

**TOTVS S.A.**  
**PUBLICLY-HELD COMPANY**

**Corporate Taxpayer's ID (CNPJ/MF) 53.113.791/0001-22**  
**Corporate Registry ID (NIRE) 35.300.153.171**

**MINUTES OF THE EXTRAORDINARY GENERAL MEETING**  
**HELD ON AUGUST 26, 2009**

- 1.- DATE, TIME AND PLACE:** held on second call on August 26, 2009, at 9:00 am, at the Company's headquarters, located at Avenida Braz Leme, 1631, 2o andar, Jardim São Bento, in the City of São Paulo, State of São Paulo.
- 2.- CALL NOTICE:** published on the Official Gazette of the State of São Paulo, on August 5, 6 and 7, 2009, on pages 16, 15 and 07, respectively, and in the Valor Econômico Newspaper on August 5-7, 2009, on page E2, C4 and E3, respectively.
- 3.- ATTENDANCE:** the meeting was attended by shareholders representing approximately 51.91% of the Company's capital stock and by Company officer Khalil Kaddissi.
- 4.- PRESIDING BOARD:** Chairman: Mr. Khalil Kaddissi; Secretary: Mr. Rodrigo Figueiredo Nascimento.
- 5.- AGENDA:** (i) amendment of Article 3 of the Bylaws so as to include outsourcing activities in the Company's corporate purpose; (ii) amendment of Articles 21 and 24 of the Company's Bylaws to change the number of executive officers and (iii) consolidation of the Company's Bylaws;
- 6.- RESOLUTIONS:** The shareholders attending the Meeting approved the following matters:
  - (i) Unanimously and with no restrictions or reservations, to amend Article 3 of the Company's Bylaws to include outsourcing in the Company's corporate purpose. After approval of this resolution, Article 3 of the Bylaws will read as follows:

“**Article 3** – The Company's business purpose includes the provision of consultancy, advisory and development services of computer-based systems (software), exploration of use rights of own or third-party computer-based systems, provision of data processing and training services, and purchase and sale of computers and related accessories, peripherals and supplies, being authorized to import goods and services related to its main activity, concession of franchising, retail apparel, related products and its accessories, research and technology innovation activities, IT technical support including installation, set up and maintenance of computer programs and databanks, management consultancy services, data handling, hosting, portals, Internet provision and information services, outsourcing, in addition to holding interest in other companies as a partner, shareholder or quotaholder.”

**(ii)** Unanimously and with no reservations or restrictions, to amend Articles 21 and 24 of the Company's Bylaws to: (a) alter the number of Officers to one (1) CEO, Five (5) vice-CEOs and thirty-six (36) Executive Officers. After approval of this resolution, Articles 21 and 24 of the Company's Bylaws will read as follows:

**“Article 21** – The Board of Executive Officers, whose members shall be elected and removable from office at any time by the Board of Directors, shall comprise at least five (5) and at the most forty-two (42) Executive Officers, designated as follows: (i) Chief Executive Officer (CEO); (ii) Market Strategy Vice-President; (iii) Executive and Financial Vice-President; (iv) Development Management Vice-President; (v) Innovation and Technology Vice-President; (vi) Services and Relationship Vice-President; (vii) Investor Relations Officer; (viii) Marketing Officer; (ix) Chief Financial and Shared Services Officer; (x) Human Relations Officer; (xi) Legal Officer; (xii) Planning Officer; (xiii) International Expansion Officer; (xiv) Services Officer; (xv) Services and Relationship Management, Distribution and Solution Center Officer; (xvi) Services and Relationship Officer – Large Accounts; (xvii) four (4) Services and Relationship Officers – Commercial; (xviii) Services and Relationship Officer – – Services; (xix) Project Management Officer; **(xx)** four (4) Development Officers; (xxi) five (5) TOTVS Unit Officers; **(xxii)** nine (9) Business Officers; (xxiii) Client Management Officer; (xxiv) Alliances and New Businesses Officer. The Executive Officers may accumulate roles and shall have a unified term of office of two (2) annual years, and an “annual year” shall be construed as the period within two (2) Annual General Meetings, with reelection allowed. The Board of Directors shall appoint one of the Executive Officers of the Company for the position of Investor Relations Officer.”

**“Article 24** – The Executive Officers shall have the following duties and powers, in addition to those provided for by law:

- (i)** It shall be incumbent upon the Chief Executive Officer (CEO): to implement and cause implementation of the resolutions of the Management's General Meetings; coordinate the activities of the other executive officers, observing the specific duties set forth in these Bylaws; oversee all of the Company's operations, following up on their progress; call and preside over the Board of Executive Officers' meetings; personally represent, or through an attorney-in-fact appointed by him/her, the Company in the meetings or other corporate acts of the companies he/she takes part in; make the connection with the Board of Directors, proposing, without exclusivity of initiative, the assignment of duties of each executive officer at the time of their election; appoint the substitutes of other executive officers in case of their temporary absence or impediment; appoint an interim substitute if there is a vacant position; and perform other duties that from time to time might be assigned to him/her by the Board of Directors;
- (ii)** It shall be incumbent upon the Market Strategy Vice-President: to plan, establish and manage the Company's strategic business activities; develop communication and marketing aimed at the business; promote expansion strategies and new businesses seeking to increase market positioning; set up business planning and follow up, as well as develop Company policies and models for business, services and relationships; and perform other duties that from time to time might be assigned to him/her by the Board of Directors;
- (iii)** It shall be incumbent upon the Executive and Financial Vice-President: to represent the Company before inspection agencies and other institutions operating in the capital markets; monitor the compliance with any obligations set forth in the Bylaws by the shareholders and submit to the General

Meeting and the Board of Directors, upon request, his/her conclusions, reports and diligence; coordinate and direct the assigned activities of the following areas: financial and shared services, strategic planning and processes, investor relations, mergers and acquisitions, and legal office. He/she is responsible for establishing a connection with the Audit Committee for the purposes of quality control of the organization's processes through internal and external audits. He/she also shall coordinate and oversee the performance and results of the controllership and financial areas according to set targets; be responsible for the optimization and management of the Company's financial-economic information; supervise the Company's budget in accordance with the established plans and programs; manage financial resources and managerial information; analyze accounting records of the transactions that the Company is a party to; promote studies and propose alternatives for economic-financial balance; coordinate and prepare the Company's financial statements and the management annual report; present and submit to the Board of Directors the financial statements and any and all matters that need his/her consideration and resolution; and perform other duties that from time to time might be assigned to him/her by the Board of Directors;

- (iv) It shall be incumbent upon the Development Management Vice-President: to plan, establish and coordinate system development activities; advise the Board of Directors in any strategic decisions involving technological issues; make suggestions for improving the development of Company products, as well as to encourage the product and services development strategy; propose and follow up on new products of the Company; plan, direct and coordinate the operations of the Company's production units concerning management of resources, software plant and client technical support (continued service and relationship); follow up on, manage and analyze indicators of rendered services; ensure that each brand's interdependence is obtained with the highest possible level of technological synergy; and perform other duties that from time to time might be assigned to him/her by the Board of Directors;
- (v) It shall be incumbent upon the Innovation and Technology Vice-President: to plan, establish and manage the operating strategy for procedures concerning research and development, innovation and improvement of technologies used by the brands, so as to ensure competitiveness of the new products and solutions; propose, follow up on and implement the development of new products in accordance with established deadlines and quality; be up-to-date with regard to the research and technological advances in order to plan, establish and coordinate the implementation of the best practices for technological and development research of basic software and application infrastructure; manage budgets to ensure short- and long-term research and development; establish procedures for ensuring the development of new products and research for innovation and improvement of existing products, in accordance with set standards; make sure that technological development projects are implemented as planned, observing agreed costs, deadlines and quality; research, create and recommend the acquisition of product development tools, such as technology; plan, establish and coordinate the Company's process mapping activities, ensuring the improvement of these activities, so as to leverage Company's productivity and profitability; and perform other duties that from time to time might be assigned to him/her by the Board of Directors;
- (vi) It shall be incumbent upon the Services and Relationship Vice-President: to plan, organize and direct activities involving the trading relationship of the Company's distribution network; establish and define the Company's sales guidelines and policies; promote client management; coordinate and oversee the sales and client support services areas, in accordance with set targets; manage resources for marketing and guaranteeing the sale and delivery of products and services; arrange market and competition survey; develop and implement sales distribution strategy; set product prices; recommend launching of

new products; make operational, implement and follow up on the process of services rendered to the Company's clients; pursue strategic alliances for development of the operations; and perform other duties that from time to time might be assigned to him/her by the Board of Directors;

- (vii)** It shall be incumbent upon the Investor Relations Officer: to plan, organize and direct investor relations activities; maintain and improve the relationship and communication between the organization and the investing public, shareholders and professionals of the financial area; plan Company communication with capital markets, domestically and/or abroad, by preparing information of several internal areas such as accounting, planning, communication, marketing and finance, which will be destined to shareholders, investors and related parties, being mainly available to investors for providing information and clarifying matters related to financial and market operations, thus ensuring that the Company is competent when disclosing information on its businesses to said public; also assist in the conduction of projects, reports, balance sheets, among others; and perform other duties that from time to time might be assigned to him/her by the Board of Directors and by the Executive and Financial Vice-President;
- (viii)** It shall be incumbent upon the Marketing Officer: to plan, establish and manage all Marketing activities (market analysis and advertising), as well as develop short- and long-term policies and programs; establish the corporate image standard in order to improve Company visibility and competitive position in the search for business opportunities; conduct, coordinate and evaluate marketing budget plans on the short, medium and long terms; ensure that each disclosure and communication plan is exclusive to each business, observing the scope of operation, market and budget appropriation; adjust marketing strategies according to the market conditions and strategies of the competition; manage, coordinate and assess the Company's websites; establish strategies for operation and positioning of each brand of the Company related to its products and segments, being responsible for generating opportunities as well as its indicators (sales strategy); propose and follow up on the development of new business fronts and/or the Company's products with reference to Marketing; and perform other duties that from time to time might be assigned to him/her by the Market Strategy Vice-President;
- (ix)** It shall be incumbent upon the Chief Financial and Shared Services Officer: to establish and manage the Company's financial strategy in the short, medium and long terms; plan, organize, integrate, direct and control the accounting, financial planning, fiscal, controllership, cost control and treasury areas according to set targets; establish the standard economic and financial rules and procedures for the Company, providing the information necessary for management; manage the operations related to the Company's funds and assets, investing financial resources, the operating and non-operating revenue; direct and review all financial reports; manage expenses, receipts and cash flows of the areas; control compliance with financial commitments concerning the legal, administrative, budget, fiscal and contractual requirements of the operations, interacting with the involved parties; coordinate the implementation of financial and managerial information systems; prepare the accounting records of the Company's transactions; promote studies and propose alternatives for the Company's economic-financial balance; be responsible for building maintenance and physical structure of the Company; and perform other duties that from time to time might be assigned to him/her by the Executive and Financial Vice-President;
- (x)** It shall be incumbent upon the Human Relations Officer: to plan, establish and manage the Company's Human Relations activities; establish policies and programs for managing all human resources of the Company, strongly acting to support the organization's business; develop and implement programs of the several human resources subsystems concerning high performance management and recognition

(responsible for the management processes of performance, feedback, career and recognition), compensation and benefits (responsible for defining and managing the policies and procedures for administering salaries and benefits), organizational environment and balance (responsible for monitoring internal communication related to human resources issues as well as to life balance and organizational environment initiatives), talent attraction and turnover (responsible for the processes of talent attraction, recruiting, selection, internal turnover and dismissal), training and coaching (responsible for the model, diagnosis, design, implementation and control of solutions for the group's training and integration of new participants) and human resources services and relationship (responsible for providing to the units on-site services related to the various human resources topics mentioned above); and perform other duties that from time to time might be assigned to him/her by the CEO;

