

Reference Form

April 20, 2015.

Version 5

Localiza Rent a Car S.A.

Corporate Taxpayer's ID (CNPJ)16.670.085/0001-55

Localiza

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1.1 Declaration and Identification of the persons responsible for the information provided herein

Name of the person responsible for the content of the form	**Eugênio Pacelli Mattar**
Position	Chief Executive Officer
Name of the person responsible for the content of the form	**Roberto Antônio Mendes**
Position	Investor Relations Officer

The above Officers declare that:

a. they have reviewed this reference form;

b. all the information contained herein is in compliance with CVM Instruction 480, particularly articles 14 to 19;

c. said information gives a true, accurate and complete picture of the Corporation's economic and financial situation and the risks inherent to its activities and its securities.

2.1/2.2 Identification and remuneration of independent auditors

Has an auditor?	YES
CVM code	385-9
Type of auditor	Brazilian
Name/Company Name	Deloitte Touche Tohmatsu Auditores Independetes
Individual / Corporate Taxpayer Id. (CPF/CNPJ)	49.928.567/0006-26
Services provided during	9/30/2002 to 3/7/2012
Description of services	Audit of Financial Statements and Quarterly Information, as well as reading of the Reference Form, diagnosis of internal control processes and preparation of comfort letter.
Total remuneration paid to the independent auditors, broken down by type of service	Deloitte Touche conducted the Audit of the Financial Statements and Interim Financial Statements of 2011, as well as the reading of the Reference Form, the diagnosis of the internal control processes and preparation of comfort letter.
Reason for replacement	The replacement of independent auditor is solely to comply with Article 31 of CVM Instruction No. 308/99 regarding the rotation of independent auditors.
Reason given by the auditor if in disagreement with the justification of the issuer	Not applicable, since the independent auditor did not present any disagreement with the Company's justification.

Name of person responsible	Period of service	Individual Taxpayer ID (CPF)	Address
Délio Rocha Leite	9/30/2002 to 3/7/2012	094.062.268-80	Rua Paraíba nº 1.122, 20º e 21º andares, Funcionários, Belo Horizonte, MG, Brasil, CEP 30130-141, Tel: (31) 32697400, Fax: (31) 32697470, e-mail: dleite@deloitte.com

Has an auditor?	YES
CVM code	287-9
Type of auditor	Brazilian
Name	PricewaterhouseCoopers Auditores Independentes
Individual/Corporate Taxpayer ID. (CPF/CNPJ)	61.562.112/0005-54
Services provided during	3/26/2012
Description of services	- Audit of the Financial Statements of Localiza Rent a Car S.A. as on December 31, 2013 - Audit of the Financial Statements of Localiza Fleet S.A. as of December 31, 2013 - Review of the Quarterly Information of Localiza Rent a Car S.A. of 2013 - Reading of the Reference Form of Localiza Rent a Car S.A. - Quality assurance in ERP implementation - Advisory services for diagnosis of cobIT maturity level of IT
Total remuneration paid to the independent auditors, broken down by type of service	The fees paid for the services provided in fiscal year 2013 by PricewaterhouseCoopers are: - Audit of the Financial Statements of Localiza Rent a Car S.A. and the wholly-owned subsidiary Total Fleet S.A. on December 31, 2013: R$436,200 - Review of the Quarterly Information of Localiza Rent a Car S.A. of 2013: R$194,300 - Reading of the Reference Form of Localiza Rent a Car S.A. of 2013: R$17,200 - Quality assurance during ERP implementation and advisory services for diagnosis of the cobIT maturity level of IT: R$315,000.
Reason for replacement	PricewaterhouseCoopers took over the auditing function starting from March 26, 2012, due to the rotation of auditors.
Reason given by the auditor if in disagreement with the justification of the issuer	Not applicable

Name of person responsible	Period of services	Individual Taxpayer ID (CPF)	Address
Guilherme Campos e Silva	3/26/2012	714.114.966-04	Rua dos Inconfidentes, 1190, 9º andar, Savassi, Belo Horizonte, MG, Brasil, CEP 30140-120 Tel: (31) 32691500, Fax: (31) 32616950 e-mail: guilherme.campos@br.pwc.com

2.3 Other material information

1) Article 31 of CVM Instruction 308/99 set forth the rotation of auditors, so that the independent auditors do not render services to the same customer for a period of more than five consecutive years. During the period of adaptation to the provisions of Law 11638/07, CVM authorized the publicly held companies, by means of the CVM Decision 549/08, the non-substitution of the independent auditors until the date of issue of the audit report for the financial statements relative to accounting period ended in 2011. Thus, the rotation of independent auditors of the Company took place on March 26, 2012, with the contracting of PricewaterhouseCoopers Auditores Independentes – "PwC", which began with the review of the Interim Financial Information of March 31, 2012. Until December 31, 2011, the Company's financial statements were audited by Deloitte Touche Tohmatsu Auditores Independentes

The communication of the substitution of independent auditors was sent to CVM on March 30, 2012 in compliance with article 28 of CVM Instruction 308/99.

2) The services provided by PricewaterhouseCoopers mentioned in the previous item cover the following:

Fiscal year 2013

(i) audit of the individual and consolidated Annual Financial Statements of 2013 of Localiza Rent a Car S.A. and its wholly-owned subsidiary Localiza Fleet S.A.;

(ii) review of the Quarterly Information (ITR) relative to fiscal year 2013;

(iii) reading of the Reference Form for 2013 and reconciliation of the ledger balances with those in the Financial Statements issued;

(iv) quality assurance advisory services during ERP implementation; and

(v) Diagnosis of the CobIT maturity level of information technology.

Fiscal year 2012

(i) audit of the individual and consolidated Annual Financial Statements of 2012 of Localiza Rent a Car S.A. and its wholly-owned subsidiary Localiza Fleet S.A.;

(ii) review of the Quarterly Information (ITR) starting from the 1st quarter of 2012;

(iii) reading of the Reference Form for 2012 and reconciliation of the ledger balances with those in the Financial Statements issued;

(iv) quality assurance advisory services during ERP implementation; and

(v) Diagnosis of the COBIT maturity level of information technology.

3) The internal regulations of the Audit Committee determine that the Committee must first examine the proposals and scope of services of the Company's independent audit and provide recommendations to the Board of Directors about accepting or rejecting them.

3.1 Financial Information – Consolidated

Brazilian real (R$)	Fiscal year (12/31/2013)	Fiscal year (12/31/2012)	Fiscal year (12/31/2011)
Shareholders' equity	1,341,208,000.00	1,324,753,000.00	1,120,583,000.00
Total assets	4,578,200,000.00	4,045,908,000.00	4,009,554,000.00
Net revenue/Interest revenue/Insurance prem. earned	3,506,235,000.00	3,166,800,000.00	2,918,130,000.00
Gross income	1,062,071,000.00	833,809,000.00	902,970,000.00
Net income (loss)	384,344,000.00	240,936,000.00	291,642,000.00
Number of shares (excluding treasury stock) – units	208,034,823	198,549,651	197,524,820
Book value per share (R$/unit)	6.447036	6.672150	5.673125
Earnings per share (R$ per share)	1.902884	1.215523	1.476715

3.2 Non-accounting measures

(i) EBIT / ROIC

a) inform the amount of non-accounting measurements
b) reconcile the amounts reported and the amounts in the audited financial statements

The table below presents the reconciliation between ROIC and the net income disclosed in the Consolidated Annual Financial Statements for the years ended December 31, 2013, 2012 and 2011:

			In R$ million
	2013	**2012**	**2011**
Net Income	384.3	240.9	291.6
Additional Depreciation Adjustment (a)	-	144.5	-
Adjusted Net Income	**384.3**	**385.4**	**291.6**
Income and Social Contribution Tax Expenses	157.2	86.2	125.1
Net Financial Expenses	110.6	138.7	179.0
EBIT (b)	**652.1**	**610.3**	**595.7**
Income and Social Contribution Tax (c)	(195.6)	(183.1)	(178.7)
NOPAT (d)	**456.5**	**427.2**	**417.0**
Consolidated net rental and franchising revenue	1,758.9	1,646.8	1,450.0
NOPAT Margin	**26.0%**	**25.9%**	**28.8%**
Capital investments (e)	2,779.1	2,639.6	2,445.3
Working Capital	0.63	0.62	0.59
ROIC	**16.5%**	**16.1%**	**17.1%**

(a) Return on invested capital (ROIC) of 2012 calculated by excluding the additional depreciation of the fleet, which was treated as an equity loss as it was a non-recurring event caused by external factors (reduction in IPI tax on new cars), following the concepts recommended by Stern Stewart.
(b) Income before financial expenses and income tax.
(c) Income and social contribution taxes calculated at the rate of 30%.
(d) Operating income after income and social contribution taxes at the rate of 30%
(e) Refers to the average of the balance sheet accounts between December of the previous year and November of the same year without considering net debt of cash and cash equivalents and adjusted shareholders' equity, when applicable.

Spread (ROIC minus rate of interest paid to third parties after taxes)



c) explain why such measurement is more appropriate for a correct understanding of its financial condition and results of its operations

The Management adopts "ROIC" to measure the return on capital invested, whether belonging to shareholders or to third parties.

(ii) EBITDA and EBITDA Margin on net rental revenue

a) inform the amount of non-accounting measurements
b) reconcile the amounts reported and the amounts in the audited financial statements

The following table presents the reconciliation of EBITDA, adjusted EBITDA and the net income reported in the Consolidated Annual Financial Statements for fiscal years ended December 31, 2013, 2012 and 2011:

				In R$ million
	2013	**2012**	**Var.%**	**2011**
Net income	**384.3**	**240.9**		**291.6**
Car depreciation (a)	229.0	376.8		201.5
Depreciation and amortization of other fixed and intangible assets (b)	35.4	33.0		24.1
Net financial expenses (c)	110.6	138.7		179.0
Income tax and social contribution	157.2	86.2		125.1
EBITDA	**916.5**	**875.6**	**4.7%**	**821.3**
Expenses with Stock Options (d)	6.1	7.1		6.7
Adjusted EBITDA (d)	**922.6**	**882.7**	**4.5%**	**828.0**
Consolidated rental revenue, net	**1,758.9**	**1,646.8**	**6.8%**	**1,450.0**
% EBITDA on rental revenue, net	**52.1**	**53.2**		**56.6**

(a) Depreciation of cars is allocated to line item “Costs” in the income statement for the year in the Consolidated Annual Financial Statements.
(b) Depreciation and amortization of other fixed assets and amortization of intangible assets (software) are allocated to line items “Costs”, “Selling expenses” and “General and administrative and other expenses”, according to the nature and allocation of each item, in the income statement for the year in the Consolidated Annual Financial Statements.
(c) These encompass interest expenses incurred on loans, financing and debentures and other interest expenses, net of the interest income on cash and cash equivalents and other interest income, as well as inflation adjustment on assets and liabilities, exchange gain and losses and income (loss) from swap transactions.
(d) The Company uses adjusted EBITDA to meet the contractual clauses of certain loans, financing and debentures.

c) explain why such measurement is more appropriate for a correct understanding of its financial condition and results of its operations

EBITDA is earnings before income tax and social contribution, net financial expenses, and depreciation and amortization expenses. EBITDA is used by the Company to measure and compare its own operating performance, while some investors, rating agencies and financial analysts use EBITDA as an indicator of the Company’s performance and cash flow.

Adjusted EBITDA is net income before income tax and social contribution, net financial expenses, depreciation and amortization expenses, cost of stock options and non-recurring expenses.

EBITDA and adjusted EBITDA are used in the covenants of certain debenture offerings as well as in certain loans and financing of the Company.

EBITDA margin (% on rental revenue) is used to measure the evolution of the operational performance.

(iii) Net debt

a) inform the amount of non-accounting measurements
b) reconcile the reported amounts and the amounts in the audited financial statements

The following table presents the reconciliation of net debt and the amounts in the Consolidated Annual Financial Statements for fiscal years ended December 31, 2013, 2012 and 2011:

			In R$ million
	2013	**2012**	**2011**
Short- and long-term debt	2,343.5	2,055.1	2,074.4
(-) Cash and cash equivalents	(1,010.7)	(823.9)	(711.0)
Net debt	**1,332.8**	**1,231.2**	**1,363.4**
Shareholders' Equity	1,341.2	1,324.7	1,120.6
Debt ratio (Net debt / Shareholders' Equity)	**0.99**	**0.93**	**1.22**
EBITDA	916.5	875.6	821.3
Net Debt / EBITDA	**1.45**	**1.41**	**1.66**
Adjusted EBITDA	922.6	882.7	828.0
Net debt / Adjusted EBITDA	**1.44**	**1.39**	**1.65**
Fleet value	2,797.9	2,547.6	2,681.7
Net debt / Fleet value	**0.48**	**0.48**	**0.51**

c) explain why such measurement is more appropriate for a correct understanding of its financial condition and results of its operations

The Company defines net debt as short- and long-term debt less cash and cash equivalents. Management believes that the net debt represents the Company's actual indebtedness.

(iv) Capital investment

a) inform the amount of non-accounting measurements
b) reconcile the reported amounts and the amounts in the audited financial statements

The table below presents the reconciliation between capital investments and the amounts contained in the Consolidated Annual Financial Statements for the years ended December 31, 2013, 2012 and 2011:

In R$ million

Capital Investments:			
(i) For fleet renewal:	**2013**	**2012**	**2011**
Value of cars purchased for fleet renewal	1,819.8	1,563.3	1,504.5
(-) Net revenues from cars sold for fleet renewal	1,747.3	(1,520.0)	(1,468.1)
Net investment for fleet renewal	**72.5**	**43.3**	**36.4**
(ii) For fleet expansion			
Value of cars purchased for fleet expansion	**209.4**	**55.5**	**272.0**
Total investment in fleet	**281.9**	**98.8**	**308.4**
(iii) Investment in other fixed and intangible assets	54.1	80.8	63.0
Total capital investments	**336.0**	**179.6**	**371.4**
Number of cars purchased:			
For fleet renewal	62,641	56,644	50,772
For fleet expansion	7,103	2,011	9,178
Total cars purchased	**69,744**	**58,655**	**59,950**

3.3 Events subsequent to the last financial statements

There were no subsequent events, which were therefore not disclosed in the Annual Financial Statements (Individual and Consolidated) as at December 31, 2013.

3.4 Income allocation policy

a. Rules on retention of earnings

2013

Article 24 of the Company's Bylaws:

§2. The net income of the fiscal year shall have the following allocation: (a) five percent (5%) shall be applied, prior to any other allocation, to the formation of the legal reserve, which shall not exceed twenty percent (20%) of the capital; (b) a portion, through proposal of administration bodies, may be allocated to the formation of a reserve for contingencies and reversion of such reserves constituted in previous years, pursuant to article 195 of Law No. 6404/76; (c) by proposal of the management bodies a portion of the net income resulting from donations or governmental subventions for investments, that can be excluded from the basis of the calculation of the mandatory dividends shall be allocated for the reserve of tax incentives; (d) in the fiscal year in which the amount of the mandatory dividend, calculated pursuant to paragraph one of this article 24, exceeds the realized portion of the fiscal year profit, the Shareholders' General Meeting may, by proposal of the management bodies, allocate the surplus to create the unrealized profit reserve, pursuant to the provisions in article 197 of Law 6404/76; (e) a portion shall be allocated to the payment of mandatory dividend to the shareholders, pursuant to the provision in paragraph 1 of this article 24; 4; (f) the portion made up of 100% of the remaining profits after the legal and statutory deductions may be targeted at the formation of a "reserve for investments", which aims at financing investments in the renewal and expansion of the car fleet of the Company and its controlled companies, and such reserve may not surpass the least among the following values: (i) 80% of the capital stock; or (ii) the value which, added to the balances of the other profit reserves, except for the realizable profits and the reserve for contingencies, may not surpass 100% of the Company's capital stock. (g) a portion, by proposal of management bodies may be retained based on the previously approved capital budget, pursuant to article 196 of Law 6404/76; and (h) the balance shall have the allocation which given to it in the Shareholders' General Meeting, complying with the legal provisions.

2012

Article 24 of the Company's Bylaws:

§2. The net income of the fiscal year shall have the following allocation: (a) five percent (5%) shall be applied, prior to any other allocation, to the formation of the legal reserve, which shall not exceed twenty percent (20%) of the capital; (b) a portion, through proposal of administration bodies, may be allocated to the formation of a reserve for contingencies and reversion of such reserves constituted in previous years, pursuant to article 195 of Law No. 6404/76; (c) by proposal of the management bodies a portion of the net income resulting from donations or governmental subventions for investments, that can be excluded from the basis of the calculation of the mandatory dividends shall be allocated for the reserve of tax incentives; (d) in the fiscal year in which the amount of the mandatory dividend, calculated pursuant to paragraph one of this article 24, exceeds the realized portion of the fiscal year profit, the Shareholders' General Meeting may, by proposal of the management bodies, allocate the surplus to create the unrealized profit reserve, pursuant to the provisions in article 197 of Law 6404/76; (e) a portion shall be allocated to the payment of mandatory dividend to the shareholders, pursuant to the provision in paragraph 1 of this article 24; 4; (f) the portion made up of 100% of the remaining profits after the legal and statutory deductions may be targeted at the formation of a "reserve for investments", which aims at financing investments in the renewal and expansion of the car fleet of the Company and its controlled companies, and such reserve may not surpass the least among the following values: (i) 80% of the capital stock; or (ii) the value which, added to the balances of the other profit reserves, except for the realizable profits and the reserve for contingencies, may not surpass 100% of the Company's capital stock. (g) a portion, by proposal of management bodies may be retained based on the previously approved capital budget, pursuant to article 196 of Law 6404/76; and (h) the balance shall have the allocation which given to it in the Shareholders' General Meeting, complying with the legal provisions.

2011

Article 24 of Bylaws of the Company:

§2. The net income of the fiscal year shall have the following allocation: (a) five percent (5%) shall be applied, prior to any other allocation, to the formation of the legal reserve, which shall not exceed twenty percent (20%) of the capital; (b) a portion, through proposal of administration bodies, may be allocated to the formation of a reserve for contingencies and reversion of such reserves constituted in previous years, pursuant to article 195 of Law No. 6404/76; (c) by proposal of the management bodies a portion of the net income resulting from donations or governmental subventions for investments, that can be excluded from the basis of the calculation of the mandatory dividends shall be allocated for the reserve of tax incentives; (d) in the fiscal year in which the amount of the mandatory dividend, calculated pursuant to paragraph one of this article 24, exceeds the realized portion of the fiscal year profit, the Shareholders' General Meeting may, by proposal of the management bodies, allocate the surplus to create the unrealized profit reserve, pursuant to the provisions in article 197 of Law 6404/76; (e) a portion shall be allocated to the payment of mandatory dividend to the shareholders, pursuant to the provision in paragraph 1 of this article 24; 4; (f) the residual portion of the adjusted net profit shall be allocated to the 'reserve for investments, expansion and fleet renewal', aiming to reinforce the capital and the working capital of the Company to ensure adequate operation conditions. The balance of this reserve, accrued of the balances of the other profit reserves, excluding the unrealized profit reserves and the reserves for contingencies, may not exceed the capital value. Once this maximum limit is achieved, in the Shareholders' General Meeting they may decide on the investment of the surplus in the payment or capital increase, or dividend distribution; (g) a portion, by proposal of management bodies may be retained based on the previously approved capital budget, pursuant to article 196 of Law 6404/76; and (h) the balance shall have the allocation which given to it in the Shareholders' General Meeting, complying with the legal provisions.

R$ million

Retained amounts	2013	% (*)	2012	% (*)	2011	% (*)
i. Legal reserve	19.2	5%	12.0	5%	14.6	5%
ii. Bylaws reserve	265.1	69%	-	0%	211.2	72%
iii. Retention of earnings	-	-	163.2	68%	-	-

(*) Percentage related to the net income of the referred fiscal year.

b. Rules on distribution of dividends

2013

"Article 24 of the Bylaws of the Company:

§3 The shareholders are assured of the right to receive an annual mandatory dividend, not less than twenty-five percent (25%) of the net income of the period, minus or plus the following amounts: (i) amount allocated to the formation of the legal reserve; (ii) amount allocated to the formation of the reserve for contingencies and reversion of such reserves constituted in previous years; and (iii) amount resulting from the reversion of the reserve for unrealized profits constituted in previous years, pursuant to article 202, item II of Law No. 6404/76.

§4. The payment of the mandatory dividend may be limited to the amount of the realized net income, pursuant to the law.

§5. The Company may pay or credit interest, on account of remuneration of own capital, calculated on the equity accounts, complying with the rate and the limits established in the tax legislation. The amount paid to the shareholders by way of interest on equity shall be deduced from the amount of the minimum mandatory dividend. At the discretion of the Board of Directors, ad referendum by the Shareholder's General Meeting, interest amounts may be credited and paid to the shareholders or credited to the shareholders and later incorporated into the capital, instead of being distributed and paid."

2012

"Article 24 of the Bylaws of the Company:

§3 The shareholders are assured of the right to receive an annual mandatory dividend, not less than twenty-five percent (25%) of the net income of the period, minus or plus the following amounts: (i) amount allocated to the formation of the legal reserve; (ii) amount allocated to the formation of the reserve for contingencies and reversion of such reserves constituted in previous years; and (iii) amount resulting from the reversion of the reserve for unrealized profits constituted in previous years, pursuant to article 202, item II of Law No. 6404/76.

§4. The payment of the mandatory dividend may be limited to the amount of the realized net income, pursuant to the law.

§5. The Company may pay or credit interest, on account of remuneration of own capital, calculated on the equity accounts, complying with the rate and the limits established in the tax legislation. The amount paid to the shareholders by way of interest on equity shall be deduced from the amount of the minimum mandatory dividend. At the discretion of the Board of Directors, ad referendum by the Shareholder's General Meeting, interest amounts may be credited and paid to the shareholders or credited to the shareholders and later incorporated into the capital, instead of being distributed and paid."

2011

"Article 24 of the Bylaws of the Company:

§3 The shareholders are assured of the right to receive an annual mandatory dividend, not less than twenty-five percent (25%) of the net income of the period, minus or plus the following amounts: (i) amount allocated to the formation of the legal reserve; (ii) amount allocated to the formation of the reserve for contingencies and reversion of such reserves constituted in previous years; and (iii) amount resulting from the reversion of the reserve for unrealized profits constituted in previous years, pursuant to article 202, item II of Law No. 6404/76.

§4. The payment of the mandatory dividend may be limited to the amount of the realized net income, pursuant to the law.

§5. The Company may pay or credit interest, on account of remuneration of own capital, calculated on the equity accounts, complying with the rate and the limits established in the tax legislation. The amount paid to the shareholders by way of interest on equity shall be deduced from the amount of the minimum mandatory dividend. At the discretion of the Board of Directors, ad referendum by the Shareholder's General Meeting, interest amounts may be credited and paid to the shareholders or credited to the shareholders and later incorporated into the capital, instead of being distributed and paid."

	R$ million		
Dividend and interest on equity amounts	**2013**	**2012**	**2011**
i. Proposed Dividends	38.6	5.1	26.3
ii. Interest on Equity (includes Income Tax)	61.4	60.7	50.5

c. Frequency of distribution of dividends

Article 24, Paragraph 3 of the Bylaws of the Company - The dividends are distributed annually. Paragraph 5 - It is up to the Board of Directors to decide, on a quarterly basis, on the distribution of interest on equity, calculated towards the mandatory dividend.

Article 25 of the Bylaws of the Company - The Board of Directors may also request interim balance sheets in order to declare dividends from the profits verified in these balance sheets or from retained earnings.

d. Any restrictions on the payment of dividends imposed by law or special regulation applicable to the Issuer, as well as agreements or legal, administrative or arbitration decisions.

There is restriction to the distribution and payment of dividends and interest on equity or any other share in profits prescribed in the Company's Bylaws above the legal minimum in the event the Company is in default in the pecuniary obligations foreseen in its Debenture Issue Deeds, safeguarding, however, the payment of the minimum dividend envisaged in article 202 of the Brazilian Law of Corporations.

3.5 Dividend distributions and retained earnings

(in Brazilian real)	Fiscal year 12/31/2013	Fiscal year 12/31/2012	Fiscal year 12/31/2011
Adjusted net income	365,129,000.00	228,889,000.00	277,060,000.00
Dividend distribution as a percentage of adjusted net income	25.050694	25.139493	25.175828
Rate of return over shareholders' equity	28.656554	18.187240	26.025917
Total dividend distribution	91,467,348.49	57,541,533.29	69,752,149.16
Retained earnings	284,342,000.00	175,248,000.00	225,790,467.81
Date of retention approval	4/29/2014	4/29/2013	4/13/2012

Retained earnings	**Amount**	**Payment date**	**Amount**	**Payment date**	**Amount**	**Payment date**
Interest on equity						
Common shares	12,483,921.46	5/3/2013	12,391,411,53	5/3/2012	10,405,110,37	8/25/2011
Common shares	13,403,031.13	8/14/2013				
Common shares	12,541,738.34	11/14/2013				
Common shares	14,427,030.55	2/10/2014				
Common shares			13,289,934,88	8/17/2012		
Common shares			12,926,525,61	11/14/2012		
Common shares			13,790,463,93	2/8/2013		
Common shares						
Common shares					12,112,314,13	2/10/2012
Common shares					11,175,545,84	11/18/2011
Common shares					9,755,754,65	5/19/2011
Mandatory dividends						
Common shares	38,611,627.01	5/16/2014	5,143,197.34	6/18/2013	26,303,424.17	6/6/2012

3.6 Dividends declared out of retained earnings or reserves

Dividends

In a meeting held on October 24, 2013, the Board of Directors authorized, pursuant to the Company's Bylaws, the credit and payment to shareholders of extraordinary dividends of R$250.0 million, using R$163.2 million from the balance of retained earnings in 2012, and R$86.8 million from a part of the balance statutory reserve of previous fiscal years. The payment was made on November 13, 2013 to all shareholders of record on October 31, 2013, for earnings per share of R$1.201998.

In the Annual and Extraordinary Shareholders' Meeting held on April 29, 2014, shareholders ratified the decision of the Board of Directors of October 24, 2013, related to the credit and payment to shareholders of extraordinary dividends of R$250.0 million, which was made on November 13, 2013; and also approved the allocation of R$38.6 million towards payment of dividends to shareholders to complete the mandatory dividends of 25% of adjusted net income.

On December 31, 2012 and 2011, no dividends were declared out of retained earnings or reserves constituted in previous years.

To add the payment of minimum mandatory dividend of 25% on adjusted net income, the Annual Shareholders' Meeting held on April 25, 2011 ratified the following allocations: (i) R$3.9 million, corresponding to the difference from the net income in 2009, during the first-time adoption of the new accounting practices (IFRS) in Brazil; and (ii) R$19.4 million corresponding to the net income in 2010.

3.7 Level of indebtedness

Fiscal Year	Total debt of any type	Type of ratio	Debt ratio	Description and reason for using a different ratio
12/31/2012	3,236,992,000.00	Debt ratio	2.41348993	
	0.00	Other ratios	1.44453212	Net debt / Adjusted EBITDA (Consolidated) - The Company uses adjusted EBITDA to demonstrate compliance with covenants of certain debenture offerings and other debts. Adjusted EBITDA is earnings before income tax and social contribution, financial expenses, depreciation and amortization expenses, cost of stock options and non-recurring expenses.
	0.00	Other ratios	8.28955175	EBITDA / Net Financial expenses (Consolidated) – The Company believes that this ratio is appropriate to show its capacity to honor its financial expenses.
	0.00	Other ratios	1.45418570	Net debt / EBITDA (Consolidated) – The Company believes that this ratio is appropriate to show its indebtedness since it is provided for in the indentures of debenture issues and is constantly monitored.
	0.00	Other ratios	0.99373028	Net debt / Equity (Consolidated) – The Company believes that this ratio represents the relation between third party capital and shareholders' equity capital.
	0.00	Other ratios	0.47635504	Net debt / Value of fleet (Consolidated) – The Company believes that this ratio is appropriate, because it represents the value of the fleet of the Company that would be necessary to pay all of the Company's debt.

3.8 Liabilities by nature and maturity

Fiscal Year (12/31/2012)					
Type of debt	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
Collateralized	202,722,000.00	31,016,000.00	0.00	111,795,000.00	345,533,000.00
Floating Charge	93,139,000.00	168,000,000.00	0.00	0.00	261,139,000.00
Unsecured	680,797,000.00	1,201,129,000.00	468,000,000.00	280,394,000.00	2,630,320,000.00
Total	976,658,000.00	1,400,145,000.00	468,000,000.00	392,189,000.00	3,236,992,000.00

Notes
The information in this chart refers to the Consolidated Financial Statements. The composition of the balances of each debt type is as follows:
Collateralized – Social and labor obligations, Income Tax and Social Contribution, Deferred Income Tax and Social Contribution and Financial Leasing;
Floating charge – Debentures (2nd and 4th Issues of Localiza);
Unsecured – Suppliers, Loans, Financing and Debentures (except financial leasing and Debentures of the 2nd and 4th issues of Localiza Rent a Car S.A.), Dividends and Interest on equity, Other current liabilities, Provisions and Other non-current liabilities.

3.9 Other material information

a. Information on interest on equity

The amounts of interest on equity informed in item 3.5 are shown net of Withholding Income Tax. The amount of taxes recorded in December 2013, 2012 and 2011 was R$8.7 million, R$8.6 million and R$7.5 million, respectively, and the amounts effectively paid were R$8.5 million, R$ 8.3 million and R$7.1 million respectively, causing a difference between the amount paid and the amount provisioned. This difference results from exempt shareholders on the date of the equity position, which was not known on the provision date.

b. Bylaws of the Company

The Extraordinary Shareholders' Meeting held on April 25, 2012 approved the amendment to the Bylaws to adapt them to the new rules of the BM&FBOVESPA S.A's Novo Mercado, as well as other voluntary amendments related to the corporate governance of the Company.

Accordingly, the rules for profit retention mentioned in item 3.4 (a) of this Form have undergone amendments in sub-item "f", paragraph 2 of article 24 of the Bylaws of the Company, in order to clarify the calculation of the 'reserve for investments, expansion and renewal of the fleet' of the Company. The final text has the following wording:

"*Article 24*

§ 2 (...)

f. a portion formed by up to 100% of the residual profits after legal and statutory deductions may be allocated to the formation of "reserve for investments", whose purpose is to finance investments in the renewal and expansion of the Company's and its subsidiaries' cars. This reserve may not exceed the following values, whichever is less: (i) 80% of the capital; or (ii) the value which, added to the balances of the other profit reserves, excluding the unrealized profit reserve and the reserve for contingencies, does not exceed 100% of the Company's capital. "

c. material information about financial aspects such as the existence of cross-default provisions in the contracts and debt securities of the issuer, including between the issuer and its group companies

The Company usually provides guarantees for funding and/or borrowing operations carried out by its subsidiaries.

On December 31, 2013, 2012 and 2011 there existed sureties related to guarantees for loans, financing and debentures, in the amount of R$651.3 million, R$767.7 million and R$990.4 million respectively, furnished between Localiza and Localiza Fleet. There also existed guarantees granted between companies in the contracting of bank guarantees in lawsuits on December 31, 2013, 2012 and 2011, in the amount of R$11.4 million, R$16.3 million and R$14.8 million, respectively. In the loans, financing and debentures operations of the wholly-owned subsidiary Localiza Fleet, the financial covenants, whenever demanded, were granted based on consolidated financial indicators.

4.1 Description of Risk Factors

a) Risks Relating to the Issuer

a.1) Change in the residual value of cars

a.1.1) The results of the Company may be affected by estimated residual value of cars differing from actual value

Rates of the Car Rental Division and the Fleet Rental Division consider in their calculation the estimated depreciation of the cars (the depreciation estimated of the cars is calculated by the difference between the acquisition cost of the car and the market value estimated for the foreseen sales date, less selling expenses).

Overestimating the sales value implies in the reduction of the estimated depreciation, which improves the operating result temporarily, since the loss will only be recognized at the moment of sale of the car.

Overestimating the residual value of cats in the fleet may had an adverse impact on the Company's businesses, financial condition and operating results, due to inaccurate estimates of car rental fees. This risk is more significant in the Fleet Rental Division, where the depreciation cost has a greater impact and where contracts carry longer terms, usually ranging from 2 to 4 years.

a.1.2) Change in the residual value of cars due to the increase in installed capacity of carmakers outpacing the growth in demand

The announced increase in the installed capacity of carmakers at a faster pace than the growth in domestic demand, combined with the barriers imposed by countries that traditionally import Brazil's surplus production, is increasing the inventory of new cars and underutilization of carmakers' production capacity. This scenario has been causing carmakers in Brazil to pressure the government to launch measures that stimulate demand for new cars. In addition, banks have adopted a more conservative lending policy due to the debt levels and rising interest rates.

This environment, which is affecting the new cars industry, could cause a positive or negative impact on the market for used cars and, consequently, the depreciable value of the fleet as a result of possible fluctuations in the estimated residual value of cars.

a.2) The business of the Company requires intensive long-term capital to finance fleet investments

The Company depends on its capacity to raise funds to make investments in its fleet. The ability to finance the fleet depends, in turn, on the operating performance, cash generation, and capacity to obtain long-term funds in the capital markets and/or through banks. The Company cannot assure that it will be able to obtain sufficient funds to invest in capital goods and to finance its fleet renewal and expansion strategy at adequate terms and costs, as a result of adverse macroeconomic conditions, its performance or other external factors, which could in turn adversely affect the fleet maintenance and/or expansion plans.

a.3) The Company is subject to restrictive covenants

The Company is subject to restrictive covenants pursuant to terms and conditions of financing agreements and local debentures issued ("Debentures"), which include, among others, limitations on its capacity to incur additional debt. In addition, debentures and loan agreements contain early maturity provisions and covenants restricting new funding operations under certain conditions. Should it need to incur new debt, whether due to its expansion plan, maturing debt or any other capital needs, the Company may be prevented from doing so by virtue of these covenants or it may have to prepay the debt to which the covenants apply, and this may lead to divestment of fleet to settle debts or limit the

expansion strategy, which may adversely affect operating results due to loss of scale gains in the Car Rental Division.

a.4) The loss of services of senior management or the incapacity to attract and retain employees could adversely affect the Company's activity, financial situation and operating results of the Company

The Company's management and operations depend greatly on the participation of its key Executive Officers and Senior Managers. The Company cannot assure that it will have success in attracting and retaining key executives. The loss of key managers or incapacity to attract and hire other members could adversely affect the Company's capacity to implement its business strategy, and maintain its financial condition and operating results.

a.5) The Company is not covered by insurance against certain risks

Cars from our Car Rental Division are only covered by insurance during the period in which they are rented and are uninsured during the periods in which they are not being rented. The Company is subject to claims for personal injury, death and pecuniary damage resulting from the use of the rented cars, above the value covered by insurance contracted by clients or for cars for which insurance has not been contracted. Accordingly, the Company may be exposed to liabilities for which it is not insured and, if it is unable to otherwise recover these amounts from users/ customers who rented cars, its operating results may be adversely affected.

b) Industries where the Company operates

b.1) A decline in the level of economic activity in Brazil may reduce the demand for car rentals.

The operating results of the Company, particularly those related to the car rental market, are strongly affected by the level of economic activity in Brazil. A decline in economic activity results in reduction in leisure and business travel and investments, and, consequently, a decrease in demand for car rentals. In the event of a decline in demand the Company may reduce the size of its fleet in order to maintain its occupancy rate. These factors may negatively affect its results due to the loss of scale resulting from the dilution of fixed costs. In addition, a decrease in the level of economic activity in Brazil may also affect the demand in the Fleet Rental Division and for decommissioned cars.

b.2) Car rental demand may be affected by the decline in the flow of airline passengers.

The car rental operations at airports account for a material share of the Company's revenues. For the fiscal year ended December 31, 2013, 32.0% of the car rental revenues (excluding revenue from car sales and franchises) were generated from rentals at airports. Events that may lead to a decrease in air travel include higher airfares, strikes, decreased economic activity, airplane accidents, terrorist incidents and natural occurrences. A decrease in the flow of passengers traveling by air over a prolonged period of time may adversely affect its business and operating results.

b.3) The car rental and fleet rental segments are highly competitive

The car rental and fleet rental segments are highly competitive. According to the Brazilian Association of Car Rental Companies (ABLA), as of December 31, 2013, there were approximately 2,596 car rental and fleet management companies operating in Brazil. However, there are approximately 27,000 taxpayer IDs (CNPJ) with the CNAE service code "Car rental without driver", and therefore the car rental market could be larger than the estimates of ABLA. The fleet rental segment has few entry barriers and the rental rates are a key factor in customers' decision. In addition, customers generally view the fleet management industry as a standardized industry without many substantial differences among the various companies in the market. The Company faces competition from Brazilian and foreign rental companies of various sizes, including small regional rental companies. It also has various competitors in local markets which, due to their small size and their local operation, operate with lower fixed costs and offer competitive prices,

despite their smaller scale to acquire cars and higher capital costs. This may adversely affect the growth and profitability of the Fleet Rental Division.

c) Risks related to shareholders

***c.1)* The Bylaws of the Company contain provisions to safeguard dispersed shareholding, which could impede or delay operations that benefit our shareholders.**

The Company's Bylaws contain certain provisions that make it difficult to acquire substantial tranches of our outstanding shares by a single investor or a group of investors. Any shareholder or group of shareholders representing the same interest, who becomes the holder of 15% or more of the capital, will be obliged to hold or request the holding of a public tender offer for the shares held by other shareholders of the Company within 10 business days starting from the date of submission of the valuation report of the Company and its shares. Provisions of this kind may cause difficulties or restrict operations that could be of interest to certain investors.

c.2) The Company does not have any controlling shareholder or controlling group holding more than 50% of the voting capital, which could make us susceptible to alliances among shareholders, conflicts of interest between shareholders and other events arising from the absence of a controlling shareholder or controlling group holding more than 50% of its voting capital.

The Company does not have one controlling shareholder or any group holding absolute majority of its voting capital. Nevertheless, there could be alliances or voting agreements among shareholders, which could have the same effect as having a controlling group. If a controlling group emerges and it holds the decision-making power in the Company, the Company's policies and strategies could undergo sudden and unexpected changes, including the replacement of its management. Moreover, we could become more vulnerable to hostile takeover attempts and resulting conflicts. The absence of a shareholder or controlling group holding more than 50% of the voting capital could make certain decision-making processes difficult as the quorum required by law for certain resolutions may not be reached.

In this case, the Company and non-controlling shareholders may not enjoy the same protection granted by Federal Law 6,404/76 against abuses by other shareholders and, consequently, may have difficulty in obtaining indemnification for damages caused. Any sudden or unexpected change in our management team, our business policy or strategic direction, hostile takeover attempt or any dispute between the shareholders concerning their respective rights could adversely affect the Company.

d) Regulation of industries where the Company operates

d.1) The Company is subject to the risk of non-renewal of airport concessions.

In Brazil, the Company directly conducts rental operations at 63 airports, while its franchisees operate in 37 other airports. The Company conducts operations at each airport in Brazil pursuant to its concession agreements entered into with INFRAERO or concessionaires and state and municipal airport authorities. The terms of these concessions are generally of 60 months. Of the concession agreements referred to above, 13 are due to expire in 2014 and 28 in 2015. In 2013, 32.0% of the car rental revenue came from rentals at airports (excluding revenues from car sales and franchisees). In 2012, the government started privatizing a few of the main airports.

The Company cannot foresee whether it will continue to be successful in renewing all or substantially all of these concessions on acceptable costs. The loss of a significant amount of concessions at small airports, or the loss of any concession at major airports, could result in a material decrease in its revenue and may adversely affect its businesses, operating results and outlook.

e) Risks relating to Brazil

e.1) The Federal Government has exercised, and continues to exercise, significant influence over the Brazilian economy. This influence, as well as Brazilian political and economic conditions could adversely and indirectly affect our business, financial condition and operating results.

The Federal Government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policy and regulations. The Federal Government's actions to control inflation and implement other policies and regulations frequently involve, among other measures, increases in interest rates, price controls, interference in the foreign exchange market, restrictions on remittances abroad and limits on imports, among others. Localiza does not have any control over what policies or regulations that the Federal Government may adopt in the future. Its business, operating results and prospects may be adversely affected by changes in politics or regulations which involve or affect certain factors such as:

- inflation;
- exchange rate policies;
- low domestic economic growth;
- reduction in liquidity of domestic capital and credit markets;
- monetary policies;
- interest rates;
- social or political instability;
- tax policies and changes in tax legislation; and
- other political, social and economic developments in or affecting Brazil.

One of the measures adopted by the Federal Government to drive consumption in Brazil was the temporary reduction in the tax on manufactured goods (IPI tax) on new cars by up to 7 percentage points. This measure was implemented in 2008 and 2012, resulting in a reduction in the price of used cars. To reflect the reduction in the average selling price of decommissioned cars, in 2012, the Company recognized additional depreciation of R$144.5 million in its financial statements prepared according to IFRS.

e.2) The Company is subject to the risk of a review of its local rating.

Localiza's local rating, assigned by rating agencies Moody's, Standard & Poor's and Fitch, at Aa1.br, brAAA and AAA(bra), respectively, may be impacted by any review of Brazil's sovereign rating. If this happens, the downgrading of Brazil's sovereign rating to the equivalent of "BB", the global rating of Localiza, given that our revenues are almost 100% originated in local currency, may be downgraded equivalently, which, due to the technical correlation between the global and local risk, may lead to the automatic downgrading of its local rating to the equivalent of "AA". In such a condition, the 7th issue of debentures of Localiza will require a General Meeting of Debenture Holders to decide on the early maturity of the debentures. Moreover, said downgrading may increase borrowing costs and restrict access to the debt capital markets.

e.3) Federal Government's efforts to fight inflation may hinder the growth of the Brazilian economy and could harm our business.

Brazil has, in the past, experienced high rates of inflation and therefore the Federal Government followed monetary policies to combat inflation that have had a significantly negative effect on the Brazilian economy. Between 2004 and 2013, the basic interest rate (SELIC) in Brazil ranged between 19.8% and 7.25% per year. As of December 31, 2013, the basic interest rate was 10% p.a. As of December 31, 2012, the basic interest rate was 7.25%. Inflation and the Federal Government's measures to fight it, mainly through the Central Bank, have had and may have significant effects on the Brazilian economy and our business. Adjusted monetary policies with high interest rates may restrict Brazil's growth and increase costs for obtaining credit. On the other hand, more lenient government and Central Bank policies

and interest rate decreases may trigger increases in inflation and, consequently, volatility of growth and the need for sudden and significant interest rate increases, which could adversely affect our Company´s business.

e.4) Changes in tax legislation may result in increases in certain direct and indirect taxes, which may reduce profitability

The Brazilian government regularly implements changes in the tax system, representing a potential increase in both the Company's tax burden and that of its customers. Such changes include changes in tax rates and, occasionally, the creation of temporary taxes, whose revenue is linked to specific governmental purposes. In case such changes increase the Company's tax burden, its net margin may be reduced, adversely impacting the operating results.

f) Foreign countries where the Company operates

f.1) Losses of franchise agreements abroad

Besides Brazil, the Company operates in 8 South American countries (Argentina, Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru and Uruguay) on a Franchising basis, with total annual revenue of R$0.7 million, R$0.5 million and R$0.4 million in 2013, 2012 and 2011, respectively. The loss of any international franchise may affect the Company's distribution network in South America.

g) Risks related to its customers

No risks were identified in relation to the Company’s customers, since there is not material concentration of volumes and/or revenues.

4.2 Comments on the expectations that exposure to these risk factors may change

No increases or decreases in exposure to the risk factors described in the previous item are expected, although Management believes it is relevant to comment on the measures adopted to reduce the exposure to the following risk factors:

a) The Company's results may be affected by the difference between the estimated and actual residual value of cars.

The Management of the Company reviews on a quarterly basis the estimated residual values of cars for the end of their estimated useful lives by monitoring the retail sale price of new and used cars.

This revision in the estimated value of cars enables greater accuracy in determining the depreciable value, which corresponds to the positive difference between the acquisition cost and the estimated residual value, net of estimated selling expenses. As a result of said revision, we are able to adjust rental fees in light of adverse scenarios.

In addition, the Company adopts in its Fleet Rental Division the practice of depreciating cars using the sum of the digits or exponential method, since this method better reflects the pattern of consumption of economic benefits, which decrease over the useful life of cars. The depreciation is recognized in a manner such that the amount to be depreciated is fully written off by the end of the useful life of the car.

b) The Company's businesses require intensive long-term capital inflows to finance fleet investments.

The Company adopts the strategy of maintaining a capital structure and cash position that are compatible with its short-term debt and the lengthy debt amortization schedule. As a result of this strategy, we have received positive ratings by the rating agencies and, consequently, have lower debt costs and debt maturities that are adequate to the Company's business model.

4.3 Material arbitration, administrative and court proceedings (not protected by absolute privilege)

Following are the most important tax claims, as well as chances of loss (classified as probable, possible and remote):

The Company and its subsidiaries are parties to court, administrative or arbitration proceedings.

IPVA – Vehicle Ownership Tax

Localiza and its wholly-owned subsidiary Localiza Fleet are parties in several proceedings questioning the payment of IPVA in São Paulo state, due to State Law No. 13,296/2008. The Company and its wholly-owned subsidiary Localiza Fleet have their tax domicile in Belo Horizonte in Minas Gerais state, where the head office and administrative office of the Company are located and, in compliance with article 120 of the National Traffic Code, the companies register the cars they own in this city, paying the IPVA tax to the state of Minas Gerais. The Company has not constituted any provision for these disputes since the chance of loss is only possible, in the opinion of its legal advisors based on the legal and constitutional provisions relating to IPVA (articles 155, III and 158, III, of CF/88 and articles 120 of CTB, 75, IV and paragraph 1 of the Civil Code, 110 and 127 of CTN). The Company believes that these proceedings are relevant considering the amount involved, as well as the financial and operational impacts. These claims are secured by bank letters of guarantee in the amount of R$8,039 thousand and escrow deposits in the amount of R$11,919 thousand, on December 31, 2013 (R$7,398 thousand in deposits and guarantees on December 31, 2012).

On December 31, 2013, the lawsuits involving IPVA-related disputes are:

R$ thousand

Subject Matter	IPVA (tax on vehicles)	IPVA (tax on vehicles)	IPVA (tax on vehicles)	IPVA (tax on vehicles)	IPVA (tax on vehicles)
Case Number	Sundry	Sundry	Action for Annulment 0002832-27.2012.8.26.0053	0036500-86.2012.8.26.0053	0036501-71.2012.8.26.0053
Court	Court of State Tax Foreclosure	1st Court of the Tax Authority	12th Court of the Tax Authority	10th Court of the Tax Authority	7th Court of the Tax Authority
Current Instance	Various	Various	Lower Court - Judicial District of São Paulo	Lower Court - Judicial District of São Paulo	Lower Court - Judicial District of São Paulo
File Date	6/14/2012	Sundry	1/24/2012	8/7/2012	8/7/2012
Plaintiff	Sundry	State of São Paulo (State Tax Authority)	State of São Paulo (State Tax Authority)	State of São Paulo (State Tax Authority)	State of São Paulo (State Tax Authority)
Defendant	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.	Localiza Fleet S.A.	Localiza Fleet S.A.	Localiza Fleet S.A.
Values, assets or rights involved	Sundry	None	Deposit in Court in the amount of R$ 143, on 1/23/12	Bank Guarantee Letter no.. 0041212000100, issued by Banco Itaú, in the amount of R$ 1.348. Deposit in Court in the amount of R$ 2.417 on 15/10/13. Request filed for striking out the guarantee.	Defendant presented Bank Guarantee Letter Itaú no. 100412110125400, issued on 11/22/2012, R$ 1,333. Deposit in Court in the amount of R$ 2.292, on 15/10/13. Request filed for striking out the guarantee.
Main Facts	Sundry	A total of 775 IPVA tax claims	01/23/12 - deposit made of the amounts registered as overdue tax liability; 1/26/12 - injunction granted suspending the tax liability; Current status: Awaiting judgment on 1st instance	07/08/12 – suit filed 31/08/12 – published ruling denying the interlocutory relief. 12/09/12 – Interlocutory appeal filed 26/04/13 – order published: "I maintain the decision based on its grounds. The parties shall take cognizance that the ruling of the Court of Justice shall remain valid". 16/10/13 – protocol of proof of the Deposit in Court in the amount of R$ 2,417, replacing the letter of guarantee given previously. Current status: awaiting judgment.	07/08/12 – suit filed 20/08/12 – published ruling denying the interlocutory relief. 17/12/12 – filing of pleading bank suretyships offer as guarantee Itaú nº 100412110125400 and respective Addendum, rectifying the guarantee amount. 16/10/13 – protocol of proof of Deposit in Court in the amount of R$ 2,292, replacing the letter of guarantee given previously. 29/10/13 – protocol of motion by the Plaintiffs notifying the noncompliance with the court order in force, requesting the recognition of the nullity of registrations of overdue tax liabilities made after the suspension of the requirement to pay the debits and the calculation of the amount deposited in court corresponding to interest in arrears from registration as overdue tax liability. Current status: awaiting judgment.
Likelihood of losing the case	Possible	Possible	Possible	Possible	Possible
Impact in the event of losing the lawsuit	R$ 3,107	R$ 9,461	R$ 527	R$ 2,417	R$ 2,292
Provisioned amount	R$ -	R$ -	R$ -	R$ -	
Restricted deposit	R$ 3,928	R$ -	R$283	R$ 2,453	R$ 2,327

R$ thousand

Subject Matter	IPVA (tax on vehicles)	IPVA (tax on vehicles)	IPVA (tax on vehicles)
Case Number	0036503-41.2012.8.26.0053	0036502-56.2012.8.26.0053	Sundry
Court	6th Court of the Tax Authority	7th Court of the Tax Authority	Sundry
Current Instance	Appellate Court - Court of Justice of São Paulo	Lower Court - Judicial District of São Paulo	Various
File Date	8/7/2012	8/7/2012	Sundry
Plaintiff	State of São Paulo (State Tax Authority)	State of São Paulo (State Tax Authority)	Sundry
Defendant	Localiza Fleet S.A.	Localiza Fleet S.A.	Localiza Fleet S.A.
Values, assets or rights involved	Deposit in Court in the amount of R$ 1,741, made on 10/9/2013.	Bank Guarantee Letter no. 100412110125500, issued by Banco Itaú BBA S/A, in the amount of R$ 1,271 Deposit in Court in the amount of R$ 2,287, on 10/15/13. Request filed for striking out the guarantee	Sundry
Main Facts	07/08/12 – suit filed 17/08/12 – published ruling denying the interlocutory relief, to suspend the requirement to pay the tax debits object of annulment (art. 151, V, CTN). 30/07/13 – publication of ruling denying the initial requests. 10/10/13 – filing of pleading for deposit in court, in the amount of R$ 1,741, for the purpose of suspending the requirement to pay the tax credit. Current status: awaiting judgment of appeal filed by Localiza	07/08/12 – suit filed 22/08/12 – published ruling denying the interlocutory relief and determining that the Plaintiffs justify the amount claimed. 07/12/12 – filing of pleading bank suretyships . 16/10/13 – protocol of proof of Deposit in Court in the amount of R$ 2,287, replacing the letter of guarantee given previously. 29/10/13 – protocol of motion by the Plaintiffs notifying the noncompliance with the court order in force, requesting the recognition of the nullity of registrations of overdue tax liabilities made after the suspension of the requirement to pay the debits and the calculation of the amount deposited in court corresponding to interest in arrears from registration as overdue tax liability. Current status: awaiting judgment	A total of 20 IPVA tax claims
Likelihood of losing the case	Possible	Possible	Possible
Impact in the event of losing the lawsuit	R$ 1,741.00	R$ 2,287	R$ 1,769
Provisioned amount	R$ -		R$ -
Restricted deposit	R$ 1,767.00	R$ 2,322	R$ -

Social security

On December 31, 2013, the Company and its subsidiaries are parties in several proceedings related to social security, mainly with regard to: i) indemnities; ii) educational salary and INCRA on the remuneration of self-employed persons and labor claims; and iii) Accident Prevention Factor (FAP). There are precedents and court decisions that support the Company's arguments.

These claims are secured by bank letters of guarantee in the amount of R$12,476 thousand and escrow deposits in the amount of R$957 thousand, on December 31, 2013 (R$14,340 thousand in deposits and guarantees on December 31, 2012).

On December 31, 2013, the social security proceedings are:

R$ thousand

Subject Matter	Social Security contribution on: Group Life Insurance; Profit Sharing (employees and non-employee directors)	Contribution to SEST/SENAT on: PAT, Copa Prêmio and profit sharing (PLR)	Social security SEST/SENAT on: Group Life Insurance; Profit Sharing (employees and non-employee directors), Private Pension Plan.
Case Number	NFLD 35.349683-9 Tax Foreclosure no. 0013204-51.2007.4.01.3800; Motions no. 2007.38.00.024160-5	NFLD no. 35.476.685-5 (Action for Annulment no. 0022101-05.2006.4.01.3800)	NFLD no. 35.349.684-7 (Action for Annulment no. 0022101-05.2006.4.01.3800)
Court	23rd Federal Court	7th Panel	7th Panel
Current Instance	Lower Court - Court of Belo Horizonte/MG	Appellate Court - Regional Federal Court of the First Region	Appellate Court - Regional Federal Court of the First Region
File Date	5/18/2007	7/1/2006	7/1/2006
Plaintiff	INSS	Federal Government (Federal Tax Authority)	Federal Government (Federal Tax Authority)
Defendant	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.
Values, assets or rights involved	Bank guarantee letter - Banco Bradesco - R$ 3,095 on 6/28/07; Deposit in court - R$ 23 on 7/26/07.	Deposits in court made on 7/7/2006 in the amount of R$ 366 (full amount of the tax credit)	Deposits in court made on 7/7/2006 in the amount of R$ 161 (full amount of the tax credit)
Main Facts	5/18/07 - Tax foreclosure filed; 7/12/07 - Bank guarantee letter presented; 7/26/07 - Deposit in court made in addition to the bank guarantee; 7/31/07 - Motion to stay execution filed; 12/3/07 - Objection filed by Federal Government; 10/14/10 - permission for parties to specify evidence. Awaiting expert evidence performance. Current status: awaiting judgment on lower court.	7/1/06 - Action for Annulment filed; 7/7/06 - Motion presented including the proofs of deposit in court; 10/1/07 - Granted production of expert report; 3/6/09 - Expert report presented; 12/16/09 - Published ruling holding motion partially valid; 1/15/10 - Motion for Clarification filed; 4/5/10 - Motion for Clarification denied; 4/27/10 - Cross appeal filed by Localiza. Current status: Awaiting judgment of appeals	7/1/06 - Action for Annulment filed; 7/7/06 - Motion presented including the proofs of deposit in court; 1/10/07 - Granted production of expert report; 3/6/09 - Expert report presented; 12/16/09 - Published ruling holding motion partially valid; 1/15/10 - Motion for Clarification filed; 4/5/10 - Motion for Clarification denied; 4/27/10 - Cross appeal filed by Localiza. Current status: Awaiting judgment of appeals
Likelihood of losing the case	Remote	Probable (*)	Probable (*)
Impact in the event of losing the lawsuit	R$ 3,777	R$478	R$203
Provisioned amount	R$ -	R$111	R$9
Restricted deposit	R$36	R$638	R$282

R$ thousand

Subject Matter	Social Security contribution on: Group Life Insurance paid from Jul/93 to Feb/94.	Contribution to SEST/SENAT on: Compensation of autonomous workers and amounts paid in labor settlement agreements.	Social security: Contribution to Sesc/Senac	Social security contribution, education salary, INCRA and SAT on: compensation of autonomous workers; labor claims.
Case Number	NFLD no. 31.765.319-9. Action of Annulment no. 0017044-84.1998.4.01.3800	NFLD no. 35.476.536-1 (Action for Annulment no. 0022101-05.2006.4.01.3800	NFLDs 31.940.528-1 e 31.940.529-0 Tax Foreclosure 200238000375414	NFLDs 35.476.533-7 Tax Foreclosure no. 0053928-05.2004.4.01.3800
Court	20th Federal Court	7th Panel	27th Federal Court	25th Federal Court
Current Instance	Appellate Court - Regional Federal Court of the First Region	Appellate Court - Regional Federal Court of the First Region	Lower Court - Court of Belo Horizonte/MG	Appellate Court - Regional Federal Court of the First Region
File Date	7/13/1998	7/1/2006	9/25/2002	12/17/2004
Plaintiff	INSS	Federal Government (Federal Tax Authority)	Federal Government (Federal Tax Authority)	INSS
Defendant	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.
Values, assets or rights involved	Deposit in court R$ 20	Deposits in court made on 7/7/2006 in the amount of R$ 21 (full amount of the tax credit)	Deposits in court in the amount of R$ 77 on Nov/2002	Bank guarantee letters granted in the full amount of the tax credit
Main Facts	7/13/98 - Suit registered; 8/22/00 - Favorable ruling. Current status: Awaiting judgment of Appeal filed by the Federal Government	7/1/06 - Action for Annulment filed; 7/7/06 - Motion presented including the proofs of deposit in court; 10/1/07 - Granted production of expert report; 3/6/09 - Expert report presented; 12/16/09 - Published ruling holding motion partially valid; 11/30/09 -Liability included in the amnesty granted by Law 11,941/09. Pleading filed partially discontinuing and abandoning the suit. Current status: waiting judicial authorization for conversion into income and withdrawal of deposit in court.	11/30/09 -Liability included in the amnesty granted by Law 11,941/09. Pleading filed partially discontinuing and abandoning the suit. Current status: waiting judicial authorization for conversion into income and withdrawal of deposit in court.	12/17/04 - Tax foreclosure filed; 1/9/05 - Pleading bank suretyships offer as guarantee filed; 2/9/05 - Motion to stay execution filed; 9/21/09 - Published judgment holding motion partially valid; 4/6/10 - Appeals filed by National Treasury. 3/9/11 - Awaiting judgment of Appeal. Current status: Awaiting judgment of Appeal.
Likelihood of losing the case	Remote	N/A - Amnesty	N/A - Amnesty	Probable (*)
Impact in the event of losing the lawsuit	R$90	R$16	R$49	R$ 1,411
Provisioned amount	R$ -	R$16	R$49	R$221
Restricted deposit	R$64	R$21	R$97	R$ -

R$ thousand

Subject Matter	Social security contribution, education salary, INCRA and SAT on: compensation of autonomous workers; labor claims.	Social security contributions on compensatory payments: Paid period of notice	Social security contributions on compensatory payments: 15 days prior to sick pay and accident pay and one-third premium on vacation pay	Contribution of SAT/RAT increased by the FAP rate
Case Number	35.476.528-0 Tax Foreclosure no. 0053928-05.2004.4.01.3800	Writ of Mandamus no. 0005501-64.2010.4.01.3800	Lawsuit no. 0023320-84.2009.4.01.3400	Writ of Mandamus 2010.38.00.002032-0
Court	25th Federal Court	10th Federal Court	Panel	19th Federal Court
Current Instance	Appellate Court - Regional Federal Court of the First Region	Third instance - Superior Court of Justice	Lower Court - Court of the Federal District	Appellate Court - Regional Federal Court of the First Region
File Date	12/17/2004	1/28/2010	7/31/2009	1/25/2010
Plaintiff	INSS	District Director of the Revenue Office of Brasil in Belo Horizonte/MG	Federal Government (Federal Tax Authority)	District Director of the Revenue Office
Defendant	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.
Values, assets or rights involved	Bank guarantee letters granted in the full amount of the tax credit	None	None	None
Main Facts	12/17/04 - Tax foreclosure filed; 1/9/05 - Pleading bank suretyships offer as guarantee filed; 2/9/05 - Motion to stay execution filed; 9/21/09 - Published judgment holding motion partially valid; 4/6/10 - Appeals filed by National Treasury. 3/9/11 - Awaiting judgment of Appeal. Current status: Awaiting judgment of Appeal.	2/1/2010 - Injunction granted; 6/24/2010 - Favorable judgment delivered, waiving social security contributions on paid period of notice; Records submitted to the Court to decide on the appeal filed by the Federal Government; 9/30/2011 - appellate decision published denying the Federal Government's appeal and partially approved the remittance necessary, only to prevent the payment of compensation using any outstanding taxes administered by Brazil's Federal Revenue Service. Current status: Action suspended, awaiting judgment of the appeal at the Federal Supreme Court (565160)	9/21/09 - Judgment partially upholding the injunction (with regard to sick pay, accident pay) and rejecting in respect of the one-third premium on vacation pay and maternity leave wage. 3/24/10 - Interlocutory appeal filed by the Plaintiffs and by the Federal Government; 7/29/10 - Judgment partially approving the interlocutory appeal of the plaintiffs to determine the non-levy of contributions also on vacation pay. Current status: awaiting judgment on lower court.	1/25/2010 - Writ of Mandamus filed; 3/2/11 - Injunction denied; 3/25/11 - Appeal filed; 6/15/10 - Published judgment which granted, in limine, the interlocutory relief; 2/7/11 - Published judgment rejecting the writ of mandamus; 2/10/11 - Appeal filed by Localiza; 3/16/11 - Granted supersedes effect of appeal so that the injunction effects remain. Current status: Awaiting judgment of Appeal.
Likelihood of losing the case	Probable (*)	Possible	Possible	Possible
Impact in the event of losing the lawsuit	R$533	R$298	R$709	R$ 2,782
Provisioned amount	R$58	R$298	R$709	R$ 2,782
Restricted deposit	R$ -	R$ -	R$ -	R$ -

R$ thousand

Subject Matter	Contribution of SAT/RAT increased by the FAP rate	Social security contributions on compensatory payments: Paid period of notice	Social security contributions on compensatory payments: 15 days prior to sick pay and accident pay and one-third premium on vacation pay	Social security contributions on compensatory payments: Paid period of notice
Case Number	201038000020316	Writ of Mandamus no. 0005501-64.2010.4.01.3800	Lawsuit no. 0023320-84.2009.4.01.3400	Writ of Mandamus no. 0005501-64.2010.4.01.3800
Court	8th Federal Court	10th Federal Court	Panel	10th Federal Court
Current Instance	Appellate Court - Regional Federal Court of the First Region	Third instance - Superior Court of Justice	Lower Court - Court of the Federal District	Third instance - Superior Court of Justice
File Date	1/25/2010	1/28/2010	7/31/2009	1/28/2010
Plaintiff	District Director of the Revenue Office	District Director of the Revenue Office of Brasil in Belo Horizonte/MG	Federal Government (Federal Tax Authority)	District Director of the Revenue Office of Brasil in Belo Horizonte/MG
Defendant	Localiza Fleet S.A.	Localiza Fleet S.A.	Localiza Fleet S.A.	Localiza Serviços Prime S.A
Values, assets or rights involved	None	None	None	None
Main Facts	1/25/10 - Writ of Mandamus filed; 3/15/10 - Injunction denied; 3/20/10 - Interlocutory appeal filed; 8/30/10 - published judgment which granted suspensory effect of the Interlocutory Appeal, allowing the payment of SAT/RAT without FAP rate; 11/25/10 - Case ready for judgment. 10/4/11 - Judgment overruled order; 10/9/11 - Appeal filed. Current status: Awaiting judgment of Appeal.	2/1/2010 - Injunction granted; 6/24/2010 - Favorable judgment delivered, waiving social security contributions on paid period of notice; Records submitted to the Court to decide on the appeal filed by the Federal Government; 9/30/2011 - appellate decision published denying the Federal Government's appeal and partially approved the remittance necessary, only to prevent the payment of compensation using any outstanding taxes administered by Brazil's Federal Revenue Service. Current status: Action suspended, awaiting judgment of the appeal at the Federal Supreme Court (565160)	9/21/09 - Judgment partially upholding the injunction (with regard to sick pay, accident pay) and rejecting in respect of the one-third premium on vacation pay and maternity leave wage. 3/24/10 - Interlocutory appeal filed by the Plaintiffs and by the Federal Government; 7/29/10 - Judgment partially approving the interlocutory appeal of the plaintiffs to determine the non-levy of contributions also on vacation pay. Current status: awaiting judgment on lower court.	2/1/2010 - Injunction granted; 6/24/2010 - Favorable judgment delivered, waiving social security contributions on paid period of notice; Records submitted to the Court to decide on the appeal filed by the Federal Government; 9/30/2011 - appellate decision published denying the Federal Government's appeal and partially approved the remittance necessary, only to prevent the payment of compensation using any outstanding taxes administered by Brazil's Federal Revenue Service. Current status: Action suspended, awaiting judgment of the appeal at the Federal Supreme Court (565160)
Likelihood of losing the case	Possible	Possible	Possible	Possible
Impact in the event of losing the lawsuit	R$62	R$52	R$205	R$115
Provisioned amount	R$62	R$52	R$205	R$115
Restricted deposit	R$ -	R$ -	R$ -	R$ -

R$ thousand

Subject Matter	Social security contributions on compensatory payments: 15 days prior to sick pay and accident pay and one-third premium on vacation pay	Social security contributions on compensatory payments: 15 days prior to sick pay and accident pay and one-third premium on vacation pay	Social security contributions on compensatory payments: Paid period of notice	Sundry Social Security Contribution
Case Number	Lawsuit no. 0023320-84.2009.4.01.3400	Lawsuit no. 0023320-84.2009.4.01.3400	Writ of Mandamus no. 0005501-64.2010.4.01.3800	Sundry
Court	Panel	Panel	10th Federal Court	Sundry
Current Instance	Lower Court - Court of the Federal District	Lower Court - Court of the Federal District	Third instance - Superior Court of Justice	Various
File Date	7/31/2009	7/31/2009	1/28/2010	Various
Plaintiff	Federal Government (Federal Tax Authority)	Federal Government (Federal Tax Authority)	District Director of the Revenue Office of Brasil in Belo Horizonte/MG	Sundry
Defendant	Localiza Serviços Prime S.A	Localiza Franchising Brasil S.A.	Localiza Franchising Brasil S.A.	Localiza Rent a Car S.A.
Values, assets or rights involved	None	None	None	Sundry
Main Facts	9/21/09 - Judgment partially upholding the injunction (with regard to sick pay, accident pay) and rejecting in respect of the one-third premium on vacation pay and maternity leave wage. 3/24/10 - Interlocutory appeal filed by the Plaintiffs and by the Federal Government; 7/29/10 - Judgment partially approving the interlocutory appeal of the plaintiffs to determine the non-levy of contributions also on vacation pay. Current status: awaiting judgment on lower court.	9/21/09 - Judgment partially upholding the injunction (with regard to sick pay, accident pay) and rejecting in respect of the one-third premium on vacation pay and maternity leave wage. 3/24/10 - Interlocutory appeal filed by the Plaintiffs and by the Federal Government; 7/29/10 - Judgment partially approving the interlocutory appeal of the plaintiffs to determine the non-levy of contributions also on vacation pay. Current status: awaiting judgment on lower court.	2/1/2010 - Injunction granted; 6/24/2010 - Favorable judgment delivered, waiving social security contributions on paid period of notice; Records submitted to the Court to decide on the appeal filed by the Federal Government; 9/30/2011 - appellate decision published denying the Federal Government's appeal and partially approved the remittance necessary, only to prevent the payment of compensation using any outstanding taxes administered by Brazil's Federal Revenue Service Current status: Action suspended, awaiting judgment of the appeal at the Federal Supreme Court (565160)	Sundry
Likelihood of losing the case	Possible	Possible	Possible	Sundry
Impact in the event of losing the lawsuit	R$288	R$13	R$1	R$ 2,852
Provisioned amount	R$288	R$13	R$1	R$ 2,852
Restricted deposit	R$ -	R$ -	R$ -	R$ -

(*) Provisions were constituted for amounts related to the NFLDs whose chance of loss is probable, and the same NFLD may have amounts classified as both possible and remote change of loss, with no provision constituted.

