

PUBLICLY HELD COMPANY

Corporate Taxpayers ID (CNPJ/MF) 53.113.791/0001-22

Company Registry (NIRE) 35.300.153.171

MATERIAL FACT

São Paulo, July 01, 2008 - TOTVS S.A. (BOVESPA: TOTS3), the market leader in developing and marketing integrated enterprise management software and related services to small and medium enterprises in Brazil and Latin America, pursuant to CVM Instruction 358/2002, hereby informs its shareholders and the general market that on today's date it entered into a purchase agreement through its subsidiary **TOTVS NORDESTE SOFTWARE LTDA. ("TOTVS NE")** to acquire shares representing 100% (one hundred percent) of the equity in **SETWARE INFORMÁTICA LTDA. ("SETWARE")**, a limited liability company that serves as a commercial representative of TOTVS in the region of Recife, Pernambuco.

The acquisition of 100% (one hundred percent) of the equity in SETWARE will be effected through the payment of R\$3,250,000.00 (three million, two hundred and fifty thousand reais).

The acquisition was approved at Meeting of the Board of Directors of TOTVS held on January 30, 2008.

São Paulo, July 1, 2008

José Rogério Luiz

Investor Relations Officer

IR Contact:**José Rogério Luiz**

CFO and IRO

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Investor Relations

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ri@totvs.comwww.totvs.com**About TOTVS**

TOTVS is the leader in the Brazilian and Latin America software development. The Company also leads the Small and Medium Business segment (SMB) in Brazil and has a strong presence in Latin America. TOTVS was the first Latin American IT Company to go public and it is listed on the Novo Mercado segment at BOVESPA. Together, its software commercialization operations BCS Sisjuri, Logix, Microsiga Protheus, RM, Vitrine and related Consulting, Infra-structuring and BPO services have around 18,000 active clients. For further information, access the website <http://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.