

General Shareholders' Meeting Manual 2016



Information on:
**the Ordinary and Extraordinary General
Shareholders' Meeting
26th, 2016**

Time: 10am
Location: Avenida Braz Leme, 1,717 - São Paulo (SP)



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1. MESSAGE FROM THE MANAGEMENT

São Paulo, March 24th, 2016

Dear Shareholder,

In 2015, the transition from the licensing model to the software subscription model was the main driver that contributed to the net revenue growth of TOTVS. In addition to the negative impacts on profitability, which were already expected during the initial phase of this transition, the worsening economic scenario in Brazil posed additional challenges for the Company, resulting in lower net income and operating cash flow in the year.

The corporate reorganization involving Bematech in 2015 was another important step towards strengthening TOTVS' portfolio of business solutions and its transition to the subscription model. With Bematech, TOTVS became the leading solutions provider for the retail segment in Brazil by combining specialized solutions in management system, point of sale (POS), commercial automation, fiscal solutions, e-commerce, mobility, means of payment solutions and collaboration platform.

As such, we will adopt a customer-centric approach, while continuing our transition towards the subscription model and our specialization strategy in each segment, having the client as the central focus. Despite the current adversities, we continue to believe in the potential of Brazil and in technological innovation as an instrument to increase productivity and competitiveness of companies, especially small and medium businesses.

Thus, I invite the shareholders to read this manual, which details the matters to be discussed at both the Ordinary and Extraordinary General Shareholders' Meeting, as of April 26th, 2016.

Sincerely,

Laércio Cosentino
CEO

2. SHAREHOLDER'S MEETING AGENDA

MATTERS OF THE GENERAL ORDINARY SHAREHOLDERS' MEETING

- (a) To take the management accounts, to examine, discuss and approve the Company's financial statements concerning the fiscal year ended on December 31, 2015;
- (b) to discuss the proposal for allocation of the net income for the fiscal year and dividends distribution;
- (c) to state the annual global compensation for the members of Company's Board of Directors and Executive Board; and
- (d) to elect the Board of Directors members;
- (e) to discuss the ratification, in the terms of paragraph 1, article 256, of Law No. 6404/76, of the acquisition, by the Company, of Neolog Consultoria e Sistemas S.A.'s control.

3. GUIDANCE FOR PARTICIPATION

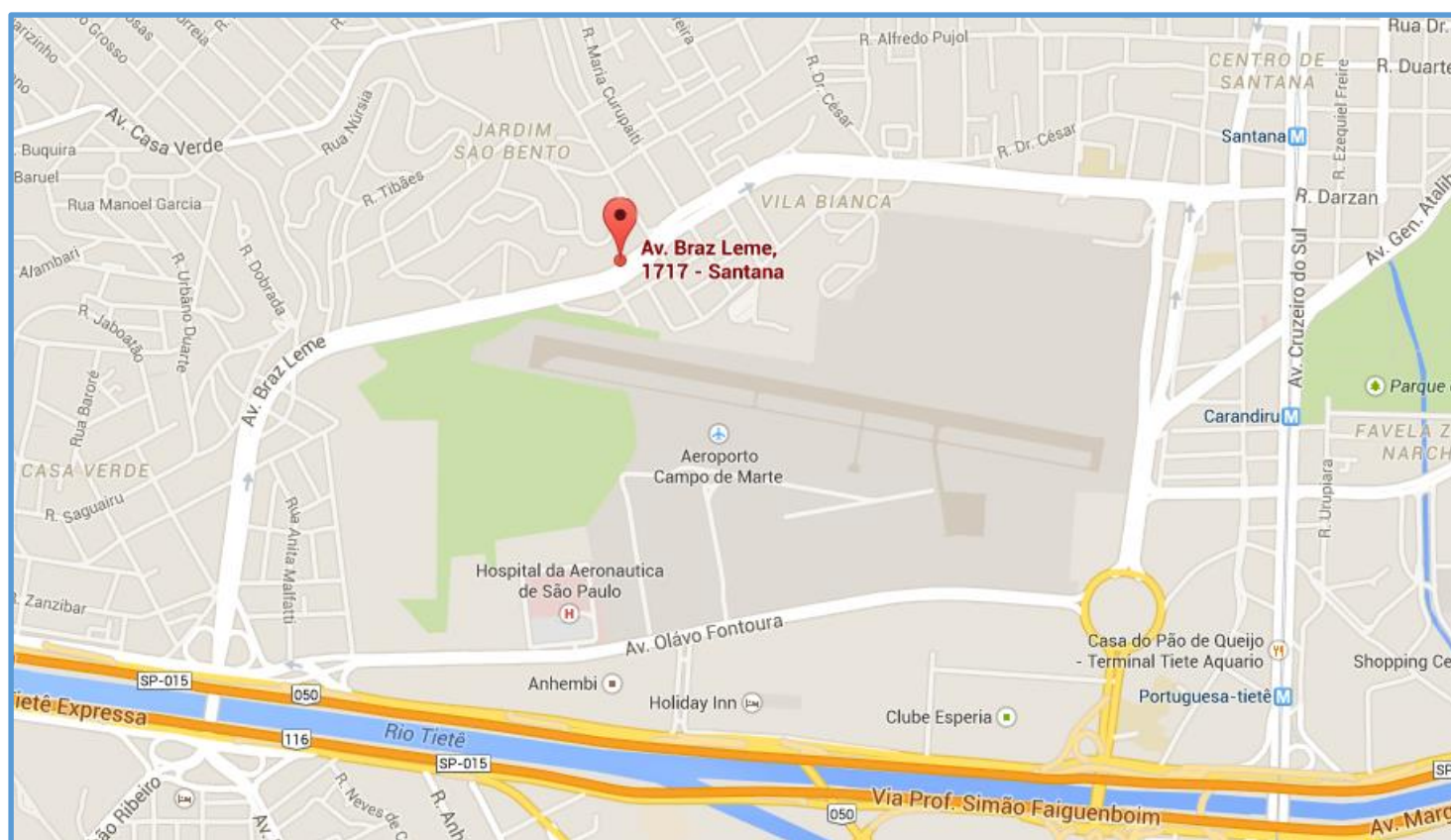
3.1. DATE, TIME AND LOCATION

DATE AND TIME:

- **General Ordinary and Extraordinary Shareholders' Meeting:** April 26, 2016, at 10am. It's recommended that the shareholders arrive 30 minutes earlier than the indicated time.