Other Insignificant Tax Claims

Below are other proceedings related to diverse taxes which are individually insignificant:

R$ thousand

Subject Matter	IRPJ, CSLL, IRRF/ILL, PIS and FINSOCIAL	IRPJ, IRRF, PIS	PIS - billing	Fire Fee
Case Number	Declaratory Judgment Action no. 1999.34.00.0358252 Administrative Proceedings no. 10680-023.835/99-20 10680-010.747/97-60	Action for Annulment no. 0022869-09.1998.4.01.3800 Administrative Proceedings no. 10680-009.821/90-47 10680-009.822/90-18 10680-009.823/90-72	Lawsuit no. 0021339-64.2002.4.01.3400	Writ of Mandamus no. 3320043-80.2004.8.13.0024
Court	6th Federal Court	8th Federal Court	7th Panel of Regional Federal Court of the First Region	4th Court of Tax Affairs of the Judicial District of Belo Horizonte
Current Instance	Lower Court - Court of the Federal District	Lower Court - Court of Belo Horizonte/MG	Appellate Court - Regional Federal Court of the First Region	Third instance - Federal Supreme Court
File Date	11/26/1999	5/26/1998	7/15/2002	5/4/2004
Plaintiff	Federal Government (Federal Tax Authority)	Federal Government (Federal Tax Authority)	Federal Government (Federal Tax Authority)	Superintendent of Tax Credit of the State Treasury Department of Minas Gerais
Defendant	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.	Localiza Rent a Car S/A
Values, assets or rights involved	Full deposit of the liability, in the amount of R$ 1,505, on 11/26/1999	Deposits in court in the amounts of R$222 and R$3, made on 5/29/1998 and 9/13/2002	Deposits in court made to suspend the requirement to pay the tax credits	Deposit in Court in the amount of R$ 6 on 8/11/05
Main Facts	11/26/99 - Suit registered; 2/14/00 - Objection filed by Federal Government; 2/4/09 - Expert report presented; 12/18/09 - Judgment held claims partially valid; 3/1/2010 - Pleading filed informing inclusion of part of the debt in the Tax Recovery Program (REFIS) and requesting partial discontinuance of suit; Current status: waiting judicial authorization for conversion into income and withdrawal of deposit in court.	5/26/98 – Suit filed; 7/31/98 – objection filed by Federal Government; 2/7/00 – expert report presented; 10/20/00 – Judgment held claims partially valid; 12/6/00 - Appeals presented by Localiza and by the Federal Government; 3/29/01 – proceeding forwarded tot he Eight Panel of the Federal Regional Court of the First Region; 11/30/09 - Pleading filed informing inclusion of part of the debt in the Tax Recovery Program (REFIS) and requesting discontinuance of suit;	7/15/02 - Suit registered; 8/8/02 - Interlocutory relief denied; 8/30/04 - Judgment denied claims; 10/9/04 - Appeal filed; 03/12/04 - Records submitted to Regional Federal Court (TRF); 7/13/2012 - Decision published denying appeal; 7/19/2012 - Declaration motion filed. Current status: Awaiting judgment of declaration motions by the TRF1	5/4/04 - Filing of Writ of Mandamus; 5/4/04 - Judgment granting injunction; 12/15/04 - Judgment granting writ of mandamus; 2/14/05 - Appeals filed by the State of Minas Gerais; 8/11/05 - Appellate decision granted appeal by the State and revised the ruling; 8/11/05 - Deposit in court made; 8/16/05 -Special and Extraordinary Appeals filed; 7/14/06 - Decision denied the appeals; 7/26/06 -Interlocutory appeals filed with STJ and STF; 3/25/08 - STJ ruled denying the appeal; Current status: awaiting judgment of the appeal by STF
Likelihood of losing the case	N/A - Amnesty	N/A - Amnesty	Possible	Probable
Impact in the event of losing the lawsuit	R$ 1,080	R$160	R$821	R$6
Provisioned amount	R$1.080	R$160	R$ 1,884	R$10
Restricted deposit	R$ 4,125	R$593	R$ 1,884	R$10

R$ thousand

Subject Matter	Land Use Fee	IPTU (real estate tax)	IPTU (real estate tax)	Sundry
Case Number	Tax Foreclosure no. 0013396-92.2003.4.05.8300; Motions no. 0015499-72.2003.4.05.8300	0034245-30.1997.805.0001	0004320-28.2000.8.08.0024	Sundry
Court	11th Federal Court in Recife	9th Court of the Tax Authority	12th Civil Court - Municipal Tax Foreclosure of the Judicial District of Vitória/ES	Sundry
Current Instance	Lower Court - Court of Recife - PE	Appellate Court - Court of Justice of Bahia	Third instance - Federal Supreme Court	Various
File Date	6/11/2003	1/7/1999	4/22/2003	Sundry
Plaintiff	Federal Government	City of Salvador (Municipal Tax Authority)	City of Vitória (Municipal Tax Authority)	Sundry
Defendant	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.
Values, assets or rights involved	Deposit in court made on 6/16/03, in the amount of R$ 99	Deposit in Court in the amount of R$ 4, made on 1/22/99	Deposits in court in the amounts of R$14 and R$3, made on Apr/2000	Sundry
Main Facts	6/11/03 - Tax foreclosure filed; 6/16/03 - Guarantee deposit in court presented; 7/14/03 - Motions to stay execution filed; 2/2/04 - Ruling held motions partially valid; 3/1/04 - Appeal filed by Localiza; 9/18/09 - Appellate decision denied appeal; 10/23/09 - Motion for Clarification filed; 12/4/09 - Appellate decision denied motions; 12/28/09 - Special Motion filed; Current status: debtor required conversion into income in the amount of R$ 42, and authorization to withdraw the outstanding balance.	1/7/99 – Tax foreclosure filed with the 2nd Court of the Tax Authority of the Judicial District of Salvador. 1/22/99 – Deposit in Court in the amount of R$ 4. 2/17/99 – Proceeding suspended due to the filing of motions	5/14/03 – Ruling granting the requests published; 9/2/03 – Appeals filed by the municipal tax authority. 9/17/07 – Presentation of counter arguments by Localiza. 3/27/08 – Records submitted to the TJES. 10/2/09 - Appellate decision denied appeal by the City of Vitória. 4/9/10 – Special and Extraordinary Appeal filed by City of Vitória. 11/5/10 - Favorable judgment published by STJ; Current status: awaiting judgment by STF	Sundry
Likelihood of losing the case	NA - Decision partially canceling the debt made final and unappealable	Possible	Remote	Sundry
Impact in the event of losing the lawsuit	R$42	R$11	R$32	R$ 3,100
Provisioned amount	R$99	R$ -	R$ -	R$ -
Restricted deposit	R$99	R$11	R$54	R$290

R$ thousand

Subject Matter	Sundry	FILING AGAINST FINE FED. TAX	Payment of unconstitutional Contribution to FINSOCIAL
Case Number	Sundry	Writ of Mandamus 2005.38.00.012437-0	9609-40.1990.4.01.3800
Court	Sundry	15th Federal Court de Belo Horizonte	6th Federal Court of the Court of Minas Gerais
Current Instance	Various	Case closed	Appellate Court - Regional Federal Court of the First Region
File Date	Various	4/14/2005	10/12/1990
Plaintiff	Sundry	Federal Government (Federal Tax Authority)	Federal Government (Federal Tax Authority)
Defendant	Localiza Fleet S.A.	Localiza Serviços Prime S.A	Localiza Rent a Car S.A.
Values, assets or rights involved	Sundry	Deposits in court	Deposits in court made to suspend the requirement to pay the tax credits
Main Facts	Sundry	Unfavorable ruling. Deposits in court converted into income to the Federal Government.	15/10/90 - injunction granted and conditioned to deposits in court of the amounts under discussion. 15/10/90 – proof of deposits in court related to the payments related to September/90, due on 10/15/90. 27/03/92 – judgment partially granting writ of mandamus 21/10/93 – Appellate decision denied appeal 27/07/94 – decision made final and unappealable 02/07/99 – ruling published determining the conversion of deposits into income 14/07/99 – Interlocutory appeal filed by Localiza, against the decision to convert the deposits into income 15/07/13 - Ruling denying the appeal. Current status: Awaiting records to be analyzed by the initial court.
Likelihood of losing the case	Sundry	Possible	Probable
Impact in the event of losing the lawsuit	R$54	R$23	R$295
Provisioned amount	R$ -	R$ -	R$295
Restricted deposit	R$ -	R$23	R$295

ICMS –State Value-Added Tax

R$ thousand

Subject Matter	ICMS - Localiza and its wholly-owned subsidiary Localiza Fleet (formerly Total Fleet S.A.) are parties in administrative and court proceedings that basically refer to ICMS tax on the transfer of cars in their fixed assets between the branches, as well as the sale of decommissioned cars after their use in the rental operation. Localiza and its wholly owned subsidiary Total Fleet have not constituted any provision to meet these disputes due to the remote possibility of loss, in the opinion of the legal advisors based on legal precedents, including Precedent 166 of Brazil's Superior Court of Justice. In certain cases, the Company presents bank letters of guarantee to suspend the requirement to pay the tax credit to the Treasury, in the amount of R$16,097 thousand, and deposits in court in the aggregate amount of R$153 thgousand on December 31, 2013 (R$21,130 thousand in court deposits and bank letters of guarantee on December 31, 2012). On July 7, 2006, Brazil's National Council on Fiscal Policy (Confaz) published Accord 64, determining the payment of ICMS on the sale of cars within 12 months from their acquisition. This Agreement was ratified by all the states except São Paulo and Santa Catarina. Localiza is legally disputing the legality of this rule in certain states, and has been obtaining injunctions and court decisions favorable to the sale of cars in periods shorter than 12 months from acquisition, besides already having obtained favorable final sentences in certain Brazilian states. Based on the favorable precedents, the legal advisors rate the possibility of loss as remote and hence no provision was accrued.	ICMS - Sale of fixed asset
Case Number	Sundry	Sundry
Court	Sundry	Sundry
Current Instance	Various	Various
File Date	Sundry	Sundry
Plaintiff	Sundry	Sundry
Defendant	Localiza Rent a Car S.A.	Localiza Fleet S.A.
Values, assets or rights involved	Bank Letter of Guarantee and Deposits	Bank Letter of Guarantee
Main Facts	Total of 60 ICMS tax claims	Total of 9 ICMS tax claims
Likelihood of losing the case	Remote	Remote
Impact in the event of losing the lawsuit	R$ 58,247	R$ 11,022
Provisioned amount	-	-
Restricted deposit	R$153	-

4.4 Arbitration, administrative and court proceedings (not protected by absolute privilege) whose counterparty or parties are any current or former directors or officers or controlling shareholders or investors

Neither the Company nor its subsidiaries are aware of any material court, administrative or arbitration proceedings in which the opposing parties are officers, former officers, controlling shareholders, former controlling shareholders or investors of the Company or its subsidiaries.

4.5 Material confidential proceedings

The Company and its subsidiaries are not aware of any material confidential proceedings to which they are parties and which have not been disclosed in the previous items.

4.6 Recurrent or related lawsuits, administrative and arbitration proceedings based on similar facts and lawsuits, which are not confidential and are jointly relevant to their business

The Company and its subsidiaries are parties to recurrent or related court, administrative and arbitrary proceedings based on similar facts and legal matters that are not under secrecy and which are jointly material, as follows:

ISS – Service Tax

Localiza has several tax notices that basically refer to the levy of Service Tax (ISS) on the billing of fuel reimbursements charged from customers and discounts granted to them, among others. Localiza and its subsidiary Total Fleet have not constituted any provision to meet these disputes due to the remote possibility of loss, in the opinion of its legal advisors based on legal precedents. In a few claims, Localiza presented bank letters of guarantee to suspend the requirement to pay tax credit by the Federal Treasury in the amount of R$11,585 thousand, or made escrow deposits in the amount of R$3,736 thousand, on December 31, 2013 (R$7,870 thousand in deposits and guarantees on December 31, 2012).

On December 31, 2013, the court proceedings related to ISS were:

R$ thousand

Subject Matter	ISSQN - Fuel reimbursement	ISSQN - rental of movable assets	ISSQN - rental of movable assets	ISSQN - rental of movable assets
Case Number	0991177-23.1998.8.08.0024	Relief from Judgment no. 226.001.293-1 (Writ of Mandamus no. 13979-7/2001)	Lawsuit no. 001.2001.030360-0	Writ of Mandamus no. 2000.0115.9753-5
Court	1st Municipal Treasury Court	City of Maceió	1st Municipal Treasury Court	1st Civil Chamber
Current Instance	Lower Court - Judicial District of Vitória	Third instance - Federal Supreme Court	Appellate Court - Court of Justice of Pernambuco	Appellate Court - Court of justice of Ceará
File Date	1/24/1994	5/29/2006	10/5/2001	7/26/2001
Plaintiff	City of Vitória (Municipal Tax Authority)	City of Maceió (Municipal Tax Authority)	City of Recife (Municipal Tax Authority)	Director of the Inspection Department of Fortaleza
Defendant	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.
Values, assets or rights involved	Deposit in court made on 1/25/1994, in the amount of CR$ 1,199. (Currency at the time - Cruzeiros Reais)	Deposits in court in Writ of Mandamus in the amount of R$ 212	Deposit in Court in the amount of R$ 482.	Deposits in court in the amount of R$ 596.
Main Facts	1/24/1994: Suit filed; 02/06/2006: Judgment granting the requests by Localiza; 03/02/2010: court ruling - higher court - upholding the decision; 11/292012: Motion filed through which creditor requests issue of Court Order, to release the amount deposited in court by the debtor. Current status: awaiting court ruling.	5/29/06 - Relief from Judgment filed 9/29/06 -Interlocutory relief denied; Favorable judgment by the court of Alagoas (TJ/AL). Special appeal (REsp/RE) filed by the municipality rejected by STJ and appeal filed with the STF. Current status: awaiting judgment by STF on the appeal filed by the municipality.	10/5/01 - Suit registered; 2/15/02 - Judgment denying claimed interlocutory relief; 5/10/02 - Deposit in court made; 4/27/04 - Unfavorable ruling; 7/6/04 - Appeal filed; Current status: Awaiting judgment of Appeal.	7/26/01 - Suit registered; 7/27/01 - Injunction partially granted; 4/20/10 -Writ of mandamus granted Current status: Awaiting judgment of appeal.
Likelihood of losing the case	Remote	Remote	Remote	Remote
Impact in the event of losing the lawsuit	R$19	R$212	R$482	R$596
Provisioned amount	R$ -	R$ -	R$ -	R$ -
Restricted deposit	R$22	R$508	R$1.138	R$ 1,438

R$ thousand

Subject Matter	ISSQN - ancillary obligation	ISSQN - rental of movable assets	ISSQN	ISS - DEPOSITED (Requesting annulment of debits related to CDAs no. 0120288125, 0120288133, 0120559650, 0120559668 and 0126158746)	ISSQN on revenue from franchise activities
Case Number	0001005-36.2002.8.10.0001	55339/06	Sundry	0044349-07.2009.8.07.0001	Writ of Mandamus no. 0024.04.383530-5
Court	8th Court of the Tax Authority	Municipal Court of Tax Foreclosure	Sundry	7th Court of the Tax Authority	Court of the Tax Authority Municipal
Current Instance	Lower Court - Judicial District of São Luis	Lower Court - Judicial District of São Paulo	Various	Lower Court - judicial district of Brasília	Third instance - Federal Supreme Court
File Date	1/24/2002	2/2/2006	Sundry	3/17/2009	6/21/2004
Plaintiff	City of São Luís (Municipal Tax Authority)	City of São Paulo (Municipal Tax Authority)	Sundry	Federal District Treasury Department of the Federal District)	Director of the Department of Income from Securities
Defendant	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.	Localiza Serviços Prime S.A	Localiza Franchising Brasil S.A.
Values, assets or rights involved	Deposit in court made in the amount of R$ 5 on 5/17/02	Court block of accounts in the amount of R$ 293, on 8/6/2008 and additional deposit in the amount of R$ 10 on 9/15/08 and online pledge upon court block of current account amounts BacenJud, in the amount of R$ 36 on 11/25/08 and Jun/10 in the amount of R$ 1	None	Deposit in Court in the amount of R$25, made on 4/20/2009	Monthly deposits in court aiming to suspend the requirement to pay the tax credit of ISSQN
Main Facts	24/01/2002: Suit filed; 17/05/2002: Proof of deposit in court presented. Process suspended. Current status: awaiting judgment of motions.	02/02/06 – Registration of foreclosure. 21/07/06 – Motion to offer bank guarantee letter filed. 07/05/07 – Motion filed by the Treasury refusing the guarantee presented. 05/08/08 – Online pledge of an account held by the company in Banco do Brasil (though the BACENJUD System). 15/09/08 – motion requesting additional deposit in court as guarantee of the claim, in the amount of R$ 10. 18/09/08 – striking out of Bank guarantee letter no. 2.028.079-4. Current status: Awaiting court judgment of the motions.	Various - no deposit	17/03/2009 - Action for Annulment filed. Current status: awaiting judgment on lower court.	21/6/04 - Writ of mandamus registered; 18/11/04 – publication of ruling: writ of mandamus denied; 30/12/04 – Appeal filed by Plaintiff; 06/9/07 - Appeal judgment denying appeal; 16/09/07 - Special and Extraordinary appeal filed; 22/08/08 –Esp. and Extr. appeals denied. 03/09/08 – Filing of interlocutory appeal STJ and STF; 12/05/09 – decision by the judge rapporteur granting the appeal to analyze the special appeal. Awaiting judgment of special appeal; 03/08/10 - Decision of judge rapporteur to deny Special Appeal. Current status: Awaiting judgment of Extraordinary Appeal by STF.
Likelihood of losing the case	Remote	Remote	Remote	Possible	Possible
Impact in the event of losing the lawsuit	R$9	R$344	R$ 7,949	R$25	R$ 2,122
Provisioned amount	R$ -	R$ -	R$ -	R$25	R$ 2,122
Restricted deposit	R$11	R$619	R$ -	R$25	R$ 2,122

4.6 Recurrent or related lawsuits, administrative and arbitration proceedings based on similar facts and lawsuits, which are not confidential and are jointly relevant to their business

Civil

On December 31, 2013, Localiza and its subsidiaries are parties in civil proceedings related to: (a) the indemnity claims resulting from the damages caused to third parties in traffic accidents by customers driving cars rented from the Company. Though the Company is not liable for the accidents, it is often sued as it is the owner of the cars; and (b) request for damages arising from consumer relations.

The consolidated provision amounts on December 31, 2013 was R$10,516 thousand, related to 982 lawsuits the Company evaluates as probable loss, including situations in which the possibility of reimbursement by virtue of the contractual right of return is remote. There are also 33 claims, whose original claims total R$1,864 thousand, which were not provisioned for due to their chance of loss be deemed possible.

On December 31, 2013, the civil proceedings were as follows:

R$ thousand

Subject Matter	Civil Litigation	Civil Litigation	Civil Litigation
Case Number	Sundry	Sundry	Sundry
Court	Sundry	Sundry	Sundry
Current Instance	Various	Various	Various
File Date	Sundry	Sundry	Sundry
Plaintiff	Sundry	Sundry	Sundry
Defendant	Localiza Rent a Car S.A.	Localiza Fleet S.A.	Localiza Franchising Brasil S.A.
Values, assets or rights involved	Sundry	Sundry	Sundry
Main Facts	Total of 843 suits which represent the Company's total contingent liabilities of civil nature.	Total of 109 suits which represent the Company's total contingent liabilities of civil nature.	Tax Contingency - Sundry
Likelihood of losing the case	Sundry	Sundry	Sundry
Impact in the event of losing the lawsuit	R$ 59,335	R$ 4,620	R$550
Provisioned amount	R$ 7,939	R$ 2,111	R$466
Restricted deposit	R$ 2,425	R$119	R$ -

Labor

Localiza and its subsidiaries are parties in various labor lawsuits, mainly related to the payment of overtime and the respective impacts, pain and suffering and recognition of employment relationship that any self-employed person, contractor or similar service provider claims in court. There has been no uniformity in court decisions on these issues. The change in provision for labor causes was due to: (i) the increase in the number of claims, from 512 on December 31, 2012 to 604 on December 31, 2013; and (ii) new public-interest civil actions mainly claiming irregularities in the working hours of employees, which led to the constitution of a provision of R$1,250 thousand.

On December 31, 2013, the labor proceedings were as follows:

R$ thousand

Subject Matter	Labor Litigation	Labor Litigation	Labor Litigation
Case Number	Sundry	Sundry	Sundry
Court	Sundry	Sundry	Sundry
Current Instance	Various	Various	Various
File Date	Sundry	Sundry	Sundry
Plaintiff	Sundry	Sundry	Sundry
Defendant	Localiza Rent a Car S.A.	Localiza Fleet S.A.	Localiza Serviços Prime S.A.
Values, assets or rights involved	Sundry	Sundry	Sundry
Main Facts	Total of 481 suits which represent the Company's total contingent liabilities of labor nature.	Total of 13 suits which represent the Company's total contingent liabilities of labor nature.	Total of 110 suits which represent the Company's total contingent liabilities of labor nature.
Likelihood of losing the case	Sundry	Sundry	Sundry
Impact in the event of losing the lawsuit	R$ 80,716	R$ 3,481	R$ 27,028
Provisioned amount	R$ 21,038	R$507	R$ 5,356
Restricted deposit	R$ 5,349	R$234	R$ 2,293

4.7 Other material contingent liabilities

The Company is not aware of any material contingencies other than those previously disclosed.

4.8 Information on rules of the issuer's country of origin and the country where the securities are held in custody:

a) restrictions imposed on the exercise of political and economic rights

Not applicable, since Localiza is a Brazilian company with registered office and management located in the city of Belo Horizonte, state of Minas Gerais, Brazil, and its securities are held in custody in its country of origin.

b) restrictions on the circulation and transfer of securities

Not applicable, vide sub-item (a) above.

c) cases for cancellation of registration

Not applicable, vide sub-item (a) above.

d) other issues of interest to investors

Not applicable, vide sub-item (a) above.

5.1 Description of the main market risks

In the normal course of its operations, the Company is exposed to the following risks: market risks (interest rate risk), credit risk and liquidity risk.

Market risk is the risk that the fair value or future cash flows of a certain financial instrument may fluctuate due to changes in interest rates. The purpose of market risk management is to ensure that the Company is exposed only to acceptable risk levels in the context of its operations.

The Company's financial instruments that are affected by market risk include: i) cash and cash equivalents; and ii) loans, financing, debentures and pre-fixed swap agreements.

- **Interest rate risk** - Interest rate risk is the risk that the fair value or future cash flows of certain financial instrument may fluctuate due to the variations in market interest rates.

  As required by CVM Instruction 475/08, the Company carried out sensitivity tests for adverse scenarios (deterioration of the CDI rate by 25% or 50% higher than the probable scenario), considering the following assumptions:

  - As of December 31, 2013, the Company's net debt was R$1,332.8 million.

  - Market expectations, according to data obtained from the market Readout issued by the Brazilian Central Bank (BACEN) for the reference date December 31, 2013 indicated an estimated effective average CDI rate of 10.48% as being the scenario considered probable for 2014, compared with the effective rate of 8.05% for 2013.

R$ million

	Consolidated		
Description	**Probable Scenario (*)**	**Scenario I – deterioration of 25%**	**Scenario II - deterioration of 50%**
Net debt on December 31, 2013	**1,332.8**	**1,332.8**	**1,332.8**
(-) Fixed rate and amounts hedged with swap for fixed rate leasing	(403.5)	(403.5)	(403.5)
Net debt subject to CDI variation	**929.3**	**929.3**	**929.3**
Effective CDI rate during the 12 months ended on 12/31/13	8.05%	8.05%	8.05%
Estimated annual CDI rate according to expected scenarios	10.48%	13.10%	15.72%
Effect on financial expenses:			
- according to effective rate	(74.8)	(74.8)	(74.8)
- according to scenarios	(97.4)	(121.7)	(146.1)
(Increase)/Reduction in annual financial expenses	**(22.6)**	**(46.9)**	**(71.3)**

(*) As required by IFRS 7, Management believes that the rate of 10.48% is the reasonably possible scenario for 2014, according to the market Readout issued by the Central Bank of Brazil on December 31, 2013.

- **Credit risk –** Credit risk is the risk of the counterparty not complying with the contractual obligations, driving the Company to financial losses. The credit risk in the Company is attributed, in short, to credits receivable from customers and in cash and cash equivalents deposited/invested in banks and financial institutions.

  The exposure to the consolidated credit risk of the Company, according to the residual value of the respective financial assets, is as follows:

			R$ million
	12/31/13	**12/31/12**	**12/31/11**
Loans and receivables			
Cash and cash equivalents			
Marketable securities			
Aaa.br (Moody's rating)	988.4	811.0	694.8
Cash and banks	22.3	12.9	16.2
Total cash and cash equivalents	1,010.7	823.9	711.0
Trade accounts receivable	271.8	230.2	232.2
Accounts receivable from credit cards:			
- A3 according to *Moody´s* rating	59.7	53.4	47.9
- Baa2 according to *Moody´s* rating	72.5	66.8	61.9
- Sundry	11.4	14.7	11.4
Total accounts receivable	**415.4**	**365.1**	353.4
	1,426.1	**1,189.0**	**1,064.4**

- **Liquidity risk –** Liquidity risk is the risk of scarcity of funds to pay obligations. The management of the liquidity risk is aimed at ensuring that the Company has the necessary resources to pay its financial liabilities on their maturity date.

  The liquidity risk, in essence, is the risk of the Company not having sufficient funds to settle its obligations as they fall due, also known as cash flow risk. This risk is related to eventual difficulties in honoring obligations on the due dates. As a result, liquidity could be affected if the adverse market conditions were to draw away the main sources of liquidity available, such as cash position, cash generation and available credit facilities.

5.2 – Description of the market risk management policy

a) Risks for which hedges are sought:

The market risks for which the Company seeks hedges are**:**

- Risk in transactions with derivatives (through swap for loans obtained in foreign currency – risk of variation in exchange rate);
- Risk of variation in interest rates (through swap for loans with costs pegged to the CDI overnight rate);
- Risk of cash and cash equivalent and accounts receivable credit; and
- Risk of liquidity of resources.

b) Asset hedge strategy

The practices of managing market risk adopted by the Company are as follows:

- Policies and powers for contracting loans, financing, issues of securities and derivative transactions.

In the Annual and Extraordinary Shareholders' Meeting held on April 29, 2013 shareholders approved the following, pursuant to the Bylaws:

i) It is the responsibility of the Executive Officers to contract loans, financing, as well as operating and financial leases in Brazil and abroad for the Company's operational activities in the normal course of business, for investments in fleet, other property and equipment and/or working capital, provided that the consolidated net debt calculated in the last quarterly consolidated disclosure in accordance with IFRS is not higher than 3 (three) times the accumulated consolidated EBITDA for the past 4 (four) quarters disclosed in accordance with IFRS. Funding in foreign currency must compulsorily be hedged against exchange rate change risk. Issues of debt instruments in capital markets in Brazil and abroad must first be approved by the Board of Directors.

ii) It is the responsibility of the Executive Officers to contract any transactions involving the purchase and sale of options, swaps and other complex financial transactions based on trading prices or quotations in the futures market after prior approval from the Board of Directors, except those carried out for purposes of hedging loans and investments in foreign currency or for swap transactions, in Brazilian real, exchanging fixed rates for floating rates, or vice versa.

- Practices adopted by the Company for hedging against the exchange rate variations.

As a strategy to manage foreign exchange rate risk, the Company simultaneously and mandatorily contracts swap transactions (plain vanilla) under identical conditions of amounts, terms and rates, exchanging the exposure from foreign exchange variation for CDI variation. The swap operations are contracted solely for hedging purposes.

Foreign currency funding operations are matched transactions, with each formally consisting of a loan agreement and a swap agreement, with the same maturity date, the same counterparty and which shall be liquidated simultaneously at a single net amount. Accordingly,

the Management understands that, in essence, both operations are local currency loans plus fixed interest rates. Hence, the accounting treatment and the respective disclosures reflect the essence of the operation.

The specific characteristics of swap operations, as well as their respective notional value, are as follows:

						Consolidated		
						12/31/13		
				Rates		Reference (notional) value		Amount (payable/ receivable
Swap operation	Contracted on	Maturity	Counterparty	Asset	Liability	R$ million	U$ million	R$ million
Dollar x Real	6/29/10	5/25/16	Itaú BBA S.A.	Exchange variation of USD + coupon of 6.44% p.a.	114.7% of the CDI variation	170.0	95.5	29.8
Dollar x Real	11/16/11	8/16/17	Bank of America	Exchange variation of USD + coupon of 1.60% p.a. + LIBOR 3M	102.5% of the CDI variation	123.0	75.0	51.7

Considering the above, the Company and its subsidiaries are not subject to risks of changes in exchange rates. Accordingly, there are no risks of changes in exchange rates to be measured using sensitivity analysis since debt is exclusively in local currency.

The Company does not have other derivative instruments other than swap operations, which are solely for hedging foreign currency loans, exchanging a floating rate for a fixed rate. The Company does not carry out transactions involving financial instruments of a speculative nature.

- Practices adopted by the Company for hedging against interest rates changes

As a strategy for managing interest rate risk, the Management continuously monitors the CDI to adjust the rental rates if necessary in order to mitigate these fluctuations.

The Company uses its funds resulting from operational activities to manage its operations and ensure the renewal of its fleet and part of its growth. In order to complement its cash need for growth, the Company obtains loans and financing from leading finance institutions in Brazil, and issues debt instruments (debentures and promissory notes), which are substantially pegged to the variation of the CDI overnight rate. The inherent risk arises from the possibility of a significant increase in the CDI rate.

As a strategy to manage interest rate risk, Management continuously monitors the CDI overnight rate in order to adjust rental fees, if necessary, to mitigate such fluctuations. For the fleet management, the wholly-owned subsidiary Localiza Fleet contracts interest rate swap agreements, exchanging the risk of floating rate for fixed rate, thus eliminating the risk of fluctuations in the basic interest rate on long-term contracts. In addition, almost all of the Company's balance of cash and cash equivalents is also pegged to the variation in the CDI, the same index used for debts related to car rentals.

The practices adopted for hedging the changes in the CDI rate, for the signed agreements are:

- *Car rentals.* The Management manages risk by constantly monitoring the CDI rate in order to adjust its car rental rates, if needed.

- *Fleet management.* Localiza Fleet has characteristics that differ from those of the car rental business, since it has long-term contracts with pre-defined clauses for adjusting rental rates, with a major part of these contracts using the General Market Price Index (IGP-M), the Consumer Price Index (IPC), the National Consumer Price Index (INPC) and the Extended Consumer Price Index (IPC-A) as indexes for annual price adjustments.

- The practice adopted to hedge against changes in the CDI rate for contracts still to be signed consists of an assessment of the prices by a team of managers and executive officers of the Company. This team meets on a monthly basis to assess the main price components of the Car Rental Division and the Fleet Rental Division, including the interest rate expected by the market, establishing the rates to be applied to car rental and fleet management contracts.

- The company has swap operations to exchange the floating rate for a fixed rate in order to hedge against variations in the CDI rate. On December 31, 2013, following were the positions of swap operations that exchanged the floating rate for a fixed rate:

						Consolidated 12/31/13	
				Rates		Reference (notional) value	Amount (payable)/ receivable
Swap operation	**Contracted on**	**Maturity**	**Counterparty**	**Asset**	**Liability**	**R$ million**	**U$ million**
CDI x Pre-fixed rate	6/15/12 to 11/5/12	3/28/13 to 1/15/14	Brazilian banks	109.7% to 113.8% of the CDI variation	8.02% p.a. to 9.6% p.a.	292.8 (*)	5.5

(*) the positive end (pre-fixed) of the swaps correspond to R$292,8 million, as of December 31, 2013.

Almost all of the Company's cash and cash equivalent balance is also indexed to the variation in the CDI overnight rate.

- Practices adopted by the Company for hedging against credit risks on cash and cash equivalents and accounts receivable

  Cash and cash equivalents: the credit risk on balances with banks and financial institutions is managed by the Company's Finance department according to policies set forth by the Board of Directors to minimize the concentration of risks and thus, reduce any financial loss in the event of potential bankruptcy of a counterparty.

  As per the limits established by the Board of Directors, financial investments higher than 20% of the available funds can be invested only in financial institutions with net worth of over R$10 billion, with the maximum investment limit per bank limited to 40% of the total funds available for investment.

  Credits receivable: the management of credit risk related to the accounts receivable is constantly monitored by the Company, which has control policies established.

  The Company reduces its risk of credit as it operates with credit cards in a significant manner in car rentals, mainly in operations with individuals. On December 31, 2013, two of the three largest credit card companies accounted for 17.4% and 14.4%, individually, of the balance of accounts

receivable of the Company. The risk of credit in the operations with legal entities in car rentals, as well as in the fleet management, is reduced by means of a concession policy setting credit limits, based on the analysis of the financial situation and past experience with these customers. The financial solidity of the customers is continuously monitored, with the purpose of assessing and adjusting, if necessary, the credit limit previously conceded. The risk of credit in the sales of decommissioned cars is reduced by means of using finance companies and/or leasing companies of renowned financial capacity and liquidity.

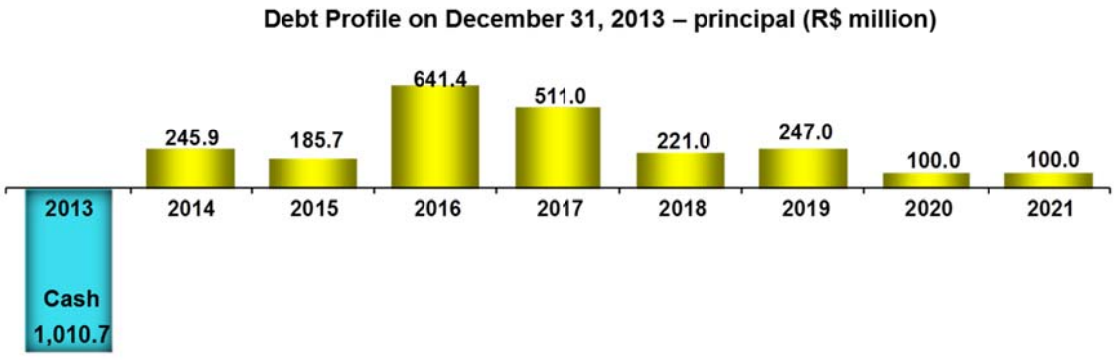
Additionally, the management of the risk of credit includes a periodic analysis of recoverability of the credits receivable, in which the necessity of accruing a provision for doubtful debt is assessed, with the purpose of adjusting them to the values likely to be realized. This analysis, which aims to attribute a certain risk rating to customers in accordance with internal criteria set by the Management, takes into consideration the current financial condition of the customer, previous experience and status of overdue bills. According to the customer's risk rating, credits are adjusted to their probable realization amounts through constitution of an allowance for doubtful accounts, which could be applied both for overdue amounts as well as amounts falling due, depending on the customer's risk rating.

The concentration of risk of credit is limited because the customer base is comprehensive. All the relevant operations and customers are located in Brazil, there are no customers who, individually represent more than 10% of the Company's revenues.

- Practices adopted by the Company for hedging against risks of liquidity

The management of risk of liquidity is carried out by the Finance Officers and monitored by the Board of Directors. The management of the risk of liquidity is prepared having in mind the necessities of raising funds and the management of liquidity in the short, medium and long terms. The Company manages the risk of liquidity by maintaining the adequate financial funds available in cash and cash equivalents, and through credit facilities, based on the continuous monitoring of forecast and actual cash flows, and by means of combining the profiles of the maturity of the financial assets and liabilities.

On December 31, 2013, the debt profile was very comfortable, as the graph on the principal amounts shows, with debt maturities not concentrated in any specific period. The balance of cash and cash equivalents on December 31, 2013, was more than sufficient to settle the debts maturing in 2014, 2015 and 2016.



The fleet of the Car Rental Division is adjusted according to demand. The Company can increase its liquidity by disposing of a part of its fleet when demand for rentals falls. This flexibility was demonstrated during the global financial crisis of 2008, when the Company suspended its car

purchases for six months and substantially increased its cash, which even enabled it to prepay debt. To strengthen its fleet renewal capacity, the Company has its own network of used-car dealerships to sell decommissioned vehicles.

The current capital structure and the debt amortization schedule are comfortable, as the following indicators show:

BALANCE AT THE END OF THE PERIOD	**2013**	**2012**	**2011**
Net debt / Fleet value	48%	48%	51%
Net debt/ EBITDA	1.5x	1.4x	1.7x
Net debt / Shareholders' Equity	1.0x	0.9x	1.2x

Additionally, the Management considers that the access to third parties' credit is facilitated, considering the rating of Localiza's corporate credit with the main market rating agencies, as seen below:

Rating agency	**Domestic scale (Brazil)**	**Global scale**
Standard & Poor's	brAAA / Stable	BBB- / Stable
Fitch Ratings	AAA(bra) / Stable	BBB / Stable
Moody's	Aa1.br / Stable	Baa3 / Stable

c) Instruments used for asset hedge purposes

As already detailed in item (b) above, for asset hedge purposes the Company uses the following instruments:

Hedges against interest rate float:

- Allocation of funds to investments pegged to the CDI variation.
- Contracting of swap operations, exchanging the floating rate for a fixed rate; and
- Funding based on fixed rate.

Hedge against exchange rate change:

- Contracting of swap operations on the same date and for the same amount as the foreign loans contracted.

d) Parameter used for management of such risks

See items (b) and (c) above.

e) State whether the issuer works with financial instruments for objectives other than hedge purposes and what such objectives are

The Company uses financial instruments for the objective of hedging against the risk of exchange rate change variation, by means of making investments pegged to the variation of the CDI rate through swap operations exchanging floating rates for fixed rates, and against the risk of exchange rate float by means of contracting swap transactions, see items (b) and (c) above.

f) Organizational structure for risk management control

The Board of Directors has indicated a permanent Audit and Risk Management Committee, currently consisting of three board members, without decision or management powers, with a view of assisting it in the exercise of its functions. The Committee may rely on the advisory support from specialists to support its opinions. Currently, the Committee has a specialist accounting advisor.

The Audit and Risk Management Committee exercises the following main functions, as per the its internal regulations available in the Company's website:

(i) give its opinion on the contracting and destination of the independent auditor for the preparation of external independent audit or for any other service;

(ii) follow up the internal audit results of the Company and its subsidiaries, proposing to the Board of Directors measures which are necessary to improve them;

(iii) analyze the management report and financial statements of the Company, proposing recommendations deemed necessary to the Board of Directors;

(iv) analyze quarterly information and financial statements periodically prepared by the Company;

(v) assess the effectiveness and sufficiency of the internal control structure and internal and independent audit processes of the Company and its subsidiaries, presenting recommendations of improvement of policies, practices and procedures deemed necessary;

(vi) assess the effectiveness and sufficiency of control systems and risk management covering legal, tax and labor and employment risks;

(vii) communicate, previously to the Board, in respect to the annual report on the internal control system and corporate risk management of the Company;

(viii) give its opinion, at the request of the Board of Directors, on the proposals of the administration bodies, to be submitted to the Shareholders' General Meeting, when applicable, relative to the amendment of the capital, issue of debentures or subscription warrant, capital budget, distribution of dividends, conversion, merger, consolidation or spin-off;

(ix) give its opinion on issues submitted to it by the Board of Directors, as well as on issues deemed relevant by it;

(x) supervise the activities:
a) of the independent auditors, aiming at assessing: its independence, the quality of the rendered services; and the adequacy of the rendered services to the Company's needs;
b) of the internal control area of the Company;
c) of the internal audit area of the Company;
d) of the financial statements preparation area of the Company; and
e) of Governance in IT.

(xi) monitor the integrity and quality of the information and measurements disclosed based on accounting data adjusted and on non-accounting data which may add elements not foreseen in the structure of the common reports of the financial statements;

xii) assess and monitor the Company's exposures to risk, it may also request detailed information of policies and procedures related to: Management's remuneration; use of Company's assets; and expenses incurred on behalf of the Company;

(xiii) assess and monitor, jointly with the Management the adequacy of the transactions with related parties executed by the Company and respective disclosure;

(xiv) meet with the Board of Directors, whenever it is necessary, but at least in quarterly basis, and attend the Annual General Meeting;

In May 20102 the Board of Directors approved the Internal Control and Risk Management Policy prepared in compliance with ABRASCA Code of Self-regulation.

The referred to Policy aims to establish controls and procedures for monitoring, so as to prevent the occurrence of errors and/or frauds or minimize their impacts as well as for procedures and responsibilities in risk management, especially when compared to the identification and analysis of risks which may affect the Company.

The complete Policy is available in the Company's website.

g) Adequacy of the operation structure and internal controls for verifying the effectiveness of the adopted policy

Deloitte Touche Tohmatsu Auditores Independentes (Independent Auditors) was hired to assist in the diagnosis of some processes and internal controls, of Localiza and its subsidiaries. The result of this job, concluded in 2011, was the mapping of the main internal processes and their respective controls, as well as improvement suggestions.

In 2012, the Company hired KPMG Auditores Independentes to update the documentation on internal processes and to assist in addressing the control issues identified.

Since 2013, each area of the Company became responsible for implementing the recommendations for improvement addressed by the focus points identified by KPMG Auditores Independentes while documenting the internal processes in 2012. In 2014, the Internal Audit will be responsible for validating the implementation of these improvements to controls in each area.

In its risk management structure, the Company has a Hot Line, through which employees and franchisees may report situations and unethical and/or illegal conduct they may be aware of. The Hot Line is available 24x7x365 can be accessed through the following channels: (i) Website; (ii) toll free number (0800) and; (iii) e-mail. The Internal Audit and Human Resources areas are responsible for managing the Hot Line and for investigating the complaints received.

In 2013, the investigation of complaints received and considered valid led to actions that ranged from simple reorientation of conduct to more significant cases, which culminated in the termination of employees and suppliers.

5.3 Significant changes to the main market risks

No significant changes have occurred in the main market risks, as well as in the risk monitoring adopted by the Company.

5.4 Other material information

All material information has already been disclosed in previous items.

6.1 / 6.2 / 6.4 Incorporation, duration and date of registration of the issuer at the CVM

Incorporation date	September 9, 1973
Form of incorporation	Incorporated as a limited liability company
Country of incorporation	Brazil
Duration	Indefinite
CVM registration date	May 6, 2005

6.3 Brief history

The Company was established in 1973 as a small car rental agency in downtown Belo Horizonte, State of Minas Gerais, Brazil. It started up its activities with 6 used and financed "fuscas" (Volkswagen beetles).

At the end of the 1970's, the Company began its expansion, opening up its first branch in Vitória, in the state of Espírito Santo, Brazil. A little while later it was present in Rio de Janeiro, Salvador, São Luiz and Fortaleza. Contrary to competition, which elected to concentrate its activities in the South and Southeast regions of the country, the Company decided initially to concentrate on expanding in the Northeast and in less than 3 years it was present in the majority of the capital cities of such region, only after which it entered the state of São Paulo.

The Company believes it became a leader in the car rental market in Brazil, as measured by number of branches in 1981. In 1983, aiming to further expand its network, the Company began its franchising activities in Brazil, with the licensing of the first 6 franchises, through its subsidiary Localiza Franchising, which previously operated under the name Localiza System Ltda. At the beginning of the 1990's, the Company began its franchising activities in other countries with the opening of franchised branches in Argentina.

Also at the beginning of the 1990's, the Company began selling cars that had been decommissioned during fleet renewals of the Car Rental and Fleet Rental Divisions to consumers.

In 1997, seeking to improve its potential for access to international capital markets, DLJ Merchant Banking, a manager of foreign investment funds injected the equivalent of US$50 million in the company, thereby acquiring a 33.33% stake in the Company. Also in 1997, the Company accessed international capital markets through the issue of 8-year-term senior notes registered at the US Securities and Exchange Commission. In order to operate in the fleet management business segment, in that same year the Company set up its subsidiary Localiza Fleet (formerly Total Fleet S.A.), responsible for the Fleet Rental Division.

On May 6, 2005 the Brazilian Securities Commission (CVM) granted Localiza registration as a publicly-traded company, such that it can engage in public trading of the securities it issues. Localiza made an initial public offering (IPO) of common shares when shareholder DLJ sold its entire equity interest in the Company. Trading of shares began on May 23, 2005 with the offer of 21,477,500 common shares, representing approximately 34.40% of the capital.

The Company concluded a primary distribution of 3,825,000 shares on April 20, 2006, obtaining funding of BRL156.8 million. In this same public offer, secondary distribution was made of 5,785,714 shares owned by the founding partners.

On December 15, 2011, the Board of Directors approved the launch of the American Depositary Receipts (ADR) – Level 1 Program of the Company (“ADR Program”), without the issue of new shares. The shares of Localiza (RENT3) were included in the theoretical portfolio of the Bovespa Index (Ibovespa) and the IBrX-50 index until the end of 2013. The inclusion of the Company in these indices shows the confidence and recognition that Localiza has earned from investors in both Brazil and abroad and helps increase the liquidity of the RENT3 stock. On December 31, 2013, the Company had 881,087 ADRs in the United States.

Localiza has been rated investment grade by Standard & Poor's., Fitch Ratings and Moody's.

The Extraordinary Shareholders' Meeting held on April 29, 2013, approved increasing the Company's capital by R$375.0 million, from R$601.7 million to R$976.7 million, through the issue of 10,085,400 new common shares with no par value, equivalent to 5% of the Company's capital, which were distributed to shareholders freely as bonus shares, in accordance with article 169 of Law 6,404/76, at the ratio of one (1) new share for each lot of 20 shares. With this increase, the total shares of the Company increased from 201,708,000 to 211,793,400. The capital increase was executed through the incorporation of a part of the balance in the income reserve, specifically the statutory reserve called the "Investment Reserve".

In the Extraordinary Shareholders' Meeting held on August 2, 2013, shareholders approved the acquisition of all the shares in the capital stock of Localiza JF Aluguel de Carros Ltda, a limited liability company and former franchisee of the Localiza brand in the cities of Juiz de Fora and Rio Novo in Minas Gerais, and Três Rios, Resende and Volta Redonda in Rio de Janeiro.

On December 31, 2013, the Localiza Platform, which includes franchisees in Brazil and abroad, consisted of 542 car rental branches, of which: (i) 479 branches in 344 cities across Brazil, of which 286 are operated by Localiza and the others by franchisees; and (ii) 63 branches in 37 cities in 8 countries across South America, all operated by franchisees.

In the Extraordinary Shareholders' Meeting held on April 29, 2014, shareholders approved the acquisition of Localiza Cuiabá Aluguel de Carros Ltda. (Localiza Cuiabá), a franchisee of the Company that operates in Cuiabá, Várzea Grande, Tangará da Serra and Cáceres in the state of Mato Grosso.

In the Extraordinary Shareholders' Meeting held on April 29, 2014, shareholders approved the merger of Localiza Car Rental S.A. (Car Rental) and of Localiza JF Aluguel de Carros Ltda. (Localiza JF), both wholly-owned subsidiaries of Localiza. The merger aims to meet the Company's strategic guidelines of simplifying and rationalizing the administrative and financial structure, and directly carrying out all car rental activities.

6.5 Principal corporate transactions of the issuer, its subsidiaries and affiliated companies

(a) event
(b) main business conditions
(c) companies involved
(d) effects resulting from operation in the shareholding structure, especially on the equity interest of the Company's controlling shareholder, of shareholders holding an equity interest of more than 5% (five per cent) of the capital and of issuer's officers
(e) ownership structure before and after the operation

The corporate events refer to transactions between Localiza Rent a Car S.A. and its wholly-owned subsidiaries or among the subsidiaries themselves, as shown below:

- On September 11, 2012, Rental Brasil Administração e Participação S.A. was constituted for the purpose of managing and holding equity or membership interest in other companies. This operation did not have any effect on the corporate structure of the Company as the new company is a wholly-owned subsidiary.

- On May 24, 2012, the Extraordinary Shareholders' Meeting approved the payment of the capital by the Company in the amount of R$13.6 million in the wholly-owned subsidiary Localiza Serviços Prime S.A., increasing the capital of the latter from R$1.0 million to R$14.6 million. On October 24, 2013, shareholders approved a new capital payment by the Company in the amount of R$100.0 million. With this, the capital stock of Prime stood at R$114.6 million on December 31, 2013.

- On September 21, 2012, Localiza paid the capital of Localiza Fleet S.A. (formerly Total Fleet S.A.) with 5% of the investment in LFI SRL, a company headquartered in Argentina. The investment amount was R$4,000 and was made to meet specific laws of Argentina. This operation did not have any effect on the corporate structure of the Company as the new company is a wholly-owned subsidiary.

- On October 26, 2012, TF Assistance Serviços de Administração de Sinistros S.A. was fully divested by Localiza Fleet to Localiza Franchising Brasil. On July 26, 2013, the corporate name of the company TF Assistance Serviços de Administração de Sinistros S.A. was changed to FR Assistance Serviços de Administração de Sinistros S.A. The corporate purpose of FR Assistance, currently in the pre-operational phase, is to manage car claims for insurers, accreditation of and negotiation with mechanic shops and other suppliers, handling of claims, approval of budgets and services carried out, management of information and documents in support of claims and management of indemnities. The company is in the pre-operational phase and has no effect on the corporate structure of the Company as it is a wholly-owned subsidiary.

- On August 2, 2013, the Extraordinary Shareholders' Meeting approved the acquisition of the shares of Localiza JF Aluguel de Carros Ltda., a franchisee in Juiz de Fora that operated the car rental business in Juiz de Fora and Rio Novo in Minas Gerais, and in Três Rios, Resende and Volta Redonda in Rio de Janeiro. The acquisition was consummated on August 6, 2013, through the execution of the agreement for the purchase and sale of shares and other covenants.

- In the Extraordinary Shareholders' Meeting held on April 29, 2014, shareholders approved the acquisition of all the shares issued by Localiza Cuiabá Aluguel de Carros Ltda. (Localiza Cuiabá), a franchisee of Localiza that operated the car rental business in Cuiabá, Várzea Grande, Tangará da Serra and Cáceres in the state of Mato Grosso. The management believes this transaction could bring the following benefits to the Company: (i) maintenance of the brand's operations in the already established markets in Mato Grosso; (ii) increase in the Company's fleet; (iii) ease of

implementation; and (iv) economies of scale and the consequent dilution of fixed costs. The acquisition was consummated on April 30, 2014, through the execution of the agreement for the purchase and sale of shares and other covenants.

- In the Extraordinary Shareholders' Meeting held on April 29, 2014, shareholders approved the merger of Localiza Car Rental S.A. (Localiza Car Rental), a wholly-owned subsidiary of Localiza. The merger aims to meet the Company's strategic guidelines of simplifying and rationalizing the administrative and financial structure, and directly carrying out all its car rental activities. Given that Localiza Car Rental is a wholly-owned subsidiary of Localiza, the merger does not involve in any increase in the capital stock nor will it alter the shareholding structure of Localiza Rent a Car S.A.

- In the Extraordinary Shareholders' Meeting held on April 29, 2014, shareholders approved the merger of Localiza JF Aluguel de Carros Ltda. (Localiza JF), a wholly-owned subsidiary of Localiza. The merger aims to meet the Company's strategic guidelines of simplifying and rationalizing the administrative and financial structure, and directly carrying out all its car rental activities. Given that Localiza JF is a wholly-owned subsidiary of Localiza, the merger does not involve any increase in the capital stock, nor will it alter the shareholding structure of Localiza Rent a Car S.A.

6.6 Disclosure of petitions for bankruptcy based on material amounts or court-supervised or out-of-court reorganizations

There have been no claims filed for bankruptcy or court or out of court recovery with respect to the Company or any of its subsidiaries.

6.7 Other material information.

The Company highlights below other information that it deems relevant:

During 2013 the Company received various awards and recognitions, among which special mention should be made of the following:

Awards and Recognition	Organized by
Company Reputation	
Biggest and Best in Transport	Transporte Moderno magazine
55th best reputated company in Brazil	Exame magazine/ Merco 2013 ranking
Seal of Excellence in Franchising	ABF – Brazilian Franchising Association
26th Most valuable brand in Brazil	Isto É Dinheiro magazine/ survey BrandAnalytics/Millward Brown
Best management in the transport industry	Euromoney
Finance and Investor Relations	
Excellence in Corporate Finance	Brazilian Institute of Finance Executives (IBEF/MG)
Best IR professional in Latin America	Institutional Investor magazine
Personnel Management	
The best in people management 2013	Valor Econômico - Valor Carreira

7.1 Overview of the business activities of the Corporation and subsidiaries

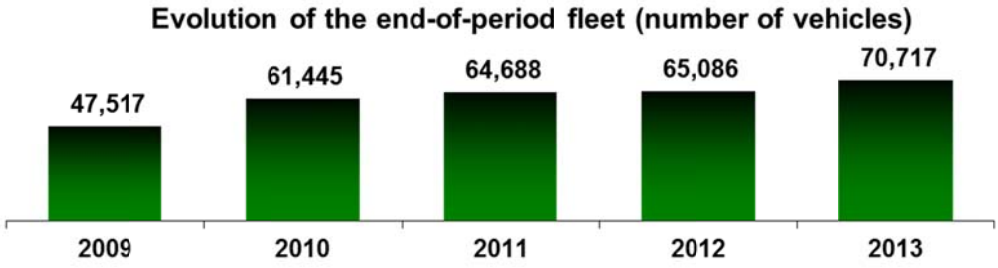
The Company is the largest car rental chain in South America in number of branches, with 542 car rental branches across nine countries in South America, of which 286 are operated by Localiza and 256 by franchisees. On December 31, 2013, the consolidated fleet comprised 117,759 cars, of which 103,526 were own cars and 14,233 were owned by the franchisees. Localiza has nearly 4 million registered active customers in its database. The car rental operations are located in Brazil, Argentina, Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru and Uruguay. According to the Brazilian Association of Car Rental Companies (ABLA), on December 31, 2013, the car rental market in Brazil had around 2,596 rental companies of varying sizes, with a few international brands.

Localiza and its subsidiaries have the following main activities: Car Rental, Fleet Management and Franchising, as described below:

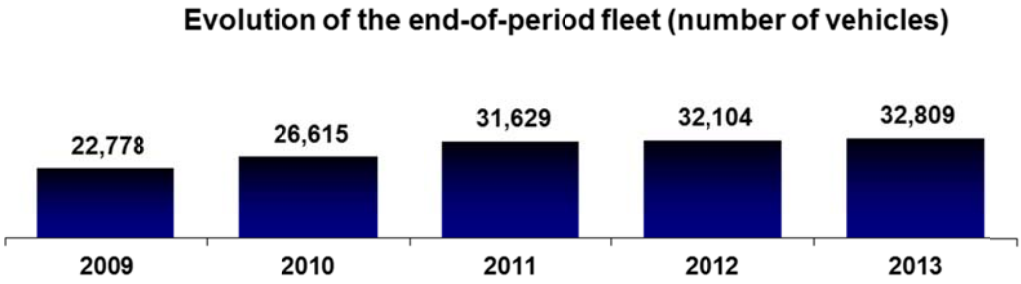
***Car rental*:** The Company rents cars in branches located in airports and other locations. Rentals are carried out by companies and individuals on business or leisure trips, to meet their car rental needs outside their cities of residence, as well as by insurance companies and automakers which offer reserve cars to their customers in the case of accidents or mechanical breakdowns during the term of the insurance policy or warranty, respectively. The fleet of the Car Rental Division consists mainly of flex fuel compact cars in line with the demand and the output of automakers in Brazil. Due to the constant need for fleet renewal, Localiza disposes the cars after 12 months of use. To avoid intermediation costs in the sale of decommissioned cars, most cars are sold directly to final consumers. As a result, the Company maximizes the recovery value of such assets, reducing depreciation of the cars and the net investment in fleet renewal, since selling expenses incurred at its own car dealer chain is lower than the discounts required by resellers.

On December 31, 2013, the Car Rental Division had a fleet of 70,717 cars, an increase of 8.7% from the 65,086 cars on December 31, 2012.

In the following table, the Company shows the expansion of the Car Rental Division fleet in the past five years:



***Fleet Management*:** The Fleet Rental Division, through the wholly-owned subsidiary Localiza Fleet (formerly Total Fleet), manages fleets for companies through long-term contracts (usually 24 or 36 months). The fleet of this Division is adequate to the needs and requests of its customers, thus being more diversified in terms of models, colors and brands than the fleet of the Car Rental Division. At the end of the contracts, decommissioned cars from the Fleet Rental Division are sold directly to final consumers and resellers. In the following table, the Company shows the expansion of its fleet in the past five years:



***Franchising*:** The Franchising Division is responsible for managing and granting franchises, in smaller and geographically defined markets, as well as for transferring the technical knowledge required to make the business operational, and upon assignment of the right to use the Localiza trademark. The franchising business in Brazil is administered by the wholly-owned subsidiary Localiza Franchising Brasil S.A. and, in other countries, by Localiza itself.

The following table shows the number of franchise branches of the Company in each country as on December 31, 2013, 2012 and 2011.

