

# Management Proposal

11/22/2017 Localiza Rent A Car S.A



Extraordinary  
General Meeting

 **Localiza**

## CONTENTS

<b>I -</b>	Invitation.....	<b>3</b>
<b>II -</b>	Call Notice .....	<b>4</b>
<b>III -</b>	Procedures and timeframes .....	<b>5</b>
<b>IV -</b>	Extraordinary Shareholders Meeting: Management Proposal .....	<b>8</b>
1)	To approve the proposed split of the Company’s shares in the ratio of three (3) shares for one (1) existing share .....	8
2)	To approve the inclusion of a secondary activity that is complementary to car rental, in the corporate purpose of the Company.....	8
3)	To approve the proposed restatement of the amendments to the previous items, as well as the correction of the address and ZIP code of the Company's head office in its Bylaws .....	8
4)	To approve and re-ratify the overall management compensation for fiscal year 2017.....	9
<b>V -</b>	Documents related to the agenda .....	<b>11</b>
<b>VI -</b>	Appendices.....	<b>12</b>
1)	Proxy Template .....	12
2)	Absentee Ballot Template .....	13
3)	Minutes of the Board of Directors Meeting that resolved on calling the Shareholders Meeting.....	15
4)	Table of justifications of the amendments proposed to the Bylaws of the Company – Article 11 of CVM Instruction 481/09.....	17
5)	Bylaws .....	18
6)	New Proposal for Management Compensation and additional information, according to Appendix 13 of CVM Instruction 480/09 13. Compensation Policy .....	41

## I - Invitation

Dear Stockholders,

Localiza Rent a Car S.A. ("Company"), is pleased to invite you to the Extraordinary Stockholders Meeting to be held on November 22, 2017, at 3:00 p.m. at its head office located at Avenida Bernardo Vasconcelos, n. 377, in the city of Belo Horizonte, state of Minas Gerais, Brazil.

Management submits this Proposal and the guidelines for voting on the resolutions to be taken, which are listed in the Call Notice published in the State Register of Minas Gerais (*Diário Oficial de Minas Gerais*) and the newspaper *Diário do Comércio de Minas Gerais*, and filed at the head office of the Company and published on its Investor Relations website ([www.localiza.com/ri](http://www.localiza.com/ri)), as well as the websites of B3 – Brasil, Bolsa, Balcão ([www.bmfbovespa.com.br](http://www.bmfbovespa.com.br)) and the Securities and Exchange Commission of Brazil – CVM ([www.cvm.gov.br](http://www.cvm.gov.br)) and on [www.rededivulgacao.com.br](http://www.rededivulgacao.com.br).

Your participation is very important to Localiza.

We look forward to your presence.

Belo Horizonte, October 20, 2017.

**José Salim Mattar Júnior**  
Chairman of the Board of Directors

## II - Call Notice

**LOCALIZA RENT A CAR S.A.**  
**Publicly-held Company**  
**Corporate Taxpayers Id. (CNPJ): 16.670.085/0001-55**  
**Company Registry (NIRE) No.: 3130001144-5**

### **CALL NOTICE** **EXTRAORDINARY SHAREHOLDERS MEETING**

The shareholders of Localiza Rent a Car S.A. are hereby invited to the Extraordinary Shareholders Meeting ("Meeting") to be held on November 22, 2017, at 3:00 p.m. at Avenida Bernardo Vasconcelos, nº 377, in the city of Belo Horizonte, state of Minas Gerais, Brazil. The agenda to be discussed at the meeting is:

- 1) To approve the stock split at the ratio of 3 stocks for each 1 existing stock;
- 2) To approve the Company's Bylaws in order to reflect such change and include complementary activity to the Car Rental Division;
- 3) To approve the proposal to consolidate the amendments to the previous items, as well as the correction of the address and ZIP code of the Company's head office in its Bylaws; and
- 4) To approve the re-ratification of the Board of directors' compensation for the 2017 financial year.

The shareholder may participate in the Meetings in the following ways:

- (i) In person attendance: the shareholder must attend the Meeting with a document proving their identity;
- (ii) legally constituted proxy: the power of attorney may be granted physically, observing the provisions of art. 126 of Law 6404/76 and of the Manual and one also must attend the Meeting with the power of attorney document and the other documents indicated in the Manual, as well as a document proving their identity; and
- (iii) via remote voting form: pursuant to CVM Instruction 481/09, the Shareholder must send the remote voting form by means of its respective custody agents or directly to the Company, according to the guidelines included in the Manual.

The documents relating to the agenda of the Shareholders Meetings, including this Call Notice, the proposals from the Board of Directors and those required by Article 133 of Law 6,404/76 and CVM Instruction 481/09, will be available to shareholders at the website of B3 S.A. – Securities, Commodities and Futures Market ([www.bmfbovespa.com.br](http://www.bmfbovespa.com.br)), the website of the Securities and Exchange Commission of Brazil - CVM ([www.cvm.gov.br](http://www.cvm.gov.br)), at the head office of the Company and our website ([www.localiza.com/ri](http://www.localiza.com/ri)), and the website [www.rededivulgacao.com.br](http://www.rededivulgacao.com.br).

Belo Horizonte, October 20, 2017.  
José Salim Mattar Júnior  
**Chairman of the Board of Directors**

### III - Procedures and timeframes

#### 1. Quorum for Meeting

For the Extraordinary Shareholders Meeting to be held on first call, the following quorum is required: (i) half (1/2) of the voting capital for approval of item 1 on the agenda and the respective restatement of the Bylaws (item 3 of the agenda); (ii) two-thirds (2/3) of the voting capital for approval of item 2 on the agenda and the respective restatement of the Bylaws (item 3 on the agenda); (iii) half (1/2) of the voting capital for approval of the correction of the address and ZIP code of the Company in the Bylaws (item 3 on the agenda); and (iv) one-fourth (1/4) of the voting capital for approval of item 4 on the agenda.

If the quorum for approval of one or more items on the agenda is not reached, such matter(s) will be considered on second call and only the matter whose quorum has been reached will be subject to deliberation by the current Meeting.

#### 2. General information about documentation

To participate in the Meeting, stockholders must provide proof of their stockholding by submitting the following documents to the Company:

- (a) receipt issued by the book-keeping institution, mentioning the stockholding;
- (b) proxy instrument, if represented by a proxy;
- (c) copy of identification document with a recent photograph and valid throughout Brazil, in case of individuals, the following are acceptable documents: (i) Brazilian identity card (RG) issued by an authorized body; (ii) Foreigner identity card (RNE) issued by an authorized body; (iii) Valid passport issued by an authorized body; (iv) Industry association membership card accepted as identity document for legal purposes, issued by an authorized entity (OAB, CRM, CRC, CREA and others); or (v) Brazilian driver license with photograph.
- (d) copy of updated bylaws or articles of incorporation and the act that grants the representative sufficient powers, in case of legal entities.

The documents listed in items (a) and (d) should be requested from the competent bodies three (3) days before the intended submission date, which should be specified in the request.

For the purposes of the documents mentioned in item (d), specifically with regard to the act that grants the proxy the powers to vote on behalf of a legal entity stockholder, if such act happens to be minutes of a meeting of the Board of Directors, the stockholder should provide, beforehand, the proof of filing of the act with a competent registration authority.

In case of legal entities whose representatives are not named in the bylaws/articles of incorporation or through any indication by a separate act, the stockholder should prove the validity of the nomination by submitting the proof of filing of the act with a competent registration authority.

In case of investment funds, the representative should prove his capacity as manager of the fund or proxy duly appointed by the manager, in accordance with applicable law.

Note that the proxies granted abroad must be notarized by a Notary Public duly authorized for this purpose, legalized in a Brazilian consulate or apostilled, translated into Portuguese by a sworn translator and registered in the Registry of Deeds and Documents, in accordance with the laws in force.

To facilitate your participation, the Company will accept copies of the above-mentioned documents up to three (3) days before the commencement of the Meeting, by email or post, at the following address:

**Investor Relations Department**  
**E-mail: assembleia@localiza.com**  
**Telephone: +55 (31) 3247-7024**  
**Avenida Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha**  
**Cidade de Belo Horizonte, Estado de Minas Gerais, Brasil**  
**CEP 31.150-000**

Early submission of copies does not waive the obligation to submit the original documents, except if said copies are certified by a competent notary.

The participation of the stockholders may be in person, by a duly constituted proxy or remote voting, pursuant to CVM Instruction 481/09.

### **3. Guidelines for participating in person**

Stockholders who wish to personally attend the Meeting should go to the head office of the Company located at Avenida Bernardo Vasconcelos, nº 377, Bairro Cachoeirinha, CEP 31.150-900 in the city of Belo Horizonte, state of Minas Gerais, Brazil. The identification and representation documents (originals and copies) mentioned above should be delivered to the head office of the Company before the start of the Meeting.

In case of submission of certified copies, the Company will make said copies available to stockholders the day after the Meetings are held, for which stockholders should submit a written request at the head office of the Company on the date of the Meetings. Documents not collected by stockholders will be destroyed by the management of the Company within three (3) days after the Meetings.

### **4. Guidelines for participating by proxy**

If you wish to participate in the Meetings through proxies indicated by the Company in accordance with CVM Instruction 481/09, you may indicate, depending on the vote to be cast, one of the Managers indicated by the Company, whose details follow:

**If your vote is “Yes”:** **Roberto Antônio Mendes.** Brazilian, married, administrator and accountant, bearer of identity card no. MG-120.278, issued by SSP/MG, inscribed in the individual taxpayers register (CPF/MF) under no. 137.768.946-87, with business address at Avenida Bernardo Vasconcelos, nº 377, Bairro Cachoeirinha, CEP 31.150-900 in the city of Belo Horizonte, state of Minas Gerais, Brazil.

**If your vote is “Against”:** **Ana Flávia Corrêa Lopes.** Brazilian, married, accountant, bearer of identity card no. M-7.898.111, issued by SSP/MG, inscribed in the individual taxpayers register (CPF/MF) under no. 005.037.966-62, with business address at Avenida Bernardo Vasconcelos, nº 377, Bairro Cachoeirinha, CEP 31.150-900 in the city of Belo Horizonte, state of Minas Gerais, Brazil.

**In case of “Abstention”:** **Fabício dos Santos de Oliveira.** Brazilian, married, administrator and accountant, bearer of identity card no. MG-7.861.213, issued by SSP/MG, inscribed in the individual taxpayers register (CPF/MF) under no. 012.020.296-47, with business address at Avenida Bernardo Vasconcelos, nº 377, Bairro Cachoeirinha, CEP 31.150-900 in the city of Belo Horizonte, state of Minas Gerais, Brazil.

The proxy template will be provided by Company management, pursuant to the draft in **Appendix 1.**

### **5. Guidelines for remote voting**

With the publication of CVM Instruction 561/15, which, among other amendments, adds Chapter III-A – “Remote voting” to CVM Instruction 481/09, stockholders can exercise their right to vote at the Meetings by completing and sending, by November 16, 2017, the remote voting ballot directly to the Company or by

instructing the custody agents about completing said ballot. Any ballot papers received by the Company after this date will be disregarded. The ballot and guidelines for completing it are in **Appendix 2** to this Proxy Statement.

In case of discrepancy between the remote voting ballot received directly by the Company and the voting instruction contained in the consolidated voting map sent by the book-keeping institutions for the same CPF or CNPJ, the voting instruction contained in the voting map shall prevail.

Pursuant to section 21-W, paragraph 5, item I, of CVM Instruction 481/09, if a stockholder who has sent a remote voting ballot through any of the above methods attends the Meeting and requests to exercise the vote in person, the ballot sent earlier will be disregarded and the vote cast in person will be counted.

### **5.1 Remote vote sent directly to the Company**

Stockholders who wish to exercise their right to vote remotely can do so directly at the Company by sending the following documents to Avenida Bernardo Vasconcelos, nº 377, Bairro Cachoeirinha, CEP 31.150-900 in the city of Belo Horizonte, state of Minas Gerais, Brazil, to the attention of the Investor Relations Department: (i) copy of **Appendix 2** duly completed, initialed and signed; and (ii) certified copy of the documents described in item 2 above, as applicable.

Se preferir, o acionista pode enviar as vias digitalizadas dos documentos referidos em (i) e (ii) acima para o endereço eletrônico **assembleia@localiza.com**. Nesse caso, também será necessário o envio da via original do boletim de voto e da cópia autenticada dos demais documentos requeridos para a Avenida Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha, CEP 31.150-000, Cidade de Belo Horizonte, Estado de Minas Gerais, Brasil.

Stockholders can also send scanned copies of the documents referred to in items (i) and (ii) above to **assembleia@localiza.com**. In that case, they must also send the original ballot and certified copies of other documents to Avenida Bernardo Vasconcelos, nº 377, Bairro Cachoeirinha, CEP 31.150-900 in the city of Belo Horizonte, state of Minas Gerais, Brazil. After receiving the documents referred to in items (i) and (ii) above, the Company will inform the stockholder of their receipt.

If the ballot is incomplete or is filled incorrectly and if the period for rectifying the voting instructions is still in effect, the Company will inform stockholder of the inconsistencies found in the ballot and grant the possibility of rectification.

The stockholder can send the new voting instruction to the Company before the end of the period for receiving the remote voting ballots. The same will be considered a rectification of the voting instruction, pursuant to sole paragraph of section 21-U of CVM Instruction 481/09.

### **5.2 Remote voting right exercised through service providers**

Pursuant to section 21-B, clause II of CVM Instruction 481/09, stockholders can send the remote voting ballot through their custody agents, who, in turn, will forward said voting instructions to the Depository Center of B3. Stockholders should contact their custody agents to learn about the procedures established by them for the issuance of voting instructions through ballot, as well as the documents and information required by them.

Voting instructions sent by the same stockholder, who has sent contrasting votes in the ballots delivered through different service providers on the same resolution, are considered conflicting votes under section 21-S, paragraph 1 of CVM Instruction 481/09.

## IV - Extraordinary Shareholders Meeting: Management Proposal

### 1) To approve the proposed split of the Company's shares in the ratio of three (3) shares for one (1) existing share

#### Objective of share split

Management proposes to this Extraordinary Shareholders Meeting to approve the split of the Company's common shares in the ratio of three (3) shares for one (1) existing common share and the consequent amendment to the Bylaws to reflect the new number of shares in which the capital stock is divided.

Based on article 12 of Law 6,404/76, Management deems it appropriate to submit the stock split to shareholders for approval in order to increase the liquidity of the Company's shares, in line with the recommendations of B3, to maintain the price of the share in the market at an attractive level for trading, making it more accessible to all investors, especially small investors.

With the approval of the proposed stock split, the two hundred twenty-two million, three hundred eighty-three thousand, seventy (222,383,070) common shares issued by the Company will be split in the proportion of three (3) shares for one (1) common share, without any change in the capital stock of the Company, which will remain one billion, five hundred million reais (R\$ 1,500,000,000.00), to be divided into six hundred sixty-seven million, one hundred forty-nine thousand, two hundred ten (667,149,210) registered common shares with no par value which represents a 200% increase in shares in the shareholder base. The shares resulting from the stock split will grant their holders the same rights as existing shares, including with regard to the distribution of dividends and any remuneration on capital that may be distributed by the Company.

With the proposed stock split, which will be based on the shareholding position on the date of this Meeting, the Company will issue four hundred forty-four million, seven hundred sixty-six thousand, one hundred forty (444,766,140) new shares, which will be traded ex-stock split starting from November 23, 2017, and said shares will be credited to shareholders on November 28, 2017.

Moreover, with the approval, Management is authorized to take all the necessary measures to implement the stock split.

#### Documents available

The minutes of the Board of Directors meeting that resolved on the stock split and called said Extraordinary Shareholders Meeting is available in **Appendix 3**.

### 2) To approve the inclusion of a secondary activity that is complementary to car rental, in the corporate purpose of the Company

The amendment to corporate purpose is being proposed by Management to reflect the inclusion in the Bylaws of the Company, to provide drivers as an ancillary activity to the existing corporate purpose.

The secondary activity, hereby included in the corporate purpose, is merely to elucidate an activity already carried out by the Company.

### 3) To approve the proposed restatement of the amendments to the previous items, as well as the correction of the address and ZIP code of the Company's head office in its Bylaws

Management proposes to shareholders the restatement of the Bylaws reflecting the amendment to items 1 and 2 above and the filing of the Bylaws at the Commercial Registry.

Management also proposes the correction in the address of the Company's head office, whereby the preposition "de" was inadvertently omitted and a typing error caused a mistake in the ZIP code (CEP).



Pursuant to article 11 of CVM Instruction 481/09, the proposed amendments to Articles 2, 3, 5 and 6 of the Company's Bylaws, due to the above correction and the reflexes of items 1 and 2 previously described, with the explanation and legal and economic effects, are in **Appendix 4**.

The restated Bylaws are available in **Appendix 5**.

#### 4) To approve and re-ratify the overall management compensation for fiscal year 2017

The Annual Shareholders Meeting held on April 25, 2017, approved the overall management compensation in the amount of forty-two million reais (R\$42,000,000.00) for fiscal year 2017, the same amount approved for fiscal year 2016.

The Management hereby proposes to increase the overall management compensation for 2017 by R\$4,000,000.00, equivalent to 9.5% of the amount approved at the Annual Shareholders Meeting of April 25, 2017, due to:

- (i) the increase, in 2017, of the exercise of stock options granted between 2011 and 2014, driven by:
  - a. the appreciation of RENT3 this year;
  - b. the blackout period for trading on RENT3 during nearly all of 2016, due to the acquisition of Hertz Brasil, with trading allowed only in 2017, after the disclosure of the 2016 financial statements.
- (ii) the difference in the estimated number of options that would be exercised, related to the options granted under stock option programs between 2011 and 2014. The provision, calculated using the Black & Scholes method, estimated a turnover of 10% of eligible beneficiaries, which did not happen with members of the management;
- (iii) unforeseen expenses with severance payment of a statutory officer in September 2017;
- (iv) payment of profit sharing for 2016 which was more than the amount provisioned, since the 2016 performance targets were exceeded.

The following table shows the reconciliation of the initially approved amounts with the proposed amounts:

	Amounts approved in the Mar/ 25/17			Proposed amount		
	Board of Directors	Statutory Board of Executive Officers	Total	Board of Directors	Statutory Board of Executive Officers	Total
Number of members	8.00	5.00	13.00	8.00	4.67	12.67
Number of compensated members	7.00	5.00	12.00	7.00	4.67	11.67
<b>Annual fixed compensation</b>						
Salary or pro-labore	10,426,091.12	13,312,239.01	23,738,330.13	10,426,091.12	13,561,451.53	23,987,542.65
Direct and indirect benefits	64,371.77	266,876.90	331,248.67	64,371.77	266,876.90	331,248.67
Participation in committees	1,118,297.16	-	1,118,297.16	1,118,297.16	-	1,118,297.16
Other	2,180,151.52	2,965,919.27	5,146,070.79	2,180,151.52	3,105,627.72	5,285,779.24
<b>Variable compensation</b>						
Profit sharing	-	1,835,513.22	1,835,513.22	-	2,227,323.27	2,227,323.27
<b>Other benefits/compensation</b>						
Post-employment	-	5,654,951.21	5,654,951.21	-	5,654,951.21	5,654,951.21

(Amounts in R\$, except number of members)

	Amounts approved in the Mar/ 25/17			Proposed amount		
	Board of Directors	Statutory Board of Executive Officers	Total	Board of Directors	Statutory Board of Executive Officers	Total
Share-based compensation (including stock options)	-	4,175,588.82	4,175,588.82	-	7,419,878.14	7,419,878.14
<b>Total</b>	<b>13,788,911.57</b>	<b>28,211,088.43</b>	<b>42,000,000.00</b>	<b>13,788,911.57</b>	<b>32,211,088.43</b>	<b>46,000,000.00</b>

**Note:**

- Overall management compensation, social charges and long-term incentive plans: Based on the explanation in the decision of the Board of Commissioners of CVM on June 2, 2015, dealing specifically with stock option programs, and complemented by the clarifications provided by CVM on the treatment of social charges for the purpose of overall compensation set forth in Article 152 of Federal Law 6,404/76, the amounts in this table refer to information of a similar nature to the overall management compensation proposed for approval at the Annual Shareholders Meeting, which includes monthly fees (fixed component), benefits, profit sharing (short-term variable component), social charges borne by the employer and costs associated with Stock Option Programs.

