

TOTVS S.A.
Corporate Taxpayer ID (CNPJ/MF) under No. 53.113.791/0001-22
Commercial Registry under NIRE No. 35.300.153.171

**EXTRACT OF THE MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD ON OCTOBER 24, 2016**

1. - DATE, TIME AND PLACE OF THE MEETING: Held on October 24, 2016, from 9:00am to 2:00pm, at the branch of TOTVS S.A. (“Company”) located at Rua Ministro Jesuíno Cardoso, No. 454., in the City and State of São Paulo.

2. - BOARD: Chairman: Mr. Germán Pasquale Quiroga Vilardo, according to the article 17 from the Company’s Bylaws; and Secretary: Mr. Ricardo Correa Helfer.

3. - CALL AND ATTENDANCE: The meeting was duly called, in accordance with article 18, paragraph 1 of the Company’s bylaws. The following members of the Board of Directors were present, as follows: Germán Pasquale Quiroga Vilardo; Laércio José de Lucena Cosentino; Pedro Moreira Salles; Mauro Rodrigues da Cunha; Danilo Ferreira da Silva; Sérgio Foldes Guimarães; Wolney Edirley Gonçalves Betiol and Maria Helena dos Santos Fernandes de Santana. Also present were Gilsomar Maia Sebastião, Administrative and Financial Vice-President and Investor Relations Officer, Flávio Balestrin de Paiva, Marketing, Alliances, Business Models, Channels and Human Resources Vice-President, Rita Pellegrino, Human Relations Director, Mara Maehara, Information Technology Director, and André Rizk, General Counsel.

4. AGENDA: (i) approval of the Company’s Securities Trading Policy; (ii) status of the Company’s financial results related to third quarter of 2016 and forecast for the fourth quarter of 2016; (iii) presentation of the draft for the release of the Company’s 2016 third quarter’s result; (iv) CONFIDENTIAL; (v) status of TOTVS 12; (vi) report of the Audit Committee

activites; (vii) report of the Personnel and Compensation Committee activities; (viii) report of the Strategy and Technology Committee; and (ix) Executive Session.

5. - RESOLUTIONS:

5.1 By unanimous vote, with no abstentions or restrictions, the members of the Board of Directors approved the Company's Securities Trading Policy, in accordance with the terms presented by the Company's Board of Officers.

6. ADDITIONAL MATTERS

6.1 The Board of Officers presented the status of the Company's results related to the third quarter of 2016 and forecast for the fourth quarter of 2016. The results report and all the material related to the third quarter of 2016 will be concluded by the Board of Officers, and once reviewed by the Audit Committee, will be subject to approval of the Board of Directors on October 27, 2016.

6.2 The Officers presented the draft for the release of the Company's 2016 third quarter's result.

6.3 CONFIDENTIAL

6.4 The Officers reported the status of TOTVS 12 project for the Board of Directors to be aware and updated.

6.5 The President of the Audit Committee presented a report of the most recent activities carried-out by the Committee.

6.6 The Officers presented a report of the most recent activities carried-out by the Personnel and Compensation Committee.

6.7 The President of the Strategy and Technology Committee presented a report of the most recent activities carried-out by the Committee.

6.8 At last, the Board Members held an executive session without the presence of the Officers.

7. CLOSING, DRAW-UP AND APPROVAL OF THE MINUTES: There being no further matters to discuss, the Chairman suspended the meeting to draw up the minutes, which were then read, approved and signed by all attending Board Members.

This is a free English translation of the extract of the Minutes of the Board of Directors Meeting.

São Paulo, October 24, 2016

Ricardo Correa Helfer
Secretary