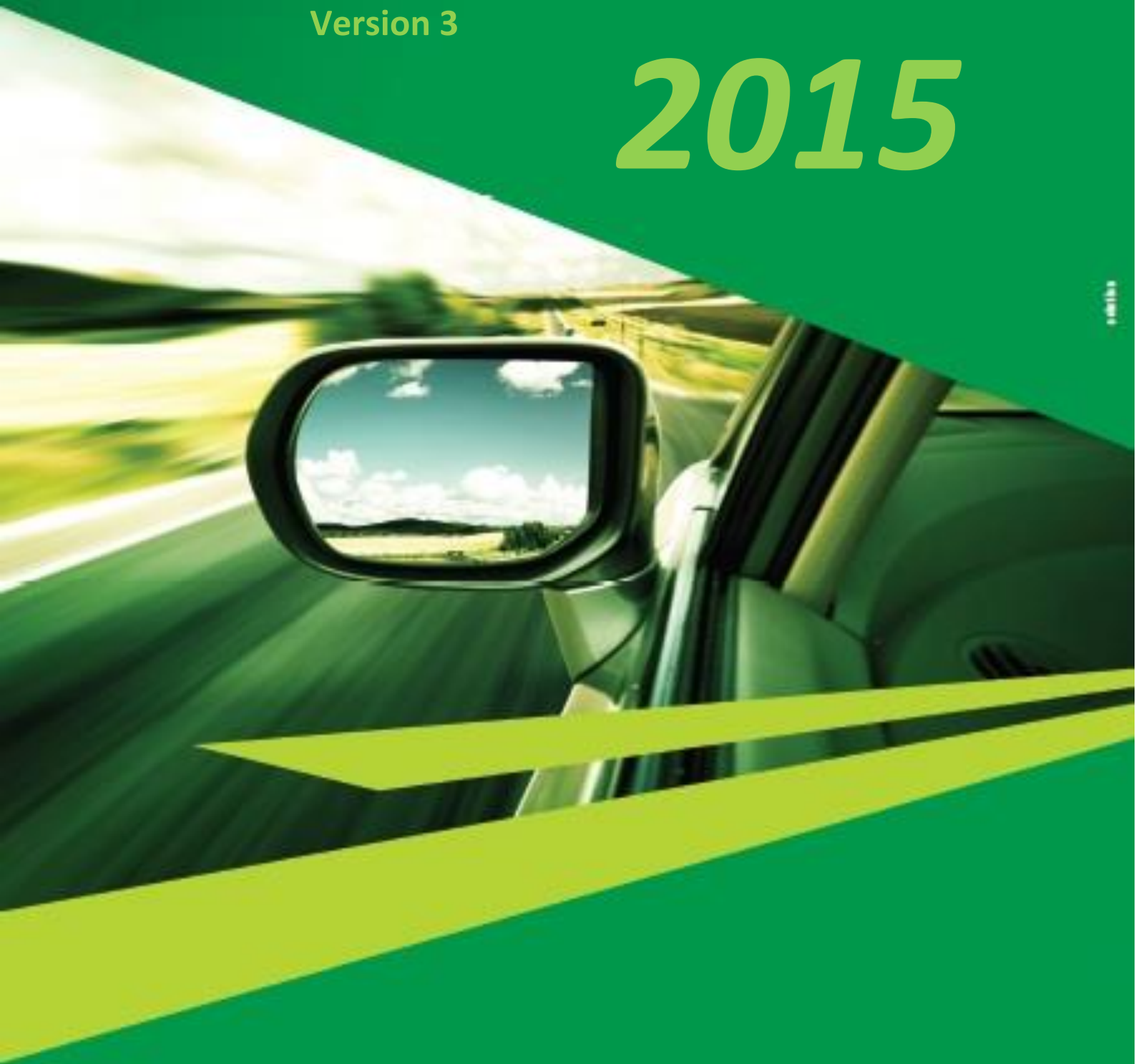
Reference Form

June 25, 2015

Version 3

Localiza Rent a Car S/A - CNPJ/MF 16.670.085/0001-55

2015



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	287-9
Type of auditor	Brazilian
Name	PricewaterhouseCoopers Auditores Independentes
Individual/Corporate Taxpayer ID. (CPF/CNPJ)	61.562.112/0005-54
Services provided since	3/26/2012
Description of services	- Audit of the Financial Statements of Localiza Rent a Car S.A. as of December 31, 2014 - Audit of the Financial Statements of Localiza Fleet S.A. as of December 31, 2014 - Review of the Quarterly Information of Localiza Rent a Car S.A. as of 2014 - Reading of the Reference Form of Localiza Rent a Car S.A. - 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 2014 by PricewaterhouseCoopers are: - Audit of the Financial Statements of Localiza Rent a Car S.A. and the wholly-owned subsidiary Localiza Fleet S.A. of December 31, 2014: R$511,000 - Review of the Quarterly Information of Localiza Rent a Car S.A. of 2014: R$205,300 - Reading of the Reference Form of Localiza Rent a Car S.A. of 2014: R$18,100 - Quality assurance during ERP implementation and advisory services for diagnosis of the cobIT maturity level of IT: R$198,000.
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, 911, 18º andar, Funcionários, 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 issuance 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 2014

(i) audit of the individual and consolidated Annual Financial Statements of 2014 of Localiza Rent a Car S.A. and its wholly-owned subsidiary Localiza Fleet S.A.;
(ii) review of the Quarterly Information (ITR) of the year 2014;
(iii) reading of the Reference Form for 2014 and reconciliation of the ledger balances with those in the Financial Statements issued; and
(iv) diagnosis of the CobIT maturity level of information technology.

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$)	Fiscal year (12/31/2014)	Fiscal year (12/31/2013)	Fiscal year (12/31/2012)
Shareholders' equity	1,655,504,000.00	1,341,208,000.00	1,324,753,000.00
Total assets	5,697,454,000.00	4,578,200,000.00	4,045,908,000.00
Net revenue/Interest revenue/Insurance prem. earned	3,892,216,000.00	3,506,235,000.00	3,166,800,000.00
Gross income	1,181,668,000.00	1,062,071,000.00	833,809,000.00