	Number of Branches		
Country	**2013**	**2012**	**2011**
Brazil	193	202	202
Argentina	26	21	19
Bolivia	1	1	1
Chile	7	1	-
Colombia	13	12	12
Ecuador	6	6	6
Paraguay	6	5	5
Peru	1	1	1
Uruguay	3	3	3
Total	**256**	**252**	**249**

7.2 Information on operating segments

a) Products and services sold:

Business platform. As described in item 7.1, the Company's business platform is made up of the Car Rental, Fleet Management and Franchising Divisions. As a result of its car and fleet management businesses, the Company has a network of points of sale direct to final consumers of cars decommissioned for fleet renewal purposes.

b) Revenue from each division and its share of net revenue of the issuer

The table below indicates the net revenues from the activities developed by the Company, as well as their related share in consolidated revenues during the fiscal years indicated:

R$ million

	Fiscal year ended December 31,					
	2013	**%**	**2012**	**%**	**2011**	**%**
Net Revenue from Rental and Sales						
Car Rental Division	2,646.5	75.5	2,344.0	74.0	2,221.8	76.1
Fleet Rental Division	840.2	24.0	805.5	25.4	682.0	23.4
Franchising Division	19.5	0.5	17.3	0.6	14.3	0.5
Total net revenue	**3,506.2**	**100.0**	**3,166.8**	**100.0**	**2,918.1**	**100.0**

c) Profit or loss from each division and its share of the net income of the issuer

The following table indicates the Company's earnings before financial result and income tax by segment, during the years indicated:

R$ million

	Fiscal year ended December 31,					
	2013	**%**	**2012**	**%**	**2011**	**%**
Car Rental Division	381.5	58.5	259.0	55.6	377.9	63.4
Fleet Rental Division	259.7	39.8	197.9	42.5	210.5	35.4
Franchising Division	10.9	1.7	8.9	1.9	7.3	1.2
Earnings before financial result and income tax	**652.1**	**100.0**	**465.8**	**100.0**	**595.7**	**100.0**

7.3 Information on products and services related to the operating segments

a) Characteristics of the production process

b) Characteristics of the distribution process

Car rental

Localiza manages its car rental activities through branches located in airports or in strategic non-airport locations. Rentals are carried out by companies and individuals on business or leisure trips, as well as by insurance companies and automakers which offer further cars to customers in the case of accidents or mechanical breakdowns during the term of the insurance policy or warranty, respectively. Rentals are also carried out by companies and individuals at the branches outside airports to meet their needs in places where they are established, through daily or monthly rental agreements. The Car Rental Division fleet consists primarily of flex fuel compact cars in line with the demand and the output of automakers in Brazil. Based on the number of branches, the Company believes it is the largest car rental network in South America.

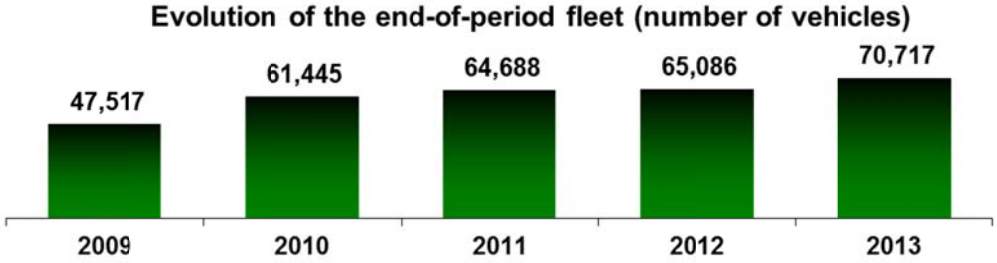
The Company has obtained marked recognition for its trademark and the loyalty of its customers in Brazil in its car rental operations, offering new and high quality cars, as well as efficiency in customer service. In addition, the Company believes that is nationwide network of rental branches provides it with competitive advantages on the markets in which it operates.

Strategically located branches network with broad geographic coverage. A marked nationwide presence increases recognition of the Localiza trademark. Through its network of branches, the Company operates in 344 cities in Brazil, including the main airports, as well as at other locations strategically located close to commercial centers and intense movement of traffic. The Company's network of branches is made up of 542 branches distributed throughout Brazil and 8 other South American countries. Out of Localiza's 286 own branches, 66 are located in airports. Of the 256 franchised branches, 193 are located in Brazil, 37 of them in airports. The non-airport network of branches is comprised of 375 branches located in central areas of the Brazilian cities in which the Company is present. Localiza's own branches located in airports are run by the Company through concession agreements granted by the federal government's airport infrastructure company INFRAERO and by state and municipal airport authorities.

The following graph shows the evolution in the number of the Company's own car rental branches in recent years:



The following graph shows the evolution in the number of cars in the Company's Car Rental Division fleet in recent years:



In line with consumer demand and in order to make attractive rates feasible, the Company's fleet mainly consists of compact cars manufactured in the Country, economic models, bio-fuel, with smaller cylinder capacity, as well as other models in different sizes and different purposes.

As a result of the Constant need of fleet renewal, the Car Rental Division fleet is generally renewed after a period of 12 months. As at December 31, 2012, 2011 e 2010, the average age of the fleet of the car rental division was approximately 7.8 months, 6.8 months and 6.3 months respectively. On December 31, 2013, 2012 and 2011, the average age of the car rental fleet was 7.2 months, 7.8 months and 6.8 months, respectively.

On December 31, 2013, Localiza's consolidated fleet consisted of 117,759 cars, of which: (i) 103,526 own cars, including 32,809 in the Fleet Rental Division, (ii) 11,037 owned by franchisees in Brazil, and (iii) 3,196 owned by franchisees abroad. After being used in rental activities, cars are sold aiming to raise cash to be invested in the fleet renewal. The decommissioned cars are mostly sold to final consumers through the 74 sales points located in 44 cities throughout Brazil, thus avoiding intermediation costs.

In 2013, the Company increased its fleet by 7,103 cars, for a net investment of R$278.9 million, compared to a net investment of R$98.8 million in 2012, when the fleet was increased by 2,011 cars.

Maintenance. The maintenance of the car rental fleet is outsourced using a network of technically trained suppliers throughout Brazil that are accredited beforehand by the Company.

Car rental rates. The charged car rental rates generally include unlimited mileage. Sometimes the Company promotes advertising campaigns offering special discounts and rates during certain periods, such as on weekends, so that profitability is not hindered, since most of the rentals are for business purposes and are therefore concentrated on weekdays.

The Company regularly conducts market surveys and adjusts its rate with a view to increasing its competitiveness. The Company sets its rates based, among other factors, on the competitive environment and it differs from the competition due to its capacity to offer nationwide service and superior quality. The Company has a price policy that takes into consideration the effective depreciation of each car model, as well as the financial, maintenance, administration and service costs, taxes, utilization rate and profit margin. The rates charged by franchisees follow the Company's rate policy.

Insurance. The Company offers its customers the option of taking out insurance for the same period as the rental. This optional insurance is contracted by customers when they sign the car rental agreement and can be of two types: (i) property coverage for collision damages caused to the car itself and (ii) "RCF-V" insurance, which is liability insurance. The amounts related to the premiums received are passed on to the insurer, which covers the risk resulting from eventual losses and thefts.

Sales, advertising and promotions. The Company develops its sales, advertising and promotion strategies in order to create recognition of the Localiza trademark in Brazil and other countries in South America. The presence of the network of branches in the main Brazilian airports and in certain airports in South

America, besides commercial centers and major confluences of traffic in central regions of cities, as well as its advertising in specialized media have all contributed to strengthening trademark recognition. The stress on color and standardized uniform and branches are part of the Company's overall marketing strategy.

The Company has a sales team that serves cooperative customers and also offers rentals through travel agencies which serve as Company sales channels. The Company invests in advertising and uses newspapers and magazines with large national circulations, as well as in-flight magazines and special segment publications to reach its target public. In smaller markets, it advertises on radio, television, outdoor billboards, newspapers and magazines, and it further sponsors events throughout Brazil.

The Localiza Loyalty Program had around 4.0 million participants on December 31, 2013. Since its creation, it provides incentives to encourage customers to rent cars more frequently and remain faithful to the brand, rewarding them with free rentals and, as a result, retaining such customers and increasing sales. From 2000 to December 31, 2013, approximately 794,000 free rentals had been distributed to participants of the program.

Service and fleet quality and operational effectiveness. The Company believes that the superior quality of its service and operation effectiveness are competitive factors that contribute to customer loyalty.

At present, customer satisfaction surveys in the Car Rental Division show customer satisfaction rate of 73.1%. Car Rental Division attendants are regularly guided through intensive training programs to maintain high standards of quality and efficiency and to perform swift, friendly and standardized service in all of its own branches and franchised ones as well. The reservation and customer assistance call center operates uninterruptedly.

Sales of decommissioned cars. As a consequence of its car rental businesses and based on the fleet renewal, the wholy owned subsidiary Localiza Serviços Prime intermediates sales of the Car Rental Division's decommissioned cars at the end of their life cycle. The Company sells most of the decommissioned cars from the car rental operations directly to the final consumer through 74 points of sales located in 44 cities. As at December 31, 2013, approximately 61.6% of the decommissioned cars from the car rental operations were sold directly to final consumers. The rest of the decommissioned cars are sold to intermediaries.

As at December 31, 2013 the average age of the cars sold from the Car Rental Division was around 15.3 months. Replacement of these cars after the end of the period for their use at a material residual value is a specific characteristic of the car rental business, differently from other industries that normally use their machinery and equipment until they become obsolete or with anti-economic recovery cost.

The Company believes it pioneered in the Brazilian car rental market in adopting the concept of direct sales of decommissioned cars to final consumers in 1992 and believes it has developed a solid reputation on the market for the reliability of its trademark and transparency with buyers. Based on the rate of return of customers, the Company believes that the market considers it an attractive and reliable alternative for the purchase of decommissioned cars. According to data disclosed by the Brazilian National Automotive Vehicle Distribution Federation (Fenabrave) in 2013, the used car market was 2.6 times bigger than the new car market. In 2013, 2012 and 2011 approximately 9.4 million, 9.0 million and 8.9 million used cars and light commercial vehicles were sold, respectively. Sales of decommissioned cars from the Car Rental and Fleet Rental Divisions accounted for about 0.66%, 0.63% and 0.57% of the total of used cars sold in 2013, 2012 and 2011, respectively.

Sales of decommissioned cars can be carried out paying cash or through credit cards or bank financing. The Company does not finance car purchases and thus does not incur credit risks. Although it does not directly finance cars, Localiza Serviços Prime indicates to its customers banks to finance them and receives commissions for such indications. Localiza Serviços Prime, the subsidiary that intermediates sales of decommissioned cars, has signed an agreement for cooperation with Banco do Brasil, granting

the bank right of first refusal to finance and, additionally, to offer other related products. In June 2010, Banco do Brasil, with the approval of Localiza Serviços Prime, signed and transferred all its rights and obligations under the respective agreement to BV Financeira S.A.

The Company's net revenue relative to the sales of decommissioned cars is recorded together with the net revenue from the Car Rental Division.

Fleet Management

The Company offers fleet management services to its corporate customers through its wholly-owned subsidiary Localiza Fleet. As at 31 December, 2013, Localiza Fleet had approximately 760 corporate customers with a fleet of 32,809 own cars and 30 cars managed. The term of the agreement with Localiza Fleet customers is of up to 4 years. At the end of the agreement term, the cars are sold.

The fleet management agreements can be terminated upon prior notice of 30 days and contractual fines represent up to 50% of the rentals due. Rental may include corrective and preventive maintenance, as well as replacement of the rented cars, during maintenance, at a fixed monthly amount or reimbursement of the expenditures incurred plus management fees.

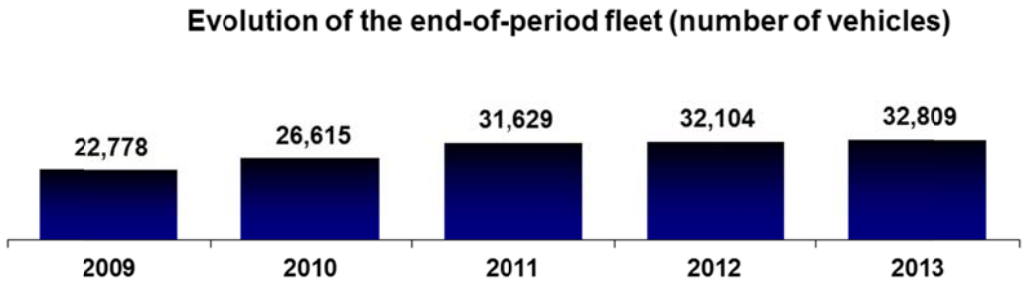
The Company believes that there is a growing trend of contracting fleet management services by companies due to the need of greater focus on the core business and to the reduction of assets base, which represents an opportunity for expanding the Fleet Rental Division. In developed countries, the fleet management is already a common practice. In Brazil, this practice began in large-sized companies and, more recently, in medium and even small-sized companies. The assistance rendered to the customers is coordinated by means of Localiza Fleet call center, which indicates the most convenient and closest service renderers to the car user, tow truck services, etc., in all national territory. Fleet management is an attractive business because it gives the Company long-term revenue, increasing the scale gain and the sharing of the administration structure of the Company.

Localiza Fleet customizes the fleet management agreements in order to meet the specific needs of each customer, which in general, include:

- assistance in choosing cars;
- purchase of cars;
- licensing;
- fleet distribution;
- maintenance management;
- losses management;
- car replacement;
- car decommissioning; and
- 24-hour service for users.

Fleet. The car fleet run by Localiza Fleet features a wider range of car models than the fleet of the Car Rental Division, as it is acquired according to the specific needs of its customers. As at December 31, 2013, 2012 and 2011, the average age of the fleet was approximately 18.6 months, 16.8 months and 15.8 months, respectively. The cars are purchased as the contracts are executed, in the number and models requested.

In the following graph, the Company shows the evolution in the number of cars in the Fleet Rental Division in recent years:



In 2013, 2012 and 2011, investments in fleet renewal and growth, net of the sales of decommissioned cars, amounted to R$127.4 million, R$120.5 million and R$221.4 million, respectively.

Fleet management rates. The rates charged by Localiza Fleet for fleet management are negotiated with each customer and, as a general rule, take into consideration the depreciation of each car model, type of use and the fleet size and profile.

Sales. The sales team works in a proactive manner, providing the customer with an economic and financial study showing the benefits to be obtained by executing fleet management agreements with Localiza Fleet.

Maintenance. Maintenance of Localiza Fleet's car fleet is conducted by a network of technically trained suppliers throughout Brazil, all of which are accredited beforehand to meet the needs of users.

Association with Global Fleet Services. Localiza Fleet is part of Global Fleet Services, an international alliance of car fleet management companies operating in North America, South America, Africa, Asia, Australia and Europe. Due to this alliance, Localiza Fleet enjoys access to the state-of-the-art in the world in terms of fleet rental and management, passing on this knowhow to its customers. Moreover, such association with world market leaders ensures that service to customers with fleets distributed all over the world is handled in a uniform manner and with the same standards of quality.

Sales of decommissioned cars. As a result of the fleet management business and based on renewal of its fleet, the Localiza Serviços Prime intermediates sales of decommissioned cars from the fleet management operation at the end of each contract. The Company sells most of the decommissioned cars directly to final consumers through 74 points of sales located in 44 cities (as at December 31, 2013). A substantial portion of cars decommissioned from fleet management operations was sold directly to final consumers. The remaining decommissioned cars from rental operations are sold directly to resellers.

As at December 31, 2013 the average age of the Localiza Fleet cars sold was around 32.4 months. The replacement of cars after end of their period of use at a material residual value is a specific characteristic of the fleet management business, different from other industries that normally use their machinery and equipment until the fixed assets become obsolete or with anti-economic recovery cost.

The Company believes it pioneered the Brazilian fleet management market by adopting the concept of direct sales of decommissioned cars to final consumers in 1992 and believes it has developed a solid reputation on the market for the reliability of its trademark and transparency with buyers. Based on the rate of return of customers, the Company believes that the market considers it an attractive and reliable alternative for the purchase of decommissioned cars. According to data disclosed by the Brazilian National Automotive Vehicle Distribution Federation (Fenabrave) in 2013, the used car market was 2.6 times bigger than the new car market. In 2013, 2012 and 2011 approximately 9.4 million, 9.0 million and

8.9 million used cars were sold, respectively. Sales of decommissioned cars by the Company and Localiza Fleet represented roughly 0.66%, 0.63% and 0.57% of this market in 2013, 2012 and 2011, respectively.

Sales of decommissioned cars can be carried out paying cash or through credit cards or bank financing. The Company does not finance car sales and thus does not incur credit risks. Although it does not directly finance cars, Localiza Serviços Prime indicates to its customers banks to finance them and receives commissions for such indications. Localiza Serviços Prime, the subsidiary that intermediates sales of decommissioned cars, has signed an agreement for cooperation with Banco do Brasil, granting the bank right of first refusal to finance and, additionally, to offer other related products. In June 2010, Banco do Brasil, with the approval of Localiza Serviços Prime, signed and transferred all its rights and obligations under the respective agreement to BV Financeira S.A.

The net revenues of the wholly-owned subsidiary Localiza Fleet relating to the sales of decommissioned cars are recorded together with net revenues of the Fleet Rental Division.

Franchising

In 1983 the Company began its expansion through the franchising system, taking the Localiza car rental trademark inland in the car rental in Brazil. In order to expand its network in other countries, the Company started up the internationalization process through franchising in 1992 with the opening of seven branches in Argentina.

The Company developed a franchising system that allowed it to expand the coverage of its network in Brazil and abroad without incurring the costs of opening up new branches in smaller markets. With consolidation of franchising knowhow in Brazil, the Company elected to go international through franchising in South American countries based on geographic proximity and economic synergy.

The following table shows the number of the Company's franchised branches per country.

	Fiscal year ended December 31,		
Country:	**2013**	**2012**	**2011**
Brazil	193	202	202
Argentina	26	21	19
Bolivia	1	1	1
Chile	7	1	-
Colombia	13	12	12
Ecuador	6	6	6
Paraguay	6	5	5
Peru	1	1	1
Uruguay	3	3	3
Total	**256**	**252**	**249**

As at December 31, 2013 the Company's network comprised 63 franchised branches in 37 cities outside of Brazil. With its presence in 8 South American countries besides Brazil, the Company believes that its international expansion by means of franchising is highly valuable, since such franchises generate additional revenues and reinforce the Company's image as a player in the continent. The choice of the South American market was due to cultural similarities, proximity and growth of business deals between the countries of this region, facilitating the Company's operations.

Fleet. The fleets run by the franchisees do not belong to the Company. However, negotiation of cars can be carried out in a centralized manner by the Company, thus benefiting Brazilian franchisees with the Company's bargaining power upon purchase of cars for renewal and growth of the fleets of cars. The total fleet of the franchisees was 14,233, 14,545 and 12,958 cars in December 2013, 2012 and 2011, respectively. The Company does not play any part when compared to sales of decommissioned cars by franchisees.

Franchise structure. The franchise is granted on the basis of non-renewable 5-year agreements whereby the Company grants its franchisees the rights to use the Localiza trademark and get the knowhow required to make the business operational. The franchise agreement also includes exclusivity over certain geographic areas, outside of which the franchisee may not do business. In general, franchisees can terminate the franchise agreements with 90 days advance notice. After termination of the agreements, the Company may sign a new agreement with the same franchisee or take over its operations if they are economically viable. The Company also retains first refusal rights in the acquisition of the agency and the corresponding facilities. The Business Franchise Agreements feature an exclusivity clause that does not allow franchisees to sell their operations to third parties or Company's competitors. In addition, the agreements include a confidentiality clause that remains in effect for five years after termination of the franchise and the obligation on the franchisee's part not to compete with Localiza during the effective term of the agreement and up to two years after its termination or rescission.

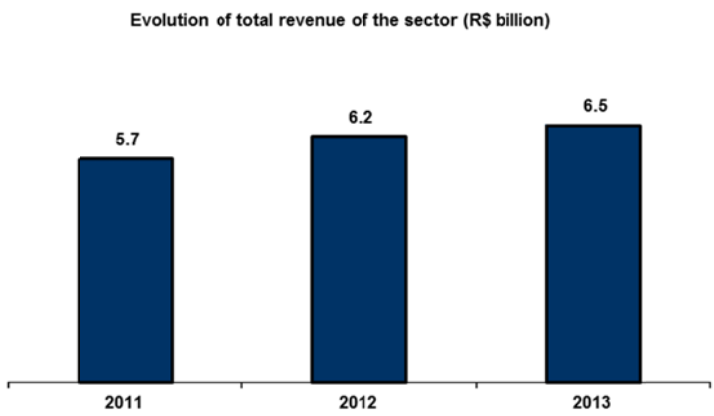
Upon signing the first agreement and every five years thereafter franchisees operating in Brazil pay Localiza Franchising Brasil an adhesion fee in an amount proportional to the franchisee's market potential as of the signing date. On a monthly basis, franchisees also pay royalties, calculated over the amounts established in the rental contracts, for use of the trademark and transfer of knowhow, as well as monthly rates for marketing campaigns conducted by Localiza Franchising Brasil, calculated over the same base as royalties. Franchisees operating outside Brazil pay the adhesion fee and monthly royalties based on variable rates that depend on the market conditions in each country. For the years ended December 31, 2013, 2012 and 2011, total net royalties related to Brazilian franchisees amounted to R$19.5 million, R$17.3 million and R$14.3 million, respectively. Total royalties related to foreign franchisees for the years ended December 31, 2013, 2012 and 2011 amounted to R$0.7 million, R$0.5 million and R$0.4 million, respectively.

The Company has strict qualification procedures in selecting franchisees and controls the quality of its network by means of:

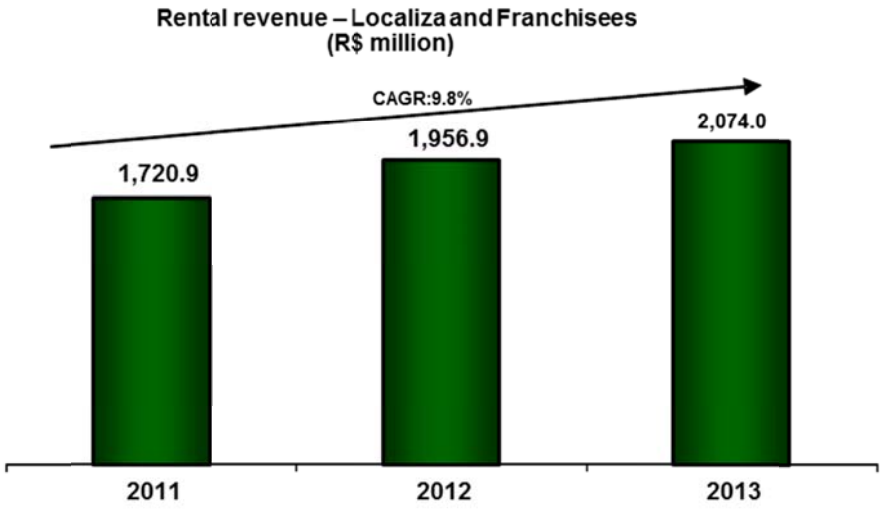
- modern information technology with Localiza's exclusive Business Management System;
- training, instruction material, communication and information;
- development calls on the franchisee;
- customer satisfaction surveys;
- managerial reports and information;
- advisory service in marketing and communication strategies; and
- advisory board of franchisees

c) characteristics of operating markets

i. share in each market

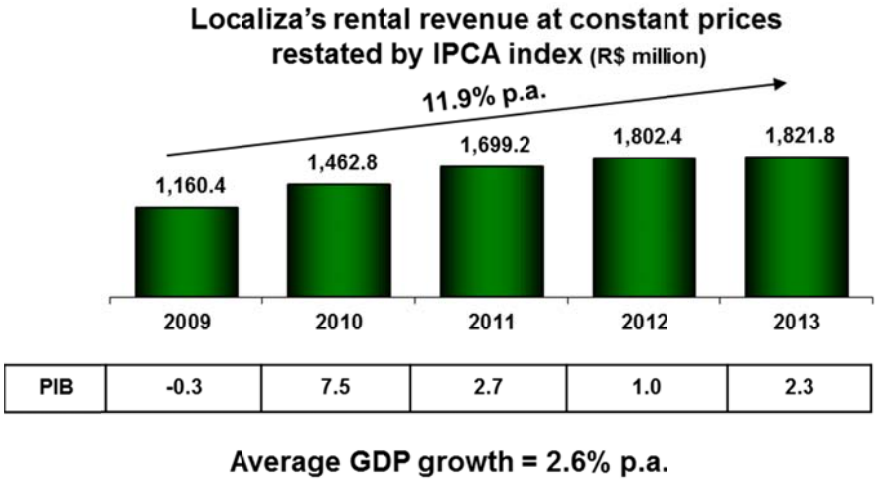


Source: ABLA 2014 Annual Report



Source: Localiza IR

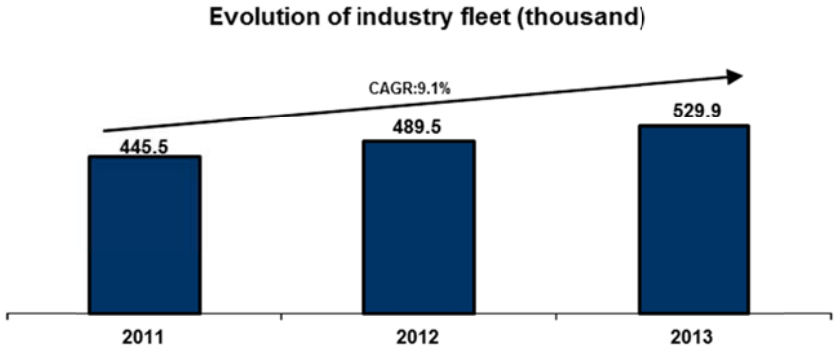
According to information compiled by the Company, rental revenue grew 4.6 times the average GDP growth between 2009 and 2013.



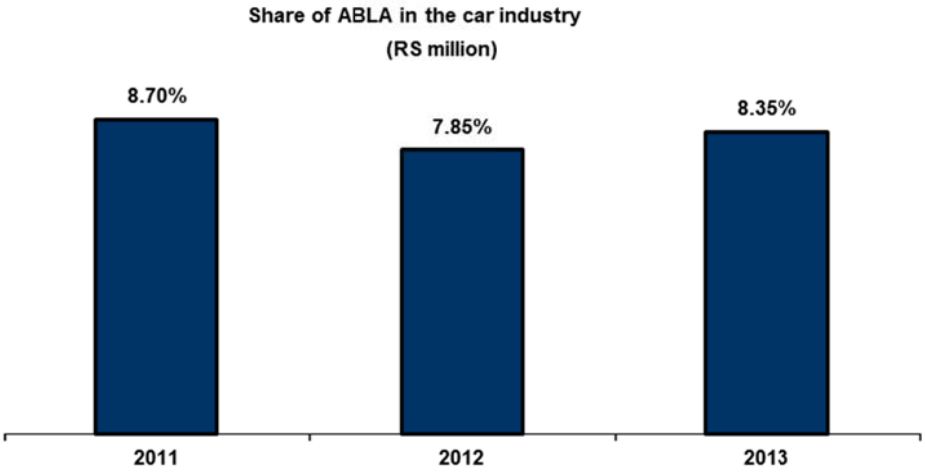
The Company has a network of 479 branches in Brazil, which is larger than the combined networks of the three largest competitors. As at December 31, 2013, the 2nd, 3rd and 4th ranked competitors had 153, 108 and 55 branches, respectively, according to the website of each competitor. In terms of nationwide activity in Brazil, Localiza is present in 344 cities, while the 2nd, 3rd and 4th ranked competitors are present in 99, 78 and 42 cities, according to each company's website.

In 2013, the Company had a market share of 31.8% (31.4% in 2012) in terms of sales, according to data by ABLA.

In 2011, 2012 and 2013, the fleet of car and fleet rental companies grew 7.5%, 9.9% and 8.3%, respectively. The total fleet increased from 489,500 cars in 2013 to 529,900 cars in 2013. Aggregate industry sales reached R$6.5 billion in 2013, growing 4.8% from R$6.2 billion in 2012.



Source: ABLA 2014 Annual Report



Source: ABLA 2014 Annual Report

ii. Competitive conditions in markets

The Company faces the competition of rental companies in Brazil and abroad that vary in size, and also small-sized regional rental companies. Besides competing with the same competitors as in the Car Rental Division, the Fleet Rental Division faces the competition of companies dedicated exclusively to this business line. According to the Brazilian Association of Car Rental Companies (ABLA) on December 31, 2013 there were approximately 2,596 car rental and fleet rental companies operating in Brazil. However, there are approximately 27,000 taxpayer IDs (CNPJ) with the CNAE service code “Car rental without driver”, and therefore the car rental market could be larger than the estimates of ABLA. The Company believes it is the biggest car rental network in South America as measured by number of branches.

The Car Rental and Fleet Rental Divisions do not enjoy tax benefits.

d) Seasonality

The leisure tourism segment of the car rental market features seasonal aspects, with peak demand occurring in the second half of December and in the months of January and July, due to school vacations, as well as prolonged holidays like Christmas, New Year's, Carnival and Easter Break (Holy Week). Cars in the process of being decommissioned can meet car rental needs during such peak demand periods.

On the other hand, demand for cars for rent, from the business travel segment decrease on such occasions.

The Company's other business lines do not undergo the same type of fluctuations in their operations.

e) Main inputs and raw materials

i) Description of relationships with suppliers, including if they are subject to government control or regulation, indicating the applicable agencies and legislation;

The Company's main suppliers are automakers. The Company believes that it is one of the main buyers of cars from Brazil's largest automakers and believes that the volume of the purchases from of cars allows the Company to get good commercial conditions. In 2013, the Company purchased 69,744 cars in Brazil, mainly from the five leading automakers, for an investment of R$2.0 billion. At the average purchase price of R$29,020 in 2013, the volume of cars purchased between the years 2006 and 2013 totaled nearly R$12.0 billion.

Spare parts and maintenance services for the cars are basically acquired from the dealers' network of the automakers themselves. The Company is not subject to regulations by the government or any specific organs with regard to its relationship with its suppliers.

ii) Dependence on few suppliers and iii) Volatility in prices

The Company believes that it does not have problems with respect to any dependence on any automaker, as well as not being subject to great volatility of prices due to the fact that the acquired volume is well below the quantity produced and installed capacity of automakers. The Company does not execute supply contracts with automakers, but rather conducts ongoing negotiations with them, thus enjoying flexibility in maintaining models in its fleets that are adequate to the demand.

The car rental and fleet rental segments do not enjoy tax benefits.

7.4 Customers accounting for over 10% of the total net revenue

a) total revenues from the customer

As at 31 December, 2013, the Company did not have any single customer accounting for more than 10% of the total net revenue.

b) operating segments affected by revenues derived from the customer

No segment will be affect, since no single customer individually accounts for more than 10% of the total net revenue.

7.5 Material effects of government regulations on business activities

a) Operating licensing requirements and background on relations with government entities in connection with licensing processes

Performance of the activities of the Company and its subsidiaries is not subject to obtaining governmental authorizations, except for the corporate taxpayer number (CNPJ) with the Brazilian Federal Revenue Service (RFB) and operation licenses with the municipal authorities in the cities where the Company has branches.

b) Environmental policy and costs incurred to comply with environmental regulations and, as applicable, other environmental practices, including adherence to international environmental protection standards

Car rental and fleet rental activities do not generate significant environmental impacts.

The Company's fleet consists of new cars that are fuel efficient, with approximately ¾ of the fleet ranked A or B in consumption, according to Brazil's National Institute of Metrology, Quality and Technology (Inmetro). Whenever available, flex fuel cars are acquired, which are filled with ethanol, a renewable resource and less pollutant than gasoline. During the entire ethanol production, distribution and consumption cycle, CO^2 emissions are 89% lower than those from gasoline (www.etanolverde.com.br – Unicamp Study).

Localiza Fleet has an Environment Management Plan (PGA) to adapt and systematize the environmental aspects of its operations. PGA is part of the company's commitment to act with corporate social and environmental responsibility, considering aspects related to institutional compliance and constant improvement. The company has established targets and indicators to conserve energy and water, and to manage and recycle waste, which are audited by an independent firm. The results are reported in its website. Details of this initiative are available at https://frotas.localiza.com/gestao/plano-de-gestao-ambiental

c) Dependence on patents, brands, licenses, grants, franchises, and material royalty agreements for the development of business activities

- Patents, trademarks and licenses

  The Company has registered various trademarks in Brazil, among which "LOCALIZA" and "LOCALIZA RENT A CAR" stand out in for its activities. It has also filed for registration of various other trademarks - among them the trademarks "LOCALIZA FLEET" and "LOCALIZA GESTÃO DE FROTAS" are highlighted - with the appropriate authorities for registration of trademarks in Brazil (with the Brazilian patent office - INPI) and in several other countries, such as Argentina, Chile, Mexico, the United States and countries of the European Community. See the list of the Company's trademarks and patents in item 9.1 (b).

  The Company is also the holder of the domain names: www.localiza.com, www.localiza.com.br, www.fidelidadelocaliza.com.br, www.seminovoslocaliza.com.br and www.localiza.com.br/frotas.

- Concessions

  The Company operates its own branches in airports by means of concession agreements granted by INFRAERO and state and municipal airport authorities. As at December 31, 2013, of the Company's 88 concessions (some branches involve more than one concession), 62 were granted by INFRAERO, 18 by state airport authorities and 8 by municipal airport authorities. The Company also carries out operations in 3 private airports. In general, the concession agreements are subject

to new bidding procedures upon termination. Historically, the Company has been successful in its efforts to renew concessions.

The concession agreements generally have terms ranging from 12 to 60 months. Among other obligations, the Company pays rent each month for use of the space and participates in the apportionment of the charges levied thereon. In addition, the Company has to take out insurance coverage consistent with its activity, keep the concession space in perfect working order, comply with legal requirements applicable to its activity and keep the space with all equipment required for its activity and those required for fire safety.

The monthly amount to be paid for the concession generally complies with the greatest of two criteria (i) a fixed price set in BRL (ii) a minimum guarantee assigned at a certain amount in BRL, which will be the minimum value to be paid together with the fixed price or variable price, assigned by a percentage of the gross revenue from activity carried out in the space. Normally the percentage is 5% of gross revenue.

These concession agreements may be terminated by INFRAERO in cases of: (i) failure to comply with the foreseen conditions; (ii) assignment or transfer of the space, even if only in part, to third parties; (iii) use of the space for purposes other than those agreed upon; (iv) modifications in the space without authorization from INFRAERO; (v) decommissioning or modification of the airport that does not permit continuity of the Company's activities, (vi) dissolution of the company, liquidation proceedings or adjudication of bankruptcy; (vii) omission of information on the company' gross revenue; and (viii) delay in payment for a period of more than 30 days.

7.6 Countries from which the Company derives substantial revenues

(a) revenue derived from customers attributed to the country where the issuer is headquartered and their share of the issuer's total net revenue

Consolidated revenue recorded by the Company in Brazil amounted to R$3.5 billion in 2013, representing 99.98% of the Company's total net revenues.

(b) revenue derived from customers attributed to each foreign country and their share of the issuer's total net revenue

As mentioned in item 7.1, the Company operates in Brazil and eight other countries in South America, with a total of 63 franchises operating abroad. Consolidated net revenue from overseas customers in 2013 was R$0.7 million, corresponding to 0.02% of the Company's total net revenue, such that the net revenue from each foreign country is not significant.

(c) revenue derived from customers attributed to each foreign country and their share of the issuer's total net revenue

Revenue earned by the Company from royalties abroad were not material, amounting to R$0.7 million in 2013, representing 0.02% of the Company's total net revenue.

7.7 Impact of foreign regulations on the Company's activities

The Company operates in foreign countries through franchise agreements. The legislation in effect in such countries affects such franchisees, which are companies set up in those countries. The Company does not hold any equity interests in such companies.

The rights and obligations involving the Company and the franchisees are determined in a business franchise agreement, with the City of Belo Horizonte, Minas Gerais, Brazil, being the jurisdiction for resolution of any conflict between them. Accordingly, the Company is not subject to the effects of any foreign regulations on its activities conducted abroad.

7.8 Material long-term relationships

Long-term agreements

- Banco do Brasil / BV Financeira

On September 29, 2006, Localiza Serviços Prime ("Prime") executed an agreement for cooperation with Banco do Brasil.

Under this agreement, Prime granted to Banco do Brasil first refusal rights in the financing of decommissioned cars and also the possibility to offer other related products.

The agreement is valid through February 28, 2017 and also provides for Banco do Brasil access to the network of points of sales in order to promote the partnership, promotional activities and jointly in events intended for sales of cars decommissioned from the fleets of Localiza and its wholly-owned subsidiary Localiza Fleet.

For granting such exclusivity in directing the financing of the decommissioned cars, Prime is entitled to a net compensation of R$22.0 million, which was received in 2006 and recorded in the realizable revenue account, net of taxes, in the amount of R$13.1 million. As at December 31, 2013 the consolidated balance of realizable revenue related to this transaction was R$6.4 million. In addition, Banco do Brasil will make monthly payments, under the terms of the agreement, for the intermediation of the financing and other related products.

On June 17, 2010, Banco do Brasil, with the approval of Prime, transferred all the rights and obligations under the respective agreement to BV Financeira S.A.

- Locapar

On March 14, 2005, Localiza, Localiza Fleet and Prime executed a contract by means of which they assigned and transferred to Locapar, which subsequently assigned the rights to the founder members, all the rights resulting from lawsuits of tax and social security nature in which they were plaintiffs, involving the original amount of R$118.0 million, net of the already extinct lawsuits. Conversely, the founder members accepted all the pecuniary obligations levied on the lawsuits. Localiza, Localiza Fleet and Prime committed themselves to continue the lawsuits and use the credits earned in the lawsuits for the purpose of offsetting tax obligations and, later, pass on to the founder members the amounts corresponding to the benefit obtained in the offset, deducing an administration fee of 3% of the value of the rights earned in the lawsuits which have been effectively received or used by means of offsetting tax obligations.

7.9 Other material information

Competitive Advantages

The Company enjoys competitive advantages at each stage of the rental process, starting from funding, followed by the acquisition of cars, which are allocated to the Car Rental Division and the Fleet Rental Division, and ends with the sale of decommissioned cars after their use, which generates cash for fleet renewal.

Funding: The Company has been rated investment grade by the leading rating agencies *(*Moody's, Standard & Poor's and Fitch Ratings). The Company's ratings are the best in the sector, enabling it to raise funds on excellent terms in terms of both maturity and cost.

Acquisition of cars: The Company is one of the largest buyers of cars manufactured by Brazil's leading carmakers. The scale of business enables better negotiation during the acquisition of cars. The acquisition of large fleets of cars to meet the needs of the Car Rental Division, the Fleet Rental Division and the franchises corresponded to about 2.6% of the sales of Brazil's leading carmakers in the year ended December 31, 2013.

Car rentals and fleet rental: Well recognized brand; know-how of the car rental market; integrated business platform; dilution of administrative expenses through the use of a single administrative structure covering all business divisions; the possibility of cross selling among the divisions and the geographic distribution, represented by a network of branches that is larger than the second, third and fourth largest competitors combined, represent competitive advantages for the Company.

Sale of decommissioned cars for fleet renewal: Due to the constant need for fleet renewal, the Company has a structure for the sale of decommissioned cars, which helps reduce the intermediation costs on the sale of cars to, mostly, final consumers. This structure also provides information about the cars market, which helps in devising the right strategy for acquiring cars, estimating their residual value and, consequently, in fixing the rent amount for cars and for fleet rental.

Cutting-edge technology and innovative systems. The Company makes substantial investments in information-technology for development and maintenance of a proprietary system of the operation of the car rental and Fleet Rental Divisions. The Company's telecommunications network permits voice and data voice traffic featuring the latest in technology, providing swift and nimble on-line management of quality information. This represents better controls and security in decision-making. Moreover, the Company offers access via web and smartphone, where customers can make reservations and consult the entire history of their relationship with Localiza.

Personnel management and compensation systems. The Company handles the management of personnel by focusing on valuing individual initiative and rewarding better performance. With its roster of officers endowed with broad experience in the segments in which they are engaged and low turnover at the managerial level, the Company believes that it has a motivated team as a result of the adoption of good practices in terms of personnel management, such as the following: fixed and variable compensation system, profit sharing, private pension plan and stock option plan, aiming to align interests to create value for the Company

Macro strategies of Business Divisions

Car rental: Expand market leadership while maintaining high returns on investment.

Fleet Rental: Create value by capitalizing on fleet outsourcing opportunities by leveraging platform synergies.

Localiza Franchising: Add value to the brand by expanding the distribution network in Brazil and South America, while maintaining profitability.

Macro strategies of support areas

Finance - Provide the Company with financial resources at adequate terms and costs to support the Strategic Plan and ensure high quality controls and information.

Human Resources - Be the point of reference in attracting, developing and retaining professionals that meet the Company's growth, succession and cultural and value preservation needs.

Information Technology - Provide solutions to improve operating efficiency that can create competitive advantages with high governance standards.

Supplies and Logistics - Maintain competitive advantage in fleet acquisition, ensure logistics efficiency and provide the Company with the best costs in other goods and services.

Seminovos - Add value as a competitive advantage by optimizing fleet renewal and minimizing depreciation costs.

Social Programs

The Company takes part in social programs, demonstrating its concern with the community, through projects which focus on culture, social actions and education, having invested some R$4.4 million in 2013. Highlighting the following:

- **Sports incentive law:** a portion of income tax is allocated to sports projects aimed at fostering leisure, sports and youth.

- **Leader Formation Institute (Instituto de Formação de Líderes)**: a project which aims at forming entrepreneurial leaderships which are committed with the social and political organization model for Brazil

- **Millennium Institute**: a study, research, disclosure and formation center in public matters of the government, politics, economy, society and culture, which promotes the values and principles of a free society.

- **A Voz do Cidadão - Instituto de Cultura de Cidadania**: focuses on the collective rights and duties of citizens.

- **Social institutions supported through the Rouanet Law, Social Fund for the Child and the Adolescent (Fundo Social da Criança e Adolescente), Law of Incentive to the Elderly Population, Support to People with Disabilities and Oncologic Support and Attention**: allocations of resources from income tax by the Company to institutions previously selected, which are qualified and have good historical background and highly respected reputation.

Sustainability Report

The Company does not disclose sustainability report since the car rental and fleet management activities do not cause significant environmental impacts.

The Company's fleet consists of new cars that are fuel efficient, with approximately ¾ of the fleet ranked A or B in consumption, according to Brazil's National Institute of Metrology, Quality and Technology (Inmetro). Whenever available, flex fuel cars are acquired, which are filled with ethanol, which is a

renewable resource and less pollutant than gasoline. During the entire ethanol production, distribution and consumption cycle, CO2 emissions are 89% lower than those from gasoline (www.etanolverde.com.br – Unicamp Study).

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Social Balance Sheet

	2012			2013		
Calculation basis of social indicators - R$ thousand						
Net Revenue (NR)			3,166.8			3,506.2
Earnings before taxes (EBT)			327.1			541.5
Gross Payroll (GP)			300.3			365.1
Internal Social Indicators	**Amount R$/thousand**	**% over GP**	**% over NR**	**Amount R$/thousand**	**% over GP**	**% over NR**
Meals	17.3	6%	1%	21.8	6%	1%
Compulsory social charges	66.9	22%	2%	76.7	21%	2%
Health	13.0	4%	0%	20.6	6%	1%
Training and professional development	9.2	3%	0%	6.4	2%	0%
Day – care or day – care allowance	0.4	0%	0%	0.4	0%	0%
Profit Sharing	31.5	11%	1%	50.0	14%	2%
Other	21.6	7%	1%	10.1	2%	0%
Total – Internal Social Indicators	**159.9**	53%	5%	**186.0**	51%	6%
External Social Indicators	**Amount R$/thousand**	**% on EBT**	**% on NR**	**Amount R$/thousand**	**% on EBT**	**% on NR**
Education	0.4	0%	0%	0.5	0%	0%
Culture	1.7	1%	0%	2.0	1%	0%
Other	0.4	0%	0%	0.2	0%	0%
Total contributions to society	**2.5**	1%	0%	**2.7**	1%	0%
Taxes (net of social charges)	199.3	61%	6%	287.2	53%	8%
Total – External Social Indicators	**201.8**	62%	6%	**289.9**	54%	8%
Employees Indicators			**2012**			**2013**
Number of employees at the end of the period			5,866			5,799
Number of admissions during the period			1,894			1,526
Number of outsourced employees			256			231
Number of interns			41			25
Number of employees over 45 years old			433			528
Number of women working at the company			2,761			2,693
% of management positions held by women			47.81%			46.97%
Number of afro-descendants working at the company			4,186			4,329
% of management positions held by afro-descendants			44.82%			51.38%
Number of physically-impaired people or people with special needs			26			46

Key information regarding the exercise of business citizenship	2013			Targets 2014		
Ratio between maximum and minimum salary		74.05			80 (*)	
Total number of occupational accidents		36			-	
The company's social and environmental projects were established by:	(X) sr. mngt.	( ) sr. mngt. and managers	( ) all employees	(X) sr. mngt.	( ) sr. mngt. and managers	( ) all employees
Occupational safety and health standards were defined by:	( ) sr. mngt. and managers	( ) all employees	(X) all + Cipa	( ) sr. mngt. and managers	( ) all employees	(X) all + Cipa
With regard to freedom of association, collective bargaining rights and internal employee representation, the company:	( ) does not interfere	(X) complies with ILO rules	( )encourages and complies with ILO rules	( ) does not interfere	(X) complies with ILO rules	( )encourages and complies with ILO rules
Private pension plans are offered to:	( ) sr. mngt.	( ) sr. mngt. and managers	(X) all employees	( ) sr. mngt.	( ) sr. mngt. and managers	(X) all employees
The company's profit sharing plan is distributed to:	( ) sr. mngt.	( ) sr. mngt. and managers	(X) all employees	( ) sr. mngt.	( ) sr. mngt. and managers	(X) all employees
When selecting suppliers, the ethical, social and environmental responsibility standards adopted by the	( ) are not considered	( ) are suggested	(X) are required	( ) are not considered	( ) are suggested	(X) are required
With regard to the participation of employees in volunteer programs, the company:	( ) does not interfere	( ) supports	(X) organizes and encourages	( ) does not interfere	( ) supports	(X) organizes and encourages
Total number of consumer complaints and criticisms by consumers:	By company: (**)	By Procon 238	By Court 1638	By company (**)	By Procon N/A	By court N/A
% of complaints and criticisms resolved:	By company (**)	By Procon 38.2%	By court 26.4%	By company (**)	By Procon N/A	By court N/A

(*) For the calculation between the highest and lowest remuneration in the Company the head office salaries were used (Belo Horizonte).

(**) The customer assistance area answers calls relative to mechanical problems, accidents, doubts when compared to invoices, as well as praises and complaints. The Company does not have the exact the quantity of calls which refer exclusively to complaints.

8.1 Description of the economic group

a) Direct and Indirect controlling shareholders

The Company's capital is comprised exclusively of common shares. The following table lists the shareholders holding more than 5% (five per cent) of the Company's shares and their respective equity interests in the capital:

Shareholders	Rented shares on July 04	Not rented shares on July 04	% of participation on July 04	Returned shares on July 07	Not rented shares on July 07	% of participation on July 07	Total shares	% of participation
José Salim Mattar Júnior (*)	6,000,000	7,389,674	3.49%	5,559,177	12,948,851	6.11%	13,389,674	6.322045%
Antônio Cláudi Brandão Resende	-	19,061,406	9.00%	-	19,061,406	9.00%	19,061,406	9.000000%
Eugênio Pacelli Mattar	1,712,352	11,895,130	5.62%	47,884	11,943,014	5.64%	13,607,482	6.424885%
Flávio Brandão Resende	-	12,816,031	6.05%	-	12,816,031	6.05%	12,816,031	6.051195%
Lazard Asset Managemente Securities LLC (**)	-	26,536,059	12.53%	-	26,536,059	12.53%	26,536,059	12.529219%
Treasury shares	-	3,502,008	1.65%	-	3,502,008	1.65%	3,502,008	1.653502%
Other shareholders	-	122,880,740	58.02%	-	122,880,740	58.02%	122,880,740	58.019155%
Total	**7,712,352**	**204,081,048**	**96.36%**	**5,607,061**	**209,688,109**	**99.01%**	**211,793,400**	**100.000000%**

(*) According to the notice received by the Company on July 7, 2014, and released to the market through to a notice to the market of July 9, 2014, Mr. Salim Mattar, founder of the Company, informed that on July 4, 2014 he had 6,000,000 shares rented. From these 6,000,000 shares rented 5,559,177 returned to his position on July 7, 2014.
(**) According to the notice received by the Company on February 10, 2014, and released to the market through to a notice to the market of February 11, 2014, Lazard Asset Management Securities LLC, asset manager headquartered in the USA, informed that it reached relevant shareholder position representing more than 5% of common shares issued by Localiza on February 7, 2014. Lazard Asset Management Securities LLC informs, in its notice, that the acquisition has the exclusive objective of investment holding.

Shareholders' Agreement

There is no agreement signed by the Company's shareholders

b) Subsidiaries and affiliated companies

As of July 18, 2014, the Company had the following wholly-owned subsidiaries:

Localiza Fleet S.A. (formerly Total Fleet S.A.): a privately-held corporation engaged in the fleet management business.

Localiza Franchising Brasil S.A.: a privately-held corporation that conducts franchising operations of the Localiza brand in Brazil. It is further authorized to hold equity interests in other companies and engage in car rental activities.

Localiza Franchising Internacional SRL "LFI SRL": a limited liability company with registered offices in Argentina, although at present it is non-operating.

Localiza Serviços Prime S.A. ("Prime") (formerly Prime Prestadora de Serviços S.A.*)*: a privately-held corporation that serves as an intermediary in sales of decommissioned cars previously used by Localiza and Localiza Fleet in their rental operations, whose corporate purpose is: (i) intermediation of businesses and services in general; (ii) preparation of projects, technical support and consulting services, and systems development; (iii) rental of labor; and (iv) provision of services and negotiations with car repair shops and other suppliers, assessment of damage claims, approval of quotes and services, management of information and documents to support the damage claims.

Car Assistance Serviços de Administração de Sinistros S.A.: a privately-held corporation that administers car insurance losses for insurance companies, accredits mechanical workshops and other suppliers and negotiates with them, regulates losses, approves budgets and services performed, manages information and provides documentary proof of losses and also manages damages.

FR Assistance Serviços de Administração de Sinistros S.A. (formerly TF Assistance Serviços de Administração de Sinistros S.A.), a wholly-owned subsidiary of Localiza Franchising Brasil S.A, currently in pre-operational phase and is engaged in the administration claims for car insurance, accreditation and negotiating with machine shops and other suppliers, loss adjustment, approval of budgets and services performed, management information and supporting documentation of claims and claims management.

Rental International LLC: a wholly-owned subsidiary of the Company set up to carry out financial activities abroad. Currently is not engaged in any operating activities.

Rental Brasil Administração e Participação S.A: a privately-held corporation whose purpose is the administration and participation as unit holder or shareholder in other corporations.

Localiza Cuiabá Aluguel de Carros Ltda: former franchisee of Localiza, a limited liability company operating car rental activities in the cities of Cuiabá, Várzea Grande, Cáceres and Tangará da Serra, all in Mato Grosso.

c) Interest held by the issuer in the group companies

As at July 18, 2014 the percentage of interest held by the Company in its direct and indirect subsidiaries is as follows:

Company name	% interest
Direct subsidiaries:	
Localiza Fleet S.A.	100.0%
Localiza Franchising Brasil S.A.	100.0%
LFI SRL	95.0%
Localiza Serviços Prime S.A.	100.0%
Car Assistance S.A.	100.0%
Rental International	100.0%
Rental Brasil S.A.	100.0%
Localiza Cuiabá Aluguel de Carros Ltda.	100.0%
Indirect subsidiary:	
FR Assistance S.A.	100.0%
Indirect interest:	
LFI SRL	5.0%

d) Interest held by group companies in the issuer

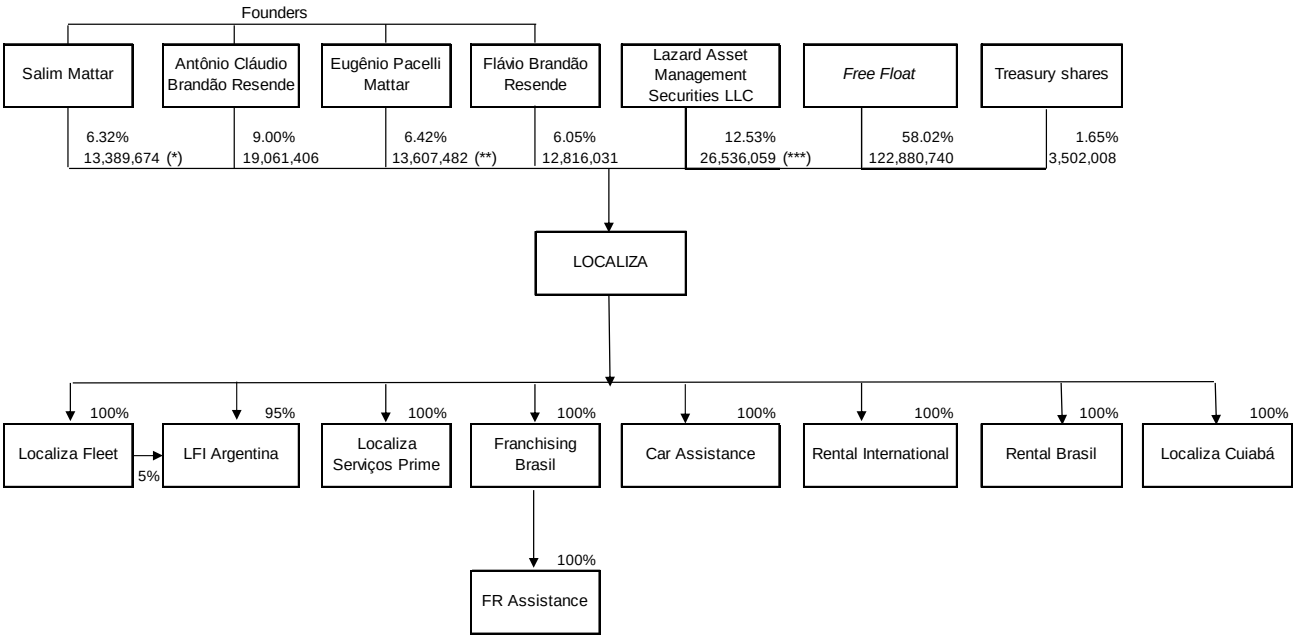
There are no companies of the group that has interest in the Company

e) Companies under common control

There are no companies of the group under common control.

8.2 Ownership Structure

As at July 7, 2014, the organization chart of the group is as follow:



(*) According to the notice received by the Company on July 7, 2014, and released to the market through to a notice to the market of July 9, 2014, Mr. Salim Mattar, founder of the Company, informed that on July 4, 2014 he had 6,000,000 shares rented. From these 6,000,000 shares rented 5,559,177 returned to his position on July 7, 2014.
(**)Includes 1,664,468 shares available for rent.
(***) According to the notice received by the Company on February 10, 2014, and released to the market through to a notice to the market of February 11, 2014, Lazard Asset Management Securities LLC, asset manager headquartered in the USA, informed that it reached relevant shareholder position representing more than 5% of common shares issued by Localiza on February 7, 2014. Lazard Asset Management Securities LLC informs, in its notice, that the acquisition has the exclusive objective of investment holding.

8.3 Restructuring transactions

Date of the operation	4/29/2014
Corporate event	Sale and acquisition of material assets
Description of the operation	In the Extraordinary Shareholders' Meeting held on April 29, 2014, shareholders approved the acquisition of all the shares issued by Localiza Cuiabá Aluguel de Carros Ltda. (Localiza Cuiabá), a former franchisee of Localiza that operated car rental activities in Cuiabá, Várzea Grande, Tangará da Serra and Cáceres in Mato Grosso. On April 30, 2014, the company signed a purchase and sale agreement for R$15.9 million after deducting the debt amount as per contractual clauses.
Date of the operation	4/29/2014
Corporate event	Merger
Description of the operation	In the Extraordinary Shareholders' Meeting held on April 29, 2014, shareholders approved the merger of all assets, liabilities and equity of Localiza Car Rental S.A. (Localiza Car Rental), a wholly-owned subsidiary of Localiza, for R$11.1 million.

Date of the operation	4/29/2014
Corporate event	Merger
Description of the operation	In the Extraordinary Shareholders' Meeting held on April 29, 2014, shareholders approved the merger of all assets, liabilities and equity of Localiza JF Aluguel de Carros Ltda. (Localiza JF), a wholly-owned subsidiary of Localiza, for R$6.0 million.

Date of the operation	8/2/2013
Corporate event	Sale and acquisition of ownership control
Description of the operation	On August 2, 2013, the Extraordinary Shareholders' Meeting approved the acquisition of the shares of Localiza JF Aluguel de Carros Ltda., a franchisee located in Juiz de Fora, operating car rental activities in the cities of Juiz de Fora and Rio Novo in Minas Gerais, and Três Rios, Resende and Volta Redonda in Rio de Janeiro. The acquisition was consummated on August 6, 2013, through the execution of the agreement for the purchase and sale of shares and other covenants.
Date of the operation	10/26/2012
Corporate event	Sale and acquisition of ownership control
Description of the operation	Restructuring operation within Localiza. On October 26, 2012, Localiza Fleet, a wholly-owned subsidiary of Localiza, sold its direct subsidiary TF Assistance (a company currently in the pre-operational phase) to Localiza Franchising Brasil, a direct subsidiary of Localiza, for its book value of R$150,000.

Date of the operation	9/21/2012
Corporate event	Sale and acquisition of ownership control
Description of the operation	On September 21, 2012, Localiza Rent a Car paid the capital of its wholly-owned subsidiary Localiza Fleet with 5% of its investment in Localiza Franchising Internacional SRL (the direct wholly-owned subsidiary of Localiza Rent a Car until this date) for R$4,000.
Date of the operation	9/11/2012
Corporate event	Other
Description of corporate event "Other"	Incorporation
Description of the operation	At the Extraordinary Shareholders' Meeting held on September 11, 2012, the company Rental Brasil Administração e Participação S.A. was constituted for the purpose of managing and holding equity or membership interest in other companies.

8.4 Other material information

All relevant information pertaining to this topic has already been provided in the previous items.

9.1 Material noncurrent assets – other

On December 31, 2013, the non-current assets that are material for the development of the Company's activities are described in sub-item 9.1.a.

9.1 Material noncurrent assets / 9.1.a – Property, plant and equipment

Description of the fixed asset	Country	State	Municipality	Type of property
Cars	Brazil	MG	Various	Own
Land	Brazil	BA	Barreiras	Own
Land	Brazil	BA	Camaçari	Own
Land	Brazil	PE	Recife	Own
Land	Brazil	MG	Poços de Caldas	Own
Land	Brazil	MG	Belo Horizonte	Own
Leasehold improvements	Brazil	AL	Maceió	Rent
Leasehold improvements	Brazil	AP	Macapá	Rent
Leasehold improvements	Brazil	BA	Various	Rent
Leasehold improvements	Brazil	CE	Various	Rent
Leasehold improvements	Brazil	DF	Various	Rent
Leasehold improvements	Brazil	ES	Various	Rent
Leasehold improvements	Brazil	GO	Various	Rent
Leasehold improvements	Brazil	MA	Various	Rent
Leasehold improvements	Brazil	MG	Various	Rent
Leasehold improvements	Brazil	MS	Various	Rent
Leasehold improvements	Brazil	PA	Various	Rent
Leasehold improvements	Brazil	PB	Various	Rent
Leasehold improvements	Brazil	PE	Various	Rent
Leasehold improvements	Brazil	PI	Teresina	Rent
Leasehold improvements	Brazil	PR	Various	Rent
Leasehold improvements	Brazil	RJ	Various	Rent
Leasehold improvements	Brazil	RN	Various	Rent
Leasehold improvements	Brazil	RS	Various	Rent
Leasehold improvements	Brazil	SC	Various	Rent
Leasehold improvements	Brazil	SP	Various	Rent
Land	Brazil	BA	Salvador	Own
Land	Brazil	BA	Itaparica	Own
Cars	Brazil	MG	Various	Leased

9.1 Material noncurrent assets / 9.1.b. Patents, trademarks, licenses, concessions, franchises and technology transfer agreements

Type of asset	Description of the asset	Covered Territory	Duration	Events which may cause loss of rights	Consequence of loss of rights
Franchises	Franchises and royalty agreements	Brazil	60 months	The Company grants its franchisees the right to use trademark and the necessary knowledge to operate the business as well as exclusivity over certain geographic area outside which the franchisee may not operate. In general, the franchisees may rescind the franchise agreements upon a 90-day notice. The Business Franchise Agreements executed by the Company have an exclusivity clause which does not allow the franchisees to sell their operations to third-parties or to the Company's competitors. The agreements also present a confidentiality clause that provides for the payment of fine in case of breach and a non-competition obligation after the termination or rescission of the agreement for a five-year period.	After the termination of the agreements, the Company may execute a new agreement with the franchisee or take on the franchisee's operations if they economically feasible, having first refusal rights in the acquisition of agency and facilities.
Trademarks	Localiza Rent a Car (abroad Costa Rica)	Latin America	Until 2019	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza rent a car (abroad Ecuador)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza rent a car (abroad Nicaragua)	Latin America	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza rent a car (abroad Panama)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset

Type of asset	Description of the asset	Covered Territory	Duration	Events which may cause loss of rights	Consequence of loss of rights
Trademarks	Localiza Rent a Car (abroad Paraguay)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad Panama)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad Paraguay)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad Peru)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad Suriname)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad Uruguay)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad USA)	Latin America	Until 2018	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Aluguel de Carros	Brazil	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Frotas	Brazil	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Rent a Car	Brazil	Until 2018	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Rent a Car (abroad Aruba)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Rent a Car (abroad Bolivia)	Latin America	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Rent a Car (abroad Peru)	Latin America	Until 2024	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Rent a Car (abroad Portugal)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset

Type of asset	Description of the asset	Covered Territory	Duration	Events which may cause loss of rights	Consequence of loss of rights
Trademarks	Localiza Rent a Car (abroad Suriname)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Rent a Car (abroad Uruguay)	Latin America	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Rent a Car (abroad Venezuela)	Latin America	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza.com.br	Brazil	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad Argentina)	Latin America	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Seminovos Localiza	Brazil	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Seminovos Localiza Carros de Confiança	Brazil	Until 2019	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Seminovos Localiza.com.br	Brazil	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Rent a Car (abroad Guiana)	Latin America	Until 2023	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad Guiana)	Latin America	Until 2023	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Green Line	Brazil	Until 2021	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Green Sign	Brazil	Until 2024	Non-payment of extension at maturity	Loss of trademark registration and intangible asset

Type of asset	Description of the asset	Covered Territory	Duration	Events which may cause loss of rights	Consequence of loss of rights
Trademarks	Localiza Green	Brazil	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Verde	Brazil	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Verde Fato	Brazil	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Concessions	Concession of right granted by Infraero and state and municipal airport authorities	Brazil	12 to 60 months	See topic 7.5 item "c" of this Reference Form	See topic 7.5 item "c" of this Reference Form
Trademarks	Localiza (abroad Aruba)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad Bolivia)	Latin America	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad Chile)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad Colombia)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad European Community)	Latin America	Until 2023	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad Costa Rica)	Latin America	Until 2019	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad Ecuador)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad French Guiana)	Latin America	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (abroad Mexico)	Latin America	Until 2024	Non-payment of extension at maturity	Loss of trademark registration and intangible asset

Type of asset	Description of the asset	Covered Territory	Duration	Events which may cause loss of rights	Consequence of loss of rights
Trademarks	Localiza (abroad Nicaragua)	Latin America	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Rent a Car (abroad Chile)	Latin America	Until 2024	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Rent a Car (abroad Colombia)	Latin America	Until 2018	Non-payment of extension at maturity	Loss of trademark registration and intangible asset

9.1 Material noncurrent assets / 9.1.c Interest held in companies

Company name	Corporate Taxpayer's (CNPJ)	CVM Code	Type of Company	Country	State	City	Description of activities	Issuer's interest (%)
Fiscal Year	**Book value - % chg.**	**Market cap - % chg.**	**Amount of dividends received (R$)**		**Date**	**Value (R$)**		
Car Assistance Serviços de Administração de Sinistros S.A.	10.863.913/0001-95	-	Subsidiary	Brazil	MG	Belo Horizonte	Closely held company which manages car losses for insurance companies, accredits mechanical workshops and other suppliers and negotiates with them, regulates losses, approves budgets and services performed, manages information and provide documentary proof of losses and also manages damages.	100.000000
				Market cap				
12/31/2013	0.000000	0.000000	16,369,635.34	**Book value**	12/31/2013	240,000.00		
12/31/2012	-93.031359	0.000000	13,535,654.02					
12/31/2011	1335.000000	0.000000	4,271,007.22					
Reasons for acquisition and maintenance of interest								
Company responsible for managing losses occurred with the Company's fleet cars.								
FR Assistance Serviços de Administração de Sinistros S.A.	10.866.914/0001-93	-	Subsidiary	Brazil	MG	Belo Horizonte	Wholly-owned subsidiary of Franchising Brasil (LFB), presently in pre-operation phase and whose purpose is the management of losses of cars for insurance companies, accrediting of mechanical workshops and other suppliers and negotiating with them, regulation of losses approval of budgets and services performed, management of information and proof documents of the losses and management of damages.	100.000000
				Market cap				
12/31/2013	0.000000	0.000000	0.00	**Book value**	12/31/2013	150,000.00		
12/31/2012	0.000000	0.000000	0.00					
12/31/2011	0.000000	0.000000	0.00					
Reasons for acquisition and maintenance of interest								
Company in pre-operation phase managing losses occurred with Total Fleet cars.								

