

ESTÁCIO PARTICIPAÇÕES S.A.

Corporate Taxpayer's ID (CNPJ/MF) No. 08.807.432/0001- 10

Company Registry (NIRE) No. 33.3.0028205- 0

PUBLICLY-HELD COMPANY

MATERIAL FACT

ESTÁCIO PARTICIPAÇÕES S.A. ("ESTÁCIO" or "COMPANY") -- (BM&FBOVESPA: ESTC3; OTCQX: ECPCY), in compliance with the provisions of Paragraph 4 of Article 157 of Law 6404/76 and of CVM Instruction No. 358/02, as amended, hereby announces the following to its shareholders and to the market in general:

1. At the end of 2015, the Management, through its internal control bodies, identified certain financial entries from transactions between private parties that were inconsistent with the Company's policies and standards and that indicated the existence of an accounting error, thus requiring an immediate action by the Internal Audit of | Estácio, working together and under the guidance of the Audit and Finance Committee subordinated to the Board of Directors.
2. In order to assist in the process of ascertainment of the nature and of the extent of the facts identified, Estácio immediately proceeded to hire independent financial advisors and with unblemished reputation, who presented the preliminary results of its work on June 29 of the current year.
3. With the confirmation of the evidence, the Management reported the matter to its independent auditors and established, based on Article 6 of CVM Instruction No. 358 of January 3, 2002, the information confidentiality, still preliminary, until the internal assessments allowed its disclosure to the market in a responsible and transparent manner.
4. To this end, Estácio hired a second specialized company with international reputation, who, together with the independent auditors, the Executive Board and the internal control bodies of the Company, presented the preliminary findings of their work to the Board of Directors at the meeting held on July 28 of the current year.
5. On August 11, the independent auditors have completed the reviewing process of the financial statements of the second quarter of 2016 (2nd ITR), which showed that the Company's losses with the accounting errors identified totaled R\$108.1 million from the irregularities, between the years of 2014 and 2016.
6. Given the above, Estácio's Board of Directors, on the same day (August 11), unanimously resolved to (among other matters):
 - a. convene the consulting firms hired to investigate the facts recounted here to, together with the Company's independent auditors, attend the Board of Directors' meeting to be held in the coming days, on an urgent basis, in order to provide more detailed explanations on the events recorded above;

- b. establish that the Executive Board hires lawyers well-known in the market to support the Company in the process of eventual recovery of the losses and of ascertainment of the respective accountabilities, if any;
- c. establish that the Ethics Committee takes all measures for the review of the internal policies and controls in order to prevent events of this nature from occurring again;
- d. appoint the members of the Board of Directors, Messrs. João Cox, Líbano Miranda Barroso and Maurício Luis Luchetti as the Board members responsible for continuously monitoring of facts ascertained, periodically reporting to the Board, regardless of the inclusion of the matter on the agenda, at all meetings that may be held from now, until otherwise resolved; and
- e. establish that the Board immediately discloses the events under discussion to the market, according to the applicable law and regulations.

The Management confirms that the Extraordinary General Meeting of the Company, convened to resolve on the process of incorporation of the Company's shares by Kroton Educacional S.A. will be held on August 15, as regularly convened.

The Management will make every effort to strengthen its policies and internal controls in order to eliminate the occurrence of such events in the future and will keep its shareholders and the market in general informed on the development of the ascertainments.

Rio de Janeiro, August 2, 2016.

Pedro Thompson
CFO and Investor Relations Officer