulting from improved scalability and centralization.

Table 7 – Breakdown of Cost of Services

R$ MM	2Q10	2Q11	Change	1H10	1H11	Change
Cash Cost of Services	**(180.2)**	**(196.1)**	**8.8%**	**(338.7)**	**(367.2)**	**8.4%**
Personnel	(137.4)	(147.0)	7.0%	(258.1)	(279.6)	8.3%
Salaries and Payroll Charges	(114.6)	(120.4)	5.1%	(214.8)	(228.3)	6.3%
Brazilian Social Security Institute (INSS)	(22.7)	(26.6)	17.2%	(43.4)	(51.4)	18.4%
Rentals/ Real Estate Tax Expenses	(24.3)	(25.8)	6.2%	(47.9)	(50.9)	6.3%
Textbook Materials	(4.3)	(9.6)	123.3%	(6.5)	(12.7)	95.4%
Third-Party Services and Others	(14.2)	(13.7)	-3.5%	(26.2)	(24.0)	-8.4%

Table 8 – Vertical Analysis of Cost of Services

% of Net Operating Revenue	2Q10	2Q11	Change	1H10	1H11	Change
Cash Cost of Services	**-69.8%**	**-67.6%**	***2.2 p.p.***	**-65.9%**	**-64.9%**	***1.0 p.p.***
Personnel	-53.2%	-50.7%	*2.5 p.p.*	-50.2%	-49.4%	*0.8 p.p.*
Salaries and Payroll Charges	-44.4%	-41.5%	*2.9 p.p.*	-41.8%	-40.4%	*1.4 p.p.*
Brazilian Social Security Institute (INSS)	-8.8%	-9.2%	*-0.4 p.p.*	-8.4%	-9.1%	*-0.7 p.p.*
Rentals/ Real Estate Tax Expenses	-9.4%	-8.9%	*0.5 p.p.*	-9.3%	-9.0%	*0.3 p.p.*
Textbook Materials	-1.7%	-3.3%	*-1.6 p.p.*	-1.3%	-2.2%	*-0.9 p.p.*
Third-Party Services and Others	-5.5%	-4.7%	*0.8 p.p.*	-5.1%	-4.2%	*0.9 p.p.*

Table 9 – Cost Reconciliation

R$ MM	2Q10	2Q11	Change	1H10	1H11	Change
Cash Cost of Services	**(180.2)**	**(196.1)**	**8.8%**	**(338.7)**	**(367.2)**	**8.4%**
(+) Depreciation	(5.7)	(5.8)	1.8%	(11.2)	(11.3)	0.9%
(+) Non-Recurring Costs	(0.1)	(1.4)	1300.0%	(4.6)	(4.9)	6.5%
Cost of Services	**(186.0)**	**(203.3)**	**9.3%**	**(354.5)**	**(383.4)**	**8.2%**

Gross Income

Table 10 – Statement of Gross Income

R$ MM	2Q10	2Q11	Change	1H10	1H11	Change
Net Operating Revenue	258.2	289.9	12.3%	514.2	565.7	10.0%
Cost of Services	(186.0)	(203.3)	9.3%	(354.5)	(383.4)	8.2%
Gross Profit	**72.2**	**86.5**	**19.8%**	**159.7**	**182.4**	**14.2%**
(-) Non-Recurring Costs	0.2	1.4	600.0%	4.6	4.7	2.2%
(-) Depreciation	5.7	5.8	1.8%	11.2	11.3	0.9%
Recurring Cash Gross Profit	**78.1**	**93.7**	**20.0%**	**175.5**	**198.4**	**13.0%**
Recurring Cash Gross Margin	*30.2%*	*32.3%*	*2.1 p.p.*	*34.1%*	*35.1%*	*1.0 p.p.*

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Selling, General & Administrative Expenses

Selling, general and administrative expenses recorded an efficiency gain of 1.0 p.p. over 2Q10, mainly due to the gain of 1.0 p.p.in personnel expenses and 0.8 p.p. in third-party services. We once again reap the benefits of scale here as there is no need to expand our administrative structure to cope with the larger student base and revenue. In Estácio's business model, more revenue means higher margins.

Selling expenses corresponded to 11.0% of 2Q11 net revenue, 1.0 p.p. higher than in 2Q10, due to higher advertising expenses. The increase in advertising expenses reflects the same strategy adopted in the previous quarter. As we increase the efficiency gains in G&A expenses increases, we employ a part of this gain in more intensive marketing and commercial efforts, showing our target public the differentials of our products and services.

Table 11 – Breakdown of Selling, General & Administrative Expenses

R$ MM	2Q10	2Q11	Change	1H10	1H11	Change
Selling, General and Administrative Cash Expenses	**(63.4)**	**(68.4)**	**7.9%**	**(124.3)**	**(131.1)**	**5.5%**
Selling Expenses	**(25.7)**	**(31.8)**	**23.7%**	**(50.1)**	**(60.8)**	**21.4%**
Provisions for Doubtful Debts	(15.1)	(17.5)	15.9%	(20.1)	(22.8)	13.4%
Marketing	(10.6)	(14.3)	34.9%	(30.0)	(38.0)	26.7%
General and Administrative Expenses	**(37.7)**	**(36.6)**	**-2.9%**	**(74.2)**	**(70.3)**	**-5.3%**
Personnel	(17.1)	(16.2)	-5.3%	(33.0)	(31.5)	-4.5%
Salaries and Payroll Charges	(14.0)	(13.8)	-1.4%	(27.4)	(25.7)	-6.2%
Brazilian Social Security Institute (INSS)	(3.1)	(2.3)	-25.8%	(5.6)	(5.9)	5.4%
Others	(20.6)	(20.4)	-1.0%	(41.2)	(38.8)	-5.8%
Third-Party Services	(9.4)	(8.3)	-11.7%	(22.2)	(18.5)	-16.7%
Machinery rentals and leasing	(0.7)	(0.3)	-57.1%	(1.6)	(1.4)	-12.5%
Consumable Material	(0.3)	(0.4)	33.3%	(0.7)	(0.8)	14.3%
Maintenance and Repair	(0.1)	-	N.A.	(0.3)	-	N.A.
Provision for Contingencies	(2.3)	(0.5)	-78.3%	(2.3)	2.7	N.A.
Other Operating Renevue (expenses)	3.4	2.3	-32.4%	5.0	4.1	-18.0%
Others	(11.2)	(13.2)	17.9%	(19.1)	(24.9)	30.4%

Table 12 – Vertical Analysis of Selling, General & Administrative Expenses

% of Net Operating Revenue	2Q10	2Q11	Change	1H10	1H11	Change
Selling, General and Administrative Cash Expenses	**-24.6%**	**-23.6%**	***1.0 p.p.***	**-24.2%**	**-23.2%**	***1.0 p.p.***
Selling Expenses	**-10.0%**	**-11.0%**	*-1.0 p.p.*	**-9.7%**	**-10.7%**	*-1.0 p.p.*
Provisions for Doubtful Debts	-5.8%	-6.0%	*-0.2 p.p.*	-3.9%	-4.0%	*-0.1 p.p.*
Marketing	-4.1%	-4.9%	*-0.8 p.p.*	-5.8%	-6.7%	*-0.9 p.p.*
General and Administrative Expenses	**-14.6%**	**-12.6%**	*2.0 p.p.*	**-14.4%**	**-12.4%**	*2.0 p.p.*
Personnel	-6.6%	-5.6%	*1.0 p.p.*	-6.4%	-5.6%	*0.8 p.p.*
Salaries and Payroll Charges	-5.4%	-4.8%	*0.7 p.p.*	-5.3%	-4.5%	*0.8 p.p.*
Brazilian Social Security Institute (INSS)	-1.2%	-0.8%	*0.4 p.p.*	-1.1%	-1.0%	*0.1 p.p.*
Others	-8.0%	-7.0%	*1.0 p.p.*	-8.0%	-6.9%	*1.1 p.p.*
Third-Party Services	-3.6%	-2.9%	*0.8 p.p.*	-4.3%	-3.3%	*1.0 p.p.*
Machinery rentals and leasing	-0.3%	-0.1%	*0.2 p.p.*	-0.3%	-0.2%	*0.1 p.p.*
Consumable Material	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Maintenance and Repair	0.0%	0.0%	*0.0 p.p.*	-0.1%	0.0%	*0.1 p.p.*
Provision for Contingencies	-0.9%	-0.2%	*0.7 p.p.*	-0.4%	0.5%	*0.9 p.p.*
Other Operating Renevue (expenses)	1.3%	0.8%	*-0.5 p.p.*	1.0%	0.7%	*-0.3 p.p.*
Others	-4.3%	-4.6%	*-0.2 p.p.*	-3.7%	-4.4%	*-0.7 p.p.*

