

General Shareholders' Meeting Manual 2017



Information on:

**Extraordinary General Shareholders' Meeting
December 20th, 2017**

Time: 10am

Location: Avenida Braz Leme, 1,000 - São Paulo (SP)



SUMMARY

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1. MESSAGE FROM THE CHAIRMAN

São Paulo, November 17th, 2017

Dear Shareholder,

The Board of Directors invite the shareholders to participate in the General Extraordinary Shareholders' Meeting, to be held on December 20, 2017, at the Company's headquarters, to resolve on (i) the merger of the Company's wholly owned subsidiary Virtual Age, and (ii) the election of Ms. Claudia Elisa de Pinho Soares as member of the Board of Directors of TOTVS.

With the merger of the subsidiary, we aim to unify and centralize the activities of Virtual Age and TOTVS in order to rationalize operations, streamline the management and minimize administrative expenses. This merger is beneficial considering the ever-growing costs of maintaining separate corporate structures.

Regarding the election of a Board Member, the candidate proposed by the management is Ms. Claudia Elisa de Pinho Soares, as appointed by the Governance and Designation Committee. Graduate in Business Administration from PUC-RJ, MBA in General Management from INSEAD and MBA in Human Resources from FIA, Ms. Soares has held diverse executive and board positions at leading companies during her career. The board member will also bring her experience to the Personnel and Compensation Committee.

Thus, I invite the shareholders to read this manual, which details the matters to be discussed at the General Extraordinary Shareholders' Meeting.

Sincerely,

Pedro Luiz Barreiros Passos

2. SHAREHOLDER'S MEETING AGENDA

MATTERS OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

(i) Examine, discuss and approve the terms and conditions of the Merger Agreement;

We propose approval of the agreement and plan of merger of Virtual Age Soluções em Tecnologia Ltda. ("Virtual Age") with the Company ("Merger"), signed between the Company and TOTVS Ventures Participações Ltda., ("TOTVS Ventures") in the capacity as the only partners of Virtual Age, and by the management of the Company ("Merger Agreement").

The Merger Agreement is attached as Appendix I.1 of the Management Proposal.

(ii) Ratify the Appointment of the Expert Firm

We propose that the management of TOTVS ratify the appointment of the expert firm Martinelli Auditores (CNPJ/MF no. 79.370.466/0001-39) to prepare the valuation report on the book value of Virtual Age ("Valuation Report").

The information required under Article 21 of CVM Instruction 481/09 is attached as Appendix II of the Management Proposal.

(iii) Approve the Valuation Report

We propose approval of the Valuation Report with the reference date of September 30, 2017. The Valuation Report is attached as Appendix I.7 of the Management Proposal.

(iv) Approve the Merger

We propose approval of the Merger under the terms and conditions in the Merger Agreement and the consequent dissolution of Virtual Age. The Merger will not result in any increase or reduction in the shareholders' equity of TOTVS, since, at the time of the Merger, 100% of the shares of Virtual Age will be held by TOTVS, which also already includes the financial statements of Virtual Age in its consolidated financial statements. As such, the share capital of TOTVS will not change and no new shares will be issued.

The key terms of the Merger, as required by article 20-A of CVM Instruction 481/09, are described in Appendix I of the Management Proposal.

(v) Elect an independent member to the Board of Directors of the Company

We propose the election of Ms. Claudia Elisa de Pinho Soares as member of the Board of Directors of TOTVS, to hold office until the 2018 Annual Shareholders Meeting.