Net income (loss)	410,589,000.00	384,344,000.00	240,936,000.00
Number of shares (excluding treasury stock) – units	208,297,971	208,034,823	198,549,651
Book value per share (R$/unit)	7.947768	6.447036	6.672150
Earnings per share (R$ per share)	1.972041	1.902884	1.215523

3.2 Non-accounting measures

(i) ROIC / EBIT

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

ROIC/EBIT

The table below presents the reconciliation between ROIC, EBIT and the net income disclosed in the Consolidated Annual Financial Statements for the years ended December 31, 2014, 2013 and 2012:

			In R$ million
	2014	**2013**	**2012**
Net Income	410.6	384.3	240.9
Additional Depreciation Adjustment (a)	-	-	144.5
Adjusted Net Income	**410.6**	**384.3**	**385.4**
Income and Social Contribution Tax Expenses	165.0	157.2	86.2
Net Financial Expenses	151.1	110.6	138.7
EBIT	726.7	**652.1**	**(b) 610.3**
Income and Social Contribution Tax (c)	(218.0)	(195.6)	(183.1)
NOPAT (d)	**508.7**	**456.5**	**427.2**
Consolidated rental and franchising net revenue	1,874.0	1,758.9	1,646.8
NOPAT Margin	**27.1%**	**26.0%**	**25.9%**
Capital investments (e)	2,933.8	2,779.1	2,639.6
Working Capital (f)	0.64	0.63	0.62
ROIC	**17.5%**	**16.5%**	**16.1%**

(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, adjusted in 2012 by additional depreciation.
(c) Income and social contribution taxes calculated at the rate of 30%.
(d) Operating income after income and social contribution taxes.
(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.
(f) Rental net revenue of the period divided by the invested capital.

EBIT

EBIT margin calculated on rental revenues.

R$ million

Car Rental	2014	2013	2012
Net revenue	1,284.4	1,163.5	1,093.7
EBIT (*)	464.6	381.4	259.0
EBIT Margin	**36.2%**	**32.8%**	**23.7%**

Fleet Rental	2014	2013	2012
Net revenue	571.9	575.9	535.7
EBIT (*)	253.4	259.8	197.9
EBIT Margin	**44.3%**	**45.1%**	**36.9%**

Consolidated	2014	2013	2012
Net rental and franchising revenue	1,874.0	1,758.9	1,646.7
Consolidated EBIT - rental and franchising (*)	726.7	652.1	465.8
Consolidated EBIT margin	**38.8%**	**37.1%**	**28.3%**

(*) Result from the sale of cars was allocated to the Car Rental and Fleet Rental divisions

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 itself or to third parties.