- (xi)** It shall be incumbent upon the Legal Officer: to represent the Company before legal and administrative bodies; act to protect and defend Company's assets and rights; identify legal risks and devise preventive measures seeking the Company's defense; offer support to promote compliance with corporate governance rules; coordinate Company's operation in all legal aspects in a preventive manner and in the litigation sphere, as well as to follow up on and inspect the operation of external legal offices; coordinate and oversee the performance and results of the Company's legal area; optimize and manage Company's legal information and documents; and perform other duties that from time to time might be assigned to him/her by the Executive and Financial Vice-President;
- (xii)** It shall be incumbent upon the Planning Officer: to establish and coordinate the budget process structuring, so as to support the increase of TOTVS' efficiency; oversee the budget of companies of the Group according to set plans and programs; coordinate the organization's growth program through merger and acquisition activities, ensuring an efficient process for the amalgamation of new companies in the event of future acquisitions; support investor relations activities when preparing information to shareholders, investors and related parties; and perform other duties that from time to time might be assigned to him/her by the Executive and Financial Vice-President;
- (xiii)** It shall be incumbent upon the International Expansion Officer: to plan, organize and direct the activities for consolidation of new markets within the international sphere; promote and establish the business expansion strategy; define model, structure and product; conduct the implementation of new international units; make sure that all definitions, concepts and rules are established for TOTVS operation and demand that everything is available for such purpose; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;
- (xiv)** It shall be incumbent upon the Services Officer: to plan, establish and coordinate the strategic activities of the system implementation services area; define and implement TOTVS methodology in all software implementation projects; follow up on, manage, leverage and create indicators of the services area; maintain the vision of future; plan and comply with the global budget, taking into account people's training and development, as well as Company financial and operating results; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;
- (xv)** It shall be incumbent upon the Services and Relationship Management, Distribution and Solution Center Officer: to plan, establish and manage the activities of the services and relationship area using a methodology for remote, continuous and evolving service; conduct the process of introduction, offering, contracting, training and implementation of TOTVS products through the Internet with computers or mobile devices, digital TV or mobile telephony; follow up, virtually, on the whole traditional services and relationship process; remotely centralize client services control remotely with the purpose of supporting interpersonal relationship and providing remote services aiming at cost

reduction; ensure cost reduction for products and services advertising, increase marketing efficiency as well as brand exposure; systematize and standardize the services and relationship process; provide remote demonstrations of products and services with technical excellence; disseminate knowledge to clients and distribution channels; improve effectiveness and reduce costs for product implementation; reduce help desk cost and increase efficiency through services automation and scanning; establish the distribution channels' operation strategy and follow up on the results; ensure the quality of TOTVS' services and policies in the operation of channels; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;

- (xvi)** It shall be incumbent upon the Services and Relationship Officer – Large Accounts: to plan, organize and direct activities that involve the Company's relationship with its large clients; guarantee execution of activities; develop and implement the sales distribution short-, medium- and long-term strategies to said group; pursue strategic alliances to develop the operation; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;
- (xvii)** It shall be incumbent upon the four (4) Services and Relationship Officers – Commercial: to plan, establish and coordinate the sales area activities concerning current and future accounts of potential clients; coordinate and oversee the sales area with reference to generating business according to targets set by management; plan, organize and conduct the activities that involve Company's services and its relationship with its clients; propose the launch of new products and improvements, in accordance with market expectations; take part in the decisions related to product pricing and new launchings; propose marketing actions so as to leverage Company's businesses; direct the sales force to meet volume objectives for the organization's products, including long-term plans, objectives and strategies; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;
- (xviii)** It shall be incumbent upon the Services and Relationship Officer – Services: to plan, establish and coordinate the activities of the systems implementation services area; plan, establish and control the help desk activities; follow up on, manage, leverage and produce the indicators of services provided; establish and coordinate project management best practices, ensuring that the clients' technical questions are checked and answered, solving in this way the problems related to products and services; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;
- (xix)** It shall be incumbent upon the Project Management Officer: to plan, organize and direct project planning activities; establish and coordinate the implementation of project management best practices; raise funds, prepare progress reports and find solutions to problems; make sure that project results meet the technical quality, planning and cost requirements; assess and manage how changes in project planning may impact costs and deadlines; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;
- (xx)** It shall be incumbent upon the four (4) Development Officers: to plan, establish and manage activities of the product intelligence area; establish the strategy for updating software products under their management (changes or improvements to current systems); propose, follow up on and carry out development of new products; plan, establish and coordinate the implementation of best practices for development of management software and intelligence solutions; ensure the implementation of systems development projects as planned, considering agreed costs, deadlines and quality; research, create and adapt development processes based on the market best practices, keeping the software development

methodology; contribute with strategic decisions and for product evolution; and perform other duties that from time to time might be assigned to them by the Development Management Vice-President;

- (xxi) It shall be incumbent upon the five (5) TOTVS Unit Officers: to plan, organize and direct the activities that involve the Company's relationship with its clients in the unit under their responsibility; guarantee that the Company's sales and marketing activities and policies in the region are carried out; coordinate and oversee the sales, human resources, administrative and client support services areas in accordance with set targets; develop and implement short-, medium- and long-term regional strategies for sales distribution; make operational, implement and follow up on the process of service provision to local clients; guide the team's work so as to increase productivity and profitability; pursue strategic alliances for development of the operation; and perform other duties that from time to time might be assigned to them by the Services and Relationship Vice-President;
- (xxii) It shall be incumbent upon the nine (9) Business Officers: to plan, organize, establish and coordinate TOTVS' business activities under their responsibility, proposing strategies and ensuring that they be kept, always being concerned with the business costs and with achieving expected results; and perform other duties that from time to time might be assigned to them by the Market Strategy Vice-President;
- (xxiii) It shall be incumbent upon the Client Management Officer: to plan, organize and direct activities that involve the Company's relationship with its large clients; guarantee execution of activities; develop and implement the sales distribution short-, medium- and long-term strategies to said group; pursue strategic alliances to develop the operation; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;
- (xxiv) It shall be incumbent upon the Alliances and New Businesses Officer: to plan, establish and manage all Alliances and New Businesses activities; adjust the alliance and new business strategies according to market conditions and competition strategies; define the operation strategy for making feasible partnerships and/or important alliances for the Company; negotiate and manage the results to be achieved through the alliances and new businesses, as well as the amounts to be invested per project and/or business; propose and follow up on the development of the Company's new fronts of business and/or products in relation to the new business development operation; and perform other duties that from time to time might be assigned to him/her by the Market Strategy Vice-President."

(iii) By unanimous vote, with no qualification or restriction, the consolidation of the Company's Bylaws, as described in Exhibit I.

**7.- CLARIFICATIONS:** The drawing up of these minutes was authorized, in summary format, pursuant to Article 130, paragraph 1 of the Brazilian Corporation Law, as well as their publication without the signatures of the shareholders, pursuant to Article 130, paragraph 2 of the Brazilian Corporation Law and of Article 10, paragraph 6, of the Company's Bylaws. All matters in the agenda were approved by unanimous vote, with no restriction or qualification, and no abstention from voting has been recorded.

**8.- APPROVAL AND EXECUTION OF THE MINUTES:** There being no further business to discuss, the meeting was adjourned to draw up these minutes. Upon reopening the meeting, these minutes and respective exhibits were read and approved, and the minutes were signed by all attending members. Shareholders: ACTIVEPASSIVE EMERGING MARKETS EQUITY FUND; AIM DEVELOPING MARKETS FUND; AMERICAN AIRLINES, INC. MASTER FIXED BENEFIT TRUST; BARON INTERNATIONAL GROWTH FUND; BARON OPPORTUNITY FUND; BILL AND MELINDA GATES

FOUNDATION TRUST; BLACKROCK KOREA LATIN AMERICAN FUND-MASTER; CENTRAL STATES SOUTHEAST AND SOUTHWEST AREAS PENSION FUND; COUNSEL SELECT SMALL CAP; DRIEHAUS INTERNATIONAL SMALL CAP GROWTH FUND A SERIES OF DRIEHAUS MUTUAL FUNDS; EATON VANCE COLLECTIVE INVESTMENT TRUST FOR EMPLOYEE BENEFIT PLANS - EMERGING MARKETS EQUITY FUND; EATON VANCE STRUCTURED EMERGING MARKETS FUND; EMERGING MARKETS EQUITY TRUST 3; GOLDMAN SACHS AND CO PROFIT SHARING MASTER TRUST; HARRIS ASSOCIATES INVESTMENT TRUST; JPMORGAN FLEMING FUNDS LATIN AMERICA EQUITY FUND; JPMORGAN FUNDS; JPMORGAN LATIN AMERICA FUND; MFS EMERGING MARKETS EQUITY FUND; MFS MERIDIAN FUNDS - EMERGING MARKETS EQUITY FUND; MSCI EMERGING MARKETS SMALL CAP INDEX SECURITIES LENDING COMMON TRUST FUND; NATIXIS INTERNATIONAL FUNDS (LUX) I; NORTHWESTERN MUTUAL SERIES FUND, INC.-EMERGING MARKETS EQUITY PORTFÓLIO; NORGES BANK; PENSIONS KASSERNES ADMINISTRATIN A/S; PRINCIPAL EMERGING MARKETS EQUITY FUND; PRINCIPAL FUNDS, INC. - INTERNATIONAL EMERGING MARKETS FUND; PRINCIPAL VARIABLE CONTRACTS FUNDS, INC. - INTERNATIONAL EMERGING MARKETS ACCOUNT; PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO; RAILWAYS PENSION TRUSTEE COMPANY LIMITED; SPDR S&P EMERGING MARKETS SMALL CAP ETF; STATE OF CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM; STATE STREET EMERGING MARKETS; T. ROWE PRICE FUNDS SICAV; T. ROWE PRICE INTERNATIONAL FUNDS: T. ROWE PRICE LATIN AMERICA FUND; THE GMO ERISA POOL; THE GMO FOREIGN FUND SERIES; THE JPMORGAN GLOBAL EMERGING MARKETS FUND, LLC; THE MASTER TRUST BANK OF JAPAN, LTD. RE: MTBC 400035147; TREASURER OF THE STATE OF NORTH CAROLINA EQUITY INVESTMENT FUND POOLED TRUST; UNIVERSITY OF WASHINGTON; VANGUARD FTSE ALL-WORLD EX-US SMALL CAP INDEX FUND ASOVIEIF; VIRGINIA RETIREMENT SYSTEM; WELLINGTON TRUST COMPANY NA; WILLIAM BLAIR EMERGING MARKETS GROWTH FUND represented by **Paulo Roberto Bellentani Brandão**; ASCESE FUNDO DE INVESTIMENTO EM AÇÕES; DYBRA FUNDO DE INVESTIMENTO EM AÇÕES; DYC FUNDO DE INVESTIMENTO EM AÇÕES; DYNAMO BETON FUNDO DE INVESTIMENTO EM AÇÕES; DYNAMO BRASIL I LLC; DYNAMO BRASIL II LLC; DYNAMO BRASIL III LLC; DYNAMO BRASIL IV LLC; DYNAMO BRASIL IX LLC; DYNAMO BRASIL V LLC; DYNAMO BRASIL VI LLC; DYNAMO BRASIL VII LLC; DYNAMO BRASIL VIII LLC; DYNAMO COUGAR FUNDO DE INVESTIMENTO EM AÇÕES; FPRV DYN UIRAPURU FUNDO DE INVESTIMENTO EM AÇÕES PREVIDENCIÁRIO; RAUTA FUNDO DE INVESTIMENTO EM AÇÕES; SAMAMBAIA IV FUNDO DE INVESTIMENTO EM AÇÕES; TNAD FUNDO DE INVESTIMENTO EM AÇÕES represented by **Mario Joppert**; ERNESTO MARIO HABERKORN; LAÉRCIO JOSÉ DE LUCENA COSENTINO; JOSÉ ROGÉRIO LUIZ; LC-EH PARTICIPAÇÕES E EMPREENDIMENTOS S.A.; WILSON DE GODOY SOARES JUNIOR represented by **Vanessa Martins Loreto**; BRANSFIELD LLC; FUNDO DE INVESTIMENTO EM AÇÕES S IP SELEÇÃO; HATTERAS LLC; IP PART FUNDO DE INVESTIMENTO EM AÇÕES; IP VALUE HEDGE FIA; BANESPREV MAIS VALOR AÇÕES; IP PARTICIPAÇÕES INSTITUCIONAL MASTER FIA; SAMAMBAIA V - FUNDO DE INVESTIMENTO EM AÇÕES; SOUTHWOOD FIM CRÉDITO PRIVADO - INVESTIMENTO NO EXTERIOR represented by **Luis Augusto Motta Filho**; CARNEGIE LLC; FAMA CHALLENGER MASTER FIA; FAMA FUTUREWATCH MASTER FUNDO DE INVESTIMENTO DE AÇÕES; FAMA STRIKER MN MASTER FUNDO DE INVESTIMENTO MULTIMERCADO LONGO PRAZO; FEBE VALOR FUNDO DE



INVESTIMENTO EM AÇÕES; SAMAMBAIA VI FUNDO DE INVETIMENTO EM AÇÕES;  
VANDERBILT UNIVERSITY represented by **Vanessa Martins Loreto**; BNDES PARTICIPAÇÕES S.A. -  
BNDESPAR represented by **GUSTAVO ANTONIO DE AGUILLAR LIMA** and **KHALIL KADDISSI**.

