

TOTVS S.A.
National Corporate Taxpayers' Register of the Ministry of Finance (CNPJ/MF) No.
53.113.791/0001-22
Company Registry (NIRE) 35.300.153.171

SUMMARY OF THE MINUTES OF THE BOARD OF DIRECTORS'
MEETING HELD ON DECEMBER 16, 2016

1. **DATE, TIME AND PLACE OF MEETING:** Held on December 16, 2016 from 9:00 a.m. to 2:00 p.m., at Company's branch office, at Rua Ministro Jesuino Cardoso, No. 454, in the City of São Paulo, State of São Paulo.
2. **BOARD:** Chairman: Mr. Pedro Luiz Barreiros Passos; Secretary: Mr. Ricardo Correa Helfer.
3. **SUMMON AND ATTENDANCE:** Summon duly performed, according to paragraph 1st, article 18, of Company's ByLaws. The totality of members of the Board of Directors attended the meeting, as follows: Mrs. Pedro Luiz Barreiros Passos, Germán Pasquale Quiroga Vilardo, Laércio José de Lucena Cosentino, Ms. Maria Helena dos Santos Fernandes de Santana, Mrs. Pedro Moreira Salles, Mauro Rodrigues da Cunha, Danilo Ferreira da Silva, Sérgio Foldes Guimarães and Wolney Edirley Gonçalves Betiol. Also present: Mr. Gilsomar Maia Sebastião, Administrative and Financial Vice President and Investor Relations Officer; Mr. Flávio Balestrin de Paiva, Marketing, Alliances, Business Model, Channels e Human Relations Vice President; Mr. Ricardo Levinzon, Executive Manager; Mr. Marcelo Eduardo Sant'anna Cosentino, Business Vice President for Services; and Mr. Andre Rizk, General Counsel.
4. **AGENDA:** (i) CONFIDENTIAL; (ii) Resolution on change of address of the Company's headquarters; (iii) presentation of TOTVS Digital Model; (iv) report of People and Remuneration Committee's work; (v) resolution of the budget for the year 2017 of the Company and its subsidiaries; (vi) Resolution about the declaration and payment of interest on own capital for the second half of 2016; (vii) CONFIDENTIAL; (viii) resolution about the creation of the Governance and Designation Committee; and (ix) Executive Session.
5. **PRESENTATIONS AND RESOLUTIONS:**

5.1. CONFIDENTIAL

5.2. By unanimous, pursuant to article 19 (xiii) of the Company's Bylaws, the Board approved the change of the address of the Company's headquarters at Avenida Braz Leme, 1631, Jardim São Bento - 2º Andar - São Paulo - SP, 02511-000, to the Sêneca Building, located at Rua Desembargador Euclídes Silveira, 232 - Casa Verde, São Paulo - SP, 02511-010. Also unanimously, the Board resolved to close the Company's branches located at (i) Avenida Braz Leme, 1623, São Paulo - SP - 02511-000; (ii) Avenida Braz Leme, 1717, São Paulo - SP - 02511-000; (iii) Avenida Presidente Castelo Branco, 3333 - Prédio E- São Paulo - SP - 01142-300; (iv) Rua Ministro Jesuino Cardoso, 454 - Conjuntos 93 and 94 - São Paulo - SP - 04544-051.

5.3. The Management made a presentation about TOTVS Digital Model.

5.4. The Management made a report of the most recent People and Remuneration Committee's work.

5.5. By unanimous, the Board approved the budget of the Company and its subsidiaries for the year 2017, pursuant to article 19 (vii) of the Company's Bylaws.

5.6. By unanimous, the Board approved, pursuant to article 19 (xviii) of the Company's Bylaws, the payment of interest on own capital to the Company's shareholders, in the amount of R\$40.614.573,51, related to the second half of 2016, which corresponds to R\$0,248642967 per share, and that shall be allocated to the payment of the minimum mandatory dividend, pursuant to article 34 of the Company's Bylaws. Shall be entitled to interest in own capital all shareholders comprising the date base of December 21, 2016. The negotiations of Company's shares, as of December 22, 2016, shall become performed in the condition of "former-interest on own capital". The interest on own capital shall be paid on May 10, 2017, without any monetary restatement or compensation corresponding between December 21, 2016 and May 10, 2017 being due.

5.7. CONFIDENTIAL

5.8. By unanimous, the Board approved the creation of another advisory committee, pursuant to paragraph 6, article 16, of the Company's ByLaws, named the Governance and Designation Committee, which scope of action is to promote the evolution of the Company's corporate governance, evaluate and recommend the adoption of good practices, as well as select and appoint members to the Board and the Management. It will be composed by three members: Mrs. Pedro Luiz Barreiros Passos, Mauro Rodrigues da Cunha, Laércio José de Lucena Cosentino.

5.9. In conclusion, the members of Board of Directors gathered in executive session, without the presence of the Management.

6. CLOSING, DRAW-UP AND APPROVAL OF THE MINUTES: There being no further business to discuss, the Chairman closed the meeting and respective minutes were drawn-up. This document is a summary of the minute.

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

São Paulo, December 16, 2016.

Ricardo Correa Helfer
Secretary