TOTVS S.A.

1st Private Issuance of Debentures

Trustee's Annual Report
Fiscal Year 2011

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CHARACTERISTICS OF THE ISSUANCE

DATE OF ISSUANCE:	08/19/2008
DATE OF MATURITY:	08/19/2019
TRUSTEE:	Oliveira Trust DTVM S.A.
CARRYING BANK:	Banco Itaú S.A.
VOLUME(*):	R$ 200,000,000.00
QUANTITY OF DEBENTURES(*)	200,000
NUMBER OF SERIES:	2
PUBLISHING:	Diário Oficial do Estado de São Paulo and Valor Econômico newspaper – National Edition.
USE OF PROCEEDS:	According to statement by the Investors' Relations Officer, the proceeds from the issuance were used for payment, by the Company, of the transaction of redemption of redeemable preferred shares issued by Makira do Brasil S.A., aiming at promoting integration between its activities and those of Datasul S.A.
NATURE OF ISSUANCE:	Private

(*) At the Date of Issuance

CHARACTERISTICS OF THE 1ST SERIES

DATE OF ISSUANCE:	08/19/2008
DATE OF MATURITY:	08/19/2019
VOLUME(*):	R$ 100,000,000.00
UNIT FACE VALUE (*):	R$ 1,000.00
UNIT PRICE AS OF 12/31/2011(**):	R$ 1,034.03
QUANTITY OF DEBENTURES(*):	100,000
FORM:	Book-entry
GUARANTEE:	Floating
CLASS:	Convertible into common shares issued by the Issuing Company.

(*) At the Date of Issuance
(**) Calculated by Oliveira Trust

The present Issuance is made through security deposit certificates, comprised by 2 non-detachable debentures, being 1 1st series debentures and 1 2nd series debentures ("Units").

CONVERTIBILITY:
The Units shall be mandatorily converted into common shares issued by the Company, if, since the Date of Issuance of the Units, the 360 consecutive days average weighted price of the common shares of the Company, calculated in trading dates at BVSP and determined at the date of anniversary of the Units in each conversion period provided in the Calculation Date is

higher than the average weighted price per volume of shares of the Issuing Company, calculated in trading days at BVSP, in the period between 06/06/2008 and 08/31/2008, and restated according to the formula described in the Deed of Issue. The mandatory conversion of Units into common shares issued by the Company shall take place solely 2 years after the date of issuance and shall respect the following limits:

Calculation Date	% of units issued	Date
Shall occur after 2 years from the date of issuance (08/19/2010)	15% 30% 45% 60%	In the 3rd year from the date of issuance In the 4th year from the date of issuance In the 5th year from the date of issuance In the 6th year from the date of issuance

In addition to the hypothesis of mandatory conversion, the Units may be converted into common shares issued by the Company, at the Debenture holders' discretion, given the limits below are followed:

% of units issued	Date
Up to 15% Up to 30% Up to 45% Up to 60%	In the 3rd year from the date of issuance In the 4th year from the date of issuance In the 5th year from the date of issuance In the 6th year from the date of issuance

On August 3, 2011 we calculate the weighted average price - 360 days, reaching an amount of R$30.28 and the Strike Price (PAaCo), finding the value of R$21.596713. Therefore, since on that date the weighted average price of 360 days exceeded the Strike Price, whose condition was maintained until the second determination date anniversary, which is August 19, 2011 ("Determination Date"). In this sense, there was the mandatory conversion of up to 30% of Units issued.

As described below, the Issuing Company delivered the ordinary shares arising from the mandatory conversion on August 19, 2011, as provided in paragraphs 3.18.2.3 and 3.18.6 of the deed of issue:

Units to Convertion	Shares	Fractions of shares	Fractions in BRL
15,001	1,389,191	1.883194771	R$40.67

INDEXATION:
There is no indexation.

INTEREST:

1st period	
Beginning	08/19/2008
End	08/19/2019
Yield (*)	IPCA + 3.5% p.y. limited to TJLP plus 1.5% per year (360 days).
Calculation basis	360
U.P. at the Date of Issuance	R$ 1,000.00
Payment	Annually, on every August 19, being the first payment in August 19, 2009 and the last in August 19, 2016.
Document	Deed of the Private Issue

PREMIUM:

Not applicable in view of the mandatory conversion of the Units on August 19, 2011. In the event of non-conversion, the 1st series debentures shall be entitled to the non-conversion premium equivalent to the difference between IPCA plus 8.0% per year (360 days basis) and interests effectively paid, where interests calculation basis is the lowest amount between IPCA plus 3.5% per year (360 days basis) and TJLP plus 1.5% per year (360 days basis), calculated based on the outstanding balance of the debentures in the determination date.

AMORTIZATION OF FACE VALUE:

The amortization shall be made in two installments in the seventh (08/19/2015) and eighth (08/19/2016) anniversaries, equivalent to 40% and 60% of the principal amount, respectively.

RENEGOTIATION:

Non Renegotiable.

RATING:

No Rating.