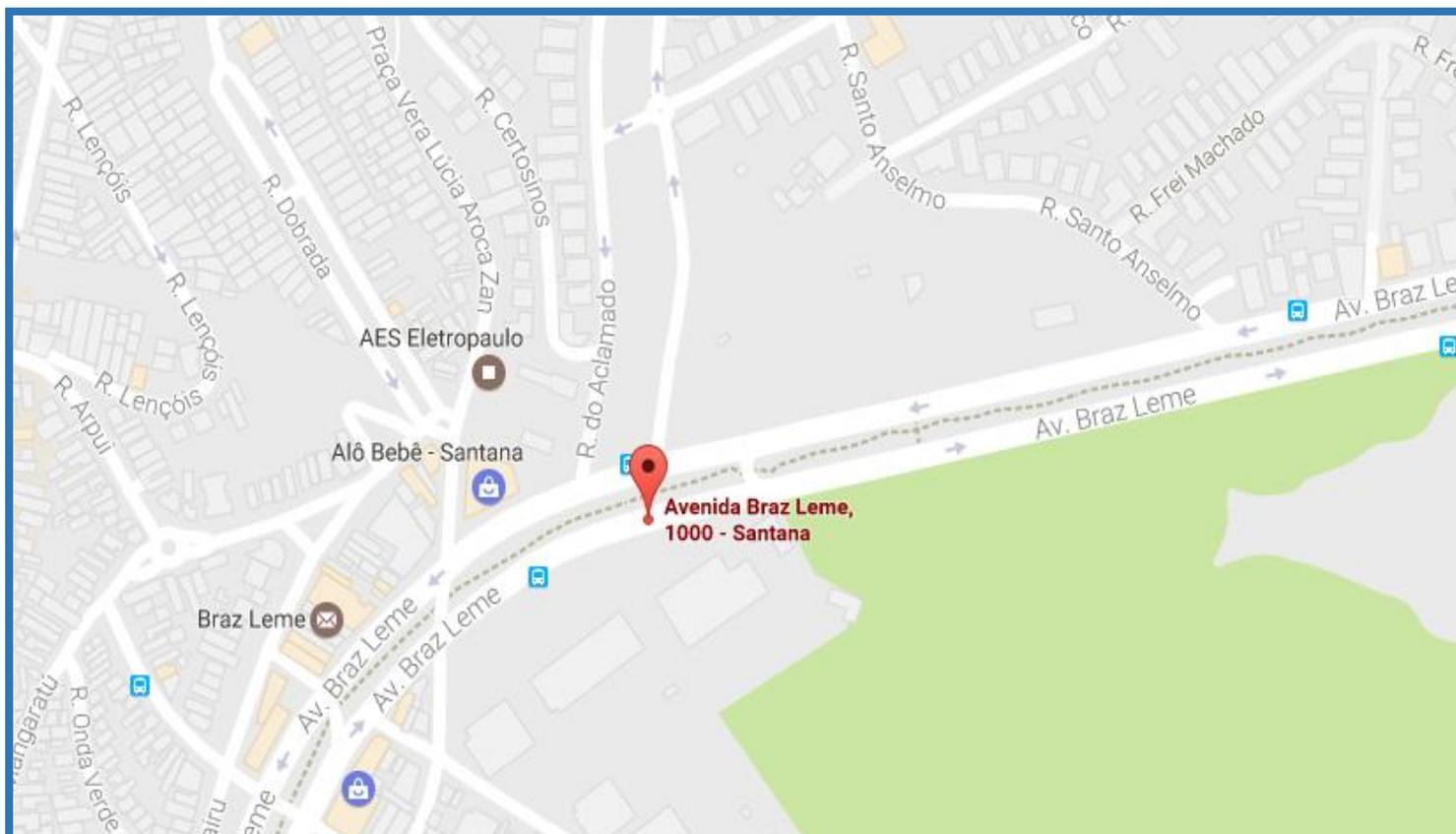
The information required under Article 10 of CVM Instruction 481/09 is attached as Appendix III of the Management Proposal.

3. GUIDANCE FOR PARTICIPATION

3.1. DATE, TIME AND LOCATION

DATE AND TIME: December 20, 2017, at 10am. It's recommended that the shareholders arrive 30 minutes earlier than the indicated time.

LOCATION: TOTVS S.A. Headquarters - Avenida Braz Leme, nº 1000, Santana, São Paulo (SP).