Company name	Corporate Taxpayer's (CNPJ)	CVM Code	Type of Company	Country	State	City	Description of activities	Issuer's interest (%)
Fiscal Year	**Book value - % chg.**	**Market cap - % chg.**	**Amount of dividends received (R$)**		**Date**	**Value (R$)**		
Localiza Car Rental S.A.	07.150.288/0001-20	-	Subsidiary	Brazil	MG	Belo Horizonte	Closely held company that operates car and fleet rental activities also licensing trademarks and franchises in Brazil.	100.000000
				Market cap				
12/31/2013	0.000000	0.000000	9,000,459.57	**Book value**	12/31/2013	4,165,000.00		
12/31/2012	-46.834312	0.000000	5,683,436.98					
12/31/2011	88.091237	0.000000	4,890,515.25					
Reasons for acquisition and maintenance of interest								
Company that also operates car rental activities parallel to the Company.								
Localiza Fleet S.A.	02.286.479/0001-08	-	Subsidiary	Brazil	MG	Belo Horizonte	Closely held company that conducts the fleet management business. In the Extraordinary Shareholders' Meeting held on December 23, 2013, shareholders approved the change of its corporate name from Total Fleet S.A. to Localiza Fleet S.A.	100.000000
				Market cap				
12/31/2013	21.603349	0.000000	43,911,742.82	**Book value**	12/31/2013	793,564,000.00		
12/31/2012	45.179332	0.000000	29,926,600.51					
12/31/2011	71.928536	0.000000	40,425,550.96					
Reasons for acquisition and maintenance of interest								
Company responsible for conducting fleet rental business								
Localiza Franchising Brasil S.A.	06.291.437/0001-08	-	Subsidiary	Brazil	MG	Belo Horizonte	Closely held company which operates franchising businesses in Brazil. Additionally, it is authorized to have interest in other companies and operate car rental activities.	93.720000
				Market cap				
12/31/2013	0.000000	0.000000	14,106,234.71	**Book value**	12/31/2013	604,000.00		
12/31/2012	-93.102661	0.000000	11,706,394.52					
12/31/2011	1349.834437	0.000000	10,869,212.76					
Reasons for acquisition and maintenance of interest								
Company responsible for operating franchising of Localiza trademark business in Brazil.								

Company name	Corporate Taxpayer's (CNPJ)	CVM Code	Type of Company	Country	State	City	Description of activities	Issuer's interest (%)
Localiza Franchising International SRL	00.000.000/0000-00	-	Subsidiary	Argentina		Buenos Aires	Limited liability company, in Argentina, presently not operating.	100.000000

Fiscal Year	Book value - % chg.	Market cap - % chg.	Amount of dividends received (R$)		Date	Value (R$)
				Market cap		
12/31/2013	0.000000	0.000000	0.00	Book value	12/31/2013	72,000.00
12/31/2012	-21.649485	0.000000	0.00			
12/31/2011	-3.000000	0.000000	0.00			

Reasons for acquisition and maintenance of interest

Company presently not operating.

Company name	Corporate Taxpayer's (CNPJ)	CVM Code	Type of Company	Country	State	City	Description of activities	Issuer's interest (%)
Localiza JF Aluguel de Carros Ltda	18.483.286/0001-79	-	Associate	Brazil	MG	Juiz de For a	Limited liability company, former franchise of the Localiza brand conducting franchise business in the cities of Juiz de For a and Rio Novo, in Minas Gerais, and Três Rios, Resende and Volta Redonda, in Rio de Janeiro. On August 6, 2013, it was acquired by the Company and currently operated car rental activities in these cities.	100.000000

Fiscal Year	Book value - % chg.	Market cap - % chg.	Amount of dividends received (R$)		Date	Value (R$)
				Market cap		
12/31/2013	47.110000	0.000000	43,658.57	Book value	12/31/2013	4,711,000.00
12/31/2012	0.000000	0.000000	0.00			
12/31/2011	0.000000	0.000000	0.00			

Reasons for acquisition and maintenance of interest

Company that is a former franchisee of Localiza brand.

Company name	Corporate Taxpayer's (CNPJ)	CVM Code	Type of Company	Country	State	City	Description of activities	Issuer's interest (%)
Fiscal Year	Book value - % chg.	Market cap - % chg.	Amount of dividends received (R$)		Date	Value (R$)		
Localiza Serviços Prime S.A.	02.887.100/0001-07	-	Subsidiary	Brazil	MG	Belo Horizonte	Closely held company conducting intermediation in the sales of decommissioned cars previously used by Localiza and Total Fleet with the following corporate purpose: (i) business intermediation and general services; (ii) project design, technical support, consulting and systems development; (iii) leasing of manpower; and (iv) provision of services and negotiation with mechanic shops and other suppliers, verification of claims, approval of budgets and services carried out, management of information and documents in support of claims.	100.000000
				Market cap				
12/31/2013	897.420000	0.000000	0.00	Book value	12/31/2013	89,742,000.00		
12/31/2012	0.000000	0.000000	0.00					
12/31/2011	0.000000	0.000000	0.00					
Reasons for acquisition and maintenance of interest								
Company responsible for intermediating sales of cars previously used in car and fleet rental business.								
Rental Brasil Administração e Participação S.A.	16.840.861/0001-18	-	Subsidiary	Brazil	MG	Belo Horizonte	Privately held corporation constituted on July 24, 2012 and in the operational phase, whose purpose is the management and holding of equity or membership interest in other companies.	100.000000
				Market cap				
12/31/2013	0.000000	0.000000	0.00	Book value	12/31/2013	40,922,000.00		
12/31/2012	0.000000	0.000000	0.00					
12/31/2011	0.000000	0.000000	0.00					
Reasons for acquisition and maintenance of interest								
Administration and interest holding as shareholder in other companies.								
Rental International LLC	00.000.000/0000-00	-	Subsidiary	United States			Wholly-owned subsidiary of the Company established for conducting financial activities abroad. Currently not operating	100.000000
				Market cap				
12/31/2013	0.000000	0.000000	0.00	Book value	12/31/2013	0.00		
12/31/2012	0.000000	0.000000	0.00					
12/31/2011	0.000000	0.000000	0.00					
Reasons for acquisition and maintenance of interest								
Company responsible for conducting financial operations abroad, presently not operating.								

9.2 Other material information

The Company believes that the most material assets are the cars in its fleets, in the amount of R$2,797.9 million as at December 31, 2013, representing 90.7% of its total non-current assets. This amount includes R$16.5 million related to cars available for sales recorded under "Cars being decommissioned for fleet renewal" under current assets.

Most of the cars are acquired by the parent company and licensed in Belo Horizonte, and consequently they were classified in the state of Minas Gerais, where the Company's headquarters and Management are located.

10.1 – General financial and equity conditions

a) General financial and equity conditions

Localiza's business model, supported by an integrated platform, allows the Company to have flexibility and be capable of adjusting to the macroeconomic environment, regardless of whether it is more or less favorable, thus maintaining a high return on the invested capital.

We have adopted the strategies best suited to the various economic and competitive environments.

2013 was a challenging year to Brazil. The market had, at the beginning of the year, a more optimistic view of the economy, which differed greatly from what really occurred: lower growth of the Gross Domestic Product (GDP), inflationary pressure and increase in the basic interest rate. On the other hand, over the past few months, we have finally witnessed the success of several concessions of airports, roads and oil extraction, which demonstrate an increase in the level of investments in the medium/long term.

In spite of this scenario, the Company had a growth in the revenue from the rental of cars and fleets and sale of cars. Its net income and cash generation reached record amounts, in addition to a strong spread between the return on invested capital and the cost of debt after taxes. In 2013, revenue in the Car Rental Division grew by 6.4%, while revenue in the Fleet Rental Division grew by 7.5%. Revenues from the sale of decommissioned cars for fleet renewal increased 15.0%, for a total of 62,641 cars sold in 2013, or 10.6% more than in 2012, while the average price of cars sold was 4.6% higher.

The record amount of cash generated (R$360.6 million before interest expenses) permitted the distribution of R$ 250.0 million as extraordinary dividends, without compromising the gearing ratios or the confidence of the market in relation to the Company's strength. Fitch and Standard & Poor's classified the credit risk of Localiza as AAA at national scale.

In 2013, the Company's ROIC expanded by 0.4 p.p. compared to the prior year and, despite the hike in the base interest rate throughout 2013, the average rate in the year was lower than the average rate in 2012. Both factors helped widen the spread between ROIC and borrowing costs after tax from 9.8 p.p. in 2012 to 10.5 p.p. in 2013.

The Company's distribution network was expanded by the opening of 14 car rental branches in the country. The Company, including franchisees, closed 2013 with 542 car rental branches in 9 countries in South America, for a fleet of 117,759 cars. The Seminovos (used cars) division closed 2013 with 74 car dealing locations. The dealer network supports the Company's business model, enabling fleet renewal.

Since its IPO in 2005, revenue in the Car Rental Division grew by 4.5 times, while revenue in the Fleet Rental Division grew by 4.0 times. The fleet has grown from 28,699 cars at the end of 2004 to 103,526 cars in 2013. Combined with the 14,233 cars of the franchisees in Brazil and other countries in South America, the Localiza fleet stood at 117,759 cars on December 31, 2013.

In 2013, the company conducted the 7th issuance of debentures, in the amount of R$500.0 million. The operation enabled Localiza to lengthen its debt amortization profile by 2 additional years, with installments due in 2021. It also helped strengthen the Company's cash position.

Localiza adopts the highest standards of corporate governance, with a professional and proactive Board of Directors formed by highly qualified members from a variety of backgrounds.

We have maintained a completely transparent relationship with our investors and other stakeholders.

The average daily trading volume of RENT3 increased 22.9%, from R$ 33.2 million in 2012 to R$ 40.8 million in 2013.

The Company will continue to seek productivity gains, a more efficient management of costs and a better rate of utilization of vehicles of the Car Rental Division.

Management is committed to generate value for its shareholders and maintain a long-term approach to support growth with profitability. The Company is ready to benefit from growth and consolidation opportunities in the fragmented car rental market.

To evaluate the financial and equity position of the Company, The Board of Executive Officers uses various indicators, which include:

- EBITDA: used to measure performance itself, while certain investors, credit rating agencies and financial analysts use EBITDA as an indicator of the Company's operational performance and cash generation. EBITDA corresponds to net income before income tax and social contribution, financial expense (income), net and expenses with depreciation and amortization.

The following table presents a reconciliation of the EBITDA, adjusted EBITDA and net income reported in the Annual Consolidated Financial Statements for fiscal years 2013, 2012 and 2011:

				R$ million
	2013	**2012**	**Var. %**	**2011**
Net income	**384.3**	**240.9**		**291.6**
Car depreciation (a)	229.0	376.8		201.5
Depreciation and amortization of other fixed and intangible assets (b)	35.4	33.0		24.1
Net financial expenses (c)	110.6	138.7		179.0
Income tax and social contribution	157.2	86.2		125.1
EBITDA	**916.5**	**875.6**	**4.7%**	**821.3**
Stock Options costs (d)	6.1	7.1		6.7
Adjusted EBITDA (d)	**922.6**	**882.7**	**4.5%**	**828.0**
Consolidated rental revenue, net	**1,758.9**	**1,646.8**	**6.8%**	**1,450.0**
% EBITDA on rental revenue, net	**52.1**	**53.2**		**56.6**

(a) Car depreciation expenses are allocated in the line "Costs" on the statement of income of the Annual Consolidated Financial Statements; **(b)** Expenses with the depreciation of other property and equipment and expenses with the amortization of intangible assets (*software*) are allocated in the lines "Costs", "Selling expenses" and "General, administrative and other expenses", in accordance with the nature and allocation of each item, on the statement of income of the Annual Consolidated Financial Statements; **(c)** Formed by expenses with interest on loans, financing and debentures and other interest expenses, net of income from interest earned on cash and cash equivalents and other interest income, as well as the monetary restatement of assets and liabilities; and (**d**) The Company uses adjusted EBITDA to verify compliance with the contractual clauses (covenants) of certain loans, financing and debentures.

EBITDA grew by 4.7%, from R$875.6 million in 2012 to R$916.5 million in 2013. As a percentage of consolidated net rental revenue, EBITDA decreased by 1.1 p.p., from 53.2% in 2012 to 52.1% in 2013.

- consolidated net debt: indicator that best represents the real level of its debt. Net debt corresponds to short- and long-term debt less cash and cash equivalents. Based on its net debt, the Board of Executive Officers of the Company calculates certain indicators that demonstrate the financial situation of The company, as the following table shows:

R$ million

	2013	2012	2011
Short- and long-term debt	2,343.5	2,055.1	2,074.4
(-) Cash and cash equivalents	(1,010.7)	(823.9)	(711.0)
Net debt	**1,332.8**	**1,231.2**	**1,363.4**
Shareholders' equity	1,341.2	1,324.7	1,120.6
Debt ratio (Net Debt / SE)	**0.99**	**0.93**	**1.22**
EBITDA	916.5	875.6	821.3
Net Debt/ EBITDA	**1.45**	**1.41**	**1.66**
Adjusted EBITDA	922.6	882.7	828.0
Net Debt / Adjusted EBITDA	**1.44**	**1.39**	**1.65**
Fleet value	2,797.9	2,547.6	2,681.7
Net debt / Fleet value	**0.48**	**0.48**	**0.51**

The ratios Net debt / Shareholders' equity and EBITDA / Fleet value maintained healthy levels over the last three years due to the strong cash generation. The Board of Executive Officers of the Company considers the level of these debt indicators to be conservative and comfortable for its business cycle.

b) Capital structure and possibility of redeeming shares or ownership interests

- **Capital structure:**

Share Capital

On December 31, 2012, the subscribed and paid-up capital is formed by 201,708,000 registered common shares without par value, which may be increased, by resolution of the Board of Directors, by up to 43,962,000 common shares.

The Extraordinary General Meeting held on April 29, 2013 approved the Company's capital increase of R$ 375.0 million, from R$ 601.7 million to R$ 976.7 million, with the issue of 10,085,400 new common shares, equivalent to 5% of the Company's share capital. The shares without par value were distributed to the shareholders, at no charge, as a stock dividend, under the terms of article 169 of Law 6,404/76, in the proportion of 1 new share per each 20 shares. With this increase, the total shares of the Company increased from 201,708,000 to 211,793,400. The capital increase was made through the capitalization of part of the balance of earnings reserves, specifically the statutory reserve.

The stock dividend approved at the Shareholders' Meeting held on April 29, 2013 was credited on May 7, 2013 to all stockholders of record on April 30, 2013.

On December 31, 2013, the subscribed and paid-up capital was R$976.7 million (R$601.7 million in 2012 and 2011).

The capital was composed as follows on the respective dates:

	12/31/13		12/31/12		12/31/11	
Shareholders	**Common shares (number)**	**%**	**Common shares (number)**	**%**	**Common shares (number)**	**%**

Founders-partners	61,874,593	29.2	61,926,254	30.7	68,129,621	33.8
Free-float shares	146,160,226	69.0	136,623,393	67.7	129,337,074	64.1
Treasury shares	3,758,577	1.8	3,158,349	1.6	4,183,180	2.1
Board of Directors	4	-	4	-	58,125	-
Total	**211,793,400**	**100.0**	**201,708,000**	**100.0**	**201,708,000**	**100.0**
(-) Treasury shares	(3,758,577)		(3,158,349)		(4,183,180)	
Outstanding shares at end of year	**208,034,823**		**198,549,651**		**197,524,820**	

On December 31, 2013, 2012 and 2011, the shareholders' equity of the Company was formed as follows:

			R$ million
	12/31/13	**12/31/12**	**12/31/11**
Capital	976.7	601.7	601.7
Capital reserves	93.1	80.7	62.2
Treasury shares	(62.9)	(32.6)	(43.2)
Profit and Retained Earnings Reserves	334.3	674.9	499.8
Asset valuation adjustment	-	-	0.1
Total shareholders' equity	**1,341.2**	**1,324.7**	**1,120.6**

Capital Reserves

Reserve that basically refers to (i) the remaining balance of goodwill from the subscription of shares in the primary offering of Localiza shares in 2006 in the amount of R$48.2 million; (ii) the exercise of 629,712 stock options during 2013, which was related to the Stock Option Programs from 2007 to 2010, generated goodwill of R$11.3 million (R$17.8 million in 2012 and R$0.4 million in 2011), resulting in the balance of R$77.7 million on December 31, 2013; R$15.4 million of reserve to the Stock Option Plan.

Profit Reserves

(i) Legal Reserve

Reserve accrued in accordance with Brazilian Law of Corporations through the allocation of 5% of net income for the year, limited to: i) 20% of the capital or ii) 30% of the capital, considering the sum of the balance of such reserve and the Capital Reserves. The objective of the legal reserve is to ensure the integrity of capital and can only be utilized to offset losses or increase capital. On December 31, 2013 and 2011, R$19.2 million and R$12.0 million and R$14.6 million were accrued in the legal reserve, respectively.

(ii) Bylaws Reserve and Retained Earnings

According to Item (f), Paragraph 2, Article 24 of the bylaws of Localiza, a portion consisting of up to 100% of income remaining after the legal and bylaws deductions may be allocated to accrue the "investment reserve", which is intended to finance investments for renewing the fleet of the Company and its subsidiaries, with said reserve prohibited from surpassing the following amounts: (i) 80% of capital; or (ii) an amount that, when combined with the amounts of the other Profit Reserves, except for the unrealized Profit Reserves and reserve for contingencies, does not exceed 100% of the capital of the Company.

The Extraordinary Shareholders' Meeting held on April 29, 2013 approved the Company's capital increase in the amount of R$375.0 million, upon incorporation of part of the balance of the profits reserves, particularly the Bylaws reserve.

At the Meeting of October 24, 2013, the Board of Directors authorized, under the Company's bylaws, the use of the retained earnings balance of R$163.2 million and a portion of the Bylaws reserve balance of R$86.8 million, totaling R$250.0 million, to be paid to shareholders as extraordinary dividends.

As of December 31, 2013, the Board of Executive Officers proposed the approval at the Annual Shareholders' Meeting of the allocation of retained earnings of R$265.1 million for the accrual of a Bylaws reserve, in accordance with item (f), Paragraph 2, Article 24 of the Company's Bylaws.

Debt capital

The following table presents the consolidated net debt[1] of the Company on December 31, 2013, 2012 and 2011:

R$ million

	Fiscal year ended December 31,		
	2013	**2012**	**2011**
Short- and long-term debt	2,343.5	2,055.1	2,074.4
(-) Cash and cash equivalents	(1,010.7)	(823.9)	(711.0)
Net debt	**1,332.8**	**1,231.2**	**1,363.4**

[1] The Company defines net debt as its short- and long-term debt less cash and cash equivalents.

The main funding and repayment transactions involving loans, financing and debentures in 2013 follows:

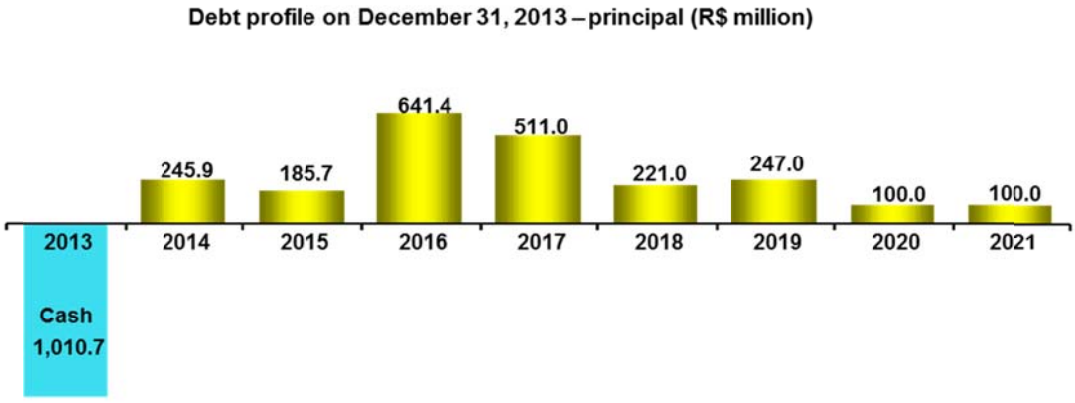
Type	Funding (in R$ million)	Amortization (in R$ million)	Notes
2nd Issuance of Debentures - Localiza	-	(66.6)	-
4th Issuance of Debentures - Localiza	-	(154.0)	Prepayment
7th Issuance of Debentures - Localiza	500.0	-	8-year term
Other	112.6	(129.3)	-
Total	**612.6**	**(349.9)**	

The current capital structure and debt amortization term are comfortable, as demonstrated by the debt indicators presented below:

BALANCE AT PERIOD END	2013	2012	2011
Net debt / Fleet value	48%	48%	51%
Net Debt / EBITDA	1.5x	1.4x	1.7x
Net debt / Shareholders' equity	1.0x	0.9x	1.2x

Note that the fleet of the Company, which represents 90.7% of total non-current assets on December 31, 2013, is highly liquid and that the Company has an in-house structure for selling decommissioned cars.

On December 31, 2013, the debt profile is very comfortable, as shown in the graph below, as represented by the amounts of principal in the chart on the right, was long and did not present any high concentration of maturities in any one period, and the balance of cash and cash equivalents on the same date was more than sufficient to settle all debts maturing in 2014 and 2015.



i) Redemption of shares

As of December 31, 2013, the number of treasury shares was 3,758,577 shares (3,158,349 as of December 31, 2012, and 4,138,180 as of December 31, 2011), acquired in accordance with the 1st and 4th repurchase programs approved at the Board of Directors' meetings held on December 18, 2007 and July 19, 2012, respectively.

The outstanding balance of treasury shares as of December 31, 2013 was R$62.8 million (R$ 32.6 million at December 31, 2012 and R$ 43.2 million at December 31, 2011).

As of December 31, 2013, the market value of the 3,758,577 treasury shares was R$ 124.8 million (price of R$ 33.20 per share as of December 31, 2013). The cost of acquisition of the treasury shares, including related costs, was as follows:

First Share Buyback Program: R$ 26.1 million, net of realizations of R$ 6.5 million and an average unit cost of R$ 10.32 (minimum R$ 5.15 and maximum R$ 16.55).

Fourth Share Buyback Program: up to December 31, 2013, under the fourth Share Buyback Program, 1,072,200 shares were acquired (1,093,310 shares including stock dividend), totaling a cost of R$ 36.8 million. The average unit cost is R$ 33.64 (minimum of R$ 33.52 and maximum of R$ 33.78). This buyback was based on the approval of the Board of Directors of July 19, 2012 regarding the acquisition of up to 8,447,000 shares to be held in treasury and subsequently sale or use in the stock option program without any capital reduction. The deadline for the completion of the transaction was July 18, 2013.

Fifth Share Buyback Program: On July 25, 2013, the Board authorized the 5th Buyback Program of up to 9,038,000 shares issued by the Company, valid for 365 days from that date.
Conditions were the same as those of the Fourth Program and no share had been acquired up to December 31, 2013.

ii) Formula for calculating the redemption price

Not applicable.

c) Payment capacity regarding the financial commitments undertaken

The financial commitments undertaken by the Company, net of financial resources in cash or cash equivalents, were represented by net debt, as shown below for each reference date:

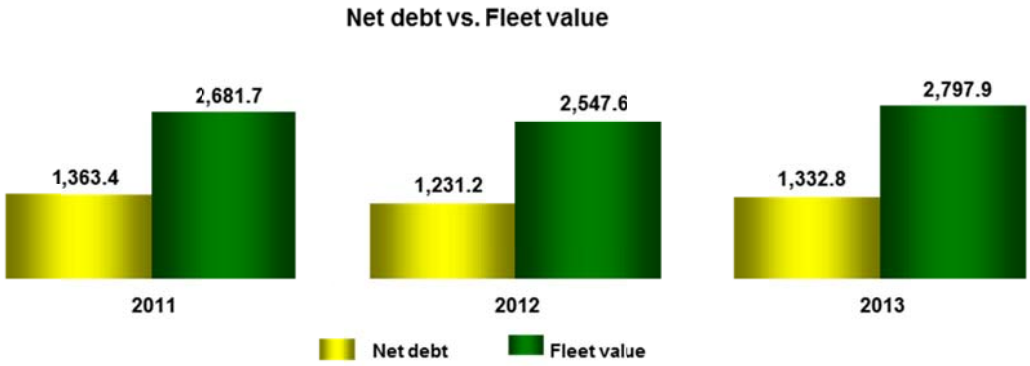
R$ million

	Fiscal year ended December 31,		
	2013	**2012**	**2011**
Short- and long-term debt	2,343.5	2,055.1	2,074.4
(-) Cash and cash equivalents	(1,010.7)	(823.9)	(711.0)
Net debt	**1,332.8**	**1,231.2**	**1,363.4**

The Company defines net debt as short- and long-term debt less cash and cash equivalents. Board of Executive Officers considers consolidated net debt the indicator that best represents the real level of the Company's debt.

The Board of Executive Officers believes that Net debt / Fleet Value and Net Debt / EBITDA are the indicators that best represent the capacity of the Company to pay the financial commitments it has undertaken.

On December 31, 2013, the Net debt of the Company corresponded to only 48% of its total Fleet value, as shown in the chart below:



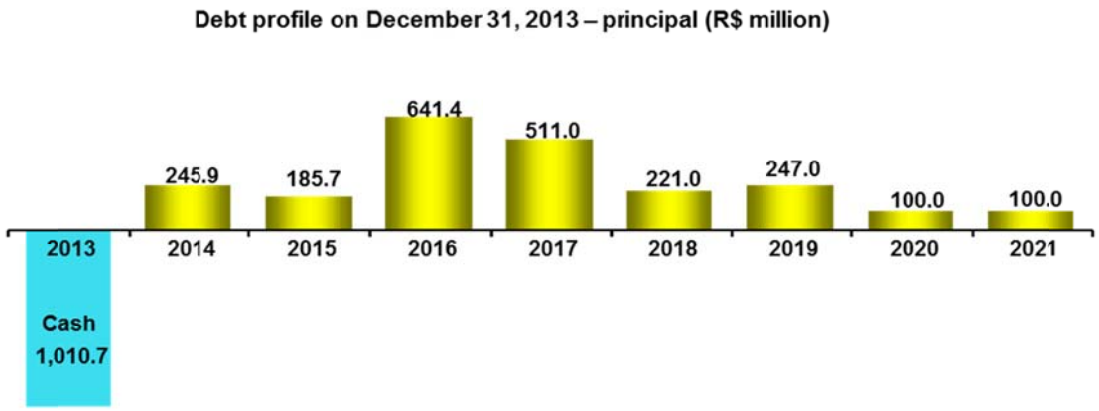
The fleet of the Car Rental Division is adjusted in accordance with demand. The Company may increase its liquidity by selling a portion of its fleet whenever rental demand decreases. This flexibility was demonstrated during the global financial crisis of 2008, when the Company suspended its car purchases for 6 months, which substantially increased its cash and even supported the prepayment of debt. To strengthen its fleet renewal capacity, the Company has its own network of used-car dealerships to sell decommissioned vehicles.

Regarding the Net debt/EBITDA ratio, the Board of Directors authorized the Board of Executive Officers to contract loans and financing up to the limit of net debt corresponding to 3.0 times EBITDA in the previous four quarters under IFRS. The Board of Directors may review this ratio with the objective of not compromising the credit ratings of the Company.

The ratio on December 31, 2013 was much lower than the limit of net debt established in the financial covenants of the Company of 4 times:

BALANCE AT PERIOD-END	**2013**	**2012**	**2011**
Net Debt / EBITDA	1.5x	1.4x	1.7x

On December 31, 2013, the debt profile was very comfortable and did not present any high concentration of maturities in any one period, and the balance of cash and cash equivalents on the same date was more than sufficient to settle all debts maturing in 2014 and 2015.



The Company manages liquidity risk by maintaining adequate funds in cash and cash equivalents by continuously monitoring projected cash flows and by adequately matching the asset and liability maturities.

Moreover, the Board of Executive Officers believes the Company enjoys good conditions for tapping credit and obtaining adequate borrowing terms and costs, given its solid economic and financial condition and its conservative level of leverage, as confirmed by its corporate credit ratings. Localiza is included in the select group of Brazilian companies that have been awarded an investment grade by the three main rating agencies, as shown in the table below:

Rating Agency	National scale (Brazil)	Rating Agency
Standard & Poor's	brAAA / Stable	BBB- / Stable
Fitch Ratings	AAA(bra) / Stable	BBB / Stable
Moody's	Aa1.br / Stable	Baa3 / Stable

In view of its debt profile, Net debt/Fleet Value and Net debt/EBITDA ratios, cash generation capacity, flexible fleet management and good access to credit at adequate borrowing terms and costs, one could say the Company has the conditions to fulfill its financial commitments with creditors.

d) Sources used to finance working capital and investments in noncurrent assets

The Company uses cash from operations to conduct its daily business activities, and finance its fleet renewal and part of its growth. To supplement its cash requirements for growth, the Company obtains loans and financing from major financial institutions in Brazil, and issues debt securities (debentures and promissory notes), that are substantially indexed to the CDI (overnight rate) variation. The inherent risk arises from the possibility of relevant increases in CDI.

The funding transactions in the capital markets or loans are indexed to the variation in the CDI overnight rate plus a spread, or pre-established rates.
Taking advantage of opportunities in the market and seeking to reduce its borrowing costs, the Company contracts loans in foreign currency. Simultaneously to these operations, the company contracts plain vanilla swaps at identical condition exclusively for hedge purposes. On December 31, 2013, the balance of loans held in foreign currency was R$369.6 million.

In addition, the Localiza Fleet (formerly Total Fleet S.A.) contracts swap operations that exchange the variation in the CDI overnight rate for a fixed rate to hedge against any increase in the basic interest rate of the Brazilian economy (Selic).

The main offerings carried out in 2013, 2012 and 2011 and the respective use of proceeds are shown below:

	Issue date	Proceeds R$ million	Balance on 12/31/13, including interest	Use of proceeds
Localiza:				
5th Issuance of Debentures	5/30/11	500.0	501.9	Debt profile lengthening, working capital and investment in fleet
6th Issuance of Debentures	10/15/12	300.0	305.6	Debt prepayment and investment in fleet
7th Issuance of Debentures	10/9/13	500.0	509.2	Debt prepayment, working capital and investment in fleet

In addition, as of December 31, 2013, the Company had R$401.6 million funded through working capital and financial lease loans for car acquisition.

e) Sources of financing for working capital and investments in noncurrent assets that it plans to use to cover liquidity deficiencies

The main financing sources are the capital generated by operating activities and financing through the issuance of bonds and debentures and other debt instruments. The proceeds from the issuance of debentures were invested in fleet expansion and the prepayment of short-term debt to lengthen the average term of the Company's debt.

The Board of Executive Officers plans to continue using funds generated by its operating activities coupled with funds raised from their parties to finance its fleet expansion and other investments.

Funding sources

The statement of free cash flow shows that the net disbursements for fleet renewal are supported primarily by cash generated from the sale of decommissioned cars. The highest share of investment was for fleet growth.

The following table presents the free cash flow of the Company:

	R$ million		
	Fiscal year ended December 31,		
Free cash flow	**2013**	**2012**	**2011**
EBITDA	**916.5**	**875.6**	**821.3**
Revenue from cars sold, net of taxes	(1,747.3)	(1,520.0)	(1,468.1)
Depreciated cost of cars sold	1,543.3	1,360.2	1,328.6
Income tax and social contribution	(108.5)	(100.9)	(83.0)
Change in working capital	2.9	37.1	(83.9)
Cash generated before investment	**606.9**	**652.0**	**514.9**
Income from car sales, net of taxes	1,747.3	1,520.0	1,468.1
Investment in cars for fleet renewal	(1,819.8)	(1,563.3)	(1,504.5)
Net investment for fleet renewal	**(72.5)**	**(43.3)**	**(36.4)**
Net investment in other fixed assets	**(54.1)**	**(80.2)**	**(63.0)**
Cash generated before growth and interest	**480.3**	**528.5**	**415.5**
Investment in cars for fleet growth	(209.4)	(55.5)	(272.0)
Changes in accounts payable to car suppliers	89.7	(116.9)	32.7
Investment in fleet growth	**(119.7)**	**(172.4)**	**(239.3)**
Free cash generated before interest and after fleet growth	**360.6**	**356.1**	**176.2**
Fleet renewal[2] – nr. of cars	62,641	56,644	50,772
Fleet growth[3] - nr. of cars	7,103	2,011	9,178
Total	**69,744**	**58,655**	**59,950**

Our main funding sources for fleet investment are:

- the free cash flow provided by the Car Rental and Fleet Rental Divisions of R$606.9 million in 2013, R$652.0 million in 2012 and R$514.9 million in 2011;
- the proceeds generated by the sale of cars for fleet renewal of R$1,747.3 million in 2013, R$1,520.0 million in 2012 and R$1,468.1 million in 2011;
- the period for the payment of car acquisitions, seeking to adequately match cash outlays for fleet investment with the period required to effectively sell the decommissioned cars for fleet renewal; and
- funds raised in the capital markets and from financial institutions in Brazil and abroad, to supplement capital needs for investment.

Analysis of the main changes between 2013, 2012 and 2011

The main variations in cash and cash equivalents were:

R$ million

[2] Renewal: cars purchased to replace decommissioned and sold cars.

[3] Growth: cars purchased in numbers greater than those of cars sold.

	Fiscal year ended December 31,		
	2013	**2012**	**2011**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**823.9**	**711.0**	**415.7**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash flow from operating activities	2,261.1	2,017.2	1,798.0
Acquisition of Vehicles – Fleet Renewal and Growth (*)	(1,939.5)	(1,735.7)	(1,743.8)
Net cash provided by operating activities	**321.6**	**281.5**	**54.2**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Other investments (ex-cars capex)	(54.1)	(80.8)	(63.0)
Net cash used in investing activities	**(54.1)**	**(80.8)**	**(63.0)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash provided by (used in) financing activities	**(80.7)**	**(87.8)**	**304.1**
CASH FLOW IN THE YEAR	**186.8**	**112.9**	**295.3**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,010.7**	**823.9**	**711.0**

(*) Includes accessories and change in balances of car manufacturers.

Cash flows from operating activities:

2013 vs. 2012: the cash provided by the Company's operating activities increased by R$40.1 million in 2013 compared to 2012. The R$203.8 million increase in car purchase investments was offset by the increase of R$243.9 million in operating cash flow, mainly due to the increase of R$143.4 million in net income for the year and of R$71.0 million in current and deferred income tax and social contribution, partially offset by the R$60.2 million increase in trade accounts receivable, escrow deposits and recoverable taxes.

2012 vs. 2011: the cash provided by the operating activities of the Company increased by R$227.3 million in 2012 compared to 2011. The variation was due to the increase of R$219.2 million in cash flow, due chiefly to the R$40.3 million decrease in financial expenses (decrease in base interest rate and average debt balance) and R$38.9 million of Income Tax, and the reduction of R$8.1 million in the amount used in car acquisitions.

Cash flow provided by investing activities:

2013 vs. 2012: cash used in the investing activities of the Company increased from R$80.8 million in 2012 to R$54.1 million in 2013. The R$26.7 million decrease was mainly due to the lower investments in leasehold improvements

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2012 vs. 2011: cash used in the investing activities of the Company increased from R$63.0 million in 2011 to R$80.8 million in 2012. The R$17.8 million increase was mainly due to the investments made in improvements to the properties of third parties and in IT systems.

Cash flows provided by financing activities:

2013 vs. 2012: cash from financing activities decreased by R$7.1 million from R$87.8 million in 2012 to R$80.7 million in 2013, chiefly due to: (i) increase of R$182.9 million in funding; (ii) decrease of R$100.6 million in loan amortization; (iii) payment of R$250.0 million of extraordinary dividends to shareholders; and (iv) net share purchases of R$24.1 million.

2012 vs. 2011: cash from financing activities went from the generation of R$304.1 million in 2011 to the use of R$87.8 million in 2012. The variation of R$391.9 million in 2012 was basically due to the volume funded in 2011 of R$788.1 million, above the R$425.9 million funded in 2012.

Capital investments[4]

The following table presents capital investments:

R$ million

	Fiscal year ended December 31,		
	2013	**2012**	**2011**
Capital investments			
Fleet renewal:			
Acquisition of cars	1,819.8	1,563.3	1,504.5
(-) Net revenue from sales of cars for fleet renewal, including additional revenues	(1,747.3)	(1,520.0)	(1,468.1)
Net investment in renewal	**72.5**	**43.3**	**36.4**
Fleet growth:			
Acquisition of cars	209.3	55.5	272.0
Total investment in fleet growth	**209.3**	**55.5**	**272.0**
Total investment in fleet	**281.8**	**98.8**	**308.4**
Investment in other fixed and intangible assets	**54.1**	**80.8**	**63.0**
Total capital investments	**335.9**	**179.6**	**371.4**
Number of cars acquired:			
for fleet renewal[5]	62,641	56,644	50,772
for fleet expansion[6]	7,103	2,011	9,178
Total	**69,744**	**58,655**	**59,950**

2013 vs. 2012: In 2013, the Company made investments of R$336.0 million, or 87.1% more than in 2012. The increase was mainly due to higher fleet growth in 2013, of 7,103 cars compared to 2,011 cars in 2012. The higher investment in 2013 results from the normalization of inventory at car manufacturers in 2013 (following substantial inventory consumption in 2012 with high demand driven by the IPI tax relief), leading to the normalization of new car inflow.

2012 x 2011: In 2012, the Company made investments amounting to R$179.6 million, or 51.6% lower than in 2011. The reduction was mainly due to the slower pace of fleet expansion in 2012 (increase of 9,178 cars in 2011, versus increase of 2,011 cars in 2012), due to the improvement in the utilization rate and the reduction in decommissioned was due to the delays in receiving new cars.

[2] The Company defines capital investments as the acquisition price of cars and accessories and other fixed assets, minus net revenue from cars sold for the renewal of fleet.

[5] Renewal: cars purchased to replace decommissioned and sold cars..

[6] Growth: cars purchased in numbers greater than those of cars sold.

f) Debt levels and characteristics

i) The contracts for consolidated loans, financing and debentures are as follows:

	Consolidated (IFRS and BR GAAP)				R$ million
	12/31/13	12/31/12	12/31/11	Maturity	Average Effective Interest Rate (IRR)
In domestic currency (R$)					
Debentures - 2nd issuance (a)	66.7	133.2	211.5	7/2/14	CDI + 0.6% p.a.
Debentures - 4th issuance (a)	194.4	349.2	375.7	5/5/14 to 5/5/17	114.2% of CDI
Debentures - 5th issuance (a)	501.9	500.0	501.4	5/30/16 to 5/30/17	114.5% of CDI
Debentures – 6th issuance (a)	305.6	303.9	-	10/15/16 to 10/15/19	CDI + 1.07% p.a.
Debentures - 7th issuance (a)	509.2	-	-	3/30/16 to 9/30/21	113.6% of CDI
Debentures – 1st issuance (Localiza Fleet)	-	-	308.7	9/30/14 to 9/30/15	CDI + 2.0% p.a.
Working capital and other (b)	401.6	416.9	347.9	5/23/14 to 12/15/19	Equivalent to CDI + 1.5% p.a.(*)
Swap Pre (c)	(5.5)	3.5	-	-	Swap – CDI at pre-established rate
In foreign currency					
Loans in foreign currency – USD (d)	369.6	348.4	329.2	8/17/15 to 8/16/17	108.4% and 114.7% of CDI
Total	**2,343.5**	**2,055.1**	**2,074.4**		
Current liabilities	**275.4**	**210.1**	**130.9**		
Non-current liabilities	**2,068.1**	**1,845.0**	**1,943.5**		

(*) Of the total R$401.6 million, R$93.7 million are related to leasing contracts of the wholly-owned subsidiary Localiza Fleet (formerly Total Fleet), at an average rate of 10.28% p.a. (R$43.2 million, at the average rate of 9.58% p.a. on December 31, 2012).

ii) Other long-term relationships with financial institutions

Cooperation agreement with Banco do Brasil / BV Financeira S.A.

On September 29, 2006, the subsidiary Prime (currently Localiza Serviços Prime S.A. “Prime”) entered into a de Cooperation Agreement with Banco do Brasil S.A. Through the agreement, Prime granted to Banco do Brasil all rights to priority in the financing of cars decommissioned from the fleet of Localiza and its subsidiaries and in the offering of other related products. The agreement entered into force on the date of its signing and will remain in force until February 28, 2017. In exchange for this exclusivity in the referral of auto loans, Prime is entitled to a payment, net of commissions, of R$22.0 million, which was received in 2006. On December 31, 2013, the balance of backlog revenue was R$6.4 million. In addition, Banco do Brasil will make a monthly payment, in accordance with the terms of the agreement,

for intermediating financings and other related products. On June 17, 2010, Banco do Brasil, with the permission of Prime, assigned and transferred all rights and obligations under said agreement to BV Financeira S.A.

iii) Degree of debt subordination

In any bankruptcy proceeding, the subordination of obligations registered under liabilities shall be (presented in order of priority):

- Social and labor obligations
- Taxes payable
- Leasing agreements
- Senior bonds
- Other loans and financings
- Trade accounts payable
- Other payables
- Dividends and interest on capital

iv) Restrictions imposed on the Company and summary of main characteristics.

The main characteristics of and the restrictions imposed by the main loans, financing and debentures outstanding on the base date of December 31, 2013 are presented below:

a) Debentures

As of December 31, 2013, Localiza had five debentures issuances outstanding, all non-convertible into shares. Localiza debentures are subject to certain covenants, as described below: **(i)** request or declaration of bankruptcy by the issuer or third parties that is not duly resolved within the legal term; **(ii)** default of individual or aggregate amount equal to or higher than R$ 25.0 million; **(iii)** Localiza capital decrease and/or repurchase of its own shares for cancellation, except if previously authorized by the debenture holders; **(iv)** incorporation, merger or spin-off of Localiza, except if under the terms of Article 231 of the Brazilian Corporate Law or if the spin-off portion or the company resulting from the amalgamation or merger remain in the current Controlling Group of the issuer; **(v)** lowering of the issuance rating by Standard & Poor's in two or more notches of the risk rating at national scale, in relation to the rating granted on the issuance date, of which: a) for the second issuance, in relation to the rating brAA- (BR, double A, negative); b) for the 4th issuance, in relation to the rating brAA- (BR, double A, negative); c) for the 5th issuance, in relation to the rating granted brAA (BR, double A); d) for the 6th issuance, if the issuer's corporate rating is lowered to brA+ (BR, A, positive), due to any change in shareholding structure that results in the loss, transfer or disposal of the Company's controlling power by current controllers and; e) for the 7th issuance, downgrading of any ratings granted by Moody´s, Standard&Poor's or Fitch Ratings to the Issuer for the following levels of risk classification or lower, at national scale: Aa3, AA- and AA-, respectively; and **(vi)** non-maintenance of quarterly financial ratios, based on the Company's consolidated financial statements, as follows:

Net debt/ Adjusted EBITDA (*) (maximum limit)	**Adjusted EBITDA (*)/Net financial expenses (minimum limit)**	**Issuance**
3.25	2.00	2nd issuance
4.00	1.50	4th, 5th, 6th and 7th issuances

(*) EBITDA means the issuer's net income or loss, on a consolidated basis, for the last 12-month period, before (i) financial expense (income), net; (ii) income tax and social contribution; (iii) depreciation and amortization expenses, for the fourth issuance. In the 2nd issuance, EBITDA is also adjusted by (i) non-operating expenses (income), net and (ii) non-controlling interests. In the 5th

issuance, EBITDA is also adjusted by (i) stock option costs and (ii) non-recurring expenses. In the 6th and 7th issuances, EBITDA is also adjusted by impairment.

Expenses incurred on the issuance of Localiza's debentures, including taxes, commissions and other costs, which totaled R$ 12.1 million, are classified under the same caption as the respective debentures and are recognized over the total debt period. As of December 31, 2013, the amount to be recognized was R$ 7.4 million, and was presented net in each respective debenture.

In addition, the Company has loans and financing that are subject to certain covenants, under conditions similar to those applicable to the debentures. As of December 31, 2013, the Board of Executive Officers believed that the restrictive covenants applicable to loans, financing and debentures were being complied with.

The other characteristics of each issuance are as follows:

- Second issuance of Localiza Rent a Car S.A.

  On July 10, 2007, the Company recorded the issuance of 20,000 debentures at CVM, with net financial settlement of R$ 200.0 million in July 2007. The funds were used for debt rescheduling. Debentures are simple, nonconvertible, registered, book-entry, single series, with par value of R$ 10 thousand on the issuance date, July 2, 2007. Their term is seven years, with amortization on the 5th, 6th and 7th years and semiannual interest payments. No guarantee and/or collateral are pledged for this debenture issuance.

  These debentures are subject to total or partial early redemption, beginning as of the 36th month of the issuance date, with the payment of a 1% premium proportional to the period between the redemption date and final maturity, calculated according to the formula stipulated in the debentures indenture.

  In July 2013 and 2012, Localiza settled the first and second installments of this issuance of debentures, in the principal amount of R$ 66.6 million each.

- Fourth issuance of Localiza Rent a Car S.A.

  The Company issued 370 debentures with financial settlement of R$ 370.0 million on May 11, 2010. The funds were used for investment in the fleet and to improve Localiza's working capital. Debentures are simple, non-convertible, registered and book-entry, with a floating guarantee, in two series, being the 1st series in the amount of R$ 240.0 million and the 2nd series in the amount of R$ 130.0 million, with par value of R$ 1.0 million on the issuance date, May 5, 2010. Their term is seven years, with amortization in six installments for the first series and four installments for the second series. Debentures will yield interest payable semiannually. No guarantee and/or collateral are pledged for this debenture issuance.

  This issuance is liable to an optional early redemption, at the sole discretion of Localiza, at any time beginning as of the issuance date, provided that the redemption occurs on a date that coincides with the payment date of remuneration or principal. The early redemption is subject to the payment of a 1.20% premium calculated on par value of debentures plus remuneration of the 1st or 2nd series, calculated on a *pro rata temporis* basis, beginning as of the last remuneration payment date until the effective redemption date.

  In May 2013, Localiza paid the second installment of the first series of this issuance of debentures, in the principal amount of R$ 24.0 million.

In October 2013, Localiza redeemed in advance the totality of the second series of this issuance.

- Fifth issuance of Localiza Rent a Car S.A.

  On May 30, 2011, the Company issued 50,000 debentures with a par value of R$ 10 thousand each, totaling R$ 500.0 million, for settlement on June 10, 2011. About R$ 300.0 million of the funds raised were used to settle in advance the debt maturing in 2011, as well as a portion of the debts maturing in 2012 and 2013. The remaining funds were used for investments in the fleet and working capital purposes. Debentures are simple and unsecured, non-convertible into shares, registered and book-entry, issued in a single series. Debentures mature within six years, with repayment in two equal installments: the first maturing on May 30, 2016 and the second on May 30, 2017. Debentures will yield interest of 114.5% of the CDI (effective interest rate) payable semiannually. No guarantee and/or collateral are pledged for this debenture issuance.

  This issuance is subject to optional early redemption, wholly or partially, beginning May 29, 2013, at the sole discretion of Localiza, through the payment of the nominal amount, plus remuneration due up to the effective redemption date and premium of 0.30% adjusted over the remaining term, on the adjusted debt balance of the debentures.

- Sixth issuance of Localiza Rent a Car S.A.

  On October 15, 2012, the Company issued 30,000 debentures with a par value of R$ 10 thousand each, totaling R$ 300.0 million, for settlement on October 31, 2012. The funds raised were used to settle in advance the debts of the Company and of its subsidiaries and for investment in the fleet. Debentures are simple and unsecured, non-convertible into shares, registered and book-entry, issued in a single series. The debentures mature within seven years, with repayment in four installments, at the following maturities and amounts: 10% on October 15, 2016, 10% on October 15, 2017, 40% on October 15, 2018 and 40% on October 15, 2019. The debentures will yield interest of 100% of the CDI plus spread of 0.95% p.a., payable semiannually. No guarantee and/or collateral are pledged for this debenture issuance.

  This issuance is subject to optional early redemption, wholly or partially, beginning October 15, 2014, at the sole discretion of Localiza, through the payment of the nominal amount, plus remuneration due up to the effective redemption date and premium of 0.20% adjusted over the remaining term, on the adjusted debt balance of the debentures, calculated according to the formula stipulated in the debentures' indenture. No premium will be payable if the early redemption occurs in the two last years of the debentures.

- Seventh issuance of Localiza Rent a Car S.A.

  On September 10, 2013, the Board of Directors approved the 7th issuance of simple debentures of Localiza, non-convertible into shares and unsecured, in a single series, with additional Real Guarantee by the wholly-owned subsidiary Localiza Fleet S.A. (formerly Total Fleet S.A.). The 50,000 debentures have a par value of R$ 10 thousand each on the issue date, totaling R$ 500.0 million. This issuance has certain early maturity date conditions equivalent to the terms already mentioned and financial covenants identical to those of the 4th, 5th and 6th issues. This issuance pays semiannual interest and will be repaid according to the following schedule: R$ 37,500 semiannually from March 30, 2016 to September 30, 2019; and R$ 50.0 million semiannually from March 2020 to September 2021.

  Funds were released on October 9, 2013 and used to reinforce cash and settle in advance the following debts: i) R$ 30.0 million - portion of loans maturing on 11/25/2013 and, ii) R$ 130.0 million - total redemption of the 2nd tranche of the 4th issuance of debentures with final maturity in 2017 (annual payment of 30% in 2014/15 and 20% in 2016/17). The debenture holder waived the prepayment penalty, which would be R$ 1.6 million.

  - First issuance of Localiza Fleet S.A. (formerly Total Fleet S.A.)

The wholly-owned subsidiary Localiza Fleet S.A. (formerly Total Fleet S.A.) issued 40,000 debentures with net financial settlement of R$ 400.0 million on September 30, 2009. The funds were used for working capital purposes, dividend distribution and settlement of outstanding balances arising from transactions with Localiza. The maturity is in six years, with repayment in four successive, equal installments, the first one due on September 30, 2012 and the last one due on September 30, 2015, and semiannual interest payments. This debenture issuance is collateralized by Localiza surety.

This issuance is subject to optional early redemption, at the sole discretion of Localiza Fleet S.A. (formerly Total Fleet S.A.), as from the 36th month after the issuance date, on dates that coincide with the payment date of a remuneration or payment of principal. Accordingly, on June 29, 2012, Localiza Fleet S.A. settled in advance the second installment of its single issuance of debentures, originally maturing on September 30, 2013, in the principal amount of R$ 100.0 million. In September 2012, Localiza Fleet S.A. settled in advance the amount of R$ 200.0 million, originally maturing on September 28, 2014 and 2015, thus settling its debenture in full.

(b) Working capital and other

(i) Working capital

- On December 15, 2009, Localiza contracted a loan of R$ 150.0 million, with final maturity on November 23, 2015. The principal will be amortized in four installments, at the following maturities and amounts: R$ 15.0 million on November 23, 2012, R$ 30.0 million on November 23, 2013, R$ 45.0 million on November 23, 2014 and R$ 60.0 million on November 23, 2015. Interest is paid semiannually, on maturity and settlement. This transaction is collateralized by Localiza Fleet S.A. (formerly Total Fleet S.A.).

  On December 29, 2011, Localiza settled in advance the first installment of principal in the amount of R$ 15.0 million, without payment of premium. On October 9, 2013, Localiza settled in advance the installment of R$ 30.0 million, maturing on November 23, 2013, without payment of premium. The outstanding balance was R$ 104.7 million at December 31, 2013.

- On June 21, 2010, Localiza contracted R$ 50.0 million with final maturity on June 18, 2016 in this type of working capital loan. The principal will be amortized in four installments, at the following maturities and amounts: R$ 5.0 million on June 18, 2013, R$ 10.0 million on June 18, 2014, R$ 15.0 million on June 18, 2015, and R$ 20.0 million on June 18, 2016. Interest is paid semiannually, on maturity and settlement. This contract is collateralized by Localiza Fleet (formerly Total Fleet). On June 28, 2013, an installment of R$ 5.0 million was settled. The remaining balance was R$ 44.6 million at December 31, 2013.

- On December 29, 2011, Localiza Fleet (formerly Total Fleet) contracted a loan of R$ 130.0 million, with final maturity on December 15, 2019. The principal will be amortized in six installments, at the following maturities and amounts: R$ 13.0 million on December 15, 2014, R$ 13.0 million on December 15, 2015, R$ 7.0 million on December 15, 2016, R$ 19.0 million on December 15, 2017, R$ 26.0 million on December 15, 2018 and R$ 52.0 million on December 15, 2019. Interest is paid semiannually, on maturity and settlement. This transaction is collateralized by Localiza surety. The outstanding balance was R$ 127.7 million at December 31, 2013.

  The three transactions above are subject to certain covenants similar to covenants (i) and (ii) of Localiza's debentures.

(ii) Finance lease

As of December 31, 2013, Localiza and Localiza Fleet (formerly Total Fleet) had finance leases amounting to R$ 124.6 million, as described below:

Aircraft

Localiza has a lease agreement for a Cessna aircraft, model 550 (Citation Bravo), for the exclusive use of the Company's management, as defined in a meeting of the Board of Directors. This aircraft was recognized as part of Localiza's property and equipment (lessee), in accordance with Note 8, and its useful life was estimated at 10 years. The agreement was made for a term of 36 months as from the delivery of the asset, which occurred in July 2010, with the option to purchase the asset at the end of the lease term, adjusted by CDI rate plus a spread of 2.33% p.a.. The guaranteed residual value was paid in advance upon receipt of the asset.

In July 2013, Localiza settled the finance lease and exercised the purchase option.

Cars

The wholly-owned subsidiary Localiza Fleet (formerly Total Fleet) owns 7,379 cars in its fleet that were acquired under leasing agreements. These cars were recognized as part of its property and equipment and are subject to an average depreciation rate of 12.1% per year. The agreements were entered into in 2012 and 2013 with a 24-month term as from the delivery of the asset and the option to purchase the asset at the end of the lease term, adjusted by CDI plus a spread of 1.63% p.a. to 1.87% p.a., and in the case of fixed rate, at the rate of 9.33% p.a. to 13.39% p.a. The guaranteed residual amount will be paid after the end of the lease term.

The residual amounts by category of asset acquired under lease agreements are as follows:

R$ million

	Consolidated		
	12/31/13	**12/31/12**	**12/31/11**
Fixed assets			
Cars	215.5	110.7	4.2
Aircraft	3.9	4.5	5.1
Hardware	3.7	2.3	-
Total fixed assets	**223.1**	**117.5**	**9.3**
Intangible assets			
Software	0.5	0.6	-
Total fixed and intangible assets	**223.6**	**118.1**	**9.3**

The reconciliation between the total minimum future payments of lease agreements and their present value, calculated based on the rates set forth in the agreements, is as follows:

R$ million

	Consolidated		
	12/31/13	**12/31/12**	**12/31/11**
Minimum payments:			
Future amounts	140.6	125.5	8.4
Unearned interest	(16.0)	(18.8)	(1.0)
Present value	**124.6**	**106.7**	**7.4**

On December 31, 2013, the maturities of the minimum future payments of lease agreements and their respective present values were as follows:

R$ million

	Consolidated	
	Future payments	**Present value**
Period after balance sheet date:		
Up to 12 months	101.2	93.3
From 13 to 24 months	39.4	31.3
Total	**140.6**	**124.6**

No contingent payment is expected and there are no sublease agreements for the transactions mentioned above.

Certain accelerated maturity events similar to those in the 4th issuance of debentures apply to these transactions, except for the financial ratios, which are not applicable to these transactions.

(c) Fixed rate swap

On June 15, 2012, Localiza Fleet (formerly Total Fleet) contracted a swap (plain vanilla) transaction. The contract establishes exchange between the counterparties of differential interest payments, semiannually, on the following dates: December 17, 2012, June 7, 2013, December 16, 2013, June 16, 2014 and December 15, 2014, when the contract ends.

The base amount used is R$ 130.0 million, the settlement amount guaranteed by the bank is 109.7% of CDI and the settlement amount guaranteed by Localiza Fleet (formerly Total Fleet) is 9.6% p.a.

On November 5, 2012, Localiza executed seven swap (plain vanilla) contracts establishing exchange between the counterparties of differential interest payments, in which Localiza is creditor for the 113.8% of CDI and debtor for the related rates.

Fleet management contracts vary from 12 to 48 months and include an annual adjustment clause based on the inflation rate. As the rental contracts cannot be adjusted based on the basic interest rate variation, Localiza Fleet (formerly Total Fleet) contracted swap operations exchanging the CDI variation for a fixed rate in order to protect itself from the risk of losing profitability on rental contracts and maintain its competitiveness.

The specific characteristics of the swap transactions, as well as their respective notional values, are as follows:

						Consolidated 12/31/13	
				Rates		Notional amount	(Payables)/ receivables
Swap transactions	Contract date	Maturity	Counterparty	Assets	Liabilities	R$ million	R$ million
CDI vs. Fixed rate	6/15/12 to 11/5/12	1/31/14 a 12/15/14	Brazilian Banks	109.7% to 113.8% of the CDI variation	8.35% p.a. to9.6% p.a.	292.8(*)	5.5

(*) The asset position (fixed rate) of swaps corresponds to R$ 292.8 million as of December 31, 2013.

(d) Foreign currency loans

To reduce its borrowing costs and lengthen its maturity profile, the Company contracts loans in foreign currency. As a strategy to manage its foreign currency risk, the Company simultaneously and mandatorily contracts swap transactions (plain vanilla) with identical amounts, terms and rates in which it exchanges its exposure to exchange variation plus the variation in the CDI rate. The swap transactions are contracted solely for hedge purposes.

On December 31, 2013, the Company had two loan agreements denominated in foreign currency:

- On June 29, 2010, Localiza contracted a loan in the amount of US$95.5 million, with principal and interest maturing on May 25, 2016. This amount was translated into Brazilian real at the rate of R$1.78 for each US$1.00, which resulted in proceeds of R$170.0 million. Simultaneously, a swap transaction (plain vanilla) was contracted to eliminate the exposure to exchange risk in which exchange variation plus spread was exchanged for 114.7% of the variation in the CDI rate. The outstanding balance on December 31, 2013 was R$245.2 million.

- On August 24, 2011, Localiza signed a loan agreement in the amount of US$75.0 million, equivalent to R$123.0 million, with repayment in six years, with the funds made available to Localiza in November 2011. Simultaneously, beginning on the same date of the release of funds, a swap transaction (plain vanilla) was contracted to eliminate the exposure to currency risk with identical amounts, terms and rates, exchanging the exposure to currency risk plus interest (three-month LIBOR + 1.6% per annum)

for 102.5% of the variation in the CDI rate. The outstanding balance on December 31, 2013 was R$124.4 million.

Both transactions are matched which consist formally, each one of them, of a loan agreement and a swap transaction contract, with the same maturity and counterparty and that should be simultaneously settled by a single net value. Accordingly, the Board of Executive Officers believes that, in essence, each transaction is a loan denominated in local currency plus a set interest rate. Therefore, the accounting treatment and respective disclosures reflect the substance of the transactions.

Considering the above description, Localiza and its subsidiaries are not subject to exchange variation risk. Accordingly, there are no risks of changes in foreign exchange rates to be measured by the sensitivity analysis, since its indebtedness is exposed only to the variation in the CDI rate.

Localiza Fleet (formerly Total Fleet) pledged security for these transactions, which are subject to certain accelerated maturity events. The loan agreements on June 29, 2010 and August 24, 2011 have certain early maturity events with conditions similar to those of the 4th and 5th debentures issuances of Localiza, respectively.