LOCATION: TOTVS S.A. Headquarters - Avenida Braz Leme, 1631, Santana, São Paulo (SP).

The access to the meeting will be at the Company's social entrance, at the number 1717.



3.2. GENERAL INFORMATION

GENERAL ORDINARY AND EXTRAORDINARY GENERAL SHAREHOLDER'S MEETING:

GENERAL INFORMATION:

Pursuant to Article 132 of Law 6,404 / 76, the corporations should hold the Annual Ordinary General Meeting within four months after the end of the fiscal year. TOTVS's fiscal year begins on January 1 and ends on December 31 of each year. Thus, each year, the company has to conduct the Annual General Meeting until April 30.

Furthermore, based on the Material Fact published on February 11, 2015, and pursuant to Article 256 of Law 6.404 of 1976, the acquisition of NEOLOG CONSULTORIA E LTDA. ("Neolog") is subject to ratification by the shareholders in the same General Meeting, on an exceptional basis.

Thus, the General Meeting of April 26, 2016 will be an Ordinary and Extraordinary General Shareholders' Meeting.

REQUIRED DOCUMENTATION:

Pursuant to Article 10, paragraph 5 of the Company's By-Laws, the Shareholders shall submit the following documentation, with at least 48 (forty eight) hours in advance of the Meeting, in addition to the identity card and/or applicable corporate documents evidencing legal authority, as the case may be: (i) certificate issued by the depositary institution within 5 (five) days before the date of the Meeting; (ii) proxy with the grantor's notarized signature; and/or (iii) in the case of Shareholders whose shares are held in fungible custody, a statement containing the relevant shareholder ownership interest, issued by the competent body.

PUBLIC REQUEST FOR PROXY:

The management of TOTVS will make a public request for proxy, in accordance with Article 22 et seq. of CVM Instruction 481/09, to vote on the Company's Ordinary and Extraordinary Shareholders' Meeting.

The management of the Company requests proxies in order to ensure Shareholders participation on said Meeting. Shareholders may vote in favor of or against, or abstain from voting on the matters included in the agenda of the Call Notice published on March 24, 2016.

In case it is of your interest, you will be able to designate (a) Paulo Roberto Bellentani Brandão, Joyce Costacurta Pacheco and Paula Maria de Olavarria Gotardello to vote in favor, (b) Anderson Carlos Koch, Rita de Cassia Serra Negra and Talita Car Vidotto to vote against and (c) Christiano Marques de Godoy, Anali Penteado Buratin and Luciana Pontes de Mendonça Ikeda to abstain from voting in relation to the items of the agenda.

Shareholders may, alternatively, vote by means of Assembleias Online® platform, at <http://www.assembleiasonline.com.br>.

Proxies in physical format shall be signed and have the signature notarized and shall be accompanied by the shareholders identification documents (certificate issued by the depositary institution of the Company – dated at least 5 (five) days before the date of the Shareholders' Meeting -, or in case of shareholders whose registered shares are held in fungible custody, a statement containing the relevant shareholder ownership interest, issued by the competent body), and sent to the Company's head offices.

The Company will receive proxies from March 28 to April 22, 2016.

ON-LINE VOTE:

Shareholders may alternatively, vote by means of Assembleias Online® platform, at www.assembleiaonline.com.br, between March 28, 2016 and April 22, 2016. In order to access the electronic platform, the shareholders shall proceed with their registration in such platform. For such purpose, the management of the Company will make a public request for proxy, in accordance with CVM Instruction 481/09.

QUORUM:

The Ordinary and Extraordinary General Shareholders' Meeting shall be installed on first call with the presence of shareholders representing at least 1/4 (one-fourth) of the capital with the right of vote.

SUPPORT MATERIAL FOR THE GENERAL MEETING:

Documents related to the matters to be discussed in the Meeting, including those documents required by the CVM Instruction 481/2009, are available to the Shareholders at the Company's head offices and on the Investor Relations website (<http://www.totvs.com/ir>), as well as on the CVM and BM&FBOVESPA websites.

4. LINKS OF INTEREST

- INVESTOR RELATIONS WEBSITE:
<http://ir.totvs.com/enu>
- FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS:
http://ir.totvs.com/enu/2413/TOTVSDFP2015_ENG.pdf
- CALL NOTICE:
http://ir.totvs.com/enu/2433/Edital%20de%20Convocao_ENG.pdf
- PUBLIC REQUEST FOR PROXY:
http://ir.totvs.com/enu/2435/Comunicado%20PPP_ENG.pdf
- MANAGEMENT PROPOSAL:
http://ir.totvs.com.br/enu/2443/Proposta%20da%20Administracao_AGOE_ENG_Final.pdf
- NEOLOG'S APPRAISAL REPORT:
<http://ir.totvs.com/enu/2437/Laudo%20PPA%20-%20Neolog%20final%20ENG.pdf>