- Stock Option Program: The Company has a Stock Option Plan granted to Statutory Officers and Statutory officers under the CLT regime. The Company recognizes the costs of stock option programs during the grant period, as defined by CPC 10 (R1). These plans were approved at the extraordinary shareholders meetings held in 2017 and previous years and are included in the proposed overall annual compensation submitted to the shareholders meeting. These costs will result in compliance by the Company with the obligations assumed under contracts signed with beneficiaries of the Programs. The estimated amount to be recognized in the profit or loss for 2017 is R\$7,420 thousand, including the amount estimated for the 2017 program approved at the Extraordinary Shareholders Meeting of July 12, 2017.

- The total number of members of each body corresponded to the annual average number of members of each body calculated monthly, in accordance with Official Letter/CVM/SEP/N°01/2017.

Note that the Company's compensation practice is aligned with the executive market in Brazil and aims to recognize the performance of executives and create value for shareholders.

Finally, the Management clarifies that it will resubmit the 2017 Reference Form to include any necessary adjustments required to reflect the ratified and approved overall compensation.

**Documents available**

The new Proposal for Management Compensation and additional information, as per Appendix 13 of CVM Instruction 480/09, is available as **Appendix 6**.

### **v - Documents related to the agenda**

All the documents related to the agenda to be analyzed or discussed at the Meeting are available to shareholders at Avenida Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha, CEP 31.150-000, city of Belo Horizonte, state of Minas Gerais, Brazil and on the websites of B3 ([www.bmfbovespa.com.br](http://www.bmfbovespa.com.br)), the CVM ([www.cvm.gov.br](http://www.cvm.gov.br)), the Company's Investor Relations Department ([www.localiza.com/ri](http://www.localiza.com/ri)) and [www.rededivulgacao.com.br](http://www.rededivulgacao.com.br)

Belo Horizonte, October 20, 2017.

**José Salim Mattar Júnior**  
Chairman of the Board of Directors

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## 2) Absentee Ballot Template

<p><b>1. Name of shareholder</b></p>
<p><b>2. CNPJ or CPF of shareholder</b></p>
<p><b>3. E-mail of shareholder to send confirmation of receipt of ballot by the Company</b></p>
<p><b>4. Filling instructions</b></p> <p>a) The absentee ballot must be completed by shareholders who choose to exercise their absentee voting rights, pursuant to CVM Instruction 481/09;</p> <p>b) Shareholders must print and manually fill, legibly, all the fields above and below this ballot;</p> <p>c) All the pages in the ballot must be initialed;</p> <p>d) At the end, the shareholder or their legal representative, as applicable and in accordance with the laws in force, must sign the ballot;</p> <p>e) We request that all the signatures in the ballot be notarized and ballots completed abroad must be notarized by a Notary Public duly authorized for this purpose, legalized in a Brazilian consulate or apostilled, translated into Portuguese by a sworn translator and registered in the Registry of Deeds and Documents, in accordance with the laws in force; and</p> <p>f) Once these requirements are met, this ballot will be considered valid and the votes cast will be counted towards the quorum of the Meeting.</p>
<p><b>5. Instructions for sending the ballot</b></p> <p><b>a) Sending the ballot directly to the Company</b></p> <p>Shareholders who choose to exercise their absentee voting rights may do so by directly sending the following documents to Avenida Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha, CEP 31.150-000, Belo Horizonte, Minas Gerais, Brazil, addressed to the Investor Relations Department:</p> <p>(i) hardcopy of the absentee ballot, duly completed, initialed and signed; and</p> <p>(ii) certified copy of the following documents: <b>Legal Entities</b> - certified copy of the Articles of Incorporation/Bylaws, proof of election of the Administrators, certified copy of the identity documents of the representatives, document proving powers of representation; and <b>Individuals</b> – certified copy of identity document with photo. Documents issued abroad must be sworn translated and consularized or apostilled.</p> <p>Shareholders also may send scanned copies of the documents referred to in items (i) and (ii) above to <a href="mailto:assembleia@localiza.com">assembleia@localiza.com</a>. In this case, they also must send the original ballot and certified copies of other documents to Avenida Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha, Belo Horizonte, Minas Gerais, Brazil, CEP: 30.150-000, on or before November 16, 2017.</p> <p>Once the documents referred to in items (i) and (ii) above are received, the Company shall notify the shareholder of their receipt and acceptance thereof, in accordance with CVM Instruction 481/09.</p> <p>If the absentee ballot is incomplete, contains incorrectly filled items or is sent without the supporting documents described in item (ii) above, and the deadline for rectifying the voting instructions has not expired yet, the Company will inform the inconsistencies found in the ballot and give the shareholder the opportunity for rectification.</p> <p><b>b) Sending the ballot through service providers / custody agents</b></p> <p>Shareholders who choose to exercise their absentee voting rights through service providers must send the voting instructions to their respective custodian agents, in accordance with the rules determined by them, which, in turn, will forward said instructions to the Central Depository of B3.</p> <p>Shareholders should contact their custody agents to check the procedures for the issue of voting instructions through absentee ballot, as well as the documents and</p>

information required.

The ballot and other supporting documents must be filed at the Company within 4 business days prior to the Meeting date, that is, November 16, 2017 (inclusive). Absentee ballots received by the Company after this date will be discarded.

**6. Postal address and e-mail for sending absentee ballot, if shareholders wish to send the document directly to the Company**

Postal address:

Investor Relations Department  
Avenida Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha  
Belo Horizonte, Minas Gerais, Brazil  
CEP 31.150-000

E-mail:

assembleia@localiza.com

**7. Resolutions**

All the resolutions proposed by the Management of the Company are available in the proxy statement available at the head office of the Company and the websites of B3 ([www.bmfbovespa.com.br](http://www.bmfbovespa.com.br)), CVM ([www.cvm.gov.br](http://www.cvm.gov.br)), the Company's Investor Relations department ([www.localiza.com/ri](http://www.localiza.com/ri)).

**I - EXTRAORDINARY SHAREHOLDERS MEETING**

**1. To approve the proposed split of the Company's shares in the ratio of three (3) shares for one (1) existing share**

For ( )                      Against ( )                      Abstain ( )

**2. To approve the inclusion of a secondary activity that is complementary to car rental, in the corporate purpose of the Company**

For ( )                      Against ( )                      Abstain ( )

**3. To approve the proposed restatement of the amendments to the previous items, as well as the correction of the address and ZIP code of the Company's head office in its Bylaws**

For ( )                      Against ( )                      Abstain ( )

**4. To approve the re-ratification of the Board of directors' compensation for the 2017 financial year**

For ( )                      Against ( )                      Abstain ( )

**1. If the Extraordinary Shareholders Meeting is convened on second call, can the voting instructions contained in this absentee ballot be considered as well for the Shareholders Meeting convened on second call?**

Yes ( )                                      No ( )

[City and date]

\_\_\_\_\_  
Name of shareholder

### 3) Minutes of the Board of Directors Meeting that resolved on calling the Shareholders Meeting

**LOCALIZA RENT A CAR S.A.**  
Publicly Held Company  
CNPJ: 16.670.085/0001-55  
Company Registry (NIRE): 3130001144-5

#### **MINUTES OF THE BOARD OF DIRECTORS MEETING HELD ON SEPTEMBER 22, 2017**

**Date, Time and Place:** September 22, 2017, at 8 a.m., at the head office of the Company situated at Av. Bernardo de Vasconcelos, nº 377, Bairro Cachoeirinha, Belo Horizonte, Minas Gerais.

**Attendance:** The following directors were present: José Salim Mattar Júnior, Antônio Cláudio Brandão Resende, Eugênio Pacelli Mattar, Flávio Brandão Resende, Oscar de Paula Bernardes Neto, José Galló, Maria Letícia de Freitas Costa and Stefano Bonfiglio.

**Presiding Board:** José Salim Mattar Júnior, chairman of the Board, and Roberto Antônio Mendes, secretary.

**Agenda:** **1)** To analyze the results of August 2017; **2)** To approve the calling of the Extraordinary Shareholders Meeting; **3)** To deliberate on the resignation letter submitted by the executive officer.

**Resolutions unanimously taken:**

- 5) Approval of August 2017 results.
- 6) Approval given to calling an Extraordinary Shareholders Meeting to deliberate on the proposed: i) split of the Company's shares in the ratio of three (3) shares for one (1) existing share; and ii) amendments to the Bylaws to reflect said change and include complementary activity to car rentals.
- 7) Acknowledgement of the resignation letter submitted by Mr. Edmar Vidigal Paiva from the position of Executive Officer. The Board thanked Mr. Edmar Paiva for all his efforts during his term as Executive Officer.

**Closure and Drafting of Minutes:** Without further discussions, the meeting was suspended for the time necessary to draw up these minutes, which were later approved by the participants.

**Certificate:** I hereby declare that this is a faithful copy of the minutes of the Board of Directors meeting mentioned above, which is transcribed in the records and filed at the head office of the Company, with the signature of all participants: José Salim Mattar Júnior, Antônio Claudio Brandão Resende, Eugênio Pacelli Mattar, Flávio Brandão Resende, José Galló, Oscar de Paula Bernardes Neto and Stefano Bonfiglio.

**Roberto Antônio Mendes**  
Secretary to the Board of Directors

**LOCALIZA RENT A CAR S.A.**

**PUBLICLY-HELD COMPANY**

Corporate Taxpayer's ID CNPJ/MF 16.670.085/0001-55

Corporate Registry ID (NIRE) 3130001144-5

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS**

**HELD ON OCTOBER 19, 2017**

**Date, Time and Place:** October 19, 2017, at 8am, at the Company's headquarters located in the city of Belo Horizonte, State of Minas Gerais, at Av. Bernardo de Vasconcelos, nº 377.

**Attendance:** The following members of the Board of Directors attended the meeting: José Salim Mattar Júnior, Antônio Cláudio Brandão Resende, Eugênio Pacelli Mattar, Flávio Brandão Resende, Oscar de Paula Bernardes Neto, José Galló, and Stefano Bonfiglio. Dully justified absence: Maria Letícia de Freitas Costa.

**Instatement:** Mr. Salim Mattar, the Chairman of the Board of Directors and Roberto Antonio Mendes, Secretary.

**Agenda:** **1)** To evaluate the Company's results of September 2017; **2)** To monitor the Car Purchase and Sale Program; **3)** To deliberate on the increase of the Management's global annual compensation, ad referendum the Annual Shareholders' Meeting; **4)** To deliberate on the minutes of the meeting of the Audit, Risk Management and Compliance Committee.

**Resolutions taken by unanimous vote:**

- 1)** Company's results referring to September 2017 were approved.
- 2)** The Board covered the periodic monitoring of the 2017 Car Purchase and Sale Program for the Fleet Expansion and Renovation.
- 3)** Approved, ad referendum the Extraordinary General Meeting, the proposal to increase the Management's global annual compensation by R\$ 4,000,000.00, equivalent to 9.5% of the total amount approved at the Annual Shareholders' Meeting held on April 25, 2017, mainly due to the increase in the exercise in 2017 of stock options granted between 2011 and 2014, motivated by the increase of RENT3 price this year. It is hereby approved the inclusion of such increase in the agenda of the Extraordinary Shareholders' Meeting, which call was approved at the Board of Directors Meeting held on September 22, 2017.
- 4)** The Board deliberated on the content of the minutes of the meeting of the Audit, Risk Management and Compliance Committee held on October 18, 2017 and approved the recommendations issued by the Committee.

**Closure:** With no other deliberations, the meeting was suspended for the time necessary to the drawn up of the minutes to subsequent approval by the attendees.

**Declaration:** I hereby certify this present instrument is a free English translation of the Minutes of the Board of Directors' Meeting drawn up in the Company's records, filed in the Company's headquarters, with the signature of all attendees: José Salim Mattar Júnior, Antônio Claudio Brandão Resende, Eugênio Pacelli Mattar, Flávio Brandão Resende, José Galló, Oscar de Paula Bernardes Neto and Stefano Bonfiglio.

Roberto Antônio Mendes  
**Board of Director's Secretary**



**4) Table of justifications of the amendments proposed to the Bylaws of the Company –  
Article 11 of CVM Instruction 481/09**

EXISTING BYLAWS	PROPOSED AMENDMENTS	JUSTIFICATION
CHAPTER I - COMPANY NAME, HEADQUARTERS, PURPOSE AND DURATION	CHAPTER I - COMPANY NAME, HEADQUARTERS, PURPOSE AND DURATION	
<p><b>Article 2.</b> The Company has its head office, is domiciled and falls under the jurisdiction of the city of Belo Horizonte, state of Minas Gerais, located at Avenida Bernardo Vasconcelos, no. 377, which can open, transfer and close subsidiaries, branches, offices and any other establishment in Brazil and abroad, by a resolution of the Executive Board.</p>	<p><b>Article 2.</b> The Company has its head office, is domiciled and falls under the jurisdiction of the city of Belo Horizonte, state of Minas Gerais, located at Avenida Bernardo <u>de</u> Vasconcelos, no. 377, Bairro Cachoeirinha, <u>CEP 31.150-000</u>, which can open, transfer and close subsidiaries, branches, offices and any other establishment in Brazil and abroad, by a resolution of the Executive Board.</p>	<p>Amendment in the address, where preposition "de" was left out inadvertently and a typo in the ZIP code, so that it reflects the correct number which is 31.150-000.</p>
<p><b>Article 3.</b> The Company has as its purpose:</p> <p>(a) car rental; and</p> <p>(b) the management of corporate interests, in Brazil and abroad.</p>	<p><b>Article 3.</b> The Company has as its purpose:</p> <p>(a) car rental;</p> <p>(b) <u>to provide drivers as an ancillary product, complementary to car rentals; and</u></p> <p>(c) the management of corporate interests, in Brazil and abroad.</p>	<p>Amendment due to the inclusion of a secondary activity that is complementary to car rentals.</p>
CHAPTER II - CAPITAL AND SHARES	CHAPTER II - CAPITAL AND SHARES	
<p><b>Article 5.</b> The capital stock subscribed and paid up is R\$ 1,500,000,000.00 (one billion, five hundred million reais) divided into 222,383,070 (two hundred twenty-two million, three hundred eighty-three thousand and seventy) common shares, all registered, and without par value.</p>	<p><b>Article 5.</b> The capital stock subscribed and paid up is R\$ 1,500,000,000.00 (one billion, five hundred million reais) divided into <u>667,149,210 (six hundred sixty-seven million, one hundred forty-nine thousand, two hundred and ten)</u> common shares, all registered, and without par value.</p>	<p>Amendment due to the split of the Company's shares in the ratio of three (3) shares for one (1) existing share.</p>
<p><b>Article 6.</b> The Company is authorized to increase its capital stock up to the limit of 270,851,175 (two hundred and seventy million, eight hundred and fifty one thousand, one hundred and seventy five) registered common shares, regardless of any amendment to the Bylaws, and up to another 48,468,105 (forty-eight million, four hundred and sixty-eight thousand, one hundred and five) registered common shares may be issued.</p>	<p><b>Article 6.</b> The Company is authorized to increase its capital stock up to the limit of <u>812,553,525 (eight hundred twelve million, five hundred fifty-three thousand, five hundred twenty-five)</u> registered common shares, regardless of any amendment to the Bylaws, and up to another <u>145,404,315 (one hundred forty-five million, four hundred four thousand, three hundred fifteen)</u> registered common shares may be issued.</p>	<p>Amendment due to the split of the Company's shares in the ratio of three (3) shares for one (1) existing share.</p>

## 5) Bylaws

### LOCALIZA RENT A CAR S.A.

Corporate Taxpayer Id. (CNPJ): 16.670.085/0001-55

Company Registration (NIRE): 3130001144-5

### BYLAWS

#### CHAPTER I – COMPANY NAME, HEADQUARTERS, PURPOSE AND DURATION

**Article 1.** Localiza Rent a Car S.A. is a corporation governed by these Bylaws and by applicable laws and regulations.

**Sole Paragraph** - With the Company's admission to the special listing segment called "Novo Mercado" (New Market) of B3 S.A. – Securities, Commodities and Futures Exchange ("Novo Mercado" and "B3", respectively), the Company, its shareholders, Administrators and members of the Audit Board, when installed, submit to the provisions of the Listing Regulation of B3 Novo Mercado ("**Novo Mercado Regulations**").

**Article 2.** The Company has its head office, is domiciled and falls under the jurisdiction of the city of Belo Horizonte, state of Minas Gerais, located at Avenida Bernardo de Vasconcelos, no. 377, Bairro Cachoeirinha, CEP 31.150-000, which can open, transfer and close subsidiaries, branches, offices and any other establishment in Brazil and abroad, by a resolution of the Executive Board.

**Article 3.** The Company has as its purpose:

- (a) car rental;
- (b) the temporary rental of drivers as a complementary activity to car rentals; and
- (c) the management of corporate interests, in Brazil and abroad.

**Article 4.** The duration of the Company is indefinite.

#### CHAPTER II - CAPITAL AND SHARES

**Article 5.** The capital stock subscribed and paid up is R\$ 1,500,000,000.00 (one billion, five hundred million reais) divided into 667,149,210 (six hundred sixty-seven million, one hundred forty-nine thousand, two hundred ten) common shares, all registered, and without par value.

1. The Company shares are book-entry shares, remaining in a deposit account at the financial institution appointed by the Board of Directors, on behalf of their owners, without the issuance of certificates, pursuant to Articles 34 and 35 of Law 6,404, of December 15, 1976 ("**Law**

6,404/76”), and the remuneration dealt with in paragraph 3 of article 35 of said Law may be charged from the shareholders.

2. The Company may, upon authorization of the Board of Directors, purchase its own shares for purposes of canceling or to be held in treasury, for further sale, abiding by the legal provisions and regulations applicable.
3. The capital stock is represented exclusively by common shares, and the issuance of preferred shares is forbidden.

**Article 6.** The Company is authorized to increase its capital stock up to the limit of 812,553,525 (eight hundred twelve million, five hundred fifty-three thousand, five hundred twenty-five) registered common shares, regardless of any amendment to the Bylaws, and up to another 145,404,315 (one hundred forty-five million, four hundred four thousand, three hundred fifteen) registered common shares may be issued..

1. The Board of Directors will decide on the issuance of shares within the authorized capital. The issuance price to be determined by the Board of Directors, without an unjustified dilution of the interest of the former shareholders, despite the latter having the right of first refusal to subscribe to them, in view of, alternatively or jointly: (i) the profit outlook for the Company; (ii) the net book value of the share; (iii) the price of the shares on the stock exchange or in the organized over-the-counter (OTC) market, by admitting a premium due to the market conditions.
2. The issuance of shares, debentures or subscription bonuses, of which placement is made upon sale in the stock exchange or upon public subscription, or for swap for shares in a takeover bid, may be performed with the exclusion of the right of first refusal or with the reduction of the term for its fiscal year, at the discretion of the Board of Directors.
3. Within the authorized capital and according to the plan approved by the Shareholders’ Meeting, the Company may grant the stock option to its administrators, employees or natural persons who provide services to it, or to administrators, employees or natural persons who provide services to companies controlled by it, with the exclusion of the right of first refusal of the shareholders in the granting and fiscal year of the purchase options, and the Board of Directors should elect the Stock Option Plan Management Committee in order to create the Annual Stock Option Programs.
4. The Company is forbidden to issue founder shares.

**Article 7.** The shares are indivisible as to the Company and each common share shall confer on its holder a vote in the Shareholders’ Meeting decisions.

### CHAPTER III – MANAGEMENT OF THE COMPANY

**Article 8.** The Company will be managed by a Board of Directors and an Executive Board.

1. The Shareholders' Meeting will establish the total amount of the remuneration for the administrators, and the Board of Directors, in a meeting, to establish the individual remuneration of the Directors and Executive Officers.
2. The positions of Chairman of the Board of Directors and CEO of the Company may not be held by the same person, pursuant to article 45 of these Bylaws.

#### **CHAPTER IV – SHAREHOLDERS' MEETINGS**

**Article 9.** The Shareholders' Meetings will be Annual and Extraordinary. The Annual Shareholders' Meeting shall take place by the fourth month following the end of the fiscal year and, the Extraordinary Meetings, whenever necessary.

1. The Shareholders' Meetings will be summoned by the Chairman of the Board of Directors, in the form and times provided for in law, and chaired by the Chairman of the Board of Directors, or in his absence, by the Vice-Chairman of the Board of Directors, or, in his absence, by a shareholder chosen by a majority vote of the attendees. The choice of a Secretary shall fall to the Chairman of the Shareholders' Meeting.
2. All documents pertaining to the agenda, to be analyzed or discussed in the Shareholders' Meeting, shall be made available to shareholders at B3, as well as at the head office, as of the publication date of the first call notice referred to in the previous paragraph.