The specific characteristics of each swap transaction, as well as its respective notional amounts, are as follows:

						12/31/2013		
				Rates		Notional amount		(Payables)/ receivables
Swap transactions	Contract date	Maturity	Counterparty	Assets	Liabilities	R$ million	US$ million	R$ million
US dollar x Reais	6/29/2010	5/25/2016	Itaú BBA S.A.	US dollar fluctuation + coupon of 6.44% p.a.	114.7% of the CDI variation	170.0	95.5	29.8
US dollar x Reais	11/16/2011	8/16/2017	Bank of America	US dollar fluctuation + coupon of 1.60% p.a.+ 3-month LIBOR	102.5% of the CDI variation	123.0	75.0	51.7

Payables/receivables are presented together with the balances of the related foreign-denominated loans.

g) Limits on use of financings already contracted

Not applicable, since we do not have financings already contracted for receipt/use in installments/tranches.

h) Significant changes in each item of the financial statements

See item 10.2.

10.2 – Financial and operating result

a) Result of the Company's operations

i) Description of relevant revenue components
ii) Factors materially affecting operating results

CONSOLIDATED STATEMENT OF INCOME (in IFRS and BR GAAP)

Income Statement for the fiscal year ended December 31, 2012, compared to the fiscal year ended December 31, 2013:

	2013		2012		Change
	In R$ million	% of Net Revenue	In R$ million	% of Net Revenue	%
Net revenues:					
Car Rental	2,646.5	75.5	2,344.0	74.0	12.9
Fleet management	840.2	24.0	805.5	25.4	4.3
Franchising	19.5	0.5	17.3	0.6	12.7
Total net revenue	**3,506.2**	**100.0**	**3,166.8**	**100.0**	10.7
Total costs	**(2,444.1)**	**-69.7**	**(2,333.0)**	**-73.7**	4.8
Gross profit	**1,062.1**	**30.3**	**833.8**	**26.3**	27.4
Operating expenses:					
Selling	(289.3)	-8.3	(266.1)	-8.4	8.7
General, administrative and other	(120.7)	-3.4	(101.9)	-3.2	18.4
Total Operating Expenses:	**(410.0)**	**-11.7**	**(368.0)**	**-11.6**	11.4
Income before financial expenses	**652.1**	**18.6**	**465.8**	**14.7**	40.0
Financial expenses, net	(110.6)	-3.1	(138.7)	-4.4	-20.3
Income before income tax and social contribution	**541.5**	**15.5**	**327.1**	**10.3**	65.5
Income tax and social contribution	(157.2)	-4.5	(86.2)	-2.7	82.4
Net income for the year	**384.3**	**11.0**	**240.9**	**7.6**	**59.5**

The main changes between 2013 and 2012 are as follows:

Net revenue:

Net revenue increased by 10.7%, equivalent to a growth of R$ 339.4 million, from R$ 3,166.8 million in 2012 to R$ 3,506.2 million in 2013. The main factors that contributed to the growth in net revenues are as follows:

- *Car rental:* in 2013, net revenues grew by 12.9% on account of the growth in: (i) car rental revenues by 6.4%, from R$ 1,093.7 million in 2012 to R$ 1,163.5 million in 2013, due to the 3.6% growth in the daily rental volume and 3.0% in the average rental rate (effect of the mix of rental agreements); and (ii) revenues from the sale of decommissioned cars for fleet renewal by 18.6%, due to the 14.4% growth in the number of cars sold during fleet renewal and increase of 4.6% in the average price of cars sold.

- *Fleet management:* 4.3% growth in net revenues due to: (i) the increase of 7.5% in rental revenue, from R$ 535.7 million in 2012 to R$ 575.9 million in 2013, due to the increase of 2.3% in the daily rental volume of 4.3% in the average rental fee, partially offset by: (ii) the decrease of 2.0% in revenues from the sale of decommissioned cars due to the decrease of 6.1% in the number of cars sold to renew the fleet, despite the increase of 4.6% in the average price.

Costs:

The Company's consolidated costs increased 4.8%, from R$ 2,333.0 million in 2012 to R$ 2,444.1 million in 2013. As a percentage of the consolidated net revenues, costs decreased 4.0 p.p., from 73.7% in 2012 to 69.7% in 2013.

Car depreciation in 2013 decreased 39.2%, due to the recording of an additional depreciation of R$ 144.5 million in 2012 to reflect the expected reduction in the estimated residual value of the cars. Excluding this additional depreciation in 2012, the increase in cost in 2013 would be 11.7%, mainly due to the increase of: (i) 13.8% in the cost of cars sold due to the increase of 10.6% in the volume of decommissioned cars sold for fleet renewal in comparison with 2012; (ii) 21.6% in payroll and related changes due to the increase in salaries and employee profit sharing (R$ 9.2 million); (iii) 17.3% in the costs with the rental of properties, affected by the inflation rate and the market; and (iv) growth of 10.4% in the average operating fleet of the Car Rental Division.

Operating expenses:

Operating expenses increased 11.4%, from R$ 368.0 million in 2012 to R$ 410.0 million in 2013. This increase was mainly due to growth of: (i) 14.9% in expenses with rental of properties, affected by the inflation rate and the market; (ii) 20.3% in expenses with salaries, charges and profit sharing; and (iii) expenses with sales commissions, partially offset by the decrease in advertising expenditures.

Operating expenses over net revenues remained almost unchanged, accounting for 11.6% in 2012 and 11.7% in 2013.

Financial income (expenses):

Net financial expenses decreased 20.3% in 2013 in relation to 2012. The changes were mainly due to: (i) the gain of R$ 8.9 million, a result of the mark-to-market adjustment of swap contracts, which exchanged floating rates based on the variation of the Interbank Deposit Certificate (CDI) rate for fixed rates; (ii) the decrease of 7.5% in the average net debt in 2013; and (iii) the decrease of 0.3 p.p. in the basic average interest rate from 8.4% in 2012 to 8.1% in 2013.

Income tax and social contribution:

The income tax and social contribution expenses increased 82.4%, or R$ 71.0 million, due to the increase in the net income generated in the year. The income tax and social contribution effective rate increased 2.6 p.p., from 26.4% in 2012 to 29.0% in 2013, due to the lower significance of the interest on capital in relation to income before income tax and social contribution.

Net income:

The consolidated net income increased by 59.5% in 2013, corresponding to R$ 143.4 million, from R$ 240.9 million in 2012 to R$ 384.3 million in 2013. The main factors that contributed to this increase were: (i) the decrease of 20.3% or R$ 28.1 million in net financial expenses; and (ii) additional car depreciation of R$ 144.5 million in 2012, due to the reduction of the Excise Tax (IPI) for new cars, which affected the sales price of used cars. The cost reductions were partially offset by the increase in income and social contribution taxes.

Excluding the additional car depreciation of R$ 95.4 million in 2012, net of the income tax effect, the increase in net income would be 14.3%.

EBITDA:

The reconciliation of net income and EBITDA is as follows:

	R$ million		
	2013	**2012**	**%**
Net income	**384.3**	**240.9**	59.5
Depreciation of cars and other	264.4	409.8	-35.5
Financial expenses, net	110.6	138.7	-20.3
Income tax and social contribution	157.2	86.2	82.4
EBITDA	**916.5**	**875.6**	**4.7**

The 4.7% increase in EBITDA in 2013 compared to 2012 was due to the 10.7% increase in the Company's total consolidated revenue, partially offset by the 4.8% increase in total costs.

Income Statement for the fiscal year ended December 31, 2011, compared to the fiscal year ended December 31, 2012:

	2012		2011		Change
	In R$ million	% of Net Revenue	In R$ million	% of Net Revenue	%
Net revenues:					
Car Rental	2,344.0	74.0	2,221.8	76.1	5.5
Fleet management	805.5	25.4	682.0	23.4	18.1
Franchising	17.3	0.6	14.3	0.5	21.0
Total net revenue	**3,166.8**	**100.0**	**2,918.1**	**100.0**	**8.5**
Total costs	**(2,333.0)**	**-73.7**	**(2,015.2)**	**-69.1**	**15.8**
Gross profit	**833.8**	**26.3**	**902.9**	**30.9**	**-7.7**
Operating expenses:					
Selling	(266.1)	-8.4	(224.4)	-7.7	18.6
General, administrative and other	(101.9)	-3.2	(82.8)	-2.8	23.1
Total Operating Expenses:	**(368.0)**	**-11.6**	**(307.2)**	**-10.5**	**19.8**
Income before financial expenses	**465.8**	**14.7**	**595.7**	**20.4**	**-21.8**
Financial expenses, net	(138.7)	-4.4	(179.0)	-6.1	-22.5
Income before income tax and social contribution	**327.1**	**10.3**	**416.7**	**14.3**	**-21.5**
Income tax and social contribution	(86.2)	-2.7	(125.1)	-4.3	-31.1
Net income for the year	**240.9**	**7.6**	**291.6**	**10.0**	**-17.4**

The analysis of the main changes between 2012 and 2011 is as follows:

Net revenue:

Net revenue increased by 8.5%, equivalent to growth by R$248.7 million, from R$2,918.1 million in 2011 to R$3,166.8 million in 2012. The main factors that contributed to the growth in net revenue are as follows:

- *Car rental:* in 2012, net revenue grew by 5.5%, driven by the growth of: i) 11.5% in rental revenues, which increased from R$980.7 million in 2011 to R$1,093.7 million in 2012, due to the 7.5% growth in daily rental volume and the 3.4% increase in the average rental fee; and ii) 0.7% in revenues from the sale of decommissioned cars for fleet renewal, due to the 7.6% growth in the number of cars sold for fleet renewal, despite the 7.8% decrease in the average price of cars sold, which was impacted by the drop in new car prices due to the reduction in the IPI tax rate of up to 7 p.p.

- *Fleet management:* 18.1% growth in net revenue due to growth of: i) 17.7% in rental revenues from R$455.0 million in 2011 to R$535.7 million in 2012, due to the 10.4% increase in the daily rental volume and 5.7% increase in the average rental fee; and ii) 18.8% in revenues from the sale of decommissioned cars for fleet renewal, due to the 32.8% growth in the number of cars sold for fleet renewal, despite the 7.8% decrease in the average price of the cars sold, which was impacted by the drop in new car prices due to the reduction in the IPI tax rate of up to 7 p.p.

Costs:

The Company's consolidated costs increased 15.8%, from R$2,015.2 million in 2011 to R$2,333.0 million in 2012. As a percentage of revenue, costs increased 4.6 p.p., from 69.1% in 2011 to 73.7% in 2012.

The main factor behind the increase in costs was an increase in depreciation expense of R$144.5 million due to IPI tax reduction on sales of new cars. In the car rental division depreciation expenses increased from R$86.4 million in 2011 to R$212.7 million in 2012, an increase of 146.2%. In the Fleet Rental Division, depreciation expenses in 2011 amounted to R$115.1 million compared to R$164.2 million in 2012, an increase of 42.7%.

Additional depreciation resulting from the decrease in prices of new cars due to the IPI tax cut is as follows:

R$ million

Division	2012	Estimated as from 2013	Total estimated
Car Rental	111.2 **95.9%**	4.8 **4.1%**	116.0 **100.0%**
Fleet management (fleet rental)	33.3 **51.6%**	31.2 **48.4%**	64.5 **100.0%**
Consolidated	**144.5**	**36.0**	**180.5**

Other factors impacting the increase in costs were: (i) property lease adjustments and (ii) salary adjustments.

Operating expenses:

Operating expenses increased 19.8%, from R$307.2 million in 2011 to R$368.0 million in 2012. Such growth was due to the: i) the 18.6% increase in selling expenses, from R$224.4 million in 2011 to R$266.1 million in 2012, on account of the higher expenditures incurred with advertising for the sale of decommissioned cars for fleet renewal, and the new stores rental expenses, which have increased above inflation; and ii) the 23.1% growth in general, administrative and other expenses, from R$82.8 million in 2011 to R$101.9 million in 2012 due to increase in the new stores rental expenses, which have increased above inflation, and salary adjustments.

Operating expenses as a percentage of net revenue remained stable, increasing 1.1 p.p., from 10.5% in 2011 to 11.6% in 2012.

Net financial expenses:

Net financial expenses decreased 22.5%, due mainly to the 3.2 p.p. reduction in the basic interest rate, from an average of 11.6% in 2011 to 8.4% in 2012, and the reduction in net debt.

Income tax and social contribution:

Expenses with income tax and social contribution decreased 31.1% due to the significant payments of interest on equity compared to income before income tax and social contribution.

Net income:

Consolidated Net Income decreased 17.4%, or R$50.7 million, from R$291.6 million in 2011 to R$240.9 million in 2012. Net income decreased mainly due to the depreciation of cars due to the IPI tax reduction on sales of new cars. Excluding the additional depreciation of R$144.5 million for the year and the effect of income tax, the Company's net income in 2012 would be R$336.3 million, 39.6% higher than the actual net income.

EBITDA:

The reconciliation of net income and EBITDA is as follows:

R$

	2012	2011	%
Net income	**240.9**	**291.6**	-17.4
Car depreciation and other	409.8	225.6	81.6
Financial expenses, net	138.7	179.0	-22.5
Income tax and social contribution	86.2	125.1	31.1
EBITDA	**875.6**	**821.3**	**6.6**

The 6.6% increase in EBITDA in 2012 compared to 2011 was due mainly to the 13.6% increase in the Car Rental and Fleet Rental Division revenues.

ANALYSIS OF CONSOLIDATED BALANCE SHEET (in IFRS and BR GAAP)

Balance sheet at December 31, 2013 compared to December 31, 2012

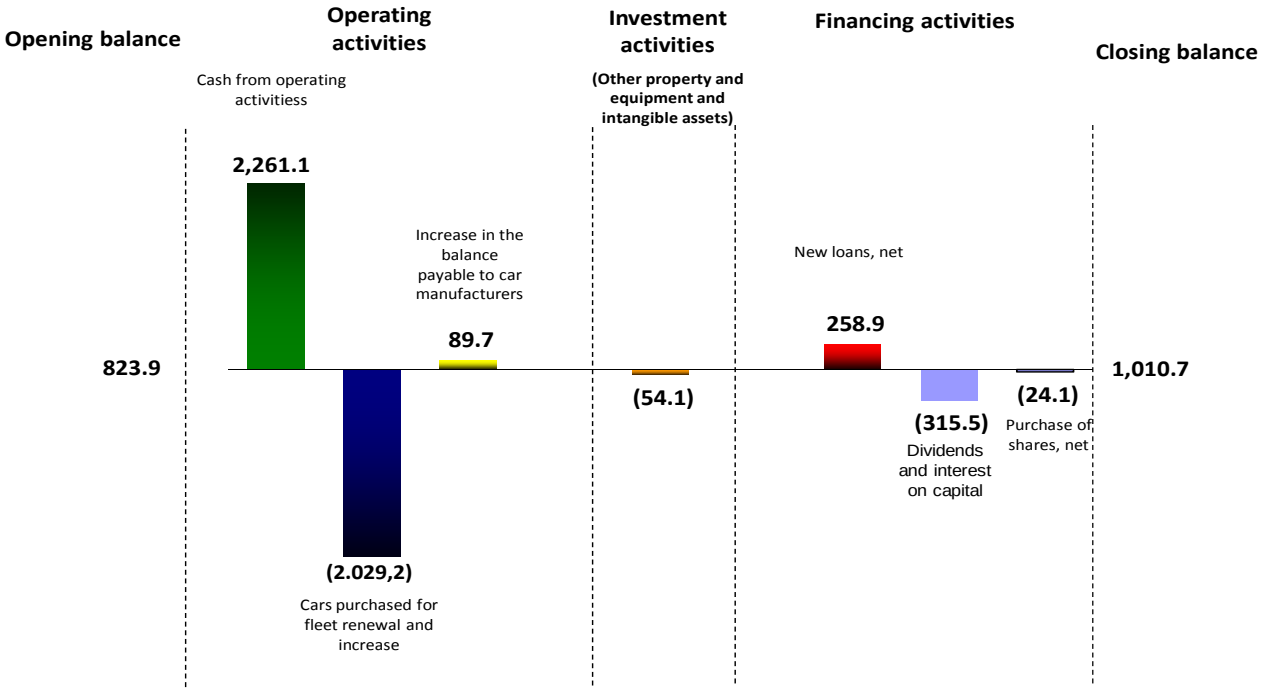
	2013		2012		Change
	In R$ million	% of Total Assets	In R$ million	% of Total Assets	%
ASSETS					
Current assets					
Cash and cash equivalents	1,010.7	22.1	823.9	20.4	22.7
Trade accounts receivable	408.3	8.9	361.1	8.9	13.1
Other current assets	57.9	1.3	50.0	1.2	15.8
Decommissioning cars for fleet renewal	16.5	0.3	13.3	0.4	24.1
Total current assets	**1,493.4**	**32.6**	**1,248.3**	**30.9**	**19.6**
Noncurrent assets					
Escrow deposits	38.1	0.8	23.0	0.5	65.7
Deferred income and social contribution taxes	32.4	0.7	24.5	0.6	32.2
Other noncurrent assets	7.2	0.2	4.1	0.2	75.6
Fixed assets					
Cars	2,781.4	60.8	2,534.3	62.6	9.8
Other fixed assets	166.1	3.6	171.0	4.2	-2.9
Intangible assets	59.6	1.3	40.7	1.0	46.4
Total noncurrent assets	**3,084.8**	**67.4**	**2,797.6**	**69.1**	**10.3**
Total assets	**4,578.2**	**100.0**	**4,045.9**	**100.0**	**13.2**

	2013		2012		Change
	In R$ million	% of Total Liabilities	In R$ million	% of Total Liabilities	%
LIABILITIES AND SHAREHOLDER´S EQUITY					
Current liabilities					
Trade accounts payable	460.5	10.1	356.2	8.8	29.3
Social and labor obligations	73.9	1.6	53.2	1.3	38.9
Loans, financing and debentures	275.4	6.0	210.1	5.2	31.1
Dividends and interest on equity	53.1	1.1	18.6	0.4	185.5
Other current liabilities	113.8	2.5	96.1	2.5	18.4
Total current liabilities	**976.7**	**21.3**	**734.2**	**18.2**	**33.0**
Noncurrent liabilities					
Loans, financing and debentures	2,068.1	45.2	1,845.0	45.6	12.1
Other noncurrent liabilities	192.2	4.2	142.0	3.5	35.4
Total noncurrent liabilities	**2,260.3**	**49.4**	**1,987.0**	**49.1**	**13.8**
Total liabilities	**3,237.0**	**70.7**	**2,721.2**	**67.3**	**19.0**
Shareholders' equity	**1,341.2**	**29.3**	**1,324.7**	**32.7**	**1.2**
Total liabilities and shareholders' equity	**4,578.2**	**100.0**	**4,045.9**	**100.0**	**13.2**

The analyses of the main changes in asset and liability accounts are described below:

Cash and cash equivalents: cash and cash equivalents totaled R$ 1,010.7 million as of December 31, 2013, representing 22.1% of total assets and a growth of 22.7% compared to the balance of R$ 823.9 million as of December 31, 2012, which represented 20.4% of total assets as of that year. Cash flow from the Company's operating, investing and financing activities was as follows:

Changes in cash in 2013 (R$ million)



(*) Renewal: cars purchased as replacement for those decommissioned and sold; and Increase: car purchases greater than car sales.

Intangible assets: intangible assets increased 46.4%, from R$ 40.7 million in 2012 to R$ 59.6 million in 2013, as a result of: (i) goodwill of R$ 7.8 million generated in the acquisition of the franchisee; and (ii) software costs of R$7.3 million, mainly due to the new ERP system in the implementation stage.

Trade accounts payable: the variation of 29.3% in the trade accounts payable, from R$ 356.2 million in 2012 to R$ 460.5 million in 2013, is mainly due to the balance payable to the car manufacturers referring to the increase in quantity and the average price of cars purchased at the end of 2013 in comparison with 2012.

Social and labor obligations: the variation of 38.9% in social and labor obligations, from R$ 53.2 million to R$ 73.9 million, was mainly due to the increase in the provision for the employees' profit sharing program in 2013.

The Company has a profit-sharing program established as required by Law 10,101/2000 according to the results obtained in each year. The annual amount payable is calculated through the combination of the Company's results and the individual performance of each employee, which is measured considering objective indicators and goals derived from the management contract and the annual budget approved by the Board of Directors. The increase in the provision for employee profit sharing in 2013 in relation to 2012 is due to the results obtained by the Company in 2013.

Fleet investments: The number of cars purchased in 2013 was 18.9% higher than in 2012. In 2013, the Company increased its fleet by 7,103 cars, for a net investment of R$278.9 million, while in 2012 the net investment was R$98.8 million for a fleet increase of 2,011 cars.

Debt: the main loans, financing and amortization operations in 2013 were as follows:.

Type	Funding (in R$ million)	Amortization (in R$ million)	Notes
2nd Issuance of Debentures - Localiza	-	(66.6)	-
4th Issuance of Debentures - Localiza	-	(154.0)	Prepayment
7th Issuance of Debentures - Localiza	500.0	-	8-year term
Other	112.6	(129.3)	-
Total	**612.6**	**(349.9)**	

Balance sheet at December 31, 2011 compared to December 31, 2012

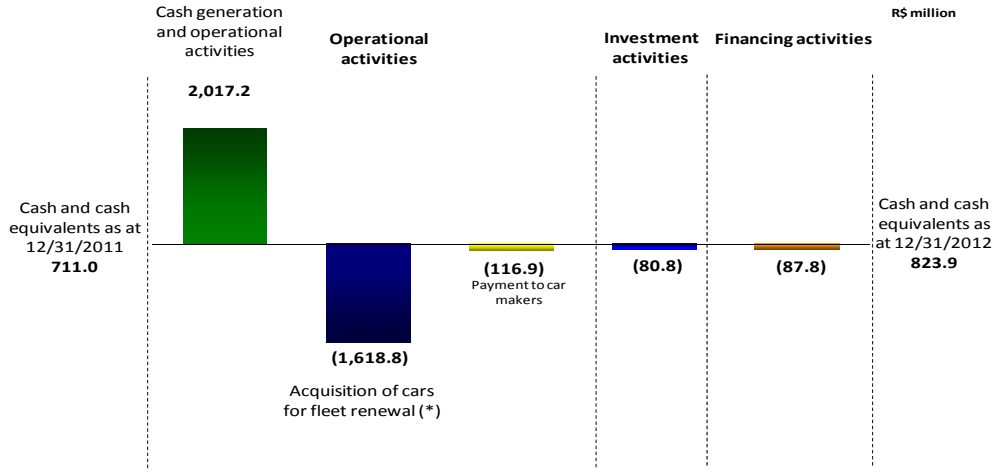
	2012		2011		Change
	In R$ million	% of Total Assets	In R$ million	% of Total Assets	%
ASSETS					
Current assets					
Cash and cash equivalents	823.9	20.4	711.0	17.7	15.9
Trade accounts receivable	361.1	8.9	353.4	8.8	2.2
Other current assets	50.0	1.2	54.2	1.4	-7.7
Decommissioning cars for fleet renewal	13.3	0.4	29.0	0.7	-54.1
Total current assets	**1,248.3**	**30.9**	**1,147.6**	**28.6**	**8.8**
Noncurrent assets					
Long-term assets	51.6	1.3	44.9	1.1	14.9
Property and equipment					
Cars	2,534.3	62.6	2,652.7	66.2	-4.5
Other property and equipment	171.0	4.2	141.6	3.5	20.8
Intangible assets	40.7	1.0	22.8	0.6	78.5
Total noncurrent assets	**2,797.6**	**69.1**	**2,862.0**	**71.4**	**-2.3**
Total assets	**4,045.9**	**100.0**	**4,009.6**	**100.0**	**0.9**

	2012		2011		Change
	In R$ million	% of Total Liabilities	In R$ million	% of Total Liabilities	%
LIABILITIES AND SHAREHOLDER´S EQUITY					
Current liabilities					
Trade accounts payable	356.2	8.8	488.7	12.2	-27.1
Social and labor obligations	53.2	1.3	58.7	1.4	-9.4
Loans, financing and debentures	210.1	5.2	130.9	3.3	60.5
Other current liabilities	114.7	2.9	115.5	2.9	-0.7
Total current liabilities	**734.2**	**18.2**	**793.8**	**19.8**	**-7.5**
Noncurrent liabilities					
Loans, financing and debentures	1,845.0	45.6	1,943.5	48.5	-5.1
Other noncurrent liabilities	142.0	3.5	151.7	3.8	-6.4
Total noncurrent liabilities	**1,987.0**	**49.1**	**2,095.2**	**52.3**	**-5.2**
Total liabilities	**2,721.2**	**67.3**	**2,889.0**	**72.1**	**-5.8**
Shareholders' equity	**1,324.7**	**32.7**	**1,120.6**	**27.9**	**18.2**
Total liabilities and shareholders' equity	**4,045.9**	**100.0**	**4,009.6**	**100.0**	**0.9**

The main changes in the assets and liabilities accounts occurred in lines cash and cash equivalents, property and equipment cars, loans and financing as well as shareholders' equity.

Cash and cash equivalents: cash and cash equivalents totaled R$823.9 million as of December 31, 2012, representing 20.4% of total assets and for growth of 15.9% compared to the balance of R$711.0 million

as of December 31, 2011, which represented 17.7% of total assets of that year. Cash flow from the Company's operating, investing and financing activities was as follows:



(*) Renewal: cars purchased as replacement for those decommissioned and sold; and Increase: car purchases greater than car sales.

Shareholders' equity: The Company's shareholders' equity increased 18.2%, from R$1,120.6 million in 2011 to R$1,324.7 in 2012 due to the Board of Executive Officers's proposal to retain profits in the amount of R$163.2 million.

Fleet investments

As of December 31, 2012, Localiza's consolidated fleet included 97,190 own cars, of which 65,086 were in the Car Rental Division and 32,104 cars were in the Fleet Rental Division. After being used in rental activities, the decommissioned cars are mostly sold to end consumers in 73 sales points located in 43 cities throughout Brazil.

The number of cars purchased in 2012 was 2.2% lower than in 2011. In 2012, the Company increased its fleet by 2,011 cars, a net investment of R$98.8 million, while in 2011 the net investment amounted to R$308.4 million and the fleet was increased by 9,178 cars. The lower increase in 2012 was due to Governmental measures to support the automotive industry by reducing the IPI tax levied on new car sales. The market reacted positively to these incentives and car maker inventories decreased substantially, causing delays in the delivery of new cars, and accordingly in the decommissioning of cars for fleet renewal. The Company intended to renew 67,000 cars in 2012 but only 57,000 were renewed, the remaining 10,000 to be renewed only in 2013. This renewal postponement does not have a significant impact on the fleet's maintenance costs.

The fleet and net investment made in 2013, 2012 and 2011 are presented in the chart in item 10.10(a).

In the normal course of activities, Localiza negotiates with carmakers in the first half of each year and makes investments in its fleet based on its intention to purchase for a period of one and a half years, in order to allow greater flexibility to the orders that will be placed monthly in accordance with rental needs.

Indebtedness

The main funding and amortization of loans, financing and debentures in 2012 are summarized below:

Type	Funding (in R$ million)	Amortization (in R$ million)	Notes

6th issuance of Debentures - Localiza	300.0	-	7-year term
1st issuance of Debentures - Localiza	-	(300.0)	Prepayment
Fleet			
2nd issuance of Debentures - Localiza	-	(66.6)	-
4th issuance of Debentures - Localiza	-	(24.0)	-
Other	123.7	(58.0)	-
Total	**423.7**	**(448.6)**	

b) Changes in revenue attributable to price changes, exchange rates, inflation, volume changes and the introduction of new products and services

The tables below show some of the Company's operating data for the fiscal years ended December 31, 2013, 2012 and 2011:

	2013	2012	Change 2013 vs. 2012	2011	Change 2012 vs. 2011
Car Rental					
Average fleet in operation (*)	59,094	53,548	10.4%	51,285	4.4%
Average age of fleet in operation (months)	7.2	7.8	-7.7%	6.8	14.7%
Fleet at period-end	70,717	65,086	8.7%	64,688	0.6%
Average rented fleet	39,475	37,932	4.1%	35,348	7.3%
Utilization rate	66.8%	70.8%	-4.0p.p.	68.9%	1.9p.p.
Number of cards purchased	58,826	47,623	23.5%	46,746	1.9%
Number of cards sold	52,759	46,115	14.4%	42,843	7.6%
Average age of cars sold	15.3	15.7	-2.5%	13.7	14.6%
Average daily rate per car (R$)	84.85	82.36	3.0%	79.68	3.4%

	2013	2012	Change 2013 vs. 2012	2011	Change 2012 vs. 2011
Fleet management					
Average fleet in operation (*)	31,188	30,357	2.7%	27,858	9.0%
Average age of fleet in operation (months)	18.6	16.8	10.7%	15.8	6.3%
Fleet at period-end	32,809	32,104	2.2%	31,629	1.5%
Outsources fleet managed	30	162	-81.5%	234	-30.8%
Average rented fleet	30,121	29,444	2.3%	26,676	10.4%
Utilization rate	96.6%	97.0%	-0.4p.p.	95.8%	1,2p.p.
Number of cards purchased	10,918	11,032	-1.0%	13,204	-16.4%
Number of cards sold	9,882	10,529	-6.1%	7,929	32.8%
Average age of cars sold	32.4	31.8	1.9%	32.8	-3.0%
Average daily rate per car (R$)	53.83	51.59	4.3%	48.83	5.7%

	2013	2012	Change 2013 vs. 2012	2011	Change 2012 vs. 2011
Operating Data – Consolidated					
Average fleet in operation (*)	90,282	83,905	7.6%	79,143	6.0%
Average age of fleet in operation (months)	11.1	11.0	1.2%	9.9	10.8%
Fleet at period-end	103,526	97,190	6.5%	96,317	0.9%
Average rented fleet	69,596	67,376	3.3%	62,024	8.6%
Number of cards purchased	69,744	58,655	18.9%	59,950	-2.2%
Average Price – Cars purchased (R$ thousand)	29.02	27.51	5.5%	29.13	-5.6%
Number of cards sold	62,641	56,644	10.6%	50,772	11.6%
Average Price - Cars sold (R$ thousand) (**)	25.36	24.24	4.6%	26.30	-7.8%
Average age of cars sold	17.9	18.6	-3.8%	16.6	12.0%

(*) Average fleet in operation: cars available for rental, including cars in transit from manufacturers to rental branches, and cars being prepared for sale, not yet delivered to the Seminovos dealer chain.
(**) Net of selling expenses.

Analysis 2013 vs. 2012

The average daily rate for car rental increased 3.0%, from R$82.36 in 2012 to R$84.85 in 2013, mainly due to growth in segments that have higher average rates.

Fleet management contracts vary from 24 to 36 months and include an annual adjustment clause based on the inflation rate. Mainly due to this adjustment, the average rate increased 4.3%, from R$51.59 in 2012 to R$53.83 in 2013. As the rental contracts cannot be adjusted based on the basic interest rate variation, Localiza Fleet (formerly Total Fleet) contracted swap operations exchanging the CDI variation for a fixed rate aiming to eliminate exposure to risks of increase in the CDI overnight rate.

The purchasing and selling price of the cars of the Company's fleet, as well as average daily rates for Car Rental, were not affected by fluctuations of the exchange rate. Imported car prices can be affected by fluctuations in the exchange rate, although this category does not represent a material share of the Company's fleet.

In the analyzed periods, the Company did not introduce any new product or service in the market.

Analysis 2012 vs. 2011

The average daily rental of cars increased 3.4%, from R$79.68 in 2011 to R$82.36 in 2012, due primarily to improved negotiations in rental contracts in all divisions.

Fleet management contracts vary from 24 to 36 months and include an annual adjustment clause based on the inflation rate. In view of the adjustment, the average rental fee increased 5.7%, from R$48.83 in 2011 to R$51.59 in 2012. As the rental contracts cannot be adjusted based on the basic interest rate variation, Localiza Fleet (formerly Total Fleet) contracted swap operations exchanging the CDI variation for a fixed rate.

The consolidated average price of cars purchased in 2012 decreased by 5.6%, due to the reduction of up to 7 p.p. in the IPI tax relived on new cars.

The purchasing and selling price of the cars of the Company's fleet, as well as average daily rates for Car Rental, were not affected by fluctuations of the exchange rate. Imported car prices can be affected by fluctuations in the exchange rate, although this category does not represent a material share of the Company's fleet.

In the analyzed periods, the Company did not introduce any new product or service in the market.

c) Impact of inflation, changes in prices of main inputs and products, exchange and interest rates in the operating and financial results of the issuer

- **Inflation, GDP, interest rate, exchange rate and credit**

2013 was a year with great macroeconomic challenges, which, despite the several interventions of the government, reached a result below the expectations of the market at the beginning of the year. At the end of the year, inflation in Brazil reached the superior limit of the interval of the pre-established goal, despite the tight monetary policies and measures to prevent the increase in prices. With regard to foreign exchange, the strong devaluation of the Real against the U.S. dollar gave rise to the sale of foreign exchange swap contracts by the Brazilian Central Bank. Not even the negative interest rates offered by the National Bank for Economic and Social Development (BNDES) were sufficient to leverage growth in the country, which was reviewed and decreased several times during the year.

However, the concessions of airports, roads and oil extraction indicate that the level of investments may increase in the coming years, giving rise to expected improvement in the country's infrastructure to boost productivity. Due to the weakening of the model of credit increase and consumption incentives, the investments became crucial for the expansion and reestablishment of the trust in Brazilian economy.

The election and World Cup give rise to opportunities and challenges for the Brazilian economy.

Brazil is preparing to host the World Cup in June and July of 2014. The 600 thousand foreign tourists, plus around 3 million local tourists are expected to attend the event, and shall increase activities in airports, hotels, restaurants, car rental, entertainment business, among others. Even though the impact will be stronger in the host cities, the regions nearby will also obtain benefits.

The government estimates an increase in investments in absolute amounts, but the market projects investments at a stable level of 19% of the GDP.

The result is a market projection of a GDP of 1.7% for 2014, while the government expects a growth of 2.5%.

The signs of weakness of the economic activity reflect the decrease in the confidence of businessmen and consumers, and the increase in industry inventories. The table below presents the actual and projected main macroeconomic indicators of the Brazilian economy:

	Actual			Projected (**)	
	2011	2012	2013(*)	2014 E	2015 E
GDP (% of growth)	2.73	1.00	2.30	1.70	2.00
IPCA (%)	6.50	5.84	5.91	5.96	5.50
Interest Rate (SELIC - average)	11.61	8.48	8.19	10.97	11.80
Interest Rate (SELIC - end of period)	11.00	7.25	10.00	11.25	12.00
Exchange Rate R$/US$ (average)	1.67	1.95	2.34	2.45	2.50

(*) Indicators – IBGE, BCB, CETIP and IPEADATA.
(**) Focus - Market Report dated 02/21/14.

The Company uses cash from operations to conduct its daily business activities, and finance its fleet renewal and part of its growth. To supplement its cash requirements for growth, the Company obtains loans and financing from major financial institutions in Brazil, and issues debt securities (debentures and promissory notes), that are substantially indexed to the CDI fluctuation or pre-fixed rates. The Company continuously monitors CDI in order to, if necessary, adjust rental fees to mitigate such fluctuations. For the management of fleets, the wholly-owned subsidiary Localiza Fleet contracts interest rate swaps to exchange the floating rate risk for the fixed rate, thus eliminating the risk of fluctuation in the basic interest rate in long-term contracts. In addition, almost all the totality of the Company's cash and cash equivalents balance is also indexed to CDI variation, same indexer of debt related to car rental.

As of December 31, 2013, the Company's net debt was R$1,332.8 million.

In 2013, personnel and rental costs were impacted by inflation and market conditions.

- **Changes in the prices of main inputs and products**

  The Company's costs and expenses are denominated in Brazilian real. The Company tries to offset increases in costs deriving from inflation and actual increases, chiefly through measures to improve internal productivity/scale gains. For fleet management contracts, it seeks to offset such increases through contractual clauses providing for adjustments based on the IPCA or other inflation indexes. The Company is not always able to transfer the increase in costs to the prices of its Car Rental Division, due to scale gains, for as long as they do not hinder profitability, in order to consolidate the market.

  The main factors driving the increase in costs in 2013 were adjustments to rental contracts and salary adjustments, which increased due to inflation and overall market conditions.

  In relation to the average price of purchased cars, the main asset of the Company, the Board of Executive Officers believes the trend will be the maintenance of nominal prices for 2014. The Board of Executive Officers also believes that the price maintenance is also due to: i) the increase in installed capacity of major carmakers, increasing competitiveness in the industry, and (ii) the entrance of new carmakers in the country. Therefore, the Board of Executive Officers of the Company does not expect material operating and financial impacts from the acquisition price of cars. Eventual increases in the price of new cars would be followed by an increase in prices of decommissioned cards, and would therefore have a neutral impact in the investment in fleet renewal.

10.3 – Events producing material effects on the financial statements, occurred and expected

a) Introduction or disposal of operating segment

In 2013, 2012 and 2011, no operating segment was disposed of or added.

b) Constitution, acquisition or disposal of ownership interest

- **Constitution of wholly-owned subsidiary**

On August 24, 2012, Rental Brasil Administração e Participação S.A. was incorporated as approved by the Board of Directors on July 19, 2012. It is privately held corporation, whose corporate purpose is the management and participation as quota or shareholder in other companies. The Company's capital on December 31, 2013 is R$150.0 million, of which R$40.9 million paid in cash and assets.

- **Acquisition of wholly-owned subsidiary**

At the Company's Extraordinary General Meeting, held on August 2, 2013, the shareholders approved the acquisition of all the capital quotas of Localiza JF Aluguel de Carros Ltda. On August 6, 2013, the company signed a purchase and sale agreement worth R$15.6 million, generating an investment of R$4.7 million, goodwill of R$7.8 million due to projected future profitability allocated to the Car Rental Division and fair value adjustment of car fixed assets of R$3.1 million.

Localiza JF is a limited liability company, former franchisee of the brand Localiza, which carried out the franchise business in the cities of Juiz de Fora and Rio Novo in Minas Gerais, and Três Rios, Resende and Volta Redonda in Rio de Janeiro.

- **Changes in investments**

The table below shows the changes in investments in each of Localiza's subsidiaries:

R$ million

Description	Localiza Fleet	Franchising Brasil	Prime	Car Rental	LFI SRL	Rental International	Car Assistance	TOTAL
Investments on December 31, 2010	**261.4**	**0.6**	**-**	**4.2**	**0.1**	**-**	**0.2**	**266.5**
Contribution of capital to subsidiaries	100.0	-	-	-	-	-	-	**100.0**
Equity income (loss)	115.5	10.9	(10.8)	4.9	-	(0.1)	4.3	**124.7**
Dividends received and receivable	(27.4)	(2.7)	-	(1.2)	-	-	(1.1)	**(32.4)**
Provision (reversal) for losses on investments	-	-	10.8	-	-	0.1	-	**10.9**
Investments on December 31, 2011	**449.5**	**8.8**	**-**	**7.9**	**0.1**	**-**	**3.4**	**469.7**

R$ million

Description	Localiza Fleet	Franchising Brasil	Prime	Car Rental	LFI SRL	Rental International	Car Assistance	Rental Brasil	TOTAL
Investments on December 31, 2011	**449.5**	**8.8**	-	**7.9**	**0.1**	-	**3.4**	-	**469.7**
Contribution of capital to subsidiaries and transfer of investment	120.0	-	13.7	-	-	-	-	40.9	**174.6**
Equity income (loss)	126.0	11.7	2.3	5.7	-	(0.1)	13.5	-	**159.1**
Dividends received and receivable	(42.9)	(19.9)	-	(9.4)	-	-	(16.7)	-	**(88.9)**
Provision (reversal of provision) for losses on investments	-	-	(16.0)	-	-	0.1	-	-	**(15.9)**
Investments on December 31, 2012	**652.6**	**0.6**	-	**4.2**	**0.1**	-	**0.2**	**40.9**	**698.6**

R$ million

Description	Localiza Fleet	Localiza Franchising Brasil	Localiza Serviços Prime	Localiza Car Rental	LFI SRL	Rental International	Car Assistance	Rental Brasil	Localiza Juiz de Fora	TOTAL
Investments on December 31, 2012	**652.6**	**0.6**	**-**	**4.2**	**0.1**	**-**	**0.2**	**40.9**	**-**	**698.6**
Contribution of capital to subsidiaries	-	-	100.0	-	-	-	-	-	-	**100.0**
Acquisition of franchisee	-	-	-	-	-	-	-	-	4.7	**4.7**
Equity income (loss)	184.9	14.1	(3.4)	9.0	-	(0.1)	16.4	-	-	**220.9**
Dividends received and receivable	(43.9)	(14.1)		(9.0)			(16.4)	-	-	**(83.4)**
Provision (reversal of provision) for losses on investments			(6.8)	-	-	0.1	-	-	-	**(6.7)**
Investments on December 31, 2013	**793.6**	**0.6**	**89.8**	**4.2**	**0.1**	**-**	**0.2**	**40.9**	**4.7**	**934.1**

c) Unusual events or operations

Effects from the IPI tax reduction on new car sales in 2012

The depreciation of the cars is calculated based on the difference between the price of acquisition of the car and its estimated realization residual value at the end of its useful life, less the estimated selling expenses.

After the Government's announcement of the IPI reduction on May 21, 2012, the Company adjusted the depreciation of its fleet to reflect the expected drop in the market value of cars. The impact of the IPI reduction on the price of cars was estimated at R$ 180.5 million (R$ 116.0 million in the Car Rental Division and R$ 64.5 million in the Fleet Rental Division).

The extension of the IPI reduction until the end of 2013 did not result in new impacts on depreciation, since the additional depreciation announced by the Company in the second quarter of 2012 included the adjustment for the entire fleet and was based on the assumption that the prices would not return to the levels they were before the IPI reduction.

The additional depreciation balance due to decrease in IPI is already insignificant in both Divisions.

At the end of 2013, the Brazilian government announced the continuity of the increase in IPI for new cars as from January 2014. The estimate is that the rate will return to its original value in July 2014.

The Company believes that the increase in the IPI rate will not significantly affect the prices charged for new and used cars and the depreciation per car due to the increase in the installed capacity of manufacturers of new cars above the increase in the demand estimated by the market and the import restrictions established by Argentina.

10.4 – Significant changes in accounting practices – Qualification and emphasis of matter in the auditor's report

a) Significant changes in accounting practices

There were no significant changes to the Company's accounting practices.

b) Significant effects of changes in accounting practices

There were no significant changes to the Company's accounting practices.

c) Qualification and emphasis of matter in the auditor's report

- *Fiscal year ended December 31, 2013*

  Unqualified report issued by PricewaterhouseCoopers Auditores Independentes, containing the following paragraphs of emphasis of matter:

  "As discussed in Note 2.1 to these financial statements the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Localiza Rent a Car S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries based on equity accounting (Note 2.3), while IFRS requires measurement based on cost or fair value. Our opinion is not qualified in respect of this matter."

  Given that **i)** the accounting practices adopted in Brazil are formed by those included in the Brazilian Law of Corporations and the Pronouncements, Orientations and Interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Securities and Exchange Commission of Brazil (CVM); and **ii)** the individual financial statements present the valuation of investments in subsidiaries by the equity method, pursuant to the Brazilian law in force. These individual financial statements are deemed compliant with IFRS standards, which require such investments in the separate statements of the parent company to be accounted for at the fair value or cost, the Company's Board of Executive Officers agrees with the opinion of the independent auditors contained in the report accompanying the Financial Statements for the fiscal year ended December 31, 2013.

- *Fiscal year ended December 31, 2012*

  Unqualified report issued by PricewaterhouseCoopers Auditores Independentes, containing the following paragraphs of emphasis of matter:

  "As discussed in Note 2.1 to the Financial Statements as of December 31, 2012, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Localiza Rent a Car S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries based on equity accounting (Note 2.3 to the Financial Statements as of December 31, 2012), while IFRS requires measurement based on cost or fair value. Our opinion is not qualified in respect of this matter."

  Given that **i)** the accounting practices adopted in Brazil are formed by those included in the Brazilian Law of Corporations and the Pronouncements, Orientations and Interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Securities and Exchange Commission of Brazil (CVM); and **ii)** the individual financial statements present the valuation of investments in subsidiaries by the equity method, pursuant to the Brazilian law in

force. These individual financial statements are deemed compliant with IFRS standards, which require such investments in the separate statements of the parent company to be accounted for at the fair value or cost, the Company's Board of Executive Officers agrees with the opinion of the independent auditors contained in the report accompanying the Financial Statements for the fiscal year ended December 31, 2012.

- *Fiscal year ended December 31, 2011*

  Unqualified report issued by Deloitte Touche Tohmatsu Auditores Independentes, containing the following paragraphs of emphasis of matter:

  "As described in note 2, the individual financial statements have been prepared in accordance with the accounting practices adopted in Brazil. For Localiza Rent a Car S.A., these practices differ from IFRS, which is applicable to the separate financial statements only with respect to the accounting for investments in subsidiaries under the equity method, whereas for IFRS purposes, these investments would be stated at cost or fair value."

  Given that **i)** the accounting practices adopted in Brazil are formed by those included in the Brazilian Law of Corporations and the Pronouncements, Orientations and Interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Securities and Exchange Commission of Brazil (CVM); and **ii)** the individual financial statements present the valuation of investments in subsidiaries by the equity method, pursuant to the Brazilian law in force. These individual financial statements are deemed compliant with IFRS standards, which require such investments in the separate statements of the parent company to be accounted for at the fair value or cost, the Company's Board of Executive Officers agrees with the opinion of the independent auditors contained in the report accompanying the Financial Statements for the fiscal year ended December 31, 2011.

10.5 – Critical accounting policies

According to the Officers, the main accounting practices adopted were as follows:

- **Revenue (expenses):** The Board of Executive Officers measured net revenue by the value of the consideration received or receivable, less deductions, discounts and sales taxes, recognized to the extent the generation of economic benefits to the Company is probable and may be reliably measured. Each of the Company's revenue categories is detailed as follows:

  (i) Car Rental: revenues are recognized on a daily basis in accordance with the rental contracts. The revenues from the management of insurance claims of rented cars, recognized when the service is provided, as well as the revenues from insurance intermediation, on the account and discretion of our customers when cars are rented, recognized on a monthly basis, are reported together in the caption "revenue from car rental";
  (ii) Fleet management: revenues are recognized on a monthly basis over the rental contract period;
  (iii) Sale of decommissioned cars: the proceeds from the sale of decommissioned cars for fleet renewal are recorded when the most significant risks and rewards of ownership are transferred to the buyer;
  (iv) Franchising: franchise revenues are based on a percentage of franchised car rental revenue and are recognized on a monthly basis. They also include the "franchise fee" corresponding to the amounts paid by the franchisee in acquiring the right to operate a branch by means of Localiza's Corporate Franchise in a given operating area for predefined periods. The franchise fee is recognized in profit or loss in accordance to terms of the agreement; and
  (v) Interest: interest income from financial assets is recognized based on the time and effective interest rate on the outstanding principal amount on the balance sheet dates.

  The Board of Executive Officers records costs and expenses in the statement of income when incurred, on an accrual basis.

- **Adjustment to present value:** Management calculates adjusts to present value long and short-term monetary assets and liabilities only when the effect is considered material in relation to the consolidated financial statements taken as a whole For accounting purposes and significance determination, the adjustment to present value is calculated taking into account contractual cash flows and the effective average cost of the Company's debt. As of December 31, 2013, 2012 and 2011, the Company concluded that it is not necessary to make adjustments to present value, as its non-current assets and liabilities are not liable to adjustments and current accounts do not show significant effects when adjusted to present value.

- **Impairment of non-financial assets:** the Company evaluates at least annually if there is any indication of extraordinary impairment of (i) property and equipment, and (ii) intangible assets- software. If there is any indication of impairment, the recoverable amount of the asset is estimated to measure the impairment loss. In 2013, 2012 and 2011 no impairment losses were recognized.

  In addition, Localiza tests for impairment, at least annually, the goodwill on acquisition of investment. The impairment testing of goodwill consists of measuring the recoverable amount of the cash-generating unit (CGU) to which goodwill was allocated. If the recoverable amount of a CGU is lower than its carrying amount, impairment losses are firstly allocated to write down the carrying amount of any goodwill allocated to the CGU and subsequently to the other assets of the CGU, prorated to the carrying amount of each of its assets. Any goodwill impairment loss is recognized directly in profit or loss and cannot be reversed in subsequent periods. In 2013, 2012 and 2011 it was not necessary to record impairment losses as tests did not indicate losses.

- **Financial instruments:** The Board of Executive Officers recognizes assets and liabilities when one of the Company's entities is a party to the underlying agreement.

The Board of Executive Officers adopts such practices since: Financial assets and financial liabilities are initially measured at fair value. Transaction costs, directly attributable to the acquisition or issue of financial assets and liabilities (except for financial assets and liabilities recognized at fair value through profit or loss) are added to or deducted from the difference of financial assets or liabilities' fair values, if applicable, after the initial recognition. Operation costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in the income statement.

Financial assets and liabilities are offset and the net amount is recorded in the balance sheet when there is an enforceable right to set off recognized amounts and when there is an intention to either settle them on a net basis, or to recognize the asset and settle the liability simultaneously.

- **Financial assets:** The Board of Executive Officers classifies financial assets upon initial recognition, when the Company becomes a party to the underlying contract, into one of the four categories below, according to their nature and purpose: i) financial assets at fair value through profit or loss; ii) loans and receivables; iii) held-to-maturity investments; and iv) financial instruments available for sale. Financial assets are subsequently measured based on their classification into one of the four categories mentioned.

  The main accounting practices adopted in the recognition and presentation of the Company's financial assets may be summarized as follows, as well as the categories according to their nature and purpose:

- **Cash and cash equivalents:** include cash amounts, bank deposit accounts and short-term and highly liquid investments, whose redemption term is lower than 90 days after the investment date, and are immediately convertible into a known cash amount and subject to insignificant risk of change in value. Cash and cash equivalents are classified as "loans and receivables" (for measurement in accordance with IAS 39, paragraph 45) and are stated at cost after initial recognition, plus income earned through the balance sheet date, when applicable, which do not exceed their fair or realizable value.

- **Accounts receivable:** accounts receivable correspond to the amounts receivable from car rental and fleet management, sale of decommissioned cars and franchising. Accounts receivable are initially recognized at fair value less the allowance for bad debts.

- **Financial liabilities:** financial liabilities are classified upon initial recognition, when the Company becomes a party to the underlying contract, into one of the two categories: i) financial liabilities at fair value through profit or loss; and ii) other financial liabilities.

  The Company's financial liabilities classified as "at fair value through profit or loss" include the other financial instruments – swap. The Company holds five interest rate swap contracts, of which four are held by Localiza and one by Localiza Fleet (formerly Total Fleet), to eliminate its exposure to CDI rate fluctuation risks.

  The Company's financial liabilities are classified as "other financial liabilities" (for measurement in accordance with IAS 39, paragraph 47) and measured at the amortized cost, including loans, financing, debentures and trade accounts payable.

- **Investments:** investments in subsidiaries are stated under the equity method in the individual financial statements.

- **Decommissioning cars for fleet renewal:** The Board of Executive Officers adopts the practice of presenting at the lower of fair value less cost to sell and residual value, which includes acquisition cost net of accumulated depreciation through the date in which cars are classified as "decommissioning cars for fleet renewal". Cars whose carrying amounts will be recovered through sale rather than through continuing use are classified as "decommissioning cars for fleet renewal". This condition is satisfied when: i) cars are available for immediate sale under current conditions, and their sale is highly probable; ii) The Board of Executive Officers is committed to selling cars that have been decommissioned from property

and equipment; iii) cars are effectively available for sale at a reasonable price in relation to their current fair values; and iv) the sale is expected to be completed within one year from the date of classification.

All cars of the Car Rental Division are considered by the Board of Executive Officers as cars available for rental, even if they have been reclassified for renewal, and may be rented during demand peaks. The Car Rental Division considers "decommissioning cars for fleet renewal" those that already have a purchase proposal signed with the customer. For the Fleet Rental Division, all the cars returned by the customers are classified as "decommissioning cars for fleet renewal", as the Board of Executive Officers does not expect to rent them again.

- **Property and equipment:** The Board of Executive Officers adopts the practice of stating cars, land, buildings, leasehold improvements, construction in progress, furniture and fixtures and equipment at cost, less accumulated depreciation and impairment, when applicable.

  The depreciable amount corresponds to the positive difference between the acquisition cost and the estimated residual value, net of estimated selling expenses. In the Car Rental Division, depreciation is recognized based on the estimated useful life of each asset on a straight-line basis. In the Fleet Rental Division, cars are depreciated under the sum of digits or exponential method, since this method best reflects the standard of consumption of the economic benefits, which decrease throughout the useful life of cars, depreciation is recognized so that the amount to be depreciated is fully written off until the end of the useful life.

  If the depreciable amount of cars is underestimated, the residual value would be higher than the fair value, which would result in the recognition of losses when cars are sold. On the other hand, the overestimation of the depreciable amount of cars could give rise to an increase in the amount of rentals, which would reduce the Company's competitiveness.

  Constructions and leasehold improvements are amortized over the rental contract term and renewal when the Board of Executive Officers expects to exercise that right. Assets acquired under finance leases are depreciated over their expected useful lives in the same manner as own assets. Land and construction in progress are not depreciated or amortized.

  Localiza and Localiza Fleet (formerly Total Fleet) revise the estimated useful lives and the residual values of the fleet cars at least on an annual basis. For all other items in the property and equipment of Localiza and its subsidiaries, these revisions are also conducted at least annually. The impact of any changes in estimates is accounted for prospectively.

  A property and equipment item is written-off after disposal or when there are no future economic benefits resulting from the continuous use of the asset. Any gains or losses on sale or write-off of a property and equipment item are determined by the difference between amounts received on sale and the carrying amount of the asset, and are recognized in profit and loss.

  The weighted average depreciation annual rate for property and equipment items is as follows:

	2013	2012
Cars:		
Car Rental Division	4.5%	11.3% (*)
Fleet Rental Division	12.1%	14.5% (*)
Other property and equipment:		
Leasehold improvements (**)	16%	20.5%
Furniture and fixtures	10%	10%

IT equipment	20%	20%
Construction in own properties	4%	4%
Other	10%	10%

(*) In 2012, the increase in the weighted average depreciation annual rates of the fleet resulted from the IPI effects, as mentioned under item 10.3 (c) herein.
(**) The period of leasehold improvements amortization, considering the expectation of renewal of property rental contracts, is revised in accordance with the terms of the contract.

Cars in operation, either in car or fleet rental, are classified in property and equipment. Decommissioning cars, after being used in car and fleet management, are presented as "decommissioning cars for fleet renewal" in current assets, in accordance with the criteria mentioned in the previous item.

Tangible assets pledged as collateral for liabilities correspond to those assets acquired under finance leases. (item 10.1 f)b)ii)).

- **Goodwill:** The Board of Executive Officers states goodwill resulting from a business combination, classified as indefinite useful life, at cost on the date of business combination, net of accumulated impairment losses, if any. As instructed by ICPC 09, goodwill was classified as an intangible asset in the consolidated balance sheet and as investment in the Company's balance sheet.

- **Intangible assets – Software:** The Board of Executive Officers states intangible assets with defined useful lives and acquired separately at cost, less accumulated amortization and impairment, when applicable. Amortization is recognized on a straight-line basis over the estimated five-year useful life. The estimated useful life and the amortization method are reviewed at the end of each year and the effect of any changes in estimates is accounted for on a prospective basis. The Company does not have relevant intangible assets generated internally. Software implementation expenses are recorded as intangible assets when incurred.

- **Assets and liabilities subject to inflation adjustment:** The Board of Executive Officers restates assets and liabilities in Brazilian Reais to inflation subject to contractual or legal indexation on the balance sheet dates through the application of the corresponding index. Gains and losses from inflation adjustment are recognized in profit and loss on an accrual basis.

- **Indemnities and claims:** Localiza offers to customers the option of contracting insurance for the rented cars. Premiums received are recorded in liabilities under "other current liabilities". When the policies are issued by the insurance company, premiums received are reclassified to "trade accounts payable" and, subsequently, transferred to the insurance company, which assumes the risk arising from any potential damages and theft. The expenses incurred by Localiza on claims and indemnities, as well as any losses on stolen cars, are accounted for in assets under the item "other current assets" and are written off upon payment by the insurance company.

- **Provisions:** Provisions for present obligations (legal or constructive) are recognized as a result of past events, when the amount of the obligation can be reliably estimated and its settlement is probable. The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Actual results could differ from those estimates. Localiza and Localiza Fleet (formerly Total Fleet) record a provision for possible indemnities payable to third parties, at amounts in excess of the amounts insured by the insurance company, arising from accidents caused by rented cars, based on its legal counsel opinion.

- **Stock option plan:** The Company has a share-based compensation plan, according to which it receives services from some employees in exchange for equity instruments (share purchase options) of Localiza. The Company recognizes remuneration costs on a straight-line basis during the required service period (vesting period), from the grant date to the date at which the employees acquire the right to exercise the

option, with a corresponding increase in shareholders' equity, under the caption "Options granted", in "Capital reserves". Remuneration costs are measured at fair value on the date share purchase options are granted and were estimated based on the Black & Scholes option valuation model, see note 16 (c), item (i). Remuneration costs are charged to "Costs", "Selling expenses" and "General, administrative and other expenses", in the income statement, according to the functional allocation of the respective employees.

- **Income tax and social contribution:** expenses with income tax and social contribution are represented by the Board of Executive Officers as current plus deferred taxes.

- **Current Taxes:** the provision for income tax and social contribution is based on taxable income for the year. Taxable income differs from net income recorded in the income statement because it excludes income or expenses that are taxable or deductible in other years, in addition to excluding items that are not taxable or deductible on a permanent basis. The provision for income tax and social contribution is calculated individually by the companies under the taxable income or deemed income regime, based on prevailing rates.

- **Deferred taxes:** Deferred income tax and social contribution on temporary differences are recorded at the end of each reporting period distributed between asset and liability balances recognized in the financial statements and the corresponding tax basis used to determine taxable income, including tax losses balance, when applicable. Deferred tax liabilities are generally recognized on all temporary taxable differences. Deferred tax assets are recognized on all deductible temporary differences only when it probable that the Company will present future taxable income at an amount sufficient to allow the use of these deductible temporary differences. The recovery of the deferred tax asset balance is reviewed at the balance sheet date and, when it is no longer probable that future taxable income will be available to allow the recovery of all or part of the assets, the asset balance is adjusted based on the expected recoverable amount. The subsidiaries that calculate income tax and social contribution under the deemed income regime do not recognize tax credits.

- **Interest on equity:** The Board of Executive Officers credits interest to shareholders, under Law 9249/95, and records in the statement of income under "financial expenses", as required by tax legislation. However, for financial statement disclosure purposes, interest on capital is presented as a debit to retained earnings, the same treatment given to dividends. The amounts paid to shareholders as interest on capital, net of withholding income tax, are deducted from the minimum mandatory dividend, under Article 9, paragraph 7, of Law 9249/95 and based on paragraph 5 of Article 24 of Localiza's Bylaws.

- **Treasury shares:** own equity instruments repurchased by the Company, are recognized by the Board of Executive Officers at cost and deducted from shareholders' equity. Transaction costs incurred in the acquisition of shares issued by Localiza are added to these shares. No gain or loss is recognized in the income statement upon purchase or sale of such shares. Treasury shares are acquired for hold in treasury and for subsequent sale, without capital reduction. The Company can also settle call options using treasury shares, when such options are exercised.

10.6 – Internal controls related to the preparation of financial statements – Degree of efficiency/deficiency and recommendations in the auditor's report

a) Degree of efficiency of such controls, indicating eventual imperfections and measures adopted to correct them

The Executive Officers believe that the degree of efficiency of internal controls adopted to ensure the preparation of financial statements is satisfactory.

In May 2012, the Board of Directors approved the Internal Controls and Risk Management Policy, prepared in compliance with the ABRASCA Code of Self-regulation, in order to establish controls and procedures to prevent the occurrence of errors/frauds and risk analysis that may affect the Company.

As from 2013, each area of the Company is responsible for the implementation of the recommendations for improvement addressed by the control points identified by KPMG Auditores Independentes in their engagement to document the internal processes carried out in 2012. In 2014, the Internal Audit will be responsible for the validation and implementation of these control improvements in each area.

With regard to its risk management structure, the Company has a Hot Line, through which its employees and franchisees can report non-ethical and/or illegal situations and conduct at the Localiza Platform. The Hot Line is available 24x7x365 and can be accessed in the following manners: (i) website on the internet; (ii) free telephone call (0800); and (iii) email. The Internal Audit and Human Resources areas are responsible for the management of the Hot Line, and also for the verification of the reports received.

In 2013, the verification of the information received and considered correct generated actions that varied from a simple conduct reorientation to more significant cases, which resulted in the termination of employees and cancellation of the accreditation of suppliers.

b) Deficiencies and recommendations on internal controls contained in the independent auditor's report

The objective of the auditor's work is to issue an opinion on the financial statements and not on internal control systems, but in addition to the auditing of financial statements, our auditors issued a Report of recommendations to improve internal controls. The recommendations include internal control and information system matters and were presented as constructive suggestions to the Board of Executive Officers of the Company.

The report of internal controls containing the recommendations related to deficient controls includes deficiencies classified by the auditors as “other deficiencies”, which are irrelevant, among which the Company’s Board of Executive Officers highlights the following:

(i) inconsistencies in reconciliation of trade accounts receivable

a) Comment by the independent auditor – other deficiencies: the independent auditors verified inconsistencies in the reconciliation of trade accounts receivable and identified non-reconciled trade notes, resulting in a book balance higher than the financial control balance, and the lack of certain additional reports.

b) Recommendation by the independent auditor: the auditors recommended the immediate reconciliation of the financial and book balances, and the development of the additional reports.

c) Measures adopted by the Board of Executive Officers: although the amount was immaterial (0.2% of the balance of accounts receivable), the differences have been identified and are being adjusted to eliminate any inconsistencies between the balances. The reconciliation procedure of trade accounts receivable with book balances is conducted on a monthly basis and eventual differences identified in the process are resolved within the accounting period. The additional reports have already been developed.

(ii) accounting for expenses under the Stock Option plan of the subsidiary Localiza Fleet.

a. Comment by the independent auditor - other deficiencies: costs and expenses related to the Stock Option program of the subsidiary Localiza Fleet are 100% booked at Localiza, although the employees of the subsidiary are also contemplated by the Program.

b. Recommendation by the independent auditor: the auditors recommended the Company to adequately account for the costs in each company.

c. Measures adopted by the Board of Executive Officers : The procedure currently adopted by the Company had been previously discussed with the independent auditors, and it was concluded that this was the adequate way of recording it, without any impact on the consolidated result.