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Table 13 – Reconciliation of Expenses

R$ MM	2Q10	2Q11	Change	1H10	1H11	Change
Selling, General and Administrative Cash Expenses	**(63.4)**	**(68.4)**	**7.9%**	**(124.3)**	**(131.1)**	**5.5%**
(+) Depreciation	(2.0)	(3.5)	75.0%	(3.9)	(7.2)	84.6%
(-) Non-Recurring Expenses	(1.6)	(2.1)	31.3%	(3.2)	(3.2)	0.0%
Selling, General and Administrative Expenses	**(67.0)**	**(73.9)**	**10.3%**	**(131.4)**	**(141.5)**	**7.7%**

Provisions for doubtful accounts, which remained virtually stable from 2010 as a percentage of net revenue, reflect a growing efficiency in the management of receivables. If on the one hand delinquency levels have been increasing (see the item “Accounts Receivable and Average Receivable Days”), on the other hand the Company has never implemented so many initiatives to address the issue. This quarter, Estácio widely used its “delinquency ruler” (proactive collections among existing students), students with a history of delayed payments or repeat offenders were blacklisted and services of collection companies were widely used. Estácio also developed a Business Intelligence system to control delinquency levels (enabling follow-up by course, campus and shift), combined with setting up of specific PDA targets for each unit (linked to a bonus-related target for the local Administrative Manager), and maintained strict criteria for debt renegotiation and approval.

The Company provided incentives to the FIES offering, expanding the base from 4,700 students in 2Q10 to 10,200 in 2Q11. Estácio also worked on the launch of the “PraValer” program in partnership with Itaú and Ideal Invest, and began to gradually use a longer-term financing tool provided by Itaú for students with bigger debt.

In this quarter, we held a massive campaign, involving several areas of Estácio (Finance, Operations, Marketing), entitled “Agora Vai” to recover outstanding amounts from defaulting students and encourage them to re-enroll preferably through FIES financing.

To sum up, although delinquency levels have slightly increased, as noticed in the reports of the main banks operating in Brazil, Estácio’s team is not idle to the developments and believes that these measures will at least partially offset any potential worsening of the external scenario. More details on receivables are available in the Receivables item bellow.

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EBITDA

Recurring EBITDA came to R$26.5 million, accompanied by an **EBITDA margin** of 9.1%, up 1.9 p.p. over 2Q10, mainly due to the better management of personnel costs and expenses, which offset the step-up of the INSS , the increase in textbook material costs and marketing expenses.

Table 14 – Statement of Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

R$ MM	2Q10	2Q11	Change	1H10	1H11	Change
Net Operating Revenue	**258.2**	**289.9**	**12.3%**	**514.2**	**565.7**	**10.0%**
(-) Cash Cost of Services	(180.2)	(196.1)	8.8%	(338.7)	(367.2)	8.4%
(-) Selling, General and Administrative Cash Expenses	(63.4)	(68.4)	7.9%	(124.3)	(131.1)	5.5%
(+) Operating Financial Result	3.8	1.1	-71.1%	7.2	6.9	-4.2%
Recurring EBITDA	**18.7**	**26.5**	**41.7%**	**58.4**	**74.3**	**27.2%**
Recurring EBITDA Margin	*7.2%*	*9.1%*	*1.9 p.p.*	*11.4%*	*13.1%*	*1.8 p.p.*
(-) Depreciation and Amortization	(7.7)	(9.3)	20.8%	(15.1)	(18.5)	22.5%
Recurring EBIT	**11.0**	**17.1**	**55.5%**	**43.3**	**55.8**	**28.9%**
Recurring EBIT Margin	*4.3%*	*5.9%*	*1.6 p.p.*	*8.4%*	*9.9%*	*1.5 p.p.*

In the same shops concept, **recurring EBITDA** came to R$25.6 million, accompanied by an **EBITDA margin** of 9.2%, up 2.0 p.p. over 2Q10.

Table 15 – Statement of Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) – In the same shops concept

R$ MM	2T10	2Q11 ex-acquisitions	Change	1H10	1H11 ex-acquisitions	Change
Net Operating Revenue	**258.2**	**277.2**	**7.4%**	**514.2**	**548.5**	**6.7%**
(-) Cash Cost of Services	(180.2)	(187.5)	4.1%	(338.7)	(355.2)	4.9%
(-) Selling, General and Administrative Cash Expenses	(63.4)	(64.8)	2.2%	(124.3)	(127.1)	2.3%
(+) Operating Financial Result	3.8	1.0	-73.7%	7.2	6.9	-4.2%
Recurring EBITDA	**18.7**	**25.6**	**36.9%**	**58.4**	**73.0**	**25.1%**
Recurring EBITDA Margin	*7.2%*	*9.2%*	*2.0 p.p.*	*11.4%*	*13.3%*	*1.9 p.p.*
(-) Depreciation and Amortization	(7.7)	(9.2)	19.5%	(15.1)	(18.3)	21.2%
Recurring EBIT	**11.0**	**16.4**	**49.1%**	**43.3**	**54.7**	**26.3%**
Recurring EBIT Margin	*4.3%*	*5.9%*	*1.6 p.p.*	*8.4%*	*10.0%*	*1.6 p.p.*

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Non-recurring items

Table 16 – Breakdown of Non-Recurring Items

R$ million	2Q10 consolidated	2Q11 consolidated	2Q11 Estácio	2Q11 Acquisitions
Cost	**(0.2)**	**(1.4)**	**(0.8)**	**(0.5)**
Personnel	(0.2)	(1.1)	(0.8)	(0.3)
Other	-	(0.2)	-	(0.2)
Expenses	**(1.8)**	**(2.2)**	**(1.7)**	**(0.4)**
Personnel	(0.9)	(0.4)	(0.4)	(0.0)
M&A	-	(1.4)	(1.4)	-
Other	(0.9)	(0.4)	-	(0.4)
Total	**(2.0)**	**(3.5)**	**(2.5)**	**(1.0)**

The non-recurring items in 2Q11 (R$3.5 million) are presented below:

(i) Further centralization of activities generating headcount reduction, which resulted in expenses with terminations amounting to R$1.2 million (R$0.8 million in support structures of the units and R$0.4 million at the corporate area);
(ii) R$1.4 million in expenses with acquisitions (M&A) related to consultants' fees and expenses with accounting and legal due diligence, as well as with system integration expenses relating to the four acquisitions in 2011;
(iii) R$0.9 million in expenses with restructuring of the institutions acquired, of which R$0.5 million were costs and R$0.4 million, expenses.

Except for those related to the acquisition of new units, non-recurring expenses should decrease in the future, except for those related to the acquisition of new unities. Indeed, non-recurring expenses in 2Q11 came to R$1.1 million, 40% below the R$2.0 million in the 2Q10 (excluding expenses with acquisitions in both periods).

