

TOTVS S.A.

1st Private Issuance of Debentures

*Trustee's Annual Report
Fiscal Year 2010*

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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 12/31/2010:	R\$ 1,027.61
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

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. 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%	In the 3 rd year from the date of issuance
	30%	In the 4 th year from the date of issuance
	45%	In the 5 th year from the date of issuance
	60%	In the 6 th 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%	In the 3 rd year from the date of issuance
Up to 30%	In the 4 th year from the date of issuance
Up to 45%	In the 5 th year from the date of issuance
Up to 60%	In the 6 th year from the date of issuance

INDEXATION:

There is no indexation.

INTEREST:

1 st period	
Beginning	08/19/2008
End	08/19/2019
Yield (*)	IPCA + 3.5% p.y.
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

(*) Limited to TJLP plus 1.5% per year (360 days).

PREMIUM:

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 calculation date.

AMORTIZATION OF FACE VALUE:

The amortization shall be made in two installments in the seventh and eighth anniversaries, equivalent to 40% and 60% of the principal amount, respectively.

RENEGOTIATION:

Non Renegotiable.

RATING:

No Rating.

PAYMENTS MADE PER DEBENTURE IN 2010:

INTEREST:	
Payment Date	Unit Value (R\$)
08/19/2010	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 12/31/2010:	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

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 days 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.

The mandatory conversion of the 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%	In the 3 rd year from the date of issuance
	30%	In the 4 th year from the date of issuance
	45%	In the 5 th year from the date of issuance
	60%	In the 6 th 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%	In the 3 rd year from the date of issuance
Up to 30%	In the 4 th year from the date of issuance
Up to 45%	In the 5 th year from the date of issuance
Up to 60%	In the 6 th year from the date of issuance

In 08/19/2010, the Issuing Company performed the mandatory conversion of 15% of the total quantity of debentures, equivalent to 14,998 1st and 2nd series debentures into Units of the Issuing Company, given that the 360 consecutive days weighted average price of the common shares of the company calculated at the Calculation Date was higher than the weighted average price per volume of shares of the Issuer, during the period between 06/06/2008 and 08/31/2008, as the table below:

Conversion Date	Quantity of converted debentures	Quantity of Units	Unit Conversion Price
19/08/2010	15%	14.998	97,747683(*)

(*) Price calculated according to item 3.18 of the Deed of the Private Issue.

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 19 th and February 19 th every year.
Document	Deed of the private issue

PREMIUM:

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 and eighth anniversaries, equivalent to 40% and 60% of the principal amount, respectively.

RENEGOTIATION:

Non Renegotiable.

RATING:

No Rating.

PAYMENTS MADE PER DEBENTURE IN 2010:

INTEREST:	
Payment Date	Unit Value (R\$)
02/19/2010	38.10
08/19/2010	37.47

GUARANTEE STATUS:

Amounts as of 12/31/2010 - (R\$ Thousand)	
A) Total Assets	R\$ 1,362,219
B) Collateral Goods	R\$ 0
C) Discounted Invoices, Pledged Securities	R\$ 0
D) Tax and Labor Liabilities	R\$ - 40
E) Unrecorded Asset (Free Asset) = A - B - C - D	R\$ 1,362,259
F) Issuance Value (**)	R\$ 174,696

(*) not yet 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.

Issuance Value = 12.82% (maximum limit 70%) Free Asset

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

ASSET STATUS AS OF 12/31/2010:

Outstanding	85,002 (1st series)
	85,002 (2nd series)
Treasury	0 (1st series)
	0 (2nd series)
Converted	14,998 (1st series)
	14,998 (2nd series)
Total	100,000 (1st series)
	100,000 (2nd series)

LEGAL AND CORPORATE EVENTS:

Material Fact – 01/05/2010 – TOTVS S.A. (“TOTVS”) (Bovespa: TOTS3), in compliance with the provisions of Instruction CVM 358/2002, and its amendments, reports to its shareholders and to the market, in general, that it has acquired, on this date, by exercising the purchase option right established in the Shareholders' Agreement signed on November 26th, 2007, for the amount of R\$ 12,000.00 (twelve thousand reais), shares representing 30% (thirty percent) of the capital of MIDBYTE INFORMÁTICA S.A., (“MIDBYTE”), an incorporated company operating in the retail software development business, from which TOTVS already held 70% of the Capital Stock. With the referred acquisition, TOTVS now owns the total

shares of MIDBYTE. Additionally, TOTVS reports that it has terminated the Shareholders' Agreement ruling over shareholders' rights and obligations in MIDBYTE. This operation will be submitted to the Administrative Council of Economic Defense – CADE (*Conselho Administrativo de Defesa Econômica*).

Material Fact – 01/05/2010 – TOTVS S.A. (“TOTVS”) (Bovespa: TOTS3), in compliance with the provisions of Instruction CVM 358/2002, and its amendments, reports to its shareholders and to the market that it has signed, on this date, through its subsidiary TOTVS NORDESTE SOFTWARE LTDA. (“TOTVS NE”), a Stock Purchase and Sale Agreement, through which it acquired total capital stock of M2I SERVIÇOS DE IMPLANTAÇÃO DE SOFTWARE LTDA. (“M2I”) and total capital stock of M2S SERVIÇOS DE SUPORTE LTDA. (“M2S”) for the total amount of R\$ 5,300,000.00 (five million and three hundred thousand reais), of which R\$530,000.00 (five hundred and thirty thousand reais) for M2I and R\$4,770,000.00 (four million, seven hundred and seventy thousand reais) for M2S, both companies operating as distribution channels for RM product in the State of Bahia. The acquisitions of M2I and M2S are in line with the strategy of TOTVS of reorganizing distributions channels, intensified in the second semester of 2009. This operation will be submitted to the Administrative Council of Economic Defense – CADE (*Conselho Administrativo de Defesa Econômica*).

GENERAL MEETING – 03/24/2010 – The shareholders attending the General Meeting approved, unanimously, without any restrictions or exceptions, the matters described in items (i) and (ii) and, by majority voting, the matter described in items (iii) and (iv): (i) In possession of the Management's Report and the Financial Statements accompanied by the auditors' report from Ernst & Young Auditores Independentes S.S., regarding the fiscal year ended on December 31st, 2009, the Chairman submitted these documents to be analyzed and discussed by the attendance, registering the absence of the report required by article 163, 3rd paragraph, of Law 6,404/76, due to the fact that the Fiscal Council has not yet been installed. After the analysis, the shareholders decided that the Management's Report and the Financial Statements accompanied by the independent auditors' report are adequate, as approved in the meeting of the Board of Directors of the Company on February 02, 2010, emphasizing that they have effectively accounted for the facts and events related to the activities developed by the Company in 2009. (ii) The following proposals of capital budget for the year 2010 and of allocation of the net income related to the fiscal year ended on December 31st, 2009 were approved, in compliance with tax law in force and the provisions contained in the by-laws of the Company: The amount of the capital budget in the current year is R\$ 173,418,999.36 (one hundred and seventy-three million, four hundred and eighteen thousand, nine hundred and ninety-nine reais and thirty-six cents), with the following sources: (a) R\$ 66,128,599.36 (sixty-six million, one hundred and twenty-eight thousand, five hundred and ninety-nine reais and thirty-six cents) from the Retained Earnings Reserve; and (b) R\$ 107,290,400.00 (one hundred and seven million, two hundred and ninety thousand and four hundred reais) from cash generated from operating activities. Such resources will be applied in expansion projects, asset replacement and information technology and research and development. The allocation proposed for net income is: NET INCOME OF THE YEAR R\$ 120,294,969.34 Allocation: Legal Reserve R\$ 6,014,748.47, Retained Earnings Reserve R\$ 42,182,511.56, Distributed Interest on Capital R\$ 22,499,970.02, Proposed Dividends R\$ 49,597,739.22. Net income for the year, in the total amount of (R\$ 120,294,969.34 (one hundred and twenty million, two hundred and ninety-four thousand, nine hundred and sixty-nine reais and thirty-four cents) had the following allocation: (a) R\$ 6,014,748.47 (six million, fourteen thousand, seven hundred and forty-eight reais and forty-seven cents) to legal reserve,