(iii) lack of prior approval of manual records

a. Comment by the independent auditor - other deficiencies: the Company’s processes do not include prior approval of manual inputs to the accounting system. In addition, it verified that the inputs made by the IT department do not register the ID of the requesting user.

b. Recommendation by the independent auditor: the auditors recommended that the Company implement a formal prior approval process of manual inputs, through signed reports or system authorizations.

c. Measures adopted by the Board of Executive Officers : All records imputed manually are linked to a "Work Item" that has been previously approved by the respective manager. Thus, the recommendation has been complied with.

(iv) failure in system locks for blocking discount margin in car rentals

a. Comment by independent auditor - other deficiencies: lack of system lock to block discounts. This system blocks amounts requiring a supervisor login, only for discounts above 69%, and

when the discount is given in nominal amounts, the system does not block the discount, allowing for discounts of up to 100% of car rental fees.

b. Recommendation by independent auditor: the auditors recommended the Company to revise the discount parameters so as to block any discount above the authority of the employee, in which case approval by a superior would be required.

c. Measures adopted by the Board of Executive Officers: the scope of authority was revised and the parameter was adjusted in the system for the appropriate discount limit. Above this limit, only a supervisor can approve, with due authentication in the system.

(v) Cut-off for recognizing revenue from sale of decommissioned cars

a. Comment by independent auditor - other deficiencies: the Company recognizes revenue from sale at the time of signing the sales agreement with the customer. However, vehicles are released to the customer upon confirmation of payment, which not always coincides with the agreement date.

b. Recommendation by independent auditor: auditors recommended the Company to implement specific controls for car sales.

c. Measures adopted by the Board of Executive Officers: despite the short time gap between the signing of the agreement and the receipt of payment, the recommendation for cut-off of the date of recognition of revenue from sale of decommissioned cars will be implemented in the new ERP (SAP) system.

Most recommendations included in the auditors' report will be resolved with the implementation of the new ERP system.

The recommendation report of PricewaterhouseCoopers prepared during the audit works for the fiscal year ended December 31, 2013 is currently being prepared to be discussed by the Board of Executive Officers, and a final version was not available as of the filing date of this document.

10.7 – Allocation of funds from public offerings and eventual deviation

a) How the funds from the offering were used

To complement cash needed for capital investments, the Company obtains funds in the capital markets (public offering of shares or issuance of debentures and promissory notes) with financial institutions in the Brazil.

The main public offerings conducted in 2013, 2012 and 2011 and the respective allocations of funds were as follows:

	Issuance date	Proceeds R$ million	Balance on 12/31/13, including interest	Use of proceeds
Localiza:				
5th Issuance of Debentures	5/30/11	500.0	501.9	Debt profile lengthening, working capital and investment in fleet
6th Issuance of Debentures	10/15/12	300.0	305.6	Debt prepayment and investment in fleet
7th Issuance of Debentures	10/9/13	500.0	509.2	Debt prepayment, working capital and investment in fleet

b) Discuss whether there were relevant deviations between actual allocation of funds and the proposed allocations disclosed in the memorandum of the respective offering

The Board of Executive Officers informs that funds were allocated as per the “use of funds” informed in the memorandum of each respective offering.

c) In the event of deviation, explain the reasons for such

The item is not applicable, since funds were allocated as per the “use of funds” informed in the memorandum of each respective offering.

10.8 – Material items not included in the financial statements

a) Assets and liabilities directly or indirectly held by the Company and not included in the balance sheet (off-balance sheet items), such as:

i) operating leases, assets and liabilities

(a) Real estate rental obligations

The Company's policy is to rent the necessary properties, owning only seven properties. The Company has various rental contracts for the properties used in its car rental business (city and airport agencies) and points of sale of decommissioned cars for fleet renewal. Moreover, the Company's registered office, where Management is located, occupies five properties rented in the city of Belo Horizonte, state of Minas Gerais.

(b) Minimum guaranteed revenue from Fleet management

The Fleet Rental Division, conducted by wholly-owned subsidiary Localiza Fleet S.A. (formerly Total Fleet S.A.) rents fleet through long-term agreements (usually 24 to 36 months). These contracts can be terminated upon 90-day prior notice and contractual fines vary up to 40% of the payments due, depending on the contract term and renewal clauses. On December 31, 2013, there were a number of long-term Fleet management agreements executed by Localiza Fleet S.A., whose vehicles were held by its clients.

ii) receivables portfolios upon which the entity holds risks and obligations, indicating the respective liabilities
There are no receivables portfolios upon which the entity holds risks and obligations.

iii) contract for future purchase and sale of products or services
There are no contracts for future purchase and sale of products or services.

iv) contracts for unfinished construction works
There are no contracts for unfinished construction works.

v) contracts for future financing receivables
There are no contracts for future financing receivables.

b) other items not included in the financial statements

The Company does not have any form of relationship with unconsolidated or specific purpose entities, crated with the purpose of facilitating agreements not included in the balance sheet or other specific purpose or limited liability entities. In addition, the Company does not have undisclosed borrowing obligations, nor has it entered into derivative contracts other than those disclosed in its financial statements.

10.9 – Comments on material items not included in the financial statements

i. how such items change or may change revenues, expenses, operating result, financial expenses or other items of the Company's financial statements

i) Rental obligations

As described in item 10.8 herein, the Company has property lease contracts for its car rental branches located in airports, off-airports (downtown branches), stores and parking lots.

Real estate rents for car rental branches in airports and malls comprise a fixed and a variable portion, which is linked to the branch's revenue. Other real estate rents for car rental branches, stores and parking lots do not have contingent payment agreements.

In the year ended December 31, 2013, rental expenses for these properties totaled R$107.5 million (R$94.7 million on December 31, 2012 and R$73.8 million as of December 31, 2011).

The minimum amounts payable for the remainder of the lease terms through December 31, 2013 are as follows:

			R$ million
Years	**Concessions in airports**	**Downtown branches, stores and parking lots**	**Total**
2014	22.6	72.8	95.4
2015	17.8	56.8	74.6
2016	11.4	46.9	58.3
2017	7.8	37.6	45.4
2018	4.7	31.1	35.8
2019 onwards	7.0	89.8	96.8
Total	**71.3**	**335.0**	**406.3**

ii) Minimum guaranteed revenue from fleet management

As of December 31, 2013, the minimum guaranteed amounts of rental payments to be received by the wholly-owned subsidiary Localiza Fleet S.A. (formerly Total Fleet S.A.), as described in item 10.8 herein, are as follows:

Year	**R$ million Revenue**
2014	396.6
2015	195.0
2016	54.0
2017	1.7
Total	**647.3**

ii. nature and purpose of the operation

Real estate is rented for use in connection with the Company's operating activities;

Fleet management revenue is compliant with the corporate purposes of the wholly-owned subsidiary Localiza Fleet S.A. (formerly Total Fleet S.A.).

iii. nature and amount of obligations assumed and rights generated in favor of the issuer from the operation

See item 10.9 (a) above.

10.10 – Business plan

a) Investments

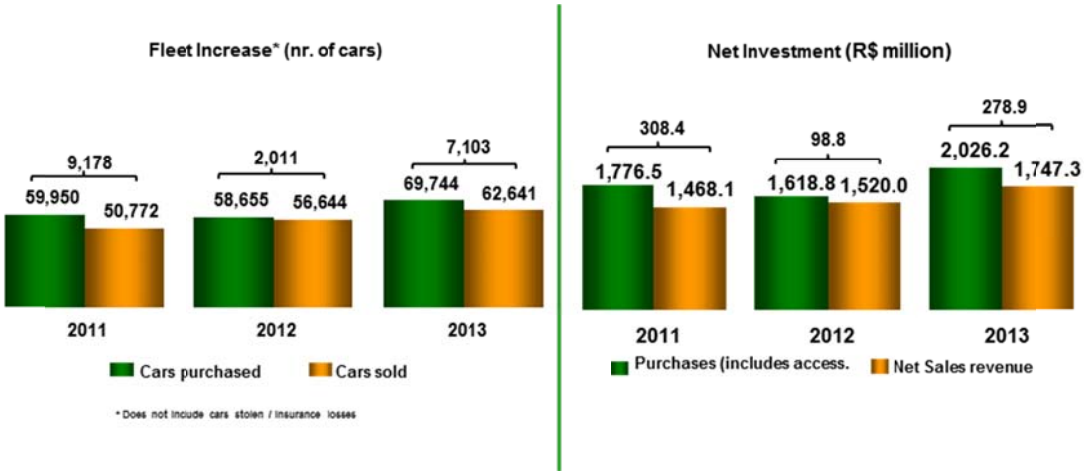
i) quantitative and qualitative description of ongoing and projected investments

Fleet investments

As of December 31, 2013, Localiza's consolidated fleet included 103,526 own cars, of which 70,717 were in the Car Rental Division and 32,809 cars were in the Fleet Rental Division. After being used in rental activities, the decommissioned cars are mostly sold to end consumers through the 74 sales points located in 44 cities throughout Brazil.

The Company and its wholly-owned subsidiaries have the following divisions: car rental, fleet management and franchising. As part of its program of fleet renewal, the Company and its subsidiary Localiza Fleet S.A. (formerly Total Fleet S.A.) sell used cars and purchase new cars to be operated in the fleet. The projected material investments are related to car purchases to increase the fleet, in line with demand by the rental market.

The charts below present the comparison of fleet investments in 2011, 2012 and 2013:



The number of cars purchased in 2013 was 18.9% higher than in 2012. In 2013, the Company increased its fleet by 7,103 cars, a net investment of R$278.9 million, while in 2012 the net investment amounted to R$98.8 million and the fleet was increased by 2,011 cars. The higher net investment in 2013 results from the normalization of inventory at car manufacturers in 2013 (following substantial inventory reduction in 2012 with high demand driven by the IPI tax relief), leading to the normalization of new car inflow and the pace of sales of decommissioned cars.

In 2013, the Company renewed 52,759 cars in the Car Rental Division and 9,882 in the Fleet Rental Division. Fleet renewal involves the sale of cars already used in rental activities and the subsequent purchase of new cars to replace the ones sold.

Investment in building the headquarters

In the meeting held on June 20, 2013, the Board of Directors approved the construction of the Company's new headquarters. The expected investment is of approximately R$210.0 million, at current prices. The investment will enable: (i) reduction of future rental expenses; (ii) productivity gain with the centralization of administrative and support activities, currently distributed over five different buildings; and (iii) support the Company's growth, enabling the same integration and location of the central management.

The 30,000-m² property was purchased 5.2 years ago, and is currently owned by Rental Brasil Administração e Participação S.A., a wholly-owned subsidiary of Localiza, with expenses of R$22.1 million with land, projects and approvals with municipal authorities. The amount is not included in the approved amount for construction. Of the total investment approved, R$6.5 million had been spent by December 31, 2013. Furniture and equipment in the new facilities will come from the current facilities

The Company estimates the construction to take 36 months from July 2013.

Other investments

In 2013, 2012 and 2011, the Company invested R$54.1 million, R$80.8 million and R$63.0 million, respectively, in other fixed, intangible assets and investments.

The Company closed 2013 with 286 own car rental branches in Brazil and 74 points of sales of decommissioned cars.

ii) investment financing sources

The Company uses cash from operations to conduct its daily business activities, and finance its fleet renewal and part of its growth. To supplement its cash requirements for growth, the Company obtains loans and financing from the market and major financial institutions in Brazil, which are substantially indexed to the CDI fluctuation and fixed rates.

iii) material ongoing and projected divestments

Cars sold in connection with fleet renewal were already mentioned in item (a) above, since the cash used in the sale of cars is allocated to the purchase of new cars for the fleet.

b) Acquisitions already disclosed of plants, equipment, patents and other assets that may have a material influence in the Company's production capacity

There were no acquisitions of plants, equipment, patents and other assets that may have a material influence in the Company's production capacity.

c) New products and services

The Company does not expect investments in new products and services.

10.11 – Other factors with material impact

All material information related to this item has already been disclosed in previous items.

11.1 Forecasts disclosed and assumptions

a. Object of projection

Fiscal Year 2013

No projections were made for fiscal year 2013

Fiscal Year 2012

- Fleet renewal
- Opening of new points of sale of decommissioned cars

Fiscal Year 2011

No projections were made for fiscal year 2011

b. Period projected and validity period of projection

Fiscal Year 2013

No projections were made for fiscal year 2013

Fiscal Year 2012

Period of 12 months ended December 31, 2012

Fiscal Year 2011

No projections were made for fiscal year 2011

c. Guidance assumptions, indicating which can be influenced by management of the Corporation and which are beyond its control

Fiscal Year 2013

No projections were made for fiscal year 2013

Fiscal Year 2012

Fleet renewal

Initial fleet renewal expectations

In the 1st quarter of 2012, the Company announced that it expected to renew 67,000 cars that would be decommissioned in 2012, in order to renew its fleet and offer quality, safety and comfort to its customers of its rental divisions.

Revision of initial fleet renewal expectation

At the beginning of 2012, the car market had a low performance taking the Government to adopt measures to stimulate the sector, among them, the reduction in the IPI tax (tax on industrialized products) for new cars in up to 7 percentage points. The market has reacted positively to these stimulus and the inventories of the automakers have reduced substantially, which generated delays in delivery of new cars taking the Car Rental Division to decommissioned less cars to be renewed.

As a result, the Management revised the estimate in the total volume of decommissioned car sales of the fleet in 2012 to around 60 thousand cars (50 thousand in Car Rental Division), assuming automakers will normalize deliveries by the end of the year.

The postponement of the renewal of the 10,356 cars did not affect the quality of the cars that will be rented and will not affect maintenance costs.

In 2012, the Company renewed 56,644 cars in its fleet, which corresponds to 94% of the revised estimate.

Opening of new sales pointsof decommissioned cars

In the first quarter of 2012 the Company announced its expectation to open 14 new sale points ofdecommissioned cars. Over the course of the year, 11 new points of sale were opened, although another four smaller-sized stores were closed.

Macroeconomic factors beyond Management's control

The car market is mainly affected by the following factors: income level, credit availability and consumer confidence index. These and other factors are beyond Company's control. In the event of a drop in the demand for cars, Company may adjust its fleet renewal strategy.

Fiscal Year 2011

No projections were made for fiscal year 2011

d. Indicators that are the object of guidance

Fiscal Year 2013

No projections were made for fiscal year 2013

Fiscal Year 2012

- Renewal of 67,000 cars, estimate revised by the Management to 60,000 in 2012.
- Opening of 14 new sale points of decommissioned cars from the car rental and fleet rental business.

Fiscal Year 2011

No projections were made for fiscal year 2011

11.2 Monitoring and revision of the forecasts disclosed

a. Provide the forecasts being replaced with new projections included in this Reference Form and which are being repeated

The Company did not replace the projections announced in previous fiscal years with new projections for 2014.

b. As for projections related to the periods already elapsed, compare the data projected and the actual performance of the indicators, clearly mentioning the reasons for deviations from projections

Fiscal Year 2013

In 2013, the Company estimated renewing around 60,000 cars, of which 50,000 in the Car Rental Division and 10,000 in the Fleet Rental Division. Fleet renewal involves the sale of cars already used in rental activities and the subsequent purchase of new cars to replace the cars sold.

Up to December 31, 2013, a total of 52,759 cars had been sold and 58,826 cars had been purchased at the Car Rental Division, or 105.5% of the initial estimate. In the same period, 9,882 cars had been sold and 10,918 cars had been purchased at the Fleet Rental Division, or 98.8% of the initial estimate.

Fiscal Year 2012

Fleet renewal

In the first quarter of 2012, the Company reported the expectation to renew 67,000 cars that would be decommissioned in 2012 aiming to offer quality, safety and comfort to costumers.

Over the course of 2012, The Company revised its expectation of sales volume of decommissioned cars in the fleet, from 67,000 to 60,000 cars. Up to December 2012, the Company had renewed 56,644 cars in its fleet which represents 85% of the initial expectation of renewal and 94% of the reviewed expectation (see item “c” of item 11.1 of this Reference Form).

Opening of new points of sales for deactivated cars

The Company has disclosed the expectation to open 14 new stores, in 2012, for the sale of the cars deactivated by the car rental and fleet management activities.

Up to December 31, 2012, a total of 11 stores were opened. On the other hand, four small-sized stores were closed in the period.

Fiscal Year 2011

No projections were made for fiscal year 2011

c. As for projections related to current periods, inform if the projections remain valid on the date of submission of this Reference Form and, if applicable, explain why they were abandoned or replaced

There are no projections for the current period.

The number of cars to be renewed (acquired and sold) changes over the course of the year due to the specific scenario for each period. As a result, the Company decided not to provide guidance on the expected fleet renewal.

12.1 Administrative structure

a) Responsibilities of each body

Board of Directors

According to the Company's Bylaws, approved on April 29, 2013, the Board of Directors shall consist of at least 6 (six) members and at the most 8 (eight) members, elected for a unified term of office of two (2) years by the General Meeting, reelection being admitted. At the General Meeting whose purpose is to vote on the election of the Directors, the shareholders shall firstly establish the effective number of members of the Board of Directors to be elected. Among the members elected, the same General Meeting shall designate those who shall take office as Chairman and Vice-Chairman. Upon expiration of the term of office, the members of the Board of Directors shall remain in their positions until the taking of office of the new members elected. In case of vacancy of Director position, the substitute will be appointed by the other directors and will be valid until the next General Meeting.

The member of the Board of Directors must have irreproachable reputation, and may not be elected, unless permitted by General Meeting resolution, one who: (i) acts as manager, advisor, consultant, lawyer, auditor, executive, employee, official or service renderer in companies which are involved in the business of car rental, car fleet rental, car or car fleet leasing, car trade, car manufacturing or any other business which may be considered as Company' competitors; or (ii) has or represent conflict interest with the Company. The member of the Board of Directors may not exercise the voting right, subsequently to the election, in the event the same impairment factors take place.

The members of the Board of Directors shall be vested with their positions by means of the signing of the oath of office registered in appropriate book, observing legal limitations, exempting any management guarantee. The taking office will be conditioned to previous subscription of the Statement of Consent of Administrators, set forth in the Novo Mercado Listing Regulation as well as to meeting the applicable legal requirements.

At least, twenty per cent (20%) of the Board of Directors' members shall be Independent Directors, according to definition in paragraph 8 of the Bylaws of the Company, expressly stated as such in the minutes of the General Meeting which elect them, and they are also deemed as elected independent director(s) through the competence provided for by article 141, paragraphs 4 and 5 of Law 6,404/76.

Also Further according to the Company's Bylaws, approved on April 29, 2013, the Board of Directors is assigned the following attributions:

(a) *establish the general business policy of the Company;* ***(b)*** *elect and remove the Executive Officers of the Company;* ***(c)*** *resolve on the call for a General Meeting, when it deems convenient, or in the case of article 132 of Law 6404/76;* ***(d)*** *inspect the Officers' management, analyzing, at any time, the records and documents of the Company and requesting information about agreements executed or to be executed;* ***(e)*** *create Committees and establish the respective regulations and authority;* ***(f)*** *revise, at least 3 (three) times per year, the car purchase program for expansion and the car purchase program for renewal, presented by the Management;* ***(g)*** *select and dismiss the independent auditors;* ***(h)*** *call the independent auditors to render clarifications they deem necessary;****(i)*** *examine the Management Report and the accounts of the Board of Executive Officers, and resolve on their submission to the General Meeting;* ***(j)*** *approve the Strategic Plan, the Goal Plan, the Budget, the expansion projects, the investment programs, the Car Purchase Program for Expansion and the Car Purchase Program for Renewal, as well to follow its execution;* ***(k)*** *approve the alienation or encumbrance of goods of permanent assets, according to the*

Management Proposal, except for the car purchases made on the terms of the Car Purchase Program for Expansion and the Car Purchase Program for Renewal; ***(l)*** *approve the constitution of subsidiaries, as well as any change on their by-laws, he subscription and payment of capital increases in subsidiaries and the Company's interest in the capital of other companies, in Brazil and abroad;* ***(m)*** *establish the powers of the Management to issue credit instruments in Brazil, including, but not limited to, senior bonds and commercial papers to raise funds in the capital market, also resolving on their conditions of issue and redemption, being necessary, in cases yet to be defined, the previous authorization of the Board of Directors as a condition to validate the issue;* ***(n)*** *establish the powers of the Management to issue any credit instruments to raise funds abroad, whether they are bonds, notes, commercial papers or other instruments, also resolving on their conditions of issue and redemption, being necessary, in cases yet to be defined, the previous authorization of the Board of Directors as a condition to validate the issue;* ***(o)*** *establish the powers of the Management to contract any operations of options, swap and other complex financial operations based on negotiations of price or quotation in the future market being necessary, in cases yet to be defined, the previous authorization of the Board of Directors as a condition to validate the issue;* ***(p)*** *authorize the Company and its subsidiaries to guarantee obligations on behalf of third-parties, dismissed the authorization of warranty to affiliate;* ***(q)*** *establish the remuneration of the Management and approve the Management Proposal regarding the remuneration policies, the global amount of the profit sharing to employees, as well as to approve the staff of the Company and its affiliated;* ***(r)*** *approve changes on the organizational structure of the Company necessary to the operation of the business and to the execution of the strategies defined, as well as to determine the Company's vote or the grant of the vote instruction in all shareholders meeting of its subsidiaries;* ***(s)*** *decide on the acquisition, by the Company, of shares issued thereby to be held in treasury and/or for subsequent cancellation or disposal;* ***(t)*** *grant stock options to executives and employees of the Company and its affiliated, without preemptive right for the shareholders, in the terms of the Plans approved at General Meeting;* ***(u)*** *prepare the three-name list of institutions or companies specialized in the economic appraisal of companies, for the preparation of an appraisal report of the Company's shares, in case of deregistering as a publicly-held company or delisting from the Novo Mercado or Takeover Bid by Achievement of Relevant Interest, as provided for in Chapter X of the Bylaws; and* ***(v)*** *Express itself favorably or unfavorably when compared to any tender offer whose purpose are shares of Company's issue, by means of previous well-grounded opinion, disclosed in up to 15 (fifteen) days from the publishing of tender offer bid notice, which shall approach, at least (i) the convenience and opportunity of the tender offer when compared to the interest of shareholders and when compared to the liquidity of the securities of its ownership; (ii) the repercussions of the tender offer on the Company' interests; (iii) the strategic plans disclosed by the offeror in relation to the Company; and (iv) other points that the Board of Directors consider pertinent, as well as information required by the applicable rules set forth by CVM – (Brazilian Securities Commission);* ***(w)*** *provide for, pursuant to the rules of the Bylaws and laws in force, the order of its works and adopt or issue rules for its operation.*

Internal Committees

In 2007 the Board of Directors approved the creation of the following Internal Committees:

a) Audit and Risk Management Committee;

b) Personnel Management Committee; and

c) Ethics Committee.

On October 24, 2013, the Board of Directors approved the transformation of the Disclosure Committee into an internal committee reporting to the Chief Financial and Investor Relations Officer.

On April 25, 2012, the Extraordinary Shareholders' Meeting approved the Company's Bylaws, including paragraph 5 of Article 13, which sets forth the creation of a permanent audit committee, as follows:

> *Article 13. (...)*
>
> *§ 5. The Board of Directors shall appoint a permanent Audit Committee, consisting of at least three members, without decision or management powers, to assist the Board in the exercise of its functions. The Audit Committee shall exercise the attributions established in its internal regulation, to be approved by the Board of Directors.*

The principles of all the Company's Committees are as follows:

1) ensure respect for the Company's values and for their continuing dissemination;

2) conduct work according to the principles of good Corporate Governance;

3) decide matters in the best interests of the Company as a whole, irrespective of the specific interests of shareholders or group of shareholders; and

4) ensure that the ethical premises and values of the Company are complied with.

The attributions and the members of each one of such Committees, appointed at the meeting of the Board of Directors held on April 24, 2014, are as follows:

Audit and Risk Management Committee: Comprised of 3 members, 2 of whom are independent, the Audit Committee is responsible for inspecting the work of the independent auditors, issuing its opinion on their selection, assessing their performance, the quality of audit opinions and financial reports, as well as accounting principles used, and also assessing the effectiveness and sufficiency of the internal control structure.

Personnel Management Committee: Made up of 3 members, 2 of whom are independent, the Personnel Management Committee is responsible for proposing to the Board of Directors the Company's policies for compensation, performance evaluation, profit sharing program and stock option program, as well as the general Personnel Management policies.

Disclosure Committee: Comprised of 12 members, the Disclosure Committee is responsible for reviewing drafts of documents and information of an economic and financial nature that have to be submitted to the Brazilian Securities Commission (CVM) on a mandatory basis, in order to ensure that the financial information disclosed to the market by the Company is correct, complete and timely. Since October 24, 2013, the Committee has been reporting directly to the Chief Financial and Investor Relations Officer.

Ethics Committee: Made up of 6 members, the Ethics Committee is responsible for defining the Company's ethical premises and values and ensuring that they are strictly complied with and deciding on ethical problems always in the best interests of the Company as a whole, regardless of specific interests.

Board of Executive Officers

According to the Company's Bylaws, The Board of Executive Officers shall be comprised of, at least, 4 (four) and no more than 6 (six) Executive Officers, all resident in Brazil, elected by the Board of Directors. Among the Executive Officers, one shall be appointed Chief Executive Officer, one shall be appointed Chief Financial and Investor Relations Officer, one may be appointed Vice Chief Executive Officer, and the others shall be appointed Executive Officers.

The Executive shall hold their position until the first Board of Directors' meeting which is held one year after their election. When the term ends, the members of the Board of Executive Officers shall remain in their positions until the investiture of the new elected members. The members of the Board of Directors shall be vested with their positions by means of the signing of the oath of office registered in appropriate book, observing legal limitations, dismissing any management guarantee. The taking office will be conditioned to previous subscription of the Statement of Consent of Administrators, set forth in the Novo Mercado Regulation as well as to meeting the applicable legal requirements.

It is the Board of Executive Officers's responsibility the administration of the Company business in general and to practice, for such purpose, all acts which are deemed to be required or convenient, except those that, according to the law or to the Company's Bylaws, are of the competence of the Shareholders' Meeting or of the Board of Directors. Its powers include the following:

(a) administrate, manage and oversee the Company's businesses; **(b)** prepare and implement the budget; **(c)** annually prepare the Car Purchase Program to Expansion and the Car Purchase Program to Renewal, according to the budget, submitting both to Board of Directors' approval; **(d)** purchase cars, in the conditions and within the limits of the Car Purchase Program for Expansion and the Car Purchase Program for Renewal approved by the Board of Directors; **(e)** contract loans and financing within the limits and conditions granted by the Board of Directors; **(f)** make investments and redeem such investments, grant guarantees to subsidiaries, within the limits and conditions granted by the Board of Directors; **(g)** ensure compliance with the law and with these Bylaws, as well as with the decisions taken at General Meetings, at the meetings of the Board of Directors and at its own meetings; and **(h)** issue and approve instructions and internal regulations deemed to be useful or required.

b) Date of the convening of the Audit Board if not a standing body, and of the creation of the committees

The Company does not have any Audit Board installed.

On April 10, 2007, the following committees were created:

- Audit and Risk Management Committee; and
- Personnel Management Committee;

On October 24, 2013, the Board of Directors approved the transformation of the Disclosure Committee into an internal committee reporting to the Chief Financial and Investor Relations Officer.

On October 18, 2007, the Ethics Committee was created.

c) Mechanisms to assess the performance of each body or committee

Mechanism to assess the performance of the Board of Directors: The performance of the Board of Directors is evaluated through the completion of a Company form, which evaluates aspects such as; (i) quality, quantity and variety of information received on strategic topics; (ii) performance of the committees; (iii) development of the long-term strategy; (iv) monitoring the rollout of the long-term strategy, among others.

Members of Committees: the Company has not laid down the rules for evaluating the performance of committees.

d) Responsibilities and individual powers of the executive officers

Chief Executive Officer
The Chief Executive Officer is responsible for the following:

(a) Carry out the general supervision of all business of the Company; **(b)** Supervise the preparation and the implementation of the budget; **(c)** Coordinate and direct the activities of the other Executive Officers, in their respective areas of competence; **(d)** Designate any of the Executive Officers for special activities and tasks, irrespective of those they are ordinarily in charge of; **(e)** and summon, install and preside the meetings of the Board of Executive Officers.

Vice Chief Executive Officer
The Chief Executive Officer is responsible for the following:

(a) Substitute for the Chief Executive Officer in his temporary absences and impediments; and **(b)** assist the Chief Executive Officer in the supervision, coordination, direction and administration of the activities and business of the Company, as well as in all tasks the latter assigns to him.

In the Meeting of the Board of Directors held on April 25, 2013, none of the Executive Officers was designated as Executive Vice-President.

Chief Financial and Investor Relations Officer
The Chief Financial and Investor Relations Officer is responsible for the following:

(a) Coordinate, administer, direct and supervise the Accounting, Financial and Tributary areas of the Company; **(b)** Be responsible for the consolidation of the budget; **(c)** Coordinate, administrate, direct and supervise the relations with the capital market; **(d)** Represent the Company before shareholders, investors, market analysts, the Securities Commission, the Stock Exchanges, the Central Bank of Brazil and other bodies related to the activities conducted in the capital market, in Brazil and abroad; and **(e)** assist the Chief Executive Officer in the supervision, coordination, direction and administration of the activities and business of the Company, as well as in all tasks the latter assigns to him.

The Company's Investor Relations Department is located in the City of Belo Horizonte, State of Minas Gerais, at Avenida Bernardo Monteiro, 1563. The Executive Officer in charge of this department is Mr. Roberto Antônio Mendes. The department's phone number is (55-31) 3247-7039 and the e-mail address is ri@localiza.com. The Company's site on the Internet is www.localiza.com.

Executive Officers

The Executive Officers are responsible for the following: assisting the Chief Executive Office or Vice-President in supervising, coordinating, directing and managing the Company's activities and business, as well as all the tasks entrusted to them.

Representation of the Company in court or before any government departments or federal, state or municipal authorities, as well as autonomous agencies, mixed capital companies and quasi-governmental entities, is the separate responsibility of any Executive Officer.

e) Mechanism to assess the performance of directors, members of committees and executive officers

Mechanism to assess the performance of directors: Every year, the directors are individually evaluated through the completion of a Company form, which evaluates aspects such as; (i) knowledge of the Company's business; (ii) participation in discussions and diligence; (iii) presentation of topics for meetings, among others.

Members of Committees: the Company has not laid down the rules for evaluating the members of committees.

Executive Officers: the Company evaluates the individual performance of the executive officers based on the achievement of targets and the individual assessment of skills. The key performance indicators considered in performance appraisal are net income, profitability (measured by Adjusted EBT – net income before income tax, considering financial costs as if the Company were 100% leveraged), and sale volume growth. Individual skill assessments take into consideration pre-established criteria defined by the Company for each level in the hierarchy.

12.2 Rules, policies and practices regarding shareholders' meetings

(a) Call notice period

According to the Company's Bylaws, General Meetings of Shareholders will be Annual (ASM) and Extraordinary (ESM). ASMs will be held by the fourth month following the end of the fiscal year and ESMs whenever the need for them arises.

General Meetings will be called by the Chairman of the Board of Directors, in the manner and within the terms prescribed by law, and chaired by the Board's Chairman or, in his absence, by the Board's Vice-Chairman or, in his absence, by a shareholder chosen by majority of votes of the shareholders present. The President of the General Meeting is responsible for choosing the shareholder to serve as Secretary to the meeting.

All the documents pertaining to the meeting agenda to be analyzed or discussed at General Meeting will be made available to the Company's shareholders at the Brazilian Mercantile & Future Exchange and São Paulo Stock Exchange (BM&FBovespa S.A.), as well as in the Company's registered offices as from the date of publication of the first call to meeting.

Article 124, paragraph 1, item II, of Law 6404/76, and subsequent amendments, requires that the General Meetings be called with advance notice of at least 15 (fifteen) consecutive days on first call and 8 (eight) consecutive days on second call.

(b) Authority of shareholders

According to Company' Bylaws, the General Meeting has powers to:

(a) elect and remove the members of the Board of Directors; **(b)** fix the aggregate compensation of the members of the Board of Directors and of the Board of Executive Officers, as well as the compensation of the members of the Audit Board, if installed; **(c)** grant stock dividends and decide on possible grouping and splitting of shares; **(d)** decide, according to a proposal submitted by the administration, on the destination of the profit of the period and on the distribution of dividends; **(e)** elect the officer, as well as the Audit Board that shall operate in the period of liquidation; **(f)** select the specialized company responsible for the preparation of the appraisal report of the shares of the Company, in case of cancellation of the registration as a publicly-held company or withdrawal from the Novo Mercado or a Public Tender Offer (PTO) caused by material shareholder interest, as provided for in Chapter X of the Bylaws, among the companies indicated by the Board of Directors; and **(g)** all other duties provided by law.

Specifically with regard to directors who are also shareholders of the Company, the Brazilian Law of Corporations establishes that a shareholder may not vote in the deliberations of the shareholders' meeting relating to the asset valuation report that contributes to capital formation and for approval of its accounts as administrator, or any others that could benefit them in particular, or in which they have a conflict of interest with the company. Any resolution taken based on the vote of a shareholder with a conflict of interest with the Company is voidable; the shareholder will be liable for damages and will be obliged to transfer to the company the benefits gained therefrom**.**

(c) Street and website addresses where documents related to Shareholders' Meetings are made available for analysis by shareholders

The documents related to general meetings can be found at the following websites:

www.localiza.com/ri;
www.cvm.gov.br;
www.bmfbovespa.com.br

Alternatively, such documents can be found at the Company's registered offices, as follows:

Avenida Bernardo Monteiro, 1563, Bairro Funcionários, Belo Horizonte, Minas Gerais.

(d) Practices for identifying and managing conflicts of interest

The Board of Directors approved in May 2012 the policy of operations with Related Parties, aiming to establish the procedures to be followed by the Company and its subsidiaries, in transactions with related parties and in situations with potential conflict of interests and with the objective of ensuring Company's interests, in accordance with Corporate Governance best practice.

Furthermore, the Company has a Code of Ethics and a whistleblower channel to identify conflicts of interest.

(e) Practices on soliciting shareholder votes (proxy appointments)

The Company does not adopt public proxy requests, pursuant to CVM Instruction 481.

f) Formal requirements for acceptance of proxy instruments granted by shareholders, including clarification on whether or not electronic proxies are acceptable

The Company allows votes to be cast at shareholders' meetings by proxy, provided that the representative is validly constituted and the proxy is accompanied by voting instructions. The proxy holder will have powers limited to participating in the Meeting and voting in accordance with the respective voting instructions.

The Company discloses in its manual for shareholders' meetings all the formalities for constituting proxy. The formalities for the latest meeting were:

1) If shareholders prefer to indicate a legal representative to vote by proxy, the documents confirming such representation must be submitted to the head office of the Company within the deadlines and in the manner laid out in the manual.

2) If shareholders choose to participate in meetings through proxies indicated by the Company in accordance with CVM Instruction 481, they can indicate, as per the votes to be cast, one of the administrators indicated by the Company, clearly specifying in the proxy instrument their vote for or against, or their abstention. The managers indicated by the Company will differ depending on the type of vote of shareholders.

3) The Company provides a template proxy annex to the manual for shareholders' meetings.

4) The proxies, original or copies shall be delivered at the Company's registered office at the beginning of the General Meetings. Proxies granted through electronic means are not accepted.

5) In order to facilitate the participation, the Company receives a simple copy of the instruments up to 72 hours before the beginning of the General Meetings, through fax, e-mail or mail.

The formalities needed for acceptance of the power of attorney accepted by the Company are the same as those defined in article 126 of Law 6,404/76.

(g) Forums or gateways established for receipt via computer of shareholders statements on business included on the agenda of a shareholders meeting

Even though the Company does not have forums intended for receiving and sharing shareholders' comments on general meeting agendas, it has a website (www.localiza.com/ri) to receive and share comments by shareholders on any matters.

(h) Video and/or audio broadcast of shareholders' meetings

The Company does not provide live audio and/or video broadcasts of the shareholders' meetings.

(i) Mechanisms for shareholder access to the agenda of a shareholders' meeting

The Company has not yet adopted a policy or mechanism to permit inclusion of proposals made by shareholders on the agenda of its shareholders' meetings.

The Company does not adopt differentiated practices when compared to deadlines for call of meeting; general meeting powers and mechanisms aimed at allowing the inclusion, in the agenda, of proposals prepared by shareholders, relative to what is provided for in company legislation.

12.3 Dates and newspapers of publication of information required by Federal Law 6,404/76

Fiscal Year	Publication	Newspaper or State Register (SR) – State	Dates
12/31/2013	Financial Statements	Minas Gerais SR - Diário do Comércio MG	3/21/2014
		Valor Econômico - SP	3/21/2014
	Call Notice to the Annual Shareholders' Meeting that Analyzed the Financial Statements	Minas Gerais SR - Diário do Comércio – 1st Cal - MG	3/28/2014
		Minas Gerais SR - Diário do Comércio – 2nd Call - MG	4/9/2014
		Minas Gerais SR - Diário do Comércio – 3rd Call – MG	4/16/2014
		Valor Econômico – 1st Call - SP	3/28/2014
		Valor Econômico – 2nd Call- SP	4/9/2014
		Valor Econômico – 3rd Call- SP	4/16/2014
	Minutes of the Annual Shareholders' Meeting that Analyzed the Financial Statements	Minas Gerais SR - Diário do Comércio - MG	5/6/2014
		Valor Econômico – SP	5/6/2014
12/31/2012	Financial Statements	Minas Gerais SR - Diário do Comércio - Valor Econômico - MG	3/20/2013
	Call Notice to the Annual Shareholders' Meeting that Analyzed the Financial Statements	Minas Gerais SR - Diário do Comércio - Valor Econômico - MG	3/28/2013
			4/10/2013
			4/24/2013
	Minutes of the Annual Shareholders' Meeting that Analyzed the Financial Statements	Minas Gerais SR - Diário do Comércio - Valor Econômico - MG	5/9/2013
12/31/2011	Financial Statements	Estado de Minas - MINAS GERAIS SR - Diário do Comércio MG - MG	3/13/2012
		Estado de São Paulo e Valor Econômico - SP	3/13/2012
	Call Notice to the Annual Shareholders' Meeting that Analyzed the Financial Statements	Minas Gerais SR - Diário do Comércio – 1st Call - MG	3/15/2012
		Minas Gerais SR - Diário do Comércio – 2nd Call - MG	3/30/2012
		Minas Gerais SR - Diário do Comércio – 3rd Call - MG	4/4/2012
		Valor Econômico – 1st Call- SP	3/15/2012
		Valor Econômico – 2nd Call - SP	3/30/2012
		Valor Econômico – 3rd Call - SP	4/4/2012
	Minutes of the Annual Shareholders' Meeting that Analyzed the Financial Statements	Minas Gerais SR - Diário do Comércio de MG - MG	4/20/2012
		Valor Econômico - SP	4/20/2012

12.4 Rules, policies and practices regarding the Board of Directors

a) Frequency of board meetings

According to the Company's Bylaws, the Board of Directors normally meets every 3 (three) months and, on a special basis, whenever necessary, either at the Company's registered offices or at any other location chosen.

For 2014, at least one monthly meeting is scheduled (except in January).

Directors may participate at meetings by means of conference call or video conference and submit their votes by telegram, fax, e-mail or any other written means of communication.

In 2013, 2012 and 2011 the meetings of the Company's Board of Directors were held on the dates indicated below:

2013	2012	2011
3/8/2013	3/7/2012	2/25/2011
3/19/2013	3/16/2012	3/24/2011
3/27/2013	4/19/2012	4/5/2011
4/25/2013	5/24/2012	4/28/2011
5/23/2013	5/30/2012	5/9/2011
5/28/2013	6/21/2012	5/19/2011
6/20/2013	7/19/2012	6/30/2011
7/25/2013	8/23/2012	7/21/2011
8/22/2013	9/20/2012	8/18/2011
9/10/2013	10/25/2012	8/22/2011
9/26/2013	11/22/2012	9/22/2011
9/30/2013	12/18/2012	10/24/2011
10/24/2013		10/27/2011
11/21/2013		11/24/2011
12/18/2013		12/15/2011

b) Provisions of shareholders agreements, if any, restricting or binding in any way the votes of directors at board meetings

At present there is no shareholders' agreement in effect with respect to the Company.

c) Rules for identifying and managing conflicts of interest

Upon identification of potential situations that may constitute conflict of interests, such matters are debated internally by the Company's Board of Directors.

According to Brazilian Law of Corporations, no person with a conflict of interest with the company can be elected to the Company’s management, except if the condition is waived by the shareholders' meeting.

The law also prohibits an administrator from interfering in any corporate transaction in which he has a conflict of interest with the Company or in any deliberation in this regard taken by other administrators. He must also inform them of his impediment and must record in the minutes of the meeting of the Board of Directors or the Board of Executive Officers, the nature and extent of his interest. Nevertheless, the manager may sign a contract with the company upon reasonable and fair conditions that are identical to market conditions or those upon which the company would contract third parties.

The Company does not have specific rules to identify and manage conflicts of interest at the Board of Directors, in accordance with the guidelines set by Law 6,404 and Novo Mercado regulations.

12.5 Description of the arbitration clause for the resolution of conflicts through arbitration.

Article 40 of the Bylaws sets forth that the Company itself, its Shareholders, Officers and members of the Audit Committee undertake to resolve through arbitration any and all disputes or controversies that may arise between them related to or, especially, arising from the application, validity, effectiveness, interpretation, violation and the effects thereof, of the provisions contained in Law 6404/76, in the Company's Bylaws, in the norms published by the Brazilian Monetary Council (CMN), Central Bank (BACEN) and Securities Commission (CVM), as well as in the other norms applicable to the functioning of the Brazilian capital markets in general, besides those contained in the Novo Mercado Regulations, Arbitration Regulation Agreement, Penalty Regulations and Agreement for Participation in the Novo Mercado.

12.6 / 8 Directors, officers and members of the Audit Board

Name Individual Taxpayer ID (CPF)	Age Occupation	Management body Elective position	Date of election Date of investiture	Term of office Elected by controlling shareholder?
Other positions and duties at the Company				
Eugênia Maria Rafael de Oliveira 385.155.806-59 Member of Ethics Committee	57 Business Administrator	Board of Executive Officers only Executive Officer	4/24/2014 4/24/2014	1 year No
Marco Antônio Martins Guimarães 079.962.846-87 Member of Ethics Committee	65 Business Administrator	Board of Executive Officers only Executive Officer	4/24/2014 4/24/2014	1 year No
Roberto Antônio Mendes 137.768.946-87 CFO	61 Business Administrator and Accountant	Board of Executive Officers only 12 – Investor Relations Officer	4/24/2014 4/24/2014	1 year No
Bruno Moreira de Andrade 371.804.286-04	54 Engineer	Board of Executive Officers only Executive Officer	4/24/2014 4/24/2014	1 year No
Edmar Vidigal Paiva 024.604.426-88	39 Accountant	Board of Executive Officers only Executive Officer	4/24/2014 4/24/2014	1 year No
Maria Letícia de Freitas Costa 050.932.788-58 Member of Personnel Management Committee	54 Engineer	Board of Directors only 27 – Independent Director	4/29/2013 4/29/2013	2 years No
Oscar de Paula Bernardes Neto 037.057.307-20 Coordinator of Audit and Risk Management Committee	67 Chemist	Board of Directors only 27 – Independent Director	4/29/2013 4/29/2013	2 years No
Stefano Bonfiglio 000.000.000-00 Member of Audit and Risk Management Committee	50 Economist	Board of Directors only 27 – Independent Director	4/29/2013 4/29/2013	2 years No
José Salim Mattar Júnior 071.823.766-87	65 Business Administrator	Board of Directors only 20 – Chairman of the Board of Directors	4/29/2013 4/29/2013	2 years No
Antônio Cláudio Brandão Resende 076.364.666-00 Member of Personnel Management Committee	67 Business Administrator	Board of Directors only 21 – Vice-Chairman of the Board of Directors	4/29/2013 4/29/2013	2 years No

Name Individual Taxpayer ID (CPF) Other positions and duties at the Company	Age Occupation	Management body Elective position	Date of election Date of investiture	Term of office Elected by controlling shareholder
Flávio Brandão Resende 186.119.316-53 Member of Audit and Risk Management Committee	60 Engineer	Board of Directors only 22 – Director	4/29/2013 4/29/2013	2 years No
José Galló 032.767.670-15 Coordinator of Personnel Management Committee	62 Business Administrator	Board of Directors only 27 – Independent Director	4/29/2013 4/29/2013	2 years No
Eugênio Pacelli Mattar 130.057.586-72 Coordinator of Ethics Committee	61 Engineer	Board of Executive Officers and Board of Directors 33 – Director and CEO	4/24/2014 4/24/2014	2 years No

Professional experience / Declaration of any convictions

Eugênia Maria Rafael de Oliveira - 385.155.806-59

Ms. Oliveira is an Executive Officer at the Company, which she first joined in 1980. She graduated in business administration from the Pontifícia Universidade Católica de Minas Gerais (PUC/MG) in 1981 and concluded her post-graduate course in Marketing at UNA in 1985. Ms. Oliveira participated in a management program at Kellogg in 2003.

Marco Antônio Martins Guimarães - 079.962.846-87

Mr. Guimaraes is an Executive Officer at the Company, which he first joined in1990. He graduated in business administration from FUMEC in 1978 and concluded his post-graduate course in management at Keramik Holding Laufen in Gstaad, Switzerland. in 1988, obtaining a Portable MBA in management in Brazil through Santilli, Schlouchauer & Jucá in 1994. Mr. Guimarães served as officer at Cidamar Industria de Louças S.A. from 1980 to 1986 and at Incepa - Indústria Cerâmica Paraná S.A. from 1986 to 1990. He attended a management program at Kellogg in 2002.

Roberto Antônio Mendes - 137.768.946-87

Mr. Mendes is the Chief Financial Officer (CFO) and Investor Relations Officer at the Company, which he first joined in 1985. He graduated in business administration and accounting from Minas Gerais Federal University (UFMG), with an Executive Extension Course by Fundação Dom Cabral and the Kellogg School of Management (Chicago/USA) and in Business Strategy and Innovation from the IEL and Wharton School (Philadelphia/USA) partnership. He began his career at PricewaterhouseCoopers. Later he held the position of controller in companies of the groups Vale do Rio Doce (April 1976 to October 1979) and Mendes Júnior (October 1979 to October 1985).

Bruno Moreira de Andrade - 371.804.286-04

Mr. Andrade is the Company's Executive Officer for Franchising, the division he first joined in 1985. He has a bachelor's degree in Civil Engineering from the Kennedy Engineering School (1983) and further has taken post-graduate courses in Economic Engineering at the Dom Cabral Foundation, Marketing at the UNA and Advanced Franchising Studies at St. Thomas University (Minneapolis, MN - USA), and Executive Extension Course by Fundação Dom Cabral and the Kellogg School of Management (Chicago/USA) . Mr. Andrade began his career at the Company in the area of Relations with Travel Agencies and also served as Branch Manager, Manager for Development of Products and Sales of Semi-New Cars, and International Franchising Manager, and was later appointed as Executive Officer for Franchising, position which he has held since June 2008.

Edmar Vidigal Paiva - 024.604.426-88

Mr. Paiva is an Executive Officer at Localiza Rent a Car S.A. He obtained a degree in accounting from the Pontifícia Universidade Católica de Minas Gerais in 1998 and later completed the Corporate Executive MBA program from Fundação Dom Cabral. He also completed the Executive Development program at Fundação Dom Cabral and a graduate program in finance from IBMEC. He has worked as manager in the controllership department at Líder Aviação and as audit manager at Deloitte Touche Tohmatsu.

Maria Letícia de Freitas Costa - 050.932.788-58

Ms. Costa is an independent member of the Company's Board. She has a degree in production engineering from the University of São Paulo's Polytechnic School and received her MBA from Johnson School at Cornell University in the State of New York, USA. She began her professional career as a systems analyst at Indústrias Villares. In 1986 she joined the consulting firm Booz Allen Hamilton, presently Booz & Company, where she served as Vice President in charge of the Industry and Operations area. Ms. Costa is presently a partner of Prada Assessoria, a business consulting firm, and Director of Lato Sensu Graduate Programs at Insper in São Paulo. In addition to serving as independent Director of Localiza Rent a Car S.A., Ms. Maria Letícia Costa is: Partner at Prada Assessoria; Director of graduate programs (Latu Sensu) at Instituto Insper in São Paulo; Director and a member of the Governance, Ethics and Strategy Committees at Technip; Director and member of the Strategy Committee at Marcopolo; Member of the Audit Committee at Votorantim Industrial and Votorantim Cimentos.

Oscar de Paula Bernardes Neto - 037.057.307-20

Mr. Bernardes has been an independent member of the Company's Board since 2007. He previously served as chairman of the advisory board of Telesystem International Wireless (TIW) in Brazil (1999 to 2003) and as CEO of Bunge International (1996 to 1999). Before joining the Bunge Group, he was managing partner of Booz-Allen & Hamilton. He has also been a member of the board of directors of Satipel S.A., RBS Group, Delphi Corporation (USA) and Johnson Electric. In addition to serving as independent Director of Localiza Rent a Car S.A., Mr. Bernardes is: Vice-chairman of the board of directors and member of the Strategy and Human Resource Committees at Marcopolo S/A; Member of the Advisory Board of Davos; Director and member of the Audit Committee of Cia Suzano Papel e Celulose; Member of the Compensation and Personnel Development, and the Finance Committees at Praxair Inc. (USA); Senior Consultant to the CEO of Johnson Electric Holdings Limited; Member of the Advisory Board of Alcoa Brasil; Member of the Advisory Board of Amyris (USA); Director of OMNI; Vice-chairman of the Board and Coordinator of the Human Resources Committee of DASA; Chairman of the Strategy Committee of Vanguarda S/A; Director of Gerdau S/A and of Metalúrgica Gerdau.

Stefano Bonfiglio - 000.000.000-00

Mr. Bonfiglio has been an independent member of the Company's Board since 1997. He graduated in Economics from Georgetown University (Washington D.C.) in 1985 and obtained an MBA from The Wharton School and MA from the University of Pennsylvania in 1992. In 1985 he joined Bankers Trust Company (1985 to 1990 and 1992 to 1994) where he undertook activities such as structured/acquisition finance, mergers & acquisitions and private equity. From 1995 to 2000 he worked for DLJ Merchant Banking, the private equity subsidiary of Donaldson, Lufkin & Jenrette, based in New York and London. Currently, Mr. Bonfiglio lives in London and is founding and CEO of Stirling Square Capital Partners, a London-based private equity firm specializing in acquisitions (buy outs)in Europa, Chairman of Axitea S.p.A. and Director of ESE World B.V.

José Salim Mattar Júnior - 071.823.766-87

Mr. Salim Mattar is executive Chairman of the Board of Directors. Mr. Mattar founded the Company in 1973 at the age of 24, and was Chief Executive Officer of the Company and its subsidiaries until May 2013. He graduated in business administration from FUMEC in 1976. In addition to the position of Executive Chairman of the Board of Directors, Mr. Mattar is: executive officer of Locapar Participações e Administração Ltda;

managing partner of Haras Sahara Ltda; managing partner of SM Participações e Administração Ltda; Shareholder and Director of OMNI Táxi Aéreo; Shareholder and Director of Pottencial Seguradora S.A.

Antônio Cláudio Brandão Resende - 076.364.666-00

Non-executive member of the Board
In 1973, at the age of 27, Mr. Resende was one of the founders of the Company. He graduated in business administration from UNA (1977). Today he is the Board Vice-Chairman, having previously served as the administrative vice-president of the Company and its subsidiaries until July 30, 2008. When he was 18, he founded Leva e Traz, a delivery firm in Belo Horizonte, Minas Gerais, Brazil. Apart from serving as the Vice Chairman of the Board of Directors of Localiza Rent a Car S.A., Mr. Resende is: Managing partner of ACBR Participações e Administração Ltda and managing partner of Resende Piscicultura e Pecuária Ltda.

Flávio Brandão Resende - 186.119.316-53

Non-executive member of the Board
At the age of 20, in 1973, Mr. Resende was one of the Company's founders and today holds 7.10% of its capital. Currently he serves on the Company's Board. He has a degree in civil engineering from the Kennedy Engineering School (1980). Apart from serving as Director of Localiza Rent a Car S.A., Mr. Resende is: Managing partner of FBR Participações e Administração Ltda; Managing partner of FRJR Empreendimentos Imobiliários Ltda.

José Galló - 032.767.670-15

Mr. Gallo is an independent member of the Board. He has a degree in business administration from the Getúlio Vargas Foundation's School of Business Administration (1974), as well as other specialization courses, with emphasis on marketing both in Brazil and overseas. He has served as Chief Executive Officer of Lojas Renner S.A. since March 1999 and member of its board of directors since 1998, having held the position of board chairman between 1999 and 2005 in this chain department store specializing in clothing. He was also a member of the board of directors of Calçados Azaléia S.A. and SLC Agrícola S.A. and of the advisory board of ABN AMRO (Banco Real S.A.). In addition to serving as independent Director of Localiza Rent a Car S.A., Mr. Galló is: Chief Executive Officer of Lojas Renner S.A.; Director of Lojas Renner S.A.; Director of SLC Agrícola S/A.

Eugênio Pacelli Mattar - 130.057.586-72

Executive Director. Mr. Mattar is one of the Company's founders. He is a member of the Board of Directors and is the Chief Executive Officer of the Company and its subsidiaries. Mr. Mattar has a civil engineering degree from UFMG, where he also obtained a graduate degree in Economic Engineering in 1976. He further studied General and Financial Administration at the Dom Cabral Foundation. Apart from serving as Director and Chief Executive Officer of Localiza Rent a Car S.A. and its subsidiaries, Mr. Mattar is executive officer of Locapar Participações e Administração Ltda; Chairman of the Advisory Board of Junior Achievement of Minas Gerais; Managing partner of EM Participações e Administração Ltda; Shareholder and Director of OMNI; Shareholder and Director of Pottencial Seguradora.

12.7 Members of statutory, audit, financial and compensation committees

Name	Type of committee	Position held	Occupation	Date of election	Term of office
Individual Taxpayer's ID (CPF)	Description of other committees	Description of other positions held	Age	Date of investiture	
Other positions and duties at the Company					
Walmir Bolgheroni	Audit Committee	Other	Partner at Audit Company	4/24/2014	1 year
012.725.828-09			53	4/25/2014	
N/A		Partner at Deloitte Touche Tohmatsu Auditores Independentes. His experience includes auditing of financial statements in Brazil and the United States, of Brazilian and international financial institutions, as well as companies in the financial, service and manufacturing sectors. He has led due diligence proceedings in companies in Brazil and abroad. He has actively participated in initial public offerings (IPO) and private debt placement offerings in Brazil.			
Antônio Cláudio Brandão Resende	Other Committees	Member	Businessman	4/24/2014	1 year
076.364.666-00	People Management Committee		67	4/25/2014	
Vice-Chairman of the Board of Directors					
Daltro Barbosa Leite Júnior	Other Committees	Member	Engineer	4/24/2014	1 year
103.939.866-91	Ethics Committee		65	4/25/2014	
Human Resources Officer					
Eugênia Maria Rafael de Oliveira	Other Committees	Member	Administrator	4/24/2014	1 year
385.155.806-59	Ethics Committee		57	4/25/2014	
Executive Officer					
Eugenio Pacelli Mattar	Other Committees	Other	Engineer	4/24/2014	1 year
130.057.586-72	Ethics Committee	Coordinator of Ethics Committee	61	4/25/2014	
Director and CEO					
Flávio Brandão Resende	Other Committees	Member	Business Administrator	4/24/2014	1 year
186.119.316-53	Audit and Risk Management Committee		60	4/25/2014	
Director					
José Galló	Other Committees	Member	Business Administrator	4/24/2014	1 year

Name	Type of committee	Position held	Occupation	Date of election	Term of office
Individual Taxpayer's ID (CPF)	Description of other committees	Description of other positions held	Age	Date of investiture	
Other positions and duties at the Company					
032.767.670-15	Coordinator of the People Management Committee		62	4/25/2014	
Independent Director					
Marco Antônio Martins Guimarães	Other Committees	Member	Administrator	4/24/2014	1 year
079.962.846-87	Ethics Committee		65	4/25/2014	
Executive Officer					
Maria Letícia de Freitas Costa	Other Committees	Member	Engineer	4/24/2014	1 year
050.932.788-58	People Management Committee		54	4/25/2014	
Independent Director					
Oscar de Paula Bernardes Neto	Other Committees	Member	Engineer	4/24/2014	1 year
037.054.307-20	Coordinator of the Audit and Risk Management Committees		67	4/25/2014	
Independent Director					
Príscilla Soares Duarte Vitória	Other Committees	Member	Advertising professional	4/24/2014	1 year
000.800.666-07	Ethics Committee		40	4/25/2014	
Communication Manager					
Raquel Elen Barcelos	Other Committees	Member	Lawyer	4/24/2014	1 year
028.392.806-98	Ethics Committee		38	4/25/2014	
Legal Manager					
Stefano Bonfiglio	Other Committees	Member	Economist	4/24/2014	1 year
000.000.000-00	Audit and Risk Management Committee		50	4/25/2014	
Independent Director					

12.9 Existence of marital or steady union relationship or kinship to the second degree with the directors and officers of the issuers or its subsidiaries or controlling shareholder

Name	Individual Taxpayer ID (CPF)	Corporate name of the Company, subsidiary or controlling shareholder	Corporate Taxpayer ID (CNPJ)	Degree of relationship with the manager of the Company or subsidiary
Position				
Manager at the Company or subsidiary				
José Salim Mattar Júnior	071.823.766-87	Localiza Rent a Car S.A.	16.670.085/0001-55	Sibling (first degree relative)
Chairman of the Board of Directors				
Related person				
Eugênio Pacelli Mattar	130.057.586-72	Localiza Rent a Car S.A.	16.670.085/0001-55	
CEO of the Company and its subsidiaries				
Note				
Both are founding partners of the Company				
Manager at the Company or subsidiary				
Antônio Cláudio Brandão Resende	076.364.666-00	Localiza Rent a Car S.A.	16.670.085/0001-55	Sibling (first degree relative)
Vice-Chairman of the Board of Directors				
Related person				
Flávio Brandão Resende	186.119.316-53	Localiza Rent a Car S.A.	16.670.085/0001-55	
External director of the Company				
Note				
Both are founding partners of the Company				

12.10 Relationship of subordination, service supplier or control among the directors and officers and subsidiaries, controlling shareholders and other

Justification for not filling out table:

The Company has had no reporting, service rendering or control relationships in the past 3 fiscal years between its officers and i) any subsidiary direct or indirectly; ii) direct or indirect controlling shareholder, and iii) supplier, customers, debtor or creditor of the Company, its subsidiaries or subsidiaries of any of such parties.

12.11 - Agreement, including insurance policies, for the payment or reimbursement of expenses borne by directors and officers

As of August 2013, the Company hired “Civil Responsibilities” insurance for its directors and/or officers, valid through August 2014. The insurance provides for the payment and/or reimbursement of the amounts due or paid to the third parties, by the insurance holders, by the title of damage repair related to the management acts committed by them in the exercise of their responsibilities in the administration of the Company. The current policy provides a coverage of up to R$20.0 million and a net premium of total R$49.0 thousand.

12.12 Other material information

(i) ABRASCA Code for Self-Regulation and Good Practices for Publicly-Held Companies

In line with best corporate governance practices, Localiza Rent a Car S.A. (the "Company") hereby declares that: (i) on May 30, 2011 it signed on to the Code for Self-Regulation and Good Practices for Publicly-Traded Companies promulgated by the Brazilian Association of Publicly-Held Companies (ABRASCA) - "Código de Autorregulação da ABRASCA" (ABRASCA Self-Regulation Code); and (ii) it is applying the principles and rules established in the ABRASCA Self-Regulation Code.

As determined by the ABRASCA Self-Regulation Code, the Company hereby explains to its shareholders, investors and the market in general the reasons for non-application of certain rules present in the ABRASCA Self-Regulation Code:

- **Item 2.3.5 of the ABRASCA Self-Regulation Code:** the members of the Company's Board of Directors should have sufficient time available for diligent and proactive performance of their powers and duties, it being advisable for them not to serve on more than 5 (five) Boards, excluding, for purposes of calculation of the number of Boards on which members of the Board serve, their participation on the boards of the Company's subsidiaries, associates, parent companies or jointly-controlled entities.

  Comments and justifications of the Company's Management: the Company informs that one of its independent members of the Board presently serves as a member of more than 5 (five) boards besides the Company's Board of Directors. The Company understands that this situation does not impact the capacity for analysis, judgment and monitoring of the Company's operations by the member of the Board in question.

- **Item 8.3 ABRASCA Self-Regulation Code:** the disclosure committee shall have, among its attributions: (a) manage Company's disclosure policy; (b) discuss and recommend disclosure or maintenance of confidentiality of relevant acts and facts and information notices to the market.

  Comments and justifications of the Company' Management: the Company informs that the Internal Regulation of the Disclosure Committee will be revised to include as attribution management of Company's disclosure policy and discuss and recommend disclosure or maintenance of confidentiality of relevant acts and facts, and information notices to the market. These activities are presently under the responsibility of the Company's Investor Relations Department.

In compliance with chapter 5 and 6 of ABRASCA Self-Regulation Code, Company informs:

- **Chapter 5 of ABRASCA Self-Regulation Code:** the Board of Directors approved in May, 2012 Internal Control and Risk Management Policy and on this date the policy was made available in its website.

- **Chapter 5 of ABRASCA Self-Regulation Code:** the Board of Directors approved in May, 2012 Operation Policy with Related Parties and on this date the Policy was made available in its website.

(ii) Novo Mercado Listing Regulations

Pursuant to item 4.5 of the Novo Mercado Regulations of BM&FBovespa, the following is the list of positions held by the members of the Board of Directors of Localiza Rent a Car S.A. in the: (i) Board of Directors, (ii) Audit Board, (iii) Internal Committees and (iv) Management bodies of other companies or entities:

- **José Salim Mattar Júnior:**

  Besides serving as Executive Chairman of the Board of Directors and CEO of Localiza Rent a Car S.A. and its subsidiaries, Mr. Mattar is also:

- Executive Officer of Locapar Participações e Administração Ltda.
- Managing partner of Haras Sahara Ltda.
- Managing partner of SM Participações e Administração Ltda.
- Shareholder and Director of OMNI Táxi Aéreo;
- Shareholder and Director of Administração Pottencial Seguradora S.A.