Acquired companies

As of this quarter, Estácio will present a chart with the main results of the units acquired since the beginning of 2011. We will provide these details up to 12 months from the acquisition to enable follow-up of the Company's performance in the same shops concept.

Table 17 – Main Figures of the Acquired Companies

R$ million	Atual	FAL	FATERN	FABEC	Academia do Concurso
Net Revenue	4.8	2.2	3.1	0.4	2.2
Recurring Gross Profit	1.5	0.4	1.1	0.1	0.7
Recurring Gross Margin	*31.4%*	*18.7%*	*36.0%*	*16.4%*	*34.4%*
Recurring EBITDA	0.9	-0.1	0.5	0.0	-0.5
Recurring EBITDA Margin	*19.5%*	*-5.9%*	*17.5%*	*11.9%*	*-21.8%*
Recurring Net Income	0.9	-0.2	0.3	0.0	-0.5
Recurring Net Income Margin	*17.8%*	*-8.5%*	*10.2%*	*11.9%*	*-24.0%*

In 2Q11, the acquired companies, Atual (in Boa Vista, Roraima) and FATERN (in Natal, Rio Grande do Norte) recorded positive recurring EBITDA margins of 19.5% and 17.5%, respectively. Atual, already in an advanced phase of integration, will implement the new academic model as of the second half of 2011. The unit is also well integrated into the management model, such that the Company believes its results will be considerably above the original business plan approved at the Shareholders' Meeting. FATERN, in turn, though slightly behind in the integration (with the startup of the educational model scheduled for 1H12), registered strong enrollment figures and reasonable operating margins for a pre-integration period.

On the other hand, FAL (in Natal, Rio Grande do Norte) and the Academia do Concurso posted a negative EBITDA margin in their first quarter results.

Unlike FATERN, FAL works with an enrollment system by which margins improve during the course of the year, which should occur in 2H11. The unit is already being integrated with the implementation of Núcleo Natal, a process to bring together and create synergies from the two acquisitions and Estácio's existing operation in Natal. This unit should undergo several operational improvements until the implementation of the new educational model in 1H12.

Academia do Concurso posted negative recurring EBITDA of R$0.5 million in 2Q11. Although this result is lower than in our business plan, the new unit has already been adopting a series of measures to bring its results in line with the plan, such as:

(i) the total integration of its support structure to those of Estácio in order to reduce rental costs and costs of services, while freeing up space for more classrooms and a broader course offering;

(ii) The launch of the management model through the "Zero-Based and Matrix Budget"; and

(iii) The speeding up of integration with the Shared Services Center (CSC), including SAP, payroll and others.

Apart from the improvements to the processes in our on-campus business, Estácio started developing the distance learning platform and its franchise network for the nationwide expansion of Academia in the future.

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Financial Result

Table 18 – Breakdown of Financial Result

R$ MM	2Q110	2Q11	Change	1H10	1H11	Change
Financial Revenue	**7.7**	**3.3**	**-57.1%**	**15.0**	**12.7**	**-15.3%**
Fines and interest charged	3.8	1.1	-71.1%	7.2	6.9	-4.2%
Income of financial applications	3.6	1.8	-50.0%	7.2	5.0	-30.6%
Other	0.3	0.4	33.3%	0.6	0.8	33.3%
Financial Expenses	**(3.7)**	**(5.3)**	**43.2%**	**(8.0)**	**(13.1)**	**63.8%**
Bank charges	(1.0)	(1.2)	20.0%	(2.3)	(2.3)	0.0%
Interest and fianancial charges	(0.1)	(1.3)	1200.0%	(0.5)	(1.8)	260.0%
Debt relief	-	-	N.A.	-	(3.3)	N.A.
Financial Discounts	(1.2)	(2.3)	91.7%	(2.9)	(3.9)	34.5%
Other	(1.4)	(0.5)	-64.3%	(2.3)	(1.8)	-22.9%
Financial Result	**4.0**	**(2.0)**	**N.A.**	**7.0**	**(0.4)**	**N.A.**

In 2Q11, the **financial result** was a negative R$2.0 million, due to the reduction by R$4.4 million in financial revenues, of which R$2.7 million were in fines and interest received for late tuition payments and R$1.8 million in returns on financial investments due to the reduction in the Company's cash flow. Fines and interest received on late tuition payments recorded a temporary reduction in 2Q11 as they were concentrated in 1Q11, but in 1H11 remained in line with the previous year's figures.

In addition to the reduction in revenue, the following increases in financial expenses contributed to the lower financial result: (i) R$1.2 million in interest and financial charges and (ii) R$1.1 million in financial discounts.

Net Income

Table 19 – Reconciliation of EBITDA and Net Income

R$ MM	2Q10	2Q11	Change	1H10	1H11	Change
EBITDA	**18.7**	**26.5**	**41.7%**	**58.4**	**74.3**	**27.2%**
Financial Result	4.0	(2.1)	N.A.	6.9	(0.4)	-105.8%
Depreciation and Amortization	(7.7)	(9.3)	20.8%	(15.1)	(18.5)	22.5%
Non-operating result	(1.1)	(0.2)	-81.8%	(1.1)	-	N.A.
Social Contribution	-	(0.6)	N.A.	(0.2)	(1.0)	400.0%
Income Tax	(0.1)	(1.7)	1600.0%	(0.4)	(2.9)	625.0%
(-) Operating Financial Result	(3.8)	(1.1)	-71.1%	(7.2)	(6.9)	-4.2%
Net Income	**9.9**	**11.4**	**15.2%**	**41.3**	**44.5**	**7.7%**
(-) Non-Recurring Costs and Expenses	(2.0)	(3.5)	75.0%	(7.7)	(7.9)	2.6%
Adjusted Net Income	**7.9**	**7.9**	**0.0%**	**33.6**	**36.7**	**9.2%**

Recurring net income in 2Q11 totaled R$11.4 million, against R$9.9 million in 2Q10. The 15.2% increase in the recurring net income is explained by the 41.7% growth in recurring EBITDA, offset by decrease in the **financial result**, the R$1.6 million increase in **depreciation and amortization** (due to higher CAPEX) and the R$2.2 million increase in **income tax and social contribution** (due to the reduction in the deferred asset of income tax and social contribution).

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Accounts Receivable and Average Receivable Days

The number of days **for receiving from students** (tuitions and agreements) came to 60 days in 2Q11. Excluding the acquired companies, the number drops to 59 days, against 55 at the close of 1Q11 and 51 at the end of 2Q10.

Table 20 – Accounts Receivable and Average Receivable Days

Accounts Receivable (R$ MM)	2Q10	3Q10	4Q10	1Q11	2Q11	2Q11 ex. acquisitions
Gross Accounts Receivable	**252.3**	**264.1**	**210.9**	**234.4**	**273.1**	**250.4**
FIES	5.4	17.5	15.3	21.2	25.4	25.6
Tuition monthly fees	215.3	190.4	157.4	164.6	198.7	178.1
Credit Cards receivable	6.0	11.8	6.9	12.8	10.8	10.2
Agreements receivable	23.9	41.5	26.9	31.7	32.4	30.8
Fees receivables	1.8	2.9	4.4	4.1	5.7	5.7
Credits to identify	(2.4)	(7.8)	(9.2)	(5.5)	(6.8)	(7.4)
Provision for bad debts	(102.2)	(107.3)	(45.4)	(49.9)	(55.8)	(44.6)
Net Accounts Receivable	**147.7**	**148.9**	**156.4**	**179.0**	**210.5**	**198.4**
(-) FIES	(5.4)	(17.5)	(15.3)	(21.2)	(25.4)	(25.6)
Net Accounts Receivable Ex. FIES	**142.4**	**131.5**	**141.1**	**157.8**	**185.0**	**172.8**
Net revenue (last twelve months)*	**1,010.0**	**1,008.1**	**1,016.2**	**1,036.0**	**1,119.3**	**1,050.5**
Days Receivables Ex. FIES	**51**	**47**	**50**	**55**	**60**	**59**

** The net revenue of the companies acquired, which were included in the consolidated 2Q11 results, was annualized for the calculation of Days Receivable.*

The **FIES accounts receivable**, which grew R$4.2 million in the quarter, consists of educational credits for students who took out loans from Caixa Econômica Federal and are used by Estácio for the payment of federal taxes. In other words, it represents tax credits without any risk of delinquency. In addition to the credits in accounts receivable, the balance sheet includes additional R$18.2 million that were already converted in certificates and are waiting to be used or repurchased.