**Article 10.** The Shareholders' Meeting is responsible for the following:

- (a) to elect and remove the members of the Board of Directors;
- (b) to fix the overall fees of the members of the Board of Directors and the Executive Board, as well as the remuneration of members of the Audit Board, if set up;
- (c) to assign bonus shares and decide on any stock splits or reverse stock splits;
- (d) to decide, according to the management proposal, on the allocation of net income from the year and the distribution of dividends;
- (e) to elect the liquidator as well as the Audit Board that should operate during the liquidation period;
- (f) to choose the institution or specialized company responsible for preparing the valuation report of the Company's shares, in case of cancellation of registration as publicly-held company, delisting from the Novo Mercado or a public tender offer (PTO) for attaining material interest,

as provided in Chapter X of these Bylaws, between the institutions or companies appointed by the Board of Directors; and

(g) All other responsibilities envisaged in law.

#### **CHAPTER V – BOARD OF DIRECTORS**

**Article 11.** The Board of Directors will be comprised at least six (6), and at most eight (8) members, elected for a unified term of two (2) years by the Shareholders' Meeting, and may be re-elected.

1. At the Shareholders' Meeting held to decide on the election of the Directors, the shareholders should first define the effective number of members of the Board of Directors to be elected.
2. From among those elected, the same Shareholders' Meeting will elect the Chairman and Vice-Chairman.
3. After the end of the term of office, the Directors shall remain in office until the investiture of the newly elected directors.
4. In case of vacancy of the office of Director, the substitute shall be appointed by the remaining Directors and will serve until the first Shareholders' Meeting.
5. The Director should have a solid reputation, and cannot be elected, unless authorized by the Shareholders' Meeting, if: (i) he is working as an administrator, director, consultant, lawyer, auditor, executive, employee, collaborator or service provider in companies that are involved in car rental activities, car fleet rental, car or car fleet leasing, sale of cars, assembly of vehicles or any other activities which might be considered as competition to the Company, or (ii) who have or represents a conflicting interest with the Company. The director may not exercise the right to vote if, after election, the same disqualification factors are found.
6. The Directors will be invested in their offices after signing the instrument of investiture to be drawn up in their company's records, subject to legal requirements, waiving any management pledge. The investiture will be conditioned on the signing of the Instrument of Consent of Administrators, in accordance with the Novo Mercado Listing Regulations, as well as compliance with the applicable legal requirements.
7. At least twenty percent (20%) of the Board of Directors should be independent directors, as per the definition in paragraph 8 below, expressly declared as such in the minutes of the Shareholders' Meeting that elects them, with the directors elected as per the option set forth in article 141, paragraphs 4 and 5 of Law 6,404/76 also being considered independent.
8. When, as a result of complying with the percentage referred to in paragraph 6 above, a fractional number of directors results, it should be rounded to an integer: (i) immediately above, when

the fraction is equal to or higher than five-tenths (0.5); or (ii) immediately below, when the fraction is lower than five-tenths (0.5).

9. For the purpose of this article, the term “**Independent Director**” shall mean the Director who: (i) does not have any connection with the Company, except for interest; (ii) is not a controlling shareholder (as defined in article 27 of these Bylaws), spouse or relative to the second degree of that, or is not or has not been, in the last three (3) years, connected to the company or entity related to the Controlling Shareholder (people linked to public educational and/or research institutions are excluded from this restriction); (iii) has not been, in the last three (3) years, an employee or executive officer of the Company, the Controlling Shareholder or a subsidiary of the Company; (iv) is not a supplier or buyer, directly or indirectly, of services and/or products of the Company to an extent that implies loss of independence; (v) is not an employee or administrator of a company or entity which is offering or demanding services and/or products of the Company to an extent that implies loss of independence; (vi) is not a spouse or a relative to the second degree of any administrator of the Company; (vii) does not receive any other remuneration from the Company other than that of Director (cash earnings from the interest held are excluded from this restriction).

**Article 12.** The Executive Board is responsible for the following:

- (a) To establish the general business guidelines of the Company;
- (b) To elect and remove the executive officers of the Company;
- (c) To decide on calling the Shareholders’ Meeting, when appropriate, or in the case of article 132 of Law 6,404/76;
- (d) To inspect the management of the executive officers, examining, at any time, the books and papers of the Company and requesting information on the progress of the business transacted and/or to be transacted and any other acts;
- (e) To establish committees and the respective regulations and duties;
- (f) To revise, at least three (3) times a year, the Car Purchase Program for Expansion and the Car Purchase Program for Renewal presented by the Executive Board;
- (g) To nominate and remove the independent auditors;
- (h) To call the independent auditors to provide any clarifications they deem necessary;
- (i) To acknowledge the Management Report and the accounts of the Executive Board, and discuss on their submission to the Shareholders’ Meeting;

- (j)** To approve the Strategic Plan, Target Plan, Budget, expansion projects, investment programs, the Car Purchase Program for Expansion, the Car Purchase Program for Renewal, debt and minimum cash policies as well as monitor their implementation;
- (k)** To approve the acquisition, encumbrance and sale of fixed , in accordance to the value scope defined by the Board of Directors in accordance with the Executive Board Proposal, except for purchase of cars under the terms of the Car Purchase Program for Expansion and Car Purchase Program for Renewal;
- (l)** To approve any changes to the name and brand of the Company and its subsidiaries or controlled;
- (m)** To approve the establishment of subsidiaries, as well as any changes in their Bylaws, the subscription and payment of capital increases;
- (n)** To approve the acquisition or the interest of the Company in the capital of other companies, in Brazil or abroad;
- (o)** To establish the scope of authority of the Executive Board for the issue of credit instruments in Brazil, including, but not limited to debentures and promissory notes for funding in the capital markets, deciding also on their conditions for issue and redemption, and may, in cases established by it, require prior authorization of the Board of Directors as a condition for the validity of the act;
- (p)** To establish the scope of authority of the Executive Board to issue any credit instruments for foreign funding, including bonds, notes, commercial papers or other instruments, also deciding on the conditions of their issue and redemption, and may, in cases established by it, require prior authorization of the Board of Directors as a condition for the validity of the act;
- (q)** To establish the scope of authority of the Executive Board to contract any call or put options, swaps and other complex financial transactions which are based on the trading price or the price in the futures market, and may, in cases established by it, require prior authorization of the Board of Directors as a condition for the validity of the act;
- (r)** Establish the competence of the Executive Board to make financial investments and redeem them, within the limits, conditions and financial institutions previously authorized by the Board of Directors, being this authorization the necessary condition to valid the act;
- (s)** To authorize the Company and its subsidiaries to guarantee obligations in favor of third parties, by waiving the authorization of guarantee to subsidiaries;
- (t)** To approve the management agreement, establish the compensation of the Executive Board and approve its proposal regarding the compensation policies, the retirement and benefits programs and the global profit sharing amount to employees;

- (u) To validate the performance evaluation of Executive Officers, performed by the CEO;
- (v) To approve changes in the organizational structure of the Company, necessary for the operation of the business and the execution of the strategies defined;
- (w) To determine the Company's vote or its granting of a voting instruction in all shareholders' meetings of its subsidiaries.
- (x) To decide on the Company's buyback of its shares, to be held in treasury and/or further cancellation or sale;
- (y) To grant stock options, without right to first refusal for shareholders, under the terms of the Plans approved in the Shareholders' Meeting;
- (z) To prepare the three-name list of institutions or companies specialized in valuation of companies, for preparation of a valuation report on the Company, in case of cancellation of registration as a publicly-held company or delisting from the Novo Mercado or a PTO for acquiring material interest, as set forth in Chapter X of these Bylaws;
- (aa) To give opinion for or against any public tender offer for the shares issued by the Company, by means of a prior report, disclosed up to fifteen (15) days from the publication of the call notice for PTO, which should contain, at least (i) the convenience and timing of the public tender offer for the shares in the interest of the group of shareholders and the liquidity of the securities held by them; (ii) the repercussions of the public tender offer on the Company's interests; (iii) the strategic plans disclosed by the offer or in relation to the Company; and (iv) other topics which the Board of Directors finds relevant, as well as the information required by the applicable rules established by CVM; and
- (bb) To dispose of, subject to these Bylaws and the law in force, on its works, and adopt or issue rules of procedure for its functioning.

**Article 13.** The Board of Directors will meet, on an ordinary basis, a minimum of 6(six) times a year and, extraordinarily, whenever necessary, in the Company's head offices or in any other location chosen. The minutes of the meeting shall be drawn up in the Company's records.

1. The meetings will be summoned by the Chairman of the Board, or by a simple majority of the Directors, upon communication, via telegram, fax, e-mail or any other written form, issued at least five (5) business days in advance, unless most of its members establish a shorter period, but not below forty-eight (48) hours. The decisions in the Board of Directors' meetings should be limited to the matters set forth in the communication issued to the Board members, where the location, date and time of the meeting should be mentioned, as well as the summarized agenda.



2. To validly hold the Board meetings and deliberate, the majority of its members must be present.
3. The Directors may participate in the meetings by conference call or video conference, and send their vote via telegram, fax, e-mail or any other written method.
4. The Board's resolutions shall always be made by the majority of the votes of the members attending the meetings, and the casting vote belongs to the Chairman of the Board, or his replacement.
5. The Board will designate a permanent Audit Committee, made up of at least three members, without any power of deliberation or management, for aiding it in the exercise of its functions. The Audit Committee will exercise the functions established in its by-laws, to be approved by the Board.

#### **CHAPTER VI – EXECUTIVE BOARD**

**Article 14.** The Executive Board will be made up of, at least, four (4) and, at most, six (6) Executive Officers, all of them resident in Brazil, and elected by the Board of Directors. Of the Executive Officers, one shall receive the designation of Chief Executive Officer, one will receive the designation of Chief Financial and Investor Relations Officer, one of them may receive the designation of Vice-President and the other ones will receive the designation of Executive Officers.

1. The Executive Officers will have a term until the first meeting of the Board of Directors meeting, after the Ordinary Meeting of the following year.
2. The Executive Officers will be invested in their offices after signing the instrument of investiture to be drawn up in the company's records, subject to legal requirements, waiving any management pledge. The investiture will be conditioned on the signing of the Instrument of Consent of Administrators, in accordance with the Novo Mercado Listing Regulations, as well as compliance with the applicable legal requirements.

**Article 15.** The Executive Board will meet whenever necessary. The meetings will be chaired by the CEO or, in his absence, by another executive officer, appointed by the CEO.

1. The meetings will always be summoned by the CEO or by a simple majority of the members of the Executive Board. To validly hold the meetings and deliberate, the majority of its members must be present.
2. The decisions of the Executive Board will be drawn up in the company's records, and will be taken by the majority of the votes, with the chairman of the meeting holding the casting vote.

**Article 16.** In the absences or temporary impediments of any executive officer, the CEO will appoint a replacement from among the remaining officers. The replacement shall exercise all the functions and will have the powers of the officer substituted.

1. In the absences or temporary impediments of the CEO, the Vice-President will substitute him, exercising all of his functions, powers and duties, and in the absence of him, the CEO shall appoint one of the other executive officer to substitute him.
2. In case of death, disability, resignation or impediment for a term above three (3) months of an executive officer, the Board of Directors may name a replacement, or designate a new executive officer, establishing in whatever case the management term, which shall not exceed the term of the executive officer substituted.
3. In case of death, disability, resignation of the CEO, the Executive Board may name a replacement, or designate a new executive officer, establishing the management term, which shall not exceed the term of the executive officer substituted.

**Article 17.** The Executive Board will be responsible for managing the Company's business in general and the practice, for such, of all the acts necessary or appropriate, except for those for which, by law or these Bylaws, the authority pertains to the Shareholders' Meeting or to the Board of Directors. Its powers include:

- (a) Managing and supervising the Company's business;
- (b) Preparing and executing the budget;
- (c) Preparing, annually, the Car Purchase Program for Expansion and the Car Purchase Program for Renewal, according to the budget, by submitting them to approval of the Board of Directors;
- (d) Buying cars, under the terms and limits of the Car Purchase Program for Expansion and the Car Purchase Program for Renewal, duly approved by the Board of Directors;
- (e) Contracting loans and financing under the limits and conditions granted thereto by the Board of Directors;
- (f) Performing financial investments and redeeming them, providing guarantees to subsidiaries, under the limits and conditions granted thereto by the Board of Directors;
- (g) Ensuring observance of the law and these Bylaws, as well as compliance with the decisions made at the Shareholders' Meetings, the Board of Directors meetings and its own meetings; and
- (h) Issuing and approving instructions and Bylaws it sees useful or necessary.

**1.** The CEO will be responsible for:

- (a)** The overall supervision of all of the company's businesses;
- (b)** Supervising the preparation and execution of the budget;
- (c)** Coordinating and guiding the activities of other Executive Officers in their respective areas of competence;
- (d)** Carry out the performance evaluation of Executive Board;
- (e)** Designating any Executive Officer for special tasks and activities, regardless of those which they are ordinarily liable for; and
- (f)** Summoning, holding and chairing the Executive Board meetings.

**2.** The Vice President will be responsible for:

- (a)** Substituting the CEO in his absences or temporary impediments; and
- (b)** Assisting the CEO in the supervision, coordination, direction and management of the activities and business of the Company, and in all the tasks which the latter assigns him.

**3.** The Chief Financial and Investor Relations Officer is responsible for:

- (a)** Coordinating, administering, directing and supervising the accounting, financial and tax areas of the Company.
- (b)** Consolidation of the budget;
- (c)** Coordinating, administering, directing and supervising the work of investors relations and capital markets;
- (d)** Representing the Company before the shareholders, investors, market analysts, the Brazilian Securities Commission (CVM), the stock exchanges, the Brazilian Central Bank, and other entities related to the activities carried out in the capital markets in Brazil and abroad; and
- (e)** Assisting the CEO in the supervision, coordination, direction and management of the activities and business of the Company, and all tasks which the latter assigns him.

4. The Executive Officer will assist the CEO or the Vice President in the supervision, coordination, direction and management of the activities and business of the Company, and all tasks which the latter assigns him.
5. Any executive officer alone could represent the Company in Court or at any public agencies or federal, state or local authorities, as well as government agencies, mixed-capital companies and parastatal entities.

**Article 18.** Deeds of any nature, bills of exchange, checks, payment orders, contracts and any other documents in general that entail liability or obligation for the Company, shall be compulsorily signed:

(a) by two Executive Officers together;

(b) by one Executive Officer along with an attorney-in-fact, provided the latter is vested with special and express powers; or

(c) by two (2) attorneys-in-fact jointly, provided they are vested with special and express powers.

**Sole Paragraph** - The Executive Board may, in a meeting, appoint any Executive Officer or authorize the granting of mandate to third parties to solely carry out acts that are the responsibility of the Executive Board or any Executive Officer, except delegating the powers granted to it, without prejudice to identical powers conferred by these Bylaws or the Executive Board, to it or to any Executive Officer.

**Article 19.** The powers of attorney will always be granted on behalf of the Company by two (2) Executive Officers together, and should specify the powers granted and, except those for legal purposes, shall be valid for a maximum of thirteen (13) months.

**Article 20.** The acts of any Executive Officer, attorney-in-fact, or employee involving obligations related to business or operations not related to the corporate purpose, such as sureties, guarantees, endorsements or any guarantees in favor of third parties, except when expressly authorized by the Board of Directors' meeting, are expressly forbidden, and are null and void with regard to the Company. It is forbidden to grant loans to controllers and administrators of the Company, except for loans granted under the terms of the stock option plans of the Company.

#### **CHAPTER VII - AUDIT BOARD**

**Article 21.** The Audit Board of the Company will only be set up when requested by shareholders, as required by law.

**Sole Paragraph** - The term of Audit Board members shall remain valid until the first Annual Shareholders' Meeting after the meeting in which they were elected.

**Article 22.** The Audit Board, when functioning, shall consist of at least three (3) and at most five (5) members and the same number of alternate members, all residing in Brazil and not part of the Company's management. The functioning of the Audit Board and the compensation, authority, duties and responsibilities of its members shall follow the law in force.

**Sole Paragraph** - Audit Board members shall take office after signing the respective agreement, drawn up in the company's records. The investiture will be conditioned on the signing of the Instrument of Consent of Audit Board members, in accordance with the Novo Mercado Listing Regulations, as well as compliance with applicable legal requirements.

#### **CHAPTER VIII - FISCAL YEARS, PROFITS AND DIVIDENDS**

**Article 23.** The fiscal year shall commence on January 1 and end on December 31 of each year. At the end of each year, the financial statements will be prepared subject to the laws in force.

**Sole Paragraph** - The Company and the administrators should, at least once a year, hold a public meeting with analysts and other stakeholders to disclose information about the economic and financial situation, projects and perspectives of the Company.

**Article 24.** The following will be deducted from the profits of the year before any profit sharing: accumulated losses, if any, and provision for income tax and social contribution on net profit.

1. Of the balance, the Shareholders' Meeting may allocate to managers, profit sharing corresponding to one-tenth of the net income from the year, limited to the annual total compensation of the administrators. Allocation to shareholders of the mandatory dividend envisaged in paragraph 3 herein is a condition for the payment of such profit sharing. Whenever an interim balance sheet is prepared and based on it, interim dividends are paid in an amount at least equal to twenty-five percent (25%) of the net income from the year, adjusted according to paragraph 3 of these article, the Board of Directors may decide, *ad referendum* the Shareholders' Meeting, on the payment of interim profit sharing to the administrators.
2. The net income from the fiscal year shall have the following allocation:
  - (a) Five percent (5%) shall be allocated, before any other allocation, to the constitution of the legal reserve, which shall not exceed twenty percent (20%) of the capital;
  - (b) a portion, as proposed by the management bodies, may be allocated to form a contingency reserve and reversal of said reserves constituted in previous years, pursuant to article 195 of Law 6,404/76;
  - (c) as proposed by the management bodies, the portion of net income arising from

donations or government subsidies for investments may be allocated to the tax incentive reserve, which may be excluded from the mandatory dividend calculation basis;

- (d) in the year when the mandatory dividend amount, calculated in accordance with the paragraph 1 of article 24, exceeds the realized portion of the net income from the year, the Shareholders' Meeting may, by proposal of the management bodies, allocate the surplus to a realizable profits reserve, subject to article 197 of Law 6,404/76;
  - (e) a portions shall be allocated to the payment of the mandatory dividend to shareholders, subject to paragraph 1 of this article 24;
  - (f) a portion made up of up to 100% of the remaining profits after the legal and bylaws deductions may be allocated to the formation of an investment reserve to finance investments in the renewal and expansion of the car fleet of the Company and its subsidiaries, and such reserve may not exceed the lowest of the following amounts: (i) 80% of the capital stock; or (ii) the amount that, added to the balances of other profit reserves except the realizable profits reserve and the contingency reserve, does not exceed 100% of the Company's capital stock.
  - (g) a portion, as proposed by the management bodies, may be retained based on the capital budget previously approved, pursuant to article 196 of Law 6,404/76, and
  - (h) the balance shall be allocated as decided by the Shareholders' Meeting, subject to legal requirements.
3. Shareholders are entitled to receive an annual mandatory dividend not less than twenty-five percent (25%) of net income from the year, to which the following amounts will be added or deducted: (i) the amount allocated to legal reserve; (ii) the amount intended to form the contingency reserve and reversal of said reserves constituted in previous years, and (iii) the amount resulting from the reversal of the reserve for unrealized profits made in previous years, under article 202, clause II of Law 6,404/76.
4. The payment of the mandatory dividend may be limited to the amount of realized net income, as per law.
5. The Company may pay or credit interest as remuneration on capital calculated on the equity, subject to the rate and limits established by tax laws. The amount paid to shareholders as interest on capital will be deducted from the minimum mandatory dividend. At the discretion of the Executive Board, the amount of interest may be either credited and paid to shareholders or credited to shareholders and subsequently incorporated into the capital instead of being distributed and paid.

**Article 25.** By decision of the Executive Board, the Company may prepare interim balance sheets or, in shorter periods, based on opinion of the Audit Board, if functioning, declare the dividends to the debit of profits calculated in these balance sheets or retained earnings, as provided by law.

**Sole Paragraph** - The interim dividends can be credited and considered as an anticipation of the mandatory dividend.

## **CHAPTER IX – LIQUIDATION**

**Article 26.** The Company shall be liquidated in the cases provided by law and the Shareholders' Meeting will determine the mode of liquidation, electing the liquidator and the Audit Board, if any, that should function during the liquidation period.

