

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

MINUTES OF THE BOARD OF DIRECTORS' MEETING HELD ON
JANUARY 26th, 2015

- 1. - DATE, TIME AND VENUE:** Held on January 26th, 2015, at 9:00 a.m., outside the headquarters of the Company, at Rua Ministro Jesuino de Cardoso, No. 454, 9^o floor, room 94, Itaim Bibi , in the City of São Paulo, State of São Paulo.

- 2. - ATTENDANCE:** The following members of the Board of Directors: Pedro Luiz Barreiros Passos, Laércio José de Lucena Cosentino, Germán Pasquale Quiroga Vilardo, Maria Helena dos Santos Fernandes de Santana, Pedro Moreira Salles, Sérgio Foldes Guimarães, Romero Venâncio Rodrigues Filho.

- 3. - PRESIDING BOARD:** Chairman: Mr. Pedro Luiz Barreiros Passos; and Secretary: Mr. Ricardo Correa Helfer.

- 4. - AGENDA:** (a) to examine, discuss and analyze the Management Report and the Financial Statements along with the Independent Auditors' opinion and the proposal regarding the capital budget for the year of 2015 and the allocation of the net income for the fiscal year ending on December 31st, 2014, to be submitted to the approval of the Company's shareholders at the Annual General Shareholders' Meeting; (b) to disclose and publish the Management Report and the Financial Statements along with the Independent Auditors' opinion, as well as the Audit Committee Opinion; (c) to approve the new address of the branch with CNPJ No. 53.113.791/0020-95, at Rua Sig Quadra 2, rooms 237, 239 to 248, Edifício City Offices, Lote 420, 430, 440, ZIP CODE 70.610-420, Zona Industrial, City of Brasília, State of Distrito Federal; (d) to approve the new address of the branch with CNPJ No.53.113.791/0022-57, at Rua Barão de Souza Leão, 425, 11^o floor, rooms 1101 to 1110, ZIP CODE 51.030-300, Boa Viagem, City of Recife, State of Pernambuco.

5.- RESOLUTIONS: After discussing the matters of the agenda, the following resolutions were made by the directors who attended the meeting, without restrictions or reservations:

(a) Approval of the “*Proposal of the Board of Directors*” below, regarding the capital budget for the year of 2015 and the allocation of the net income for the fiscal year ending on December 31st, 2014, to be submitted to the analysis of the shareholders at the Annual General Shareholders' Meeting, pursuant to the Management Report and the Financial Statements, which are correct and reflect the facts and events concerning the Company's activities in 2014, to be filed at the Company's headquarters, along with the opinion of PriceWaterhouseCoopers, as well as the Audit Committee Opinion, concerning the fiscal year ending on December 31, 2014, all submitted by the Chairman to the analysis and discussion by the directors in attendance, highlighting the absence of the opinion foreseen in article 163, § 3 of Law No. 6404/76, as amended (“Corporate Law”), since no Audit Committee was established.

“Proposal of the Board of Directors:

Gentlemen,

The Board of Directors of TOTVS S.A. hereby submits to your analysis, at the Annual General Shareholders' Meeting, the following capital budget proposals for the year of 2014 and the allocation of the net income concerning the fiscal year ending on December 31st, 2014, with due regard for the corporate legislation in force and the provisions of its articles of incorporation:

The capital budget amount for the current year is R\$774,803,721.36 (seven hundred and seventy-four million, eight hundred and three thousand, seven hundred and twenty-one Reais and thirty-six cents), from the following sources: (a) R\$389,803,721.36 (three hundred and eighty-nine million, eight hundred and three thousand, seven hundred and twenty-one Reais and thirty-six cents) from the Retained Earnings Reserve; and (b) R\$385,000,000.00 (three hundred and eighty-five million Reais) from the cash to be generated in the operating and financial activities.

The Company shall invest these resources in projects for expansion and replacement of assets and information technology.

The proposal for allocation of the net income is the following:

<i>NET INCOME FOR THE FISCAL YEAR</i>	<i>R\$ 262,959,582.23</i>
<i><u>Allocations:</u></i>	
<i>Creation of the Legal Reserve</i>	<i>R\$13,147,979.11</i>
<i>Retained Earnings Reserve</i>	<i>R\$84,148,832.64</i>
<i>Interest Paid on Net Equity</i>	<i>R\$ 41,294,822.74</i>
<i>Dividends Proposed</i>	<i>R\$124,367,947.74</i>

Out of the total net income for the fiscal year, corresponding to R\$ 262,959,582.23 (two hundred and sixty-two million, nine hundred and fifty-nine thousand, five hundred and eighty-two Reais and twenty-three cents), the following amounts were allocated: (a) R\$13,147,979.11 (thirteen million, one hundred and forty-seven thousand, nine hundred and seventy-nine Reais and eleven cents) to the creation of a legal reserve equivalent to 5% (five percent) of the net income; (b) R\$84,148,832.64 (eighty-four million, one hundred and forty-eight thousand, eight hundred and thirty-two Reais and sixty-four cents) to the retained earnings reserve; (c) R\$ 41,294,822.74 (forty-one million, two hundred and ninety four thousand, eight hundred and twenty-two Reais and seventy-four cents) were allocated to the payment of interest on net equity to the shareholders, made on August 20th, 2014 and January 14th, 2015, as resolved at the meeting of the Board of Directors on July 28th, 2014 and December 18th, 2014, respectively; and (d) R\$124,367,947.74 (one hundred and twenty-four million, three hundred and sixty-seven thousand, nine hundred and forty-seven Reais and seventy-four cents) were allocated to the distribution of dividends, i.e., R\$0.767518916 per share, as resolved at the Board of Directors' Meeting held on this date. Said dividends shall be paid, ad referendum of the Annual General Shareholders' Meeting resolution, on April 15th, 2015, pursuant to Company's shareholding position of February 27th, 2015 (included), considering that, as of February 28th, 2015, the Company's shares will be negotiated "ex"-dividends."

(b) Approval of the disclosure of said Management Report and Financial Statements along with the Independent Auditors' Opinion for the fiscal year ending on December 31st, 2014 to the Securities and Exchange Commission, to the São Paulo Stock Exchange and to the market, by the expedition of these documents via the EmpresasNet system of the Securities and Exchange Commission and their legal publication in the Official Gazette of the State of São Paulo and in the Valor Econômico newspaper, and their posting on the Company's Investors Relation website (www.totvs.com.br/ri), as well as their submittal to the analysis of the Company's shareholders at the Annual General Shareholders' Meeting.

(c) Approval of the new address of the branch with CNPJ No. 53.113.791/0020-95, located at Rua Sig Quadra 2, rooms 237, 239 to 248, Edifício City Offices, Lote 420, 430, 440, ZIP CODE 70.610-420, Zona Industrial, City of Brasília, State of Distrito Federal;

(d) Approval of the new address of the branch with CNPJ No.53.113.791/0022-57, located at Rua Barão de Souza Leão, 425, 11^o floor, rooms 1101 to 1110, ZIP CODE 51.030-300, Boa Viagem, City of Recife, State of Pernambuco

6. - CLOSING, DRAW-UP AND APPROVAL OF THE MINUTES: There being no further business to discuss, the meeting was closed and these minutes were drawn up, read, approved and signed by all attending Board members.

This is a free English translation of the original minutes drawn up in the Company's records.

São Paulo, January 26th, 2015.

Presinding Board:

Mesa:

Pedro Luiz Barreiros Passos
Chairman of the Board

Ricardo Correa Helfer
Secretary