PAYMENTS MADE PER DEBENTURE IN 2011:

INTEREST:	
Payment Date	**Unit Value (R$)**
08/19/2011	76.99

CHARACTERISTICS OF THE 2nd SERIES

DATE OF ISSUANCE:	08/19/2008
DATE OF MATURITY:	08/19/2019
VOLUME(*):	R$ 100,000,000.00
UNIT FACE VALUE (*):	R$ 1,000.00
UNIT PRICE AS OF 12/31/2011 (**):	R$ 1,027.61
QUANTITY OF DEBENTURES	100,000
TYPE:	Book-entry
GUARANTEE:	Floating
CLASS:	Convertible into shares issued by the Issuing Company.

(*) At the Date of Issuance
(**) Calculated by Oliveira Trust

CONVERTIBILITY:

The Units shall be mandatorily converted into common shares issued by the Company, if, since the Date of Issuance of the Units, the 360 consecutive days average weighted price of the common shares of the Company, calculated in trading dates at BVSP and determined at the date of anniversary of the Units in each conversion period provided in the Calculation Date is higher than the average weighted price per volume of shares of the Issuing Company, calculated in trading days at BVSP, in the period between 06/06/2008 and 08/31/2008, and restated according to the formula described in the Deed of Issue. The mandatory conversion of Units into common shares issued by the Company shall take place solely 2 years after the date of issuance and shall respect the following limits:

Calculation Date	% of units issued	Date
Shall occur after 2 years from the date of issuance (08/19/2010)	15% 30% 45% 60%	In the 3rd year from the date of issuance In the 4th year from the date of issuance In the 5th year from the date of issuance In the 6th year from the date of issuance

In addition to the hypothesis of mandatory conversion, the Units may be converted into common shares issued by the Company, at the Debenture holders' discretion, given the limits below are followed:

% of units issued	Date
Up to 15% Up to 30% Up to 45% Up to 60%	In the 3rd year from the date of issuance In the 4th year from the date of issuance In the 5th year from the date of issuance In the 6th year from the date of issuance

On August 3, 2011 we calculate the weighted average price - 360 days, reaching an amount of R$30.28 and the Strike Price (PAaCo), finding the value of R$21.596713. Therefore, since on that date the weighted average price of 360 days exceeded the Strike Price, whose condition was maintained until the second determination date anniversary, which is August 19, 2011 ("Determination Date"). In this sense, there was the mandatory conversion of up to 30% of Units issued.

As described below, the Issuing Company delivered the ordinary shares arising from the mandatory conversion on August 19, 2011, as provided in paragraphs 3.18.2.3 and 3.18.6 of the deed of issue:

Units to Convertion	Shares	Fractions of shares	Fractions in BRL
15,001	1,389,191	1.883194771	R$40.67

INDEXATION:
There is no indexation.

INTEREST:

1st period	
Beginning	08/19/2008
End	08/19/2019
Yield (*)	TJLP + 1.5% p.y.
Calculation basis	360
U.P. at the Date of Issuance	R$ 1,000.00
Payment	Semiannually, in August 19th and February 19th every year, being the first payment in August 19, 2009 and the last in August 19, 2016.
Document	Deed of the private issue

PREMIUM:
Not applicable in view of the mandatory conversion of the Units on August 19, 2011. In the event of non-conversion, the 2nd series debentures shall be entitled to a non-conversion premium of 3.5% per year (360-day basis), calculated on the balance due of the debentures in

the calculation date. The non-conversion premium of the 2nd series debentures shall bear interest at TJLP plus 5.0% per year (360-day basis).

AMORTIZATION OF FACE VALUE:

The amortization shall be made in two installments in the seventh (08/19/2015) and eighth (08/19/2016) anniversaries, equivalent to 40% and 60% of the principal amount, respectively.

RENEGOTIATION:

Non Renegotiable.

RATING:

No Rating.

PAYMENTS MADE PER DEBENTURE IN 2011:

INTEREST:	
Payment Date	**Unit Value (R$)**
02/21/2011	38.52
08/19/2011	37.05

GUARANTEE STATUS:

Amounts as of 12/31/2011* - (R$ Thousand)	
A) Total Assets	R$ 1,309,475
B) Collateral Goods	R$ 0
C) Discounted Invoices, Pledged Securities	R$ 0
D) Tax and Labor Liabilities	R$ - 1.871
E) Unrecorded Asset (Free Asset) = A - B - C - D	R$ 1,311,346
F) Issuance Value (**)	R$ 142,182

(*) disclosed by the Issuer

The guarantees of the present issuance were properly set up and are sufficient and enforceable within the characteristic legal limits of the floating guarantee, and according to information from the ISSUING COMPANY.

It is worth noting that the floating guarantee may be affected if there are tax, labor and pension debts.

ASSET STATUS AS OF 12/31/2011:

Outstanding	70,001 (1st series) 70,001 (2nd series)
Treasury	0 (1st series) 0 (2nd series)
Canceled or Converted	29,999 (1st series) 29,999 (2nd series)
Total	**100,000 (1st series)** **100,000 (2nd series)**

LEGAL AND CORPORATE EVENTS:

Material Fact – 04/01/2011 – (“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).