## **CHAPTER X – DISPOSAL OF SHAREHOLDING CONTROL, CANCELLATION OF REGISTRATION AS PUBLICLY-HELD COMPANY AND DELISTING FROM NOVO MERCADO, PUBLIC OFFERING FOR ACQUISITION OF SHARES TO ACHIEVE MATERIAL INTEREST AND PROTECTION AGAINST DISPERSED SHAREHOLDING**

### **Section I - Definitions**

**Article 27.** For the purposes of this Chapter X, the following capitalized terms shall have the following meanings:

**“Acquirer”** is the person to whom the Selling Controlling Shareholder transfers his Control Shares during the Disposal of Control of the Company.

**“Administrators”** means, in the singular, the executive officers and directors of the Company referred to individually or, in plural, the executive officers and directors of the Company collectively referred to.

**“Block of Shareholders”** means the group of people: (i) bound by contracts or agreements of any nature, including shareholders' agreements, verbal or written, either directly or through subsidiaries, parent companies or those under common control, or (ii) between which there is relationship of control; or (iii) under common control, or (iv) acting jointly, or (v) representing a common interest. Included among the examples of people representing a common interest are: (a) a person holding, directly or indirectly, equity interest of greater than or equal to 15% of the capital of another person, and (b) two persons who have a third common investor who holds, directly or indirectly, equity interest of greater than or equal to 15% of the capital of each of the two people. Any joint ventures, funds or investment clubs, foundations, associations, trusts, condominiums, cooperatives, securities portfolios, universality of rights, or any other forms of organization or enterprise, constituted in Brazil or abroad, shall be considered as part of the same Shareholder Groups, whenever two or more between such entities are: (i) administered or managed by the same legal entity or by parties related to the same legal entity; or (ii) have in common the majority of their administrators and, in case of investment funds with the same administrator, only those whose voting decision at the Shareholders'

Meetings are the responsibility of the administrator, in accordance with the respective regulations, will be considered as part of the Shareholder Group on a discretionary basis.

**“Control Shares”** means a block of shares that ensure, directly or indirectly, to their holder(s), the individual and/or shared exercise of the Company's Power of Control.

**“Controlling Shareholder”** means the shareholder or group of shareholders that exercise the Power of Control over the Company.

**“Disposal of Control of the Company”** means the transfer to a third party, for consideration, of the Control Shares.

**“Economic Value”** means the value of the Company and its shares to be determined by the specialized institution or company using recognized methodology or based on other criteria, as may be defined by the CVM.

**“Group of Shareholders”** means the group of persons: (i) bound by contracts or agreements of any nature, directly or through subsidiaries, parent companies or those under common control, or (ii) between which there is relationship of control; or (iii) under common control.

**“Material Shareholding Interest”** means the ownership of shares issued by the Company or other corporate rights equal to or higher than fifteen percent (15%) of the capital stock.

**“Other Corporate Rights”** means (i) usufruct or trust on the shares issued by the Company, (ii) any options or rights to buy, subscribe or swap, in any capacity, which could result in the acquisition of shares issued by the Company; (iii) any derivatives referenced in the shares issued by the Company that envisage the possibility of settlement not exclusively financial in nature; or (iv) any other rights that ensure permanently or temporarily the political or ownership rights of shareholders on the issuance of shares of the Company.

**“Outstanding shares”** means the shares issued by the Company, except those held by the Controlling Shareholder, by related persons, the Company's administrators and the shares held in treasury.

**“Power of Control”** means the power effectively used to direct the corporate activities and guide the functioning of the Company's bodies, either directly or indirectly, by fact or by law, regardless of the equity interest held. There is a relative presumption of ownership of control in relation to the person or the group of shareholders who hold shares that have ensured them an absolute majority of votes of the shareholders attending the last three Shareholders' Meetings of the Company, even if they are not owners of the shares that ensure them the absolute majority of the voting capital.

**“Selling Controlling Shareholder”** means the Controlling Shareholder when he disposes of control of the Company;



## **Section II – Disposal of Control of the Company**

**Article 28.** Disposal of Control of the Company, both by means of a single transaction or successive transactions, should be contracted under conditions precedent or subsequent, of which the acquirer of control undertakes to carry out, subject to the conditions and terms provided for in law and the Novo Mercado Listing Regulations, the public tender offer for the acquisition of shares of other shareholders of the Company, to ensure the same treatment given to the Selling Controlling Shareholder.

**Article 29.** The public tender offer referred to in the previous article will also be demanded:

- (a) in cases where there is assignment, for consideration, of shares and other securities or rights related to securities convertible into shares, which may result in the Disposal of Control of the Company; and
- (b) in case of disposal of control of the company that holds the Power of Control over the Company, in which case, the Selling Controlling Shareholder is obliged to declare to B3 the amount transferred to the Company in said disposal and attach documentary evidence.

**Article 30.** The acquirer of Power of Control consequent to the private share purchase agreement entered into with the Controlling Shareholder, involving any number of shares, is obliged to:

- (a) carry out the public tender offer referred to in article 28 hereof, and
- (b) pay, as below, an amount equal to any difference between (i) the public tender offer price and (ii) the amount paid on the stock exchange for shares acquired on the stock exchange in six (6) months prior to the date of acquisition of the Power of Control, duly restated up to the date of payment. This amount shall be distributed among all those who sold the shares of the Company in trading sessions in which the Acquirer carried out the acquisitions, in proportion to the daily net sales balance of each, and BM&FBOVESPA will carry out the distribution pursuant to its regulations.

**Article 31.** The Company shall not register any transfer of shares to the Acquirer or the shareholder(s) who may acquire the Power of Control, until they sign the Instrument of Consent of Controlling Shareholders, envisaged in the Novo Mercado Listing Regulations.

**Article 32.** No Shareholders' Agreement that deals with the exercise of Power of Control may be registered in the head office of the Company without its signatories having signed the Instrument of Consent of Controlling Shareholders, envisaged in the Novo Mercado Regulations and under article 31.

## **Section III – Cancellation of Registration as Publicly-Held Company and Delisting from the Novo Mercado**

**Article 33.** In the public tender offer for the acquisition of shares, to be compulsorily carried out by the Controlling Shareholder or by the Company for the cancellation of registration as a public-held company, the minimum price to be offered shall correspond to the Economic Value ascertained in the valuation report prepared according to article 37 of these Bylaws, subject to applicable laws and regulations.

**Article 34.** If the shareholders at an Extraordinary Shareholders' Meeting decide on (i) the Company's delisting from the Novo Mercado for the securities issued by it to be registered for trading outside the Novo Mercado or (ii) a corporate reorganization in which the company resulting from said reorganization does not have its securities admitted for trading on the Novo Mercado, within one hundred twenty (120) days from the date of the Shareholders' Meeting approving the operations, the Controlling Shareholder shall carry out a public tender offer for the shares pertaining to other shareholders of the Company, whose minimum price should correspond to the Economic Value ascertained in the valuation report prepared in accordance with article 37 hereof, subject to applicable laws and regulations.

**Article 35** If there is no Controlling Shareholder, if it is decided on (i) the Company's delisting from the Novo Mercado for the securities issued by it to be registered for trading outside the Novo Mercado or (ii) a corporate reorganization in which the company resulting from said reorganization does not have its securities admitted for trading on the Novo Mercado, within one hundred twenty (120) days from the date of the Shareholders' Meeting approving the operation, the delisting will depend on the public tender offer for the acquisition of shares under the same conditions in the above article.

1. Said Shareholders' Meeting should define the person(s) responsible for holding the public tender offer for the acquisition of shares, who, present at the Meeting, should expressly assume the obligation to carry out the offer.
2. If the persons responsible for carrying out the public tender offer for the acquisition of shares, in case of corporate reorganization, in which the company resulting from such reorganization does not have its securities admitted for negotiation on the Novo Mercado, the shareholders who voted in favor of the corporate reorganization must carry out said offering.

**Article 36.** Delisting of the Company from the Novo Mercado due to non-compliance with Novo Mercado Regulations is conditioned on the holding of the public tender offer for the acquisition of shares for, at least, the Economic Value of the shares to be calculated in the valuation report under article 37 of these bylaws, subject to applicable laws and regulations.

1. The Controlling Shareholder should hold the public tender offer for the acquisition of shares envisaged in the head paragraph of this article.
2. If there is no Controlling Shareholder and the delisting from the Novo Mercado referred to in the head paragraph results from a decision of the Shareholders' Meeting, the shareholders who voted in favor of the decision that implied in said non-compliance should hold the public tender offer for the acquisition of shares set forth in the head paragraph.

3. If there is no Controlling Shareholder and the delisting from the Novo Mercado referred to in the head paragraph results from an act of the management, the Directors of the Company must call the Shareholders' Meeting, whose agenda must include the decision on how to remedy the non-compliance with the obligations envisaged in the Novo Mercado Regulations or, where applicable, deliberate on the Company's delisting from the Novo Mercado.
4. If The Shareholders' Meeting mentioned in paragraph 3 decides on delisting the Company from the Novo Mercado, said Shareholders' Meeting should define the person(s) responsible for holding public tender offer for the acquisition of shares set forth in the head paragraph, and those attending the Shareholders' Meeting should expressly assume the obligation to carry out the offer.

**Article 37.** The valuation report envisaged in articles 33, 34, 35 and 36 hereof shall be prepared by a specialized institution or company with proven expertise and independence as to the power of decision of the Company, its managers and Controlling Shareholder, and the report should also meet the requirements of paragraph 1, article 8, of Law 6,404/76, and include the responsibility envisaged in paragraph 6 of the same article.

1. The choice of the specialized institution or company responsible for determining the Economic Value of the Company is the exclusive responsibility of the Shareholders' Meeting, based on the presentation by the Board of Directors, of a list of three companies, and the respective decision, not including blank votes, to be taken by majority vote of shareholders representing the Outstanding Shares present at the Shareholders' Meeting, held on first call, should be attended by shareholders representing at least twenty percent (20%) of the total Outstanding Shares or, if held on second call, may be attended by any number of shareholders representing the Outstanding Shares.
2. The costs for preparing said valuation report shall be fully borne by the offer or.

**Section IV – Public Tender Offer for Acquisition of Shares  
for Attaining Material Interest**

**Article 38.** Any Shareholder or Block of Shareholders that reaches, directly or indirectly a Material Shareholding Interest, both through a single operation or a series of operations ("**New Material Shareholder**"), should hold a public tender offer for the acquisition of all the shares and securities convertible into shares held by other shareholders of the Company, under the terms of this article ("**PTO for Attaining Material interest**")

- 1 – The PTO for Attaining Material Interest should be: (i) made to all of the Company's shareholders; (ii) in an auction to be held at B3; (iii) for the price fixed according to paragraph 2 of this article and settled in cash in legal tender; and (iv) backed by the valuation report of the Company, referred to in paragraph 4 of this article.

- 2 - The acquisition price per share that is the object of the PTO for Attaining Material Interest ("**PTO Price**") cannot be lower or higher than the highest amount between: (i) the Economic Value; and (ii) the highest price paid by the New Material Shareholder in the twelve (12) months before the Material Shareholding Interest, adjusted for corporate events such as the distribution of dividends or interest on equity, stock splits, reverse splits, bonuses, except those related to corporate reorganization, as well as duly restated by the SELIC basic interest rate.
3. Without prejudice to his obligation to publish the material fact in the press in accordance with CVM Instruction 358 of January 3, 2002, as amended ("**CVM Instruction 358**"), immediately after acquiring or becoming a holder of shares of the Company or Corporate Rights, in an amount equal to or greater than fifteen percent (15%) of the capital, the New Material Shareholder should send a communication to the Investor Relations Officer, mentioning: (a) the information specified in article 12 of CVM Instruction 358 and in items "i" to "m" of clause I of APPENDIX II to CVM Instruction 361 of March 5, 2002, as amended; (b) information about any other Corporate Rights held by him; (c) information about the obligation to hold the PTO for Attaining Material Interest; (d) information on the highest price paid by the New Material Shareholder in the twelve (12) months prior to Attaining Material Interest, adjusted for corporate events such as distribution of dividends or interest on equity, stock splits, reverse splits, bonuses, except those operations related to corporate reorganization; and (e) information on the purchase price per share that is the object of the PTO for Attaining Material Interest that the New Material Shareholder proposes to pay, subject to paragraph 2 of this article ("**Proposed Price**").
4. The Economic Value will be determined in a valuation report prepared by a specialized institution or company that is independent in relation to the New Material Shareholder, subject to article 37 hereof, and the New Material Shareholder (including his related persons) cannot vote on defining the list of three firms to be presented by the Board of Directors or in the choice by the Shareholders' Meeting. If the valuation report indicates a range of minimum and maximum amounts, the Economic Value corresponds to the midpoint of the range, whose range does not exceed 10%, based on the highest amount. The valuation report should also demonstrate the highest price paid by the New Material Shareholder in the twelve (12) months prior to Attaining Material Interest, adjusted for corporate events such as dividends or interest on equity, stock splits, reverse splits, bonuses, except those operations related to corporate reorganization.
5. The Board of Directors should meet to define the list of three firms and the calling of the Shareholders' Meeting to choose the specialized institution or company responsible for preparing the valuation report, as soon as possible after the completion of the notice mentioned in paragraph 3 of this article.

6. The valuation report should be submitted by the specialized institution or company to the Investor Relations Officer, who will immediately disclose it to the market through the electronic system available on the CVM website.
7. Shareholders who hold at least 10% of the shares of the Company, excluding in this calculation the shares held by the New Material Shareholder, can request the Company's administrators to call an Extraordinary Shareholders' Meeting to decide on a fresh valuation of the Company to review the PTO price. The new report should be prepared in the same manner as the valuation report referred to in paragraph 4 of this article, in accordance with the procedures laid down in article 4-A of Law 6,404/76 and the applicable CVM regulations, and pursuant to this Chapter and disclosed according to paragraph 6 of this article. At the Extraordinary Shareholders' Meeting, all the shareholders of the Company may vote, except the New Material Shareholder.
8. If the valuation report establishes a PTO price above the Proposed Price, the New Material Shareholder may withdraw from it within ten (10) business days from the date of disclosure of the valuation report, undertaking, in this case, to observe, where applicable, the procedure laid down in article 28 of CVM Instruction 361, or any rule that might replace it, and dispose of the excess interest within three months from the date of communication of withdrawal to the Company. The withdrawal must be communicated to the market by the Material Shareholder through material fact notice.
9. The holding of the PTO for Attaining Material Interest may be waived by vote of shareholders at a Shareholders' Meeting specially called for this purpose, subject to the following rules:
  - (a) the waiver of the PTO for Attaining Material Interest shall be deemed approved with a simple majority vote of the shareholders present, either in first or second call; and
  - (b) the shares held by the New Material Shareholder will not be computed for the purposes of a quorum for deliberation, as per item "a".
10. If the PTO for Attaining Material Interest is not legally subject to registration with CVM, the New Material Shareholder shall publish the notice of the PTO for Attaining Material Interest within ten (10) business days from the date of submission of the valuation report by the specialized institution or company.
11. If the PTO for Attaining Material Interest is legally subject to registration with CVM, the New Material Shareholder should request the registration within ten (10) business days from the date of submission of the valuation report by the specialized institution or company, and will be obliged to meet any requests or demands of CVM related to the PTO for Attaining Material Interest, within the timeframes specified in the applicable regulation. The notice of PTO for Attaining Material Interest must be published within five (5) business days from the date of registration of PTO by the CVM.

- 12.** If the New Material Shareholder fails to comply with the obligations in this article, the Company's Board of Directors will call an Extraordinary Shareholders' Meeting, in which the New Material Shareholder may not vote to decide on suspension of the exercise of rights of the New Material Shareholder who did not comply with any obligation in this article, as envisaged in article 120 of Law 6,404/76.
- 13.** Without prejudice to paragraph 12 above, while the PTO for Attaining Material Interest is not held and settled, the New Material Shareholder may not vote with more than fifteen percent (15%) of the shares issued by the Company, and the Chairman of the Shareholders' Meeting will not include in the Meeting the votes that exceed the limit.
- 14.** The requirement of PTO for Attaining Material Interest does not apply to the shareholder or Block of Shareholders that attains the Material Shareholding Interest:
- (a)** through a public tender offer to acquire all the shares of the Company, provided they pay a price at least equal to the Offer Price;
  - (b)** involuntarily as a result of the redemption or cancellation of shares;
  - (c)** through subscription of shares in the primary offering, since the amount was not fully subscribed to by those who had the right of first refusal or which did not evince sufficient interest in its public distribution;
  - (d)** as a result of the combination, merger or stock merger involving the Company, or
  - (e)** due to: (i) advance payment of legitimate, donations or hereditary succession, provided it is for the descendant or spouse of a shareholder or Block of Shareholders holding Material Interest; or (ii) transfer to trust or a similar trust entity, whose beneficiary is the shareholder himself or Block of Shareholders holding Material Interest, their descendants or spouses.
- 15.** The holding of the PTO for Attaining Material Interest does not exclude the possibility of another shareholder of the Company, or, if applicable, the Company itself, holding a competing PTO in accordance with applicable regulations.

**Article 39** Everyone who acquire Company's shares, even if as a current shareholder or a Group of Shareholders, is required to disclose a communication (i) to the Company, and to the stock market where its shares is traded and (ii) to the Brazilian Securities and Exchange Commission (CVM), the acquisition of shares which combined with the current position represents a percentage equal or higher than 5% (five percent) of the Company's capital. After reaching such percentage, the same disclosure obligation shall be fulfilled every time the Shareholder or Group of Shareholder Group raise its interest or by means of one or by means of various operations, 2% (two percent) of the capital of

the Company or integer multiples of such percentage. The same obligation shall be complied by the holders of debentures or other securities convertible into shares and bonus subscription that ensure their holders the acquisition of shares in the percentage foreseen in this Article.

1. The requirement in the head paragraph does not apply to acquisitions resulting from: (i) the advance payment of legitimate, donations or hereditary succession, provided they are for a descendant or spouse of a shareholder or Block of Shareholders; or (ii) the transfer to trust or a similar trust entity, whose beneficiary is the shareholder himself or the Block of Shareholders, their descendants or spouses.
2. If the New Material Shareholder fails to comply with the obligations in this article, the Board of Directors of the Company will call an Extraordinary Shareholders' Meeting in which the New Material Shareholder may not vote to decide for suspension of exercise of the rights of the New Material Shareholder who did not comply with the obligation in this article, pursuant to article 120 of Law 6,404/76.
3. The Board of Directors may waive the application of article 39 hereof, if it is in the interests of the Company.

#### **CHAPTER XI – ARBITRATION**

**Article 40.** The Company, its Shareholders, Management and Audit Board members undertake to resolve, through arbitration in the Market Arbitration Chamber, any and all dispute or controversy that could arise between them, related to or arising of, especially, the application, validity, effectiveness, interpretation, violation and its effects of the provisions of Law 6,404/76, the Company's Bylaws, the rules issued by Brazil's National Monetary Council, the Brazilian Central Bank and the Securities and Exchange Commission, as well as other rules applicable to the functioning of capital markets in general, as well as those in the Novo Mercado Listing Regulations, Arbitration Rules, the Regulation on Sanctions, and the Novo Mercado Participation Agreement.

**Sole paragraph** – Only Brazilian law will apply to the merits of all and any dispute, as well as the execution, interpretation and validity of this arbitration clause. The arbitration will take place in the city and state of São Paulo, where the arbitration judgment will be rendered. The arbitration shall be administered by the Market Arbitration Chamber, and be conducted and judged in accordance with the Arbitration Rules.

#### **CHAPTER XII - FINAL AND TRANSITIONAL PROVISIONS**

**Article 41.** The Company shall comply with shareholders' agreements, filed at the head office in accordance with article 118 of Law 6,404/76, and Management will refrain from registering transfer of shares contrary to their terms, and the Chairman of the Shareholders' Meeting and the Chairman of the Board of Directors will not count the votes cast in violation of the shareholders' agreement duly filed.

**Article 42.** Cases not covered by these Bylaws should be resolved by the Shareholders' Meeting and regulated in accordance with the Brazilian Law of Corporations and, where applicable, the Novo Mercado Regulations, pursuant to its item 14.4.

**Article 43.** The Novo Mercado Regulations will prevail over the Bylaws in case of prejudice to the rights of addresses of the public tender offers envisaged in these Bylaws.

**Article 44.** Terms starting with capital letters used in these Bylaws that are not defined herein have the meanings assigned to them in the Novo Mercado Regulations.