equivalent to 5% of the net income;(b) R\$42,182,511.56 (forty-two million, one hundred and eighty-two thousand, five hundred and eleven reais and fifty-six cents) to retained earnings reserve; (c) R\$ 22,499,970.02 (twenty-two million, four hundred and ninety-nine thousand, nine hundred and seventy reais and two cents) to the distribution of interest on capital to the shareholders made on January 20, 2010, as decided in the meeting of the Board of Directors on December 10, 2009; and (d) R\$ 49,597,739.22 (forty-nine million, five hundred and ninety-seven thousand, seven hundred and thirty-nine reais and twenty-two cents) to the distribution of dividends, i.e., R\$ 1,592.10 (one thousand, five hundred and ninety-two reais and ten cents) per 1,000 (one thousand) shares, as decided in the meeting of the Board of Directors on February 02, 2010. The calculation basis of the set dividends shall be the equity position of the Company in the end of March 24th, 2010, given that, from March 25th, 2010, the shares of the Company shall be traded "ex dividend". The dividends shall be paid no longer than 60 (sixty) days from the date of the referred General Meeting. The dividends shall be paid with no income tax without deduction, as follows: (i) automatic credit to those shareholders who are registered at CPF/CNPJ and that have already reported their bank data (Bank/Agency/Account), from March 24th, 2010; (ii) for shareholders whose files do not have the CPF/CNPJ registration number and/or information about bank data (Bank/Agency/Account), the dividends shall be paid since the third working day from the date of registry updating in the electronic files of Banco Itaú S.A., which can be made at any agency of the network of through mailing sent 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 who are users of trust wards shall have their dividends available according to procedures established by the Stock Exchanges. (iii) The members of the Board of Directors of the Company were elected. The members of the Board of Directors now elected shall be invested in their positions according to the provisions of article 149 of the Corporate Law and shall remain in there until the 2012 Shareholders' General Meeting, or until they are removed or replaced by the General Meeting. (iv) The directors' overall annual compensation was set up to the limit of R\$ 39,816,350.11 (thirty-nine million, eight hundred and sixteen thousand, three hundred and fifty reais and eleven cents), according to article 14 of the By-Laws of the Company and the Board of Directors shall distribute this amount individually, after considering the opinion of the Compensation Committee of the Company.

Material Fact – 04/29/2010 – TOTVS S.A. (Bovespa: TOTS3), in compliance with the provisions of Instruction CVM 358/2002, and its amendments, reports to its shareholders and to the market that it has signed, on this date, jointly with the wholly-owned subsidiary TOTVS SERVIÇOS EM INFORMÁTICA E CONSULTORIA S.A. ("TOTVS Serviços"), a Stock Purchase and Sale Agreement, through which it has sold to SONDA DO BRASIL S.A., for the amount up to R\$ 9,500,000.00 (nine million and five hundred thousand reais) the total stock of SOFT TEAM SISTEMAS DE COMPUTAÇÃO E INFORMÁTICA LTDA. ("SOFT TEAM SISTEMAS"), a company held by TOTVS and by TOTVS SERVIÇOS, which develops software aimed exclusively at generating tax files and which outsources administrative processes for clients exclusively in tax matters.

