

São Paulo, January 5, 2010 – TOTVS S.A. (BOVESPA: TOTS3), the absolute leader in the sale of integrated enterprise management software in Brazil and the largest company in Latin America in the small and medium business segment, announces the acquisition of M2I Serviços de Implantação de Software Ltda. (“M2I”) and M2S Serviços de Suporte Ltda. (“M2S”) by means of its subsidiary, TOTVS Nordeste Software Ltda. (“TOTVS NE”).

M2I and M2S, RM distribution channels in Salvador, Bahia, provide sales, implementation and support services for RM products in Bahia, employ 33 people and have aggregated estimated revenue of around R\$4.2 million in 2010. The acquisition amount for both the companies totaled R\$5.3 million.

This acquisition is part of TOTVS’ efforts, intensified in the second half of 2009, to consolidate its distribution channels under a single brand, as previously announced to the market. The Company believes that, though these efforts have a negative impact on sales initially, they will boost medium- and long-term sales.

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About TOTVS

TOTVS is Latin America's largest developer of application software, the world's 8th biggest ERP developer and the leader in emerging markets. It is the absolute leader in Brazil, and the leader in the small and medium enterprises (SME) segment in Latin America. TOTVS was the first IT company in Latin America to go public, with its shares listed in the Novo Mercado segment – São Paulo Stock Exchange (BOVESPA). Its ERP operations, represented by the products Datasul, Logix, Microsiga Protheus and RM, serve 24,200 customers and are complemented by a broad portfolio of vertical solutions, as well as consulting, infrastructure and BPO services. For more information, visit www.totvs.com.

This report contains forward-looking statements that are based on the beliefs and expectations of TOTVS management. The words "anticipate", "believe", "wish", "expect", "foresee", "intend", "plan", "predict", "project", and similar are intended to identify statements that, necessarily, involve known and unknown risks. Known risks include uncertainties that are not limited to the impact of price and product competitiveness, acceptance of products by the market, the market performance of the Company's products and those of its competitors, regulatory approval, currency fluctuations, supply and production difficulties and changes in product sales, among others. This report also contains certain pro forma statements, prepared by the Company exclusively for informational and reference purposes and are therefore unaudited. This report is updated to the present date and TOTVS is under no obligation to update it further to include new information and/or future occurrences.