

São Paulo, June 1, 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, has acquired the interest of Quality Software S.A. in TQTV Software Ltda., giving it a 100% share of the latter's capital stock.

On this date, TOTVS acquired 45% of TQTV for the fixed amount of R\$ 6.0 million which may be increased by a variable amount of up to R\$ 8.3 million, in accordance with the goals established for TQTV's results over the next 4 years.

TQTV develops middleware that in turn enables the development of interactive applications for Digital TV, independently of the hardware platform.

TQTV's interactive components will allow CRM and e-commerce software, distance-education platforms and mobile TOTVS systems to be integrated with Digital TV. In addition, part of this technology has been used in the development of the TOTVS ERP.

Through this transaction, which is part of the Company's R&D investments, TOTVS is reaffirming its interest in developing interactive applications for Digital TV and its integration with management software (e.g. t-commerce – the purchase of products via TV).

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About TOTVS

TOTVS is Latin America's largest developer of application software, the world's 7th 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 on the Novo Mercado segment of the São Paulo Stock Exchange (BOVESPA). Its ERP operations, represented by the products Datasul, Logix, Microsigla Protheus and RM, serve 25,200 customers and are complemented by a broad portfolio of vertical solutions, as well as value-added services such 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.