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

São Paulo, August 26, 2009

**PRESIDING BOARD:**

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**KHALIL KADDISSI**  
Chairman

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**RODRIGO FIGUEIREDO NASCIMENTO**  
Secretary

**EXHIBIT I**  
**To the Extraordinary General Meeting held on August 26, 2009**

**BYLAWS OF TOVTS S.A.**

**(CONSOLIDATED)**

**CHAPTER I**  
**NAME, HEAD OFFICE, BUSINESS PURPOSE AND VALIDITY**

**Article 1** - TOVTS S.A. (“Company”) is a corporation ruled by these Bylaws and the applicable legislation.

**Article 2** - The Company has its head office and jurisdiction in the City of São Paulo, State of São Paulo, and the Board of Directors is responsible for establishing its exact location.

**Sole Paragraph** – The Company may open and close bureaus, branches, warehouses, offices and any other establishments in or out of the country as well as change their address upon resolution by the Board of Directors.

**Article 3** – The Company’s business purpose includes the provision of consultancy, advisory and development services of computer-based systems (software), exploration of use rights of own or third-party computer-based systems, provision of data processing and training services, and purchase and sale of computers and related accessories, peripherals and supplies, being authorized to import goods and services related to its main activity, concession of franchising, retail apparel, related products and its accessories, research and technology innovation activities, IT technical support including installation, set up and maintenance of computer programs and databanks, management consultancy services, data handling, hosting, portals, Internet provision and information services, outsourcing, in addition to holding interest in other companies as a partner, shareholder or quotaholder.

**Article 4** - The Company’s validity period is indeterminate.

**CHAPTER II**  
**CAPITAL STOCK**

**Article 5** - The Company’s subscribed and paid-in capital stock is three hundred and seventy-six million, four hundred and ninety-three thousand, one hundred thirty-nine reais and thirty-three centavos (R\$ 376,493,139.33), divided into thirty-one million, one hundred and fifty-two thousand and four hundred and two (31,152,402) registered, common, book-entry shares with no par value.

**Article 6** - The Company is authorized to increase its capital stock, up to the limit of five hundred and forty million reais (R\$540,000,000.00).

**Paragraph 1** – Within the limit authorized in this Article, the Company may, upon resolution of the Board of Directors, increase its capital stock, irrespective of any amendment to the Bylaws. The Board of Directors shall establish the issue conditions, including the price and payment period.

**Paragraph 2** - Within the limit of authorized capital, the Board of Directors may determine the issue of subscription bonus.

**Paragraph 3** - Within the limit of authorized capital and in accordance with the plans approved by the General Meeting, the Board of Directors may grant stock option or share subscription to its managers (“Managers”) and employees (“Employees”), as well as to the managers and employees of other companies directly or indirectly controlled by the Company, without granting preemptive rights to shareholders.

**Paragraph 4** - The Company is barred from issuing founders’ shares.

**Article 7** - The capital stock shall be solely represented by common shares and each common share be entitled to a vote with respect to the resolutions of the General Meeting.

**Article 8** - All Company’s shares are registered and held in a deposit account with a financial institution authorized by the Brazilian Securities Commission (“CVM”), on behalf of their holders, without certificates.

**Sole Paragraph** - Any transfer and registration costs, as well as any service costs related to the registered shares, may be charged directly from shareholders by the underwriting institution, as to be defined in the stock registration agreement.

**Article 9** - The Board of Directors may decide on the exclusion or reduction of preemptive rights for the purpose of issuing shares, debentures convertible into shares and subscription bonuses, whose placement takes place by sale in stock exchanges or public subscription, or through swap of shares in a public tender offer, as provided by law, within the limits of authorized capital.

### **CHAPTER III GENERAL MEETING**

**Article 10** - The General Meeting shall regularly meet once a year and, on an extraordinary basis, when called, pursuant to Law 6,404, of December 15, 1976 (“Brazilian Corporation Law”) or these Bylaws.

**Paragraph 1** - Any General Meeting’s resolutions shall be taken by the absolute majority of votes cast.

**Paragraph 2** - The General Meeting resolving on deregistration of the Company as a publicly-held company, except in the case of Article 49 (ii) of these Bylaws, or its delisting from the New Market (*Novo Mercado*) shall be called with at least thirty (30) days in advance.

**Paragraph 3** - Any resolution about any change to or exclusion of Article 44 of these Bylaws shall be taken by the absolute majority of votes, complying with the required minimum quorum of 30% of the voting capital for taking resolutions.

**Paragraph 4** - The General Meeting may only resolve on the agenda matters included in the respective call notice, subject to the exceptions set forth in the Brazilian Corporation Law.

**Paragraph 5** - At the General Meetings, the shareholders shall submit the following documentation, with at least forty eight (48) hours in advance, and in addition to the identity card and/or applicable corporate documents evidencing legal representation, as the case may be: **(i)** evidence issued by the underwriting institution, no longer than five (5) days before the date the General Meeting is to be held; **(ii)** the proxy with the grantor's notarized signature; and/or **(iii)** with respect to the shareholders taking part in the fungible custody of book-entry shares, the statement including the respective ownership interest issued by the applicable body.

**Paragraph 6** - The minutes of Meetings shall be: **(i)** drawn up in the General Meetings Minutes Book as a summary of the events occurred, including the summarized indication of the votes cast by the attending shareholders, the blank votes and abstentions; and **(ii)** published without signatures.

**Article 11** - The General Meeting shall be installed and presided over by the Board of Directors' Chairman or, in his absence or impediment, installed and presided over by another Board Member, Executive Officer or shareholder nominated in writing by the Board of Directors' Chairman. The General Meeting's Chairman shall nominate up to two (2) Secretaries.

**Article 12** - In addition to the duties provided for by law, the General Meeting shall be responsible for:

- (i) electing and dismissing any Board of Directors' members;
- (ii) establishing the overall annual compensation of the members of the Board of Directors and of the Board of Executive Officers, as well of the Fiscal Council, if convened;
- (ii) changing the Bylaws;
- (iv) resolving on the dissolution, winding-up, merger, spin-off, amalgamation of the Company or of any company controlled by the Company;
- (v) assigning share bonuses and deciding on possible splits or reverse splits of shares;
- (vi) approving plans for granting of stock options or share subscription to its Managers or Employees, as well to the managers and employees of other companies directly or indirectly controlled by the Company;
- (vii) resolving, in accordance with proposal submitted by management, on the appropriation of income for the year and dividend distribution;

- (viii) electing the liquidator, as well as the Fiscal Council which shall operate during the winding-up period;
- (ix) resolving on the delisting from the Novo Mercado (“New Market”) of the São Paulo Stock Exchange (“BOVESPA”);
- (x) resolving on the Company’s deregistration as a publicly-held company with the CVM, except for the provisions of Article 49 (ii) of these Bylaws;
- (xi) choosing a specialized company, out of the companies nominated by the Board of Directors, which shall be responsible for preparing an appraisal report on the Company’s shares in the event of its deregistration as a publicly-held company or delisting from the New Market, as set forth in Chapter VII of these Bylaws; and
- (xii) resolving on any matters submitted by the Board of Directors.

## **CHAPTER IV MANAGEMENT BODIES**

### **Section I - General Provisions Common to the Management Bodies**

**Paragraph 1** - The investiture in office shall be carried out through an instrument drawn up in the Company’s records, to be executed by the invested manager, waiving any management guarantee, and through the prior execution of the Management’s Instrument of Consent referred to by the New Market Listing Regulation.

**Paragraph 2** - The Managers shall remain in their positions up to the investiture of their deputies, except if resolved differently by the General Meeting of the Board of Directors, as the case may be.

**Article 14** - The General Meeting shall establish the overall annual compensation for distribution among Managers, and the Board of Directors shall be responsible for individually allocating such amounts, after considering the Compensation Committee report, pursuant to the provisions of Article 20 of these Bylaws.

**Article 15** - Save in accordance with the provisions of these Bylaws, any of the management bodies or technical committees shall legally meet with the attendance of the majority of its respective members, and resolutions shall be taken by absolute majority of votes of the attending members.

**Sole Paragraph** - For the meeting to be valid, the prior call for the meeting may only be waived if all members are present. Any management body members who state their vote by means of a proxy in favor of another member of the respective body, either by written vote in advance or written vote transmitted by fax, electronic mail or by any other means of communication shall be deemed as present.

### **Section II - Board of Directors**

**Article 16** - The Board of Directors shall be composed of at least five (5) and at the most nine (9) members, all of them shareholders, elected by the General Meeting, with a unified term of office of two (2) annual

years, and “annual year” shall be construed as the period between two (2) Annual General Meetings, with reelection allowed.

**Paragraph 1** - At least twenty percent (20%) of the Board of Directors’ members must be Independent Members, as defined in Paragraph 2 of this Article. In the event, as a result of the compliance with this percentage, the outcome is a fraction number of Board Members, there shall be a rounding to a full number, as follows: (i) immediately higher, when the fraction is equal to or higher than five tenths (0.5); or (ii) immediately lower, when the fraction is lower than five tenths (0.5).

**Paragraph 2** - An “Independent Member” is characterized as:

(i) not having any relationship with the Company, except for interest in the capital stock;

(ii) not being the Controlling Party (as defined in Article 41, Paragraph 1 of these Bylaws), spouse or relative up to second degree of consanguinity of the controlling party, not being or not having been, for the last three (3) years, related to a company or entity related to the Controlling Party (except for any persons related to public education and/or research institutions);

(iii) not being, in the last three (3) years, an employee or executive officer of the Company, the Controlling Party or company controlled by the Company;

(iv) not being a direct or indirect supplier or purchaser of services and/or products of the Company, in such a volume that it may imply loss of independence;

(v) not being an employee or manager of a company or entity that is offering or demanding services and/or products to/from the Company;

(vi) not being the spouse or relative up to second degree of consanguinity of any manager of the Company;

(vii) not receiving other compensation from the Company in addition to the one he/she receives as a Board Member (amounts in cash arising from interest on capital are excluded from this restriction). Any person elected at a separate election, by shareholders representing fifteen percent (15%) or more of the capital stock, is considered an Independent Member. The qualification as an Independent Member shall be expressly stated in the minutes of the General Meeting in which he/she is elected.

**Paragraph 3** - At the Annual General Meeting the purpose of which is to resolve on the election of the Board of Directors, having in mind the expiration of the Board’s term of office , the shareholders shall determine the effective number of members of the Board of Directors for the next term.

**Paragraph 4** - The Board of Directors’ members shall have flawless reputation, and may not be elected, except for General Meeting waive, any individual who (i) holds positions in companies which may be deemed as Company’s competitors; or (ii) has or represents any interests conflicting with the Company. Members of the Board of Directors shall not exercise their voting right in case the aforementioned impediment factors occur.

**Paragraph 5** - The Board of Directors' members may not have access to any information or take part in any Board of Directors' meetings related to matters they have or represent any interests which conflict with those of the Company.

**Paragraph 6** - For better performance of its duties, the Board of Directors may set up, in addition to the Compensation Committee, any committees or workgroups with defined purposes, always seeking to advise the Board of Directors, and these committees shall be composed of individuals nominated among management and/or other persons directly or indirectly related to the Company.

**Paragraph 7** - In the event any shareholder is willing to nominate one or more representatives to comprise the Board of Directors who are not members in its most recent composition, such shareholder shall notify the Company in writing five (5) days prior to the General Meeting which will elect the Board Members, by reporting the name, qualification and the complete professional résumé of such candidates.

