

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

**MATERIAL FACT**

**TOTVS S.A.** ("TOTVS") (Bovespa: TOTS3), in compliance with Rule 358 of January 3, 2002, of the Securities and Exchange Commission of Brazil (CVM), hereby informs its shareholders and the market that on this date it entered into a Share Purchase Agreement by which it acquired 100% of GENS TECNOLOGIA E INFORMÁTICA LTDA. ("GENS"), which owns the operating assets of GENS S.A., the development franchise for the health segment.

The conclusion of the acquisition is subjected to the fulfillment of certain conditions. Once these conditions are achieved, TOTVS will pay up to seventeen million, eight hundred and ten thousand reais (R\$17,810,000.00) to GENS former shareholders.

Pursuant to Article 256 of Law 6,404 of December 15, 1976, the acquisition will be submitted for approval at an Extraordinary Shareholders' Meeting to be called opportunely. Shareholders dissenting from the resolution at the Extraordinary Shareholders' Meeting ratifying the acquisition of GENS may exercise their withdrawal rights pursuant to Law 6,404/76. Said withdrawal rights will be granted to shareholders on record on January 4, 2011 (i.e. as of January 5, 2011, shares will be traded ex-withdrawal rights).

The acquisition will also be submitted to Brazil's antitrust authority (CADE).

São Paulo, January 4, 2011.

José Rogério Luiz  
Investor Relations Officer