

MATERIAL FACT

ESTÁCIO PARTICIPAÇÕES S.A. ("ESTÁCIO" or the "COMPANY") - (BM&FBOVESPA: ESTC3; OTCQX: ECPCY), in accordance with Article 157, paragraph 4 of Law 6.404/76 and CVM Rule 358 dated January 3 2002, in view of the article published on today's edition of the Brazilian newspaper Valor Econômico, hereby informs to its shareholders, investors and the market in general the following:

1. On February 16, 2016 Mr. Rodrigo Galindo, CEO of Kroton Educacional S.A. ("Kroton") reached out to Mr. João Cox, Chair of the Board of Directors of the Company, and showed to him what would be a document received from an allegedly anonymous source that accused the Company's CEO of conspiring against the proposed acquisition of the Company by Kroton announced to the market on July 8, 2016, still pending review before CADE.
2. The referred document showed by Mr. Galindo to Mr. Cox had an allegedly exchange of e-mails between Mr. Pedro Thompson e the external lawyer in charge of assisting the Company in the process before CADE, in which they discussed, according to Mr. Galindo's interpretation, legal ways to block the business combination between Kroton and Estácio. Mr. Galindo refused to provide a copy of such anonymous document despite the request.
3. In view of the allegation above, Mr. João Cox diligently and immediately called the Board of Directors, which, by unanimous decision, decided to: (i) hire a risk management specialized firm to proceed with the review of the security of the Company's systems, in order to prevent illegal leaks of proprietary information; (ii) hire a firm specialized in internal investigations and a highly reputable law firm to assess the accuracy of the allegations contained in the allegedly anonymous document received by Mr. Galindo; (iii) agreed with Mr. Pedro Thompson's suggestion that he should focus its activities in the management of the Company, and no longer be involved in matters related to the ongoing process before CADE concerning the transaction between Kroton and Estácio; (iv) create an ad hoc committee of the Board of Directors to directly oversee together with the Vice President and General Counsel of the Company all matters related to the ongoing process before CADE; and (v) change the law firm in charge of assisting the Company before CADE.
4. The Company did not have access to the documents or the source that generated the article published by the press today, but it strongly rejects any and all allegations that members of its management would be conspiring to frustrate the business combination with Kroton.
5. Said transaction was approved by the majority of the Shareholders of the Company and it will proceed accordingly, respecting the conditions and the limits of the delegations granted to the Administration, as set forth in the merger protocol (*Protocolo e Justificação de Incorporação das Ações de Emissão da Estácio pela Kroton*), dated July 8, 2016, announced to the market on the same date (www.estacioparticipacoes.com.br).
6. The Company follows and respects the best corporate governance practices, business integrity and ethical compliance. Those rules and values impose on the Administration the duty to seriously and

independently investigate allegations against the actions of any executives, employees or business partners of the Company. In that sense, Estácio will not waive its duty to investigate rigorously any and all allegation – being it questionable or partial – concerning the conduct of any such individuals.

7. Regardless of the Company's decision to investigate those allegations and until such investigation is concluded – despite being such allegations anonymous and based on no proof – the Administration of Estácio, at the same time that it strongly refutes the illegal use of privileged information, will keep united and focused on replicating the results and enhancing the quality of its services, under the leadership of Mr. Pedro Thompson.

The Company's Administration will continue to keep the market and its shareholders informed about the business combination between Kroton and Estácio.

Rio de Janeiro, March 17, 2017.

Pedro Thompson
CEO and Investor Relations Officer