**Article 17** - The Board of Directors shall have one (1) Chairman and one (1) Vice-Chairman, who shall be elected by absolute majority of votes of the attendees, at the first Board of Directors' meeting held immediately after the investiture of such members, or in case of a resignation or vacancy in these positions. The Vice-Chairman shall exercise the Chairman's duties in his temporary absences and impediments, irrespective of any formality. In the event of any temporary absence or impediment of the Chairman and the Vice-Chairman, the Chairman's duties shall be exercised by another Board of Directors' member nominated by the Chairman.

**Paragraph 1** - The Board of Directors' Chairman shall call and chair the Board meetings and the General Meetings, except for, with respect to the General Meetings, the cases in which another Board Member, Executive Officer or shareholder is appointed by the Chairman in writing to preside over the meeting.

**Paragraph 2** - In the Board of Directors' resolutions, the Chairman shall be entitled to the casting vote in case of a draw.

**Article 18** - The Board of Directors shall regularly meet four (4) times per year, and on an extraordinary basis, whenever called by the Chairman or by the majority of its members. The Board meetings may be held via conference call, videoconference or by any other means of communication that allows for the identification of the member and the simultaneous communication with all other persons attending the meeting.

**Paragraph 1** – Calls for the meetings shall be made by means of a written notice to be delivered to each Board Member at least five (5) days in advance, including the agenda, place, date and time of the meeting.

**Paragraph 2** - All Board of Directors' resolutions shall be stated in the minutes drawn up in the respective Minutes Book of the Board of Directors' Meetings and executed by the attending Board Members.

**Article 19** - In addition to other duties assigned to it by law or these Bylaws, the Board of Directors shall be responsible for:

- (i) establishing the overall guidance for the Company's business;
- (ii) electing and dismissing the Company's executive officers;
- (iii) assigning to each Executive Officer his/her respective role and duties, including appointing the Investor Relations Officer, pursuant to the provisions of these Bylaws;
- (iv) resolving on the call of the General Meeting, when deemed applicable, or pursuant to Article 132 of the Brazilian Corporation Law;
- (v) inspecting the Executive Officers' management, by reviewing, at any time, the Company's books and papers and requesting information on any agreements entered into or to be entered into and any other acts;
- (vi) choosing and dismissing the Company's independent auditors;
- (vii) calling the independent auditors to provide any clarifications deemed necessary on any matter;
- (viii) examining the Management Report and the accounts of the Board of Executive Officers and resolving on their submission to the General Meeting;
- (ix) approving the annual and multiannual budgets of the Company, its controlled and affiliated companies, the strategic plans, the expansion projects and investment programs of the Company, as well as following its performance;
- (x) resolving on the opening and closing of bureaus, branches, warehouses, offices and any other establishments of the Company in or out of the country as well as on changing their address;
- (xi) submitting to the General Meeting a proposal for amendment to the Bylaws;
- (xii) submitting to the General Meeting a proposal for dissolution, merger, spin-off and amalgamation of the Company as well as for merger of other companies into the Company.
- (xiii) stating its position in advance on any issue to be submitted to the General Meeting;
- (xiv) authorizing the issue of Company's shares, within the limits authorized in Article 6 of these Bylaws, by establishing the conditions of issue, including price and payment period, and also excluding the preemptive right or reducing its exercise for issues of shares, subscription bonuses and convertible debentures, the placement of which takes place by sale in stock exchanges or public subscription, or through swap of shares in a public tender offer, pursuant to the law;
- (xv) resolving on the Company's purchase of its own shares to be held in treasury and/or for later cancellation or sale;



- (xvi) resolving on the issue of subscription bonuses, as set forth in Paragraph 2 of Article 6 of these Bylaws;
- (xvii) granting of stock options or share subscription to its Managers and Employees, as well as to the managers and employees of other companies directly or indirectly controlled by the Company, without preemptive rights for any shareholders pursuant to the plans approved at General Meetings, after taking into account the Compensation Committee Report;
- (xviii) determining the amount of profit sharing for the Company's Executive Officers and Employees, after considering the Compensation Committee Report, having the power to decide for the non-allocation of any profit sharing amount;
- (xix) submitting to the Annual General Meeting a proposal for allocation of the fiscal year's net income;
- (xx) distributing among the Executive officers, individually, the portion of the overall annual compensation of the Managers established by the General Meeting, after considering the Compensation Committee Report;
- (xxi) authorizing, after considering the Compensation Committee Report, the execution, amendment or termination of any agreement between the Company and any Executive Officer that contemplates the payment of amounts, including payment of indemnity sums, due to (i) voluntary or involuntary termination of employment of the Executive Officer; (ii) change of Control; or (iii) of any other similar event;
- (xxii) authorizing, after considering the Compensation Committee Report, the execution, amendment or termination of agreements of any nature (except for employment contracts), including loan agreements, with any Managers and/or shareholders of the Company, third parties related to them, including companies directly or indirectly controlled by said managers and/or shareholders, or by any third parties related to them;
- (xxiii) authorizing, after considering the Compensation Committee Report, the execution, amendment or termination of agreements of any nature, including loan agreements, with any consultants or Employees a (except for employment contracts), third parties related to them, including companies directly or indirectly controlled by said Employees, or by any third parties related to them;
- (xxiv) resolving on the issue of simple debentures, not convertible into shares and without collateral;
- (xxv) resolving, as delegated by the General Meeting, when debentures are issued by the Company, on the period and conditions for maturity, amortization or redemption, on the period and conditions for payment of interest, profit sharing and repayment premiums, if any, and on the subscription and placement methods, as well as the types of debentures;
- (xxvi) preparing the Company's internal policy for disclosure of information to the market;
- (xxvii) approving the Company's vote on any corporate resolution concerning the Company's controlled or affiliated companies;
- (xxviii) approving the shareholding and the sale of shareholding of the Company in other companies;

(xxix) authorizing the acquisition, by any means, of assets from other companies, including from controlled or affiliated companies;

(xxx) requesting information on the agreements executed or about to be executed, and on any other acts related to the Company;

(xxxi) defining a list with three names of companies specialized in company valuation, for preparation of an appraisal report of the Company's shares, in case of deregistration as a publicly-held company or delisting from the New Market, as set forth in Article 50 of these Bylaws;

(xxxii) approving the hiring of an institution to provide share bookkeeping services;

(xxxiii) deciding, subject to the rules of these Bylaws and the legislation in force, the order of its works and adopting or establishing statutory rules for its operation;

(xxxiv) deciding on the payment or credit of interest on equity to shareholders, according to applicable laws;

(xxxv) establishing the powers of the Board of Executive Officers for issuing any credit instruments for the purpose of raising funds, as "bonds", "notes", "commercial papers", or other instruments commonly used in the market, as well as resolving on their issue and redemption conditions, having the power, when the Board so decides, to request the prior authorization of the Board of Directors as a condition for validation of the act;

(xxxvi) authorizing the acquisition, sale or encumbrance of the Company's real estate;

(xxxvii) approving the sale of movable property of the permanent assets in an amount higher than five percent (5%) of the subscribed capital stock amount;

(xxxviii) approving the creation of in rem guarantees and the grant of sureties or aval guarantees, save when as guarantee for acquisition of the asset itself;

(xxxix) approving investments in expansion and improvement projects in an amount higher than five percent (5%) of the subscribed capital stock amount;

(xl) contracting short- or long-term debts in an amount higher than five percent (5%) of the subscribed capital stock amount;

(xli) resolving on the assignment or transfer to a third party, by any means, of intellectual or industrial rights of the Company and/or of a company directly or indirectly controlled by it or its affiliated companies, except for a remunerated licensing made by the Company in the ordinary course of business;

(xlii) authorizing the granting of loans in favor of any third party;

(xlili) authorizing the drawing up of the financial statements and the distribution of dividends or interest on equity in equal periods or periods shorter than six (6) months, to the earned income account in these financial statements or to the account of retained earnings or of profit reserves of the last annual or biannual balance sheet, as provided for in these Bylaws and in the applicable laws;

(xliv) resolving on any matter submitted to it by the Board of Executive Officers.

**Sole Paragraph** – The Company shall not grant loans or guarantees to its Board of Directors’ members or Executive Officers, except proportionally to the extent that these loans or guarantees are available to the Employees or clients of the Company.

**Article 20** – The Board of Directors shall elect one (1) external member and one (1) Board member, among its members, who shall comprise the Compensation Committee together with the Chief Executive Officer (CEO) and the Human Relations Officer, with a term of office of two (2) annual years, which shall meet whenever necessary. The Compensation Committee shall exercise consulting functions in accordance with its bylaws and shall assist the Board of Directors to establish the terms of the compensation and other benefits and payments to be received on any account from the Company by Executive Officers and Board Members. The following is incumbent upon the Compensation Committee:

(i) submitting to the Board of Directors a proposal for distribution of the overall annual compensation to the Executive Officers and Board Members, based on the software market standards and following up on the payment of compensation and, if the compensation is not in line with the software market standards, informing said fact to the Board of Directors;

(ii) expressing an opinion on the grant of stock options or share subscriptions to the Company’s Managers and Employees;

(iii) expressing an opinion on the profit sharing of the Company’s Executive Officers and Employees;

(iv) expressing an opinion on the execution, amendment or termination of any agreement between the Company and any Executive Officer that contemplates the payment of amounts, including payment of indemnity sums, due to the voluntary or involuntary termination of employment of the Executive Officer, a change of Control, or any other similar event;

(v) expressing an opinion on the execution, amendment or termination of agreements of any nature (except for employment contracts), including loan agreements, with any Managers and/or shareholders of the Company, third parties related to them, including companies directly or indirectly controlled by said managers and/or shareholders, or by any third parties related to them;

(vi) expressing an opinion on the execution, amendment or termination of agreements of any nature, including loan agreements, with any consultants or Employees a (except for employment contracts), third parties related to them, including companies directly or indirectly controlled by said Employees, or by any third parties related to them.

### **Section III- Board of Executive Officers**

**Article 21** – The Board of Executive Officers, whose members shall be elected and removable from office at any time by the Board of Directors, shall comprise at least five (5) and at the most forty-two (42) Executive Officers, designated as follows: (i) Chief Executive Officer (CEO); (ii) Market Strategy Vice-President; (iii) Executive and Financial Vice-President; (iv) Development Management Vice-President; (v) Innovation and Technology Vice-President; (vi) Services and Relationship Vice-President; (vii) Investor Relations Officer; (viii) Marketing Officer; (ix) Chief Financial and Shared Services Officer; (x) Human Relations Officer; (xi) Legal Officer; (xii) Planning Officer; (xiii) International Expansion Officer; (xiv) Services Officer; (xv) Services and Relationship Management, Distribution and Solution Center Officer; (xvi) Services and Relationship Officer – Large Accounts; (xvii) four (4) Services and Relationship Officers – Commercial; (xviii) Services and Relationship Officer – – Services; (xix) Project Management Officer; **(xx)** four (4) Development Officers; (xxi) five (5) TOTVS Unit Officers; **(xxii)** nine (9) Business Officers; (xxiii) Client Management Officer; (xxiv) Alliances and New Businesses Officer. The Executive Officers may accumulate roles and shall have a unified term of office of two (2) annual years, and an “annual year” shall be construed as the period within two (2) Annual General Meetings, with reelection allowed. The Board of Directors shall appoint one of the Executive Officers of the Company for the position of Investor Relations Officer.

**Article 22** - The Board of Executive Officers shall be elected within up to five (5) business days after the Annual General Meeting, and the investiture of the elected members may coincide with the end of the term of office of their predecessors.

**Article 23** - In the event of occasional absences or impediments of the CEO, he/she shall be replaced by another Executive Officer chosen by him. Should the CEO position become vacant, his interim substitute shall be chosen among the other Executive Officers, by resolution of the Executive Officers themselves, and shall assume the office of the CEO until the first subsequent meeting of the Board of Directors. Said meeting shall be promptly called by the Board of Directors’ Chairman and shall appoint the CEO’s substitute to remain in office until the end of term of the replaced CEO.