Material Fact – 06/01/2010 – TOTVS S.A. ("TOTVS"), in compliance with the provisions of CVM Instruction 358/2002, reports to its shareholders and to the market that it has signed, on this date, stock purchase and sale agreement, through which it has acquired, for the amount of R\$ 5,999,196.56 (five million, nine hundred and ninety-nine thousand, one hundred and ninety-six reais and fifty-six cents), 45% of the capital stock of TQTVD SOFTWARE LTDA. ("TQTVD"), a company operating in the

business of development and marketing of software products and solutions for digital television, and from which TOTVS already held 55% of the Capital Stock. It is also provided for the payment of a variable value, in an amount up to R\$ 8,267,493.98 (eight million, two hundred and sixty-seven thousand, four hundred and ninety-three reais and ninety-eight cents), which shall be disbursed upon meeting certain goals established during fiscal years 2011, 2012, 2013 and 2014. With the referred acquisition TOTVS now holds the total stock of TQTV. This operation will be submitted to the Administrative Council of Economic Defense – CADE (*Conselho Administrativo de Defesa Econômica*).

Material Fact – 06/29/2010 – TOTVS S.A. (“TOTVS”) (Bovespa: TOTS3), in compliance with the provisions of CVM Instruction 358/2002, and its amendments, reports to its shareholders and to the market that it has signed, on this date, a Partnership Agreement for Software Distribution with the company Neogrid Informática Ltda. (“Neogrid”), the leading company in the Brazilian market of “Supply Chain Management” solutions, controlled by Mr. Miguel Abuhab, shareholder and member of the Board of Directors of TOTVS. The referred partnership was duly approved by the Board of Directors of TOTVS in a meeting on 06/17/2010, with the voting absence of the referred member.

The scope of this contract is the development of a new solution called “TOTVS Colaboração”, to be composed by integrating the software owned by Neogrid and software components owned by TOTVS, as well as its marketing through TOTVS distribution network. The solution TOTVS Colaboração creates a technologic platform for clients of TOTVS and provides them integration with value chains already established through intelligent and automated electronic document exchanging.

Material Fact – 08/02/2010 – TOTVS S.A. (“TOTVS”) (Bovespa: TOTS3), in compliance with the provisions of the Normative Instruction 358, of 01/03/2002, of the Brazilian Securities and Exchange Commission, and its amendments and, following the Market Release published on March 25th, 2010, reports to its shareholders and to the market that it has signed, on this date, a Stock Purchase and Sale Agreement through which it has acquired, for the amount of R\$ 43,000,000.00 (forty-three million reais), the total capital stock of SRC SERVIÇOS EM INFORMÁTICA LTDA. (“SRC”), a company holding assets related to the operations of the companies LOGISTICS SOLUTIONS LTDA., FUTURA SOLUÇÕES EM FINANÇAS LTDA., ACTON DESENVOLVIMENTO E CONSULTORIA DE NEGÓCIOS LTDA., SGP - SOLUÇÃO DE GESTÃO DE PESSOAS LTDA. and AUTUS DESENVOLVIMENTO DE SISTEMAS LTDA., all of them Development Franchises of application software linked to the brand “Datasul” (“Development Franchises”). Due to the present transaction, TOTVS reports it has terminated all franchising agreements with the Development Franchises mentioned above. The acquisition price referred to above is subject to compliance with certain conditions. According to the terms of article 256 of the Law 6,404, of 12/15/1976, the acquisition shall be submitted to confirmation by the shareholders in an Extraordinary Shareholders’ Meeting, which shall be timely convened. Shareholders eventually dissident to the deliberation in the Extraordinary Shareholders’ Meeting confirming the acquisition of SRC might exercise their recess right as provided by Law 6,404/76, and the recess right shall be granted to the shareholders on August 02, 2010 (transactions effectively from August 03, 2010 shall not be considered for purposes of the referred recess right). This operation shall be submitted to the Administrative Council of Economic Defense – CADE (*Conselho Administrativo de Defesa Econômica*).

