



TOTVS S.A.
Publicly-Held Company

Corporate Taxpayer's Identification (CNPJ) No. 53.113.791/0001-22
Company Registry (NIRE) No. 35.300.153.171

NOTICE TO THE MARKET

TOTVS S.A. (BM&FBOVESPA: TOTS3) ("Company") hereby informs its shareholders and the market that, as per the approval by the Ordinary and Extraordinary Shareholders' Meeting held on April 26, 2016 ("AGOE") of the acquisition, by the Company, of the control of **Neolog Consultoria e Sistemas S.A.** (the "Acquisition"), **the right to withdrawal from the Company may be exercised, by its shareholders, as follows:**

(i) Shareholders that are entitled to the right of withdrawal:

Pursuant to article 137 of Law No. 6.404/76, the shareholders that may exercise the right of withdrawal are only those who (a) have voted against or abstained from voting on the resolution concerning the acquisition or have not attended the AGOE, and (b) that demonstrate expressly his intention to exercise the right of withdrawal within 30 days from the date of publication of the minutes of the AGOE ("Dissenting Shareholders").

Notwithstanding the provided in the AGOE, considering that its publication in the Official Gazette of the State of São Paulo and Valor Econômico newspaper was held on this date, the Company informs that the term for Dissident Shareholders to express their intention to exercise the right of withdrawal starts on July 4th, 2016 and will extend until August 2nd, 2016.

The Dissenting Shareholders may exercise the right of withdrawal with respect to all the shares issued by the Company that they have continuously maintained ownership since February 11, 2015, date of publication of the Notice to the Market that informed the Acquisition.

(ii) Refund amount:

The refund amount that the Dissenting Shareholders will receive from the Company, in case they exercise their right of withdrawal, will be R\$ 7,57 (seven reais and fifty seven cents) per share issued by the Company, which represents the equity book value presented in the financial statements of the Company as of December 31, 2015 and approved at the AGOE, divided by the total number of Company's outstanding shares (with the exception of treasury shares), without prejudice to the right of the Dissident Shareholder requesting a special balance for purposes of determining the value of the refund, in accordance with the provisions of paragraph 2 of article 45 of Law No. 6.404/76.

(iii) Procedure:

The Dissenting Shareholders who wish to exercise the withdrawal rights shall attend the specialized branches of Banco Itaú, the custodian of the Company's shares, with writing and notarized document stating the exercise of the right of withdrawal, indicating the number of shares held on February 11, 2015. Certified copies of the following documents shall be presented with such statement: (a) if an individual: ID and updated proof of residence; or (b) if a legal entity: CNPJ / MF (Corporate Tax Payer ID), articles of association or bylaws and amendments thereto, the minutes of the election of the directors that executed the statement, as well as such director's individual identification documents (ID and updated proof of residence). The holders of shares held by custodians shall request the withdrawal right through their custodian agents. The refund payment of the exercise of the withdrawal rights will occur on August 9, 2016.

São Paulo, July 1, 2016.

Gilsomar Maia Sebastião

Executive and Financial Vice-President and
Investor Relations Officer

Investor Relations

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