General Meeting – 03/10/2011 – The shareholders attending the Meeting approved, by unanimous vote, without any restriction or reservation, the matters described in items (i) and (ii) in the Agenda (Annual Shareholders’ Meeting), and by majority vote items (iii) and (iv) in the Agenda (Annual Shareholders’ Meeting) and the items of the Extraordinary Shareholders’ Meeting: I. At the Annual Shareholders’ Meeting: (i) With the management report and the financial statements, accompanied by the report of Ernst & Young Auditores Independentes S.S. - the independent auditors of the Company – in hand, relative to the fiscal year ended December 31, 2010, the Chairman submitted the documents to the appraisal and discussion of the attending members, recalling the absence of the report provided for in article 163, paragraph 3, of Law no. 6,404/76, in view of the fiscal council not being instated. After deliberation, the shareholders concluded in favor of the accuracy of the management report and of the financial statements, accompanied by the report of the independent auditors, as approved at the Company’s Board of Directors meeting held on January 27, 2011, which effectively recorded the facts and events relative to the activities developed by the Company in 2010. (ii) They approved the following proposals of capital budget for the year 2011 and of allocation of the net income related to the fiscal year ended December 31, 2010, in compliance with the current corporate legislation and the provisions in the Company’s Bylaws: The amount of the capital budget in the current year is two hundred sixty-four million, one hundred twenty-one thousand, four hundred sixteen reais and eighty-one centavos (R$264,121,416.81), having the following sources: (a) one hundred ten million, two hundred ninety-three thousand, four hundred sixteen reais and eighty-one centavos (R$110,293,416.81) coming from the Retained Profits Reserve; and (b) one hundred fifty-three million, eight hundred twenty-eight thousand (R$153,828,000.00) coming from the cash to be generated in the operating activities. Such funds will be invested in projects of expansion, replacement of assets and information technology and in research and development. The allocation proposal of the net income is: NET INCOME FOR THE YEAR R$ 138,196,940.52 Apportionment: Legal Reserve R$ 6,909,847.03. Retained Profits Reserve R$ 44,180,169.73. Interest on Equity paid R$ 27,000,000.00. Proposed Dividends R$ 60,106,923.76.The total net income for the year, in the total amount of one hundred thirty-eight million, one hundred ninety-six thousand, nine hundred forty reais and fifty-two centavos (R$138,196,940.52), was allocated as follows: (a) six million, nine hundred nine thousand, eight hundred forty-seven reais and three centavos (R$6,909,847.03) to the constitution of the legal reserve equivalent to five percent (5%) of the net income; (b) forty-four million, one hundred eighty thousand, one hundred sixty-nine reais and seventy-three centavos (R$44,180,169.73) to the profit retention reserve; (c) twenty-seven million reais (R$27,000,000.00) to the payment of interest on equity to shareholders on January 19, 2011, as approved by the Board of Directors at the meeting held on December 21, 2010; and (d) sixty million, one hundred six thousand, nine hundred twenty-three reais and seventy-six centavos (R$60,106,923.76) to the distribution of dividends, i.e., one point nine one zero six reais (R$1.9106) per share, as resolved at the meeting of the Board of Directors held on January 27, 2011. The referred dividends will have as calculation basis the Company’s shareholding at the end of March 10, 2011, and, as of March 11, 2011, the Company’s shares will be traded ex-dividends. The dividends shall be paid in up to sixty (60) days counted from the date of the referred General Meeting.The dividends will be paid without the withholding income tax, as follows: (i) by means of the automatic credit to those shareholders who have the Individual Taxpayer's Register (CPF)/Corporate Taxpayer's ID (CNPJ) and who have already informed the banking data (Bank/Branch/Checking Account), as of March 10, 2011; (ii) for shareholders whose registration does not have the Individual Taxpayer's Register (CPF)/Corporate Taxpayer's ID (CNPJ) and/or indication of the banking data (Bank/Branch/Checking Account), the dividends will be paid as of the third business day counted from the registration updating in the electronic files of Banco Itaú S.A., which may be carried out by means of any branch of the network or by means of correspondence addressed to Banco Itaú S.A. – Diretoria de Serviços para o Mercado de Capitais, located at Avenida Eng. Armando de Arruda Pereira, nº 707, 9º andar, Jabaquara, São Paulo/SP, CEP 04344-902; (iii) the shareholders users of fiduciary custodies will have their dividends made available according to procedures defined by the Stock Exchanges. (iii) The following member was elected to the Company's Board of Directors: Rogerio Marcos Martins de Oliveira, Brazilian, divorced, business administrator, resident and domiciled in the city and state of São Paulo, with business address in the same city, at Avenida das Nações Unidas, nº 12901, 21º andar, Torre Oeste, CEP 04578-000, inscribed in the individual taxpayers registry (CPF/MF) under no. 441.916.008-00 and bearer of identification card (RG) no.3.687.542-9 – SSP/SP, as Independent Board member, pursuant to paragraph 2 of article 16 of the Company's Bylaws. The Board member hereby elected will take office in accordance with Article 149 of the Brazilian Law of Corporations and will hold office until the Annual Shareholders' Meeting of 2012 or till he is removed or replaced by the Shareholders' Meeting. (iv) The global compensation of the managers was determined in up to forty-nine million, four hundred and twenty-five thousand, fifty-three reais and four centavos (R$49,425,053.04), in accordance with article 14 of the Company's Bylaws, and it will be incumbent upon the Board of Directors to carry out the distribution of the amount individually, after considering the report of the Company's Compensation Committee. II. At the Extraordinary Shareholders' Meeting: (i) The Chairman submitted the Valuation Reports prepared by Apsis Consultoria Empresarial Ltda. and Adviser Auditores Independentes to the shareholders present for analysis and discussion. After analysis, pursuant to paragraph 1 of article 256 of the Brazilian Law of Corporations, the shareholders ratified the appointment of Apsis Consultoria Empresarial Ltda. and Adviser Auditores Independentes, and approved the acquisition of all the shares of SRC Serviços de Informática Ltda., Hery Software Ltda. and Mafipa Serviços e Informática Ltda., as well as 70% of the shares of TotalBanco Consultoria e Sistemas Ltda., in accordance with the material fact notices disclosed to the market on August 2, 2010, October 14, 2009, November 24, 2010 and October 13, 2009, respectively. The Valuation Reports are filed at the Company's headquarters.