- **Antônio Cláudio Brandão Resende**

  In addition to holding the position of Vice-Chairman of the Board of Directors of Localiza Rent a Car S.A., Mr. Resende also serves as:

  - Managing partner of ACBR Participações e Administração Ltda.
  - Managing partner of Resende Piscicultura e Pecuária Ltda.

- **Eugênio Pacelli Mattar**

  Besides being a member of the Board of Directors and Chief Executive Officer of Localiza Rent a Car S.A. and its subsidiaries, Mr. Mattar is also:

  - Executive Officer of Locapar Participações e Administração Ltda.
  - Chairman of the Advisory Board of Junior Achievement de Minas Gerais
  - Managing partner of EM Participações e Administração Ltda.
  - Shareholder and Member of the Board of Directors of OMNI;
  - Shareholder and Member of the Board of Directors of Administração Pottencial Seguradora.

- **Flávio Brandão Resende**

  In addition to serving as a member of the Board of Directors of Localiza Rent a Car S.A., Mr. Resende also holds the following positions:

  - Managing partner of FBR Participações e Administração Ltda.
  - Managing partner of FRJR Empreendimentos Imobiliários Ltda.

- **Maria Letícia de Freitas Costa**

  Besides being an independent member of the Board of Directors of Localiza Rent a Car S.A., Ms. Costa is also:

  - Partner of Prada Assessoria
  - Director of *lato sensu* graduate program at Insper in São Paulo
  - Member of the Board of Directors and of the Governance, Ethics and Strategy Committees of Technip;
  - Member of the Board of Directors and of the Strategy Committee of Marcopolo.
  - Member of the Audit Committee of Votorantim Industrial and Votorantim Cimentos.

- **José Galló**

  In addition to serving as an independent member of the Board of Directors of Localiza Rent a Car S.A., Mr. Galló is also:

  - CEO of Lojas Renner S.A.
  - Member of the Board of Directors of Lojas Renner S.A.
  - Member of the Board of Directors of SLC Agrícola S.A.

- **Oscar de Paula Bernardes Neto**

  Besides being an independent member of the Board of Directors of Localiza Rent a Car S.A., Mr. Neto also serves as:

  - Vice Chairman of the Board of Directors and member of Strategy and Human Resources Committees of Marcopolo S/A;
  - Member of the Advisory Board of Davos;
  - Member of the Board of Directors of Cia. Suzano Papel e Celulose;
  - Member of the Finance and People Development Committees of Praxair Inc., in the United States;
  - Senior consultant to the CEO of Johnson Electric Holdings Limited;
  - Member of the Advisory Board of Alcoa Brasil;
  - Member of Advisory Board of Amyris in the United States;
  - Member of the Board of Directors of OMNI;
  - Vice-Chairman of the Board and Coordinator of the Human Resources Committee of DASA;
  - Chairman of the Strategy Committee of Vanguarda S/A;
  - Member of the Board of Directors of Gerdau S/A and of Metalúrgica Gerdau

- **Stefano Bonfiglio**

  Besides being an independent member of the Board of Directors of Localiza Rent a Car S.A., Mr. Bonfiglio also serves as:

  - CEO and shareholder of Stirling Square Capital Partners, in London
  - Chairman of Axitea S.p.A;
  - Director of ESE World B.V.

(iii) General Meetings

The meetings held in the past 3 years were

Fiscal year ended December 31, 2013			
Description	**Date held**	**Installed on 2nd Call**	**Quorum**
ASM/ESM	4/29/2014	-	61.95%
Fiscal year ended December 31, 2012			
Description	**Date held**	**Installed on 2nd Call**	**Quorum**
ASM/ESM	4/29/2013	-	67.83%
Fiscal year ended December 31, 2011			
Description	**Date held**	**Installed on 2nd Call**	**Quorum**
ASM/ESM	4/13/2012	-	61.35%
ESM	4/25/2012	Yes	63.00%

(ASM = Annual Shareholders' Meeting; ESM = Extraordinary Shareholders' Meeting)

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 Personell Management Committee. The Board of Directors is responsible for fixing the individual amounts, pursuant to the Bylaws of the Company. Members of the Board of Directors who also hold executive officer positions do not receive compensation as Board members.

The Personnel Management Committee is composed of 3 members, 2 of which are independent and have 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 Company's compensation is based on the following assumptions:

1- Alignment to the interests of shareholders;
2- Alignment to the Company's principles;
3- Achievement of short, medium and long-term goals; and
4- Acknowledgement of employee performance.

One of the Company's principles is to value employees, who must always be recognized for their performance through honor and compensation systems.

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

The Company is a market leader, and based on the seniority of its executive staff it established a strategy of adopting executive compensation in the 3rd 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 Stock Option program acknowledges the performance of executives within a period of over 3 years, 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, car fuel benefit, meal voucher and supplementary pension plan.

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 on a monthly basis (12 monthly installments). The amounts are fixed in line with market practices and the objective is to remunerate the services of each director, compatible with their dedication and 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 with a driver and fuel allowance.

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:

Fees: Fixed fees paid on a monthly basis (12 monthly installments). The purpose of fixed compensation is to remunerate the services of statutory executive officers within the scope of responsibility and dedication attributed to each Statutory Officer in the management of the Company.

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

Benefits: The benefits package includes health and dental plans, health checkup and meal allowance. Each executive officer also gets a Company car and fuel allowance.

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

The supplementary 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 Supplementary Pension Plan (PGBL) Agreement, making 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 ("Eligible Executive Officer"). 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.

Joining this new arrangement is optional for Eligible Executive Officers who accept the terms and conditions. Eligible Executive Officers undertake to not compete, directly or indirectly, for five (5) years 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 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. The Eligible Executive Officers must declare they are 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 received under the plan should be returned, duly restated according to the IPCA consumer price index, without prejudice to their civil liability for damages caused.

Stock option plan: The Company offers its statutory and non-statutory Executive Officers a Stock Option 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 (some of the officers have an employment agreement 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. 10,101/2000, 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 and meal allowance. Each executive officer also gets a Company car and fuel allowance.

Private pension plan: In August 2011, the Company started sponsoring a supplementary pension plan through a private pension plan administered by a large independent plan manager. 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.

The supplementary 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 (basic salary plus additional pay for time of service). 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 Supplementary Pension Plan (PGBL) Agreement, by which it made 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 ("Eligible Executive Officer"). 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.

Joining this new arrangement is optional for Eligible Executive Officers who accept the terms and conditions. Eligible Executive Officers undertake to not compete, directly or indirectly, for five (5) years, 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 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. The Eligible Executive Officers declared they are 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 received under the plan should be returned, duly restated according to the IPCA consumer price index, without prejudice to their civil liability for damages caused.

Stock option plan: As described above, the Company offers to all of its statutory and non-statutory Executive Officers a Stock Option 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 2013, the proportion of each element to overall management compensation was:

Body	Board of Directors	Committee	Statutory Board of Executive Officers (*)
Fixed compensation:			
Salary/Fees	100%	100%	64%
Benefits and Post-employment	-	-	14%
Variable compensation	-	-	22%
Total	**100%**	**100%**	**100%**

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

The variation in fixed compensation is due to the fact that, starting in 2013, the CEO and the CFO started to receive exclusively fixed compensation. 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.

In 2012, the proportion of each element to total compensation was:

Body	Board of Directors	Committee	Statutory Board of Executive Officers (*)
Fixed compensation:			
Salary/Fees	100%	100%	44%
Benefits and Post-employment	-	-	14%
Variable compensation	-	-	42%
Total	**100%**	**100%**	**100%**

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

In 2011, the proportion of each element to total compensation was:

Body	Board of Directors	Committee	Board of Executive Officers Statutory (*)
Fixed compensation:			
Salary/Fees	100%	100%	39%
Benefits and Post-employment	-	-	3%
Variable compensation	-	-	58%
Total	**100%**	**100%**	**100%**

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

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 as '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 stock option 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.

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

The key performance indicators considered while determining the compensation are net income, profitability (measured by Adjusted EBT – earnings before income tax, considering the financial costs as if the Company were 100% leveraged), value generation (EVA) and sales volume growth.

d) Compensation structure 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 and profitability. 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) Relation between the compensation policy or practice and 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- 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, based on the following indicators:

- Adjusted EBT - earnings before income tax, considering financial costs as if the Company were 100% leveraged;
- Economic Value Added (EVA); and
- increase in the sales volume.

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 Stock Option 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) Compensation paid by subsidiaries, direct or indirect subsidiaries or controlling shareholders

For 2011, the total overall compensation approved by the Shareholders' Meeting held on April 29, 2014 is R$34,000,000.00, of which R$5,711,012.25 is paid by the wholly-owned subsidiary Localiza Fleet, as shown below:

	Statutory Board of Executive Officers
	Fixed compensation
Subsidiaries of the company	5,711,012.25

g) Compensation or benefits linked to the occurrence of corporate events

There is no compensation or benefits linked to the occurrence of corporate events on December 31, 2013, 2012 and 2011.

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

Total compensation estimated for the Fiscal Year ending 12/31/2014 – Annual Amounts

	Board of Directors	Board of Executive Officers	Audit Board	Total
Number of members	8.00	6.00		14.00
Annual fixed compensation				
Regular remuneration	8,934,181.28	16,746,460.40		25,680,641.68
Direct and indirect benefits	99,500.00	597,000.00		696,500.00
Participation in committees	938,058.32	0.00		938,058.32
Other	1,844,066.59	3,581,947.20		5,426,013.79
Description of other fixed compensation	Not applicable	Not applicable		
Variable compensation				
Bonuses	0.00	1,767,785.58		1,767,785.58
Profit sharing	0.00	3,130,914.42		3,130,914.42
Attendance to meetings	0.00	0.00		0.00
Commissions	0.00	0.00		0.00
Other	0.00	353,557.12		353,557.12
Description of other variable compensation	Not applicable	Not applicable		
Post-employment benefits	0.00	1,786,100.00		1,786,100.00
Severance benefits	0.00	0.00		0.00
Share-based payments	2,140,512.30	3,239,382.24		5,379,894.54
Notes	(A) Social Security (INSS): As per the guidelines of Circular/CVM/SEP/No. 03/2012, item 13.2, the INSS amount was shown separately. The social security (INSS) is not included in the overall Management compensation proposed for approval at the Annual Shareholders' Meeting. (B) Stock Option Plan: The Company has a stock option plan for Executive Officers (statutory and statutory in CLT system). The Company recognizes the costs of the stock option plan during the grant period, as defined by CPC 10 (R1). The amount estimated to be booked in the profit and loss statement of 2014 is R$5,379 thousand, not including the 2014 Program, since the figure is not yet available because the amount to be granted considers the amount to be invested in shares by Eligible Persons, which will take place in 04/30/2014. These plans were approved at the extraordinary shareholders' meetings held in previous			

	Board of Directors	Board of Executive Officers	Audit Board	Total
	years and are not included in the proposed overall annual compensation to be submitted to the shareholders' meeting. These costs will result in compliance by the Company of the obligations assumed in the contracts signed with beneficiaries of the plans. Thus, it is not a matter to be submitted for a fresh deliberation but is only the accounting of an expense resulting from the compliance with the obligation assumed through the execution of plans based on the resolutions of previous shareholders' meetings (C) Overall compensation of Managers, INSS and Stock Options: the amounts shown in this table refer to information that is different from the overall management compensation proposed for approval at the Annual Shareholders' Meeting, given that the proposed amount includes only the monthly fees (fixed component), benefits, profit sharing (short-term variable component), and private pension (post-employment benefit), whereas the amounts shown in table 13.2 also include INSS payments made by the employer and stock option plans.			
Total compensation	13,956,318.49	31,203,146.96		45,159,465.45

Total compensation for the Fiscal Year ending 12/31/2013 – Annual Amounts

	Board of Directors	Board of Executive Officers	Audit Board	Total
Number of members	8.00	6.00		14.00
Annual fixed compensation				
Regular remuneration	5,823,145.98	11,826,663.70		17,649,809.68
Direct and indirect benefits	0.00	591,464.11		591,464.11
Participation in committees	853,296.86	0.00		853,296.86
Other	1,223,665.43	2,533,726.88		3,757,392.31
Description of other fixed compensation	Not applicable	Not applicable		
Variable compensation				
Bonuses	0.00	1,785,690.16		1,785,690.16
Profit sharing	0.00	2,211,454.74		2,211,454.74
Attendance to meetings	0.00	0.00		0.00

	Board of Directors	Board of Executive Officers	Audit Board	Total
Commissions	0.00	0.00		0.00
Other	0.00	357,138.03		357,138.03
Description of other variable compensation	Not applicable	Not applicable		
Post-employment benefits	0.00	1,931,377.94		1,931,377.94
Severance benefits	0.00	0.00		0.00
Share-based payments	1,331,358.50	2,345,862.62		3,677,221.12
Notes	(A) Social Security (INSS): As per the guidelines of Circular/CVM/SEP/No. 03/2012, item 13.2, the INSS amount was shown separately. The social security (INSS) is not included in the overall Management compensation proposed for approval at the Annual Shareholders' Meeting. (B) Stock Option Plan: The Company has a stock option plan for Executive Officers (statutory and statutory in CLT system). The Company recognizes the costs of the stock option plan during the grant period, as defined by CPC 10 (R1). The amount booked in the profit and loss statement of 2013 was R$3,677 thousand. These plans were approved at the extraordinary shareholders' meetings held in previous years and are not included in the proposed overall annual compensation to be submitted to the shareholders' meeting. These costs will result in compliance by the Company of the obligations assumed in the contracts signed with beneficiaries of the plans. Thus, it is not a matter to be submitted for a fresh deliberation but is only the accounting of an expense resulting from the compliance with the obligation assumed through the execution of plans based on the resolutions of previous shareholders' meetings (C) Overall compensation of Managers, INSS and Stock Options: the amounts shown in this table refer to information that is different from the overall management compensation proposed for approval at the Annual Shareholders' Meeting, given that the proposed amount includes only the monthly fees (fixed component), benefits, profit sharing (short-term variable component), and private pension (post-employment benefit), whereas the amounts shown in table 13.2 also include INSS payments			

	Board of Directors	Board of Executive Officers	Audit Board	Total
	made by the employer and stock option plans.			
Total compensation	9,231,466.77	23,583,378.18		32,814,844.95

Total compensation for the Fiscal Year ending 12/31/2012 – Annual Amounts

	Board of Directors	Board of Executive Officers	Audit Board	Total
Number of members	8.00	6.00		14.00
Annual fixed compensation				
Regular remuneration	2,160,000.00	7,026,309.94		9,186,309.94
Direct and indirect benefits	0.00	565,018.39		565,018.39
Participation in committees	360,000.00	0.00		360,000.00
Other	504,000.00	1,865,036.65		2,369,036.65
Description of other fixed compensation	Not applicable	Not applicable		
Variable compensation				
Bonuses	0.00	4,814,478.00		4,814,478.00
Profit sharing	0.00	1,969,437.36		1,969,437.36
Attendance to meetings	0.00	0.00		0.00
Commissions	0.00	0.00		0.00
Other	0.00	1,356,783.07		1,356,783.07
Description of other variable compensation	Not applicable	Not applicable		
Post-employment benefits	0.00	1,733,854.93		1,733,854.93
Severance benefits	0.00	0.00		0.00
Share-based payments	0.00	3,428,097.87		3,428,097.87
Notes	(A) Overall compensation of Managers, INSS and Stock Options: the amounts shown in this table refer to information that is different from the overall management compensation proposed for approval at the Annual Shareholders' Meeting, given that the proposed amount includes only the monthly fees (fixed component), benefits, profit sharing (short-term variable component), and private pension (post-employment benefit), whereas the amounts shown in table 13.2 also include INSS payments made by the employer and stock option plans. (B) Social Security (INSS): As per the guidelines of Circular/CVM/SEP/No. 03/2012, item 13.2, the INSS amount was shown separately. The social security (INSS) is not included in the overall	The number of members was calculated based on the number of directors calculated on a monthly basis.		

	Board of Directors	Board of Executive Officers	Audit Board	Total
	Management compensation amount. (C) Stock Option Plan: The Company has a stock option plan for Executive Officers (statutory and statutory in CLT system). The Company recognizes the costs of the stock option plan during the grant period, as defined by CPC 10 (R1). The amount booked in the profit and loss statement of 2012 was R$3,428 thousand. These plans were approved at the extraordinary shareholders' meetings held in previous years and are not included in the proposed overall annual compensation submitted to the shareholders' meeting. These costs will result in compliance by the Company of the obligations assumed in the contracts signed with beneficiaries of the plans. Thus, it is not a matter to be submitted for a fresh deliberation but is only the accounting of an expense resulting from the compliance with the obligation assumed through the execution of plans based on the resolutions of previous shareholders' meetings (D) The number of members was calculated based on the number of directors calculated on a monthly basis.			
Total compensation	3,024,000.00	22,759,016.21		25,783,016.21

Total compensation for the Fiscal Year ending 12/31/2013 – Annual Amounts

	Board of Directors	Board of Executive Officers	Audit Board	Total
Number of members	8.00	6.00		14.00
Annual fixed compensation				
Regular remuneration	2,160,000.00	7,026,309.94		9,186,309.94
Direct and indirect benefits	0.00	565,018.39		565,018.39
Participation in committees	360,000.00	0.00		360,000.00
Other	504,000.00	1,865,036.65		2,369,036.65
Description of other fixed compensation	Not applicable	Not applicable		
Variable compensation				
Bonuses	0.00	4,814,478.00		4,814,478.00
Profit sharing	0.00	1,969,437.36		1,969,437.36
Attendance to meetings	0.00	0.00		0.00
Commissions	0.00	0.00		0.00

	Board of Directors	Board of Executive Officers	Audit Board	Total
Other	0.00	1,356,783.07		1,356,783.07
Description of other variable compensation	Not applicable	Not applicable		
Post-employment benefits	0.00	1,733,854.93		1,733,854.93
Severance benefits	0.00	0.00		0.00
Share-based payments	0.00	3,428,097.87		3,428,097.87
Notes	(A) Overall compensation of Managers, INSS and Stock Options: the amounts shown in this table refer to information that is different from the overall management compensation proposed for approval at the Annual Shareholders' Meeting, given that the proposed amount includes only the monthly fees (fixed component), benefits, profit sharing (short-term variable component), and private pension (post-employment benefit), whereas the amounts shown in table 13.2 also include INSS payments made by the employer and stock option plans. (B) Social Security (INSS): As per the guidelines of Circular/CVM/SEP/No. 03/2012, item 13.2, the INSS amount was shown separately. The social security (INSS) is not included in the overall Management compensation amount. (C) Stock Option Plan: The Company has a stock option plan for Executive Officers (statutory and statutory in CLT system). The Company recognizes the costs of the stock option plan during the grant period, as defined by CPC 10 (R1). The amount booked in the profit and loss statement of 2011 was R$2,407 thousand. These plans were approved at the extraordinary shareholders' meetings held in previous years and are not included in the proposed overall annual compensation submitted to the shareholders' meeting. These costs will result in compliance by the Company of the obligations assumed in the contracts signed with beneficiaries of the plans. Thus, it is not a matter to be submitted for a fresh deliberation but is only the accounting of an expense resulting from the compliance with the obligation assumed through the execution of plans based on the resolutions of previous shareholders' meetings (D) The number of members	Not applicable		

	Board of Directors	Board of Executive Officers	Audit Board	Total
	was calculated based on the number of directors calculated on a monthly basis.			
Total compensation	2,828,028.00	22,089,535.53		24,917,563.53

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

a. Body

Board of Directors: it does not yet have variable compensation, but only receives fees as informed in item 13.2.

Audit Board: not installed in 2013, 2012 and 2011.

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

In 2012, 2013 and 2014, the amounts shown include the amounts paid by the Company and its wholly-owned subsidiary Localiza Fleet:

	Statutory Board of Executive Officers			
Variable Compensation	**2011**	**2012**	**2013**	**Proposed - 2014**
a. Number of members	6	6	6	6
b. In relation to bonus:				
i. Minimum amount set forth in the compensation plan	5,863,286.00	1,618,055.00	311,771.00	1,767,785.58
ii. Maximum amount set forth in the compensation plan	11,896,575.00	4,206,943.00	2,619,732.00	1,767,785.58
iii. Amount set forth in the compensation plan if targets are met.	9,626,573.00	3,236,110.00	2,015,179.00	1,767,785.58
iv. Amount effectively recognized in the last 3 fiscal years	7,231,899.44	4,814,478.00	1,785,690.16	
c. In relation to profit sharing:	-	-	-	
i. Minimum amount set forth in the compensation plan	-	1,470,501.00	913,776.00	760,131.37
ii. Maximum amount set forth in the compensation plan	-	3,323,303.00	3,275,478.00	3,130,914.42
iii. Amount set forth in the compensation plan if targets are met	-	2,941,002.00	2,848,242.00	2,408,395.71
iv. Amount effectively recognized in the last 3 fiscal years	2,547,534.12	1,969,437.36	2,211,454.74	

13.4 Share-based compensation plan of the Board of Directors, Board of Executive Officers and Audit Board

a. General terms and conditions

The Company currently has seven stock option programs under the scope of the 2nd and 3rd Stock Option Plans, which grant options to subscribe to the common shares issued by Localiza to certain executives and employees (Eligible Persons). 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 stock buyback program.

Board of Directors: the Board does not participate in Stock Option 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 the Stock Option Programs.

3rd Stock Option Plan

The plan consists in the granting of options to acquire shares (RENT3) of the Company by the Board of Directors for each program. Statutory executive officers, statutory executive officers (CLT system), executive officers and managers are Eligible. Following are the eligibility conditions for the program:

i) the Company must attain the minimum expected profitability (measured by Adjusted Consolidated EBT - earnings before income tax, considering financial costs as if the Company were 100% leveraged) and the minimum expected growth in sales volume.

ii) Investment of part of the fees (statutory) or variable compensation (statutory executive officers under CLT system) in the Company's shares, as follows:

- Statutory executive (not under CLT employment regime) officers: 15% or 30% of the net amount (after deducting income tax) received as annual compensation, for the 12 months 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").

Every year, the Company will define in each program a matching amount invested in Options, as per the ratio proposed for the 2012, 2013 and 2014 program:

Persons eligible	For each (1) invested share – 2012, 2013 and 2014
Statutory Board of Executive Officers Non-Statutory Board of Executive Officers Top Management	4.0 options granted

During each year of validity of the Plan, for each share acquired by the eligible person, a matching option will be suggested by the Personnel Management Committee and submitted to the Board of Directors for approval.

The Company will inform the person Eligible of the matching option (offer) for the grant of the Stock Option Plan. The eligible person must sign 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, as well as declare awareness of the rules and risks.

2nd stock option plan (last grant in under this plan occurred in 2011 and the options had not yet been exercised until the date of filing of this form)

The Stock Option Plan ("Option Plan") 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 (RENT3) of the Company, 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 (5) annual programs, with the first program starting in 2007 and the last one in 2011.

b. Key objectives of the Plans

The objectives of the 3rd and 2nd stock option plans were:
1- alignment of interests of the eligible persons with those of the Company
2- long-term vision in the decision-making process
3- attraction and retention of executives

c. How the Plans contribute to these objectives

The Stock Option Plans are part of the strategy of long-term incentives aimed at generating consistent results over the years, since the vesting period is between 3 and 5 years.

There exists 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 Plans fit with the compensation policy of the company

These plans do not represent compensation from the Company to the eligible managers and employees but could represent a capital gain, depending on the variation, if positive, between the exercise price and the share price (RENT3) in the market on the date they want to sell, after the vesting period.

e. How the Plans align 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

3rd Stock Option Plan

The stock option plan will have annual programs and the expected number of options granted should not exceed 2.5% of the total number of shares of the Company.

2nd Stock Option Plan (last grant in under this plan occurred in 2011 and the options had not yet been exercised until the date of filing of this form)

The stock option program 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

3rd Stock Option Plan

The maximum number of Options to be granted under each program will take into consideration the amounts invested in shares by the Eligible Persons, and should not exceed the multiple defined by the Company for each Program.

2nd Stock Option Plan (last grant in under this Plan occurred in 2011 and the options had not yet been exercised until the date of filing of this form)

The stock option program 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

3rd Stock Option Plan

The acquisition of shares 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.

To be able to exercise the Options, the Eligible Persons should:

1- Investment of 25% or 50% of the net amount (after deducting income tax) of their profit sharing in the shares (RENT3) of the Company, in the case of executive officers and managers employed under the CLT system, or investment of 15% to 30% of net amount (after deducting income tax) received as annual compensation, in the case of while Managers and statutory executive officers not employed under CLT regime;
2- Hold the shares acquired (item 1) untransferable until the compliance of the vesting period of three years for the options;
3- Comply with the vesting period for the options;
4- Formalize the joining of the program on the date of grant;
5- 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;
6- Exercise fully or partly the Options within the maximum period of three (3) years starting from the termination of the vesting period (item 2); and
7- 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.

2nd Stock Option Plan (last grant in under this plan occurred in 2011 and the Options had not yet been exercised until the date of filing of this form)

To be able to exercise the Options, the eligible persons should:

1- Formalize the joining of the program on the date of grant – already concluded;
2- Comply with the vesting period for the options;
3- 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;
4- 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

3rd Stock Option Plan

The value of the share to be acquired by the Beneficiaries by exercising the option will be 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 BM&FBOVESPA prior to the payment of profit sharing.

2nd Stock Option Plan (last grant in under this plan occurred in 2011 and the Options had not yet been exercised until the date of filing of this form)

The option grant price is fixed taking as benchmark the closing price of RENT3 on the BM&FBovespa 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

3rd Stock Option Plan

Percentage of Options Available for Exercise	Vesting Periods (starting from the date of grant of Options)
100%	Starting from the third anniversary

2nd Stock Option Plan (last grant in under this plan occurred in 2011 and the Options had not yet been exercised until the date of filing of this form)

Percentage of Options Available for Exercise	Vesting Periods(starting from the date of grant of Options)
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

3rd 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.

2nd Stock Option Plan (last grant in under this plan occurred in 2011 and the Options had not yet been exercised until the date of filing of this form)

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

1- At sight using own funds; or

2- in installments, with maturity on the first business day after the financial settlement of the share sale transaction (after exercise of option) through the issuance of *pro soluto* promissory note.

l. Restrictions to share transfers

2nd Stock Option Plan (last grant in under this plan occurred in 2011 and the Options had not yet been exercised until the date of filing of this form) and 3rd Stock Option Plans

The Eligible Persons 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 the options:

- 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 unattachable 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 unextendable 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 fully or partly exercised by heirs or successors of the Beneficiary by payment at sight.

In case of permanent disability of the Beneficiary, the options may be fully or partly exercised, in advance or within the original term, for an unextendable 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 plans

- Alteration of Plans:

  The Stock Option 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 exercised by their Beneficiaries.

- Extinction or suspension

  The Stock Option 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

3rd Stock Option Plan

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

In case of dismissal of the Beneficiary by the Company, except for dismissal with 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 unextendable 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 available options for exercise may be exercised within the unextendable period of thirty (30) days starting from the resignation date.

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

2nd Stock Option Plan (last grant in under this plan occurred in 2011 and the options had not yet been exercised until the date of filing of this form)

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

In case of dismissal of the Beneficiary by the Company, except for dismissal with cause , the options that are not yet available for exercise cannot be exercised. Nevertheless, the options' holder has the right to exercise the options already exercisable on the date of termination, within an unextendable 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 unextendable period of thirty (30) days starting from the resignation date.

In case of special termination of members at the age of 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.

13.5 – Interest in stock, membership interest and other convertible securities, held by managers and members of the fiscal member – by management 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.:

Position on December 31, 2013

Group and related persons	Shares held directly	Shares held indirectly	% of interest in total shares
Founders	61,874,593	N/A	29.21%
Board of Directors	4	N/A	0.0%
Statutory Board of Executive Officers	243,066(*)	N/A	0.11%

(*)Not including 18,595 shares held by the non-statutory board of executive officers.

Position on December 31, 2012

Group and related persons	Shares held directly	Shares held indirectly	% of interest in total shares
Founders	61,926,254	N/A	30.70%
Board of Directors	4	N/A	0.0%
Statutory Board of Executive Officers	200,833(*)	N/A	0.10%

(*)Not including 22,543 shares held by the non-statutory board of executive officers.

Position on December 31, 2011

Group and related persons	Shares held directly	Shares held indirectly	% of interest in total shares
Founders	68,129,621	N/A	33.78%
Board of Directors	58,125	N/A	0.03%
Statutory Board of Executive Officers	170,700 (*)	N/A	0.08%

(*)Not including 12,517 shares held by the non-statutory board of executive officers.

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

13.6 Share–based compensation of the Board of Directors, and the statutory Board of Executive Officers

The Company currently has seven stock option programs under the scope of the 2nd and 3rd 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 hence are not being presented in a consolidated manner, i.e. the following information is provided individually 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 CEO until April 2013, when he was eligible for the Stock Option Programs.

3rd Stock Option Plan

Share-based compensation	Statutory Board of Executive Officers		
	2012	2013	2014
Number of members	6	6	6
i. grant date – Meeting of the Board of Directors	April/12	April/13	April/14
ii. number of options granted	505,712	359,584	(*)
iii. vesting period	100% - 05/01/2015	100% - 05/01/2016	100% - 05/01/2017
iv. maximum period for exercising the options	05/01/2018	05/01/2019	05/01/2020
v. period of restriction to share transfers	3 years	3 years	3 years
vi. weighted average price			-
outstanding at the beginning of the fiscal year	R$31.70	32.59	(*)
lost during the fiscal year	-	-	-
exercised during the fiscal year	-	-	-
expired during the fiscal year	-	-	-
fair value of the options at the time of grant	R$12.82	R$12.94	(*)
dilution potential in case of exercise of all the options granted (*)	0.25%	0.17%	(*)

(*) Number not yet available since the grant amount considers the weighted average of the past 40 trading sessions prior to the payment of Profit Sharing, which will be on April 30, 2014.
(**)The Company has used the shares in treasury to meet the options exercised.

2nd Stock Option Plan (last grant in under this plan occurred in 2011 and the options had not yet been exercised until the date of filing of this form)

Share-based compensation	Statutory Board of Executive Officers		
	2009	2010	2011
Number of members	6	6	6
i. grant date – Meeting of the Board of Directors	9/15/2009	5/20/2010	4/28/2011
ii. number of options granted	359,089	363,233	440,515
iii. vesting period	25% - 4/1/12	25% - 4/1/13	25% - 3/1/14
	25% - 3/1/13	25% - 4/1/14	25% - 3/1/15
	25% - 4/1/14	25% - 4/1/15	25% - 3/1/16
	25% - 4/1/15	25% - 4/1/16	25% - 3/1/17
iv. maximum period for exercising the options	4/30/2016	4/30/2017	4/30/2018
v. period of restriction to share transfers	Not applicable	Not applicable	Not applicable
vi. weighted average price			
outstanding at the beginning of the fiscal year	R$8.61	R$23.58	34.89
lost during the fiscal year			
exercised during the fiscal year	29,506	41,969	-
expired during the fiscal year	-	-	-
fair value of the options at the time of grant	12.2	12.1	11.12
dilution potential in case of exercise of all the options granted (2007 and 2011 programs)	0.18%	0.18%	0.22%

(*) Options of the 1st, 2nd, 3rd and 4th tranches of the 2007 Program have been available since April 1, 2010, 2011, 2012 and 2013, respectively, and may be exercised by March 30, 2014. Options of the 1st and 2nd tranches of the 2008 Program have been available since April 1, 2011, 2012 and 2013, respectively, and may be exercised by March 30, 2015. Options of the 1st and 2nd tranche of the 2009 Program have been available since April 1, 2012 and 2013 and may be exercised by March 30, 2016. Options of the 1st tranche of the 2010 Program have been available since April 1, 2013 and may be exercised until March 30, 2017.Other options were not vested as on December 31, 2013.

(**) The exercise price was calculated by weighting the following price.

Exercise price (valid through March 31, 2014

Program	2010	2011	2012	2013	2014	2015	2016	2017
2007	25.46	25.46	25.46	25.46	-	-	-	-
2008	-	23.58	23.58	23.58	24.59	-	-	-
2009	-	-	8.30	8.30	8.69	9.08	-	-
2010	-	-	-	22.05	23.04	24.05	25.16	-
2011	-	-	-	-	32.62	34.09	35.62	37.22
2012	-	-	-	-	-	31.70	-	-
2013	-	-	-	-	-	-	32.59	-

(***) The Company has used the shares in treasury to meet the options exercised.

13.7 – 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) until April 2013, when he was eligible for the Stock Option Programs.

The outstanding options held by the executive officers at the end of the fiscal year ended December 31, 3013 were:

2nd stock option plan (last grant in 2011 with options not yet exercised)	**Statutory Board of Executive Officers**
	On 12/31/2013
Number of members	6
Unvested options	
Number	669,565
Vesting date	
4th tranche – 2008 program	Mar /14
3rd tranche – 2009 program	Mar /14
4th tranche – 2009 program	Mar /15
2nd tranche – 2010 program	Mar /14
3rd tranche – 2010 program	Mar /15
4th tranche – 2010 program	Mar /16
1st tranche – 2011 program	Mar /14
2nd tranche – 2011 program	Mar /15
3rd tranche – 2011 program	Mar /16
4th tranche – 2011 program	Mar /17
Maximum period for exercising the options:	
2007 Program	Mar/14
2008 Program	Mar/15
2009 Program	Mar/16
2010 Program	Mar/17
2011 Program	Mar/18
Period of restriction to share transfers	Not applicable
Weighted average exercise price:	R$25.71
Fair value of options on the last day of the fiscal year:	
2007 Program	R$ 7.09
2008 Program	R$ 0.88
2009 Program	R$12.21
2010 Program	R$12.10
2011 Program	R$11.12

2nd Plan (last grant in 2011 with Options not yet exercised)	**Board of Directors**	**Statutory Board of Executive Officers**
	On 12/31/2013	
Vested options		
Number	354,670*	127,475
Maximum period for exercising the options	Mar/14.15.16	Mar/13, 14, 15, 16, 17
Period of restriction to share transfers	Not applicable	Not applicable
Weighted average exercise price	R$23.85	R$19.75
Fair value of options on the last day of the fiscal year		
2007 Program	R$7.09	R$7.09
2008 Program	R$0.88	R$0.88
2009 Program	R$12.21	R$12.21
2010 Program	R$12.10	R$12.10
Fair value of all options on the last day of the fiscal year	R$3,783,262.10	R$980,417.47

(*) Amount referring to the balance of the current Chairman of the Board

3rd Plan	**Board of Directors**	**Statutory Board of Executive Officers**
	On 12/31/2013	
Number of members	1	6
Unvested options		
Number		519,064
Vesting date:		
2012 Program		Mar/15
2013 Program		Mar/16
Maximum period for exercising the options:		
2012 Program		Mar/18
2013 Program		Mar/19
Period of restriction to share transfers:		**3 years**
Weighted average exercise price:		
2012 Program	R$31.70	R$31.70
2013 Program	R$32.59	R$32.59
Fair value of options on the last day of the fiscal year:		
2012 Program	R$12.82	R$12.82
2013 Program	R$12.94	R$12.94
Vested options		**There were no vested options on 12/31/2013**
Number	377,484(*)	-
Maximum period for exercising the options	May/ 16	-
Period of restriction to share transfers	-	-
Weighted average exercise price	32.08	-
Fair value of options on the last day of the fiscal year	12.82	-
Fair value of options on the last day of the fiscal year	R$4,858,758.48	-

(*) Refers to the number of options held by the Chairman of the Board of Directors granted during the period when he occupied the position of Chief Executive Officer (CEO). As determined in the Stock Option Plan, when a person retires at the age of 65, all the vested and unvested options become vested for 36 months starting from the date of retirement or until the termination of the vesting period of the options, whichever happens first.

13.8 - 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 year 2013, options were released for exercise by the statutory board of executive officers, as described below:

Options exercised – fiscal year ended on 12/31/2013	**Statutory Board of Executive Officers**
Number of members	5
Options exercised	
Number of shares	255,158
Weighted average exercise price	R$19.72
Difference between the exercise price and the market value of the shares relating to the options exercised	R$13.48
Shares delivered	
Number of shares delivered	255,158
Weighted average acquisition price	R$10.32
Difference between the acquisition price and market value of the shares acquired	R$22.88

For each Option exercised one Share was delivered

In fiscal year 2012, options were released for exercise by the statutory board of executive officers, as described below:

Options exercised – fiscal year ended on 12/31/2012	**Statutory Board of Executive Officers**
Number of members	5
Options exercised	
Number of shares	414,850
Weighted average exercise price	21.68
Difference between the exercise price and the market value of the shares relating to the options exercised	12.00
Shares delivered	
Number of shares delivered	414,850
Weighted average acquisition price	R$10.32
Difference between the acquisition price and market value of the shares acquired	23.35

For each Option exercised one Share was delivered

Options exercised – fiscal year ended on 12/31/2011	**Statutory Board of Executive Officers**
Number of members	1
Options exercised	
Number of shares	43,120
Weighted average exercise price	8.35
Difference between the exercise price and market value of the shares relating to the options exercised	26.83
Shares delivered	
Number of shares delivered	43,120
Weighted average acquisition price	R$10.32
Difference between the acquisition price and market value of the shares acquired	15.28

For each Option exercised one Share was delivered

13.9 – Information necessary to understand the data disclosed in items 13.6 to 13.8 – Method for pricing the shares and options

a) Pricing model

The fair value of the stock option programs 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

2nd and 3rd stock option plans

	Programs						
	2013	2012	2011	2010	2009	2008	2007
	3rd Plan		2nd Plan				
Share price	34.22	33.36	26.46	23.99	17.70	5.70	19.68
Risk-free interest	9.00%	9.45%	10.21%	10.04%	9.69%	10.93%	8.67%
Expected annual volatility (*)	46.67%	48.49%	50.12%	52.34%	55.01%	56.63%	37.60%
Expected dividends	0.36%	0.39%	0.39%	0.42%	0.45%	0.46%	-
Duration of the program in years	3.0	3.0	4.4	4.2	4.0	3.8	4.5
Fair value of option on date of grant (R$/per share)	12.94	12.82	11.12	12.10	12.21	0.88	7.09

(*) The expected annualized volatility was determined based on the historical volatility of RENT3 shares in the capital markets since the IPO of Localiza in 2005, after deducting the dividends paid in each period.

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 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.

13.10 – Information on pension plans granted to the directors and statutory executive officers

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

The supplementary 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 Supplementary Pension Plan (PGBL) Agreement, by which it made 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 (“Eligible Executive Officer”). 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.

Joining this new arrangement is optional for Eligible Executive Officers who accept the terms and conditions. Eligible Executive Officers undertake to not compete, directly or indirectly, for five (5) years, 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 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. The Eligible Executive Officers declared they are 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 received under the plan should be returned, duly restated according to the IPCA consumer price index, without prejudice to their civil liability 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.

13.10	Statutory Board of Executive Officers
Number of members	6
Name of plan	Collective Defined Contribution Supplementary Pension Plan (PGBL) Agreement (Instituted and Life Insurance with Survival Coverage – Registered VGBL
Number of managers who meet the conditions for retirement	1
Conditions for early retirement	0
Total updated amount of contributions until the closing of the last fiscal year minus the portion relating to contributions directly made by the managers (*)	4,313,075.51
Total accumulated amount of contributions made during the last fiscal year minus the portion relating to contributions directly made by the managers (**)	1,885,510.22
Possibility of early redemption and conditions (***)	As provided in the second addendum

(*) amounts accumulated since the implementation in 08/2011 until 12/2013
(**) amounts deposited in 2013
(***) For participants eligible in the 2nd addendum - Supplementary Pension Plan for Executive Officers and Statutory Executive Officers – redemption may be brought forward, in case of termination, as of sixty-three (63) years or postponed to as of sixty-five (65) up to sixty-seven (67) years, at the sole discretion of the Company.

13.11 Maximum, minimum and average individual compensation of the board of directors, board of executive officers and Audit Board

Annual amounts

	Statutory Board of Executive Officers			Board of Directors		
	12/31/2013	12/31/2012	12/31/2011	12/31/2013	12/31/2012	12/31/2011
No. of members	6.00	6.00	6.00	8.00	8.00	9.00
Highest compensation (in Brazilian real)	8,455,455.52	7,145,924.18	6,267,247.18	4,584,692.36	450,000.00	366,670.00
Lowest compensation (in Brazilian real)	1,088,345.00	1,208,002.07	1,012,924.39	520,907.96	360,000.00	314,170.00
Average compensation (in Brazilian real)	3,448,752.13	3,256,199.42	3,217,992.52	1,143,971.62	420,000.00	336,670.00

Note

Statutory Board of Executive Officers	
12/31/2013	While calculating the maximum, minimum and average compensation, INSS for the years 2013, 2012 and 2011 were not considered. ~ The lower compensation of the Statutory Board of Executive Officers in 2013 in the amount of R$1,088,345.00 is different from the compensation informed in item 13 filed with the Manual of Shareholders' Meeting, since the amount of R$512,885.04 informed in the document corresponds to the compensation of an officer who exercised his position for less than 12 months.

Board of Directors	
12/31/2013	While calculating average compensation, the amounts received by the Chairman of the Board of Directors starting May 2013 were considered, and one director was excluded because he is not paid as a director, being paid as a statutory officer of the Company instead. The compensation above does not include INSS.
12/31/2012	Two directors were excluded while calculating the average compensation because they did not receive compensation as directors since they received compensation as the statutory executive officers of the Company. The average compensation above does not include INSS.
12/31/2011	Two directors were excluded while calculating the average compensation because they did not receive compensation as directors since they received compensation as statutory executive officers of the Company. The average compensation above does not include INSS.

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

There are no Directors or Statutory Executive Officers who are related parties to the founders of Localiza.

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 subsidiaries of the Company for the position of Statutory Executive Officers held in these subsidiaries.

Fiscal year 2013 (*)	R$	
	Statutory Board of Executive Officers	
	Fixed compensation	Variable compensation
Subsidiaries of the company	3,805,020	892,845

(*) Until April 2013, 50% of the compensation of the CEO and COO was borne by the wholly-owned subsidiary Localiza Fleet. As from May 2013, 40% of the compensation of the CEO and CFO was borne by the wholly-owned subsidiary Localiza Fleet.

Fiscal year 2012	R$	
	Statutory Board of Executive Officers	
	Fixed compensation	Variable compensation
Subsidiaries of the company	1,730,423	2,407,239

(*) In 2012, 50% of the compensation of the CEO and COO was paid by the wholly-owned subsidiary Localiza Fleet.

Fiscal year 2011	R$	
	Statutory Board of Executive Officers	
	Fixed compensation	Variable compensation
Subsidiaries of the company	634,595	631,379

(*) In 2011, compensation for 1 executive officer was considered

13.16 – Other relevant information

The overall amount of fixed and variable compensation and benefits, for the period from the Annual Shareholders' Meeting of 2012 and the Shareholders' Meeting that examined the accounts relating to the fiscal year ended on December 31, 2013, was R$25.0 million, as shown in item 13.2 of this Reference Form, refers to the overall compensation of the Board of Directors and the Statutory Board of Executive Officers. This amount differs from the amount shown in Note 7b (iii) of the Consolidated Financial Statements for December 31, 2013, 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."

14.1 Description of human resources

a) Number of employees (total, by groups based on function and geographic region)

Consolidated						
Region	**12.31.13**		**12.31.12**		**12.31.11**	
	Operation	**Administrative**	**Operation**	**Administrative**	**Operation**	**Administrative**
Center West	252	23	252	39	239	25
Northeast	835	72	829	115	773	78
North	116	13	117	19	119	14
Southeast	2,590	1,212(*)	2,516	1,322(*)	2,351	1,087(*)
South	627	59	576	81	562	56
Total	**4,420**	**1,379**	**4,290**	**1,576**	**4,044**	**1,260**
	5,799		**5,866**		**5,304**	

(*) Includes interns, 25 in 2013, 41 in 2012 and 1, in 2011.

b) Number of outsourced workers (total, by groups based on function and geographic region)

Region	Activity	2013	2012	2011
MG	Administrative	231	227	125

c) Turnover rate

We calculated Company general turnover rate, considering the following formula:

Turnover = total employment termination / Annual average number of employees in Company's list

Year	2013	2012	2011
Turnover	***27.70%***	**25.10%**	**24.40%**

d) Exposure of the Company to labor liabilities and contingencies

Localiza and its subsidiaries are parties to various labor lawsuits, mainly related to payment of overtime and the related effects, pain and suffering, and the recognition of employment relationships that independent service providers, undertaker or similar parties claim in court. There is no uniformity in court decisions regarding such matters. The change in the provisions for labor claims was due to: (i) the increase in the number of claims, from 512 on December 31, 2012 to 604 on December 31, 2013; and (ii) new public-interest civil actions mainly alleging irregularities in working hours of employees, which led to the constitution of a provision of R$1.3 million.

As at December 31, 2013, 2012 and 2011, Company and its subsidiaries recorded the following amounts of provisions, considered sufficient to cover expected losses on the lawsuits in progress:

R$ million

	2013	2012	2011
Balance of provision	26.9	16.8	12.1

Further details on the labor lawsuits can be found in item 4.6 of this Reference Form.

14.2 Material Changes – Human Resources

The increase of employees in Company's list in the past years is due to the growth in Company and its subsidiaries' operations.

14.3 Description of employee compensation policy

a) Policy on compensation

One of Localiza's principles is to recognize the performance of its employees. Meritocracy is the way to recognize and reward employees who demonstrate improved performance and maturity on the job.

The foundation of the Company's compensation system consists of the basic salary, fixed salary and monthly bonus, allowance for time in job (ATS) – some of these items are exclusively for certain jobs - profit sharing, the Private Pension Plan (extended to all employees) and the long-term incentive program - stock options: The stock option plan offered to employees of certain categories.

The Company uses the Hay System[1] job evaluation methodology to maintain internal and external consistency for its human resources policies, recognizing the importance of the position according to the responsibilities and impact on the Company's results.

To fix the salaries, the region and the size of the Localiza branch in that region are taken into consideration.

b) Policy on benefits

The Company has a benefits package compatible with the business and is in line with market standards (medical and dental assistance, medical checkup, dental plan, as well as meal and crèche assistance).

c) Characteristics of share-based compensation plans of non-management employees:

The stock option plans are the same for both non-management and management staff. For details on Stock Option Plans, see section 13.4 of this Reference Form.

The positions of non-management employees that were granted the stock option plans are as follows:

Plan	Eligible
3rd Plan	Non-statutory officers Senior Management
2nd Plan	Non-statutory officers Senior Management Managers Medium Management Specialist Supervisor Analyst Sales Representatives Car Dealers

[1] *Hay System: Methodology of position assessment by Hay Group, which measures the importance and complexity related to expected results from the position.*

14.4 Description of the relations between the issuer and unions

The Company complies with the collective labor agreements defined for each location/region where it operates and, in the event of a legal disagreement, it seeks legal support and means to defend its position or interest in question. The Company seeks to abstain from any political party and/or labor union involvement.

Following are the main trade unions representing the employees of Localiza in Brazil:

- Minas Gerais:
SINTRALMG – Union of Leasing Workers of the State of Minas Gerais.

- São Paulo:
SINDEELOCADESP – Union of Employees and Workers in Vehicle Rental Companies in the State of São Paulo

- Rio de Janeiro:
SINTALOCAS – Union of Workers in Movable Property and Technical Assistance Companies of the State of Rio de Janeiro

15.1 / 15.2 – Ownership breakdown

Shareholder					
Shareholder's Individual / Corporate Taxpayer ID (CPF / CNPJ)	Nationality – State	Signatory to shareholders' agreement	Controlling shareholder	Last alteration	
Number of common shares (units)	Common shares - %	Number of preferred shares (units)	Preferred shares - %	Total number of shares (units)	Total shares - %
Breakdown per type of share (units)					
Type of share	Number of shares (units)	Shares - %			
José Salim Mattar Júnior					
071.823.766-87	Brazilian-MG	No	Yes	6/27/2014	
13,389,674	6.322045%	0	0.000000%	13,389,674	6.322045%
Lazard Asset Management Securities LLC					
	USA	No	No	6/27/2014	
26,536,059	12.529219%	0	0.000000%	26,536,059	12.529219%
Eugênio Pacelli Mattar					
130.057.586-72	Brazilian-MG	No	Yes	6/27/2014	
13,607,482	6.424884%	0	0.000000%	13,607,482	6.424884%
Antônio Cláudio Brandão Resende					
076.364.666-00	Brazilian-MG	No	Yes	6/27/2014	
19,061,406	9.000000%	0	0.000000%	19,061,406	9.000000%
Flávio Brandão Resende					
186.119.316-53	Brazilian-MG	No	Yes	6/27/2014	
12,816,031	6.051195%	0	0.000000%	12,816,031	6.051195%
OTHER					
122,880,740	58.019155%	0	0.000000%	122,880,740	58.019155%
TREASURY SHARES – Date of last change: 6/27/2014					
3,502,008	1.653502%	0	0.000000%	3,502,008	1.653502%
TOTAL					
211,793,400	100.000000%	0	0.000000%	211,793,400	100.000000%

15.1 / 15.2 – Ownership breakdown

CONTROLLING SHAREHOLDER / INVESTOR					
SHAREHOLDER					
Shareholder's Individual / Corporate Taxpayer ID (CPF / CNPJ)	**Nationality - State**	**Signatory to shareholders' agreement**	**Controlling shareholder**	**Last alteration**	
Breakdown of shares (units)					
Number of common shares (units)	**Common shares - %**	**Number of preferred shares (units)**	**Preferred shares - %**	**Total number of shares (units)**	**Total shares - %**

15.3 Capital distribution

Date of last shareholders' meeting/ last alteration	April 29, 2014
Number of individual shareholders (units)	2,253
Number of corporate shareholders (units)	35
Number of institutional investors (units)	1,152

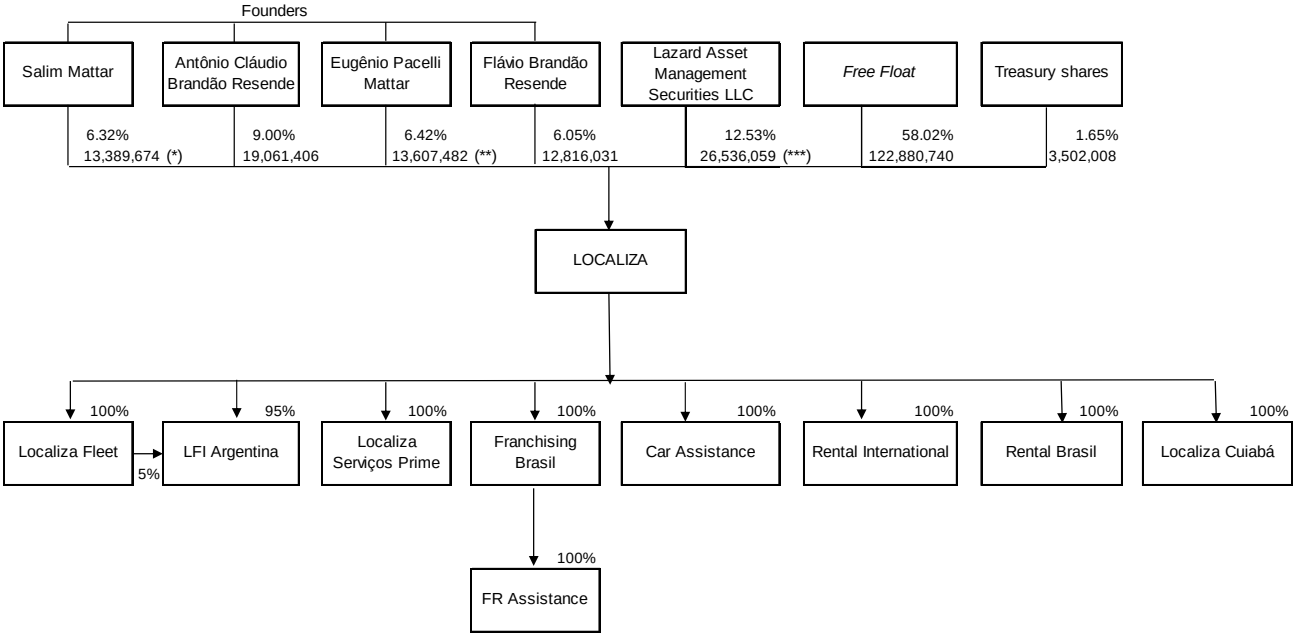
Outstanding shares

Outstanding shares correspond to all the shares not held by the controlling shareholder, parties related to the controlling shareholder, managers, as well as treasury stock.

Number of common shares (units)	149,142,340	70.418785%
Number of preferred shares (units)	0	0.000000%
Total	149,142,340	70.418785%

15.4 Shareholder breakdown

As at July 7, 2014, the organization chart of the group is as follow:



(*) According to the notice received by the Company on July 7, 2014, and released to the market through to a notice to the market of July 9, 2014, Mr. Salim Mattar, founder of the Company, informed that on July 4, 2014 he had 6,000,000 shares rented. From these 6,000,000 shares rented 5,559,177 returned to his position on July 7, 2014.

(**)Includes 1,664,468 shares available for rent.

(***) According to the notice received by the Company on February 10, 2014, and released to the market through to a notice to the market of February 11, 2014, Lazard Asset Management Securities LLC, asset manager headquartered in the USA, informed that it reached relevant shareholder position representing more than 5% of common shares issued by Localiza on February 7, 2014. Lazard Asset Management Securities LLC informs, in its notice, that the acquisition has the exclusive objective of investment holding.

15.5 Shareholders' agreement filed at the head office of the issuer or to which the controlling shareholder is a party

(a) Parties

At present, there is no shareholders' agreement in force in the Company.

(b) Execution Date

See item (a) above.

(c) Term

See item (a) above.

(d) Description of clauses related to the exercise of voting right and the controlling power

See item (a) above.

(e) Description of clauses related to the appointment of managers

See item (a) above.

(f) Description of clauses related to the transfer of shares and preemptive rights in their acquisition

See item (a) above.

(g) Description of clauses restricting or binding the voting right of Directors

See item (a) above.

15.6 Material changes in ownership interest held by participants in the controlling group and by the Company's directors and officers

Sale/acquisition of relevant equity interest by members of the controlling group and administrators of the issuer

On January 7, 2013, the Company announced, through a Notice to the Market, that the founding shareholders of the Company informed: i) that they sold, net of acquisitions, between October 29, 2010 and December 26, 2012, a total of 7,227,267 shares of the Company, equivalent to 3.58% of all the shares issued by the Company; and ii) that, on December 26, 2012, they held 3,710,877 shares, equivalent to 1.84% of all the shares issued by the Company, through market funding. With these sale and lending operations, the interest held the founding shareholders was reduced by 5.42% of the total shares issued by the Company.

The number of shares traded (sold, bought and lent) by each founding shareholder is detailed below:

	29/10/2010 (*) - Shareholding before the selling	Number of shares sold	Number of shares bought	26/12/2012 - Shareholding after the selling	% shareholding before loans	26/12/2012 - Number of shares under loans	Shareholding after selling and loans	% shareholding after selling and loans
José Salim Mattar Júnior	19.322.694	(2.353.024)	235.409	17.205.079	8,53%	(932.491)	16.272.588	8,07%
Eugênio Pacelli Mattar	14.325.743	-	35.968	14.361.711	7,12%	(2.778.386)	11.583.325	5,74%
Antônio Cláudio Brandão Resede	21.179.340	(3.025.620)	-	18.153.720	9,00%	-	18.153.720	9,00%
Flávio Brandão Resende	14.325.744	(2.120.000)	-	12.205.744	6,05%	-	12.205.744	6,05%
Total	**69.153.521**	**(7.498.644)**	**271.377**	**61.926.254**	**30,70%**	**(3.710.877)**	**58.215.377**	**28,86%**

(*)Last position disclosed by Notice to the Market dated October 29, 2010, informing the relevant sale by Company's founders.

15.7 Other material information

The Company does not have a controlling shareholder or any group holding absolute majority of the voting capital. However, for the purpose of complying with item 15.3, the calculation of outstanding shares excluded shares held by founders as a result of the minority control exercised by them, who are also members of the Company's board of directors.

16.1 Rules, policies and practices the issuer adopts in connection with transactions with related parties

The Company only has wholly-owned subsidiaries.

The Company's practice is to conduct transactions with its wholly-owned subsidiaries in the normal course of business, and the most significant ones are: i) rental of cars between the companies in order to meet their customers' needs; ii) intercompany loan agreements involving transfers of funds; and iii) amounts payable/receivable from the use of Localiza's administrative structure.

Article 20 of the Company's Bylaws expressly forbids and determines as null and void insofar as the Company is concerned about any acts by any officer, attorney or employee that involve obligations related to business affairs or transactions that are outside the scope of its corporate purpose, such as guarantees, collateral signatures, endorsements or any other type of guarantee in favor of third parties, unless expressly authorized by the Board of Directors at a meeting. It is also forbidden to grant loans to the Company's controlling shareholders and officers, with the exception of loans granted under the terms of the Stock Option Plan provided by the Company.

On May 30, 2012, the Board of Directors approved the Policy of Transactions with Related Parties prepared in compliance with ABRASCA Code of Self-regulation.

The policy of Transactions with Related Parties aims to ensure transparency in the transactions which involve related parties and is based on the following principles:

i) transactions with related parties, if existent, be performed in strictly interchanging conditions and with adequate offsetting payment; and

ii) these transactions be conducted within market parameters, when compared to deadlines, rates, guarantees and be clearly reflected in Company's reports.

Full policy is available in Company's website.

16.2 Information on transactions with related parties

Related party	Transaction date	Amount involved (R$)	Existing balance	Amount (R$)	Duration	Loan or other debt	Interest rate charged
Localiza Serviços Prime S.A.	12/31/2013	1,000.00	1,000.00	1,000.00	This transaction has no deadline. Maturity is subject to the cash flow of companies.	YES	0.000000
Relationship with the issuer	Wholly-owned subsidiary.						
Object of Agreement	Other short-term accounts receivable related to transfer of funds to the subsidiary to cover short-term cash requirements.						
Warranty and insurance	None.						
Rescission or extinction	None.						
Nature and reason for the transaction	Other short-term accounts receivable related to transfer of funds to the subsidiary to cover short-term cash requirements.						
Localiza Car Rental S.A.	12/31/2013	11,170,000.00	7,876,000.00	11,170,000.00	Indefinite.	NO	0.000000
Relationship with the issuer	Wholly-owned subsidiary.						
Object of Agreement	Accounts receivable resulting from car rental by Car Rental in order to serve its customers. The recorded values correspond to net transactions carried out during 2013.						
Warranty and insurance	None.						
Rescission or extinction	None.						
Nature and reason for the transaction							
Locapar Participações e Administração Ltda	3/14/2005	118,041,171.38	118,041,171.38	118,041,171.38	Indefinite.	NO	0.000000
Relationship with the issuer	Company controlled by the Founders of the Company.						
Object of Agreement	In 2005, Localiza, Localiza Fleet and Prime executed agreement by means of which they assigned and transferred to Locapar, which assigned its rights to the founders, the totality of the rights resulting from lawsuits with tax and social security nature in which they are plaintiffs. Conversely, the founders took on pecuniary obligations levied on the lawsuits. Localiza, Localiza Fleet and Prime engaged themselves to give continuity to the lawsuits and use credits obtained in the lawsuits for the purpose of complying with tax obligations and , later pass on to the founders the amounts corresponding to the benefit obtained from the offsetting, deducing administration fee of 3% of the amount of the rights obtained in the lawsuits which were effectively received and used through offsetting tax obligations.						
Warranty and insurance	None.						

Related party	Transaction date	Amount involved (R$)	Existing balance	Amount (R$)	Duration	Loan or other debt	Interest rate charged
Rescission or extinction	Agreement executed on irrevocable basis.						
Nature and reason for the transaction							
Localiza Fleet S.A.	12/31/2013	13,510,000.00	2,966,000.00	13,510,000.00	Indefinite	NO	0.000000
Relationship with the issuer	Wholly-owned subsidiary.						
Object of Agreement	Balance of accounts receivable resulting from car rental by Total Fleet in order to serve its customers. The recorded values correspond to transactions carried out during 2013.						
Warranty and insurance	None.						
Rescission or extinction	None.						
Nature and reason for the transaction							
Localiza Fleet S.A.	12/31/2013	12,706,000.00	1,213,000.00	12,706,000.00	Indefinite	NO	0.000000
Relationship with the issuer	Wholly-owned subsidiary.						
Object of Agreement	Balance of accounts payable, net, resulting from the use of Localiza's administrative structure. The recorded values correspond to transactions carried out during 2013.						
Warranty and insurance	None.						
Rescission or extinction	None.						
Nature and reason for the transaction							
Localiza JF Aluguel de Carros	12/31/2013	3,338,000.00	3,338,000.00	3,338,000.00	This transaction matures on February 6, 2014	YES	0.000000
Relationship with the issuer	Wholly-owned subsidiary.						
Object of Agreement	Balance of accounts payable, net, resulting from settlement of borrowings and financing by Localiza, related to the cars of Localiza JF Aluguel de Carros, purchased by the former franchisee.						
Warranty and insurance	None.						
Rescission or extinction	None.						
Nature and reason for the transaction	Balance of accounts payable, net, resulting from settlement of borrowings and financing by Localiza, related to the cars of Localiza JF Aluguel de Carros, purchased by the former franchisee.						

16.3 Identification of actions taken to address conflicts of interest and evidence that related-party transactions have been entered at an arm's length basis

a) identify measures taken to deal with conflicts of interest

The Company delegates to the Board of Directors certain key responsibilities in order to prevent situations that may potentially generate conflicts of interest, as defined in its Bylaws:

> According to article 11, §5: *"The member of the Board of Directors must have irreproachable reputation, and may not be elected, unless permitted by General Meeting resolution, one who: (i) acts as manager, advisor, consultant, lawyer, auditor, executive, employee, official or service renderer in companies which are involved in the business of car rental, car fleet rental, car fleet leasing, car trade, car manufacturing or any other business which may be considered as Company' competitors; or (ii) has or represent conflict interest with the Company. The member of the Board of Directors may not exercise the voting right, subsequently to the election, in the event the same impairment factors take place."*
>
> According to article 12: *"it is the responsibility of the Board of Directors, among other items: (i) approve the setting up of subsidiaries, as well as any amendments to the Bylaws, subscription and paying in of capital increases and interests of the Company in the capital of any other company in Brazil or abroad; (ii) authorize the Company and its subsidiaries to guarantee obligations in favor of third parties, with authorization for guarantees to subsidiaries being waived; (iii) establish the amount of compensation for the Executive Office and approve the proposal of the Executive Office related to compensation policies and the overall amount of profit sharing for employees, as well as approve the personnel list of the Company and its associates; and (iv) approve changes in the Company's organizational structure, required for the operation of its business and execution of the strategies defined, as well as determine the Company's vote or its granting of proxy voting instructions in all the meetings of shareholders of its subsidiaries."*
>
> According to article 20: *"expressly forbids and determines as null and void insofar as the Company is concerned by any acts by any officer, attorney or employee that involve obligations related to business affairs or transactions that are outside the scope of its corporate purpose, such as guarantees, collateral signatures, endorsements or any other type of guarantee in favor of third parties, unless expressly authorized by the Board of Directors at a meeting. It is also forbidden to grant loans to the Company's controlling shareholders and officers, with the exception of loans granted under the terms of the Stock Option Plan provided by the Company."*

Additionally, Company has an exclusive section in its "Values and Ethics Code" manual that deals exclusively with conflicts of interest. All the Company's employees have a copy of this manual and the hiring of new employees is conditioned to their signing the "Commitment Statement" whereby the new employee expressly makes a commitment to comply with all the provisions contained therein.

