

**TOTVS S.A.**  
**Publicly-held Company**  
**Corporate Taxpayer's ID (CNPJ/MF): 53.113.791/0001-22**  
**Corporate Registry (NIRE): 35.300.153.171**

**MATERIAL FACT**

**TOTVS S.A.**, pursuant to CVM Instruction 358/2002, hereby informs its shareholders and the market that, on this date, it entered into a purchase agreement to acquire 100% of the companies BCS COMÉRCIO E SERVIÇOS DE INFORMÁTICA LTDA., BCS – ENGENHEIROS ASSOCIADOS LTDA., BCSFLEX COMÉRCIO E SERVIÇOS DE INFORMÁTICA LTDA. and HBA INFORMÁTICA LTDA. (jointly, “BCS”), who develop management software for law firms and legal departments, as well as providing advice and assistance regarding technological solutions, ranging from project analysis through development to operational implantation and management.

The finalization of the acquisition is subject to compliance with certain conditions. Once these conditions are fulfilled, TOTVS S.A. will pay the amount of R\$ 30,000,000.00 (thirty million Reais) to the former owners of BCS. An additional, variable payment of up to R\$ 18,000,000.00 (eighteen million Reais), will be effected provided certain targets established for BCS in 2008 and 2009 are met.

The acquisition was approved by a meeting of the Board of Directors of TOTVS S.A. on December 6, 2007 and will be submitted for ratification to an Extraordinary Shareholders' Meeting to be convened at an opportune moment, pursuant to article 256 of Law 6404 of 1976. Any shareholders dissenting from the resolution by the Extraordinary Shareholders' Meeting to ratify the acquisition of BCS may exercise their withdrawal rights in accordance with Law 6404/76, said rights being conferred on shareholders registered as such on December 10, 2007 (i.e. as of December 11, 2007, shares will be traded ex-withdrawal rights). The transaction will also be submitted to CADE (Brazil's antitrust authority).

São Paulo, December 10, 2007.

José Rogério Luiz  
Investor Relations Officer