Material Fact – 03/21/2011 – TOTVS S.A. ("Company") (TOTS3), in compliance with the provisions of Normative Ruling No. 358, dated 01.03.2002, issued by the Brazilian Securities Commission ("CVM"), Law No. 6.404, dated 12.15.1976 and other rules applicable to the capital markets, hereby informs CVM, BM&FBOVESPA S.A. – BOLSA DE VALORES, MERCADORIAS E FUTUROS ("BM&FBOVESPA") and the general public that, among other resolutions, the split of the shares representing the corporate capital of the Company has been approved by the Shareholders Meeting of the Company held on the date hereof. As a result of the stock split, each share issued by the Company is represented by 5 (five) shares, which will be negotiated considering the stock split as from March 22nd, 2011. The stock split shall consider the shareholding position as of the closing of the date hereof, March 21st, 2011, and credit of the shares resulting from the stock split is projected to March 25th, 2011. The shares resulting from the stock split shall confer, as from their issuance, all rights inherent to the shares issued by the Company, with no exceptions.

General Meeting – 03/21/2011 – The shareholders attending the Meeting approved on the following matters: (i) by unanimous vote, without any restriction or qualification, the update of the capital amount to four hundred six million, five hundred thirty-five thousand, two hundred ninety-nine reais and thirty-three centavos (R$ 406,535,299.33), in view of the conversion of debentures into shares issued by the Company and the exercise of options by a beneficiary of the Company‟s Stock Option Plan approved by the Extraordinary Shareholders‟ Meeting held on November 26, 2007. (ii) by unanimous vote, the stock split involving 100% of the Company‟s common shares at the ratio of 1:5, after which each share will be represented by five (5) shares. After the approval of resolutions (i) and (ii), Article 5 of the Company‟s Bylaws shall read as follows: "Article 5 - The Company's subscribed and paid-in capital stock is four hundred six million, five hundred thirty-five thousand, two hundred ninety-nine reais and thirty-three centavos (R$ 406,535,299.33), divided into one hundred fifty-seven million, three hundred one thousand, three hundred sixty (157,301,360) registered, common, book-entry shares with no par value." (iii) By unanimous vote, without any restriction or qualification, the change in the manner the Company is represented in cases involving specific Vice-Presidents, including the signature of the Chief Services and Relationship Officer. After approval of this resolution, the head provision of Article 30 of the Company‟s Bylaws shall read as follows: Article 30 - The Company shall always be represented by the signature of: (i) the Chief Executive Officer (CEO) and one (1) Vice-President; (ii) or of two (2) Vice-Presidents, one (1) of whom shall necessarily be the Executive and Financial Vice-President or the Chief Services and Relationship Officer; (iii) or of the CEO or the Executive and Financial Vice-President or the Chief Services and Relationship Officer and one (1) attorney-in-fact, empowered pursuant to the provisions of items (i) and (ii) of this Article, through a power of attorney with specific powers and a determinate period; (iv) or, solely for the events contemplated by paragraphs 1 and 2 of this Article, by the individual signature of one (1) attorney-in-fact, empowered according to the provisions of items (i) and (ii) of this Article, or of one (1) Executive Officer. (iv) By unanimous vote, without any restriction or qualification, the amendment to Article 3 of the Bylaws to include the “software and hardware leasing” activity in the corporate purpose. After approval of this resolution, Article 3 of the Bylaws shall read as follows: Article 3 - The Company‟s business purpose includes the provision of consultancy, advisory and development services of computer-based systems (software), exploration of use rights of own or third-party computer-based systems, including through software and hardware leasing, provision of data processing and training services, and purchase and sale of computers and related accessories, peripherals and supplies, being authorized to import goods and services related to its main activity, concession of franchising, retail apparel, related products and its accessories, research and technology innovation activities, IT technical support including installation, set up and maintenance of computer programs and databanks, management consultancy services, data handling, hosting, portals, Internet provision and information services, outsourcing, in addition to holding interest in other companies as a partner, shareholder or quotaholder. (v) By unanimous vote, without any restriction or qualification, the amendment to item xxxviii, Article 19 of the Bylaws to include an exception to the Board‟s authority to grant in rem guarantees, sureties or aval guarantees in agreements with clients, with regard to the signing of agreements with the Company‟s clients. After the approval of this resolution, item xxxviii, Article 19 of the Bylaws shall read as follows:

“Article 19 – In addition to other duties assigned to it by law or these Bylaws, the Board of Directors shall be responsible for: (...) (xxxviii) approving the creation of in rem guarantees and the grant of sureties or aval guarantees, save when as guarantee for acquisition of the asset itself or when entering into agreements with clients; (iv) By unanimous vote, without any restriction or qualification, the restatement of the Bylaws.