Management uses EBIT as it is an indicator that reflects the operating result of the Car Rental and Fleet Rental businesses after the depreciation costs of cars. Depreciation costs are related to fleet renewal, which is part of the operating cycle of the car rental and fleet rental businesses.

(ii) Depreciation net of the result of sale of cars for fleet renewal

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 the operating result of the Car Rental and Fleet Rental divisions and the amounts mentioned in Note 18 of the Consolidated Annual Financial Statements for the years ended December 31, 2014, 2013 and 2012:

Car Rental Division

	2014	2013	2012
Depreciation of cars	(78.1)	(85.8)	(*)(212.7)
Result from cars sale for fleet renewal (**)	67.5	60.7	44.7
Depreciation net of the cars sale result	**(10.6)**	**(25.1)**	**(168.0)**

	2014	2013	2012
Net revenue from car sales	1,667.9	1,483.0	1,250.3
Depreciated cost of cars sold (book value)	(1,428.4)	(1,271.9)	(1,068.5)
Gross profit	**239.5**	**211.1**	**181.8**
Operating expenses (SG&A) and depreciation and amortization of other	(172.0)	(150.4)	(137.1)
(**) Result from the sale of cars for fleet renewal	**67.5**	**60.7**	**44.7**

Fleet Rental Division

	2014	2013	2012
Cars Depreciation	(129.3)	(143.2)	(*)(164.2)
Result from the sale of cars for fleet renewal (***)	40.8	26.8	7.3
Depreciation net of the cars sale result	**(88.5)**	**(116.4)**	**(156.9)**

	2014	2013	2012
Net revenue from car sales	350.3	264.3	269.7
Depreciated cost of cars sold (book value)	(276.3)	(214.1)	(237.3)
Gross profit	**74.0**	**50.2**	**32.4**
Operating expenses (SG&A) and depreciation and amortization of other	(33.2)	(23.4)	(25.1)
(***) Result from the sale of cars for fleet renewal	**40.8**	**26.8**	**7.3**

Consolidated – reconciliation with consolidated operating result

Depreciation net of the cars sale result for fleet renewal - consolidated	**(99.1)**	**(141.5)**	**(324.9)**
EBIT excluding result from sale of cars and depreciation of cars	**817.1**	**782.7**	**781.8**
EBIT from franchising segment	**8.7**	**10.9**	**8.9**
Consolidated EBIT	**726.7**	**652.1**	**465.8**

(*) In 2012, due to the reduction in the IPI tax for new cars, which reflected in the price of used cars, the Company recorded additional depreciation of R$144.5 million.

c) explain why the company understands that said measurement is most appropriate for the correct understanding of its financial situation and its operating result

Management believes that if the depreciation amount of the cars is underestimated, the residual value of cars would be higher than market value, which would result in recognition of loss when said cars are sold. On the other hand, overestimating the depreciation amount of cars could suggest an increase in rental values, which could reduce the competitiveness of the Company. Net result from the sale of used cars is allocated to the Car Rental and Fleet Rental Divisions in order to calculate the final result of each business.

(iii) EBITDA and EBITDA margin on net rental revenues

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 and the net income reported in the Consolidated Annual Financial Statements for fiscal years ended December 31, 2014, 2013 and 2012:

(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 and the net income reported in the Consolidated Annual Financial Statements for fiscal years ended December 31, 2014, 2013 and 2012:

			In R$ million	
	2014	**2013**	**Var.%**	**2012**
Net income	**410.6**	**384.3**		**240.9**
Car depreciation (a)	207.5	229.0		376.8
Depreciation and amortization of other fixed and intangible assets (b)	35.6	35.4		33.0
Net financial expenses (c)	151.1	110.6		138.7
Income tax and social contribution	165.0	157.2		86.2
EBITDA	**969.8**	**916.5**	**5.8%**	**875.6**
Consolidated rental revenue, net	**1,874.0**	**1,758.9**	**6.5%**	**1,646.8**
% EBITDA on rental revenue, net	**51.8**	**52.1**		**53.2**

(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”, “Expenses” and “General, administrative, selling 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, which envisages the adjustment of costs of stock options and non-recurring expenses. Adjusted EBITDA would be R$974.6 million in 2014, R$922.6 million in 2013 and R$882.7 million in 2012.

