

Kroton Educacional S.A.	Estácio Participações S.A.
Publicly Held Company	Publicly Held Company
Corporate Taxpayer ID (CNPJ/MF) n.º 02.800.026/0001-40	Corporate Taxpayer ID (CNPJ/MF) n.º 08.807.432/0001-10
Company Registry (NIRE) 31.300.025.187	Company Registry (NIRE):31.300.282.050

MATERIAL FACT

Kroton and Estácio inform that their respective board of directors approved the combination of the businesses of the Companies and executed a merger protocol (*protocolo e justificação para a incorporação de ações*) for the merger, by Kroton, of shares in Estácio

KROTON EDUCACIONAL S.A. (BM&FBovespa: KROT3; OTCQX: KROTY) ("Kroton") and Estácio Participações S/A (BM&FBovespa: ESTC3; OTCQX: ECPCY) ("Estácio", and, together with Kroton, "Companies"), hereby inform the market that, further, to the Material Facts dated June 02, 2016 and June 21, 2016, and July 1st, 2016, on this date the Board of Directors of Estácio and Kroton have unanimously approved (i) the combination of the Companies' businesses through a merger, by Kroton, of shares issued by Estácio (*incorporação de ações*) ("Merger of Shares"), at market value, in accordance with articles 224, 225 and 252 of Law no. 6,404/76 ("Transaction"); and (ii) the merger protocol (*protocolo e justificação*) ("Merger Agreement") on the Merger of Shares, which will be submitted for approval by the Companies' shareholders in general shareholder meetings ("Shareholder Meetings"). The Shareholder Meetings will be called together with the disclosure of a new material fact in accordance with CVM Instruction no. 565/15 and the documents and information required by applicable regulations. The Transaction and the Merger of Shares are subject to, among other typical conditions, in accordance with the Merger Agreement, to the approval by CADE.

The Merger of Shares will result (a) in the ownership, by Kroton, of all the shares issued by Estácio; and (b) in the receipt, for every common share issued by Estácio of 1.281 common share issued by Kroton (considering, on the date of the Transaction, 307,680,459 shares issued by Estácio and 1,618,617,238 shares issued by Kroton, excluding, in both cases any shares held in treasury); and (c) the distribution of an extraordinary dividend ("Extraordinary Dividend") to Estácio's shareholders in the amount of R\$420,000,000.00 (in accordance with the terms of the Merger Agreement), which corresponds to R\$ 1.37 per share in Estácio (considering the number of shares issued in Estácio indicated above).

Based on the exchange ratio above, following the required share issuance, shareholders of Estácio and shareholders of the Company would each respectively hold approximately 19.6% e 80.4% of the shares of the Company. The exchange ratio will be adjusted, in accordance with the terms of the Merger Agreement, in the event of splits, reverse splits, stock dividends, which occur on or after June 30, 2016 and any distribution of dividends (except for Extraordinary Dividends and other typical distributions as set forth in the Merger Agreement), capital reductions, issuance of shares, repurchase or redemption of shares or any other event that results in a change in the number of shares in the capital stock of Kroton and/or Estácio (excluding stock held in treasury) which occur on or after July 7, 2016.

The Board of Directors of the Companies emphasize their understanding that the unanimous approval and endorsement of the Transaction by their respective management is an important step towards the construction of a business combination that has a strong strategic rationale due to high geographic complementarity, significant potential for synergies and efficiency gains, and particularly, the strengthening of the investments in quality of their educational services.

The Board of Directors of the Companies are convinced that this is a great strategic combination which will greatly benefit their businesses, students, shareholders and other stakeholders and are certain that Estácio and Kroton will continue to contribute, together towards the development of education in Brazil.

A copy of the Merger Agreement has been made available on each Company's investor relations website (www.kroton.com.br/ri/) and (www.estacioparticipações.com.br), as well as on the websites of BM&FBOVESPA (www.bmfbovespa.com.br) and the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários*) (www.cvm.gov.br).

The Companies reaffirm their commitment to their obligations, as public companies listed on the Novo Mercado segment of the BM&FBOVESPA, and any and all material information will be disclosed in compliance with the applicable laws.

July 8, 2016

Carlos Alberto Bolina Lazar
Investor Relations Officer
Kroton Educacional S.A.

Pedro Thompson
Investor Relations Officer
Estácio Participações S.A.