**Sole Paragraph** – The other Executive Officers shall be replaced, in the event of temporary absence or impediment, by another Executive Officer, chosen by the CEO. Should an Officer position become vacant, his interim substitute shall be chosen by the CEO and he/she shall assume said office until the first subsequent meeting of the Board of Directors, which will appoint a substitute to remain in office until the end of term of the replaced officer.

**Article 24** – The Executive Officers shall have the following duties and powers, in addition to those provided for by law:

**(xxv)** It shall be incumbent upon the Chief Executive Officer (CEO): to implement and cause implementation of the resolutions of the Management’s General Meetings; coordinate the activities of the other executive officers, observing the specific duties set forth in these Bylaws; oversee all of the Company’s operations, following up on their progress; call and preside over the Board of Executive Officers’ meetings; personally represent, or through an attorney-in-fact appointed by him/her, the Company in

- the meetings or other corporate acts of the companies he/she takes part in; make the connection with the Board of Directors, proposing, without exclusivity of initiative, the assignment of duties of each executive officer at the time of their election; appoint the substitutes of other executive officers in case of their temporary absence or impediment; appoint an interim substitute if there is a vacant position; and perform other duties that from time to time might be assigned to him/her by the Board of Directors;
- (xxvi)** It shall be incumbent upon the Market Strategy Vice-President: to plan, establish and manage the Company's strategic business activities; develop communication and marketing aimed at the business; promote expansion strategies and new businesses seeking to increase market positioning; set up business planning and follow up, as well as develop Company policies and models for business, services and relationships; and perform other duties that from time to time might be assigned to him/her by the Board of Directors;
- (xxvii)** It shall be incumbent upon the Executive and Financial Vice-President: to represent the Company before inspection agencies and other institutions operating in the capital markets; monitor the compliance with any obligations set forth in the Bylaws by the shareholders and submit to the General Meeting and the Board of Directors, upon request, his/her conclusions, reports and diligence; coordinate and direct the assigned activities of the following areas: financial and shared services, strategic planning and processes, investor relations, mergers and acquisitions, and legal office. He/she is responsible for establishing a connection with the Audit Committee for the purposes of quality control of the organization's processes through internal and external audits. He/she also shall coordinate and oversee the performance and results of the controllership and financial areas according to set targets; be responsible for the optimization and management of the Company's financial-economic information; supervise the Company's budget in accordance with the established plans and programs; manage financial resources and managerial information; analyze accounting records of the transactions that the Company is a party to; promote studies and propose alternatives for economic-financial balance; coordinate and prepare the Company's financial statements and the management annual report; present and submit to the Board of Directors the financial statements and any and all matters that need his/her consideration and resolution; and perform other duties that from time to time might be assigned to him/her by the Board of Directors;
- (xxviii)** It shall be incumbent upon the Development Management Vice-President: to plan, establish and coordinate system development activities; advise the Board of Directors in any strategic decisions involving technological issues; make suggestions for improving the development of Company products, as well as to encourage the product and services development strategy; propose and follow up on new products of the Company; plan, direct and coordinate the operations of the Company's production units concerning management of resources, software plant and client technical support (continued service and relationship); follow up on, manage and analyze indicators of rendered services; ensure that each brand's interdependence is obtained with the highest possible level of technological synergy; and perform other duties that from time to time might be assigned to him/her by the Board of Directors;
- (xxix)** It shall be incumbent upon the Innovation and Technology Vice-President: to plan, establish and manage the operating strategy for procedures concerning research and development, innovation and improvement of technologies used by the brands, so as to ensure competitiveness of the new products and solutions; propose, follow up on and implement the development of new products in accordance with established deadlines and quality; be up-to-date with regard to the research and technological advances in order to plan, establish and coordinate the implementation of the best practices for technological and development research of basic software and application infrastructure; manage

budgets to ensure short- and long-term research and development; establish procedures for ensuring the development of new products and research for innovation and improvement of existing products, in accordance with set standards; make sure that technological development projects are implemented as planned, observing agreed costs, deadlines and quality; research, create and recommend the acquisition of product development tools, such as technology; plan, establish and coordinate the Company's process mapping activities, ensuring the improvement of these activities, so as to leverage Company's productivity and profitability; and perform other duties that from time to time might be assigned to him/her by the Board of Directors;

**(xxx)** It shall be incumbent upon the Services and Relationship Vice-President: to plan, organize and direct activities involving the trading relationship of the Company's distribution network; establish and define the Company's sales guidelines and policies; promote client management; coordinate and oversee the sales and client support services areas, in accordance with set targets; manage resources for marketing and guaranteeing the sale and delivery of products and services; arrange market and competition survey; develop and implement sales distribution strategy; set product prices; recommend launching of new products; make operational, implement and follow up on the process of services rendered to the Company's clients; pursue strategic alliances for development of the operations; and perform other duties that from time to time might be assigned to him/her by the Board of Directors;

**(xxxi)** It shall be incumbent upon the Investor Relations Officer: to plan, organize and direct investor relations activities; maintain and improve the relationship and communication between the organization and the investing public, shareholders and professionals of the financial area; plan Company communication with capital markets, domestically and/or abroad, by preparing information of several internal areas such as accounting, planning, communication, marketing and finance, which will be destined to shareholders, investors and related parties, being mainly available to investors for providing information and clarifying matters related to financial and market operations, thus ensuring that the Company is competent when disclosing information on its businesses to said public; also assist in the conduction of projects, reports, balance sheets, among others; and perform other duties that from time to time might be assigned to him/her by the Board of Directors and by the Executive and Financial Vice-President;

**(xxxii)** It shall be incumbent upon the Marketing Officer: to plan, establish and manage all Marketing activities (market analysis and advertising), as well as develop short- and long-term policies and programs; establish the corporate image standard in order to improve Company visibility and competitive position in the search for business opportunities; conduct, coordinate and evaluate marketing budget plans on the short, medium and long terms; ensure that each disclosure and communication plan is exclusive to each business, observing the scope of operation, market and budget appropriation; adjust marketing strategies according to the market conditions and strategies of the competition; manage, coordinate and assess the Company's websites; establish strategies for operation and positioning of each brand of the Company related to its products and segments, being responsible for generating opportunities as well as its indicators (sales strategy); propose and follow up on the development of new business fronts and/or the Company's products with reference to Marketing; and perform other duties that from time to time might be assigned to him/her by the Market Strategy Vice-President;

**(xxxiii)** It shall be incumbent upon the Chief Financial and Shared Services Officer: to establish and manage the Company's financial strategy in the short, medium and long terms; plan, organize, integrate, direct and control the accounting, financial planning, fiscal, controllership, cost control and treasury areas

according to set targets; establish the standard economic and financial rules and procedures for the Company, providing the information necessary for management; manage the operations related to the Company's funds and assets, investing financial resources, the operating and non-operating revenue; direct and review all financial reports; manage expenses, receipts and cash flows of the areas; control compliance with financial commitments concerning the legal, administrative, budget, fiscal and contractual requirements of the operations, interacting with the involved parties; coordinate the implementation of financial and managerial information systems; prepare the accounting records of the Company's transactions; promote studies and propose alternatives for the Company's economic-financial balance; be responsible for building maintenance and physical structure of the Company; and perform other duties that from time to time might be assigned to him/her by the Executive and Financial Vice-President;

- (xxxiv)** It shall be incumbent upon the Human Relations Officer: to plan, establish and manage the Company's Human Relations activities; establish policies and programs for managing all human resources of the Company, strongly acting to support the organization's business; develop and implement programs of the several human resources subsystems concerning high performance management and recognition (responsible for the management processes of performance, feedback, career and recognition), compensation and benefits (responsible for defining and managing the policies and procedures for administering salaries and benefits), organizational environment and balance (responsible for monitoring internal communication related to human resources issues as well as to life balance and organizational environment initiatives), talent attraction and turnover (responsible for the processes of talent attraction, recruiting, selection, internal turnover and dismissal), training and coaching (responsible for the model, diagnosis, design, implementation and control of solutions for the group's training and integration of new participants) and human resources services and relationship (responsible for providing to the units on-site services related to the various human resources topics mentioned above); and perform other duties that from time to time might be assigned to him/her by the CEO;
- (xxxv)** It shall be incumbent upon the Legal Officer: to represent the Company before legal and administrative bodies; act to protect and defend Company's assets and rights; identify legal risks and devise preventive measures seeking the Company's defense; offer support to promote compliance with corporate governance rules; coordinate Company's operation in all legal aspects in a preventive manner and in the litigation sphere, as well as to follow up on and inspect the operation of external legal offices; coordinate and oversee the performance and results of the Company's legal area; optimize and manage Company's legal information and documents; and perform other duties that from time to time might be assigned to him/her by the Executive and Financial Vice-President;
- (xxxvi)** It shall be incumbent upon the Planning Officer: to establish and coordinate the budget process structuring, so as to support the increase of TOTVS' efficiency; oversee the budget of companies of the Group according to set plans and programs; coordinate the organization's growth program through merger and acquisition activities, ensuring an efficient process for the amalgamation of new companies in the event of future acquisitions; support investor relations activities when preparing information to shareholders, investors and related parties; and perform other duties that from time to time might be assigned to him/her by the Executive and Financial Vice-President;
- (xxxvii)** It shall be incumbent upon the International Expansion Officer: to plan, organize and direct the activities for consolidation of new markets within the international sphere; promote and establish the business expansion strategy; define model, structure and product; conduct the implementation of

new international units; make sure that all definitions, concepts and rules are established for TOTVS operation and demand that everything is available for such purpose; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;

- (xxxviii)** It shall be incumbent upon the Services Officer: to plan, establish and coordinate the strategic activities of the system implementation services area; define and implement TOTVS methodology in all software implementation projects; follow up on, manage, leverage and create indicators of the services area; maintain the vision of future; plan and comply with the global budget, taking into account people's training and development, as well as Company financial and operating results; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;
- (xxxix)** It shall be incumbent upon the Services and Relationship Management, Distribution and Solution Center Officer: to plan, establish and manage the activities of the services and relationship area using a methodology for remote, continuous and evolving service; conduct the process of introduction, offering, contracting, training and implementation of TOTVS products through the Internet with computers or mobile devices, digital TV or mobile telephony; follow up, virtually, on the whole traditional services and relationship process; remotely centralize client services control remotely with the purpose of supporting interpersonal relationship and providing remote services aiming at cost reduction; ensure cost reduction for products and services advertising, increase marketing efficiency as well as brand exposure; systematize and standardize the services and relationship process; provide remote demonstrations of products and services with technical excellence; disseminate knowledge to clients and distribution channels; improve effectiveness and reduce costs for product implementation; reduce help desk cost and increase efficiency through services automation and scanning; establish the distribution channels' operation strategy and follow up on the results; ensure the quality of TOTVS' services and policies in the operation of channels; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;
- (xl)** It shall be incumbent upon the Services and Relationship Officer – Large Accounts: to plan, organize and direct activities that involve the Company's relationship with its large clients; guarantee execution of activities; develop and implement the sales distribution short-, medium- and long-term strategies to said group; pursue strategic alliances to develop the operation; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;
- (xli)** It shall be incumbent upon the four (4) Services and Relationship Officers – Commercial: to plan, establish and coordinate the sales area activities concerning current and future accounts of potential clients; coordinate and oversee the sales area with reference to generating business according to targets set by management; plan, organize and conduct the activities that involve Company's services and its relationship with its clients; propose the launch of new products and improvements, in accordance with market expectations; take part in the decisions related to product pricing and new launchings; propose marketing actions so as to leverage Company's businesses; direct the sales force to meet volume objectives for the organization's products, including long-term plans, objectives and strategies; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;
- (xlii)** It shall be incumbent upon the Services and Relationship Officer – Services: to plan, establish and coordinate the activities of the systems implementation services area; plan, establish and control the help desk activities; follow up on, manage, leverage and produce the indicators of services provided; establish and coordinate project management best practices, ensuring that the clients' technical



questions are checked and answered, solving in this way the problems related to products and services; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;