3.2. GENERAL INFORMATION

GENERAL INFORMATION:

The Extraordinary General Meeting aims to: examine, discuss and approve the terms and conditions of the Protocol and Justification related to the merger of Virtual Age Soluções em Tecnologia Ltda; to ratify the appointment of as responsible for preparing the book value appraisal report of the Merged Company; and to approve the Appraisal Report and the Merger proposed on the terms of the Protocol and Justification.

Still, the Extraordinary General Meeting aims to approve the election of Ms. Claudia Elisa de Pinho Soares as member of the Board of Directors of TOTVS, to hold office until the 2018 Annual 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 depository 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 November 17, 2017.

REMOTE VOTING FORM:

The Company will also enable the shareholder to exercise his right to vote by remote voting form. Shareholders holding shares issued by the Company that are deposited in a central depository may transmit the voting instructions to complete the Remote Voting Form through their respective custodian agents, if they provide this type of service.

Banco Itaú, a stock exchange bookkeeping of TOTVS, through an electronic platform, may also carry out the collection and transmission of voting instructions. For this, the shareholder must register on the Itaú Securities Services Assembleia Digital on the following website: <https://www.itaubr.com.br/securitiesservices/assembleiadigital/>.

Furthermore, the shareholder who opts to exercise his right to vote remotely, by sending directly to the Company, shall forward the following documents to Avenida Braz Leme, 1631 - 2º andar, city of São Paulo, State of São Paulo, Brazil, to the Investor Relations Office:

- (i) *physical form of the Remote Voting Form related to the General Meeting meeting duly completed, initialed and signed; and*
- (ii) *certified copy of the following documents:*

For individuals:

- *identity document with a picture of the shareholder;*

For legal entities:

- *latest bylaws or consolidated social contract and the corporate documents proving the legal representation of the shareholder; and*
- *Identity document with a picture of the legal representative.*

For investment funds:

- *the latest consolidated regulation of the fund;*
- *latest bylaws or consolidated social contract of its director or manager, as the case may be, observing the voting policy of the fund, and corporate documents proving the powers of representation; and*
- *Identity document with a picture of the legal representative.*

In relation to the documents indicated in items i and ii above, the Company requests, as the case may be, notarization and consularisation (with the exception of alternative procedures that may be admitted under international agreements or conventions).

The Remote Voting Ballot, accompanied by the respective documentation, will be considered only if received by the Company, fully completed, up to 7 days before the date of the Meeting. Pursuant to Article 21-U of CVM Instruction 481, the Company will notify the shareholder if the documents received are sufficient for the vote to be considered valid, or the procedures and deadlines for eventual rectification or resubmission, if necessary.

ON-LINE VOTE:

The Company does not currently provide electronic system for reception of Remote Voting Forms or of remote participation.

QUORUM:

The 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>
- CALL NOTICE:
[http://ri.totvs.com.br/enu/2962/Edital%20de%20Convocao AGE%2020.12.2017 ENG.pdf](http://ri.totvs.com.br/enu/2962/Edital%20de%20Convocao%20AGE%2020.12.2017%20ENG.pdf)
- MANAGEMENT PROPOSAL:
<http://ri.totvs.com.br/enu/2964/AGE%2020.12.2017%20-%20Proposta%20Completa%20%28EN%29.pdf>
- PROTOCOL AND JUSTIFICATION:
<http://ri.totvs.com.br/enu/2966/Protocolo%20e%20Justificao%20para%20incorporao%20da%20VA%20%28ENG%29.pdf>
- PUBLIC REQUEST FOR PROXY:
http://ri.totvs.com.br/enu/2970/TOTVS%20-%20Comunicado%20PPP_EN.pdf
- REMOTE VOTING FORM:
http://ri.totvs.com.br/enu/2972/Boletim%20de%20voto_ENG.pdf
- VALUATION REPORT:
<http://ri.totvs.com.br/enu/2968/Anexo%201.7%20-%20Laudo%20de%20Avaliao%20-%20ENG.pdf>