**Article 45.** The provisions of article 8, paragraph 2 of these Bylaws shall become effective only from May 10, 2014 and be applicable to the next election of the Chairman of the Board of Directors or the CEO to occur immediately after that date.

**Article 46.** The provisions in Sections IV of Chapter X of these Bylaws shall not apply to the shareholder or Block of Shareholders holding shares of the Company or Corporate Rights, in an amount equal to or greater than fifteen percent (15%) of the capital, based on the shareholding position on March 12, 2012, as well as: (i) their descendants and spouses who acquire the respective shares due to advance payment of legitimate, donations or hereditary succession, or (b) trusts or similar trustee entities, whose beneficiary is the shareholder or the Block of Shareholders, their descendants or spouses.

**Article 47.** The provisions in the article 39 of these Bylaws shall not apply to the Shareholder or Group of Shareholders holding shares issued by the Company or Corporate Rights, in an amount equal to or greater than ten percent (10%) of the capital stock, based on the shareholding position on March 12, 2012, as well as: (i) their descendants and spouses who acquire the respective shares due to advance payment of legitimate, donations or hereditary succession, or (ii) trusts or similar trustee entities, whose beneficiary is the shareholder or Block of Shareholders, or their descendants or spouses.

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**We certify that this term is the consolidated text of the Bylaws of Localiza Rent a Car SA, approved at the Extraordinary Shareholders' Meeting of July 12, 2017.**

**Belo Horizonte, July 12, 2017.**

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**JOSÉ SALIM MATTAR JÚNIOR**  
Chairman

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**ROBERTO ANTÔNIO MENDES**  
Secretary of the Board of Directors



## 6) New Proposal for Management Compensation and additional information, according to Appendix 13 of CVM Instruction 480/09 13. Compensation Policy

### 13. Compensation Policy

#### 13.1 Description of the compensation policy or practice, including for non-statutory executive officers

##### a) Objectives of the compensation policy or practice

The overall compensation of the Board of Directors and the statutory Board of Executive Officers is fixed at the Annual Shareholders' Meeting, based on the proposal by the Board of Directors, which in turn is based on the recommendation of the People Management Committee. The Board of Directors is responsible for fixing the individual amounts for each member, pursuant to the Bylaws of the Company. Members of the Board of Directors who also hold executive officer positions in the Company do not receive compensation as Board members. The Personnel Management Committee is composed of three members, one of whom is its coordinator and two of whom are independent, and has the following responsibilities:

- Propose to the Board of Directors the policies for compensation, performance evaluation, profit sharing program and stock option plan.
- Assess matters under their responsibility and prepare proposals to the Board, helping in the decision-making process.
- Propose policies and standards related to the Company's Personnel Management to the Board.
- Evaluate the work performed, specifically with regard to the professional development of Company employees.
- Ensure respect to the Company's values and their constant dissemination, aiming to increase confidence and promote the Company's transparency.
- Perform the work in accordance with the principles of good Corporate Governance.

The compensation of employees of the Company and its subsidiaries is based on the following assumptions:

- alignment to the interests of shareholders;
- alignment to the Company's principles;
- achievement of targets; and
- acknowledgement of employee performance.

Compensation consists of a fixed portion and a variable portion, always based on the executive market through a study entitled "Top Executive Compensation" conducted every year by the international HR consulting firm HayGroup.

The Company believes it is a market leader, and based on the seniority of its executive staff it established a strategy of adopting executive compensation in the 3<sup>rd</sup> market quartile of the *Top Executive*, ensuring retention of main executives and maintaining its strategy.

Variable compensation acknowledges the achievement of short, medium and long-term goals, namely:

- Short Term: The profit sharing program acknowledges the performance of executives in achieving the year's results.
- Medium and Long Term: The long term incentive plans acknowledges the performance of executives, ensuring alignment with the interests of shareholders.

The benefits offered by the Company are conventional and compatible with market practices, as per the survey conducted by the Hay Group, a renowned consulting firm. The Company offers: health and dental plan, medical check-up, company car, meal voucher and food voucher.

## b) Breakdown of compensation

### (i) Description of the elements of compensation and the objectives of each of them

- **Board of Directors**

**Fixed compensation:** compensation paid in twelve monthly installments. The amounts are fixed in line with market practices and aims to remunerate the services of the directors, based on their dedication and according to the scope of responsibility attributed to the Board of Directors of the Company.

**Benefits:** Only the Chairman of the Board is entitled to a health plan, health checkup and a company car.

**Long term incentive plan:** The Board of Directors does not participate in long term incentive plans.

**Private pension plan:** The Board of Directors does not participate in the private pension plan.

- **Committees:**

Directors who are members or coordinators of committees earn an additional amount of 25% and 50%, respectively, on the monthly fees.

- **Statutory Board of Executive Officers not employed under the CLT System**

**Fees:** Fixed fees paid in twelve monthly installments with the purpose of remunerating the services provided by Statutory Executive Officers according to the scope of responsibility and dedication attributed to each Statutory Executive Officer in the management of the Company.

Fixed fees are adjusted annually according to the findings of salary surveys and based on the Company's results, in order remain competitive.

**Benefits:** The benefits package includes health and dental plans, health checkup, meal voucher, food voucher and company car.

**Private pension plan:** Since August 2011, the Company sponsors a private pension plan through a private pension plan administered by a major independent plan manager.

The private pension plan was established as a "defined contribution" plan and hence there are no actuarial and investment risks to be assumed by the Company as a sponsor. Consequently, actuarial evaluations are not required and there is no possibility of actuarial gain or loss. As per the rules of the plan, the costs are jointly shared, with the Company matching the contribution of the Executive Officer, which was 5% until December 2013 and was reduced to 3% from January 2014, of the monthly compensation (base salary and additional for length of employment). This change in percentage was validated by the Personnel Management Committee in a meeting held on March 19, 2014, and approved by the Board of Directors on the same date.

In July 2012, the Company signed an Addendum to the Collective Defined Contribution Private Pension Plan (PGBL) Agreement, providing for additional contributions for executive officers who are or have been statutory executive officers, who have worked for more than 20 consecutive years in the Company and have only a few years left for retirement. The purpose of these contributions is to ensure the continuance of the services of these executive officers so that they remain with and retire from the company, conditioned to not competing with the Company after their retirement.

Joining this new arrangement is optional for eligible Executive Officers who accept the terms and conditions, especially their remaining as executive officers of the Company until their retirement and not competing with the Company for a period of five years after the termination of their contract. In other words, during this period, the eligible Executive Officers undertake to not compete, directly or indirectly, with Localiza or other group companies, or contribute to third party competitors in Brazil or abroad, and refrain from the

following activities, among others: (i) provide services as Executive Officer, employee, manager, consultant or (ii) finance, provide technical support, encourage or provide the technical means.

After leaving the Company, and subject to compliance with contractual terms, the eligible Executive Officers who join this new arrangement will receive the amounts they are entitled to in four consecutive and annual installments, with the first installment paid immediately upon leaving the Company. Additionally, note that the eligible Executive Officers declare to be aware that noncompliance with any obligation will result in immediate interruption of credit and payment of the remaining installments of the Private Pension Plan, and all the installments already received under the Plan should be returned, duly restated according to the IPCA consumer price index, without prejudice to other legal penalties or to their civil liability for any damages caused.

Due to the competitive environment and the current fragility in Brazil's economic and political scenario, in the first half of 2016, the Company's contributions to the private pension plans were suspended. However, on June 23, 2016, the Board of Directors approved the resumption of the Company's contribution to the private pension plan of its employees and Officers, effective July 1, 2016, returning to a parity contribution of 5% and additional contributions for Executive Officers.

**Long term incentive plan:** The Company offers Executive Officers (both statutory and non-statutory) a long term incentive plan to encourage them to remain with the Company, creating a long-term vision in the decision-making process, besides contributing to generating value for the Company by aligning its interests with those of investors and managers.

- **Statutory Board of Executive Officers employed under the CLT System and Non-Statutory Board of Executive Officers**

**Fixed compensation:** The job position and salary structure reflects the Company's position vis-à-vis the market compensation practices in order to remain competitive, based on the survey conducted by HayGroup. The purpose of fixed compensation is to remunerate the services of executive officers within the scope of responsibility attributed to each officer in the management of the Company.

**Variable compensation:** The Company has a profit sharing plan in accordance with Law no. 10,101/00, duly registered with the Labor Union, in order to recognize the contribution of executive officers towards the results of the Company in the year. The annual amount payable is based on a combination of the Company's results and individual performance, which are measured based on objective and measurable metrics and targets derived from the management agreement and the annual budget approved by the Board of Directors.

**Benefits:** The benefits package includes health and dental plans, health checkup, meal voucher, food voucher and a company car.

**Private pension plan:** Similarly to the Board of Executive Officers not employed under the CLT System, Statutory Officers and Officers employed under the CLT system are also entitled to a private pension plan, as established above.

**Long term incentive plan:** As described above, the Company offers to its Executive Officers a Long term incentive plan to encourage them to remain with the Company, creating a long-term vision in the decision-making process, besides contributing to generating value for the Company by aligning its interests with those of shareholders.

**(ii) Proportion of each element to total compensation**

In 2016, the proportion of each element in the overall compensation of the managers was as follows:

	<u>Board of Directors</u>	<u>Committee</u>	<u>Statutory Board of Executive Officers (*)</u>
<b>Annual fixed compensation</b>			
Salary or pro-labore	74%	-	61%
Direct and indirect benefits	-	-	1%
Participation in committees	7%	100%	-
Other (payroll charges)	15%	-	14%
<b>Variable compensation</b>			
Profit sharing	-	-	9%
<b>Other benefits/compensation</b>			
Post-employment	-	-	4%
Share-based compensation (includes stock options)	4%	-	11%
<b>Total</b>	<u><b>100%</b></u>	<u><b>100%</b></u>	<u><b>100%</b></u>

(\*) Includes the CLT and non-CLT statutory Board of Executive Officers

In 2015, after re-ratification of the overall compensation amount approved by the Extraordinary Shareholders' Meeting held on March 29, 2016, the proportion of each element in the overall compensation of the management was as follows:

	<u>Board of Directors</u>	<u>Committee</u>	<u>Statutory Board of Executive Officers (*)</u>
<b>Annual fixed compensation</b>			
Salary or pro-labore	70%	-	55%
Direct and indirect benefits	1%	-	2%
Participation in committees	7%	100%	-
Other (payroll charges)	15%	-	12%
<b>Variable compensation</b>			
Profit sharing	-	-	9%
<b>Other benefits/compensation</b>			
Post-employment	-	-	12%
Share-based compensation (includes stock options)	7%	-	10%
<b>Total</b>	<u><b>100%</b></u>	<u><b>100%</b></u>	<u><b>100%</b></u>

(\*) Includes the CLT and non-CLT statutory Board of Executive Officers

In 2014, after re-ratification of the overall compensation amount approved by the Extraordinary Shareholders' Meeting held on March 29, 2016, the proportion of each element in the overall compensation of the management was as follows:

	<b>Board of Directors</b>	<b>Committee</b>	<b>Statutory Board of Executive Officers (*)</b>
	<hr/>	<hr/>	<hr/>
<b>Annual fixed compensation</b>			
Salary or pro-labore	69%	-	58%
Direct and indirect benefits	1%	-	2%
Participation in committees	6%	100%	-
Other (payroll charges)	14%	-	11%
<b>Variable compensation</b>			
Bonus	-	-	7%
Profit sharing	-	-	8%
Other	-	-	1%
<b>Other benefits/compensation</b>			
Post-employment	-	-	6%
Share-based compensation (includes stock options)	10%	-	7%
<b>Total</b>	<hr/> <b>100%</b> <hr/>	<hr/> <b>100%</b> <hr/>	<hr/> <b>100%</b> <hr/>

(\*) Includes the CLT and non-CLT statutory Board of Executive Officers

Fixed fees are adjusted annually according to the findings of salary surveys and based on the Company's results, in order remain competitive in the market.

**(iii) Method of calculation and adjustment of elements of compensation**

With the objective of estimating the overall compensation of managers, every year the Company evaluates the executive compensation market through a survey called 'Top Executive Compensation' conducted by the Hay Group, an independent consulting firm specializing in compensation, with domestic and international presence.

The total fees (fixed and variable compensation and benefits) to be paid to the Directors and the statutory Executive Officers and the long term incentive plan are approved by the Annual Shareholders' Meeting.

**(iv) Reasons justifying the breakdown of compensation**

The breakdown of compensation is aligned to the Company's strategy of remunerating its executives according to the responsibilities of their position, as well as the market practices observed by the aforementioned consulting firm, rewarding them for attaining or exceeding the targets and objectives set, ensuring the retention and alignment of the interests of executives and shareholders with those of the Company.

**(v) Non-compensated members**

Members of the Board of Directors who also hold Executive Officer positions in the Company are not compensated as directors. The Company's CEO is a member of the Board of Directors and does not receive compensation for said function.

### **c) Key performance indicators considered while determining each element of compensation**

Until 2015, the key performance indicators considered when determining the variable compensation were:

- net income;
- profitability, measured by Adjusted EBT – earnings before income tax, considering the financial costs calculated on the fleet value, as if the fleet were 100% acquired with third-party funds;
- value creation, measured by EVA<sup>1</sup>/ROIC<sup>2</sup>; and
- sales volume growth.

As from 2016, the main performance indicator considered to determine variable compensation is value creation measured by ROIC<sup>5</sup>.

### **d) How compensation is structured to reflect the evolution of performance indicators**

The Company's culture is oriented towards attaining and exceeding targets and objectives defined in the annual plan, which enables its sustainable growth, profitability and value generation. The execution of the budget and the annual plan of targets are monitored on a monthly basis. Compensation is composed of a fixed portion and a variable portion linked to the attainment of pre-established targets.

### **e) How the compensation policy or practice relates to the short-, medium- and long-term interests of the Company.**

The compensation practice adopted by the Company is based on the full compensation concept, with the variable portion linked to the attainment of targets and objectives defined in the budget and annual targets plan, and is aligned with the short-, medium- and long-term interests of the Company to an optimum decision-making process in relation to the business, besides promoting the appreciation, growth and perpetuity of the Company while creating value for Shareholders.

The variable compensation programs are linked to achievement of the Company's results, as described in item (c) above. These programs are correlated, and part of the amount received in the short term may be invested in the acquisition of Company stock through the long term incentive plan, which may provide executives with unique gains in the long term in case of future appreciation of Company shares, thus ensuring alignment between the interests of executives and shareholders.

### **f) Any compensation paid by subsidiaries, direct or indirect subsidiaries or controlling shareholders**

For 2017, the total overall compensation proposed by Management will be approved by the Extraordinary Shareholders' Meeting to be held on November 22, 2017 is R\$46,000,000.00, of which R\$7,015,027.00 is to be paid to statutory Executive Officers by the wholly owned subsidiary Localiza Fleet, as follows:

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<sup>1</sup> EVA – Economic value added

<sup>2</sup> ROIC – Return on invested capital

	<i>(Amounts in R\$)</i>
	<b>Subsidiary of the Company (*)</b>
	<b>Forecast 2017</b>
<b>Annual fixed compensation</b>	
Salary or pro-labore	4,526,286.00
Direct and indirect benefits	57,142.00
Others (payroll charges)	905,258.00
<b>Other benefits/compensation</b>	
Post-employment	1,226,314.00
<b>Total</b>	<b>7,015,027.00</b>

(\*) 40% of the compensation of the CEO and CFO were borne by the wholly owned subsidiary Localiza Fleet, excluding the cost of the long term incentive plans, which are borne by Localiza.

For 2016, 2015 and 2014, the overall compensation of the statutory Board of Executive Officers borne by the wholly owned subsidiary Localiza Fleet was as follows:

	<i>(Amounts in R\$)</i>		
	<b>Subsidiary of the Company</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Annual fixed compensation</b>			
Salary or pro-labore	4,642,101.82	5,172,524.62	3,793,132.99
Direct and indirect benefits	26,205.65	-	-
Others (payroll charges)	928,761.96	1,034,504.94	759,527.00
<b>Other benefits/compensation</b>			
Post-employment	94,797.30	-	200,838.96
<b>Total</b>	<b>5,691,866.73</b>	<b>6,207,029.56</b>	<b>4,753,498.95</b>

#### **g) Any form of compensation or benefit linked to certain corporate events**

There are no compensation or benefits linked to the occurrence of corporate events on December 31, 2016, 2015 and 2014.

### **13.2 Total compensation of the Board of Directors, statutory Board of Executive Officers and Audit Board**

#### **a) 12/31/17 – Estimated**

(Valores em R\$, exceto nº de membros)

	<u>Conselho de Administração</u>	<u>Diretoria Estatutária</u>	<u>Conselho Fiscal</u>	<u>Total</u>
Nº total de membros	8.00	4.67	-	12.67
Nº de membros remunerados	7.00	4.67	-	11.67
<b>Remuneração fixa anual</b>				
Salário ou pró-labore	10,426,091.12	13,561,451.53	-	23,987,542.65
Benefícios direto e indireto	64,371.77	266,876.90	-	331,248.67
Participações em comitês	1,118,297.16	-	-	1,118,297.16
Outros	2,180,151.52	3,105,627.72	-	5,285,779.24
Descrição de outras remunerações fixas	As outras remunerações fixas referem-se a encargos sociais (INSS e FGTS).			
<b>Remuneração variável</b>				
Participação de resultados	-	2,227,323.27	-	2,227,323.27
Descrição de outras remunerações variáveis	Não há outras remunerações variáveis que não tenham sido descritas anteriormente.			
<b>Outros benefícios/remunerações</b>				
Pós-emprego	-	5,654,951.21	-	5,654,951.21
Baseada em ações (incluindo opções)	-	7,419,878.14	-	7,419,878.14
<b>Total</b>	<b>13,788,911.57</b>	<b>32,211,088.43</b>	<b>-</b>	<b>46,000,000.00</b>

**Note:**

- Overall compensation of Managers, payroll charges and long term incentive plan: Based on the explanation in the decision of the Board of Commissioners of CVM on June 2, 2015, dealing specifically with stock option programs, and complemented by the clarifications provided by CVM on the treatment of expenses from payroll charges for the purpose of the overall compensation set forth in Article 152 of Federal Law 6,404/76, the amounts in this chart refer to information of an identical nature to the limit of overall management compensation, proposed for approval to the Annual Shareholders' Meeting, which includes monthly fees (fixed component), benefits, profit sharing (short-term variable component), payroll charges borne by the employer and the costs associated with long term incentive plans calculated by the Black & Scholes method.

- Long term incentive plans: The Company has a long term incentive plan plan for Executive Officers (statutory under CLT regime and statutory not under CLT regime). The Company recognizes the costs of long term incentive plans during the grant period, as defined under CPC 10 (R1). These plans were approved at the extraordinary shareholders' meetings held in previous years and are included in the proposed overall annual compensation submitted to the shareholders' meeting. These costs will result in compliance by the Company with the obligations assumed under contracts signed with beneficiaries of the Programs. The estimated amount to be recognized in the profit or loss for 2017 is R\$4,176 thousand, including the amount estimated for the 2017 plan approved in the Extraordinary Shareholders' Meeting held on July 12, 2017.

- The total number of members of each body corresponds to the annual average number of members of each body determined on a monthly basis, in accordance with Official Letter/CVM/SEP/No.01/2017.



b) 12/31/16 – Actual

(Amounts in R\$, except number of members)

	Board of Directors	Statutory Board of Executive Officers	Audit Board	Total
Number of members	8.00	6.00	-	14.00
Number of compensated members	7.00	6.00	-	13.00
<b>Annual fixed compensation</b>				
Salary or pro-labore	10,592,837.64	15,295,929.74	-	25,888,767.38
Direct and indirect benefits	64,371.77	316,938.34	-	381,310.11
Participation in committees	994,041.84	-	-	994,041.84
Other	2,188,649.88	3,495,116.97	-	5,683,766.85
Description of other fixed compensation	Other fixed compensation is related to payroll charges (INSS and FGTS).			
<b>Variable compensation</b>				
Profit sharing	-	2,173,554.47	-	2,173,554.47
Description of other variable compensation	There is no other variable compensation that has not been previously described.			
<b>Other benefits/compensation</b>				
Post-employment	-	1,003,166.28	-	1,003,166.28
Share-based compensation (including stock options)	530,779.93	2,886,426.43	-	3,417,206.36
<b>Total</b>	<b>14,370,681.06</b>	<b>25,171,132.23</b>	<b>-</b>	<b>39,541,813.29</b>

**Note:**

- Overall compensation of Managers, payroll charges and long term incentive plan: Based on the explanation in the decision of the Board of Commissioners of CVM on June 2, 2015, dealing specifically with stock option programs, and complemented by the clarifications provided by CVM on the treatment of expenses from payroll charges for the purpose of the overall compensation set forth in Article 152 of Federal Law 6,404/76, the amounts in this chart refer to information of an identical nature to the limit of overall management compensation, proposed for approval to the Annual Shareholders' Meeting, which includes monthly fees (fixed component), benefits, profit sharing (short-term variable component), payroll charges borne by the employer and the costs associated with the long term incentive plans calculated by the Black & Scholes method.