Material Fact – 11/24/2010 – TOTVS S.A. (“TOTVS”) (Bovespa: TOTS3), in compliance with the provisions of the Normative Instruction 358, on 01/03/2002, of the Brazilian Securities and Exchange Commission, and its amendments, reports to its shareholders and to the market that it has signed, on this date, a Stock Purchase and Sale Agreement through which

it has acquired, for the amount of R\$ 5,920,000.00 (five million, nine hundred and twenty thousand reais), the total capital stock of MAFIPA SERVIÇOS DE INFORMÁTICA LTDA. ("MAFIPA"), a company holding assets related to the operations of the companies CYGNI TECNOLOGIA EM INFORMÁTICA LTDA. and L2M SERVIÇOS DE INFORMÁTICA LTDA., both companies operating as distribution channels for the RM product in Brasília/DF. According to the terms of article 256 of the Law 6,404, on 12/15/1976, the acquisition shall be submitted to confirmation by the shareholders in an Extraordinary Shareholders' Meeting, which shall be timely convened. Shareholders eventually dissident to the deliberation in the Extraordinary Shareholders' Meeting confirming the acquisition of MAFIPA might exercise their recess right as provided by Law 6,404/76, and the recess right shall be granted to the shareholders on November 24th, 2010 (transactions effectively on November 25th, 2010 shall not be considered for purposes of the referred recess right).

This operation shall be submitted to the Administrative Council of Economic Defense – CADE (*Conselho Administrativo de Defesa Econômica*).

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 2010:

- (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 February 02, 2010, 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. There is an reconciliation below:
Proposal of Dividend Distribution (In R\$ thousand)
Net income for the year 2009: 120,296
(-) 5% legal reserve: (6,015)
(=) Net income after legal reserve: 114,281
(+) Amortization of goodwill on acquisitions: 39,628
(=) Basis for dividend distribution: 153,909
(x) Percentage of dividend distribution: 45%
(=) Dividends proposed by the management: 69,259.
- (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.

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 no outstanding debt related to taxes managed by the Brazilian Internal Revenue Service (*Secretaria da Receita Federal do Brasil - RFB*)
- (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.

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 2010, as the table below:

	12/31/2010
Net Debt/EBITDA (1)	0.66
EBITDA/ROL (2)	26%
EBITDA/Debt Service (3)	8.04

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

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 no knowledge of changes in the By-Laws of the Company during the fiscal year 2010.
Subsection "c" of item XVII of art. 12 of CVM Instruction 28/83 –	Information disclosed in Comments about the Financial Statements.

“Comments about the financial statements of the company, focusing on economic, financial and capital structure indexes of the company”.	
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 2010, as disclosed above. Interest payments and amortizations are described above.
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”.	We state that 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 0.88 in 2009 to 1 in 2010. Current Liquidity decreased from 2.38 in 2009 to 2.07 in 2010. Asset turnover increased from 0.73 in 2009 to 0.80 in 2010.

CAPITAL STRUCTURE

The company experienced a change in the Loans on Shareholders' Equity ration from 0.81 in 2009 to 0.66 in 2010. The Third Party Resources on Shareholders' Equity ratio changed from 1.49 in 2009 to 1.24 in 2010. The fixed asset ratio related to Shareholders' Equity remained as 0.06 in 2010. The company experienced a 12.5% reduction in its Long Term Liabilities from 2009 to 2010 and a 25.1% increase in its Current Liabilities from 2009 to 2010.

