



HAPVIDA PARTICIPAÇÕES E INVESTIMENTOS S.A.

CNPJ/MF Nº 05.197.443/0001-38

NIRE 23300039271

NOTICE TO THE MARKET

Fortaleza (CE), October 26, 2018 - **HAPVIDA PARTICIPAÇÕES E INVESTIMENTOS S.A.** (B3: HAPV3 - Company) announces to its shareholders and to the market that, in line with the expansion strategy discussed since its IPO, signed on this date the Protocol of Understanding for Voluntary Transfer of the Client Portfolio, still subject to the approval of the National Supplementary Health Agency (ANS), through which it will hold the entire portfolio of Free Life Operadora de Planos de Saúde Ltda. a company also from the complementary health sector headquartered in Fortaleza, Ceará State (Client Portfolio and Free Life, respectively).

The Portfolio has approximately 25,000 beneficiaries, located in the state of Ceará, which will strengthen the Company's presence in the metropolitan region of Fortaleza and Cariri (region comprising the municipalities of Juazeiro do Norte, Barbalha and Crato), the second largest consumer market in the state.

According to the financial statements of December 31, 2017, Free Life's net revenues was R \$ 30.8 million, with medical loss ratio of 73.4%. The Client Portfolio was acquired for R \$ 23.6 million. Hapvida could pay up to R\$ 25,0 million by the acquisition in case some new contracts with customers materialize until the date of the actual transfer of the portfolio.

The Company reiterates its commitment to the organic and inorganic expansion of the number of beneficiaries, both in the localities where it already operates and in new markets, which involves expanding the structure of its own service network in order to maintain current quality standards.

Fortaleza, October 26, 2018.

Bruno Cals de Oliveira

Chief Financial Officer and Investor Relations Officer