The increase in **student tuitions receivable** and in **days receivables** in relation to 1Q11 reflects the higher delinquency. It is common knowledge that once enrolled in a higher education institution, students have the right to finish the semester even without paying the tuition fees. As a result, it is normal that delinquency rates rise slightly during the semester until students need to enroll in a new semester and renegotiate their debts within the criteria adopted by the Company, which occurs at most every 180 days (hence the policy of provisioning loans overdue more than 180 days), i.e. accounts receivables overdue more than 180 days and not renegotiated more than 180 days is a credit related to an ex-student. This student did not renew its enrollment and we consider that this credit should be provisioned in the P&L.

It is very important to notice that Estácio's policy for provisions for doubtful accounts is not based on estimates or subjective assessments, but on actual delinquency rates. To put it clearly and simply, each R$1 overdue more than 180 days is provisioned, as shown in the table below, in comparison with the 'Balance of Provisions for Doubtful Accounts' on Table 20.

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Table 21 – Aging of Accounts Receivable

Breakdown of Accounts Receivable by Age (R$ million)	2Q10	%	2Q11	%
FIES	5.4	2%	25.4	9%
Not yet due	32.9	13%	62.4	23%
Overdue up to 30 days	28.6	11%	35.9	13%
Overdue from 31 to 60 days	23.4	9%	27.9	10%
Overdue from 61 to 90 days	22.6	9%	27.9	11%
Overdue from 91 to 179 days	38.6	15%	37.8	14%
Overdue more than 180 days	100.8	40%	55.8	20%
TOTAL	**252.3**	**100%**	**273.1**	**100%**

In this context, if all measures to reduce Estacio's provision for doubtful accounts (listed in the "General and Administrative Expenses" section) are not sufficient to restrain any increase in delinquency levels due to external factors, the method for provisioning will automatically capture this difference and gradually take it to the P&L, so there is no risk of further write-offs in the future.

Speaking of agreements, meaning, tuitions due and renegotiated, there is always the commercial temptation to maximize renovations enrollment rates through a policy of granting renegotiations. We seek a balance between the commercial interest focused on student base and the financial health of our receivables portfolio. This can be seen in the table below, which indicates that agreements represent only 15% of total receivables. Moreover, analyzing the aging of the agreements is crucial to monitor the percentage of securities already overdue for more than 60 days. In Estacio, only 21% of the agreements are in that position.

Table 22 – Aging of Agreements Receivable

Breakdown of Agreements by Age (R$ million)	2Q10	%	2Q11	%
Not yet due	13.3	56%	19.1	59%
Overdue up to 30 days	2.6	11%	4.8	15%
Overdue from 31 to 60 days	1.0	4%	1.5	5%
Overdue from 61 to 90 days	1.0	4%	1.4	4%
Overdue from 91 to 179 days	2.8	12%	2.4	8%
Overdue more than 180 days	3.3	14%	3.1	10%
TOTAL	**23.9**	**100%**	**32.4**	**100%**
% over Accounts Receivable	**16%**		**15%**	

To facilitate understanding, we have reproduced the following table from the Explicative Notes to the Financial Statements, which provides a step-by-step explanation of how the provision is constituted every quarter. The tables presented below show the reconciliation for the period of six months ended on June 30, 2011.

First, we explain how we get to the provision that is presented in the P&L. Starting from the total receivables that reach more than 180 days, the amount recovered through collection agents for receivables already provisioned ("Recovery of Defaults") to arrive at the period's "Additional Provisions" (six months ended June 30, 2011). To reconcile the additional provision in the balance sheet with the period's provision in the P&L, we should also consider the "FIES Credit Risk" and the "Write-Off of Collections and Unidentified Deposits" relating to credits overdue more than 180 days and hence already provisioned. The result, R$22.8 million, is exactly the amount registered as PDA expenses.

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Table 23 – Constitution of the Provision for Doubtful Accounts in the 1H11 P&L

R$ MM	Gross increase in the provision for deliquency	Deliquency recover	Additional provision, net	Credit risk - FIES	Write off of charges and unidentified deposits	Total
Tuitions and fees	46.1	(22.3)	23.8	0.2	(2.4)	21.6
Acquired Companies	1.1	-	1.1	-		1.1
TOTAL	**47.3**	**(22.3)**	**25.0**		**(2.4)**	**22.8**

Here, we demonstrate how to reconcile the PDA of the P&L with the variation of the balances in the Balance Sheet. From the starting balance of provision for doubtful accounts as of December 31, 2010, we add the Net Increase in Provision and the balance of Provision for doubtful accounts of the acquired companies (in the "Effect of the Acquired Entities" column). Finally, we removed in the column "Write-off", the provisions of more than 360 days, doing the same operation in Gross Accounts Receivable exactly in the same amount, reaching the balance of the Provision for Doubtful Accounts on June 30, 2011.

Note that this write-off is made every quarter with a simple objective of maintaining a 12-month history in order to facilitate quarterly comparison. Since all receivables overdue more than 180 days are already necessarily provisioned, such write-off does not affect Net Receivables. Also note that these receivables will continue to be collected normally through the mechanisms used by Estácio, and when we recover these receivables, their amounts will reduce the provision for doubtful accounts.

Table 24 – Reconciliation of the Provision for Doubtful Accounts Balances in the Balance Sheet

R$ MM	12/31/2010	Additional provision, net	Acquired Companies effect	Write off	06/30/2011
Tuitions and fees	45.4	23.8	-	(24.6)	44.6
Acquired Companies	-	1.1	10.0	-	11.2
TOTAL	**45.4**	**25.0**	**10.0**	**(24.6)**	**55.8**

Investments (CAPEX and Acquisitions)

Table 25 – CAPEX Breakdown

Em R$ million	2Q10	2Q11	Change	1H10	1H11	Change
CAPEX	**5.5**	**35.0**	**542.2%**	**13.0**	**61.5**	**373.1%**
Maintenance	3.5	17.0	385.7%	9.3	24.1	159.1%
Academic Model	2.0	4.4	125.6%	3.7	7.7	108.1%
New IT Arquitecture	-	6.1	N.A.	-	6.4	N.A.
Expansion	-	3.3	N.A.	-	9.2	N.A.
Computers	-	4.2	N.A.	-	14.1	N.A.
Acquisitions	**-**	**33.8**	**N.A.**	**-**	**61.0**	**N.A.**

In 2Q11, **maintenance CAPEX** totaled R$17.0 million, allocated chiefly to the upgrade of systems, equipment, libraries and laboratories in our units. We also invested around R$4.4 million in structuring the new academic model (content basis), and R$6.1 million in the acquisition of hardware and licenses for the IT architecture review project, aimed at replacing our legacy academic systems. **Investments in expansion, revitalization and**

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improvements of units totaled R$3.3 million and encompassed the restructuring, renovation and construction works in the Sulacap, Ibiúna, Tom Jobim and Marajoara II Campuses. Maintenance CAPEX also included investments to renew our computer network (R$14.1 million in the year). In order to run the new systems and software in our laboratories and increase our students' perception of the quality, since the beginning of 2011 we have replaced approximately 10,000 computers throughout Brazil. **Investments in acquisitions** amounted to R$33.8 million and related to the acquisitions of FATERN and Academia do Concurso in 2Q11.

