

**TOTVS S.A.**  
**CNPJ/MF No. 53.113.791/0001-22**  
**NIRE 35.300.153.171**

**SUMMARY OF THE MINUTES OF THE BOARD OF DIRECTORS'**  
**MEETING HELD ON FEBRUARY 20, 2017**

**1. DATE, TIME AND PLACE OF MEETING:** Held on February 20<sup>th</sup>, 2017, from 9:00 a.m. to 2:00 p.m., at TOTVS S.A's branch office ("Company"), at Rua Ministro Jesuino Cardoso, No. 454, in the City of São Paulo, State of São Paulo.

**2. BOARD:** Chairman: Sr. Pedro Luiz Barreiros Passos; Secretary: André Rizk.

**3. SUMMON AND ATTENDANCE:** Summon duly performed, according to paragraph 1<sup>st</sup>, 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 of the Company, Ricardo Correa Helfer, Controller Director, Ricardo Queiroz and Jefferson Alves, representatives of PriceWaterhouseCoopers Independent Auditors.

**4. AGENDA:** (i) presentation of the Company's results of January 2017; (ii) analysis and assesment of the Finantial Statements of the fiscal year ended on December 31<sup>st</sup>, 2016, with the Managment Report and the Independent Auditors Opinion; (iii) resolution about the proposal of capital budget for 2017 and allocation of the net income related to the fiscal year ended on December 31, 2016; (iv) report of the Audit Committee's work; (v) presentation of the work results of 2016 by the Independent Auditors; (vi) presentation of the proposals of changes on the New Market Regulations; (vii) report of the Governance Committee and Indication's work; (viii) report of the Strategy and Technology Committee's work.

**5. PRESENTATIONS AND RESOLUTIONS:**

5.1. Presented the results of the Company in January, 2017, the Board approved the disclosure to the market of the following guidance, authorizing the Board of the Company to make the necessary arrangements to its publicity, as material fact disclosure to the market.

**NET INCOME OF SOFTWARE SUBSCRIPTION in 2017:** equal or superior to R\$298,0 millions, *i.e.*, growth equal or superior to 30% over the net income of software subscription of the fiscal year of 2016; and

**EBITDA ADJUSTED in 2017:** between R\$359,0 millions and R\$395,0 millions, *i.e.*, growth between 0% and 10%, respectively, over the Adjusted EBITDA of the fiscal year of 2016.

5.2. By unanimity of votes and without reserves, due to the favorable opinion of the Independent Auditors and Audit Committee, the Board approved the Financial Statements of the fiscal year ended on December 31<sup>st</sup>, 2016, along with the Mangment Report, Activities Report, the Auditor Committee Report and the Independent Auditors Report, as well as its routing to the Shareholders Meeting of the Company. Furthermore, authorized the Board of the Company to make the necessary arrangements to disclosure the Financial Statements before the Securities and Exchange Comission (“CVM”), the Stock Exchange of São Paulo and to the market, through EmpresasNet system of CVM, its legal publication at the newspaper Diário Oficial do Estado de São Paulo and Valor Econômico, besides its insertion at website of the Investors Relation of the Company ([www.totvs.com.br/ri](http://www.totvs.com.br/ri)).

5.3. By unanimity and without reserves, the Board approved, *ad referendum* of the Ordinary General Shareholder’s Meeting, the following allocation of the net income related to the fiscal year of 2016:

NET INCOME	R\$ 152,658,456.98
Legal Reserve	R\$ 7,632,922.85
Interest of Shareholders’ equity	R\$ 84,220,063.88
Dividends	R\$ 7,374,975.91
Lapsed Interest of Shareholder’s equity and dividends	R\$ (807,032.47)
Retained Earnings Reserve	R\$ 54,237,526.81

Out of the total net income for the fiscal year, in the amount of R\$ 152,658,456.98, were allocated: (a) R\$ 7,632,922.85 to the creation of a legal reserve of 5% (five per cent); (b) R\$ 84,220,063.88 to the payment of interest of shareholders’ equity, made on August 24<sup>th</sup>, 2016 and to be made on May 10, 2017, as resolved at the meetings of the Board of Directors held on August 1<sup>st</sup>, 2016 and December 16, 2016, respectively; (c) R\$ 7,374,975.91 to the distribution of dividends, *i.e.*, R\$ R\$ 0.045149702 per share, as resolved on this date; and (d) R\$ 54,237,526.81 to retained earnings reserve, according to section 196 of the Law 6.404/76. Said dividends shall be paid on May 10<sup>th</sup>, 2017, *ad referendum* of the Extraordinary General Shareholders’

Meeting, with their calculation basis the Company's shareholding position by the end of April 20<sup>th</sup>, 2017, and, as of April 24<sup>th</sup>, 2017, inclusive, the Company's shares will be negotiated ex-dividends.

At the Board meeting that will be resolving the Management proposals to be submitted to the Shareholders Meeting, will be resolved proposal about the capitalization of the retained earnings reserve.

**5.4.** The Auditor Committee President reported on most recent work of the committee.

**5.5.** Mr. Ricardo Queiroz and Jefferson Alves, from PriceWaterhouseCoopers Independent Auditors, presented the conclusion of the external audit work related to the fiscal year ended December 31<sup>st</sup>, 2016.

**5.6.** Mrs. Flavia Mouta Fernandes, Issuers Regulation Director of BM&FBOVESPA, with Mrs. Cristiana Pereira, did a presentation about the main proposals of changes for the New Market regulation that are under consideration.

**5.7.** The Governance and Indication Committee President reported on most recent work of the committee.

**5.8.** The Strategy and Technology Committee President reported on most recent work of the committee.

**6. APPROVAL AND SIGNATURE 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, February 20<sup>th</sup>, 2017.

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André Rizk  
Secretary