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.

EBITDA is 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 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, 2014, 2013 and 2012:

			In R$ million
	2014	**2013**	**2012**
Short- and long-term debt	2,712.5	2,343.5	2,055.1
(-) Cash and cash equivalents	(1,390.2)	(1,010.7)	(823.9)
Net debt	**1,322.3**	**1,332.8**	**1,231.2**
Shareholders' Equity	1,655.5	1,341.2	1,324.7
Debt ratio (Net debt / Shareholders' Equity)	**0.80**	**0.99**	**0.93**
EBITDA	969.8	916.5	875.6
Net Debt / EBITDA	**1.36**	**1.45**	**1.41**
Fleet value	3,296.3	2,797.9	2,547.6
Net debt / Fleet value	**0.40**	**0.48**	**0.48**

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, 2014, 2013 and 2012:

In R$ million

Capital Investments:			
(i) For fleet renewal:	**2014**	**2013**	**2012**
Purchase of cars for fleet renewal	2,197.7	1,819.8	1,563.3
(-) Net revenues from cars sold for fleet renewal	2,018.2	1,747.3	(1,520.0)
Net investment for fleet renewal	**179.5**	**72.5**	**43.3**
(ii) For fleet expansion			
Purchase of cars for fleet expansion	286.8	209.4	55.5
Total investment in fleet	**466.3**	**281.9**	**98.8**
(iii) Investment in other fixed and intangible assets	194.3	54.1	80.8
Total capital investments	**660.6**	**336.0**	**179.6**
Number of cars purchased:			
For fleet renewal	70,621	62,641	56,644
For fleet expansion	9,183	7,103	2,011
Total cars purchased	**79,804**	**69,744**	**58,655**

(*) Includes the balance of Investments in Marketable Securities of the wholly-owned subsidiary Rental Brasil, in the amount of R$92.6 million, deposited in an escrow account and which will be released through the construction of the Company's new headquarters, and the amount of R$55.7 million already spent on building the new headquarters of the Company.

3.3 Subsequent events to the last financial statements

There were no subsequent events, therefore nothing was disclosed in the Annual Financial Statements (Individual and Consolidated) as of December 31, 2014.

3.4 Income allocation policy

a. Rules on retention of earnings

2014

"Article 24, §2 of the Company's Bylaws:

(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) 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, and said reserve cannot exceed the lowest of the following amounts: (i) 80% of capital; or (ii) an amount that, when added with the balances of other earnings reserves, except for the unrealized earnings reserves and reserve for contingencies, does not exceed 100% of the capital of the Company. (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."

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."

R$ million

Retained amounts	2014	% (*)	2013	% (*)	2012	% (*)
i. Legal reserve	20.5	5%	19.2	5%	12.0	5%
ii. Bylaws reserve	283.5	69%	265.1	69%	-	0%
iii. Retention of earnings	-		-	-	163.2	68%

(*) Percentage of net income from respective fiscal years.

b. Rules on distribution of dividends

2014

"Article 24 of the Company's Bylaws:

§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."

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.

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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.

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	R$ million		
Dividend and interest on equity amounts	**2014**	**2013**	**2012**
i. Proposed Dividends	44.7	38.6	5.1
ii. Interest on Equity (includes Income Tax)	61.9	61.4	60.7

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 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 Issuance Deeds, safeguarding, however, the payment of the minimum dividend envisaged in article 202 of the Brazilian Law of Corporations.

The Company generated book profits of R$64.3 million, according to IFRS, in excess of taxable profits in 2014. This amount, together with other remaining balances of the income from 2014, was allocated to the Bylaws Reserve, pursuant to article 24 of the Bylaws of the Company. If this excess of book profit over taxable profit is distributed, it would be taxed in accordance with the tax law (Law 12,973/14).