Capitalization and Cash

Table 26 – Capitalization and Cash

R$ MM	06/30/2010	06/30/2011
Shareholders' Equity	**492.2**	**604.8**
Cash & Cash Equivalents	**172.3**	**68.2**
Total Gross Debt	**(6.8)**	**(72.1)**
Banking Loans	(3.5)	(59.1)
Short Term	(3.3)	(4.1)
Long Term	(0.2)	(54.9)
Commitments to Pay (Acqusitions)	(1.3)	(7.7)
Taxes Paid in Installments	(2.0)	(5.3)
Net Cash	**165.5**	**(3.9)**

Cash at the end of 2Q11 stood at R$68.2 million, which was conservatively invested in fixed-income instruments pegged to the CDI rate, in government bonds and in certificates of deposits at top-tier Brazilian banks.

The **debt** balance of R$59.1 million in 2Q11 corresponds to the R$48.5 million loan taken out from the IFC, the FINAME agreement and the capitalization of equipment leasing expenses in accordance with Federal Law 11,638. In addition, we have commitments for future payments related to acquisitions made in the order of R$7.7 million and the balance payable in installments of taxes to determine that our gross debt totaled R$ 71.8 million at the end of 2Q11.

Over the last 3 years, Estácio has invested nearly all its IPO proceeds in restructuring its units, developing a new educational model and, most recently, in expansion through greenfields and acquisitions. Moreover, the increase in working capital needs, evident from the increase in days receivable, (as commented in the relevant section above), also led to the cash burn, with the cash balance coming close to a level that the Management considers to the minimum needed to operate.

In an effort to raise awareness in the organization of the need to better manage its cash, the Company plans to maintain a relatively low level of cash and wait to raise capital when opportunities for expansion and acquisition appear. Estácio has agreements with the IFC for a new tranche of resources in order to slightly leverage the capital structure and enable the Company to take advantage of the opportunities. At the same time, the Company has taken a series of actions to improve cash management, notably:

(i) An action plan and a dedicated team to identify opportunities for improvement, ranging from the management of receivables and accounts payable to the sale of properties not being used by the Company and detailed analyses of possible sales and lease-back operations of the few properties still owned by it, provided the cost of capital implicit in the operation is attractive;

(ii) A project and an action plan covering the Finance, Operations, Education and Marketing areas to contain the delinquency rates among current students;

(iii) Project for recovering escrow legal court deposits;

(iv) Beginning of talks with Stern Stewart for the gradual adoption of the EVA methodology by Estácio with the final objective of aligning executive performance appraisal and compensation to this metric.

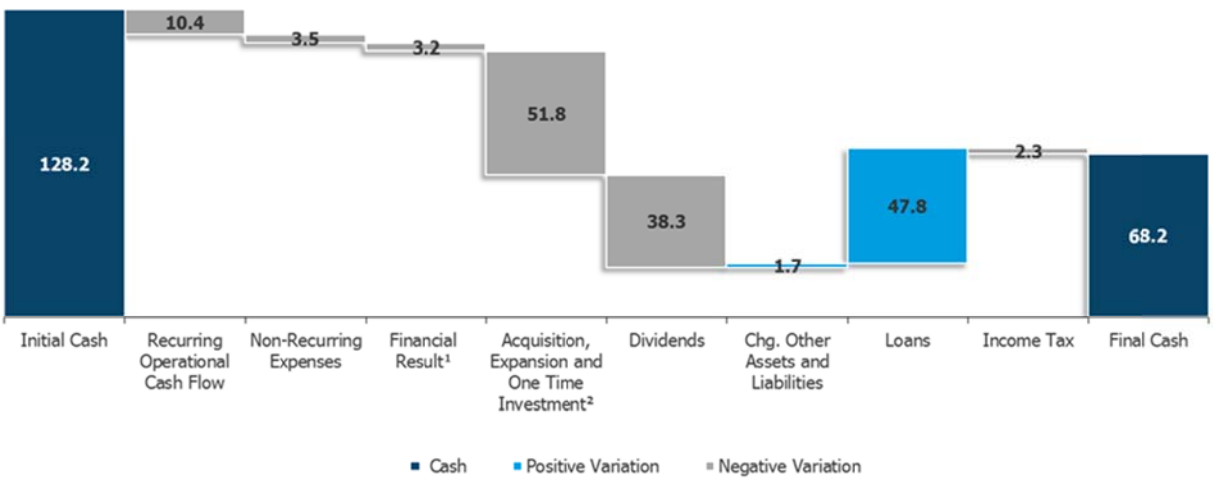
Cash Flow

Chart 3 – Recurring Operational Cash Flow (R$ million) - Quarter

As a result of the above-mentioned factors, Estácio's operational cash flow (recurring EBITDA) in 2Q11 was not sufficient to offset the decline in the working capital resulting from the increase in receivables and investments made in recurring CAPEX (or maintenance), leading to a negative operational cash flow of R$10.4 million.

Chart 4 – Cash Flow (R$ million) - Quarter

With the loss in recurring operational cash flow, discretionary CAPEX investments (New Educational Model, replacement of computer network and expansions) and the payment of dividends for fiscal year 2010 were compensated by the inflow of funds from IFC in the amount of R$48.5 million.



[1] Financial result excluding the operating financial result.
[2] Breakdown of Investments: Acquisitions (R$33.9 million) + Expansion (R$3.3 million) + One Time (R$14.1 million)

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Chart 5 - Recurring Operational Cash Flow (R$ million) – Half-Year

In the half-year, operational cash flow (recurring EBITDA) stood at R$74.4 million, sufficient to cover the Working Capital and maintenance CAPEX (recurring) shortfall.

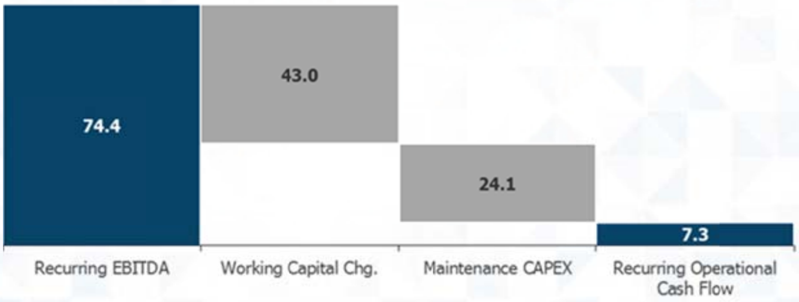
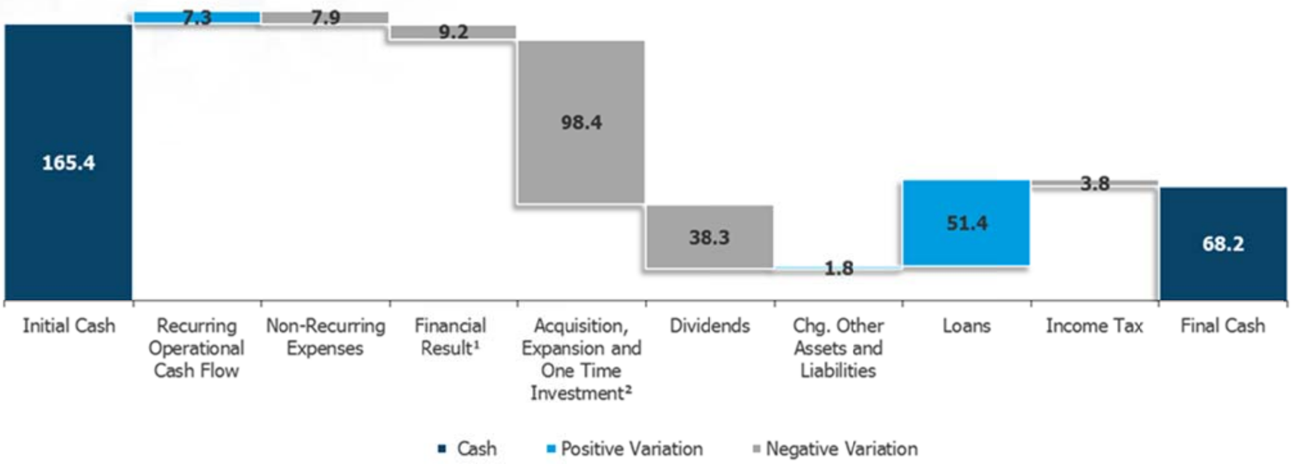


