

**São Paulo, October 14, - 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 for small and medium business (SMB) segment, announces the acquisition of one of Datasul's major Distribution Franchises (FDIS). Hery Software Ltda. ("Hery") operates in Rio de Janeiro, Brazil Middle West and in both São Paulo and its countryside, with estimated annual revenue of R\$17.0 million.

Hery acquisition is in line with the Company's strategy of running its own operations in the country's most important regions and is part of the consolidation of the distribution channels, which began in 2007 last quarter. The acquisition price amounts to a maximum of R\$12,000,000.

In the first phase, the process aimed at consolidating Logocenter, Microsiga and RM channels into TOTVS franchises. The strong motivation within the company and in the channels involved helped conduct this complex process swiftly, which translated into positive results by the end of 2008 when practically all Company's sales came from the consolidated TOTVS channels.

Considering the low penetration of TOTVS' target market - the SMB segment - the consolidation process enables the Company to strengthen its distribution channels and tends to positively influence company sales generation.

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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 on the Novo Mercado segment in São Paulo Stock Exchange (BOVESPA). Its ERP operations, represented by the products Datasul, Logix, Microsiga Protheus and RM, serve 23,700 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](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.