Material Fact – 03/31/2011 – TOTVS S.A. (“TOTVS”) (Bovespa: TOTS3), in compliance with CVM Rule 358/2002, as amended, hereby informs its shareholders and the market that on this date it acquired, through its subsidiary Totalbanco Participações S.A., by exercising the call option envisaged in the Share Purchase Agreement and Other Covenants signed on October 13, 2009, for R$ 10,539,204.91 (ten million, five hundred thirty-nine thousand, two hundred four reais and ninety-one centavos), on shares representing 30% (thirty percent) of the capital of TOTALBANCO CONSULTORIA E SISTEMAS S.A.. (“TOTALBANCO”), a closed corporation that develops software for the financial sector and in which TOTVS already held 70% interest. Consequent to the aforementioned acquisition TOTVS now holds all the shares of TOTALBANCO. The acquisition will be submitted to the Brazilian antitrust authority (CADE).

Board Meeting – 06/22/2011 – the Board members took the following resolutions by unanimous vote, with no reservations or qualifications:(a) To acknowledge the employment termination of Mrs. Maria de Fátima Almeida e Albuquerque from the position of Human Relations Officer on July 01, 2011. In view of the resignation approved herein, the members of the Board of Directors recognize the services rendered by the officer to the Company. (b) to approve the election of Mr. Alexandre Mafra Guimarães, Brazilian citizen, married, electrical engineer, resident and domiciled in the city and state of São Paulo, with business address at Avenida Braz Leme, nº 1.631, 2nd. floor, CEP 02511-000, with individual taxpayers (CPF/MF) under no. 681.592.776-87 and bearer of identity card (RG) no. MG-5.388.286 SSP/MG as Human Relations Officer. The director now elected, that will be part of the Company´s board of directors elected in March 24, 2011, shall be vested in his office on July 1, 2011, pursuant to article 149 of the Corporations Law and will remain in office until the Ordinary Shareholders´ Meeting to be held in 2013, or until it is removed or replaced by the Board of Directors. The director now elected is not envolved in any legal provision that prevents it from exercising its function. (c) Approve the increase of capital of the Company, respecting the limit of authorized capital, due to the stock option exercise for beneficiaries, with the consequent emission of 238,480 (two hundred and thirty eight thousand, four hundred and eighty) common shares, by the price of R$ 9.23 (nine reais and twenty three cents) per share. As a result of the aforementioned deliberations, and after the verification of the application forms signed by the beneficiaries, was adopted and approved the increase in capital stock, respecting the limit of authorized capital, the amount of R$ 2,201,170.40 (two million, two hundred and one thousand, one hundred and seventy reais and forty cents), amounting the Company's capital stock to R$ 408,764,713.53 (four hundred and eight million, seven hundred sixty-four thousand, seven hundred and thirteen reais and fifty-three cents), divided into 157,542,900 (one hundred and fifty seven million, five hundred forty two thousand and nine hundred) common shares, nominative without par value. The shares are without preemptive rights, in accordance with paragraph 3 of Article 171 of Law 6.404/76, and in accordance with paragraph 3 of Article 6 of the Bylaws of the Company. The shares hereby issued will be entitled to all the benefits, including dividends and capital remuneration that may be distributed by the Company on other shares, as of this date. (d) Approve the accession by the Company to the Code of Good Practice and Self-Regulation of Public Companies of ABRASCA – Brazilian Association of Public Companies, whose vote will occur in the ABRASCA Extraordinay Associated's Meeting, to be held at 10 a.m. on June 30, 2011. The Board is also authorized to perform any and all acts and execute any and all other documents necessary for the implementation of the resolution approved herein. (e) Approve the creation of the Company´s Strategy Committee, related to the Board of Directors and created with the objective of recommending actions and initiatives related to the Company´s expansion strategy.

Board Meeting – 08/19/2011 (a) In view of the mandatory conversion of 15% of the Units related to the Company's 1st Private Issue of Debentures Convertible into Shares, i.e. 15,001 Units, represented by 15,001 Debentures of the 1st Series and 15,001 Debentures of the 2nd Series (jointly, "Debentures"), amounting 30% of conversion of the Units issued, considering 2010´s conversion, in compliance with clause 3.18.2 of the "Deed of Trust of the 1st Private Issue of Debentures Convertible into Shares, with Floating Charge, of Totvs S.A." ("Deed"), to approve, within the limit of authorized capital set forth in the Company's Bylaws, the issue of one million three hundred and eighty-nine thousand, one hundred ninety-one (1,389,191) registered, book-entry, common shares with no par value, at the issue price of R$21,596713 per share, in compliance with clause 3.18.6 of the Deed, with a consequent increase in the Company's capital stock of thirty million and two thousands reais (R$30,002,000.00) to four hundred and thirty-eight million, nine hundred and one thousand, four hundred and six dollars and ninety-two cents (R$438,901,406.92), divided into one hundred fifty-eight million, nine hundred forty-six thousand, six hundred eighty-four (R$ 158,946,684) registered, book-entry, common shares with no par value. (a.1.) The shares issued herein as a result of debenture conversion were subscribed according to the ratio set forth in Exhibit I. (a.2.) In compliance with clause 3.18.10 of the Deed, to approve the amount of fractions of shares issued, which shall be paid in cash, pursuant to Exhibit I. (a.3.) To establish that the shares issued (i) will have the same characteristics and entitle their holders to the full equity and political rights established in the Company's Bylaws and in the legislation applicable to the existing common shares issued by the Company; and (ii) will entitle their holders to profit sharing related to the fiscal year in progress, including dividends and interest on equity. (a.4.) Because said capital increase is related to the conversion of debentures, the Company's shareholders will not be entitled to preemptive rights, as set forth in Article 171, paragraph 3 of Law 6404/76; (a.5.) In compliance with clause 3.18.11 of the Deed, due to the fact that the conditions for said capital increase approved herein had already been set forth in the Deed, the capital increase is hereby ratified for all purposes. (a.6.) To authorize the Executive Board to carry out any and all acts, as well as sign any and all documents necessary for the execution of the resolutions approved herein; and (a.7.) To authorize the drawing up of these Minutes in summary format, pursuant to Article 130, paragraph 1 of Law 6,404/76, and its publication with the omission of signatures.