As described in the Company's code of ethics, the following acts are considered as undesirable:

- hold either directly or indirectly through a spouse, children and 1st degree kinship any interests in any institution that may be benefited to the extent that it maintains business relations with the Company or is a competitor of the Company;
- provide services of any kind to other organizations, compensated either directly or indirectly, that conflict with our interests, except for cases expressly authorized in advance;
- obtain privileged financial advantages either directly or indirectly in institutions that maintain commercial relations with the Company;

- accept either directly or indirectly cash or objects of value from any person or entity that has or is interested in creating commercial relations with the Company;

- provide competitors or third parties with any confidential information regarding customers, pricing policies or commercial, economic and financial plans;

- pass on to third parties in an improper manner benefits that are exclusively offered to the Company's employees;

- omit the existence of marital or family relations up to the 1st degree of kinship or closely related persons working at the Company or occupying positions of influence, or which might influence decisions affecting business, or working in competitors, suppliers of products and/or services, or in partnership with the Company. Such factors must be communicated to the employee's immediate superior and recorded in their commitment statement;

- make improper use of confidential information reserved to the organization or compete in a disloyal manner with the Company after leaving the Company;

- Obtain or give third parties any gains of personal nature in order to close business deals;

- use Company resources (knowhow, facilities, equipment, supplies, information and other assets) for personal benefit or on behalf of third parties without authorization; and/or;

- engage, on the Company's premises, any union, political party and/or religious activities not safeguarded by constitutional principles or union agreement.

Such conflicts of interest do not extend to participation in charitable, philanthropic, civic, religious, political, social or cultural organizations whose activities do not require dedication during working hours. In carrying out any of these activities, employees must make it quite clear that they are of a private nature and do not involve the use of the Company's name. The Company does not hire former employees of competitors within 2 (two) years of their termination and, in such case, it will be appropriate to consult their hierarchical superior. Likewise, the Company expects its former employees not to work for the competition for up to 2 (two) years of their termination.

Any conflicts of interest not covered in the Code of Ethics must be reported to the Ethics Committee, which is responsible for defining and ensuring that the Company's ethical principles and values are strictly enforced, deciding on dilemmas in the best interests of the Company as a whole, irrespective of specific interests.

b) demonstrate the strictly commutative nature of the conditions agreed upon or adequate compensatory payment

The Company only has wholly-owned subsidiaries, i.e. where it owns, directly or indirectly, 100% of the equity of such companies. Transactions with related parties are based on conditions negotiated between the parent company and its wholly-owned subsidiaries. Accordingly, any transaction carried out with its subsidiaries does not affect the Consolidated Financial Statements.

On May 30, 2012 Company' Board of Directors approved the Policy of Transactions with Related Parties prepared in compliance with ABRASCA Code of Self-regulation. The full Policy is available in Company's website.

17.1 Information on capital stock

Date of authorization or approval	Capital in Brazilian real	Term for payment	Number of common shares (units)	Number of preferred shares (units)	Total shares (units)
Type of capital	**Issued capital**				
4/29/2013	976,708,000.00		211,793,400	0	211,793,400
Type of capital	**Subscribed capital**				
4/29/2013	976,708,000.00		211,793,400	0	211,793,400
Type of capital	**Paid-in capital**				
4/29/2013	976,708,000.00		211,793,400	0	211,793,400
Type of capital	**Authorized capital**				
4/25/2012	0.00	N/A	245,670,000	0	245,670,000

17.2 Capital increases

Date of resolution	Body approving the increase	Issuance date	Total issued amount (R$)	Type of increase	Common shares (units)	Preferred shares (units)	Total shares (units)	Previous subscription/ capital	Issue price	Unit
4/29/2013	Annual and Extraordinary Shareholders' Meeting	5/2/2013	375,000,000.00	Public subscription	10,085,400	0	10,085,400	5.00000000	37.18	R$ per unit

Criteria to determine issuance price	The increase in the Company's capital, through the issuance of 10,085,400 new common shares, took place at the ratio of one (1) new share for each lot of 20 existing shares, equivalent to 5% of the total shares of the Company. The capital increase does not imply any change in the par value of the Company's shares since the shares have no par value. The sole paragraph of Article 10 of Law 9249 stipulates that "in case of membership interests or shares distributed on account of capital increase through the incorporation of profits calculated starting from January 1996, or from reserves constituted from these profits, the cost of acquisition will be equal to the portion of the profit or reserve capitalized corresponding to the partner or shareholder". Based on this law, the amount attributed to the bonus shares, for tax purposes, is R$37.18 per share.
Payment method	Through capitalization of profits or reserves.

17.3 Share splits, reverse splits, bonus shares

Date of approval	Number of shares before approval (Units)			Number of shares after approval (Units)		
	Number of common shares	Number of preferred shares	Total number of shares	Number of common shares	Number of preferred shares	Total number of shares
Bonus						
4/29/2013	201,708,000	0	201,708,000	2011,793,400	0	2011,793,400

17.4 Information on capital reductions

Justification for not completing the table:

There have been no capital reductions in the last 3 fiscal years.

17.5 Other material information

All relevant information pertaining to this topic has already been provided in the previous items.

18.1 Share rights

Type of shares or DRs	**Common shares**
Tag along rights	100.000000
Right to dividends	Under article 24 of paragraph 3 of the Company's Bylaws, shareholders are assured the right to receive mandatory annual dividends of no less than twenty-five percent (25%) of the fiscal year's net profit, added or subtracted by the following amounts: (i) amount allocated for the legal reserve fund; (ii) amount allocated for the contingencies fund and reversal of those same funds formed in previous years; and (iii) amount resulting from the reversal of the unrealized profits fund formed in previous years, in accordance with article 202, item II, of Federal Law no.6404/76.
Voting rights	Full voting rights
Convertibility	No
Capital reimbursement	Yes
Description of reimbursement privileges	In the event of liquidation of the Company, the shareholders will be reimbursed the capital in the proportion of their share in the capital stock, right after the payment of all the Company's obligations. Those shareholders who dissent from certain decisions by the General Meeting are allowed to withdraw from the Company, through the reimbursement of their shares calculated based on their equity value, in accordance with Brazilian Law of Corporations. If the Company's shares (i) have liquidity, i. e., make up the general BM&FBOVESPA index or any other index in the stock Market, as defined by CVM, and (ii) are scattered through the market, so that the controlling company or other companies under common control hold less than 50% of the shares, the shareholders will not be entitled to withdraw in the following cases: (a) consolidation of the Company; (b) upstream merger into another Company; and (c) participation in a group of companies.
Transfer restrictions	No
Condition for change to rights on such securities	Under Brazilian Law of Corporations, neither the Company's Bylaws nor the decisions taken in the Annual General Meeting may deprive the shareholders from the following rights: (i) participation in the profits; (ii) participation, in the event of liquidation, in the distribution of whatever remaining assets, in the proportion of their share in the capital stock; (iii) inspecting the Company's management, under the terms of Brazilian Law of Corporations; (iv) priority in future capital increases, except when provided for in Brazilian Law of Corporations; and (v) withdraw from the Company in those cases provided for in Brazilian Law of Corporations.
Other material features	N/A

18.2 Bylaw provisions restricting the voting rights of relevant shareholders or that require the issuer to carry out a public tender offer

As determined by the Company's Bylaws, amended in the Extraordinary General Meeting of April 29, 2013:

"***Article 7****. All shares are indivisible with respect to the Company and each common share entitles its holder to one vote in the decisions taken during General Meetings."*

Chapter X – Section I

"***Article 27.*** *For the purposes of this Chapter X, the following terms started in capital letters shall have the following meanings:*

"Shareholders Group" *means the group of people: (i) bound by contracts or agreements of any nature, including shareholders', oral or written agreements, either directly or through controlled, controlling companies or those under common control, or (ii) between which there is control relationship; or (iii) under common control, (iv) acting jointly, or (v) representing a common interest. Included among the examples of people representing a common interest: (vi) a person holding, directly or indirectly, equity interest of less than 15% of the capital of another person, and (vii) two persons who have a third common investor who holds, directly or indirectly, equity interest of less than 15% of the capital of each of the two people. Any joint-ventures, funds or investment clubs, associations, trusts, condominiums, cooperatives, securities portfolios, universality of rights, or any other forms of organization or enterprise, built in Brazil or abroad, shall be considered as part of a same Shareholders Groups, whenever two or more between such entities are: (viii) administered or managed by the same legal person or by parties related to a same legal person; or (ix) have in common the majority of its administrators, and for sure, in case of same administrator's investment funds, only those whose voting decision at the General Meetings are the responsibility of the administrator, in accordance with the respective regulations, will be considered as part of a Shareholder Group on a discretionary basis (…)*

"Other Corporate Type Rights" *means (i) usufruct or trust on the shares of the Company, (ii) any options or purchase rights, subscription or exchange of any type, which may result in the acquisition of shares of the Company, (iii) any derivatives referenced in the shares issued by the Company providing for the possibility of not only financial settlement, or (iv) any other rights that ensure permanently or temporarily the political or property rights of a shareholder on the issuance of shares of the Company;*

"Relevant Equity Interest" *means that the ownership of shares issued by the Company or Company-type Rights equal to or higher than fifteen percent (15%) of the capital stock. (…)*

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

Article 38. *Any Shareholder or Group of Shareholders which reaches, directly or indirectly a Relevant Shareholding Interest, both by means of a sole operation and by means of miscellaneous operations ("New Relevant Shareholder"), should perform a public offering of acquisition of all shares and securities convertible into shares held by the other shareholders of the Company, under the terms of this article ("OPA for Achieving a Relevant Interest")*

Paragraph 1 *- OPA for Achieving a Relevant Interest should be: (i) managed indistinctly to all of the Company's shareholders; (ii) performed in auction to be performed at BM&FBOVESPA; (iii) released for the price set according to the provisions in* ***paragraph 2*** *of this article and settled at sight, in the national currency; and (iv) instructed with the assessment report of the Company, which* ***paragraph 4*** *herein deals with.*

Paragraph 2 *- The acquisition price for share, the object of OPA for Achieving a Relevant Interest ("Price of the OPA") may not be lower or higher than the value determined between: (i) the Economic Value; and (ii) the higher prices paid by the New Relevant Shareholder in the twelve (12) months before achieving the Relevant Shareholding Interest, adjusted by corporate events, such as the distribution of dividends or interest on equity, groupings, developments, bonuses, except those related to corporate reorganization operations, as well as duly updated by the Special Settlement and Custody System Fee – Selic.*

Paragraph 3*. Without prejudice to its obligation to promote the publication of a relevant fact in the press, in accordance with CVM Instruction 358, dated of January 3, 2002, as amended ("CVM Instruction 358"), immediately after purchase 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 Relevant Shareholder should send a communication to the Investor Relations Director, containing: (a) the information specified in art. 12 of CVM Instruction 358 and in items "i" to "m" of Subparagraph I of Attachment II to the CVM Instruction 361 of March 5, 2002, as amended; (b) information about any other Corporate Rights it has; (c) the information required to execute the OPA for Achievement of Relevant Interest; (d) information of the highest price paid by the New Relevant Shareholder in the twelve(12) months prior to Achieving the Relevant Shareholding Interest, adjusted for corporate events such as distribution of dividends or interest on equity, groups, developments, bonuses, except those operations related to corporate reorganization; and (e) the information on the purchase price per share which is the object of the OPA for Achievement of the Relevant Interest which the New Relevant Shareholder proposes to pay, subject to* ***paragraph 2*** *of this Article ("Proposed Price").*

Paragraph 4*. The Economic Value will be determined in an appraisal report prepared by an institution or company that is independent in relation to of the New Relevant Shareholder, subject to the provisions of Article 37 hereof, and the New Relevant Shareholder (including the people connected to him/her) may not vote in defining the list of three to be presented by the Administrative Council or in the choice by the General Assembly. If the appraisal report indicates a range of minimum and maximum values, the Economic Value corresponds to the midpoint of the range, whose range does not exceed 10%, based on the highest value. The appraisal report should also demonstrate the highest price paid by the New Relevant Shareholder in the twelve (12) months prior to Achieving the Relevant Shareholding Interest, adjusted for corporate events, such as dividends or interest on equity, groups, developments, bonuses, except those operations related to corporate reorganization.*

Paragraph 5*. The Administrative Council should meet to define the list of three and summons of the General Assembly to choose the specialized institution or company responsible for preparing the appraisal report, as soon as possible after the completion of the notice mentioned in* ***paragraph 3*** *of this article.*

Paragraph 6*. The appraisal report should be submitted by the specialized institution or company responsible to the Investor Relations Director, for him to immediately disclose to the market via an electronic system available on the CVM's worldwide network of computers.*

Paragraph 7*. The shareholders who are owners of at least 10% of the shares of the Company, except for this statement, the shares held by the New Relevant Shareholder may require that the Company's administrators call a Special Assembly to discuss the performance of a new assessment of the Company for purposes of reviewing the OPA price. The new report should be prepared in the same manner of the assessment report referred to in* ***paragraph 4*** *of this Article, in accordance with the procedures laid down in Article 4 of Law No. 6.404/76 and in compliance with the provisions of applicable regulations of the CVM, and pursuant to this Chapter and disclosed under the terms of* ***paragraph 6*** *of this article. At the Special Assembly, all shareholders of the Company's shares may vote, except the New Relevant Shareholder.*

Paragraph 8. *If the appraisal report will establish a price above the Price Proposed, the New Relevant Shareholder may withdraw from it within ten (10) business days, counted as of the disclosure date of the appraisal report, undertaking, in this case, to observe, where applicable, the procedure laid down in Article 28 of CVM Instruction 361, or standard that might replace it, and dispose of the excess interest within three months from the contact date of the communication date of the withdrawal to the Company. The withdrawal must be communicated to the market by the Relevant Shareholder, by means of a relevant fact.*

Paragraph 9 . *The implementation of the OPA for Achievement of Relevant Interest may be waived by vote of shareholders at a General Meeting specially summoned for this purpose, subject to the following rules:*

(a) *the waiver to execution of the OPA for Achievement of Relevant 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 Relevant Shareholder will not be computed for the purposes of a quorum for deliberation, as per subparagraph "a".*

Paragraph 10 . *If OPA for Achievement of the Relevant Interest is not legally subject to registration with CVM, the New Relevant Shareholder shall publish the notice of the OPA for Achievement of Relevant Interest within ten (10) business days from the date of submission of the appraisal report by the specialized institution or company.*

Paragraph 11 . *If OPA for Achievement of the Relevant Interest is not legally subject to registration with CVM, the New Relevant Shareholder should request the registration within ten (10) business days, counted as the date of submission of the appraisal report by the specialized institution or company, and will be obliged to meet any requests or demands of CVM related to OPA for Achievement of Relevant Interest, within the terms prescribed in the applicable regulation. The publication of the notice of the OPA for Achievement of Relevant Interest must occur within five (5) business days from the date of OPA registration by CVM.*

Paragraph 12 . *In the event the New Relevant Shareholder fails to comply with the obligations imposed by this Article, the Company's Administrative Council will call an Extraordinary General Meeting, in which the New Relevant Shareholder may not vote to decide for the suspension of the fiscal year of the rights of the New Relevant Shareholder who did not comply with any obligation imposed by this article, as provided in Article 120 of Law 6.404/76.*

Paragraph 13 . *Without prejudice to* ***paragraph 12*** *above, while the OPA is not effected and settled by the Achievement of Relevant Interest, the New Relevant Shareholder may not vote with more than fifteen percent (15%) of the shares issued by the Company, and the President of the General Meeting is liable for not computing in the Meeting the votes which exceed the limit.*

Paragraph 14 . *The requirement of OPA for Achievement of Relevant Interest does not apply to a shareholder or group of Shareholders that reaches the Relevant Shareholding Interest:*

(a) *through a public offer to acquire all the shares of the Company, provided that they pay a price at least equal to the Offer Price;*

(b) *involuntarily as a result of the redemption or cancellation of shares;*

(c) *subscription of shares held in the primary offering, because of the amount has not been fully subscribed for by those who had right of first refusal or that has not received sufficient public interest in its distribution;*

(d) *as a result of the merger or actions involving the Company, or*

(e) *due to: (i) advance payment of legitimate donations or hereditary succession, provided that for a descendant or spouse of a shareholder or group of shareholders holding of Relevant Interest; or (ii) transfer to trust or a similar trust entity, having as a beneficiary the shareholder him/herself or a group of shareholders holding a Relevant Shareholding Interest, their descendants or spouses.*

Paragraph 15*. The implementation of the OPA for Achievement of Relevant Interest does not exclude the possibility of another shareholder, or, if applicable, the Company itself, making a competing OPA, in accordance with applicable regulations.*

Article 39. *Any Purchasing Shareholder or Group of Shareholders who, directly or indirectly, achieves the ownership of shares issued by the Company or Corporate Rights equal to or higher than ten percent (10%) of the capital stock, both by means of a single operation and through several operations, and who desires to acquire shares issued by the Company is liable to (i) perform each new acquisition at BM&FBOVESPA, and the performance of private or over-the-counter market negotiations is forbidden, and (ii) before each new acquisition, communicate, in writing, to the Investor Relations Director of the Company and to the Operations Director of BM&FBOVESPA, by means of the brokerage company to be used to acquire the shares, the amount of shares it intends to acquire, with at least three (3) business days in advance from the date foreseen for performance of a new acquisition of shares, in such a way that the Operations Director of BM&FBOVESPA may call in advance a purchase auction to be held on the trading floor of BM&FBOVESPA, which interfering third parties and/or occasionally the Company itself may participate in, by always observing the terms of the law in force, especially the regulations by the Securities Commission – CVM and the applicable BM&FBOVESPA regulations.*

Paragraph 1. *The demand of the caput does not apply to acquisitions of shares due to: (i) advance payment of legitimate donations or hereditary succession, provided that for a descendant or spouse of a shareholder or group of shareholders holding of Relevant Interest; or (ii) transfer to trust or a similar trust entity, having as a beneficiary the shareholder him/herself or a group of shareholders holding a Relevant Shareholding Interest, their descendants or spouses.*

Paragraph 2. *In the event the New Relevant Shareholder fails to comply with the obligations imposed by this Article, the Company's Administrative Council will call an Extraordinary General Meeting, in which the New Relevant Shareholder may not vote to decide for the suspension of the fiscal year of the rights of the New Relevant Shareholder who did not comply with any obligation imposed by this article, as provided in Article 120 of Law 6.404/76.*

Paragraph 3. *The Administrative Council may waive the application of Article 38 hereof, if it is the Company's interest.*

Article 46. *The provisions in Sections IV of Chapter X of these Bylaws shall not apply to the shareholder or group 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 of the Company 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 capacity, with the shareholder himself or group of shareholders as the beneficiary, or their descendants or spouse.*

Article 47. *The provisions in Sections V of Chapter X 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 of the Company 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, with the shareholder himself or group of shareholders as the beneficiary, or their descendants or spouse .*

18.3 Bylaws provisions establishing exceptions or events of suspension of policy (voting) or economic rights envisaged by the Bylaws

The Company's Bylaws do not include any suspension clauses related to equity or political rights, except those envisaged in paragraphs 12 and 13 of article 38, aimed at ensuring the application of the obligation to hold a PTO to achieve the Relevant Interest described in item 18.2 of this Reference Form, which are detailed below:

> "***Article 38.*** *(…)*
>
> ***Paragraph 12*** *. In the event the New Relevant Shareholder fails to comply with the obligations imposed by this Article, the Company's Administrative Council will call an Extraordinary General Meeting, in which the New Relevant Shareholder may not vote to decide for the suspension of the fiscal year of the rights of the New Relevant Shareholder who did not comply with any obligation imposed by this article, as provided in Article 120 of Law 6.404/76.*
>
> ***Paragraph 13*** *. Without prejudice to paragraph 12 above, while the OPA is not effected and settled by the Achievement of Relevant Interest, the New Relevant Shareholder may not vote with more than fifteen percent (15%) of the shares issued by the Company, and the President of the General Meeting is liable for not computing in the Meeting the votes which exceed the limit.*"

For as long as they are maintained in treasury, shares do not vest equity or political rights, as defined in CVM Instruction 10, Article 16

18.4 Trading volume, highest and lowest prices of shares traded

Year ended December 31, 2013

Quarter	Security	Type	Class	Market	Market operator	Financial volume traded (in R$)	Highest closing price (in R$)	Lowest closing price (in R$)	Unit
3/31/2013	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	31,725,527	33.64	32.90	R$ per unit
06/30/2013	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	54,444,293	32.47	31.41	R$ per unit
09/30/2013	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	29,737,938	33.80	33.00	R$ per unit
12/31/2013	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	28,964,226	33.69	33.20	R$ per unit

Year ended December 31, 2012

Quarter	Security	Type	Class	Market	Market operator	Financial volume traded (in R$)	Highest closing price (in R$)	Lowest closing price (in R$)	Unit
3/31/2012	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	43,244,720	34.00	33.25	R$ per unit
06/30/2012	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	23,407,301	30.80	29.87	R$ per unit
09/30/2012	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	40,902,919	35.85	35.12	R$ per unit
12/31/2012	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	19,827,260	38.27	37.50	R$ per unit

Year ended December 31, 2011

3/31/2011	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	20,862,766	26.20	25.41	R$ per unit
06/30/2011	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	22,767,612	28.18	27.69	R$ per unit
09/30/2011	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	31,317,511	25.31	24.61	R$ per unit
12/31/2011	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	91,835,705	27.19	25.60	R$ per unit

18.5 Description of other securities issued

Security	**Debentures**
Identification of security	Simple non-convertible debentures, registered and book-entry, single series
Issuance date	7/2/2007
Maturity date	7/2/2014
Number (units)	20,000
Total amount (R$)	200,000,000.00
Transfer restriction	No
Convertibility	No
Redemption allowed	Yes
Redemption hypotheses and calculation method	These debentures are subject to optional early redemption, from the 36th month after the issuance date, with a 1% premium paid proportionally to the period between the redemption date and the maturity date, calculated as set forth in the deed
Characteristics of the securities	5th issuance of Localiza Rent a Car S.A. - On July 10, 2007, the Company registered the issuance of 20,000 corporate debentures at CVM, with net financial liquidation of R$ 200.0 million on July 12, 2007, pertaining to the 1st tranche of the First debenture Distribution Program. These debentures are simple, non-convertible, registered and book-entry, single series, with unit face value of R$ 10 thousand on the issuance date, July 02, 2007. The maturity term is 7 years, with amortizations scheduled for the 5th, 6th and 7th years. Interest payments are biannual.
Conditions for changing the rights assured by such securities	This issuance of debentures further imposes certain cases for early maturity, such as: (a) the Company's merger, consolidation or spin-off, except as provided for in article 231 of Brazilian Law of Corporations; (b) lowering, by Standard & Poor's, of the issue's rating by two or more points, on a national level, with respect to the rating given on the issuance date, by virtue of whatever alteration in the corporate makeup, which may result in the loss, transfer or sale of the Company's controlling interest by its founding partners.
Other material characteristics	In July 2012 and 2013, Localiza settled the 1st and 2nd installments of this debentures issuance, in the principal amount of R$66.6 million each. Interest paid to debenture holders corresponding to CDI overnight rate + 0.44% per year. These debentures have floating guarantee.

Security	**Debentures**
Identification of security	Simple non-convertible debentures, registered and book-entry, single series.
Issuance date	9/30/2013
Maturity date	9/30/2021
Number (units)	50,000
Total amount (R$)	500,000,000.00
Transfer restriction	Yes
Description of restriction	Pursuant to CVM Instruction no. 476/09, these Debentures may be traded only 90 days after the issuance date, and, after that, they may be traded only between qualified investors
Convertibility	No
Redemption	Yes

allowed	
Redemption hypotheses and calculation method	The Issuer may, at its sole discretion, redeem the Debentures starting from the 37th (thirty-seventh) month after the Issuance Date, upon payment of the outstanding balance of the nominal unit value of the debentures, plus: (i) compensation due until the effective redemption date, calculated *pro rata temporis*, of late charges, if applicable, and any other amounts due by the Company, plus a premium varying from 1.0% to 0.2% in accordance with the remaining term, as per the formula defined in the indenture, over the restated outstanding balance of the debentures.
Characteristics of the securities	7th issuance of Localiza Rent a Car S.A. - These debentures are simple, non-convertible, registered and book-entry, in a single series, with unit face value of R$10 thousand on the issuance date, September 30, 2013. The maturity term is 8 years, with 12 equal and consecutive amortizations, the first one due on March 30, 2016 and last due on September 30, 2021, to be paid on a semiannual basis.
Conditions for changing the rights assured by such securities	This issuance of debentures further imposes certain cases for early maturity, which require their immediate payment, such as: (i) filing for judicial reorganization by the Company and/or its guarantor, or by subsidiaries of the Company; (ii) protest of notes against the Company and/or its guarantor in the aggregate individual amount not exceeding R$25.0 million; (iii) declaration of early maturity of default with any pecuniary obligation of the Company and/or its guarantor, among others established in the indenture.
Other material characteristics	These debentures are unsecured and guaranteed by the wholly-owned subsidiary Localiza Fleet S.A.

Security	**Debentures**
Identification of security	Simple non-convertible debentures, registered and book-entry, single series.
Issuance date	10/15/2012
Maturity date	10/15/2019
Number (units)	30,000
Total amount (R$)	300,000,000.00
Transfer restriction	Yes
Description of restriction	Pursuant to CVM Instruction no. 476/09, these Debentures may be traded only 90 days after the issuance date, and, after that, they may be traded only between qualified investors.
Convertibility	No
Redemption allowed	Yes
Redemption hypotheses and calculation method	This issuance is subject to optional early redemption at Localiza's sole discretion anytime starting from 10/15/2014. Early redemption is subject to the payment of a premium of 0.20%, adjusted based on a *pro rata temporis* basis for the period between the date of early redemption and the maturity date, calculated on the unit par value of the debentures plus remuneration calculated on *a pro rata temporis* basis, starting from the last remuneration payment date until the effective redemption date. If redemption occurs in the period of two years prior to maturity, no premium is payable.
Characteristics of the securities	6th issuance of Localiza Rent a Car S.A. - The debentures are registered, book-entry, nonconvertible, issued in a single series, with restricted placement efforts, at a par value of R$10,000 on the issuance date of October 15, 2012. The term is seven years, with annual amortization in four installments, the first on October 15, 2016 and the final on October 15, 2019. The amount of the first two installments corresponds to 10% of the issuance amount and the last two to 40% of the issuance amount. The debentures yield interest payable semiannually.
Conditions for changing the rights assured by such	This issuance of debentures further imposes certain cases for early maturity, such as the lowering, by Standard & Poor's, of the Issuer's corporate rating on national scale to brA+ due to any alteration in the corporate makeup that may result in the loss, transfer or sale of the Company's controlling interest by the present controlling shareholders.

securities	
Other material characteristics	Interest paid to debenture holders, corresponding to the CDI overnight rate + 0.95% p.a. These debentures are unsecured.

Security	**Convertible debentures**
Identification of security	Simple non-convertible debentures, registered and book-entry, in a single series.
Issuance date	5/30/2011
Maturity date	5/30/2017
Amount (units)	50,000
Total amount (R$)	500,000,000.00
Transfer restriction	Yes
Description of restriction	Pursuant to CVM Instruction no. 476/09, these debentures may be traded only 90 days after the issuance date, and, after that, they may be traded only between qualified investors.
Convertibility	No
Redemption allowed	Yes
Events of redemption and calculation method	These debentures are subject to optional early redemption, wholly or partly, from May 29, 2013, through payment of the face value with the addition of (i) the yield due until the date of redemption and (ii) a 0.30% premium, adjusted for the remaining term as per formula defined in the deed, levied upon the debentures' adjusted amount due.
Characteristics of the securities	5th issuance of Localiza Rent a Car S.A. - These are simple, non-convertible, registered and book-entry, single series, with unit face value of R$ 10 thousand on the issuance date, May 30, 2011. The maturity term is 6 years, with two equal amortizations, the first one on May 30, 2016, and the last one on May 30, 2017. Interest payments are biannual.
Conditions for changing the rights assured by such securities	This issuance of debentures further imposes certain cases for early maturity, such as: (a) the Issuer's merger, consolidation or spin-off, except as provided for in article 231 of Brazilian Law of Corporations; (b) capital decrease by the Issuer and/or repurchase, by the Issuer, of its own shares for the purpose of cancelling.
Other material characteristics	In May 2012, Localiza settled the 1st installment of the 1st series of this issuance of debentures, in the principal amount of R$24.0 million. Interest corresponding to 112.8% of the CDI overnight rate is paid to debenture holders. These debentures are of unsecured type.

Security	**Debentures**
Identification of security	Simple non-convertible debentures, registered and book-entry, in two series.
Issuance date	5/5/2010
Maturity date	5/5/2017
Number (units)	370,000
Total amount (R$)	370,000,000.00
Transfer restriction	Yes
Description of restriction	Pursuant to CVM Instruction no. 476/09, these Debentures may be traded only 90 days after the issuance date, and, after that, they may be traded only between qualified investors.
Convertibility	No

Redemption allowed	Yes
Redemption hypotheses and calculation method	These debentures are subject to optional early redemption, on Localiza's sole discretion, at any time from the issuance date, provided that such redemption occurs in a date that coincides with a date in which yield or the principal are paid. Early redemption is subject to the payment of a 1.20% premium, calculated on the debentures' Unit Face Value, with the appropriate addition of the payment of the yield for the 1st or 2nd series, calculated *pro rata temporis* from the most recent date of payment of yield until the date of the actual redemption.
Characteristics of the securities	2nd issuance of Localiza Rent a Car S.A. – These debentures are simple, non-convertible, registered and book-entry, with floating guarantee and restricted placement efforts, in two series, the first one in the amount of R$240.0 million and the second in the amount of R$130.0 million, with unit face value of R$1.0 million on the issue date, i. e., 05/05/2010. The maturity term is 7 years, with 6 amortizations for the 1st series and 4 for the 2nd series. Interest payments are biannual.
Conditions for changing the rights assured by such securities	This issuance of debentures further imposes certain cases for early maturity, such as: lowering, by Standard & Poor's, of the Issuer's corporate rating by two or more points, on a national level, with respect to the rating brAA- (BR, double A, negative) given on the issuance date, even if by virtue of whatever alteration in the corporate makeup, which may result in the loss, transfer or sale of the Company's controlling interest by the present controlling shareholders.
Other material characteristics	In May 2012, Localiza settled the 1st installment, in the principal amount of R$24.0 million. In May 2013, Localiza settled the 2nd installment of the debentures issue, in the principal amount of R$24.0 million. In October 2013, it conducted the early redemption, without payment of premium, of the entire 2nd series of the issuance in the principal amount of R$130.0 million. Debenture holders receive interest corresponding to 112.0% and 114.0% of the CDI overnight rate. These debentures have floating guarantees.

Security	**Debentures**
Identification of security	Simple non-convertible debentures, registered and book-entry, single series
Issuance date	4/30/2015
Maturity date	4/30/2021
Number (units)	50,000
Total amount (R$)	500,000,000.00
Transfer restriction	Yes
Description of restriction	The Debentures may only be traded among qualified investors, as defined in accordance with CVM Instruction 476 (Qualified Investors) after ninety (90) days of its subscription or purchase by each eligible investor, as provided in Articles 13 and 15 of Instruction CVM 476, and only if the Issuer is current on compliance with the obligations under Article 17 of Instruction mentioned.
Convertibility	No
Redemption allowed	Yes
Redemption hypotheses and calculation method	The Issuer may, in its sole discretion, make an early redemption of the Debentures, in a whole or in part, anytime starting from the 25th (twenty-fifth) month starting from the Issuance Date (inclusive), or the immediately previous interest payment date (inclusive). The Debentures shall be redeemed by its Nominal Unit Value or its balance, added of Interests due until the effective redemption (exclusive), calculated pro rata temporis, payment of the penalties, if there are any, and any other amounts that eventually the

	Company is obliged to pay, besides the premium to be defined in the Debenture's Indenture over the balance of the unit nominal value plus Interest.
Characteristics of the securities	9th issuance of Localiza Rent a Car S.A. - The Debentures will be simple, non-convertible, registered and book-entry, single series, with nominal unit value of R$10 thousand in the issuance date, on April 30, 2015. Its tenor is 6 years and it will be repaid in 03 (three) annual installments, being R$50,000,000.00 (fifty million Reais) by the end of fourth year, R$150,000,000.00 (one hundred and fifty million Reais) by the end of fifth year and R$300,000,000.00 (three hundred million Reais) by the end of sixth year, starting from the issuance date, being the last installment on the Maturity Date.
Conditions for changing the rights assured by such securities	This issuance of debentures further imposes certain cases for early maturity, such as: (i) bankruptcy filing made by the Company and / or its controlled companies, (ii) protest of bills against the Company which individual or aggregate value do not exceed R$25.0 million, (iii) statement of early maturity or default of any monetary obligation of the Company, and / or by its controlled companies, which individual or aggregate value do not exceed R$25.0 million, among others set forth in the indenture.
Other material characteristics	These debentures are unsecured.

18.6 Domestic markets in which the securities of the Company have been listed for trading

The Company's shares are traded as follows:

The Company's shares are listed for trading on the BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange.

The other securities issued by the Company were traded as follows:

- **4th Debenture issuance: Localiza Rent a Car S.A.**
  These debentures are listed for trading in the secondary market through CETIP 21, formerly SND, which is administered and operated by CETIP.

- **5th Debenture issuance: Localiza Rent a Car S.A.**
  These debentures are listed for trading on the secondary market (i) through the CETIP 21, formerly SND, which is administered and operated by CETIP, and (ii) through BOVESPA FIX, a system administered and operated by BM&FBOVESPA.

- **6th Debenture issuance: Localiza Rent a Car S.A.**
  These debentures are listed for trading in the secondary market through CETIP 21, formerly SND, which is administered and operated by CETIP.

- **7th Debenture issuance: Localiza Rent a Car S.A.**
  These debentures are listed for trading in the secondary market through CETIP 21, which is administered and operated by CETIP S.A.

- **8th Debenture issuance: Localiza Rent a Car S.A.**
  These debentures are listed for trading in the secondary market through CETIP 21, which is administered and operated by CETIP S.A.

- **9th Debenture issuance: Localiza Rent a Car S.A.**
  These debentures are listed for trading in the secondary market through CETIP 21, which is administered and operated by CETIP S.A.

18.7 Class and type of securities admitted for trading in the international markets

a. Country

United States of America.

b. Market

The ADRs of Localiza are traded in the over-the-counter market (OTC) under CUSIP No. 53956W300, ISIN US53956W3007 and the ticker LZRFY.

c. administrative entity for the Market in which securities are listed for trading

OTC (Over-The-Counter)

d. date of listing for trading

Trading on the OTC started on June 5, 2012.

e. trading segment, if any

The ADRs of Localiza are traded in the over-the-counter market (OTC) in the QX segment.

The QX segment is the premier tier of the over-the-counter (OTC) market in the United States, providing investors with an objective measure to distinguish the best OTC-traded companies.

f. date of first listing on trading segment

On December 15,2011, the Board of Directors approved the issuance of the Company's American Depositary Receipts–ADRs Program, Level I ("ADRs Program"),without the issuance of new shares.

The Company's ADR Program was approved by CVM in May 2012 with start of trading on June 5, 2012.

g. percentage of trading volume overseas when compared to the total trading volume for each class and type of security last year

The average number of ADRs traded in 2013 represented 0.74% of the average number of common shares traded in the stock exchange. On December 31, 2013, Localiza had 881,087 ADRs traded in the United States of America.

h. proportion of certificates of deposit overseas, if any, when compared to each class and type of shares

1:1 (one ADR for each common share)

i. depositary bank, if any

Deutsche Bank Trust Company Americas.

j. trust agent, if any

Banco Bradesco

18.8 Public offerings for distribution carried out by the issuer or by third parties, including controlling shareholders and affiliated companies and subsidiaries, involving the securities of the issuer

The Company or third parties have not issued shares in the last 3 fiscal years.

18.9 Description of the public tender offers made by the issuer involving the shares issued by third parties

The Company did not make any public offers with respect to shares issued by third parties in the last 3 fiscal years.

18.10 Other material information

All relevant information pertaining to this topic has already been provided in the previous items.

19.1 Information on Share Buyback Programs

Date of deliberation	Repurchase Period	Reserves and profits available (R$)	Type	Class	No. expected (Units)	% of outstanding shares	No. approved purchased (Units)	PMP	Unit	% acquired
Other features										
7/25/2013	7/25/2013 to 7/25/2014	723,045,000.00	Common		9,038,000	6.340787	0	0.00	R$ per Unit	0.000000

The Board of Directors, through a meeting held on July 25, 2013, authorized the Board of Executive Officers to purchase shares issued by the Company to be held in treasury for subsequent sale, without capital decrease. The Board of Directors also authorized the Board of Executive Officers to use treasury shares to settle stock options, when exercised, in connection with the Company's stock option plan.

Such purchase must observe the following terms and conditions, in agreement with the provisions of CVM Instruction no. 10/80 and its amendments, as stated below: (1) The Company's goal in the Operation: to maximize value generation for the shareholders and meet their requirements, considering the quotation value of the Company's shares at BM&FBOVESPA; (2) The number of shares to be purchased is up to 9,038,000 shares; (3) The deadline for performing the operation authorized hereby is 365 days from July 25, 2013 until July 24, 2014, inclusive; (4) The number of outstanding shares, as defined by article 5 of the afore mentioned Instruction, is 142,537,507 shares; (5) Such purchases will take place at BM&FBOVESPA and the shares' purchase price must not exceed the market value; and (6) The financial institutions that will act as mediators are: (6.1) Brasil Plural CCTVM S.A. and (6.2) Credit Suisse S.A., Corretora de Títulos e Valores Mobiliários.

7/19/2012	7/19/2012 to 7/18/2013	518,875,000.00	Common		8,447,000	6.186033	1,093,310	33.64	R$ per Unit	12.943175

The Board of Directors, through a meeting held on July 19, 2012, authorized the Board of Executive Officers to purchase shares issued by the Company to be held in treasury for subsequent sale, without capital decrease. The Board of Directors also authorized the Board of Executive Officers to use treasury shares to settle stock options, when exercised, in connection with the Company's stock option plan.

Such purchase must observe the following terms and conditions, in agreement with the provisions of CVM Instruction no. 10/80 and its amendments, as stated below: (1) The Company's goal in the Operation: to maximize value generation for the shareholders and meet their requirements, considering the quotation value of the Company's shares at BM&FBOVESPA; (2) The number of shares to be purchased is up to 8,447,000 shares; (3) The deadline for performing the operation authorized hereby is 365 days from July 19, 2012 until July 18, 2013, inclusive; (4) The number of outstanding shares, as defined by article 5 of the afore mentioned Instruction, is 128,328,179 shares; (5) Such purchases will take place at BM&FBOVESPA and the shares' purchase price must not exceed the market value; and (6) The financial institutions that will act as mediators are: (6.1) Flow Corretora de Câmbio, Títulos e Valores Mobiliários S.A., (6.2) Credit Suisse S.A. Corretora de Títulos e Valores Mobiliários.

8/22/2011	8/23/2011 to 8/22/2012	297,034,000.00	Common		5,316,400	3.897009	0	0.00	R$ per Unit	0.000000

The Board of Directors, through a meeting that took place on August 22, 2011, authorized the Board of Executive Officers to purchase shares issued by the Company to be held in treasury for subsequent sale, without capital decrease. The Board of Directors also authorized the Board of Executive Officers to settle those stock options still within their term, object of the Company's Stock Options Plans. Such purchase must observe the following terms and conditions, in agreement with the provisions of CVM Instruction no. 10/80 and its amendments, as stated below: (1) The Company's goal in the Operation: to maximize value generation for the shareholders and meet their requirements, considering the quotation value of the Company's shares at BM&FBOVESPA; (2) The number of shares to be purchased is up to 5,316,400 shares; (3) The deadline for performing the operation authorized hereby is 365 days from August 23, 2011, until August 22, 2012; (4) The number of outstanding shares, as defined by article 5 of the afore mentioned Instruction, is 128,328,179 shares; (5) Such purchases will take place at BM&FBOVESPA and the shares' purchase price must not exceed the market value; and (6) The financial institutions that will act as mediators are: (6.1) BTG Pactual Corretora de Títulos e Valores Mobiliários S.A. and (6.2) Credit Suisse S.A. Corretora de Títulos e Valores Mobiliários.

19.2 Transactions involving securities held in treasury

Fiscal year ended December 31, 2013

Shares

Type of share	Class of preferred shares	Description of securities
Common		

Transaction	Number of shares (units)	Total amount (R$)	Average weighted price (R$)
Opening balance	3,158,349	32,602,013.05	10.32
Purchased	1,229,940	36,782,054.80	29.91
Sold	629,712	6,500,193.25	10.32
Cancelled	0	0.00	0.00
Closing balance	3,758,577	62,883,874.60	16.73

Fiscal year – December 31, 2012

Shares

Type of share	Class of preferred shares	Description of securities
Common		

Transaction	Number of shares (units)	Total amount (R$)	Average weighted price (R$)
Opening balance	4,183,180	43,180,816.61	10.32
Purchased	0	0.00	0.00
Sold	1,024,831	10,576,255.92	10.32
Cancelled	0	0.00	0.00
Closing balance	3,158,349	32,604,560.69	10.32

Fiscal year ended December 31, 2011

Shares

Type of share	Class of preferred shares	Description of securities
Common		

Transaction	Number of shares (units)	Total amount (R$)	Average weighted price (R$)
Opening balance	4,226,300	43,625,922.19	10.32
Purchased	0	0.00	0.00
Sold	43,120	445,105.58	10.32
Cancelled	0	0.00	0.00
Closing balance	4,183,180	43,180,816.61	10.32

19.3 Information on securities held in treasury on the closing date of last fiscal year

Security Shares

Type of share	Class	Description	Number (units)	Average weighted purchase price	Unit	Purchase date	% of shares outstanding
Common			2,665,267	10.32	R$ per share	12/18/2007	1.281164
Common			1,093,310	33.64	R$ per share	5/3/2013	0.525542

19.4 Other information deemed to be material.

Treasury Shares

1st Plan of Repurchase of Shares

The following is the information on the purchases of shares issued by the Company, by acquisition date. Such shares were acquired under the stock repurchase program approved by the Company's Board of Directors in a meeting held on December 18, 2007.

The amount of shares acquired under this repurchase program totals 4,226,300 shares, for a total cost of R$43.6 million (including trading costs). The average unit cost of the shares acquired was R$10.32 (minimum of R$15.15 and maximum of R$16.55).

Acquisition date	Quantity of shares (units)	Average price	Total (R$)	% in relation to total outstanding
1/14/2008	70,000	16.145929	1,130,894.38	0.034716%
1/15/2008	100,000	16.107060	1,611,673.67	0.049618%
1/16/2008	120,000	15.963042	1,916,715.59	0.059578%
1/17/2008	60,000	16.205300	972,902.63	0.029798%
1/18/2008	72,300	16.358852	1,183,455.88	0.035919%
1/21/2008	115,600	16.161417	1,869,381.99	0.057464%
1/22/2008	860,900	15.820085	13,627,683.97	0.429786%
1/23/2008	197,300	15.950821	3,148,986.51	0.098595%
1/24/2008	142,100	16.390598	2,330,502.70	0.071061%
7/22/2008	145,800	15.977277	2,330,885.96	0.072964%
10/7/2008	71,400	6.661134	475,891.60	0.035744%
10/8/2008	80,700	7.202305	581,575.98	0.040416%
10/9/2008	10,000	7.200000	72,044.46	0.005008%
10/10/2008	160,000	6.130781	981,514.82	0.080200%
10/15/2008	22,000	7.081818	155,894.74	0.011029%
10/16/2008	20,000	6.599650	132,073.44	0.010027%
10/23/2008	20,000	6.136500	122,804.90	0.010028%
10/24/2008	15,000	6.500000	97,559.77	0.007522%
11/11/2008	800	5.950000	4,764.12	0.000401%
11/12/2008	839,700	5.376695	4,517,521.14	0.422843%
11/13/2008	18,000	5.887667	106,042.84	0.009065%
11/14/2008	19,900	6.067236	120,811.69	0.010023%
11/17/2008	413,000	5.882932	2,431,110.05	0.208445%
11/18/2008	303,300	5.697488	1,729,086.07	0.153313%
11/19/2008	225,000	5.698862	1,283,014.61	0.113863%
11/21/2008	123,500	5.592818	691,128.68	0.062537%
Total	**4,226,300**	**10.322486**	**43,625,922.19**	**2.140097%**

The Board of Directors, at a meeting that took place on November 24, 2008, decided on the termination of the Share Buyback Program launched on December 18,2007, expected to end on December 17, 2008. A total of 4,226,300 shares were purchased through that Program, within an authorized total of 4,500,000.

2nd and 3rd Share Buyback Programs

The Board of Directors, at meetings that took place on November 24, 2008, and August 22, 2011, authorized the launch of the 2nd and 3rd Share Buyback Programs, respectively.

Both programs ended with no repurchase performed.

4th Share Buyback Program

The Board of Directors, at a meeting that took place on July 19, 2012, authorized the launch of the 4th Share Buyback Program.

The number of shares authorized for repurchase is 8,447,000 shares, with a deadline of 365 days from July 19, 2012, in other others, July 18, 2013 (that date included).

This program has closed with the purchase of 1,093,310 shares (including the effects of bonus shares) at a cost of R$36.8 million. The average unit price of the shares repurchased was R$33.64.

Acquisition date	No. of shares (units)	Average Price (R$)	Total (R$)	% of total free float
4/26/2013	117,495 (*)	33.57	3,944,759	0.056270%
4/29/2013	189,000 (*)	33.78	6,384,686	0.090596%
4/30/2013	136,815 (*)	33.73	4,614,991	0.065625%
5/2/2013	400,000	33.64	13,457,882	0.192233%
5/3/2013	250,000	33.52	8,379,735	0.120290%
Total	**1,093,310**	**33.64**	**36,782,053**	0.524713%

(*) the lots of shares repurchased on April 26, 29 and 30 are shown after including the effects of bonus shares.

Fifth Share Buyback Plan

The Board of Directors meeting held on July 25, 2013 authorized the launch of the 5th Share Buyback Program.

The authorized number of shares to be purchased is up to 9,038,000 shares. The maximum term to carry out the authorized operation is 365 days as from July 25, 2013, that is, until July 24, 2014, inclusive.

Up to July 18, 2014, no shares had been repurchased under the program.

Transactions involving shares held in Treasury

As of July 18, 2014, 1,954,232 stock options had been exercised in connection with the Stock Options Plans related to the stock option programs from 2007 to 2011, with the use of shares held in Treasury.

Impact of bonus on treasury stock

The Extraordinary Shareholders' Meeting held on April 29, 2013 approved the capital increase with share bonus. As a result, purchases of treasury stock made during 2013 received a bonus of 21,110 shares, and the balance prior to the 2013 purchase received a bonus of 136,630 shares, totaling 157,740 bonus shares held in treasury.

20.1 Information on the securities trading policy

Date of approval	**4/24/2014**
Position and/or function	Persons Bound by Policies: The following persons must mandatorily comply with the Disclosure Policy and the Trading Policy: (i) Controlling Shareholders; (ii) Administrators; (iii) Employees with access to Privileged Information; and (iv) Consultants and other service providers having access to Privileged Information

Main characteristics

The purpose of this Trading Policy is to prevent and punish the use of Privileged Information by Persons Bound by Policies for their own benefit while trading Securities. It further sets forth, in an organized manner and subject to applicable legal limits, the guidelines that shall govern the trading of Securities, pursuant to CVM Instruction no. 358/02 and the internal policies of Localiza. These rules also aim to curb the practices of insider trading (improper use of Privileged Information for one's own benefit or for the benefit of third parties) and tipping (Privileged Information tips for the benefit of third parties), while preserving transparency in the trading of Securities. The rules of this Trading Policy define the periods during which Persons Bound by Policies should abstain from trading in Securities in order to avoid being questioned about the undue use of Privileged Information. Persons Bound by Policies shall ensure compliance with the rules of this Trading Policy by persons under their influence, including subsidiaries, affiliates and joint arrangements, spouses and direct and indirect dependents, and Commercial Contacts, and are jointly and severally liable in the event of breach thereby. The restrictions set forth in this Trading Policy do not apply to trading activities carried out by investment funds in which Persons Bound by Policies are members, provided that: (i) they are not exclusive investment funds; and (ii) the trading decisions of the investment fund administrator cannot be affected by the fund members.

Blackout periods and description of oversight procedures	Localiza and the Persons Bound by Policies must abstain from trading in Securities during any period of time for which the Investor Relations Officer establishes a trading prohibition ("Blackout Period"). The Investor Relations Officer, as the administrator of the Policies, is not obliged to substantiate the decision for establishing the Blackout Period, which shall be treated confidentially by its addressees. Persons Bound by Policies that have knowledge of the Material Act or Fact and/or the date of its disclosure are prohibited from trading in Securities or providing advice or assistance to investment in Securities during the period before the disclosure of such Material Act or Fact pursuant to this Disclosure Policy and during the course of any public offering of Securities issued by Localiza. The Persons Bound by Policies must ensure that the persons under their influence, including subsidiaries, affiliates or joint arrangements, spouses and direct or indirect dependents, and Commercial Contacts do not trade Securities when they have access to Privileged Information. The prohibitions to trading on Securities must be observed by the Persons Bound by Policies until the Material Act or Fact is made public. Such prohibitions shall however remain in effect even after such disclosure of Material Fact, if any possible trading of Securities by the Persons Bound by Policies may affect any act or event associated with the Material Act or Fact, to the detriment or benefit of Localiza or its shareholders. In such event, the Investor Relations Officer will issue an internal memorandum informing of the prohibition. The Persons Bound by Policies are also prohibited from trading on Securities in case they are aware of the existence of Privileged Information of any other company not yet disclosed and which could potentially influence the prices of Securities. This hypothesis includes the subsidiaries of Localiza, Controlled Companies and Affiliates thereof, and any competitors, vendors and customers of Localiza.

20.2 Other material information

As per the Material Fact notice of May 14, 2014, the Board of Directors approved the amendment to the wording of item 2.2.4 of the Disclosure and Securities Trading Policy of the Company, aiming to clarify that disclosure of Material Facts will be made exclusively through electronic means, pursuant to Instruction 547/14 issued by the Securities and Exchange Commission of Brazil (CVM).

As a result, the Company will start to use as the channel for disclosure of material facts the news portal "Rede de Divulgação" (www.rededivulgacao.com.br). In addition to the portal, the Company will continue to disclose such notices on its Investor Relations website, on the website of the São Paulo Stock Exchange (BM&FBovespa S.A.), on the website of the Securities and Exchange Commission of Brazil (CVM) and on the website of OTC Markets.

We describe below item 2.2.4 of the Policy, as amended:

2.2.4. - Material Acts or Facts will be disclosed through publication of announcements in news portals that have a website on the Internet used by Localiza, in a language that is accessible to investors and under the caption "MATERIAL FACT", and may contain a brief description of the material information and indicate the internet addresses where a detailed account of the information is available to all current or potential investors, and whose content must be at least identical to that in the notice sent to the CVM and Stock Exchanges.

21.1 Description of the internal rules, regulations or procedures regarding the disclosure of information

The following internal procedures are adopted by the Company to ensure that the information to be publicly disclosed is:

- **Gathered**

In agreement with the Company's standard procedure, the Chief Investor Relations Officer attends all meetings of the Board of Executive Officers, the Board of Directors and the General Assembly, taking part in all decisions taken by the Company. The Chief Investor Relations Officer appraises all decisions taken, defining which ones are for public disclosure, basing such decisions on the rules set forth by the Company's Disclosure Policy and by CVM Instruction no.358/02.

In addition, paragraph 2.2.8 of the Company's Disclosure Policy determines that persons Bound to the Policies who have access to whatever information considered a Material Act or Fact must immediately report such knowledge, in writing, to the Chief Investor Relations Officer for appropriate action to be taken with respect to the information's disclosure, in accordance with the applicable law and the Company's Disclosure Policy.

- **Processed**

After defining which information will be disclosed to the market, the Chief Investor Relations Officer provides guidelines to the investor Relations department, in order to gather all necessary information to prepare the material for public disclosure.

- **Reported**

All information to be publicly disclosed is approved by the Chief Investor Relations Officer prior to disclosure.

In addition, the Bylaws of the Disclosure Committee, a body linked to the Company's Investor Relations department, defines the Committee's scope as follows:

The Disclosure Committee's responsibility is to review the minutes of documents containing economic and financial information, which must be submitted to the Brazilian Securities Commission (CVM), in order to ensure the accuracy, completeness and timeliness of all publicly disclosed information.

The Committee must study all subjects assigned thereto and prepare proposals to the Board, helping in the decision making process, through the following attributions:

- Inspecting all procedures for disclosure of reports and economic/financial information to the market, specifically: Reference Form Reports, Standard Financial Statements (DFP), Quarterly Financial Report (ITR), Annual Financial Statements Report, Earnings Releases and other; and

- Monitoring the need to update the Company's economic and financial information, pursuant to the applicable legislation.

21.2 Description of the policy for disclosing material acts or facts, indicating their communication channels and the procedures for maintaining the confidentiality of the material information that have not been made public

The Company has a Disclosure Policy in its website (www.localiza.com/ri) and filed with the CVM through the IPE system, since 2005. On April 24, 2014, the Disclosure and Trading Policy was revised and approved by the Board of Directors of the Company.

The objective of the Securities Trading and Disclosure Policy is to regulate the use and disclosure of information pertaining to Localiza that, due to its nature, may be classified as Material Act or Fact, and to determine the rules and guidelines to be observed by the Investor Relations Officer and other Persons Bound by Policies in connection with the use, disclosure and maintenance of confidentiality of such information that has not yet been disclosed to the CVM and the market in general.

In this regard, the Policy provides for the following responsibilities of the Investor Relations Officer:

> "*Ensuring that Material Acts or Facts that occurred or are related to Localiza's business are disclosed to the CVM and the market in general, as envisaged in specific legislation and this Disclosure Policy, in a clear and accurate manner, in a language that is accessible to investors, and for ensuring immediate and broad dissemination of such information simultaneously in all markets where the Securities are traded.*
>
> *The Investor Relations Officer may delegate to the executive officers of the respective areas the responsibility to provide clarifications to the market, except for disclosures involving Material Act or Fact. In the event of absence or temporary impediment of the Investor Relations Officer, the Chief Executive Officer will be responsible for disclosing the Material Act or Fact.*
>
> *In all cases, the Material Act or Fact must be communicated immediately to the CVM and Stock Exchanges, in writing, with a detailed description of the acts and/or facts that occurred and providing, whenever possible, the amounts involved and other clarifications.*
>
> *The Material Acts or Facts must be disclosed through publication in the internet news portal used by Localiza, in a language that is accessible to investors and under the caption "MATERIAL FACT", and may contain a brief description of the material information and indicate the internet addresses where a detailed account of the information is available to all current or potential investors, and whose content must be at least identical to that in the notice sent to the CVM and Stock Exchanges.*
>
> *Furthermore, Localiza may create an online system for disclosing information to investors, e-mailing Material Act or Fact notices to those who have registered in a database created for this purpose. Such disclosure system will not replace other means of disclosure of information envisaged in this Disclosure Policy and applicable legislation.*
>
> *Whenever possible, the disclosure of any Material Act or Fact shall occur prior to the start or after the close of trading sessions in the Stock Exchanges and, in case of incompatibility with the trading hours of other markets, the trading time of the Brazilian market will prevail.*
>
> *Whenever the Material Act or Fact is disclosed through any means of communication, including through press or in meetings of professional associations, investors, analysts or a selected public, in Brazil or abroad, such Material Fact must simultaneously be disclosed to the CVM, the Stock Exchanges and the market in general.*
>
> *Persons Bound by Policies who are aware of any information that may be deemed Material Act or Fact must immediately communicate said information in writing to the Investor Relations Officer so that he/she takes the necessary measures to disclose the information in accordance with law and this Disclosure Policy.*

Persons Bound by Policies, who are aware of any Material Act or Fact and who notice that the Investor Relations Officer fails to disclose within three (3) business days as of the written notice sent pursuant to Clause 2.2.8 of the Securities Trading and Disclosure Policy, and where the maintenance of confidentiality envisaged in item 2.3.1 of said Policy does not apply, must immediately forward the written notice to the Administrators of Localiza so that they may take appropriate measures to disclose the information to the market and the competent authorities, where applicable. The responsibility of the Administrators and Persons Bound by Policies who had access to the undisclosed Material Act or Fact will cease only when the information is disclosed to the CVM, the Stock Exchanges and the market in general.

Finally, as provided for under the Securities Trading and Disclosure Policy, acquirers of controlling interest in Localiza must disclose the Material Act or Fact and fulfill other communication requirements set forth in Article 10 of CVM Instruction no. 358/02, without prejudice to the Company's obligations."

Exception to Immediate Disclosure

"Under the terms of the Securities Trading and Disclosure Policy, the Investor Relations Officer may refrain from disclosing the Material Act or Fact that he/she believes may put the legitimate interests of Localiza at risk, but if such information slips out of his/her control or in the case of atypical oscillation in the price or volume of Securities traded in the market, he/she must immediately disclose such information.

The Investor Relations Officer may request the CVM to maintain the information confidential by sending a request to the Chairman of CVM in a sealed envelope marked "CONFIDENTIAL".

If the Investor Relations Officer deems necessary, he/she may submit a motion for maintaining confidential the Material Act or Fact, for approval by the Board of Executive Officers of Localiza which, in turn, shall submit it for approval by the Board of Directors."

Confidentiality and Other Obligations of Persons Bound by Policies

"The Persons Bound by Policies must preserve the confidentiality of undisclosed Material Acts or Facts to which they have access by virtue of their position or function, until such Material Acts or Facts are disclosed, as well as ensure compliance with the rules by persons under their influence, including subsidiaries, affiliates or joint arrangements, spouses and direct or indirect dependents, and Commercial Contacts, and will be jointly and severally liable in case of breach thereof.

In addition, Persons Bound by Policies must refrain from discussing Material Acts or Facts in public places.

In this regard, note that Privileged Information may be discussed only on a need-to-know basis.

Persons Bound by Policies must not use the Privileged Information to obtain, directly or indirectly, for themselves or for third parties, any financial advantage, including through the purchase and sale of Securities.

Persons Bound by Policies who, inadvertently or without authorization, in any way disclose the Privileged Information, personally or through third parties, to any Person not Bound by Policies prior to its disclosure to the market, shall immediately inform such act to the Investor Relations Officer for appropriate action.

Any breach of this Disclosure Policy by Persons Bound by Policies must immediately be informed to the Investor Relations Officer of Localiza."

21.3 Managers responsible for the implementation, maintenance, assessment and inspection of the disclosure policy

Since 2005, the Company has had a policy on the disclosure of material information and a policy for trading of securities issued by it. On April 24, 2014, the policy was revised and approved by the Board of Directors of the Company.

Localiza Rent a Car S.A. is a publicly held company, registered pursuant to the regulations of the Securities and Exchange Commission of Brazil (CVM), committed to corporate governance good practices of the Novo Mercado trading segment of the São Paulo Stock Exchange, and is concerned about ensuring high standards of transparency and equitable treatment of investors and the capital markets in general.

The Policy for Disclosure of Material Act or Fact and the Policy for Trading of Securities Issued by Localiza were prepared in accordance with CVM Instruction 358/02, the Circulars issued by SEP/CVM and corporate governance best practices.

The responsibility for the implementation, maintenance, assessment and inspection of the information disclosure policy belongs to the Chief Investor Relations Officer, who has also the responsibilities described below in accordance with item 2.4 of the Company's Policy for Disclosure of Relevant Information:

> "*2.4.1. - The Investor Relations Officer is responsible for the following:*
>
> *(a) disclose and inform the CVM, the Stock Exchanges and the market in general, immediately after becoming aware of any Material Act or Fact related to the businesses of Localiza;*
>
> *(b) take steps for the immediate and broad dissemination of the Material Act or Fact simultaneously to the CVM, Stock Exchanges and the market in general;*
>
> *(c) provide further clarifications to competent authorities about the disclosure of Material Act or Fact, whenever duly requested;*
>
> *(d) monitor and investigate trading on Securities by Persons Bound by Policies, in order to determine whether they are aware of any Privileged Information that must be disclosed to the market; and*
>
> *(e) in the event of atypical oscillation in the price or trading volume of Securities or securities referenced thereto, question the persons with access to Material Act or Fact in order to determine whether they are aware of information that should be disclosed to the market.*"

Full awareness of and strict compliance with the Policy for Disclosure of Material Act or Fact and the Policy for Trading Securities Issued by Localiza is mandatory for all Persons Bound by the Policies. Any questions regarding the provisions contained in the Disclosure Policy and Trading Policy, in the applicable CVM regulations or in the regulations of other Brazilian and foreign regulatory bodies to which Localiza is subject and/or the need to disclose or not disclose any specific information to the public are to be clarified by the Chief Investor Relations Officer.

21.4. Other material information

All relevant information pertaining to this topic has already been provided in the previous items.

22.1 Acquisition or disposal of material assets that is not deemed as a normal transaction in the business of the issuer

In the last 3 fiscal years there have been no acquisitions or sales of any material assets that have not been classified as a normal operation in the Company's or its subsidiaries' business.

22.2 Significant changes to the manner in which the issuer conducts business

In the last 3 fiscal years, there have been no significant changes in the manner of conducting the Company's business affairs.

22.3 Material contracts entered into by the issuer and its subsidiaries not directly related to the business operations

In the last 3 fiscal years there have been no agreements entered into between the Company and its subsidiaries not directly related to their operating activities.

22.4 Other material information

All relevant information pertaining to this topic has already been provided in the previous items.