3.5 Dividend distributions and retained earnings

(in Brazilian real)	Fiscal year 12/31/2014	Fiscal year 12/31/2013	Fiscal year 12/31/2012
Adjusted net income	390,060,000.00	365,129,000.00	228,889,000.00
Dividend distribution as a percentage of adjusted net income	25.046592	25.050694	25.139493
Rate of return over shareholders' equity	24.801450	28.656554	18.187240
Total dividend distribution	97,696,737.02	91,467,348.49	57,541,533.29
Retained earnings	304,048,000.00	284,342,000.00	175,248,000.00
Date of retention approval	04/28/2015	4/29/2014	4/29/2013

Retained earnings		Amount	Payment date	Amount	Payment date	Amount	Payment date
Interest on equity							
Common shares		11,937,455.82	05/14/2014	12,483,921.46	5/3/2013	12,391,411,53	5/3/2012
Common shares		12,932,482.79	08/28/2014				
Common shares		13,643,566.77	11/19/2014				
Common shares		14,523,396.13	01/30/2015				
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							
Mandatory dividends							
Common shares		44,659,835.51	05/21/2015	38,611,627.01	5/16/2014	5,143,197.34	6/18/2013

3.6 Dividends declared out of retained earnings or reserves

Dividends

On December 31, 2014, no dividends were declared out of retained earnings or reserves constituted in previous years.

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, made on May 16, 2014.

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.

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

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
12/31/2014	4,041,950,000.00	Debt ratio	2.44152234	
	0.00	Other ratios	1.35671588	Net debt / (Consolidated) Adjusted EBITDA - 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	6.42055227	EBITDA / Net Financial expenses (Consolidated) – The Company believes that this ratio is appropriate to show its capacity to honor its debts.
	0.00	Other ratios	1.36342798	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	0.79871568	Net debt / Equity (Consolidated) – The Company believes that this ratio represents the relation between loan capital and shareholders' equity capital.
	0.00	Other ratios	0.40113404	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 (12/31/2014)					
Type of debt	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
Collateralized	315,311.00	113,803.00	0.00	138,870.00	567,984.00
Floating Charge	27,001.00	143,748.00	0.00	0.00	170,749.00
Unsecured	1,056,068.00	1,017,024.00	989,500.00	240,625.00	3,303,217.00
Total	1,398,380.00	1,274,575.00	989,500.00	379,495.00	4,041,950.00

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 (4th Issuance of Localiza Rent a Car S.A.); Unsecured (5th, 6th, 7th, 8th and 9th emissions of Localiza Rent a Car S.A.) - Suppliers, Loans, Financing and Debentures (except Financial Leasing), Dividends and Interest on equity, Other current liabilities 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 2014, 2013 and 2012 was R$9.0 million, R$8.7 million and R$8.6 million, respectively, and the amounts effectively paid were R$8.8million, R$8.5 million and R$8.3 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 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' 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. "

No significant amendments were made to the Bylaws of the Company in 2013 and 2014.

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 furnishes guarantees for funding and/or borrowing operations carried out by its subsidiaries.

On December 31, 2014, 2013 and 2012, there existed sureties related to guarantees for loans, financing and debentures, in the amount of R$1,227.7 million, R$651.3 million and R$767.7 million, respectively, provided by Localiza to Localiza Fleet. There also existed guarantees granted between companies in the contracting of bank guarantees on December 31, 2014, 2013 and 2012, in the amount of R$17.4 million, R$11.4 million and R$16.3 million, respectively.

Moreover, the Company has contracted bond insurance from Pottencial Seguradora, a company in which the founding partners of Localiza, Salim Mattar and Eugênio Mattar, jointly hold 40% interest. In the transactions, carried out on an arm's length basis, the premium paid in 2014 was R$0.3 million, relating to the bond insurance in the insured amount of R$14.0 million. 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 estimated 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 cars in the fleet may had an adverse impact on the Company's businesses, financial condition and operating results, due to the increase in car rental fees, reducing the Company's competitiveness. 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' installed capacity. Carmakers have been seeking to adjust inventories by reducing vehicle production.

This environment, which is affecting the industry for new cars, 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, on the other hand, 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 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 our 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 and, consequently, its operating results may be adversely affected.

b) Industries where the Company operates

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

The operating results of the Company, particularly those related to the car rental and used cars market, are strongly affected by the level of trust and of economic activity in Brazil. A decline in economic activity results in reduction in leisure and business travel investments and higher unemployment rates, and, consequently, a decrease in demand for car rentals and sale of used cars. In the event of a decline in consumption, the Company may reduce the size of its fleet in order to maintain its occupancy and/or fleet renovation 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, 2014, 31.0% 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, 2014, there were approximately 5,624 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 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 rental 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. 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 loan

capital costs. The highly competitive environment and the growth strategy adopted by competitors could trigger a price war in the market and adversely affect the business and operating results of the Company.