Chart 6 – Cash Flow (R$ million) – Half-Year

Despite the positive recurring operational cash flow, discretionary investments, together with dividend payments, consumed a large part of the opening cash balance, which was replenished by the IFC loan.



[1] Financial result excluding the operating financial result.
[2] Breakdown of Investments: Acquisitions (R$61.1 million) + Expansion (R$9.2 million) + One Time (R$28.2 million)

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Key Material Facts

Operations

Launch of the Culinary and Hospitality Courses in São Paulo

In line with our strategy of strengthening our presence and improving our image in São Paulo city, at the beginning of the year, we inaugurated a new campus in the Chácara Flora neighborhood. Focused on the niche courses of Culinary Arts and Hospitality, the new campus is equipped with the most modern equipment for practical education in both areas. The 5,000 square meter building houses cooking laboratories for practical classes, a tasting space, a recipe demonstration laboratory, and a bakery laboratory with a tasting space.

Estácio's culinary course is taught through a successful partnership with the renowned *Alain Ducasse Formation* while the Hospitality course is offered in partnership with *École Hôtelière de Lausanne.*

Both courses offer students the option of dual certification. Beginning in September, the campus will also offer Graduate and Extension Courses in Hospitality and Culinary Arts.

Inauguration of the Sulacap Campus

The Sulacap unit was created from the merger of two campuses - Vila Valqueire and Bangu - which had faced a number of infrastructural problems and a history of financial losses.

Strategically located next to an area of great traffic of our targeted public, the new campus consists of modern and comfortable installations as well as new functional laboratories.

With the immediate drop in fixed costs resulting from the merger of the units, the new campus already posted a 6.4 p.p. EBITDA margin gain in 1H11 over 1H10.

Picture: Internal area of Sulacap Campus.

Espaço Estágio e Emprego da Estácio (Internship and Employment Space) - E3

Picture: E3 standard Unity to serve students.

Estácio has begun the task of implementing the Estácio Internship and Employment Space (E3) project 15 states across Brazil. With an investment of R$1 million, the Company plans to launch 20 units in 2011, all within the campuses of Estácio's post-secondary education institutions.

E3 is a space reserved for student career guidance that seeks to improve on the growing integration of the academic universe and large employers. Final year Human Resources and Psychology students will be paid to provide consulting services to young college students in search of their first professional experience.

#

The E3 units are currently operational in the Salvador, Fortaleza, Florianópolis, Goiânia, Rio de Janeiro and Cotia units. Since the inauguration of E3, more than 40,000 internship and over 7,000 formal employment opportunities have been offered and 30 events (fairs, workshops and lectures) have been held.

III Trainee Program

In the first half of the year, we completed the selection process for our 3rd Trainee Program. The 18-months program consists of three modules in which trainees will learn about the Company's culture, participate in job rotation and take part in training workshops. At the end of the program, trainees will be design a challenging final project to introduce new ideas to the Company's daily operations. Trainees will be monitored via individual development plans, prepared based on the specific needs of each student, in order to perfect their behavioral and technical skills. Attracting and retaining young talent is a priority for our management model, based on a culture of management and meritocracy.

Consequent to the success of previous programs, 12,000 students registered this year, of which 15 talented young individuals from all over Brazil will join the Company in August.

Finance

Share Buyback Program

On July 15, we announced the 2nd Share Buyback program, through which up to 3,323,796 shares, corresponding to 5% of the free float of 66,475,925. The Program will be in force for one year, ending on July 13, 2012.

Level I ADR Program

On June 17, we launched our level I ADR Program with the objective of expanding the possibilities for investors, mainly those residing abroad, to invest in the Company and increase the liquidity of our stock. Each ADR corresponds to one common share ("ESTC3") and is traded in the US OTC market under the ticker "ECPCY".

Loan from the International Finance Corporation (IFC)

In 2Q11, we received the funds relating to the loan from IFC, totaling R$48.5 million. The loan matures in ten years, with a grace period of three years. The cost will be denominated in reais (CDI) equivalent to 6-month Libor + 3.5% p.a.

#

Sustainability Projects

Partnership with Rock in Rio

Estácio has entered into a partnership with Rock in Rio, the world's largest music and entertainment event. Nearly 600 students from throughout Brazil were selected to act as volunteer students at the event. A team of 50 students from the Communication, Cinema, Publicity and Advertising courses will be responsible for producing, creating and editing TV Rock in Rio, which will be aired on giant screens during the event days.

Estácio will also offer 2,500 enrollments in Short-Duration Courses to the winners of the "For a Better World" contest, organized by Rock in Rio, and will collect musical instruments at its campus in Rio de Janeiro to be restored and delivered to Music Schools. All the actions involve Estácio students, professors and employees.

Relocation of CSC to the Rebouças Campus in Morro do Turano

Showing its faith in the Rio de Janeiro state government's actions, after the installation of the Pacifying Police Unit (UPP) in the Turano community, Estácio transferred its Shared Services Center (CSC) to the Rebouças Campus. Nearly 300 employees are now working at the unit, which also helps reduce costs with rent and utilities for the Company.

Estácio owes its 40 years of success in post-secondary education to the Rebouças Campus, the institution's first unit, founded in 1970. Now, with the installation of the UPP, hopes are that the region has been once again valued for its easy access and historical tradition. Estácio already provides and plans to expand its community outreach activities to further strengthen the recovery of the micro-region.

***Tira–Dúvidas* ("Clear your Doubts") Project records more than 8,000 instances of free service**

Doubts regarding grammar, verb agreement, writing, use of the crasis in Portuguese, the rule of three, statistics, financial math and percentages were the most frequent among the nearly 8,200 questions at the "*Tira-Dúvidas*" posts in the Brás train station (run by the CPTM) and the Consolação Metrô subway station since the project was implemented in 2010. This service is provided through a partnership between STM (Ministry of São Paulo Metropolitan Transportation), the CPTM, the subway system and Estácio, the only Post-Secondary institution to be certified upon selection. Portuguese and math professors from Estácio took turns answering questions.

At the Consolação station, the "*Tira-Dúvidas*" personnel began work in October 2010. In only eight months, they answered questions from 3,300 people, 50% of whom asked questions regarding math, while the other half asked questions about Portuguese.

At the Brás station, the service has existed since February 2010 and, by June 2011, had served 4,900 people, the majority (60%) asking questions about math, while the remaining 40% asked questions about Portuguese.

