

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

EXTRACT OF THE MINUTES OF THE BOARD OF DIRECTORS MEETING
HELD ON JULY 15, 2016

1. DATE, TIME AND PLACE OF THE MEETING: Held on July 15, 2016, at 9:00 a.m., outside the of TOTVS S.A. (“**Company**”), at Rua Ministro Jesuino Cardoso, No. 454. Suites 93 and 94, in the City and State of São Paulo.

2. ATTENDANCE: The following members of the Board of Directors: Pedro Luiz Barreiros Passos, Laércio José de Lucena Cosentino, Germán Pasquale Quiroga Vilardo, Maria Helena dos Santos Fernandes de Santana, Pedro Moreira Salles, Mauro Rodrigues da Cunha, Danilo Ferreira da Silva, Sérgio Foldes Guimarães and Wolney Edirley Gonçalves Betiol.

3. BOARD: Chairman: Mr. Pedro Luis Barreiros Passos; and Secretary: Mr. Ricardo Correa Helfer.

4. RESOLUTIONS: After discussing the matters, the following resolutions were taken by unanimous vote of the Directors, without restrictions or exemptions:

4.1 In accordance with Article 21 of the Company’s Bylaws, approve the inclusion the position **Services Officer** as a position of the Board of Executive Officers of the Company, which attributions shall consist of: planning, organizing and managing the activities involving the implantation of systems; especially related to the current and future potential accounts; follow-up and management of the indicators of services provided, participate in the pricing definitions; oversee the services team in order to guarantee the achievement of the organization’s goals, including plans and long-term strategies; adjust strategies according to market conditions, strategies of competitors, manage results as well as funds to be invested by project and/or business; always subject to the powers of the Board of Directors and of the General Shareholders’ Meeting provided for by law and the Bylaws.

4.2 Change the denominations and attributions assigned by the Board of Directors in meetings held on May 4, 2015 and February 10, 2016, to the following Officer Positions:

- (i) Attributions of the Administrative and Financial Vice-President: a) exclude from their attributions the responsibility over Human Relations, Information Technology and Ensured Quality; and b) include in their attributions responsibility over Merger & Acquisitions. Therefore, the **Administrative and Financial Vice-President** shall: plan, organize and manage the activities involving the support to the business of the organization comprised by the areas

of Shared Services Center of the company, Supplies, Facilities, Planning and Controller Department, Mergers & Acquisitions Legal, Audit and Process; analyze accounting records of the transactions in which the Company is a party to; control the compliance with financial commitments in respect to legal, administrative, budgetary, tax and contractual requirements of the operations; represent the Company in the Audit Committee; manage the activities related to the Company's funds and assets management, applying financial resources.

- (ii) Attributions of the Technology Vice-President: include in their attributions the responsibility to manage activities related to Ensured Quality. Therefore, the **Technology Vice-President** shall plan, establish and manage the Company's strategy for procedures concerning research and development, innovation and improvement of technologies used by the Company, as to ensure competitiveness of the new products and solutions, as well as manage activities related to Ensured Quality.
- (iii) Denominations and Attributions of the System and Segment Vice-President:
 - a) change the denomination of the position to Business Vice-President; b) change their attributions in a way that the Vice-President shall be responsible only for the segment under its responsibility. Therefore the **Business Vice-President** shall assist the Technology Committee in their strategic decisions involving technological and segment matters; coordinate the performance of the Segments Officers; respond for the segment under their responsibility with strategies for the offer of software and improvement of software; design and develop solutions for external clients; suggest and follow-up on new systems of the Company; plan, organize and manage the activities of production units of the organization; plan, organize and manage the providing of support and assistance services, technical or not, provided to clients.
- (iv) Attributions of the Marketing, Alliances and Business Models Vice President:
 - a) include in their attributions responsibility over the channels, as well as Human Relations; and b) change the denomination to Marketing, Alliances and Business Models, Channels and Human Relations Vice President. Therefore the **Marketing, Alliances and Business Models, Channels and Human Relations Vice President** shall: respond for the Institutional Marketing, Channels and Alliances; recommend strategic alliances for the development and operation, modules and process; plan, establish and manage all Marketing activities, as well as develop policies, programs and budgets; respond for the creation of opportunities, businesses, and for the sales strategy; propose and follow up on the development of new business fronts and/or products of the Company; as well as shall be responsible for Human Relations, which responsibility is to define strategies of attraction; retention; capacitation; compensation and people development.

4.3 To elect for the position of Business Vice-President for services Mr. **Marcelo Eduardo Sant’Anna Cosentino**, Brazilian citizen, married, business administrator, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address in the City of São Paulo, at Avenida Braz Leme, No. 1.631, 2nd floor, Zip Code 02511-000, enrolled with the CPF/MF under No. 306.743.308-46 and bearer of Identity Card RG No. 32.203.020-1 SSP/SP, who shall no longer hold the position of Business Officer.

4.4 To elect for the position of Services Officer, Mr. **Mauricio Dias Couto**, Brazilian citizen, married, business administrator, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address in the same city, at Avenida Braz Leme, No. 1.631, 2nd floor, Zip Code 02511-000, enrolled with the CPF/MF under No. 262.892.798-58 and bearer of Identity Card No. 21.321.935 – SSP/SP, who shall no longer hold the position of Services and Relationship Officer.

The Officers hereby elected shall be invested in their positions pursuant to article 149 of the Corporations Law and shall declare that they have not incurred in any legal provision that impedes them from carrying out their respective duties. The Officers hereby elected shall remain in their respective positions until the Company’s Annual Shareholders’ Meeting to be held in 2017, or until they are dismissed or replaced by the Board of Directors.