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 should, among others, send a letter to the Investor Relations Officer, which should contain: (a) the information envisaged in article 12 of CVM Instruction 358 and items "i" through "m" of clause I of Appendix II CVM Instruction 361 of March 5, 2002, as amended; (b) information about any other corporate rights owned by them; (c) information about the obligation to carry out a PTO to attain the Material Shareholding Interest; (d) information about the highest price paid by the New Material Shareholder in the twelve (12) months before the Material Shareholding Interest was oftained, adjusted for corporate events such as distribution of dividends or interest on equity, stock splits, reverse splits and bonus issues, except those related to corporate restructuring operations; and (e) information about the acquisition price per share that is the object of the PTO for attaining the Material Shareholding Interest that the New Material Shareholder proposes to pay, subject to paragraph 2 of this article ("Proposed Price"). 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. At present, the Company is under the control of the founders who jointly hold 27.9% of the capital. Any sudden or unexpected change in our management team, our business policy or strategic direction, hostile takeover attempt or any dispute between the concerned shareholders and 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 71 airports, while its franchisees operate in 33 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, 36 are due to expire in 2015 and 18 in 2016. In 2014, 31.0% 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.

In 2008 and 2012, 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, 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 the downgrading of Brazil's sovereign rating. If the Company's local rating is downgraded to the equivalent of "AA," the 7th debentures issuance of Localiza will require a General Meeting of Debenture Holders to decide on the early maturity, or otherwise, 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 2014, the basic interest rate (SELIC) in Brazil ranged between 19.8% and 7.25% per year. As of December 31, 2014, 2013 and 2012,, the basic interest rate was 11.75% p.a., 10% p.a. and 7.25 p.a. respectively. 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. On April 1, 2015, Decree 8,426 was issued, which reestablishes the PIS/COFINS tax rates on financial income earned by legal entities subject to non-cumulative calculation of said taxes. 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$1.0 million, R$0.7 million and R$0.5 million in 2014, 2013 and 2012, 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 no 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 at least 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, the Company is able to adjust fees when necessary.

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 estimated 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, the Company has received positive ratings by the rating agencies and, consequently, has 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 administrative procedure and judicial suit discussing the collection of IPVA in São Paulo state, based on State Law No. 13,296/2008, related to owned vehicles and which may be made available for rent in that state.. The Company and its wholly-owned subsidiary have their tax domicile in Belo Horizonte in Minas Gerais state, where its headquarters is located and, in compliance with article 120 of the National Traffic Code, the companies register their vehicles in this city, therefore paying the IPVA tax to Minas Gerais. The Company has not constituted any provision for these disputes since the chance of loss is qualified as possible by 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). Most of the IPVA tax debits are secured by bank letters of guarantee, in the overall amount of R$12,762 thousand, or by escrow deposits in the approximate amount of R$15,877 thousand on December 31, 2014, and R$175 thousand referring to the same discussion in the state of Pernambuco.

On December 31, 2014, the lawsuits involving IPVA-related disputes are:

		R$ thousand
Subject Matter	IPVA (tax on vehicles)	IPVA (tax on vehicles)
Case Number	Sundry	Sundry
Court	Sundry	Sundry
Current Instance	Sundry	Sundry
File Date	Sundry	Sundry
Plaintiff	State of São Paulo (Estate Treasury)	State of São Paulo (Estate Treasury)
Defendant	Localiza Rent a Car S.A.	Localiza Fleet S.A.
Values, assets or rights involved	Sundry	Sundry
Main Facts	Sundry	Sundry
Likelihood of losing the case	Possible	Possible
Impact in the event of losing the lawsuit	R$15,245	R$13,636
Provision	-	-
Deposit	R$4,564	R$11,488

Social security

On December 31, 2014, the Company and its subsidiaries were 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$6,446 thousand and escrow deposits in the amount of R$1,426 thousand, on December 31, 2014 (R$13,433 thousand in deposits and guarantees on December 31, 2013).