#

Quarterly Conference Calls

Conference Call (in Portuguese)	Conference Call (in English)
Date: August 12, 2011	Date: August 12, 2011
Time: 10 a.m. (Brasília) / 9 a.m. (U.S. ET)	Time: 12 p.m. (Brasília) / 11 a.m. (U.S. ET)
Connection Dial-in: +55 (11) 3127-4971	Connection Dial-in: +1 (412) 317-6776
Webcast: www.estacioparticipacoes.com.br/ri	Webcast: www.estacioparticipacoes.com.br/ir
Replay: available from August 12 through August 19, 2011	Replay: available from August 12 through August 22, 2011
Access Dial-in: +55 (11) 3127-4999	Access Dial-in: +1 (412) 317-0088
Access Code: 96183422	Access Code: 10001868

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 and the performance of the Brazilian economy, the industry and international markets and therefore are subject to changes without prior notice.

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Income Statement in IFRS

R$ MM	Consolidated 2Q10	Consolidated 2Q11	Consolidated Change	Excluding Acquisitions 2Q10	Excluding Acquisitions 2Q11	Excluding Acquisitions Change
Gross Operating Revenue	**369.2**	**407.8**	**10.5%**	**369.2**	**391.6**	**6.1%**
Monthly Tuition Fees	364.8	399.5	9.5%	364.8	385.9	5.8%
Others	4.4	8.3	88.6%	4.4	5.6	27.3%
Gross Revenue Deductions	**(111.0)**	**(117.9)**	**6.2%**	**(111.0)**	**(114.3)**	**3.0%**
Scholarships and Discounts	(100.2)	(105.2)	5.0%	(100.2)	(102.6)	2.4%
Taxes	(10.8)	(12.7)	17.6%	(10.8)	(11.8)	9.3%
Net Operating Revenue	**258.2**	**289.9**	**12.3%**	**258.2**	**277.2**	**7.4%**
Cost of Services	**(186.0)**	**(203.3)**	**9.3%**	**(186.0)**	**(194.0)**	**4.3%**
Personnel	(137.4)	(147.0)	7.0%	(137.4)	(140.0)	1.9%
Rentals / Real Estate Taxes Expenses	(24.3)	(25.8)	6.2%	(24.3)	(25.0)	2.9%
Textbooks Materials	(4.3)	(9.6)	123.3%	(4.3)	(9.5)	120.9%
Third-Party Services and Others	(14.2)	(13.7)	-3.5%	(14.2)	(13.0)	-8.5%
Non-Recurring Costs	(0.2)	(1.4)	600.0%	(0.2)	(0.8)	300.0%
Depreciation	(5.7)	(5.8)	1.8%	(5.7)	(5.7)	0.0%
Gross Profit	**72.2**	**86.5**	**19.8%**	**72.2**	**83.2**	**15.2%**
(-) Non-Recurring Costs	0.2	1.4	600.0%	0.2	0.8	300.0%
Recurring Gross Profit	**72.4**	**87.9**	**21.4%**	**72.4**	**84.1**	**16.2%**
Recurring Gross Margin	***28.0%***	***30.3%***	***2.3 p.p.***	***28.0%***	***30.3%***	***2.3 p.p.***
Selling, General and Administrative Expenses	**(67.0)**	**(73.9)**	**10.3%**	**(67.0)**	**(70.4)**	**5.1%**
Selling Expenses	**(25.7)**	**(31.8)**	**23.7%**	**(25.7)**	**(30.4)**	**18.3%**
Provisions for Doubtful Debts	(15.1)	(17.5)	15.9%	(15.1)	(16.6)	9.9%
Marketing	(10.6)	(14.3)	34.9%	(10.6)	(13.8)	30.2%
General and Administrative Expenses	**(39.3)**	**(38.6)**	**-1.8%**	**(39.3)**	**(36.5)**	**-7.1%**
Personnel	(17.1)	(16.2)	-5.3%	(17.1)	(15.7)	-8.2%
Others	(20.4)	(20.3)	-0.5%	(20.4)	(19.1)	-6.4%
Non-Recurring Expenses	(1.8)	(2.1)	16.7%	(1.8)	(1.7)	-5.6%
Depreciation	**(2.0)**	**(3.5)**	**75.0%**	**(2.0)**	**(3.5)**	**75.0%**
EBIT	**5.1**	**12.6**	**147.1%**	**5.1**	**12.8**	**151.0%**
EBIT Margin	***2.0%***	***4.3%***	***2.3 p.p.***	***2.0%***	***4.6%***	***2.6 p.p.***
(-) Non-Recurring Costs and Expenses	2.0	3.5	75.0%	2.0	2.5	25.0%
(-) Operating Financial Result	3.8	1.1	-71.1%	3.8	1.0	-73.7%
Recurring EBIT	**11.0**	**17.1**	**55.5%**	**11.0**	**16.4**	**49.1%**
Recurring EBIT Margin	***4.3%***	***5.9%***	***1.6 p.p.***	***4.3%***	***5.9%***	***1.6 p.p.***
(-) Depreciation and Amortization	**7.7**	**9.3**	**20.8%**	**7.7**	**9.2**	**19.5%**
Recurring EBITDA	**18.7**	**26.5**	**41.7%**	**18.7**	**25.6**	**36.9%**
Recorring EBITDA Margin	***7.2%***	***9.1%***	***1.9 p.p.***	***7.2%***	***9.2%***	***2.0 p.p.***
Financial Result	4.0	(2.1)	N.A.	4.0	(1.7)	N.A.
Depreciation and Amortization	(7.7)	(9.3)	20.8%	(7.7)	(9.2)	19.5%
Non-operating result	(1.1)	(0.2)	-81.8%	(1.1)	(0.2)	-81.8%
Social Contribution	-	(0.6)	N.A.	-	(0.6)	N.A.
Income Tax	(0.1)	(1.7)	1600.0%	(0.1)	(1.8)	1700.0%
Net Income	**7.9**	**7.9**	**0.0%**	**7.9**	**8.4**	**6.3%**
Non-Recurring Costs and Expenses	2.0	3.5	75.0%	2.0	2.5	25.0%
Recurring Net Income	**9.9**	**11.4**	**15.2%**	**9.9**	**11.0**	**11.1%**
Recurring Net Margin	***3.9%***	***3.9%***	***0.0 p.p.***	***3.9%***	***4.0%***	***0.1 p.p.***

