

TOTVS acquires RM Sistemas and extends its market leadership

TOTVS extends its position as Latin America's largest management software company, with over 14,500 clients and consolidated pro-forma gross revenues of more than R\$ 345 million in 2005

Sharing the same ideals, values and market vision, TOTVS, owner of the Microsiga, Logocenter and TOTVS BMI brands, and RM Sistemas, have opted to combine their operations in order to boost their competitiveness, expand their products and services, increase their share of the IT segment and continue strengthening Brazil's applicative software market.

The acquisition confirms the new company's leadership of Brazil's corporate management systems market, extends its Latin American presence and underlines Brazil's position as one of world's largest centers for applicative software development. TOTVS and RM have become the largest business software company in Latin America, with unaudited pro-forma gross revenues and EBITDA of R\$ 345 million and more than R\$ 52 million, respectively, in 2005. Together, they have more than 14,500 clients.

As a result of the merger, both firms will continue to have operational independence, with their own products and brands, but will profit from synergies related to technological development, alliances and management. TOTVS has gained even more strength and is even more determined to offer nothing but the very best service to its clients. "Consolidation is essential if our software industry is to become internationally competitive", says Laércio Cosentino, CEO of TOTVS.

According to Cosentino, the merger's characteristics are different from those of the most recent operations in the international market. "Independence means that the Protheus (Microsiga), Logix (Logocenter) and Corpore RM (RM) systems will continue to compete in the market with their own exclusive commercial and technological teams, bolstered by higher, and guaranteed R&D funding."

Rodrigo Mascarenhas, RM's CEO, believes that the initiative reinforces the operations of both companies, preserving client service and relations, as well as product development in both the functional and technological spheres. "This operation has raised us to a higher level where we can offer our clients

an enhanced infrastructure for the expansion and development of new technological resources for our products and services.”

Cosentino and Rodrigo both confirm this is another great leap forward for the TOTVS Group.

The transaction was valued up to R\$ 206 million, with a portion tied to 2006 performance.

According to Cosentino, the acquisition, coming exactly 35 days after TOTVS’ IPO, underlines the company’s position in the Latin American market and its capacity as a consolidation mover. “We are delivering to our shareholders a significant part of the strategy for using the resources invested in our company.”

About RM Sistemas - Founded in 1986, RM Sistemas is one of the largest management systems companies in Brazil, with more than 6,200 clients ranging from small businesses through big corporations. Headquartered in Belo Horizonte, with offices in São Paulo (SP), Rio de Janeiro (RJ), Curitiba (PR), Uberlândia (MG) and Porto Alegre (RS), the company maintains a nationwide presence through 44 business units. It also has a branch in Portugal. In 2005, it posted revenues of R\$ 99 million.

About Totvs S/A

Through its Microsiga and Logocenter divisions, as well as TOTVS-BMI, TOTVS S.A., develops integrated management software and provides related services. The company leads the Small and Medium Business (SMB) segment in Brazil and Latin America and also maintains a presence in the major corporate market in both regions.