



**TOTVS S.A.**

Publicly-Held Company of Authorized  
Capital  
Corporate Taxpayer's ID (CNPJ/MF)  
53.113.791/0001-22  
Corporate Registry ID (NIRE)  
35.300.153.171

**DATASUL S.A.**

Publicly-Held Company of Authorized  
Capital  
Corporate Taxpayer's ID (CNPJ/MF)  
03.114.361/0001-57  
Corporate Registry ID (NIRE)  
42.300.024.961

**MATERIAL FACT**

The management of TOTVS S.A. ("TOTVS") and DATASUL S.A. ("Datasul") (TOTVS and Datasul jointly referred to as "Companies"), pursuant to CVM Rules 358/02 and 319/99, as amended, and supplementing the information disclosed in a Material Fact on July 22, 2008, hereby inform the Boards of Directors of both Companies approved, on this date, the submission to their respective shareholders, in extraordinary general meetings to be held on August 19, 2008, a proposal for the corporate reorganization of both Companies into one single group ("Operation"), by means of (i) a merger of Datasul's shares by Makira do Brasil S.A. ("Makira"), a subsidiary of TOTVS; and, subsequently, (ii) a merger of Makira by TOTVS, so that Datasul's shareholding structure is joined to TOTVS's shareholding structure.

1. Purposes and Summary of the Operation's Structure:

1.1. The key terms and conditions of the proposal to be submitted to the Extraordinary General Meetings of the Companies are described below.

- (i) Approval of amendment to Articles 20 item (v) and 34 item (c) of Datasul's Bylaws so as to allow for, respectively, (a) Datasul's Board of Directors to have the competence to declare interim and periodical dividends, as well interest on own capital; and (b) dividend distribution to shareholders based on resources allocated to Datasul's Development Reserve;
- (ii) Eventual resolution, by Datasul's Board of Directors on the distribution of Datasul's dividends, conditioned to the approval of the Merger of Datasul's Shares, with payment in up to thirty-five (35) days counted from the date of publication of the

minutes of the shareholders' General Meeting which approves the Merger of Datasul's Shares;

- (iii) Merger of Datasul's Shares by Makira, at market value, pursuant to the respective Protocol of Merger and Justification, resulting in the issuance, by Makira, of common and preferred callable shares, on behalf of the shareholders of Datasul holding shares on the date of the respective resolution;
- (iv) In the same act of Merger of Datasul's Shares, resolution on the redemption of Makira's preferred shares issued on behalf of Datasul's Former Shareholders holding shares on the date of said resolution, with payment in up to thirty-five (35) days after the date of the publication of the minutes of the shareholders' General Meeting which approves the redemption;
- (v) Still in the same act, in a different and subsequent resolution, merger of Makira by TOTVS, pursuant to the respective Protocol of Merger and Justification, with the absorption of Makira's net assets, appraised at market value, considering the effects of the Merger of Datasul's Shares, and the winding up of Makira, as well as the election of Mr. Miguel Abuhab as a new member of TOTVS's Board of Directors. As a result, TOTVS's common shares will be issued on behalf of Datasul's Former Shareholders, now shareholders of Makira;
- (vi) As a result of the Merger of Makira, the group of Datasul's Former Shareholders will hold four million, four hundred and sixty-four thousand (4,464,000) common shares issued by TOTVS; and
- (vii) Datasul's Former Shareholders will receive four hundred and eighty million reais (R\$480,000,000.00), in cash, corresponding to the sum: (a) of the payment for the redemption of Makira's redeemed common shares; and (b) Datasul's dividends, which are occasionally declared as of this date, in up to thirty-five (35) days as of the date of publication of the minutes of the shareholders' General Meeting which approves the Merger of Datasul's Shares.

The Merger of Datasul's Shares, followed by the Merger of Makira, will allow for Datasul and TOTVS to integrate their activities, resulting in a more efficient structure, with potential savings in combined expenses, in addition to allowing for the growth of both companies.

## 2. Acts which Preceded the Operation:

2.1. Prior to the implementation of the Operation, the Boards of Directors of TOTVS, Makira and Datasul approved, respectively, the Protocol and Justification of the Merger of Shares Issued by Datasul by Makira, and the Protocol and Justification of the Merger of Makira by TOTVS, as well as the operations subject of the abovementioned documents and the summoning of the Extraordinary General Meetings of both Companies to resolve on the matters related to the Operation, and the abovementioned Protocols and Justifications were signed by the Managements of both Companies and of Makira.