General Meeting – 09/30/2011 – The shareholders attending the Meeting approved, by unanimous vote, without any restriction or reservation, the matters: 6.1 Ratification of the Merger Protocol signed on September 2, 2011 by executive officers of the Company and the legal representatives of the Company, a copy of which is attached to these minutes as Exhibit I 6.2 Ratification of the appointment of TFV Solutions as a company responsible for evaluating the equity of each of the Companies and the preparation of appraisal reports under the Merger Protocol; 6.3 Approve the Valuation Reports, a copy of which is attached to these minutes as Annex II; 6.4 Approve the merger of the Companies to the Company; 6.5 Authorization for the Company's officers to practice all acts necessary to implement and formalize the merger of Companies hereby approved; 6.6 Approval of the inclusion in the Company's Bylaws, the exemption from the need for members of the Board of Directors of the Company are also shareholders, with the consequent amendment of Article 16 of the Bylaws of the Company, which will have the wording the Bylaws attached to these minutes as Annex III; 6.7 Approve the amendment of the Bylaws of the Company to update the expression of social capital to reflect: (i) increasing the capital of the Company, approved by the Board of Directors Meeting held on August 19, 2011, due to the mandatory conversion Debentures issued by the Company and (ii) increases in the capital of the Company, approved at the Meetings of the Board of Directors held on April 26, 2011, 22 June 2011, July 26, 2011 and 2 September 2011, due to the exercise of options to purchase shares by beneficiaries. The chapeau of Article 5 of the Bylaws of the Company will have the wording of the Bylaws attached to these minutes as Annex III; 6.8 Approve the amendment of the Company's Bylaws to change the rules of representation of the Company, with the consequent amendment of Article 30 of the Bylaws of the Company, which will have the wording of the Bylaws attached to these minutes as Annex III; 6.9 Approve the amendment of the Bylaws of the Company to adapt it to the minimum clauses of the New Listing Rules of the Novo Mercado, as proposed by the administration sent to the CVM and the Bovespa, so that the laws be replaced by the wording included in Annex III to these minutes, and 6.10 Approve and consolidate the Company's Bylaws, as proposed by the Company's management sent to CVM and Bovespa.

Copies of the minutes described above are available with the Trustee.

INFORMATION UPDATING:

The Investor Relations Officer of the issuer sent a statement to this Trustee representing that, during the fiscal year 2011:

(i) No operations out of the by-law purposes of the Issuer were performed, in compliance with the by-laws, legal and regulation provisions in force;

(ii) The resources from the debenture issuance were used according to the provisions of item 3.5, clause III, of the Private Indenture Deed of the 1st Private Issuance of Debentures convertible in Shares;

(iii) The registry as publicly-held company at CVM was maintained;

(iv) Services to the debenture holders was maintained through the Investor Relations Department;

(v) On January 27, 2011, the Board of Directors approved the proposal of dividend distribution which was submitted to the General Shareholders' Meeting. As in previous years, calculation of dividends was made based on the net income of the year, not considering the effects of amortization of goodwill on acquisitions and the mark to market of convertible debentures. There is an reconciliation below:

Proposal of Dividend Distribution (In R$ thousand)

Net income for the year 2010: 138,196

(-) 5% legal reserve: (6,910)

(=) Net income after legal reserve: 131,286

(+) Amortization of goodwill on acquisitions: 44,056

(+) Mark to market of convertible debentures: 9,879

(=) Basis for dividend distribution: 185,221

(x) Percentage of dividend distribution: 45%

(+) IR related to the payment of Interest on Equity: 3,757

(=) Dividends proposed by the management: 87,107.

(vi) That the assets of the Issuer remained properly insured, according to current practices;

(vii) That it maintained its accounting updated and that it has recorded the respective accounting information according to the accounting standards;

(vii) That had not being incurred none of the hypothesis provided for in clause 4.1 of the Private Indenture Deed of the 1st Private Issuance of Debentures Convertible into Shares ("Accelerated Maturity"); and

(viii) That all provisions contained in "Guidelines Applicable to BNDES Contracts" were complied with.

