

TOTVS acquires BCS - the leading company in developing management software for law firms



São Paulo, December 10, 2007 - TOTVS S.A. (BOVESPA: TOTS3), market leader in the development and marketing of integrate corporate management software and rendering of related services in medium and small sized companies in Brazil and Latin America, announces the acquisition of BCS COMÉRCIO E SERVIÇOS DE INFORMÁTICA LTDA., BCS – ENGENHEIROS ASSOCIADOS LTDA., BCSFLEX COMÉRCIO E SERVIÇOS DE INFORMÁTICA LTDA. and HBA INFORMÁTICA LTDA. (jointly referred to as “**BCS**”), which develops 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 Legal sector in Brazil offers a great opportunity for management software in two fronts of operation: (i) law firms, around 20,000 in the country, out of which 5,000 are located in São Paulo, and (ii) companies’ legal departments. The growing of this segment has been influenced by companies’ professionalization and by the high number of business transactions, such as trade contracts, mergers and acquisitions (M&A) and IPOs carried out over the past years. According to *Consultor Jurídico* magazine, one-third of law firms and legal departments do not know management software, and 45% of those that know it do not use any type of digital management.

BCS Informática Ltda. operates in the Southern, Southeastern, Midwestern and Northeastern Regions of Brazil. The company has developed management software and document management and rendered advisory IT and infrastructure services for law firms and legal departments for over 20 years. It has been attracting clients among the most acknowledged law firms in the country, counting on a portfolio of nearly 300 clients and adding more than 200 participants to TOTVS staff.

With this operation, TOTVS intends to:

- a) strengthen its presence, by achieving the leadership in the legal sector as a provider of software and management support; and
- b) enhance its commercial offerings, not only for BCS clients, which currently have only one vertical and are potential ERP consumers, but also to TOTVS’ clients and their legal departments.



The acquisition is also connected to the Expanded Model of Business by means of the infrastructure services of BCS and TOTVS Infra. There is also the possibility of marketing its legal software in other countries.

The initial amount is R\$ 30 million and may reach up to R\$ 48 million by 2009. The variable payment of R\$ 18 million shall be made upon fulfillment of annual EBITDA targets over the next two years. The net income estimated for 2007 is R\$ 15.9 million, R\$ 5.5 million EBITDA and 35.0% EBITDA margin. The operation has a 6.0x multiple, EBITDA estimated for 2008 and may reach 5.3x at the end of 2009, should the targets not be overcome.

This acquisition is part of a series of actions TOTVS has been doing to strengthen its presence on diversified business segments and increase its position of market leader in the development of integrate corporate management software

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About TOTVS

TOTVS is the leader in the Brazilian and Latin America software developments. The Company also leads the small and medium Companies segment (SMB) in Brazil and Latin America. TOTVS was the first Latin American IT Company to go public and it is listed at BOVESPA. Together, its software commercialization operations and related services Logocenter, Microsiga, RM Sistemas and TOTVS BMI have around 15,700 clients. For further information, access the website www.totvs.com.br/ir.

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.