4.5 State that the Board of Executive Officers of the Company is currently comprised as follows:

- (i) **Chief Executive Officer and President:** Laércio José de Lucena Cosentino, Brazilian citizen, married, electrical engineer, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address in the same city, at Avenida Braz Leme, No. 1.631, 2nd floor, Zip Code 02511-000, enrolled with the Individual Taxpayers' Register of the Ministry of Finance (“CPF/MF”) under No. 032.737.678-39 and bearer of Identity Card (RG) No. 8.347.779 SSP/SP;
- (ii) **Administrative and Financial Vice-President and Investors Relations Officer:** Gilsomar Maia Sebastião, Brazilian citizen, married, accountant, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address in the City of São Paulo, at Avenida Braz Leme, No. 1.631, 2nd floor, Zip Code 02511-000, enrolled with the CPF/MF under No. 174.189.288-07 and bearer of Identity Card RG No. 24.733.092-9 SSP/SP;
- (iii) **Technology Vice-President:** Weber George Canova, Brazilian citizen, married, engineer, resident and domiciled in the City of Santana do Parnaíba, State of São Paulo, with commercial address in the City of São Paulo, at Avenida Braz Leme,

No. 1.631, 2nd floor, Zip Code 02511-000, enrolled with the CPF/MF under No. 083.844.858-52 and bearer of Identity Card RG No. 13.576.619 SSP/SP;

- (iv) **Services Vice-President:** Denis Del Bianco, Brazilian citizen, married, bachelor in computer science, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address in the same city, at Rua Ministro Jesuino Cardoso, No. 454, suites 903 and 904, enrolled with the CPF/MF under No. 071.651.947-03 and bearer of Identity Card RG No. 10.636.149-6 IFP/RJ;
- (v) **Business Vice-President for Consumer:** Ronan Maia de Assis Carvalho Neto, Brazilian citizen, married, civil engineer, enrolled with the CPF/MF under No. 589.651.221-04 and bearer of Identity Card RG No. 1.691.850, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address in the same city, at Avenida Braz Leme, No. 1.631, 2nd floor, Zip Code 02511-000;
- (vi) **Business Vice-President for Small Companies:** Eros Alexandre Jantsch, Brazilian citizen, married, physicist, enrolled with the CPF/MF under No. 923.210.549-72 and bearer of Identity Card RG No. 60.534.950, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address in the same city, at Avenida Braz Leme, No. 1.631, 2nd floor, Zip Code 02511-000;
- (vii) **Business Vice-President for Supply Chain:** Gustavo Dutra Bastos, Brazilian citizen, divorced, business administrator, resident and domiciled in the City of Belo Horizonte, State of Minas Gerais, with commercial address in the same city, at Av. Raja Gabaglia, 2664, enrolled with the CPF/MF under No. 026.942.416-46 and bearer of Identity Card RG No. M-5.465.421 SSP/MG;
- (viii) **Business Vice-President for Services:** Marcelo Eduardo Sant'Anna Cosentino, Brazilian citizen, married, business administrator, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address in the City of São Paulo, at Avenida Braz Leme, No. 1.631, 2nd floor, Zip Code 02511-000, enrolled with the CPF/MF under No. 306.743.308-46 and bearer of Identity Card RG No. 32.203.020-1 SSP/SP;
- (ix) **Marketing, Alliances and Business Models, Channels and Human Relations Vice President:** Flávio Balestrin de Paiva, Flávio Balestrin de Paiva, Brazilian citizen, married, business administrator, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address in the City of São Paulo, at Avenida Braz Leme, No. 1.631, 2nd floor, Zip Code 02511-000, enrolled with the CPF/MF under No. 184.410.978-01 and bearer of Identity Card RG No. 20.736.299-3 SSP/SP;

- (x) **Services Officer:** Mauricio Dias Couto, Brazilian citizen, married, business administrator, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address in the same city, at Avenida Braz Leme, No. 1.631, 2nd floor, Zip Code 02511-000, enrolled with the CPF/MF under No. 262.892.798-58 and bearer of Identity Card No. 21.321.935 – SSP/SP; and
- (xi) **Technology Officer:** André Bretas Nunes, Brazilian citizen, married, systems analyst, enrolled with the CPF/MF under No. 023.700.836-03 and bearer of Identity Card RG No. M 3408780, resident and domiciled in the City of São Paulo, State of São Paulo, with commercial address in the same city, at Avenida Braz Leme, No. 1.631, 2nd floor, Zip Code 02511-000.

4.6 To elect for the position of external member, Mr. Gilberto Mifano to compose the Company's Audit Committee.

5. ADDITIONAL MATTERS DISCUSSED

5.1 The President delivered a initial message regarding his view of the strategic operation.

5.2 The directors debated the results of the second quarter and forecast for the third quarter.

5.3 The Business Vice-President for Services presented the strategic plan for the segment, which was debated by the Board of Directors.

5.4 The directors were updated with regard to the implantation of the Joint Venture in Russia,

5.5 CONFIDENTIAL

5.6 The Directors were updated with regard to the impantation of TOTVS 12 in the Company, and the expected benefits of its use internally as well as offered to the market.

5.7 The President updated the directors with regard to the activities of the Strategic Committee, schedule and development of the activities in preparation for the Strategic Planning Cycle of the Company.

5.8 The coordinator of the Audit Committee presented a summary of the activities and priorities of the committee.

5.9 CONFIDENTIAL

6. The directors held an Executive Session without the presence of the management members.

7. CLOSING, DRAW-UP AND APPROVAL OF THE MINUTES: There being no further to be discussed, the meeting was ended at 2pm and the minutes drawn-up. This is a extract of said minutes.

São Paulo, July 15, 2016.

Board:

Pedro Luiz Barreiros Passos
Chairman

Ricardo Correa Helfer
Secretary