### 3. Criteria for the Appraisal of Datasul's Shares and of Makira's Shareholders' Equity.

#### *Merger of Datasul's Shares*

3.1. The market value of Datasul's shares to be merged by Makira, not considering the eventual distribution of dividends to be resolved on by Datasul's Board of Directors, is of five hundred sixty-three million, four hundred forty-nine thousand, nine hundred seventy-three reais and twenty-six centavos (R\$563,449,973.26), amount supported by an appraisal report referred to in item 3.3. below. Considering this assumption, the proposal is that out of this amount, four hundred ninety-four million, three hundred twenty-nine thousand, four hundred ninety five reais and sixty-six centavos (R\$494,329,495.66) are allocated to form Makira's capital reserve; and sixty-nine million, one hundred twenty thousand, four hundred seventy seven reais and sixty centavos (R\$69,120,477.60) to Makira's capital increase, with the issuance of fifty-seven million, six hundred thousand, three hundred ninety-eight (57,600,398) shares, of which twenty-eight million, eight hundred thousand, one hundred ninety-nine (28,800,199) common shares and twenty-eight million, eight hundred thousand, one hundred ninety-nine (28,800,199) callable preferred shares, all of them registered and non-par, to be subscribed by Datasul's management, for the account and at the order of its shareholders, pursuant to article 252, paragraph 2, of Law 6.404/76, and paid-up against the transfer of the shares issued by Datasul to Makira's equity. In the case of dividend distribution, the shares' market value will be adjusted at the exact amount of the distribution, and the amount to be allocated to the capital reserve shall reflect this adjustment, and the amount to be allocated to the capital increase shall be maintained.

3.2. Makira's capital stock, immediately after the Merger of Datasul's Shares, will be split into fifty-eight million, three hundred twenty-nine thousand, six hundred and three (58,329,603) shares, of which twenty-nine million, five hundred twenty-nine thousand, four hundred four (29,529,404) common shares and twenty-eight million, eight hundred thousand, one hundred ninety-nine (28,800,199) callable preferred shares, and the entirety of the shares issued by Datasul will be owned by Makira, of which Datasul will become a wholly-owned subsidiary. After the following resolution and the approval of the redemption of the callable preferred shares, Makira's capital stock will consist solely of twenty-nine million, five hundred twenty-nine thousand, four hundred four (29,529,404) common shares.

3.3 The Merger of Datasul's Shares at market value will be supported by an appraisal report prepared by APSIS Consultoria Empresarial Ltda., a limited company, headquartered in the City of Rio de Janeiro, State of Rio de Janeiro, at Rua São José, n.º 90, grupo 1.802, CNPJ/MF n.º 27.281.922/0001-70 ("Apsis"), whose appointment shall be ratified by the Extraordinary General Meeting which will resolve on the Merger of Datasul's Shares, pursuant to article 252, paragraph 1 of Law 6.404/76. Apsis has declared inexistent any conflict or common interests, current or potential, with regard to Datasul's or Makira's shareholders, to the companies, or to the Merger of Datasul's Shares itself.

## *Makira's Merger*

3.4. After the approval of the redemption of shares and eventual resolution on the distribution of dividends of Datasul, Makira's net assets' to be merged by TOTVS, will total eighty-four million, three hundred twenty-five thousand, nineteen reais and twenty-six centavos (R\$84,325,019.26), amount which is based on the net book value of Makira's net assets, to be calculated by Apsis, considering the resolution on the redemption of Makira's shares and Datasul's eventual payment of dividends. Considering TOTVS's interest in Makira's capital stock, Makira's Merger will result in an increase of TOTVS's equity worth eighty-three million, four hundred forty-nine thousand, nine hundred seventy-three reais and twenty-six centavos (R\$83,449,973.26), resulting in an increase in TOTVS's capital stock in the amount of sixty-nine million, one hundred twenty thousand, four hundred seventy-seven reais and sixty centavos (R\$69,120,477.60), with the issuance of four million, four hundred sixty-four thousand (4,464,000) common shares, to be subscribed by Makira, for the account and at the order of its shareholders, pursuant to article 227, paragraph 2, of Law 6,404/76, and paid-up against the transfer of Makira's shareholders' equity to TOTVS's equity. The amount of fourteen million, three hundred twenty-nine thousand, four hundred ninety-five reais and sixty-six centavos (R\$14,329,495.66) will be allocated to TOTVS's capital reserve.

3.5 The Merger of Makira at net book value is supported by an appraisal report prepared by Apsis, whose appointment shall be ratified by the Extraordinary General Meeting which will resolve on the Merger of Makira, pursuant to article 227, paragraph 1 of Law 6,404/76. Apsis has declared inexistent any conflict or common interests, current or potential, with regard to Datasul's, Makira's or TOTVS's shareholders, to the companies, or to the Merger of Makira.