FOLLOW UP OF FINANCIAL INDEXES:
We inform that the Issuing Company maintained its financial indexes within the limits established in item 5.1, “n” of clause V of the Indenture, in the year 2011, as the table below:

	12/31/2011
Net Debt/EBITDA (1)	0.17
EBITDA/NR (2)	24%
EBITDA/Debt Service (3)	9.22

(1) **Limit: lower or equal to 4.0;**
(2) **Limit: higher or equal to 10%;**
(3) **Limit: higher or equal to 1.0.**

ADDITIONAL INFORMATION
Based on the Joint Positive Certification with Negative Effects regarding Federal Taxes and Federal Outstanding Debt sent by the Issuing Company: (i) there are outstanding debt related to taxes managed by the Brazilian Internal Revenue Service (*Secretaria da Receita Federal do Brasil* - RFB), with suspended pursuant to art. 151 of Law 5172 of October 25, 1966 - National Tax Code (CTN) and (ii) there are, in the Systems of the General-Attorney of the National Treasury (*Procuradoria-Geral da Fazenda Nacional* - PGFN), debt filed as Federal Outstanding Debt with suspended collection, as provided for in art. 151 of the National Tax Code (CTN), or guaranteed by pledge in tax foreclosure proceedings.

MANDATORY INFORMATION IN COMPLIANCE WITH PROVISIONS OF CVM INSTRUCTION 28/83, AS WELL AS BY ANALOGY WITH THE TERMS OF SUBSECTION "B" OF PARAGRAPH 1, ARTICLE 68 OF THE LAW 6,404/76:

Subsection “a” of item XVII of art. 12 of CVM Instruction 28/83 – “Occasional omission or untruth, that it has knowledge, contained in the information disclosed by the company or, yet, default or delay in the mandatory information disclosure by the company”.	We do not have knowledge of any omission or untruth in the information disclosed by the Company or occasional default or delay, by the Company, in disclosing information.
Subsection “b” of item XVII of art. 12 of CVM Instruction 28/83 – “Changes in the by-laws during the period”.	We have knowledge of changes in the By-Laws of the Company during the fiscal year 2011, as mentioned before in the section Legal and Corporate Events

Subsection “c” of item XVII of art. 12 of CVM Instruction 28/83 – “Comments about the financial statements of the company, focusing on economic, financial and capital structure indexes of the company”.	Information disclosed in Comments about the Financial Statements.
Subsection “d” of item XVII of art. 12 of CVM Instruction 28/83 – “Status of the distribution or placement of debentures in the market”.	Information disclosed above, in the table of outstanding debentures.
Subsection “e” of item XVII of art. 12 of CVM Instruction 28/83 – “Redemption, amortization, conversion, renegotiation and interest payment of debentures made in the period, as well as acquisitions and sales of debentures made by the issuing company".	There were conversions during the fiscal year 2011, as disclosed above. Interest payments and amortizations are described above. There was a mandatory conversion of the units on August 19, 2011 into common shares of the Issuer, as provided in the Indenture and as described above in convertibility by debenture. In this sense, remain in circulation 70,001 debentures of the 1^{st} series and 70,001 of the 2nd series, as described above in asset status.
Subsection “f” of item XVII of art. 12 of CVM Instruction 28/83 – “Set up and applications of the debenture amortization fund, if applicable”	No debenture amortization fund was set up.
Subsection “g” of item XVII of art. 12 of CVM Instruction 28/83 – “Follow up of the allocation of the proceeds from the issuance of debentures, according to data gathered with management of the Issuing company".	Information disclosed above, in the item use of proceeds.
Subsection “h” of item XVII of art. 12 of CVM Instruction 28/83 – List of goods and values entrusted to its management:	No goods or values were entrusted to the Trustee’s management.
Subsection “i” of item XVII of art. 12 of CVM Instruction 28/83 – “Compliance with other obligations assumed by the company in the indenture”.	Information disclosed in the present report.
Subsection “j” of item XVII of art. 12 of CVM Instruction 28/83 – “Statement regarding sufficiency and enforceability of the guarantees of the debentures”.	The guarantee of the present issuance is floating, and it is sufficient and enforceable, as shown above.
Subsection “l” of item XVII of art. 12 of CVM Instruction 28/83 – “Statement regarding its capability to remain serving as a trustee”.	Information disclosed below.

COMMENTS ON THE FINANCIAL STATEMENTS OF TOTVS S.A.THE COMPANY

STATUS OF THE COMPANY: Operational
NATURE OF EQUITY CONTROL: Private

FINANCIAL POSITION

General Liquidity increased from 1.0 in 2010 to 1.26 in 2011. Current Liquidity decreased from 2.07 in 2010 to 1.97 in 2011. Asset turnover increased from 0.87 in 2010 to 0.96 in 2011.

CAPITAL STRUCTURE

The company experienced a change in the Loans on Shareholders' Equity ratio from 0.66 in 2010 to 0.45 in 2011. The Third Party Resources on Shareholders' Equity ratio changed from 1.05 in 2010 to 0.78 in 2011. The fixed asset ratio related to Shareholders' Equity changed from 0.06 in 2010 to 0.08 in 2011. The company experienced a 32.7% reduction in its Long Term Liabilities from 2010 to 2011 and a 23.6% increase in its Current Liabilities from 20190 to 2011.