- Long term incentive plans: The Company has a long term incentive plan plan for Executive Officers (statutory under CLT regime and statutory not under CLT regime). The Company recognizes the costs of long term incentive plans during the grant period, as defined under CPC 10 (R1). The amount recognized in the profit or loss for 2016 is R\$3,417 thousand. These plans were approved at the Extraordinary Shareholders' Meetings held in previous years and are included in the proposed overall annual compensation submitted to the shareholders' meeting. These costs will result in compliance by the Company with the obligations assumed under contracts signed with beneficiaries of the Programs.

- The total number of members of each body corresponds to the annual average number of members of each body determined on a monthly basis, in accordance with Official Letter/CVM/SEP/No.01/2017. - In a meeting of the Board of Directors held June 23, 2016, the directors examined and approved the resumption of the Company's contribution to the private pension plan of its employees and Executive Officers, in which case the payment of the

pension plan must comply with the limit of the overall management compensation approved by the Shareholders' Meeting.

**c) 12/31/15 – Actual**

*(Amounts in R\$, except number of members)*

	<b>Board of Directors</b>	<b>Statutory Board of Executive Officers</b>	<b>Audit Board</b>	<b>Total</b>
Number of members	8.00	6.00	-	14.00
Number of compensated members	7.00	6.00	-	13.00
<b>Annual fixed compensation</b>				
Salary or pro-labore	9,739,777.48	15,839,341.94	-	25,579,119.42
Direct and indirect benefits	118,244.78	459,749.30	-	577,994.08
Participation in committees	979,049.44	-	-	979,049.44
Other	2,018,403.75	3,570,705.43	-	5,589,109.18
Description of other fixed compensation	Other fixed compensation is related to payroll charges (INSS and FGTS).			
<b>Variable compensation</b>				
Profit sharing	-	2,589,317.20	-	2,589,317.20
Description of other variable compensation	There is no other variable compensation that has not been previously described.			
<b>Other benefits/compensation</b>				
Post-employment	-	3,425,938.01	-	3,425,938.01
Share-based compensation (including stock options)	973,115.35	2,760,359.10	-	3,733,474.45
<b>Total</b>	<b><u>13,828,590.80</u></b>	<b><u>28,645,410.98</u></b>	<b><u>-</u></b>	<b><u>42,474,001.78</u></b>

**Note:**

- Overall compensation of Managers, payroll charges and long term incentive plans: Based on the explanation in the decision of the Board of Commissioners of CVM on June 2, 2015, dealing specifically with stock option programs, and complemented by the clarifications provided by CVM on the treatment of expenses from payroll charges for the purpose of the overall compensation set forth in Article 152 of Federal Law 6,404/76, the amounts in this chart refer to compensation paid within the limit of overall management compensation, which was re-ratified in the Extraordinary Shareholders' Meeting held on March 29, 2016, which includes monthly fees (fixed component), benefits, profit sharing (short-term variable component) and private pension plan (post-employment benefit), payroll charges borne by the employer and the costs associated with long term incentive plans calculated by the Black & Scholes method..

- Long term incentive plan: The Company has a long term incentive plan plan for Executive Officers (statutory under CLT regime and statutory not under CLT regime). The Company recognizes the costs of long term incentive plans during the grant period, as defined under CPC 10 (R1). The amount recognized in the profit or loss for 2015 is R\$3,733 thousand. These plans were approved at the Extraordinary Shareholders' Meetings held in previous years and are included in the proposed overall annual compensation submitted to the shareholders' meeting. These

costs will result in compliance by the Company with the obligations assumed under contracts signed with beneficiaries of the Programs.

- The total number of members of each body corresponds to the annual average number of members of each body determined on a monthly basis, in accordance with Official Letter/CVM/SEP/No.01/2017.

**d) 12/31/14 – Actual**

*(Amounts in R\$, except number of members)*

	<b>Board of Directors</b>	<b>Statutory Board of Executive Officers</b>	<b>Audit Board</b>	<b>Total</b>
Number of members	8.00	6.00	-	14.00
Number of compensated members	7.00	6.00	-	13.00
<b>Annual fixed compensation</b>				
Salary or pro-labore	9,030,616.13	15,492,908.69	-	24,523,524.82
Direct and indirect benefits	66,665.39	554,833.49	-	621,498.88
Participation in committees	814,075.08	-	-	814,075.08
Other	1,852,638.97	2,744,832.90	-	4,597,471.87
Description of other fixed compensation	Other fixed compensation is related to payroll charges (INSS and FGTS).			
<b>Variable compensation</b>				
Bonuses	-	1,767,785.58	-	1,767,785.58
Profit sharing	-	2,165,283.94	-	2,165,283.94
Others	-	353,557.12	-	353,557.12
Description of other variable compensation	There is no other variable compensation that has not been previously described.			
<b>Other benefits/compensation</b>				
Post-employment	-	1,706,969.17	-	1,706,969.17
Share-based compensation (including stock options)	1,254,868.93	1,969,395.26	-	3,224,264.19
<b>Total</b>	<b>13,018,864.50</b>	<b>26,755,566.15</b>	<b>-</b>	<b>39,774,430.65</b>

**Note:**

- Overall compensation of Managers, payroll charges and long term incentive plans: Based on the explanation in the decision of the Board of Commissioners of CVM on June 2, 2015, dealing specifically with stock option programs, and complemented by the clarifications provided by CVM on the treatment of expenses from payroll charges for the purpose of the overall compensation set forth in Article 152 of Federal Law 6,404/76, the amounts in this chart consider the exact same assumptions used to determine the limit of overall management compensation, which was re-ratified in the Extraordinary Shareholders' Meeting held on March 29, 2016, which includes monthly fees (fixed component), benefits, profit sharing (short-term variable component) and private pension plan (post-employment benefit), payroll charges borne by the employer and costs associated with stock long term incentive plans calculated by the Black & Scholes method.

- Long term incentive plan: The Company has a stock option plan for Executive Officers (statutory under CLT regime and statutory not under CLT regime). The Company recognizes the costs of stock option programs during the grant

period, as defined under CPC 10 (R1). The amount recognized in the profit or loss for 2014 is R\$3,224 thousand. These plans were approved at the Extraordinary Shareholders' Meetings held in previous years and are included in the proposed overall annual compensation submitted to the shareholders' meeting. These costs will result in compliance by the Company with the obligations assumed under contracts signed with beneficiaries of the Programs.

- The total number of members of each body corresponds to the annual average number of members of each body determined on a monthly basis, in accordance with Official Letter/CVM/SEP/No.01/2017.

### 13.3 Variable compensation of the Board of Directors, statutory Board of Executive Officers and Audit Board

Board of Directors: does not receive variable compensation, only fees, as informed in item 13.2.

Audit Board: not installed in the last three fiscal years.

Statutory Board of Executive Officers: receives variable compensation, as shown below.

In 2014, 2015, 2016 and estimated for 2017, the amounts shown include the amounts paid by the Company and its wholly owned subsidiary Localiza Fleet:

*(Amounts in R\$, except number of members)*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Estimated 2017</u>
Number of members	6.00	6.00	6.00	4.67
Number of compensated members	6.00	6.00	6.00	4.67
<b>Bonus</b>				
Minimum amount set forth in the compensation plan	1,767,785.58	-	-	-
Maximum amount set forth in the compensation plan	1,767,785.58	-	-	-
Amount set forth in the compensation plan if targets established are met.	1,767,785.58	-	-	-
Amount effectively recognized in the last three (3) fiscal years	1,767,785.58	-	-	-
<b>Profit sharing:</b>				
Minimum amount set forth in the compensation plan	760,131.37	792,557.09	853,446.68	1,240,589,05
Maximum amount set forth in the compensation plan	3,130,914.42	3,263,096.27	3,514,160.79	2,227,323.27
Amount set forth in the compensation plan if targets are met	2,408,395.71	2,510,074.05	2,703,200.61	2,227,323.27
Amount effectively recognized	2,165,283.94	2,589,317.20	2,173,554.47	-

### 13.4 Share-based compensation plan of the Board of Directors and the statutory Board of Executive Officers

#### a) General terms and conditions

The Company currently has nine long-term incentive plans within the scope of the 1<sup>st</sup> Stock Matching Plan, the 1<sup>st</sup> Deferred Stock Bonus Plan, the 4<sup>th</sup> Plan (2017 program), the 3<sup>rd</sup> Plan (2012, 2013, 2014, 2015 and 2016 programs), and the 2<sup>nd</sup> Plan (2011 programs), which grant certain executives and employees (eligible) options to subscribe to Localiza's common shares. The plans have different characteristics and hence are not being presented in a consolidated manner, i.e. the following information is provided individually for each Company long-term incentive plan for better understanding.

The Board of Directors does not participate in long-term incentive plans, except for the current Chairman of the Board, due to his previous position as Chief Executive Officer (CEO) until April 2013, when he was eligible for long-term incentive plans.

#### 1<sup>st</sup> Stock Purchase and Stock Matching Plan

The 1<sup>st</sup> Stock Matching Plan was approved in the Extraordinary Shareholders Meeting held on July 12, 2017 and involves the sale to Participants, who shall purchase from it, in a commercial purchase and sale transaction, using the Shares held in treasury, the number of Shares equivalent to the number of Share Baskets acquired, and, for each (1) Share, the Company shall sell jointly to the Participant two (2) Matching Shares ("Share Basket"). The term "Matching Share" means the right to receive one (1) Share on a certain future date, strictly in accordance with the terms and conditions established in the Plan. To settle the purchases and sales of Shares and Matching Shares, the Company shall transfer the Shares held in treasury to Participants.

To participate in each Program, Participants must have invested in advance in common shares (B3: RENT3) issued by the Company using a percentage of their annual compensation or profit sharing for the year prior to their adhesion to the Program ("Invested Shares"), as described below:

- Managers governed by labor laws (CLT): 10% or 15% of the net amount (after deducting income tax withheld at source) received in the form of annual compensation, in the previous year; and
- Other participants: 15% or 25% of the net amount (after deducting income tax withheld at source) received in the form of profit sharing for the previous year.

#### 1<sup>st</sup> Deferred Stock Bonus Plan

The 1<sup>st</sup> Deferred Stock Bonus Plan was approved in the Extraordinary Shareholders Meeting held on July 12, 2017 and establishes the general conditions of the long-term incentive through the grant of Deferred Shares issued by the Company to employees of the Localiza Group and new employees who demonstrate high potential for development, hired by the Company or its subsidiaries. Each Deferred Share entitles its holder to receive one (1) common share issued by the Company (B3: RENT3) on a certain future date, strictly in accordance with the terms and conditions established in the Plan, as a bonus (share bonus), therefore not to be considered part of their salary. To settle the exercised options of Deferred Shares, the Company shall transfer the Shares held in treasury to Participants. This Plan shall be limited to a maximum Reference Ownership Dilution of zero point five percent (0.5%) of the common shares issued by the Company.

Until the publication of this Form, no grants had been made under this Plan.

#### 4<sup>th</sup> Stock Option Plan

The 4<sup>th</sup> Plan was approved in the Extraordinary Shareholders Meeting held on July 12, 2017 and involves the grant of stock options to acquire Company shares (B3: RENT3) to eligible members. Only Statutory Officers, Non-Statutory Officers and senior managers are eligible ("members eligible for the 3<sup>rd</sup> plan").

To participate in the program under the 4<sup>th</sup> Plan, Participants must have invested a part of their annual compensation (non-CLT managers) or annual profit sharing (other participants) in Company shares, as follows:

- Managers not governed by labor laws (non-CLT): 10% or 15% of the net amount (after deducting withholding income tax) received as annual compensation, related to the 12 months of the year prior to the stock option program ("invested shares"); and
- Other participants: 15% or 25% of the net amount (after deducting withholding income tax) received as profit sharing for the year prior to the stock option program ("invested shares").

Each year, the Company will define in each program a matching amount invested in Option, as per the ratio proposed for the current program:

<u>Persons eligible</u>	<u>For each (1) invested share</u>
Non-CLT Executive Officers CLT Executive Officers Non-Statutory Executive Officers Senior management, at the discretion of the People Management Committee and the Board of Directors	3.0 options granted

The Company informed eligible members of the matching of the stock option and they signed a statement of adherence and the respective stock option agreement accepting the offer, as well as formalized their agreement to participate in the program, declaring their knowledge of its rules and risks involved.

The plan establishes that the stock options will be granted through five annual programs, with the first program starting in 2017 and the final in 2021.

### 3<sup>rd</sup> Stock Option Plan ("3<sup>rd</sup> Plan")

The 3<sup>rd</sup> Plan was approved in the Extraordinary Shareholders' Meeting held on April 25, 2011 and consists in the granting of options to acquire shares of the Company by the Board of Directors for each program, for eligible members. Only Statutory Executive Officers, Non-statutory Executive Officers and senior managers ("eligible members for the 3<sup>rd</sup> Plan") are eligible. The investment of part of the fees (non-CLT Statutory Executive Officers) or variable compensation (other participants) in the Company's shares is an eligibility condition for the program, as follows:

- Statutory Executive Officers not under CLT employment regime: 15% or 30% of the net amount (after deducting withholding income tax) received as annual compensation, for the 12 months of the year prior to the stock option program, ("invested shares"); and
- Other participants: 25% or 50% of the net amount received as profit sharing from the previous year's results (after deducting withholding income tax) and including early receipt of profit sharing, for the acquisition of shares ("invested shares").

The Company defined for each program every year a matching amount invested in options, as per the ratio proposed for the program in force:

Persons eligible	For each (1) invested share
Statutory Board of Executive Officers (non-CLT)	4.0 options granted
Statutory Board of Executive Officers (CLT)	
Non-statutory Board of Executive Officers	
Senior Management	

During each year of validity of the Plan, for each share acquired by the eligible members for the 3<sup>rd</sup> Plan, a matching option was suggested by the Personnel Management Committee and submitted to the Board of Directors for approval.

The Board of Directors Meeting held on April 14, 2016, approved the 2016 stock option program (“2016 program”) under the conditions of the 3<sup>rd</sup> Plan. Options can be 100% exercised as of May 2019, within three years, for exercising fully or partially the right to buy the options.

The Company informed the eligible members of the matching option (offer) for the grant of the stock option. The eligible person signed the instrument of acceptance and the respective Stock options contracts to accept the offer and formalize the acceptance and interest in participating in the program, and also declared awareness of the rules and risks.

The plan established that the stock options would be granted through five annual programs, with the first program starting in 2012 and the last in 2016.

#### 2<sup>nd</sup> Stock Option Plan

The 2<sup>nd</sup> Plan was approved at the Extraordinary Shareholders’ Meeting on April 26, 2006, offers the eligible employees and statutory executive officers, except members of the Board of Directors, the opportunity to buy shares of the Company – (B3 – RENT3), for a prefixed number, price and term, in order to encourage their contribution to the interests and objectives of the Company and its shareholders, as well as to retain them.

The plan established that the option offers be made in five annual programs, with the first program starting in 2007 and the last one in 2011.

#### **b) Key objectives of the plan**

The goals of the described plans are:

- alignment of interests of the eligible persons with those of the Company
- long-term vision in the decision-making process
- attraction and retention of executives

#### **c) How the Plans contribute to these objectives**

The long-term incentive plans are part of the strategy of long-term incentives aimed at generating consistent results over the years, since the vesting period is between three and six years.

There is an incentive for the eligible persons to remain with the Company in the pursuit of future gains due to the appreciation of the stock in the market, driven by the short-, medium- and long-term results.

This involvement of eligible persons in the financial success of the Company creates in them the attitude of shareholders, constantly pursuing greater efficiency and better results, through decisions capable of generating consistent and sustainable results.

#### **d) How the plan fits with the Company's compensation policy**

The long-term incentive plans aim to encourage eligible employees to stay in the Company, by creating a long-term vision in the decision-making process, in addition to contributing to add value to the Company, aligned with the interests of the Company and its shareholders. In accordance with the decision of the Board of Commissioners of CVM in connection with CVM Process RJ2014/6629 decided in the meeting of March 10, 2015 and confirmed in the meeting of June 2, 2015, the portion of compensation related to long-term incentive plans composes the compensation of the Board of Executive Officers and also the compensation described in item 13.2.

#### **e) How the plan aligns the interests of the managers and the short-, medium-, and long-term interests of the Company**

The plans align the interests in that they stimulate the long-term vision, the sense of ownership and the commitment to attaining the objectives of the Company by the managers by seeking to create value for shareholders through growth combined with profitability, which enables being recognized by the market and results in the appreciation of shares.

#### **f) Maximum number of shares covered**

##### 1<sup>st</sup> Stock Option and Shares Matching Plan

The 1<sup>st</sup> Shares Matching Plan cannot exceed 1.0% of the total shares issued by the Company.

##### 1<sup>st</sup> Plan to Purchase Deferred Shares Bonus

The 1<sup>st</sup> Deferred Shares Plan cannot exceed 0.5% of the total shares issued by the Company.

##### 4<sup>th</sup> Stock Option Plan

The 4<sup>th</sup> Plan was divided into five individual and annual programs, and the number of options to be granted cannot exceed 2.0% of the total shares issued by the Company.

##### 3<sup>rd</sup> Stock Option Plan

The 3<sup>rd</sup> Stock Option Plan was divided into five individual and annual programs and the expected number of options granted should not exceed 2.5% of the total number of shares of the Company.

##### 2<sup>nd</sup> Stock Option Plan

The 2<sup>nd</sup> plan was divided into five individual and annual programs and the maximum number of shares covered by the programs was 4,500,000.

#### **g) Maximum number of shares to be granted**

##### 1<sup>st</sup> Stock Option and Shares Matching Plan

No options will be granted under this Plan.

##### 1<sup>st</sup> Plan to Purchase Deferred Shares Bonus



No options will be granted under this Plan.

#### 4<sup>th</sup> Stock Option Plan

For each invested share, the Company shall grant three (3) stock options.

#### 3<sup>rd</sup> Stock Option Plan

The maximum number of options granted under each program considered the amounts invested in shares by the eligible persons, and should not exceed the multiple defined by the Board of Directors for each program.

#### 2<sup>nd</sup> Stock Option Plan

The 2<sup>nd</sup> Plan was divided into five individual and annual programs and the maximum number of options granted was 4,500,000, corresponding to 4,500,000 shares.

### **h) Terms for the acquisition of shares**

#### 1<sup>st</sup> Stock Option and Matching Shares Plan

To participate in each Program, eligible participants must have invested in advance in common shares (B3: RENT3) issued by the Company using a percentage of their annual compensation or profit sharing for the year prior to their adherence to the Program (“Invested Shares”), as described below:

- Managers not subject to labor laws (non-CLT): 10% or 15% of the net amount (after deducting withholding income tax) received in the form of annual compensation for the prior year; and
- Other participants: 15% or 25% of the net amount (after deducting withholding income tax) received in the form of profit sharing for the prior year.

#### 1<sup>st</sup> Plan to Purchase Deferred Shares Bonus

Acquisition is subject to the end of the Vesting period, which is of three (3) years after the beginning of each Program under the Plan.

#### 4<sup>th</sup> Stock Option Plan

To participate in each Program, eligible participants must have invested in advance in common shares (B3: RENT3) issued by the Company using a percentage of their annual compensation (in the case of managers not subject to labor laws) or profit sharing (in the case of other Participants) for the year prior to their adherence to the Program (“Invested Shares”), as described below:

- Managers not subject to labor laws (non-CLT): 10% or 15% of the net amount (after deducting withholding income tax) received in the form of annual compensation, for the prior year; and
- Other participants: 15% or 25% of the net amount (after deducting withholding income tax) received in the form of profit sharing for the prior year.

### 3<sup>rd</sup> Stock Option Plan

The acquisition of shares at the prefixed price was based on the full or partial volume of options offered, subject to the term for the exercise of stock options.