3.6. The equity variations which take place at Makira from December 31, 2007 ("Reference Date") to the date the Merger of Makira becomes effective will be exclusively absorbed by TOTVS.

## 4. Replacement Ratios, number and species of the shares to be assigned to Datasul's and Makira's shareholders, shares rights, increase in shareholders' equity and in Makira's and TOTVS's capital.

4.1. The replacement ratios referred to in this item are deemed fair by Makira's and TOTVS's management, based on reports prepared by the investment banks mentioned in item 4.2 below ("Fairness Opinions"), observing the provisions of each Fairness Opinion.

4.2. TOTVS has contracted, exclusively for its best interest, investment bank JP Morgan as an advisor to prepare a financial appraisal for TOTVS's Board of Directors and support the referred decision-making process with regard to (i) the number of shares representing TOTVS's capital stock to be assigned to Datasul's former Shareholders due to the Merger of Makira, and (ii) the compensation of Datasul's Former Shareholders in the amount of four hundred eighty million (R\$480,000,000.00) reais, which includes the amount of the redemption of Makira's callable preferred shares and eventual dividends of Datasul to be issued pursuant to item 2.1.1(b) above, inclusively against the delivery of opinion (fairness opinion), dated from July 23, 2008, based on and subject to the factors and assumptions

described thereon. Datasul has contracted Banco UBS Pactual S.A. as an advisor to prepare a financial appraisal for the Board of Directors and support the referred decision-making process, inclusively against the delivery of opinion dated from July 21, 2008, based on and subject to the factors and assumptions described thereon, indicating the Operations makes economic sense and creates value for Datasul's shareholders.

#### *Merger of Datasul's Shares*

4.3. Datasul's shareholders will be assigned one (1) common share and one (1) callable preferred share of Makira for each Datasul common share owned by them, resulting in the total issuance, by Makira, of fifty-seven million, six hundred thousand, three hundred ninety-eight (57,600,398) shares, of which twenty-eight million, eight hundred thousand, one hundred ninety-nine (28,800,199) are common shares, and twenty-eight million, eight hundred thousand, one hundred ninety-nine (28,800,199) are callable preferred shares, all of them registered and non-par ("New Shares").

4.4. Datasul and Makira do not hold reciprocal interest.

4.5. Datasul has and will have, on the date of the Merger of Datasul's Shares, one hundred seventy-five and eighty nine (175,089) common shares issued by Datasul itself held in treasury, representing zero point six, zero, four, two, seven percent (0.604270%) of its capital stock, which will be cancelled at the time of the Merger of Datasul's Shares.

4.6. Prior to the resolution on the Merger of Datasul's Shares, Datasul's Board of Directors might resolve on a dividend distribution. Should the aforementioned distribution be approved, the payment of the dividends shall take place in up to thirty-five (35) days after the date of the publication of the minutes of Datasul's shareholders' General Meeting which resolves on the distribution of dividends.

4.7. Immediately after the issuance of New Shares, Makira will resolve on the redemption of the entirety of callable preferred shares issued by Makira itself, which will be, in up to thirty-five (35) days after the date of the publication of the minutes of Makira's shareholders' General Meeting which resolves on the redemption, paid by TOTVS in the capacity of successor of Makira's liabilities as a consequence of the Merger of Makira. As a result of the redemption of the entirety of callable preferred shares issued by Makira, Datasul's Former Shareholders will be entitled to receiving a global amount of four hundred eighty million reais (R\$480,000,000.00) after an eventual amount distributed as dividends pursuant to item 4.5 above, so that the total amount of dividends and redemption of Makira's preferred shares is equivalent to four hundred eighty million reais (R\$480,000,000.00). Once redeemed, the aforementioned redeemable shares will be cancelled, against capital reserve formed as described below, with no reduction in Makira's capital stock.

4.8. Makira's common shares to be assigned to Datasul's Former Shareholders to replace Datasul's shares owned by them will have the same rights assigned to Makira's common shares owned by TOTVS.

4.9. The aforementioned shareholding will be immediately amended, though, due to the Merger of Makira. Datasul's Former Shareholders shall, already in the capacity of Makira's shareholders, resolve on the Merger of Makira. Should the Merger of Makira be approved, Datasul's Former Shareholders will receive 0.15499893 common share of TOTVS for each common share issued by Makira owned by them, resulting in the total issuance, by TOTVS, of four million, four hundred sixty-four thousand (4,464,000) common shares.

#### *Makira's Merger*

4.10. Makira's shareholders will receive 0.15499893 common share of Totvs for each common share issued by Makira owned by them, resulting in the total issuance, by Totvs, of four million, four hundred sixty-four thousand (4,464,000) common shares ("New Shares").