INCOME STATEMENT

The Result for the year 2011 was positive by R$ 169,383 thousand, whilst it was positive by R$ 137,528 thousand in 2010. Net Revenue in 2011 was 13.25% higher than 2010. Gross Margin was 67.78% in 2011, against 66.58% in the previous year, and Net Margin was 13.25% against 12.18% in 2010. Operating Expenses increased 18.59% from 2010 to 2011. Net Income was 23.16% higher than 2010. Net Income of the Year on Equity was 22.59% (Profit) in 2010 against 21.78% (Profit) in 2010. We recommend full reading of the Financial Statements, Management's Report and Independent Auditors' Report for a better analysis of the economic and financial position of the company.

TRUSTEE'S REPRESENTATION

Oliveira Trust represents that it is fully capable to remain serving as Trustee to this issuance of debentures of TOTVS S.A.

CONSOLIDATED BALANCE SHEET (Thousand Reais)			
ASSETS			
		12/31/2011	**12/31/2010**
1	Total Assets	1,337,848	1,291,846
1.01	Current Assets	621,340	528,678
1.01.01	Cash and Cash Equivalents	287,079	232,508
1.01.02	Short-term Investments	28,502	6,317
1.01.03	Accounts Receivable	263,282	243,129
1.01.06	Recoverable Taxes	30,267	29,894
1.01.08	Other Current Assets	12,210	16,830
1.02	Noncurrent Assets	716,508	763,168
1.02.01	Long-term Assets	116,956	132,752
1.02.02	Investments	0	8
1.02.03	Fixed Assets	58,862	36,535
1.02.04	Intangible Assets	540,690	593,873
LIABILITIES			
		12/31/2011	**12/31/2010**
2	Total Liabilities	1,337,848	1,291,846
2.01	Current Liabilities	315,531	255,215
2.01.01	Social and Labor Liabilities	72,985	69,072
2.01.02	Suppliers	19,535	17,363
2.01.03	Tax Liabilities	6,544	5,903
2.01.04	Loans and Financing	98,565	76,107
2.01.05	Other Liabilities	117,902	86,770
2.02	Noncurrent Liabilities	272,450	405,055
2.02.01	Loans and Financing	235,172	342,139
2.02.02	Other Liabilities	34,690	57,040
2.02.04	Provisions	749,867	631,576
2.03	Consolidated Shareholders’ Equity	443,702	406,489
2.03.01	Paid-in Capital	50,757	32,096
2.03.02	Capital Reserves	257,966	183,463
2.03.04	Profit Reserves	-2,558	-2,186
2.03.06	Asset Valuation Adjustments	0	11,714
2.03.09	Non-Controlling Shareholders' Interest	1,337,848	1,291,846

Income Statement for the Year CONSOLIDATED (Thousand Reais)			
		12/31/2011	**12/31/2010**
3.01	Goods and/or Services Sales Revenue	1,279,160	1,129,475
3.01.01	Licensing Fees	306,965	278,845
3.01.02	Services	365,320	336,770
3.01.03	Maintenance	606,875	513,860
3.02	Cost of Goods and/or Services Sold	-412,146	-377,450
3.02.01	Cost of Licensing Fees	-36,546	-24,118
3.02.02	Cost of Services	-375,600	-353,332
3.03	Gross Income	867,014	752,025
3.04	Operating Expenses/Revenues	-640,815	-540,356
3.04.01	Sales Expenses	-86,717	-71,225
3.04.02	General and Administrative Expenses	-78,176	-71,819
3.04.03	Impairment Losses	0	0
3.04.04	Other Operating Revenues	0	0
3.04.05	Other Operating Expenses	-475,922	-397,312
3.04.06	Income before Equity	0	0
3.05	Income before Financial Income (Expense)	226,199	211,669
3.06	Financial Income (Expense)	-17,747	-49,730
3.06.01	Financial Revenues	40,527	18,442
3.06.02	Financial Expenses	-58,274	-68,172
3.07	Income before Income Taxes	208,452	161,939
3.08	Income Tax and Social Contribution	-39,069	-24,411
3.08.01	Current	-41,179	-31,084
3.08.02	Deferred	2,110	6,673
3.09	Net Income of Continued Operations	169,383	137,528
3.10	Net Income of Discontinued Operations	0	0
3.10.01	Net Income/Loss of Discontinued Operations	0	0
3.10.02	Net Gains/Losses on Operating Assets	0	0
3.11	Consolidated Income/Loss for the Year	169,383	137,528
3.11.01	Attributable to Controlling Shareholders	168,903	138,196
3.11.02	Attributable to Non-Controlling Shareholders	480	-668
3.99	Earnings per Share (Real/Share)	0	0
3.99.01	Basic Earnings per Share	0	0
3.99.02	Diluted Earnings per Share	0	0

Financial Indexes		
	12/31/2011	**12/31/2010**
Leverage		
Third Party Resources / Shareholders’ Equity	0.78	1.05
Loans / Shareholders' Equity	0.45	0.66
Activity Index		
Asset Turnover	0.96	0.87
Fixed Assets		
Fixed Asset Ratio	0.08	0.06
Liquidity		
General Liquidity	1.26	1
Current Liquidity	1.97	2.07
Profitability		
Gross Margin	67.78%	66.58%
Net Margin	13.24%	12.18%
Return on Capital	22.59%	21.78%

N/A – Not Applicable Source: Standard Financial Statements for the fiscal year 2011.