To exercise the options, the eligible persons must:

- invest 25% or 50% of the net amount of their profit sharing in the previous year (after deducting income tax) in the shares of the Company (B3: RENT3), in the case of Executive Officers and managers under the CLT system, or invest 15% to 30% of net amount (after deducting income tax) received as compensation in the previous year, in the case of non-CLT Statutory Executive Officers;
- hold the shares acquired nontransferable until the compliance of the vesting period of three years for the options;
- Comply with the vesting period for the options;
- Formalize the joining of the program on the date of grant;
- Maintain the employment relationship (in case of CLT) or term of office on the date on which the options vest or the eligible person retires at the age of 65;
- Exercise fully or partly the Options within the maximum period of three years starting from the termination of the vesting period; and
- Make the payment at the time of subscription or acquisition of shares, and the Board of Directors may authorize the Company to grant a loan to the eligible persons for this purpose.

### 2<sup>nd</sup> Stock Option Plan

To be able to exercise the options, the eligible persons must:

- Formalize the joining of the program on the date of grant – already concluded;
- Comply with the vesting period for the options;
- Maintain the employment relationship (in case of CLT) or term of office until the date on which the options vest or the eligible person retires at the age of 65;
- Make the payment at the time of subscription or acquisition of shares.

The acquisition of shares directly from the Company at the prefixed price could be of the full or partial volume of options offered, subject to the term for the exercise of stock options.

### **i) Criteria for fixing the acquisition or exercise price**

#### 1<sup>st</sup> Stock Option and Shares Matching Plan

The Company shall sell to eligible participants, which shall purchase from it, in a purchase and sale transaction of a commercial nature, using Shares held in treasury, the number of Shares corresponding to the number of Share Baskets acquired, and, for each one (1) Share, the Company Shall sell jointly to the Participant two (2) Matching Shares (“Share Basket”).

The price to be paid by the eligible participant to the Company for the purchase of each Share Basket shall correspond to the average closing quote of one (1) Share on the B3 S.A. – Brasil, Bolsa, Balcão (RENT3), on the date of payment of the annual profit sharing to those eligible.

#### 1<sup>st</sup> Plan to Purchase Deferred Shares Bonus

Strike price is not applicable, as no options will be granted.

#### 4<sup>th</sup> Stock Option Plan

The Value of the share to be acquired by beneficiaries by exercising the option was calculated based on the average price of RENT3 shares, weighted by the traded volume, at the close of trading of the last forty (40) sessions at the B3 in the year prior to each program.

#### 3<sup>rd</sup> Stock Option Plan

The value of the share acquired by the beneficiaries by exercising the option was calculated based on the average price of RENT3, weighted by the traded volume, at the close of trading of the last forty (40) sessions at the B3 prior to the payment of profit sharing.

#### 2<sup>nd</sup> Stock Option Plan

The option grant price is fixed taking as benchmark the closing price of RENT3 on the B3 S.A. for the year prior to the date of grant, plus prefixed annual inflation. The exercise prices are fixed starting from April of each year and are approved by the Board of Directors. The grant price of the options became fixed in 2012, a change approved by the Board of Directors on March 16, 2012.

#### **j) Criteria for fixing the exercise price**

#### 1<sup>st</sup> Stock Option and Shares Matching Plan

Eligible participants may exercise their Vested Matching Shares during the peremptive period of thirty (30) days as of the Vesting date, which will be three (3) years after the beginning of each Program under the Plan.

#### 1<sup>st</sup> Plan to Purchase Deferred Shares Bonus

Eligible participants may exercise their Vested Deferred Shares during the peremptive period of thirty (30) days as of the Vesting date, which will be three (3) years after the beginning of each Program under the Plan.

#### 4<sup>th</sup> Stock Option Plan

<u>Percentage of options vested</u>	<u>Vesting Periods (starting from the date of grant of options)</u>
1/3	After one year and until the deadline for exercise defined by the Board of Directors.
1/3	After two years and until the deadline for exercise defined by the Board of Directors.
1/3	After three years and until the deadline for exercise defined by the Board of Directors.

#### 3<sup>rd</sup> Stock Option Plan

<u>Percentage of options already vested</u>	<u>Vesting Periods (from the granting date of the Options)</u>
100%	From the third anniversary

## 2<sup>nd</sup> Stock Option Plan

<u>Percentage of options already vested</u>	<u>Vesting Periods (from the granting date of the options)</u>
25%	Starting from the third anniversary until the last date for exercise defined by the Board of Directors.
25%	Starting from the fourth anniversary until the last date for exercise defined by the Board of Directors.
25%	Starting from the fifth anniversary until the last date for exercise defined by the Board of Directors.
25%	Starting from the sixth anniversary until the last date for exercise defined by the Board of Directors.

## **k) Settlement method**

### 1<sup>st</sup> Stock Option and Matching Shares Plan

Options will not be settled.

To settle the purchases and sales of Shares and Matching Shares, the Company shall transfer Shares held in treasury to Participants.

Upon receipt by the Company of the Matching Shares Exercise Form, the period for transferring the Shares to the respective Participant consequent to the settlement of the exercise of the Matching Shares shall be fifteen (15) days.

### 1<sup>st</sup> Plan to Purchase Deferred Shares Bonus

Options will not be granted.

To settle the exercised options of Deferred Shares, the Company shall transfer Shares held in treasury to Participants.

Due to the settlement of the exercised Deferred Shares, the period for transferring the Shares held in treasury to the respective Participant shall be fifteen (15) days from the date of receipt by the Company of the Options Exercise Form.

### 4<sup>th</sup> Stock Option Plan

The exercise of Stock Options shall be carried out by submitting the applicable Stock Options Exercise Form duly completed and signed by the Participant.

Once the Option is exercised, the Board of Directors shall determine if the capital of the Company must be increased via the issuance of new Shares for subscription by Participants, in accordance with Article 166, Item III of Brazilian Corporations Law, or if Shares held in treasury will be used to settle the exercise of Stock Options, in accordance with applicable regulations.

Upon receipt by the Company of the Stock Options Exercise Form, the period for transferring Shares to the respective Participant consequent to the settlement of the exercise of Stock Options shall be fifteen (15) days, in the case of Shares held in Treasury, or by the end of the month subsequent to the month in which the Stock Options Exercise Form was received, in the case of new Shares issued within the authorized capital, by signing the applicable subscription order or stock transfer form, as applicable, and the receipt of the Strike Price.

### 3<sup>rd</sup> Stock Option Plan

The payment at the time of exercise of options will be immediate and using the eligible person's own funds, and the Board of Directors may authorize the Company to grant loans to eligible persons for this purpose, as provided by Article 20 of its Bylaws.

### 2<sup>nd</sup> Stock Option Plan

Payment at the time of exercise of the option shall be as follows:

- at sight using own funds; or
- in installments, with maturity on the first business day after the financial settlement of the share sale transaction (after exercise of option) through the issue of *pro soluto* promissory note.

### **l) Restrictions to share transfers**

The eligible persons to the plans will be entitled to and considered owners of shares only from the moment they exercise their right by formalizing the purchase and/or subscription to and payment of shares. The following restrictions apply to:

- options are personal and cannot be encumbered or transferred;
- the eligible person undertakes to not encumber the options and not constitute any lien on them;
- the options are un-attachable and cannot be pledged in any manner.

In case of death, all the unvested options will mature in advance and the option will be extended to the person's heirs and successors, by legal succession or by will, for an un-extendable term of thirty-six (36) months starting from the death or until the termination of the period for the exercise of options, if a period of less than thirty-six (36) months remains, and the options should be exercised fully or partly by heirs or successors of the beneficiary by payment at sight.

In case of permanent disability of the beneficiary, the options may be exercised fully or partly, in advance or within the original term, for an un-extendable term of thirty-six (36) months after informing the social security institute (INSS) or by the termination of the period for the exercise of options through payment at sight.

### **m) Criteria and events that, when they occur, will cause the suspension, alteration or extinction of the plan**

**Alteration of plans:** The long-term incentive plans of the Company will take into account any corporate restructuring, disposal of control and issue of bonus shares, among others, and the plans will be amended in order to adjust these changes to the options not yet exercised by their beneficiaries.

**Extinction or suspension:** The long-term incentive plans of the Company will take into consideration that, in case of amendments in Law no. 6,404/76, they could be extinct or suspended at the discretion of the Board of Directors.

### **n) Effects of the exit of the manager from the management bodies of the Company on his rights envisaged in the share based compensation plan**

### 1<sup>st</sup> Stock Option and Shares Matching Plan

Eligible participants will not be entitled to exercise their options if their employment is terminated with cause.

In the event of Voluntary Termination or Termination without Cause, the Participant will be entitled to exercise the Vested Matching Shares during a peremptive period of thirty (30) days from the date of Termination. All Matching Shares not yet vested ("Unvested Matching Shares") will automatically be canceled without prior notice or compensation.

In the event of Retirement of the Participant, all Vested Matching Shares may be exercised during a peremptive period of sixty (60) days from the Retirement date and all Unvested Matching Shares may be exercised in accordance with their normal Vesting terms and conditions, subject to the condition that the Participant must not work for a competitor and any additional conditions established by the Board of Directors.

In the event of death of the Participant, all Unvested Matching Shares will become immediately vestible. The right to the Vested or Unvested Matching Shares will be extended to their heirs and successors, by legal succession or execution of the will, which may be exercised fully or partially by their heirs, successors or spouse entitled to one half of the estate of the Participant, during a peremptive period of thirty-six (36) months from the date on which the permanent disability was established, or until the termination of the exercise period of the vested shares if the period is shorter than 36 months. All other rules described in this Plan will apply.

In the event of permanent disability of the Participant, all Unvested Matching Shares will become immediately vestible. The Participant or their legal guardian will be entitled to exercise the Vested or Unvested Matching Shares during a peremptive period of thirty-six (36) months from the date on which the permanent disability was established. All other rules described in this Plan will apply.

#### 1<sup>st</sup> Plan to Purchase Deferred Shares Bonus

Eligible participants will not be entitled to exercise their options if their employment is terminated with cause.

In the event of Voluntary Termination or Termination without Cause, the Participant will be entitled to exercise the Vested Deferred Shares within the peremptive period of thirty (30) days from the date of Termination. All Deferred Shares not yet vested ("Unvested Deferred Shares") will be automatically canceled, without prior notice or compensation.

In the event of death of the Participant, all Unvested Deferred Shares will become immediately vestible. The Vested or Unvested Deferred Shares will be extended to their heirs and successors, by legal succession or execution of the will, which may be exercised fully or partially by the heirs, successors or spouse entitled to one half of the estate of the Participant, during a peremptive period of ninety (90) days from the date of death.

In the event of permanent disability of the Participant, all Unvested Deferred Shares will become immediately vestible. The Participant or their legal guardian will be entitled to exercise the Vested or Unvested Deferred Shares during a peremptive period of ninety (90) days from the date on which the permanent disability was established.

#### 4<sup>th</sup> Stock Option Plan

Eligible participants will not be entitled to exercise their options if their employment is terminated with cause.

In the event of Voluntary Termination or Termination without Cause, the Participant will be entitled to exercise the options within the peremptive period of thirty (30) days as from the date of Termination. All stock options not yet vested will be canceled automatically and rightfully, irrespective of prior notice or compensation.

In the event of Retirement of the Participant, all Vested Stock Options may be exercised during a peremptive period of thirty-six (36) months from the Retirement date or until the expiration of the period for exercising the vested shares if the remaining period is less than 36 months. All unvested Stock Options may be exercised in accordance with their normal Vesting terms and conditions, subject to the condition that the Participant must not work for a competitor and any additional conditions established by the Board of Directors.

In the event of death of the Participant, all unvested Stock Options will become immediately vestible. The right to Vested or Unvested Stock Options will be extended to their heirs and successors, by legal succession or execution of the will, which may be exercised fully or partially by their heirs, successors or spouse entitled to one half of the estate of the Participant, during a preemptive period of thirty-six (36) months from the date of death or until the end of the period for exercising the vested shares if such period is shorter than 36 months. All other rules described in this Plan will apply.

In the event of permanent disability of the Participant, all unvested Stock Options will become immediately vested. The Participant or their legal guardian will be entitled to exercise the Vested or Unvested Stock Options during a preemptive period of thirty-six (36) months from the date on which the permanent disability was established or until the end of the period for exercising the vested shares if such period is shorter than 36 months. All other rules described in this Plan will apply.

### 3<sup>rd</sup> Stock Option Plan

The persons eligible will not be entitled to exercise the options if they are dismissed with cause.

In case of termination of the beneficiary by the Company not for just cause, the options that are not yet available for exercise cannot be exercised. Nevertheless, the holder of the options has the right to exercise the options already exercisable on the date of termination, within an un-extendable period of thirty (30) days starting from the termination date. The Board of Directors of the Company may extend the period if justified by the circumstances of each case.

If the beneficiary resigns, only the options available for exercise may be exercised within the un-extendable period of thirty (30) days starting from the resignation date.

In case of special termination of members at the age of sixty-five (65), all the options granted will vest early, within an un-extendable period of thirty-six (36) months or the termination of the period of exercise, either fully or partly, through immediate payment.

In case of death of the Participant, all the unvested Stock Options will become immediately vestible, and the right to the Stock Option will be extended to the Participant's heirs and successors, by legal succession or by will, for an unextendable period of thirty-six (36) months from the date of death or until the end of the period for exercising the Stock Options, if such period is less than thirty-six (36) months, and the Stock Options should be exercised fully or partially by the Participant's heirs or successors by payment at sight.

In case of permanent disability of the Participant, the Stock Options may be exercised fully or partially, in advance or within the original term, for an unextendable period of thirty-six (36) months after informing the social security institute (INSS) or by the end of the period for exercising the Stock Options by payment at sight.

### 2<sup>nd</sup> Stock Option Plan

The persons eligible will not be entitled to exercise the options if they are dismissed with cause.

In case of termination of the beneficiary by the Company for any reason other than just cause, any options that are not yet available for exercise cannot be exercised. Nevertheless, the holder of the options has the right to exercise the options already exercisable on the date of termination, within an un-extendable period of ninety (90) days starting from the termination date. The Board of Directors of the Company may extend the period if justified by the circumstances of each case.

If the beneficiary resigns, only the options available for exercise may be exercised within the un-extendable period of thirty (30) days starting from the resignation date.

In case of special termination of members at the age of sixty-five (65), all the options granted and available for exercise and those not yet available, will become exercisable within a period of thirty-six (36) months from the date of termination or until the termination of the period for exercise of the options – whichever is earlier, through immediate payment, and the effects of this proposal will be valid with retrospective effect to the programs of 2007, 2008, 2009, 2010 and 2011 for beneficiaries who were employees of the Company and Statutory Executive Officers on or after May 24, 2009.

In case of death of the Beneficiary, all unvested Stock Options will become immediately vestible and the right to the Stock Options will be extended to their heirs and successors, by legal succession or by will, for an unextendable period of twelve (12) months starting from the date of death or until the end of the period for exercising the Stock Options, if such period is less than twelve (12) months, and the Stock Options should be exercised fully or partially by the heirs or successors of the Beneficiary by payment at sight.

In case of permanent disability of the Beneficiary, the Stock Options may be exercised fully or partially, in advance or within the original term, for an unextendable period of twelve (12) months after informing the social security institute (INSS) or by the end of the period for exercising the Stock Options by payment at sight.

### 13.5 Share-based compensation of the Board of Directors and the statutory Board of Executive Officers

As of December 31, 2016, 2015 and 2014, the Company had stock option programs under the scope of the 2<sup>nd</sup> and 3<sup>rd</sup> Stock Option Plans, which grant options to subscribe to common shares issued by Localiza to certain executives and employees (eligible persons). The plans have different characteristics and therefore are not being presented on a consolidated basis, i.e. the following information is provided separately for each Company stock buyback program.

Board of Directors: Not covered by the stock option plan, except for the current Chairman of the Board, due to his previous position as Chief Executive Officer (CEO) until April 2013, when he was eligible for the Stock Option Programs.

	Statutory Board of Executive Officers				
	2 <sup>nd</sup> Stock Option Plan				
	Programs from				
	2011	2010	2009	2008	2007
Grant date – Board of Directors’ meeting	04/28/11	05/20/10	09/15/09	07/30/08	03/09/07
	25% - 04/01/14	25% - 04/01/13	25% - 04/01/12	25% - 04/01/11	25% - 04/01/10
Vesting period	25% - 04/01/15	25% - 04/01/14	25% - 04/01/13	25% - 04/01/12	25% - 04/01/11
	25% - 04/01/16	25% - 04/01/15	25% - 04/01/14	25% - 04/01/13	25% - 04/01/12
	25% - 04/01/17	25% - 04/01/16	25% - 04/01/15	25% - 04/01/14	25% - 04/01/13
Deadline for exercising the options	03/31/18	03/31/17	03/31/16	03/31/15	03/31/14
Period for restricting share transfers	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Fair value of options on grant date	R\$11.12	R\$12.10	R\$12.21	R\$0.88	R\$7.09

	Statutory Board of Executive Officers					
	3 <sup>rd</sup> Stock Option Plan					
	Programs from					
	2016	2015	2014	2013	2012	
Grant date – Board of Directors’ meeting		04/14/16	04/23/15	02/13/14	04/24/13	07/19/12



<b>Statutory Board of Executive Officers</b>					
<b>3<sup>rd</sup> Stock Option Plan</b>					
<b>Programs from</b>					
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Vesting period	05/01/19	05/01/18	05/01/17	05/01/16	05/01/15
Deadline for exercising the options	05/01/22	05/01/21	05/01/20	05/01/19	05/01/18
Period for restricting share transfers	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Fair value of options on grant date	R\$12.84	R\$14.54	R\$10.87	R\$12.94	R\$12.82

On July 12, 2017, the 4<sup>th</sup> Stock Option Plan (2017 Program) and the 1<sup>st</sup> Shares Matching Plan were approved, whose main characteristics are:

	<b>4<sup>th</sup> Plan (2017 Program)</b>	<b>1<sup>st</sup> Shares Matching Plan</b>
Grant Date –Board of Directors’meeting	7/12/17	7/12/17
Vesting period	3/1 - 5/1/18 3/1 - 5/1/19 3/1 - 5/1/20	5/1/20
Deadline for exercising the options	5/1/23	6/1/20
Period of restriction to share transfers	Not applicable	Not applicable
Fair value of the options on the grant date	22.47	-

The price for exercising the stock options was fixed for each annual tranche based on the fair value of the shares at the end of the year prior to the grant date, contemplating the effect from the share bonus issue, with the exercise prices fixed in April of each year, as shown below:

*(Amounts in R\$)*

Plan	Program	Exercise										
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>2<sup>nd</sup> Plan</b>	<b>2007</b>	23.76	24.71	25.70	25.46	-	-	-	-	-	-	-
	<b>2008</b>	-	22.77	23.74	23.58	24.59	-	-	-	-	-	-
	<b>2009</b>	-	-	8.35	8.30	8.69	9.08	-	-	-	-	-
	<b>2010</b>	-	-	-	22.05	23.04	24.05	25.16	-	-	-	-
	<b>2011</b>	-	-	-	-	32.62	34.09	35.62	37.22	-	-	-
<b>3<sup>rd</sup> Plan</b>	<b>2012</b>	-	-	-	-	-	31.70	-	-	-	-	-
	<b>2013</b>	-	-	-	-	-	-	32.59	-	-	-	-
	<b>2014</b>	-	-	-	-	-	-	-	32.66	-	-	-
	<b>2015</b>	-	-	-	-	-	-	-	-	36.09	-	-
	<b>2016</b>	-	-	-	-	-	-	-	-	-	29.74	-
<b>4<sup>th</sup> Plan</b>	<b>2017</b>	-	-	-	-	-	-	-	-	-	-	33.17

a) Share-based compensation estimated for current fiscal year (2017)

	Statutory Board of Executive Officers	
	4 <sup>th</sup> Plan (2017 Program)	1 <sup>st</sup> Stock Option and Matching Shares Plan
Number of members	4.00	4.00
Number of compensated members	4.00	4.00
Number of options/shares granted without bonus	95,215	73,364
Weighted average exercise price of options::		
- to be lost in 2017	-	-
- to be exercised in 2017	-	-
- to be expired in 2017	-	-
Potential dilution in case of exercise of all options granted (*)	0.05%	0.04%

(\*)The Company has used treasury shares to cover the stock options exercised.