4.10.1 The established ratio for the replacement of Makira's shares for TOTVS's shares:

- a) Considered the prior merger, to Makira, of the entirety of the shares issued by Datasul, deemed fair and equitable for TOTVS's shareholders. As a result of the Merger of Datasul's Shares, Datasul's shareholders will be assigned one (1) common share and one (1) callable preferred share of Makira for each common share issued by Datasul owned by them, resulting in the total issuance, by Makira, of fifty-seven million, six hundred thousand, three hundred ninety-eight (57,600,398) shares, of which twenty-eight million, eight hundred thousand, one hundred ninety-nine (28,800,199) are common shares, and twenty-eight million, eight hundred thousand, one hundred ninety-nine (28,800,199) are callable preferred shares, all of them registered and non-par;
- b) Considered the eventual resolution on the distribution of Datasul's dividends, conditioned to the approval, in a General Meeting, of the Merger of Datasul's Shares, with payment in up to thirty-five (35) days counted from the date of publication of the minutes of the shareholders' General Meeting which approves the Merger of Datasul's Shares; and
- c) Considered that, immediately after the issuance of Makira's shares resulting from the Merger of Datasul's Shares, Makira resolved on the redemption of the entirety of callable preferred shares issued by Makira itself, in up to thirty-five (35) days after the date of the publication of the minutes of the shareholders' General Meeting which resolves on the redemption, Datasul's Former Shareholders will be entitled to receive the global amount of four hundred eighty million reais (R\$480,000,000.00), net of the eventual amount distributed as dividends pursuant to item (b) above, so that the total amount to be paid in cash to Datasul's Shareholders (both as dividends and payment for the redemption of Makira's preferred shares) is equivalent to four hundred eighty million reais (R\$480,000,000.00). Once redeemed, the aforementioned redeemable shares will be subsequently cancelled, against capital reserve formed as described below, with no reduction in Makira's capital stock.

4.10.2. Should there be fractions of common shares resulting from the replacement of the position of each shareholder of Makira, these will be rounded down to the closest integer, and the difference will be paid in cash, by TOTVS, in the capacity of successor of Makira's liabilities, in up to five (5) working days counted from the end of the withdrawal term of the shareholders who disagree from the resolution on the merger.

4.11. On the date of the Merger, TOTVS will hold a minority interest of seven hundred twenty-nine thousand, two hundred and five (729,205) common shares issued by Makira, representing two point forty-seven percent (2.47%) of Makira's capital stock after the redemption, which shall be cancelled.

4.12. TOTVS's common shares to be assigned to Datasul's Former Shareholders to replace Makira's common shares shall have the same rights assigned to the shares owned by the other shareholders of TOTVS, inclusively with regard to dividends and capital compensation eventually declared by TOTVS.

5. Totvs's capital stock breakdown after the Merger of Datasul's Shares and Makira's Merger.

5.1. TOTVS's capital stock, after the Merger of Datasul's Shares and Makira's Merger, will be of three hundred seventy-six million, four hundred ninety-three thousand, one hundred thirty-nine reais and thirty-three centavos (R\$376,493,139.33), split into thirty-one million, one hundred fifty-two thousand, four hundred and two (31,152,402) common shares, all of them registered and non-par, and the entirety of the shares issued by Datasul will be owned by TOTVS, of which Datasul will become a wholly-owned subsidiary.

6. Refund of dissenting shareholders.

*Merger of Datasul's Shares*

6.1. Pursuant to article 252, paragraph 2 of Law 6,404/76, the right to withdraw will be granted to Datasul's shareholders who dissent or refrain from resolving on the Merger of Datasul's Shares, or who not attend to the pertinent shareholders' General Meeting, and who expressly manifest their intention to exercise the right to withdraw, in up to thirty (30) days after the publication of the minutes of the shareholders' General Meeting which approves the Merger of Datasul's Shares. The payment of the respective refund will depend on the execution of the operation, pursuant to article 230 of Law 6,404/76. The refund of the share's value will only be granted for the shares which the shareholder provably holds, on the date of the publication of the first summons for Datasul's and Makira's shareholders' General Meeting to resolve on the Merger of Datasul's Shares, and Datasul's shareholders which acquire shares as of that date, inclusive, will not be entitled to the withdrawal right mentioned in this item, pursuant to paragraph 1, article 137 of Law 6,404/76.

6.2. Datasul's dissenting shareholders which meet the requirements of the item above will be entitled to the refund of their shares, in the amount of seven reais and fifty-eight centavos (R\$7.58) per share, pursuant to the Balance Sheet of December 31, 2007,

approved by the Annual General Meeting held on April 3, 2008, granted the right of special balance survey.