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	Consolidated			Excluding Acquisitions		
R$ MM	**1H10**	**1H11**	**Change**	**1H10**	**1H11**	**Change**
Gross Operating Revenue	**734.6**	**806.0**	**9.7%**	**734.6**	**783.6**	**6.7%**
Monthly Tuition Fees	726.8	794.0	9.2%	726.8	774.2	6.5%
Others	7.8	12.0	53.8%	7.8	9.4	20.2%
Gross Revenue Deductions	**(220.4)**	**(240.3)**	**9.0%**	**(220.4)**	**(235.1)**	**6.7%**
Scholarships and Discounts	(198.8)	(216.2)	8.8%	(198.8)	(212.2)	6.7%
Taxes	(21.6)	(24.1)	11.6%	(21.6)	(22.9)	6.0%
Net Operating Revenue	**514.2**	**565.7**	**10.0%**	**514.2**	**548.5**	**6.7%**
Cost of Services	**(354.5)**	**(383.4)**	**8.2%**	**(354.5)**	**(370.5)**	**4.5%**
Personnel	(258.1)	(279.6)	8.3%	(258.1)	(269.7)	4.5%
Rentals / Real Estate Taxes Expenses	(47.9)	(50.9)	6.2%	(47.9)	(49.7)	3.8%
Textbooks Materials	(6.5)	(12.7)	95.4%	(6.5)	(12.6)	94.4%
Third-Party Services and Others	(26.2)	(24.0)	-8.4%	(26.2)	(23.1)	-11.8%
Non-Recurring Costs	(4.6)	(4.7)	2.2%	(4.6)	(4.2)	-8.7%
Depreciation	(11.2)	(11.3)	0.9%	(11.2)	(11.1)	-0.9%
Gross Profit	**159.7**	**182.4**	**14.2%**	**159.7**	**178.0**	**11.5%**
(-) Non-Recurring Costs	4.6	4.7	2.2%	4.6	4.2	-8.7%
Recurring Gross Profit	**164.3**	**187.1**	**13.9%**	**164.3**	**182.2**	**10.9%**
Recurring Gross Margin	***32.0%***	***33.1%***	***1.1 p.p.***	***32.0%***	***33.2%***	***1.2 p.p.***
Selling, General and Administrative Expenses	**(131.4)**	**(141.3)**	**7.5%**	**(131.4)**	**(137.1)**	**4.3%**
Selling Expenses	**(50.1)**	**(60.8)**	**21.3%**	**(50.1)**	**(59.1)**	**17.9%**
Provisions for Doubtful Debts	(20.1)	(22.8)	13.4%	(20.1)	(21.6)	7.5%
Marketing	(30.0)	(38.0)	26.7%	(30.0)	(37.4)	24.7%
General and Administrative Expenses	**(77.4)**	**(73.4)**	**-5.2%**	**(77.4)**	**(70.8)**	**-8.5%**
Personnel	(33.0)	(31.5)	-4.5%	(33.0)	(31.1)	-5.9%
Others	(41.2)	(38.7)	-6.1%	(41.2)	(37.0)	-10.2%
Non-Recurring Expenses	(3.2)	(3.2)	0.0%	(3.2)	(2.8)	-12.5%
Depreciation	**(3.9)**	**(7.2)**	**84.6%**	**(3.9)**	**(7.2)**	**84.6%**
EBIT	**28.3**	**41.0**	**44.9%**	**28.3**	**40.9**	**44.5%**
EBIT Margin	***5.5%***	***7.2%***	***1.7 p.p.***	***5.5%***	***7.5%***	***2.0 p.p.***
(-) Non-Recurring Costs and Expenses	7.7	7.9	2.6%	7.7	6.9	-10.4%
(-) Operating Financial Result	7.2	6.9	-4.2%	7.2	6.9	-4.2%
Recurring EBIT	**43.3**	**55.8**	**28.9%**	**43.3**	**54.7**	**26.3%**
Recurring EBIT Margin	***8.4%***	***9.9%***	***1.4 p.p.***	***8.4%***	***10.0%***	***1.6 p.p.***
(-) Depreciation and Amortization	**15.1**	**18.5**	**22.5%**	**15.1**	**18.3**	**21.2%**
Recurring EBITDA	**58.4**	**74.3**	**27.2%**	**58.4**	**73.0**	**25.0%**
Recorring EBITDA Margin	***11.4%***	***13.2%***	***1.8 p.p.***	***11.4%***	***13.3%***	***1.9 p.p.***
Financial Result	6.9	(0.4)	N.A.	6.9	0.3	-95.2%
Depreciation and Amortization	(15.1)	(18.5)	22.5%	(15.1)	(18.3)	21.2%
Non-operating result	(1.1)	-	N.A.	(1.1)	-	N.A.
Social Contribution	(0.2)	(1.0)	400.0%	(0.2)	(1.1)	450.0%
Income Tax	(0.4)	(2.9)	625.0%	(0.4)	(3.0)	650.0%
Net Income	**33.6**	**36.7**	**9.2%**	**33.6**	**37.2**	**10.8%**
Non-Recurring Costs and Expenses	7.7	7.9	2.6%	7.7	6.9	-10.4%
Recurring Net Income	**41.3**	**44.5**	**7.7%**	**41.3**	**44.1**	**6.8%**
Recurring Net Margin	***8.0%***	***7.9%***	***-0.2 p.p.***	***8.0%***	***8.0%***	***0.0 p.p.***

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Balance Sheet in IFRS

R$ MM	06/30/2010	03/31/2011	06/30/2011
Short-Term Assets	**363.5**	**378.6**	**351.6**
Cash & Cash Equivalents	30.7	38.8	61.5
Short-Term Investments	141.6	89.4	6.7
Accounts Receivable	147.7	179.0	210.6
Carry-Forwards Credits	1.0	22.6	18.2
Advance to Employees / Third-Parties	14.8	4.2	12.9
Related Parties	0.2	0.3	0.3
Prepaid Expenses	9.6	16.2	10.6
Others	17.8	28.1	30.9
Long-Term Assets	**348.6**	**460.8**	**522.4**
Non-Current Assets	**40.7**	**61.0**	**63.1**
Prepaid Expenses	3.6	1.5	0.9
Related Parties	2.9	-	-
Judicial Deposits	31.3	43.2	50.3
Deferred Taxes	2.9	16.3	11.9
Permanent Assets	**307.9**	**399.8**	**459.3**
Investments	0.2	0.2	0.2
Fixed Assets	187.1	228.3	243.5
Intangible	120.5	171.3	215.6
Total Assets	**712.0**	**839.4**	**874.1**
Short-Term Liabilities	**148.4**	**146.0**	**143.1**
Loans and Financing	3.3	4.4	4.1
Suppliers	15.9	15.6	14.2
Salaries and Payroll Charges	88.5	81.0	90.4
Taxes Payable	11.8	12.2	12.4
Prepaid Monthly Tuition Fees	23.1	5.3	9.0
Taxes Paid in Installments	0.5	0.3	0.3
Dividends Payable	-	19.2	-
Commitments Payable	1.3	4.9	7.7
Others	3.9	3.1	5.1
Long-Term Liabilities	**71.5**	**79.2**	**126.1**
Loans and Financing	0.2	6.9	54.9
Provisions for Contingencies	34.9	34.3	33.5
Advances under Partnership Agreement	22.1	20.0	19.2
Taxes Paid in Installments	1.5	5.1	5.0
Provision for asset retirement obligations	12.6	12.9	13.4
Others	0.1	0.1	0.1
Shareholders' Equity	**492.2**	**614.2**	**604.8**
Capital	297.8	360.1	364.4
Share Issuance Expenses	-	-	(2.8)
Capital Reserves	103.3	107.2	107.7
Earnings Reserves	58.1	100.5	100.5
Retained Earnings	33.6	28.7	36.7
Addicional Proposed Dividend	-	19.2	-
Retained Translation Adjustments	(0.3)	(0.1)	(0.2)
Treasury Stocks	(0.3)	(1.3)	(1.3)
Total Liabilities and Shareholders' Equity	**712.0**	**839.4**	**874.1**

#

About Estácio

Estácio is one of the largest **private sector post-secondary education groups** in Brazil in terms of number of students enrolled and has a nationwide presence in the country's major cities. Its student base has a highly diversified profile and includes mostly young working adults from the middle and lower-middle income brackets. Its growth and market leadership are due to the quality of its programs, the strategic location of its units, its competitive prices and its solid financial position.

Estácio's strengths are:

Strong Positioning to Explore the Market's Growth Potential

- Nationwide presence, with units in the country's largest urban centers
- Broad portfolio of academic programs
- Managerial and financial capacity to innovate and improve the academic programs
- The broad recognition of the "Estácio'' brand

High Quality Learning Experience

- Nationally integrated syllabi
- Unique teaching methodology
- Highly qualified faculty

Professional and Integrated Operational Management

- Results-oriented management model
- Focus on educational quality

Scalable Business Model

- Growth with profitability
- Organic expansion and through acquisitions

Financial Solidity

- Strong cash reserve
- Capacity to generate and raise funds
- Control of working capital

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At the end of June 2011, Estácio had 238,700 students enrolled in its undergraduate, graduate and distance learning education network with nationwide coverage, with operations also in Paraguay, as the map shows:

#