INCOME STATEMENT

The Result for the year 2010 was positive by R\$ 137,528 thousand, whilst it was positive by R\$ 122,896 thousand in 2009. Net Revenue in 2010 was 14.24% higher than 2009. Gross Margin was 66.58% in 2010, against 67.68% in the previous year, and Net Margin was 12.18% against 12.43% in 2009. Operating Expenses increased 10.33% from 2009 to 2010. Net Income was 11.91% higher than 2009. Net Income of the Year on Equity was 21.78% (Profit) in 2010 against 22.67% (Profit) in 2009. 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			
		12/31/2010	12/31/2009
1	Total Assets	1,415,397	1,350,034
1.01	Current Assets	528,678	485,233
1.01.01	Cash and Cash Equivalents	232,508	207,721
1.01.02	Short-term Investments	6,317	22,469
1.01.03	Accounts Receivable	243,129	210,681
1.01.06	Recoverable Taxes	29,894	32,716
1.01.08	Other Current Assets	16,830	11,646
1.02	Noncurrent Assets	886,719	864,801
1.02.01	Long-term Assets	256,303	227,833
1.02.02	Investments	8	10
1.02.03	Fixed Assets	36,535	32,887
1.02.04	Intangible Assets	593,873	604,071
LIABILITIES			
		12/31/2010	12/31/2009
2	Total Liabilities	1,415,397	1,350,034
2.01	Current Liabilities	255,215	204,082
2.01.01	Social and Labor Liabilities	69,072	59,199
2.01.02	Suppliers	17,363	23,984
2.01.03	Tax Liabilities	5,903	7,198
2.01.04	Loans and Financing	76,107	17,083
2.01.05	Other Liabilities	86,770	96,618
2.02	Noncurrent Liabilities	528,606	603,927
2.02.01	Loans and Financing	342,139	424,395
2.02.02	Other Liabilities	57,040	25,287
2.02.03	Deferred Taxes	123,551	143,592
2.02.04	Provisions	5,876	10,653
2.03	Consolidated Shareholders' Equity	631,576	542,025
2.03.01	Paid-in Capital	406,489	376,493
2.03.02	Capital Reserves	60,406	48,851
2.03.04	Profit Reserves	154,485	101,699
2.03.06	Asset Valuation Adjustments	-2,186	-1,977
2.03.09	Non-Controlling Shareholders' Interest	12,382	16,959

Income Statement for the Year CONSOLIDATED (Thousand Reais)			
		12/31/2010	12/31/2009
3.01	Goods and/or Services Sales Revenue	1,129,475	988,679
3.01.01	Licensing Fees	278,845	228,270
3.01.02	Services	336,770	303,894
3.01.03	Maintenance	513,860	456,515
3.02	Cost of Goods and/or Services Sold	-377,450	-319,587
3.02.01	Cost of Licensing Fees	-24,118	-22,909
3.02.02	Cost of Services	-353,332	-296,678
3.03	Gross Income	752,025	669,092
3.04	Operating Expenses/Revenues	-540,356	-489,745
3.04.01	Sales Expenses	-71,225	-57,393
3.04.02	General and Administrative Expenses	-71,819	-76,268
3.04.03	Impairment Losses	0	0
3.04.04	Other Operating Revenues	0	0
3.04.05	Other Operating Expenses	-397,312	-356,084
3.04.06	Income before Equity	0	0
3.05	Income before Financial Income (Expense)	211,669	179,347
3.06	Financial Income (Expense)	-49,730	-31,224
3.06.01	Financial Revenues	18,442	19,257
3.06.02	Financial Expenses	-68,172	-50,481
3.07	Income before Income Taxes	161,939	148,123
3.08	Income Tax and Social Contribution	-24,411	-25,227
3.08.01	Current	-31,084	-11,748
3.08.02	Deferred	6,673	-13,479
3.09	Net Income of Continued Operations	137,528	122,896
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	137,528	122,896
3.11.01	Attributable to Controlling Shareholders	137,863	120,296
3.11.02	Attributable to Non-Controlling Shareholders	-335	2,600
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		
	12/31/2010	12/31/2009
Leverage		
Third Party Resources / Shareholders' Equity	1.24	1.49
Loans / Shareholders' Equity	0.66	0.81
Activity Index		
Asset Turnover	0.8	0.73
Fixed Assets		
Fixed Asset Ratio	0.06	0.06
Liquidity		
General Liquidity	1	0.88
Current Liquidity	2.07	2.38
Profitability		
Gross Margin	66.58%	67.68%
Net Margin	12.18%	12.43%
Return on Capital	21.78%	22.67%

N/A – Not Applicable Source: Standard Financial Statements for the fiscal year 2010.