	Statutory Board of Executive Officers						
	3 <sup>rd</sup> Plan Programs of					2 <sup>nd</sup> Plan Programs of	
	2016	2015	2014	2013	2012	2011	2010
Number of members	4.00	4.00	5.00	5.00	5.00	5.00	5.00
Number of compensated members	4.00	4.00	5.00	5.00	4.00	4.00	4.00
Number of options granted without bonus	358,460	265,280	267,232	172,088	267,536	223,767	190,007
Average weighted estimated strike price of options:							
- outstanding on Dec. 31, 2016	R\$29.74	R\$36.09	R\$32.66	R\$32.59	R\$31.70	R\$35.62	R\$25.16
- to be lost in 2017	-	-	-	-	-	-	-
- to be exercised in 2017	-	-	R\$32.66	R\$32.59	R\$31.70	R\$35.62	R\$25.16
- to expire in 2017	-	-	-	-	-	-	-
Potential dilution in case of exercise of all the options granted (*)	0.17%	0.13%	0.13%	0.08%	0.13%	0.11%	0.09%

(\*)The Company has used treasury shares to cover the stock options exercised.

**b) Share-based compensation – fiscal year ended 12/31/16**

	Statutory Board of Executive Officers							
	3 <sup>rd</sup> Plan					2 <sup>nd</sup> Plan		
	Programs from					Programs from		
	2016	2015	2014	2013	2012	2011	2010	2009
Number of members	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Number of compensated members (*)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Number of options granted without bonus	367,025	290,054	360,570	343,304	499,116	402,830	332,032	319,111
Estimated average weighted exercise price of the options:								
- pending on 12/31/15	R\$29.74	R\$36.09	R\$32.66	R\$32.59	R\$31.70	R\$35.26	R\$24.74	R\$9.08
- lost in 2016	-	-	-	-	-	-	-	-
- exercised in 2016	-	-	-	R\$32.59	R\$31.70	-	R\$25.16	R\$9.08
- expired in 2016	-	-	-	-	-	R\$35.62	-	-
Potential dilution if all options granted are exercised (**)	0.18%	0.14%	0.17%	0.16%	0.24%	0.19%	0.16%	0.15%

(\*) Includes the current Chairman of the Board, who was eligible for the stock option programs in his previous position as CEO until April 2013.

(\*\*) The Company has used treasury shares to cover the options exercised.

**c) Share-based compensation – fiscal year ended 12/31/15**

	Statutory Board of Executive Officers							
	3 <sup>rd</sup> Plan				2 <sup>nd</sup> Plan			
	Programs from				Programs from			
	2015	2014	2013	2012	2011	2010	2009	2008
Number of members	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Number of compensated members (*)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Number of options granted without bonus	290,054	360,570	343,304	499,116	402,830	332,032	319,111	269,995
Estimated average weighted exercise price of the options:								
- pending 12/31/14	R\$36.09	R\$32.66	R\$32.59	R\$31.70	R\$34.89	R\$23.82	R\$8.79	R\$24.59
- lost in 2015	-	-	-	-	-	-	-	-
- exercised in 2015	-	-	R\$32.59	R\$31.70	R\$32.62	R\$23.45	R\$8.79	R\$24.59
- expired in 2015	-	-	-	-	-	-	-	-

Potential dilution if all options granted are exercised (**)	0.14%	0.17%	0.16%	0.24%	0.19%	0.16%	0.15%	0.13%
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(\*) Includes the current Chairman of the Board, who was eligible for the stock option programs in his previous position as CEO until April 2013.

(\*\*) The Company has used treasury shares to cover the options exercised.

**d) Share-based compensation – fiscal year ended 12/31/14**

	Statutory Board of Executive Officers							
	3 <sup>rd</sup> Plan			2 <sup>nd</sup> Plan				
	Programs from			Programs from				
	2014	2013	2012	2011	2010	2009	2008	2007
Number of members	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Number of compensated members (*)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Number of options granted without bonus	290,054	360,570	343,304	499,116	402,830	332,032	319,111	298,002
Estimated average weighted exercise price of the options:								
- pending 12/31/13	R\$32.66	R\$32.59	R\$31.70	-	R\$23.58	R\$8.59	R\$23.96	R\$25.46
- lost in 2014	-	-	-	-	-	-	-	-
- exercised in 2014	-	-	-	-	-	-	-	R\$24.59
- expired in 2014	-	-	-	-	-	-	-	-
Potential dilution if all options granted are exercised (**)	0.14%	0.17%	0.16%	0.24%	0.19%	0.16%	0.15%	0.14%

(\*) Includes the current Chairman of the Board, who was eligible for the stock option programs in his previous position as CEO until April 2013.

(\*\*) The Company has used treasury shares to cover the options exercised.

### 13.6 Information on the outstanding options held by the Board of Directors and the statutory Board of Executive Officers

Board of Directors: Not covered by the stock option plan, except for the current Chairman of the Board, due to his previous position as Chief Executive Officer (CEO) held until April 2013, when he was eligible for the stock option programs.

The outstanding options held by the Statutory Executive Officers at the end of the fiscal year ended December 31, 3016 were:

	Statutory Board of Executive Officers							
	3 <sup>rd</sup> Plan					2 <sup>nd</sup> Plan		
	Programs from					Programs from		
	2016	2015	2014	2013	2012	2011	2010	
Number of members	6.00	6.00	6.00	6.00	6.00	6.00	6.00	
Number of compensated members (*)	6.00	6.00	7.00	7.00	7.00	7.00	7.00	
<b><u>Options not yet exercisable</u></b>								
Quantity	367,025	290,054	282,006	Not applicable	Not applicable	67,842	Not applicable	
Vesting date	May/19	May/18	May/17	Not applicable	Not applicable	Mar/17	Not applicable	
Deadline for exercising the options	Apr/22	Apr/21	Apr/20	Not applicable	Not applicable	Mar/18	Not applicable	
Period for restricting share transfers	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Average weighted price for the year	R\$29.74	R\$36.09	R\$32.66	Not applicable	Not applicable	R\$37.22	Not applicable	
Fair value of the options on 12/31/16	R\$12.84	R\$14.54	R\$10.87	Not applicable	Not applicable	R\$11.12	Not applicable	
<b><u>Exercisable options</u></b>								
Quantity	Not applicable	Not applicable	Not applicable	181,524	261,560	270,154	43,552	
Deadline for exercising the options	Not applicable	Not applicable	Not applicable	Apr/19	Apr/18	Mar/18	Mar/17	
Period for restricting share transfers	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Average weighted price for the year	Not applicable	Not applicable	Not applicable	R\$32.59	R\$31.70	R\$35.62	R\$25.16	
Fair value of the options on 12/31/16	Not applicable	Not applicable	Not applicable	R\$12.94	R\$12.82	R\$11.12	R\$12.10	
Fair value of all options on 12/31/16	R\$4,712,601.00	R\$4,217,385.16	R\$3,065,405.22	R\$2,348,920.56	R\$3,353,199.20	R\$3,758,515.52	R\$526,979.20	

(\*) In the Programs from 2010 to 2014, includes the current Chairman of the Board, who was eligible for the stock option programs in his previous position as Chief Executive Officer (CEO) until April 2013. In the Programs for 2015 and 2016, the Chairman of the Board of Directors is no longer entitled to the programs.

**13.7 Options exercised and shares delivered relating to the share-based compensation of the Board of Directors and the statutory Board of Executive Officers**

Board of Directors: Not covered by the stock option plan, except for the current Chairman of the Board, due to his previous position as Chief Executive Officer (CEO) until April 2013, when he was eligible for the stock option programs.

In fiscal years 2016, 2015 and 2014, options were released for exercise by the statutory Board of Executive Officers, as described below:

<b>Options exercised by the statutory Board of Executive Officers in the fiscal year ended</b>			
	<b>12/31/16</b>	<b>12/31/15</b>	<b>12/31/14</b>
Number of members	6.00	6.00	6.00
Number of compensated members	7.00	7.00	7.00
<b><u>Options exercised</u></b>			
Number of shares	591,815	628,489	39,238
Average weighted exercise price	R\$24.63	R\$24.27	R\$25.46
Difference between exercise price and fair value of shares from options exercised	R\$9.70	R\$0.55	R\$10.25
<b><u>Shares delivered</u></b>			
Number of shares delivered	591,815	628,489	39,238
Average weighted acquisition price	R\$10.32	R\$10.32	R\$10.32
Difference between acquisition price and fair value of shares acquired	R\$24.01	R\$14.50	R\$25.39

For each option exercised, one share was delivered.

As previously mentioned, the Board of Directors does not participate in stock option programs, except for the current Chairman of the Board, due to his previous position as Chief Executive Officer (CEO), which he held until April 2013, during which time he was eligible for stock option programs.

**13.8 Information necessary to understand the data disclosed in items 13.5 to 13.7 – Method for pricing the shares and options**

**a) Pricing model**

The fair value of the long term incentive plans of the Company was estimated based on the Black & Scholes valuation model.

**b) Data and assumptions used in the pricing model, including the weighted average price of shares, the exercise price, expected volatility, option exercise term, expected dividends and risk-free interest rate**

	Programs				
	2011	2010	2009	2008	2007
	<b>2<sup>nd</sup> Plan</b>				
Share price	26.46	23.99	17.70	5.70	19.68
Risk-free interest	10.21%	10.04%	9.69%	10.93%	8.67%
Expected annual volatility	50.12%	52.34%	55.01%	56.63%	37.60%
Expected dividends	0.39%	0.42%	0.45%	0.46%	-
Duration of the program in years	4.4	4.2	4.0	3.8	4.5
Fair value of option on grant date (R\$/share)	11.12	12.10	12.21	0.88	7.09

	Programs				
	2016	2015	2014	2013	2012
	<b>3<sup>rd</sup> Plan</b>				
Share price	29.74	36.09	32.66	34.22	33.36
Risk-free interest	4.87%	10.00%	11.00%	9.00%	9.45%
Expected annual volatility	43.11%	43.64%	43.64%	46.67%	48.49%
Expected dividends	0.42%	0.41%	0.41%	0.36%	0.39%
Duration of the program in years	2.4	3.0	2.0	3.0	3.0
Fair value of option on grant date (R\$/share)	12.84	14.54	10.87	12.94	12.82

	<b>4<sup>th</sup> Plan ( 2017 Program)</b>
Stock price	33.17
Risck free rate	6.51%
Expected annualized volatility	42.59%
Dividends estimated	0.42%
Duration of program	2.8
Fair value of the option on the grant date (R \$ / share)	22.47

**c) Method used and assumptions made to incorporate the expected effects from early exercise**

The plans envisage early exercise in case of permanent disability, death or retirement at the age of sixty-five (65). The method used and the assumptions that will be made to incorporate the expected effects of early exercise will be defined for each case by the Board of Directors.

**d) Method for determining expected volatility**

The expected annualized volatility was determined based on the historical volatility of RENT3 shares in the capital markets, since the Company's IPO in 2005, and deducting the dividends paid in each period.

**e) Any other characteristic of the option incorporated while measuring its fair value.**

No other characteristic of the options, other than those disclosed in item (b) above, was used to measure the fair value.

**13.9 – Interest in stock, membership interest and other convertible securities, held by managers and members of the audit board – management by body**

The following table shows shareholding position of the controlling shareholders, members of the Board of Directors and the Statutory Board of Executive Officers of Localiza Rent a Car S.A.:

<b>Position on December 31, 2016</b>			
<b>Group and related persons</b>	<b>Shares held directly</b>	<b>Shares held indirectly</b>	<b>% of interest in total shares</b>
Founders	59,028,084	N/A	27.90%
Board of Directors	1	N/A	0.00%
Statutory Board of Executive Officers	337,777 (*)	N/A	0.16%

(\*) Not including 30,083 shares held by the Non-statutory Board of Executive Officers

<b>Position on December 31, 2015</b>			
<b>Group and related persons</b>	<b>Shares held directly</b>	<b>Shares held indirectly</b>	<b>% of interest in total shares</b>
Founders	59,014,152	N/A	27.90%
Board of Directors	1	N/A	0.00%
Statutory Board of Executive Officers	379,101(*)	N/A	0.18%

(\*) Not including 27,747 shares held by the Non-statutory Board of Executive Officers

<b>Position on December 31, 2014</b>			
<b>Group and related persons</b>	<b>Shares held directly</b>	<b>Shares held indirectly</b>	<b>% of interest in total shares</b>
Founders	58,874,596	N/A	27.80%
Board of Directors	1	N/A	0.00%
Statutory Board of Executive Officers	274,455(*)	N/A	0.13%

(\*) Not including 18,595 shares held by the Non-statutory Board of Executive Officers

No manager or director owns shares issued directly or indirectly by subsidiaries of the Company.



### **13.10 Information on pension plans granted to the Directors and Statutory Executive Officers**

The Board of Directors is not eligible to participate in the long-term incentive plans.

In August 2011, the Company started sponsoring a private pension plan through a private pension plan administered by a major independent plan manager.

For this plan, there are no actuarial and investment risks to be assumed by the Company as a sponsor and, therefore, actuarial evaluations are not required and there is no possibility of actuarial gain or loss.

As per the rules of the plan, the costs are jointly shared, with the Company matching the contribution of the Executive Officer, which was 5% until December 2013 and was reduced to 3% from January 2014, of the monthly compensation (base salary and additional for length of employment). This change in percentage was validated by the Personnel Management Committee in a meeting held on March 19, 2014, and approved by the Board of Directors on the same date.

In July 2012, the Company signed an Addendum to the Collective Defined Contribution Private Pension Plan (PGBL) agreement, where additional contributions will be made for Executive Officers who are or have been Statutory Executive Officers, who have worked for more than 20 consecutive years in the Company and have only a few years left for retirement. The purpose of these contributions is to ensure the continuance of the services of these executive officers so that they remain with and retire from the Company, conditioned upon their non-competition after retirement.

Joining this new arrangement is optional for eligible Executive Officers who accept the terms and conditions, especially the permanence of these executives at the Company until their retirement, as well as their non-competition during a period of five years after their termination. This means that for a period of five years, eligible Executive Officers undertake not to compete, directly or indirectly, with Localiza or other Group companies, or to contribute to third-party competitors in Brazil or abroad, and to refrain from the following activities, among others: (i) provide services as Executive Officer, employee, manager, consultant; and (ii) finance, provide technical support, encourage or provide technical means.

After leaving the Company, and subject to compliance with contractual terms, the Eligible Executive Officers who joined this new arrangement will receive the amounts they are entitled to in four consecutive and annual installments, with the first installment paid immediately upon leaving the Company. In addition, note that the eligible Executive Officer declares to be aware that noncompliance with any obligation will result in immediate interruption of credit and payment of the remaining installments of the Supplementary Pension Plan, and all the installments already credited, released or received under the Plan should be returned, duly restated according to the IPCA (consumer price index), without prejudice to other legal or civil liability penalties for damages caused.

In the event of sale of control of Localiza before the scheduled date of termination of the eligible executive officer or before the payment of all bonus installments, retention bonus or its remaining installments shall be paid fully in a single installment within thirty (30) days from the sale of control of Localiza.

Due to the competitive environment and the current fragility in Brazil's economic and political scenario, in the first half of 2016, the Company's contributions to the private pension plans were suspended. However, on June 23, 2016, the Board of Directors approved the resumption of the Company's contribution to the private pension plan of its employees and Officers, effective July 1, 2016, returning to a parity contribution of 5% and additional contributions for Executive Officers.

**Statutory Board of Executive Officers**

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Number of members	6.00
Number of compensated members	6.00
Plan name	Collective Defined Contribution Private Pension Plan (PGBL) Agreement (Instituted and Life Insurance with Survival Coverage – Registered VGBL
Number of managers who meet the conditions for retirement	2
Conditions for early retirement (*)	-
Total updated amount of contributions since the implementation in August 2011 until 12/31/2016, minus the portion relating to contributions directly made by the managers	R\$10,395,731.07
Total accumulated amount of contributions made in 2016, minus the portion relating to contributions directly made by the managers	R\$1,003,166.28
Possibility of early redemption and conditions (*)	None

(\*) For participants eligible in the 2<sup>nd</sup> addendum – private pension plan for executive officers and statutory executive officers – redemption may be brought forward, in case of termination, as of 63 years or postponed to as of 65 up to 67 years, at the sole discretion of the Company.

**13.11 Maximum, minimum and average individual compensation of the Board of Directors, statutory Board of Executive Officers and Audit Board**

<b>Board of Directors</b>			
	<b>12/31/16</b>	<b>12/31/15</b>	<b>12/31/14</b>
Number of members	8.00	8.00	8.00
Number of compensated members	7.00	7.00	7.00
Highest compensation (in Brazilian real)	9,567,053.42	9,140,978.90	10,214,055.33
Lowest compensation (in Brazilian real)	772,356.82	752,170.66	690,768.58
Average compensation (in Brazilian real)	2,052,954.44	1,975,512.97	1,859,837.79

**Note for the fiscal years ended December 31, 2016, 2015 and 2014:** The calculation of the average compensation amount excludes one director who did not receive compensation as a director, since he received compensation as statutory executive officer of the Company. The average compensation above considers payroll charges and benefits.

<b>Statutory Board of Executive Officers</b>			
	<b>12/31/16</b>	<b>12/31/15</b>	<b>12/31/14</b>
Number of members	6.00	6.00	6.00
Number of compensated members	6.00	6.00	6.00
Highest compensation (in Brazilian real)	12,845,307.12	14,441,931.71	13,993,306.75
Lowest compensation (in Brazilian real)	937,632.48	925,853.05	916,719.38
Average compensation (in Brazilian real)	4,195,188.70	4,774,235.16	4,459,261.03

**Note for the fiscal years ended December 31, 2016, 2015 and 2014:** Based on the explanation in the decision of the Board of Commissioners of CVM on June 2, 2015, dealing specifically with stock option programs, and complemented by the clarifications provided by CVM on the treatment of expenses from payroll charges for the purpose of the overall compensation set forth in Article 152 of Federal Law 6,404/76, the calculation of the average compensation amount considers the overall compensation, benefits, payroll charges and costs associated with stock option programs, divided by the number of executive officers.

**13.12 Mechanisms for compensation or indemnification for managers due to removal from position or retirement**

The Company has a post-employment private pension plan, described in item 13.10.

**13.13 Percentage of total compensation held by Managers and Audit Board members who are related parties to the controlling shareholders**

The percentage of total compensation of members who are related parties over the last three fiscal years is as follows:

	<u>Board of Directors</u>	<u>Statutory Board of Executive Officers</u>
2016	67%	51%
2015	66%	50%
2014	78%	52%

**13.14 Compensation of Managers and Audit Board members, grouped by body, received for any reason other than for the position held by them**

Localiza did not make any payment to Managers for any reason other than for the positions held by them.

**13.15 Compensation of Managers and Audit Board members booked in the result of the direct or indirect controlling shareholders, companies under common control and subsidiaries of the Company**

The following amounts were paid by the wholly owned subsidiary of the Company for the position of statutory Executive Officers held in this subsidiary.

*(Amounts in R\$)*

	<u>Company's wholly owned subsidiary</u>		
	<u>2016 (*)</u>	<u>2015 (*)</u>	<u>2014 (*)</u>
<b>Annual fixed compensation</b>			
Salary or pro labore	4,642,101.82	5,172,524.62	3,793,132.99
Direct and indirect benefits	26,205.65	-	-
Other (payroll charges)	928,761.96	1,034,504.94	759,527.00
<b>Other benefits/compensation</b>			
Post-employment	94,797.30	-	200,838.96

(Amounts in R\$)

	Company's wholly owned subsidiary		
	2016 (*)	2015 (*)	2014 (*)
<b>Total</b>	<b>5,691,866.73</b>	<b>6,207,029.56</b>	<b>4,753,498.95</b>

(\*) 40% of the compensation of the CEO and CFO were borne by the wholly owned subsidiary Localiza Fleet, excluding the cost of the long term incentive plans, which are borne by Localiza.

### 13.16 Other relevant information

The overall amount of fixed and variable compensation and benefits, including payroll charges and costs with the long-term incentive plans program, incurred in the fiscal year ended on December 31, 2016, was R\$39.5 million, as shown in item 13.2 of this Reference Form. This amount refers to the overall compensation of the Board of Directors and the statutory Board of Executive Officers. The total amount differs from the amount shown in Note 7.b.iii of the consolidated financial statements for December 31, 2016, since the amounts presented in the Note include, in addition to members of the Board of Directors and the statutory Board of Executive Officers, other key persons as defined by CPC 5:

*“Key management personnel are persons with authority and responsibility, directly or indirectly, for planning, guiding and controlling the organization’s activities, including any manager (executive or other) within the organization.”*