- (xliii)** It shall be incumbent upon the Project Management Officer: to plan, organize and direct project planning activities; establish and coordinate the implementation of project management best practices; raise funds, prepare progress reports and find solutions to problems; make sure that project results meet the technical quality, planning and cost requirements; assess and manage how changes in project planning may impact costs and deadlines; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;
- (xliv)** It shall be incumbent upon the four (4) Development Officers: to plan, establish and manage activities of the product intelligence area; establish the strategy for updating software products under their management (changes or improvements to current systems); propose, follow up on and carry out development of new products; plan, establish and coordinate the implementation of best practices for development of management software and intelligence solutions; ensure the implementation of systems development projects as planned, considering agreed costs, deadlines and quality; research, create and adapt development processes based on the market best practices, keeping the software development methodology; contribute with strategic decisions and for product evolution; and perform other duties that from time to time might be assigned to them by the Development Management Vice-President;
- (xlv)** It shall be incumbent upon the five (5) TOTVS Unit Officers: to plan, organize and direct the activities that involve the Company's relationship with its clients in the unit under their responsibility; guarantee that the Company's sales and marketing activities and policies in the region are carried out; coordinate and oversee the sales, human resources, administrative and client support services areas in accordance with set targets; develop and implement short-, medium- and long-term regional strategies for sales distribution; make operational, implement and follow up on the process of service provision to local clients; guide the team's work so as to increase productivity and profitability; pursue strategic alliances for development of the operation; and perform other duties that from time to time might be assigned to them by the Services and Relationship Vice-President;
- (xlvi)** It shall be incumbent upon the nine (9) Business Officers: to plan, organize, establish and coordinate TOTVS' business activities under their responsibility, proposing strategies and ensuring that they be kept, always being concerned with the business costs and with achieving expected results; and perform other duties that from time to time might be assigned to them by the Market Strategy Vice-President;
- (xlvii)** It shall be incumbent upon the Client Management Officer: to plan, organize and direct activities that involve the Company's relationship with its large clients; guarantee execution of activities; develop and implement the sales distribution short-, medium- and long-term strategies to said group; pursue strategic alliances to develop the operation; and perform other duties that from time to time might be assigned to him/her by the Services and Relationship Vice-President;
- (xlviii)** It shall be incumbent upon the Alliances and New Businesses Officer: to plan, establish and manage all Alliances and New Businesses activities; adjust the alliance and new business strategies according to market conditions and competition strategies; define the operation strategy for making feasible partnerships and/or important alliances for the Company; negotiate and manage the results to be achieved through the alliances and new businesses, as well as the amounts to be invested per project and/or business; propose and follow up on the development of the Company's new fronts of business and/or products in relation to the new business development operation; and perform other duties that from time to time might be assigned to him/her by the Market Strategy Vice-President.

**Article 25** - The Board of Executive Officer holds all the powers to carry out the acts required for the Company's normal operation and for fulfilling its business purpose, however special they may be, including waiver of rights, negotiation and agreement, subject to any applicable legal or statutory provisions. It shall be responsible for managing the Company's business, particularly:

(i) complying with and causing the compliance with these Bylaws and the resolutions of the Board of Directors and the Annual Meeting;

(ii) annually submitting, to the appreciation of the Board of Directors, the Management Report and the accounts of the Board of Executive Officers, supported by the independent auditors' report, as well as the proposal for allocation of income determined in the prior year;

(iii) proposing to the Board of Directors the annual and multiannual budgets of the Company, its controlled and affiliated companies, as well as the Company's strategic plans, expansion projects and investment projects; and

(iv) deciding on any matter that is not of exclusive responsibility of the General Meeting or the Board of Directors.

**Article 26** – The Board of Executive Officers effectively meets with the attendance of at least five (5) Executive Officers and by resolution of the majority vote of the attendees and, in the event of an voting tie, the casting vote shall be exercised by the Chief Executive Officer.

**Article 27** – The Board of Executive Officers shall meet whenever summoned by the Chief Executive Officer or by the majority of its members. The Board of Executive Officers' meetings may be held by conference call, video conference, or by any other means of communication that allows for the identification of the member and the simultaneous communication of all other persons attending the meeting.

**Article 28** – The calls for the meetings shall be made upon a written notice to be delivered to each Executive Officer at least three (3) days in advance, and the calls shall include the meeting's agenda, place, date and time.

**Article 29** – All of the Board of Executive Officers' resolutions shall be drawn up in the respective the Board of Executive Officers' minutes book and signed by all attending Executive Officers.

**Article 30** – The Company shall always be represented by the signature: **(i)** of the Chief Executive Officer (CEO) and of one (1) Vice-President; or **(ii)** of two (2) Vice-Presidents, one (1) of whom shall necessarily be the Executive and Financial Vice-President or the Development Management Vice-President; or **(iii)** of the CEO or the Executive and Financial Vice-President or the Development Management Vice-President and one (1) attorney-in-fact, empowered pursuant to the provisions of items (i) and (ii) of this Article, through a power of attorney with specific powers and a determinate period; or **(iv)** solely for the events contemplated by paragraphs 1 and 2 of this Article, by the individual signature of one (1) attorney-in-fact, empowered according to the provisions of items (i) and (ii) of this Article, or of one (1) Executive Officer.

**Paragraph 1** - The Company's representation in agreements, additions and terminations with business' agents, partners and associated companies, agreements with service and relationship managers, specific skill agreements, products intelligence development agreements (DIP), solutions and services development agreements (DSS), independent seal agreements, services agreement, as well as the execution of use rights assignment agreements, technological upgrade and evolution maintenance agreements, services and relationship maintenance agreements, customized services agreement and the respective commercial proposals.

**Paragraph 2** - The Company's representation for signing employee cards, any vacation-related documents, employee severance indemnity fund, unemployment insurance, the Annual Listing of Information and Salaries (RAIS), social security (INSS) documents related to the employee's absence period, documents related to the Federal Savings Bank (Caixa Econômica Federal), employees' representations, employees' agreements, probationary period agreements and any termination of employment.

**Paragraph 3** - The Company's representation as plaintiff or defendant in court shall be carried out by the CEO or any Vice-President or any Executive Officer, individually or through a letter of appointment of agent.

## **CHAPTER V FISCAL COUNCIL**

Article 31 - The Fiscal Council shall operate on a non-permanent basis, with the powers and duties assigned by law and shall only be convened upon General Meeting resolution, or at shareholders' request, in the cases provided for by law.

**Article 32** – When instated, the Fiscal Council shall be composed of three (3) sitting members and an equal number of deputies, shareholders or not, elected and removable from office at any time by the General Meeting.

**Paragraph 1** - The Fiscal Council members shall have the unified term of office of one (1) year, with reelection allowed.

**Paragraph 2** - The Fiscal Council members, at its first meeting, shall elect its Chairman.

**Paragraph 3** - Members shall be invested in office by means of a transcript drawn upon in the Company's records, executed by the invested member, and by the previous execution of the Fiscal Council Members' Instrument of Consent referred to in the New Market Listing Regulation.

**Paragraph 4** - The Fiscal Council members shall be replaced, upon any absences and impediments, by their respective deputies.

**Paragraph 5** - In the event a Fiscal Council member position is vacant, the respective deputy shall take office; in case there is no deputy, the General Meeting shall be called to arrange for the election of a new member for the vacant position.

**Paragraph 6** – Any person who has a relationship with any company deemed to be a competitor of the Company (“Competitor”) may not be elected for the position of member of the Company's Fiscal Council, and it is prohibited the election of any person who, among other things, is: **(i)** an employee, shareholder or

member of a management, technical or fiscal body of the Competitor or of the Competitor's Controlling Party or Controlled Companies (as set forth in Article 41, Paragraph 1 of these Bylaws); **(ii)** a spouse or relative up to second degree of consanguinity of a member of a management, technical or fiscal body of the Competitor, or of the Competitor's Controlling Party or Controlled Companies.

**Paragraph 7** – Should any shareholder wish to nominate one or more representatives to comprise the Fiscal Council who have not been members of said Council after the period subsequent to the last Annual General Meeting, said shareholder shall notify the Company in writing five (5) days prior to the General Meeting that will elect the Board Members, providing the name, qualification and full professional curriculum of the nominees.

**Article 33** - When convened, the Fiscal Council shall meet whenever required, as provided for by law, and analyze, at least on a quarterly basis, the Company's financial statements.

**Paragraph 1** - Irrespective of any formalities, any meeting attended by all Fiscal Council members shall be deemed as regularly called.

**Paragraph 2** - The Fiscal Council states its position by absolute majority of votes, with the attendance of most of its members.

**Paragraph 3** - All Fiscal Council's resolutions shall be stated in the minutes drawn up in the respective Fiscal Council Minutes and Opinions book and executed by the attending Board members.

**Article 34** - The Fiscal Council members' compensation shall be defined by the Annual General Meeting electing such members, subject to Paragraph 3 of Article 162 of the Brazilian Corporation Law.

## **CHAPTER V PROFIT DISTRIBUTION**

**Article 35** - The fiscal year begins on January 1 and ends on December 31 of each year.

**Sole Paragraph** - At the end of each fiscal year, the Board of Executive Officers shall cause the preparation of the Company's financial statements, in conformity with any applicable legal provisions.

**Article 36** - Together with the financial statements for the year, the Board of Directors shall submit to the Annual General Meeting a proposal on the appropriation of net income for the year, calculated after the deduction of any profit-sharing referred to in Article 190 of Brazilian Corporation Law, in accordance with the provision in Paragraph 1 of this Article, adjusted for purposes of calculation of dividends pursuant to Article 202 of the same law, subject to the following deduction order:

(i) five percent (5%), at least, for the legal reserve, until it reaches twenty percent (20%) of the capital stock. In the year in which the legal reserve balance plus the capital reserve amounts exceeds thirty percent (30%) of the capital stock, the appropriation of part of net income to the year for the legal reserve shall not be mandatory;

(ii) the portion required for payment of a mandatory dividend may not be lower, in each year, than twenty five percent (25%) of the annual adjusted net income, as set forth in Article 202 of the Brazilian Corporation Law.

**Paragraph 1** - The General Meeting may assign to the members of the Board of Directors and of the Board of Executive Officers a profit-sharing portion not higher than ten percent (10%) of the outstanding balance of the income for the year, after deduction of the accumulated losses and the provision for income and social contribution taxes, pursuant to the legal format and limits.

**Paragraph 2** - The remaining profit balance, if any, shall be appropriated as the General Meeting so determines, and any withholding of income for the year by the Company shall mandatorily have attached to it a budget proposal previously approved by the Board of Directors. In case the profits reserve balance exceeds the capital stock, the General Meeting shall resolve on the use of such excess for payment or increase of the capital stock or also for distribution of dividends to shareholders.

**Article 37** – As proposed by the Board of Executive Officers, approved by the Board of Directors, *ad referendum* by the General Meeting, the Company may pay or credit interest to shareholders, as interest on equity of the latter, subject to applicable legislation. Any possible amounts thus disbursed may be attributed to the mandatory dividend amount set forth in these Bylaws.

**Paragraph 1** - In the event interest is credited to shareholders in the fiscal year and appropriated to the mandatory dividend amount, shareholders shall be paid with the dividends they are entitled to, and shall also be entitled to the payment of any possible remaining balance. In the event dividends are lower than the amount credited to shareholders, the Company may not charge the remaining balance from shareholders.

**Paragraph 2** - The effective payment of interest on equity, after being credited during the fiscal year, shall be made upon Board of Directors' resolution, in the fiscal year or in the following year, but never after the dividend payment dates.

**Article 38** - The Company may prepare six-month balance sheets or balance sheets in shorter periods, and state, upon the Board of Directors resolution:

(i) the payment of dividends or interest on equity, to the account of income earned in the six-month balance sheet, attributed to the mandatory dividend amount, if any;

(ii) the dividend distribution in periods shorter than six (6) months, or interest on equity, attributed to the mandatory dividend amount, if any, provided that the total dividends paid in each half of the fiscal year does not exceed the capital reserve amounts; and

(iii) the payment of interim dividends or interest on equity, to the account of retained earnings or profits reserve in the latest balance sheet for the year or for the six-month period, attributed to the mandatory dividend amount, if any.

**Article 39** - The General Meeting may resolve on capitalization of profits or capital reserves, including those stated in interim balance sheets, subject to applicable legislation.

**Article 40** - Any dividends not received or claimed shall expire within three (3) years, counted from the date in which they were made available to the shareholders, and shall inure to the benefit of Company.