### *Makira's Merger*

6.3. Pursuant to Law 6,404/76, Makira's Merger aims at the possibility to exercise the withdrawal right by Makira's dissenting shareholders. The withdrawal right shall be exercised by Makira's shareholders within the thirty (30) days following the publication of the minutes of Makira's shareholders' General Meeting which resolves on Makira's Merger. In the case of exercise of the withdrawal right due to Makira's Merger, each of Makira's shareholders will receive the amount of one real and twenty centavos (R\$1.20) per share, corresponding to the net equity of Makira's shares based on the balance as of December 31, 2007, granted the right to special balance survey, case in which the effects of the redemption of Makira's callable preferred shares shall be taken into account, as well as an eventual distribution of dividends of Datasul, as provided for in the respective Protocols and Justifications.

## 7. Costs

### *Merger of Datasul's Shares*

7.1. Datasul's management estimates the costs to execute the Merger of Datasul's Shares will be of approximately six million and five hundred thousand reais (R\$6,500,000.00), including the expenses with publications, auditors, appraisers, attorneys, and other technical professionals to be contracted to support the operation.

### *Makira's Merger*

7.2. TOTVS's management estimates the costs to execute the Merger of Makira will be of approximately six million and five hundred thousand reais (R\$6,500,000.00), including the expenses with publications, auditors, appraisers, attorneys, and other technical professionals to be contracted to support the operation.

## 8. Datasul's Call Option Plan

8.1. Datasul's Extraordinary General Meeting which approves the Merger of Shares will resolve on the advance of the exercise, by the respective beneficiaries, of the call options provided for in the current Call Option Plan of the Company, approved by the Extraordinary General Meeting of March 30, 2006, subject to exercise due to the corporate reorganization presently proposed, whose settlement will be financial, against payment in cash, with no issuance of Datasul's shares.

## 9. Further information on the Operation

### *Succession*

9.1. With the execution of the Merger of Datasul's Shares, Makira will not absorb Datasul's assets, rights, property, liabilities and responsibilities, and Datasul will keep the entirety of its legal character, there being, thus, no succession.

9.2. Makira's Merger, on its turn, will result in the winding up of Makira, which will be followed by TOTVS in its assets, rights and liabilities, for all legal purposes.

#### *Subordinate Businesses*

9.3. The events described herein, as well as the other matters submitted, in the shareholders' General Meetings which resolve on the Operation, to the shareholders of the companies involved, are reciprocally subordinate legal businesses, assuming one business is not effective if the others are not either.

#### *Cancellation of Registration of Publicly-Held Company and of Novo Mercado Listing*

9.4. After the completion of the Operation, Datasul's managers will request the cancellation of the registration of publicly-held company with the CVM and of the listing and adhesion to the Novo Mercado rules with the São Paulo Stock Exchange – BOVESPA.

#### *Submission to Authorities*

9.5. The Operation will, pursuant to the legislation in force, be submitted to the anti-dumping authorities in Brazil and to the CVM.

#### *Financial Advisors*

9.6. TOTVS has contracted Investment Bank JPMorgan, and Datasul, Banco UBS Pactual S.A., as advisors for the Operation ("Advisors").

#### *Non-Execution of Share Repurchase*

9.6. Ultimately, in conformity with the good corporate governance practices which govern both Companies, Datasul informs it will not carry out, up to the completion of the Operation, operations of repurchase of its shares.

#### *Documents availability*

9.7. The Protocols and Justifications and the audited financial statements as of December 31, 2007 of TOTVS and Datasul, as well as the other documents which referenced by this material fact and article 3 of CVM Rule 319/99, will be available at the Companies' headquarters and on their respective websites ([www.totvs.com](http://www.totvs.com) and [www.datasul.com.br/ri](http://www.datasul.com.br/ri)), and on the websites of CVM ([www.cvm.gov.br](http://www.cvm.gov.br)) and Bovespa ([www.bovespa.com.br](http://www.bovespa.com.br)).

The resolutions presented in this Material Fact are part of the operation of merger of Datasul's and TOTVS's shareholding structures, and do not constitute an offer of securities in the United States of America, or any request related to an offer of purchase of

securities in the United States of America. The information included in this Material Fact, as well as any other materials referring to the abovementioned resolutions, shall not be provided or sent to United States of America residents.

São Paulo, July 23, 2008.

**José Rogério Luiz**

Financial Vice-President and Investor  
Relations Officer  
**TOTVS S.A.**

**Monica Hojaij Carvalho Molina**

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