**CHAPTER VII  
DISPOSAL OF OWNERSHIP CONTROL,  
DEREGISTERING AS A PUBLICLY-HELD COMPANY AND  
DELISTING FROM THE NEW MARKET**

**Article 41** - The direct or indirect disposal of the Company's ownership control (as defined in Paragraph 1 of this Article), either through a single or successive operations, shall be contracted under either a suspensive or resolutive condition that the Ownership Control buyer be obliged to carry out a Public Tender Offer ("PTO") for acquisition of shares of the other shareholders, subject to any conditions and terms set forth in legislation in force and the New Market Listing Regulation, so that such shareholders are entitled to a treatment equal to that of the Ownership Control seller.

**Paragraph 1** - For purposes of these Bylaws, the expressions below started in capital letters shall have the following meanings:

"Buying Shareholder" means any party, including, without limitation, any individual or legal entity, investment fund, joint ownerships, securities portfolio, universality of rights, or any other type of organization, resident and domiciled in Brazil or abroad, or a Group of Shareholders.

"Control" (as well as its related expressions, "Controlling Power", "Controlling Party", "Under Common Control" or "Controlled Company") means the power effectively used to directly or indirectly guide the activities and operations of the Company's bodies, *de facto* or *de juris*.

"Group of Shareholders" means a group of two or more persons who are (a) pegged by agreements or contracts of any nature, including oral or written shareholders' agreements, either directly or by means of Controlled Companies, Controlling Parties or Under Common Control; or (b) among which there is either direct or indirect controlling relationship; or (c) which are Under Common Control; or (d) which operate representing common interests. The following are examples of persons representing common interests: (i) a person directly or indirectly holding ownership interest equal to or higher than fifteen percent (15%) of capital stock of another person; and (ii) two persons having a third-party investor in common, who directly or indirectly holds ownership interest equal to or higher than fifteen percent (15%) of capital stock of the two persons. Any joint-ventures, investment funds or clubs, partnerships, trusts, joint ownerships, cooperatives, securities portfolios, universality of rights, or any other types of organization or venture, incorporated in Brazil or abroad, will be deemed as part of the same Group of Shareholders whenever two or more of these entities: (x) are managed by the same legal entity or by parties related to the same legal entity; or (y) have most of its managers in common.

"Dispersed Control" means the Controlling Power exercised by a shareholder holding less than fifty percent (50%) of Company's capital stock, as well as by a group of shareholders that is not signatory of a voting agreement and which is not under common control nor acts representing a common interest.

**Paragraph 2** – In the event the acquisition of Control also subjects the Control Buyer to the obligation of carrying out a Public Tender Offer required pursuant to Article 44 of these Bylaws, the purchase price shall be the highest among those determined in conformity with this Article 41 and Article 44, Paragraph 2 of these Bylaws.

**Paragraph 3** - The selling Controlling Shareholder or the selling Controlling Group of Shareholders may not transfer the ownership of its shares nor may the Company register any transfer of shares representing the Control, until the Buying Shareholder executes the Controlling Parties' Instrument of Consent referred to in the New Market Listing Regulation.

**Paragraph 4** - The Company shall not register any transfer of shares to shareholders with Controlling Power up until said shareholders execute the Controlling Shareholders' Instrument of Consent.

**Paragraph 5** - No Shareholders' Agreement providing for the exercising of the Controlling Power may be registered in the Company's head office until its signatories have executed the Instrument of Consent referred to in Paragraph 3 of this Article.

**Article 42** - The public tender offer referred to in Article above shall also be carried out:

(i) in case of any remunerated assignment of subscription rights to shares or other securities or rights to securities convertible into shares, which may give rise to the disposal of the Company's Ownership Control; and

(ii) in case of disposal of the Ownership Control of a company holding the Controlling Power of the Company and, in this case, the Selling Controlling Party shall be obliged to report to BOVESPA the amount assigned to the Company in such disposal and attach any supporting documentation.

**Article 43** - Any party already holding Company's shares and which is to acquire the Controlling Power, in view of any private agreement for purchase of shares entered into with the Controlling shareholder or Controlling Group of Shareholders, involving any number of shares, shall be obliged to:

(i) carry out the public tender offer referred to in Article 41 of these Bylaws;

(ii) refund any shareholders from whom it has purchased shares in stock exchanges in the six (6) months prior to the Company's Control disposal date, and shall pay these shareholders any possible difference between the price paid to the Selling Controlling Party and the amount paid in stock exchanges for the Company's shares in that period, duly adjusted based on the positive variation of the Extended Consumer Price Index ("IPCA") up to the payment date;

(iii) take any applicable measures to recover the minimum percentage of twenty five percent (25%) of the Company's total outstanding shares, within the six (6) months subsequent to the acquisition of Control.

**Article 44** - Any Buying Shareholder, purchasing or becoming the holder of shares issued by the Company, in a number equal to or higher than twenty percent (20%) of the total shares issued by the Company shall, within no longer than sixty (60) days counted from the acquisition date or the event giving rise to the ownership of shares in a number equal to or higher than twenty percent (20%) of the total shares issued by the Company, carry out or request the registration of, as the case may be, a Public Tender Offer of all shares

issued by the Company, subject to the applicable CVM regulation, the New Market Listing Regulation, other BOVESPA regulations and the provisions of this Article.

**Paragraph 1** - The Public Tender Offer shall be: **(i)** equally addressed to all Company's shareholders; **(ii)** carried out in an auction to be held at BOVESPA; **(iii)** placed by the price determined in conformity with the provisions of Paragraph 2 of this Article; and **(iv)** paid on demand, in local legal tender, upon the acquisition of shares issued by the Company in the Tender Offer.

**Paragraph 2** - The purchase price in the Public Tender Offer for each share issued by the Company may not be lower than the highest amount between **(i)** one hundred twenty five percent (125%) of the highest unit quotation reached for the shares issued by the Company during the twelve (12) month period prior to the Public Tender Offer in any stock exchange in which the Company's shares are traded; **(ii)** 125% of the highest unit price paid by the Buying Shareholder, at any time, for a share or a share lot issued by the Company; **(iii)** the economic value determined in the appraisal report.

**Paragraph 3** - Any shareholders who are holders of shares representing at least 10% of capital stock may request a new appraisal report to be prepared in the same format as that referred to in item **(iii)** of Paragraph 2 of this Article, but by a different institution. **(I)** In case the new appraisal report determines a price per share lower than the one calculated as set forth in Paragraph 2 of this Article, the higher price shall prevail and the shareholders who requested the new appraisal report shall be fully liable for its costs proportionally to their interest in the Company's capital stock. **(II)** In case the appraisal report as set forth in this Paragraph determines a price per share higher than that obtained as set forth in Paragraph 2 of this Article, the Buying Shareholder may: **(1)** waiver the Public Tender Offer and agree to dispose the excess interest within three months counted from the acquisition, and any costs on the preparation of new appraisal report must be fully paid by the shareholders who requested its preparation, proportionally to their interest in the Company's capital stock; **(2)** carry out the Public Tender Offer for the price per share stated in the new appraisal report, and any costs on the preparation of new appraisal report must be fully paid by the Company.

**Paragraph 4** - In the event the Public Tender Offer price is revised, as set forth in Paragraph 3 of this Article, and provided that there is no waiver from the Buying Shareholder, the auction shall start at the new price, and a material fact shall be published to report the price revision and the maintenance or waiver of the Public Tender Offer.

**Paragraph 5** - Upon revision of the Public Tender Offer price, the following procedure shall be adopted:

(i) the request for a new appraisal report on the price per Company's share, based on the economic value, duly documented and supported by evidence showing the flaw or inaccuracy of the calculation methodology employed or the evaluation criterion adopted, shall be carried out within fifteen (15) days counted from the disclosure of the Public Tender Offer amount, and shall interrupt the registration process or, in case such registration is already granted, it shall interrupt the Public Tender Offer notice period, postponing the respective auction, and the Buying Shareholder shall arrange for the publication of a material fact reporting such postponement and the date stated for the holding of the Board of Directors' meeting which shall choose a specialized company to prepare the new appraisal report;

(ii) in case the Board of Directors decides that a new appraisal of the Company shall not be prepared, the registration process or the Public Tender Offer itself shall be resumed for the remaining period, as the case may be, and, for the latter, the Buying Shareholder shall arrange for the publication of a material fact with the new auction date;



(iii) in case the appraisal report determines an amount equal to or lower than the Public Tender Offer value obtained as set forth in Paragraph 2 of this Article, the registration process or the Public Tender Offer itself shall be resumed for the remaining period, as the case may be, and, for the latter, the Buying Shareholder shall arrange for the publication of a material fact with the new auction date;

(iv) in case the appraisal report determines an amount higher than the Public Tender Offer value obtained as set forth in Paragraph 2 of this Article, the Buying Shareholder shall publish, within five (5) days counted from the submission of the appraisal report, a material fact stating its position to maintain or waive the Public Tender Offer, by clarifying, for the first case, that it will resume the registration process, or of the Public Tender Offer itself for the remaining period, as the case may be, and, for the latter, the Buying Shareholder shall arrange for the publication of a material fact with the new auction date and the new price;

(v) the fifteen (15) day period referred to in item (i) of this Paragraph 5 shall only start after the original appraisal report is delivered to CVM, or after it is made available as set forth in item (viii) of this Paragraph 5, if it comes first, and the Buying Shareholder shall publish a material fact reporting such delivery;

(vi) the Board of Directors' meeting resolving on a new appraisal shall nominate the institution in charge for the preparation of such appraisal report, approve the related fees, establish a period no longer than thirty (30) days for conclusion of services, and determine that the appraisal report be forwarded to the Company, for the attention of its Investor Relations Officer, to the stock exchange in which the auction is to be held, and to CVM, in addition to being sent to CVM electronic mail in the specific format determined by CVM;

(vii) the institution in charge for preparing the appraisal report shall also, on the same date it forwards the appraisal report to CVM, inform the intermediate institution operating in the Public Tender Offer, as set forth in Article 4, IV of CVM Instruction No. 361, of March 5, 2002 ("CVM Instruction 361"), the outcome of such appraisal, so that such institution and the Buying Shareholder adopt any applicable measures among those set forth in items (iii) and (iv) of this Paragraph 5;

(viii) the appraisal report referred to in this Paragraph 5 shall be made available in the same locations, and in the same format, of the appraisal report referred to in Article 8 of CVM Instruction 361;

(ix) the minutes of the Board of Directors' meeting referred to in this Paragraph 5 shall necessarily state the names of the shareholders who requested the new appraisal, for effects of the possible application of the provision in Paragraph 3, (I) and (II.2) of this Article 44.

**Paragraph 6** - The Public Tender Offer mentioned in the main provision of this Article shall not exclude the possibility of another shareholder of the Company or, if applicable, the Company itself, to prepare a concurrent Public Tender Offer, pursuant to applicable regulation.

**Paragraph 7** - The Buying Shareholder shall be obliged to comply with any possible CVM requests or requirements, related to the Public Tender Offer, made based on and within the deadlines set forth in applicable regulation.

**Paragraph 8** - In the event the Buying Shareholder fails to comply with any obligations imposed by this Article, including those related to the compliance with deadlines for (i) carrying out or requesting registration of the Public Tender Offer; or (ii) complying with any possible CVM requests or requirements, or with any obligations provided for by Article 53 of these Bylaws, the Company's Board of Directors shall call an

Extraordinary General Meeting, in which the Buying Shareholder may not vote, in order to resolve on the suspension of the exercise of the rights of the Buying Shareholder who failed to comply with any obligation imposed by this Article, provided for by Article 120 of Brazilian Corporation Law, without prejudice to the Buying Shareholder's liability for any losses and damages caused to other shareholders arising from such noncompliance with obligations imposed by this Article.

**Paragraph 9** - Any Buying Shareholder acquiring or becoming the holder of other rights, including usufruct or trust, on the shares issued by the Company in a number equal to or higher than twenty percent (20%) of the total shares issued by the Company, shall be equally obliged to carry out or request the registration, as the case may be, of a Public Tender Offer, within no longer than sixty (60) days counted from the date of such purchase or the event which gave rise to the holding of such rights on shares in an amount equal to or higher than twenty percent (20%) of the total shares issued by the Company, pursuant to the provisions in this Article.

**Paragraph 10** - The obligations stated in Article 254-A of the Brazilian Corporation Law and Articles 41, 42 and 43 of these Bylaws do not release the Buying Shareholder from complying with any obligations stated in this Article, except for the provisions in Articles 51 and 52 of these Bylaws.

**Paragraph 11** - The provision in this Article shall not apply in the event of a person becoming the holder of shares issued by the Company in a number higher than twenty percent (20%) of the total shares issued, arising from: (i) any legal succession, under the condition that the shareholder disposes of any excess shares within sixty (60) days counted from the material event; (ii) any amalgamation of another company by the Company; (iii) the merger of shares of another company by the Company; or (iv) the subscription of Company's shares, carried out at a single primary issue, which has been approved in a Company's Annual General Meeting called by its Board of Directors, and whose capital increase proposal has determined the issue price of shares based on the economic value obtained from a valuation report on the Company conducted by a specialized company with proven experience in the evaluation of publicly-held companies.

**Paragraph 12** - For calculation of the percentage of twenty percent (20%) of the total shares issued by the Company described in the main provision of this Article, any involuntary additions to ownership interest arising from cancellation of treasury shares or decrease in the Company's capital stock with the cancellation of shares shall not be computed.

**Paragraph 13** - In the event the CVM regulation applicable to Public Tender Offer set forth in this Article determines the adoption of a calculation criterion to define the purchase price of each Company's share in the Public Tender Offer which gives rise to a purchase price higher than that defined in Paragraph 2 of this Article, then the purchase price calculated pursuant to CVM regulation shall prevail for holding the Public Tender Offer set forth in this Article.

**Paragraph 14** - Any change which restricts the shareholders' right to carry out the Public Tender Offer set forth in this Article, or the exclusion of this Article, shall oblige the shareholders who voted for such change or exclusion at a General Meeting to carry out the Public Tender Offer set forth in this Article, in conformity with the provisions in Paragraph 3 of Article 10 of these Bylaws.

**Article 45** - In the Public Tender Offer to be carried out by the Controlling Shareholder, Controlling Group of Shareholders or the Company for the Company's deregistration as a publicly-held company, the minimum

price to be offered shall correspond to the economic value determined in the appraisal report, referred to in Article 50 of these Bylaws.

**Article 46** - In the event the shareholders attending an Extraordinary General Meeting resolve on the Company's delisting from the New Market, the Controlling Shareholder or Controlling Group of Shareholders of the Company shall carry out a Public Tender Offer if such delisting takes place for trading of shares outside the New Market, or if due to a corporate restructuring in which the Company's shares resulting from such restructuring are not admitted for trading in the New Market, subject to the applicable legislation and the rules stated in the New Market Listing Regulation. The minimum price to be offered shall correspond to the economic value determined in the appraisal report, referred to in Article 50 of these Bylaws. The carrying out of the Public Tender Offer shall be reported to BOVESPA and disclosed to the market immediately after the General Meeting of the Company approving the delisting or restructuring, as the case may be.

**Article 47** - In the event of Dispersed Control:

(i) whenever deregistering as a publicly-held company is approved at a General Meeting, the Public Tender Offer shall be carried out by the Company itself, and, in this case, the Company may only acquire shares held by the shareholders who have voted in favor of deregistering, at a General Meeting resolution, after it acquires the shares from the other shareholders who have not voted in favor of said resolution and who have accepted the public offer; and

(ii) whenever the Company's delisting from the New Market, either for registration for trading of shares outside the New Market or for corporate restructuring as set forth in Article 46 of these Bylaws, is approved at a General Meeting, the public tender offer for the acquisition of shares shall be carried out by the shareholders who have voted in favor of the respective resolution at a General Meeting.

**Article 48** – If there is Dispersed Control and BOVESPA determines that the quotations of securities issued by the Company be disclosed separately or have their trading interrupted in the New Market in view of any noncompliance with the obligations stated in the New Market Listing Regulation, the Board of Directors' Chairman shall call an Extraordinary General Meeting to replace the whole Board of Directors within two (2) days from such determination, and this period shall only compute the days in which the newspapers usually used by the Company are published.

**Paragraph 1** - In the event the Board of Directors' Chairman fails to call the Extraordinary General Meeting referred to in the main provision of this Article within the established period, such Meeting may be called by any shareholder of the Company.

**Paragraph 2** - The new Board of Directors elected at the Extraordinary General Meeting referred to in the main provision and in Paragraph 1 of this Article shall remedy any noncompliance with the obligations stated in the New Market Listing Regulation as soon as possible or within a new deadline granted by BOVESPA for this purpose, whichever is shorter.

**Article 49** - In the event of Dispersed Control and that the Company delists from the New Market in view of any noncompliance with obligations stated in the BOVESPA's New Market Listing Regulation, then: **(i)** if such noncompliance arises from a resolution taken at a General Meeting, then the public tender offer shall be carried out by the shareholders who have voted for the resolution that resulted in noncompliance, and **(ii)** if

such noncompliance arises from any management's act or fact, the Company shall carry out the Public Tender Offer for deregistering as a publicly-held company and address it to all shareholders of the Company. If the maintenance of the Company's registration as a publicly-held company is resolved on at a General Meeting, the Public Tender Offer shall be carried out by the shareholders who have voted for this resolution.

**Article 50** - The appraisal report referred to in Article 44, paragraphs 2 and 3, and Articles 45 and 46 of these Bylaws shall be prepared by a specialized company, with proven experience and which is independent from the Company, its management and Controlling Parties, as well as from their decision power, and such appraisal report shall also comply with the requirements of Paragraph 1 of Article 8 of the Brazilian Corporation Law and include the obligation set forth in Paragraph 6 of the same Article 8.

**Paragraph 1** - The selection of the specialized company responsible for determining the Company's economic value, as set forth in Articles 45 and 46 of these Bylaws lies with the General Meeting, as from the submission by the Board of Directors of a list with three names, and the respective resolution shall be taken by the absolute majority vote of the outstanding shares pronounced at the General Meeting resolving on the issue, and no blank votes shall be computed, except for the shares held by the Controlling shareholder, persons related to it and the Company's managers. The meeting set forth in this Paragraph 1, if instated at first call, shall have shareholders representing at least twenty percent (20%) of the total outstanding shares or, if instated at second call, may have the attendance of any number of shareholders representing these outstanding shares.

**Paragraph 2** – It is incumbent upon the Board of Directors to resolve for carrying out a new appraisal of the Company and appoint who will prepare the report referred to in Article 44, Paragraphs 2 and 3 of these Bylaws.

**Paragraph 3** - Any costs on the preparation of the appraisal report shall be fully paid by those parties responsible for carrying out the public tender offer, as the case may be, except for the provision in Paragraph 3 of Article 44 of these Bylaws.

**Article 51** – Carrying out a single Public Tender Offer, aiming at more than one of the purposes set forth in this Chapter VII, in the New Market Listing Regulation or in the regulation issued by the CVM, shall be permitted, provided that it is possible to match the procedures of all types of Public Tender Offers and there is no loss to the offer addressees and that the CVM approval be obtained if required by applicable legislation.

**Article 52** - The Company or the shareholders in charge of the Public Tender Offer set forth in this Chapter VII, in the New Market Listing Regulation or in the regulation issued by the CVM, may ensure it is carried out by any shareholder, third party or, as the case may be, by the Company. The Company or the shareholder, as the case may be, shall not be released from the obligation of carrying out the Public Tender Offer until it is concluded in compliance with the applicable rules.

**Article 53** - Any Buying Shareholder who has subscribed and/or purchased shares issued by the Company in a number equal to or higher than eight percent (8%) of the Company's capital stock, and is willing to purchase additional shares issued by the Company in stock exchanges, shall be obliged to, prior to each new purchase, report its intention to purchase additional shares issued by the Company, in writing, to the Company and BOVESPA session officer, through the broker by which it intends to purchase such shares, with at least three (3) business days in advance of the date scheduled for the new purchase of shares, in such a way that the Bovespa officer may previously call a purchase auction to be held at a BOVESPA session in

which other intervening third parties and/or possibly the Company itself may take part, always subject to the provisions of the legislation in force and applicable CVM and BOVESPA regulations.

## **CHAPTER VIII COURT OF ARBITRATION**

**Article 54** - The Company, its shareholders, Managers and Fiscal Council members shall agree to settle, by means of arbitration before the Market Arbitration Chamber, any and all disputes or controversies that might arise among them, either related to or arising from, in special, the application, validity, efficiency, interpretation, violation and its effects, of the provisions stated in the New Market Participation Agreement, New Market Listing Regulation, Arbitration Regulation of the Market Court of Arbitration established by BOVESPA, in these Bylaws, shareholders' agreements filed in the Company's head office, provisions of the Brazilian Corporation Law, rules issued by the Brazilian Monetary Council, Central Bank of Brazil or CVM, BOVESPA's regulations and in other rules applicable to the capital markets operation in general, pursuant to its Arbitration Regulation.

**Sole Paragraph** – Without prejudice to the validity of this arbitration clause, any party to the arbitration proceeding shall be entitled to appeal to the Judiciary with the purpose of, if and when necessary, requesting any mandamus to protect its rights, whether with respect to an arbitration proceeding already filed or to be filed, and as soon as such motion is granted, the jurisdiction for the decision on the grounds for action shall be immediately given back to the court of arbitration established or to be established.

## **CHAPTER IX WINDING UP OF THE COMPANY**

**Article 55** - The Company shall be liquidated in the cases provided for by the law, and the General Meeting shall be responsible for choosing the liquidator or liquidators, as well as the Fiscal Council to operate during such period, subject to any legal formalities.

## **CHAPTER X FINAL AND TEMPORARY PROVISIONS**

**Article 56** - Any cases not ruled herein shall be settled by the General Meeting and regulated in accordance with the provisions of the Brazilian Corporation Law.

**Article 57** – The Company may not grant loans or guarantees of any kind to third parties, in any modality, for businesses that are alien to the business purpose.

**Article 58** - The Company shall comply with the shareholders' agreements filed in its head office, and any transfer of shares and computation of votes cast in the General Meeting or Board of Directors' meeting contrary to their provisions shall be barred.

**Article 59** - The Extraordinary General Meeting approving these Bylaws shall resolve on the effective number of Board of Directors' members and elect any other members necessary to comprise the body, if applicable.

**Article 60** – The first meeting of the Board of Directors held after the Extraordinary General Meeting that approves the Bylaws herein shall elect the Board of Directors' Vice-Chairman and set the exact location of the Company's headquarters.

**Article 61** – The Board of Directors' members and the Executive Officers acting on the date of approval of these Bylaws shall complete the term of office of one (1) year for which they were elected, and the Board of Directors may extend the current term of office of the Board of Executive Officers to up to five (5) days as from the 2006 Annual General Meeting. The terms in office provided for in Articles 16 and 21 of these Bylaws shall only be applicable to the Board of Directors' members and the Executive Officers elected as from the 2006 Annual General Meeting.

**Article 62** - The provisions of Articles 44 and 53 of these Bylaws shall not apply to the current shareholders already owning a number equal to or higher than twenty percent (20%) and eight percent (8%), respectively, of the total shares issued by the Company and its successors on the publication date of the Notice of Commencement of Public Primary and Secondary Distribution of Shares issued by Totvs S.A (“Notice of Commencement”), referring to the public offering of shares issued by the Company, subject to CVM Process no. RJ/2005-09750, of December 21, 2005 (“Public Offering”), and shall be applied only to those investors acquiring shares and becoming Company shareholders after the date of the Company's adhesion to and listing in the New Market.

**Article 63** - The provisions stated in Chapter VII, as well as the rules related to the New Market Listing Regulation included in Article 13, Paragraph 1, *in fine*, and of Article 32, Paragraph 3 of these Bylaws, shall be effective only from the Notice of Commencement publication date.

**Article 64** – Articles 44 and 53 of these Bylaws shall only be effective after the settlement date of the Public Offering.

**Article 65** – Should there be no provisions in the New Market Listing Regulation concerning the public tender offer in the event of a Dispersed Control, the rules of Paragraph 1 of Article 41 and of Articles 47, 48 and 49 of these Bylaws shall prevail, stated in accordance with item 14.4 of said Regulation.