On December 31, 2014, the most relevant 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)
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)
Court	23rd Federal Court	7th Panel
Current Instance	Lower Court - Court of Belo Horizonte/MG	Appellate Court - Regional Federal Court of the First Region
File Date	05/18/07	12/17/04
Plaintiff	INSS	Federal Government (Federal Tax Authority)
Defendant	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.
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. 4/1/11 – process suspended until final judgment of motions 11/20/12 – filed request for delegation of authority, without limitation of powers, to the attorneys of Azevedo Sette.	7/7/06 - 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. 7/11/10 – Filing of appellee's brief to the appeal by the Defendant. 6/30/10 – Records submitted to the Regional Federal Appellate Court of the 1st Region. Current status: Awaiting judgment of appeals
Likelihood of losing the case	Remote	Probable (*)
Impact in the event of losing the lawsuit	R$4,174	R$502
Provision	-	R$117
Deposit	R$39	R$674

		R$ thousand
Subject Matter	Social security SEST/SENAT on: Group Life Insurance; Profit Sharing (employees and non-employee directors), Private Pension Plan.	Contribution to SEST/SENAT on: Compensation of autonomous workers and amounts paid in labor settlement agreements.
Case Number	NFLD no. 35.349.684-7 (Action for Annulment no. 0022101-05.2006.4.01.3800)	NFLD no. 35.476.536-1 (Action for Annulment no. 0022101-05.2006.4.01.3800)
Court	7th Panel	7th Panel
Current Instance	Appellate Court - Regional Federal Court of the First Region	Appellate Court - Regional Federal Court of the First Region
File Date	12/17/04	12/17/04
Plaintiff	Federal Government (Federal Tax Authority)	Federal Government (Federal Tax Authority)
Defendant	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.
Main Facts	7/7/06 - 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. 7/11/10 – Filing of appellee's brief to the appeal by the Defendant. 6/30/10 – Records submitted to the Regional Federal Appellate Court of the 1st Region. Current status: Awaiting judgment of appeals	7/7/06 - 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. 12/16/09 – Published judgment holding motion partially valid. 1/7/10 – Motion for Clarification filed by Plaintiff. 1/11/10 – Appeal filed by Defendant. 1/25/10 – Motion filed through which Appellant informs that it included the debit related to NFLD no. 35.476.536-1 of the installment payment introduced by Law 11.941/09, requesting partial dismissal of action. 3/15/10 – petition filed by the Federal Government requiring the Plaintiff to be notified to present proof of joining the installment payment program, and waiving the right to re-discuss the debt. 4/8/10 – decision published rejecting the motions for clarification of the Plaintiff and fail to validate the request for renouncing the action in relation to the cited party. 4/23/10 – Appeal filed by Plaintiff. 4/23/10 – Filing of appellee's brief to the appeal by the Plaintiff. 7/11/10 – Filing of appellee's brief to the appeal by the Defendant. 6/30/10 – Records submitted to the Regional Federal Appellate Court of the 1st Region. Current status: waiting judicial authorization for conversion into income and withdrawal of deposit in court.
Likelihood of losing the case	Probable (*)	N/A - Amnesty
Impact in the event of losing the lawsuit	R$128	R$16
Provision	R$9	R$16
Deposit	R$299	R$21

		R$ thousand
Subject Matter	Social security: Contribution to Sesc/Senac	Social security contribution, education salary, INCRA and SAT on: compensation of autonomous workers/ labor claims.
Case Number	NFLDs 31.940.528-1 and 31.940.529-0 and Tax Foreclosure 20023800037541 4	NFLDs 35.476.533-7 Tax Foreclosure no. 0053928-05.2004.4.01.3800
Court	27th Federal Court	25th Federal Court
Current Instance	Lower Court - Court of Belo Horizonte/MG	Appellate Court - Regional Federal Court of the First Region
File Date	9/25/02	12/17/04
Plaintiff	Federal Government (Federal Tax Authority)	INSS
Defendant	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.
Main Facts	11/30/09 -Liability included in the amnesty introduced by Law 11,941/09. Pleading filed partially discontinuing and abandoning the suit. 3/18/2011 – MOTIONS FOR CLARIFICATION RETURNED WITH DECISION 7/19/11 – CONCLUDED FOR ORDERS 8/22/11 – FILING OF MOTION 1/19/12 - Publication: Debtor is notified, by publication, to present copy of the decision granted in the motions, as required by Creditor. 12/19/14 9:12 a.m. – Motion filed requesting that Office of the General Counsel for the National Treasury (PGFN) do not hold the issuance of the Certificate of Tax Compliance and comply with the decision on pages 303/304. Current status: Awaiting 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. 8/21/2011 - Filing of amendments to bank letter of guarantees 35.476533-7, 35.476529-9 and 35.476528-0. 2/18/13 - Decision published ordering the suspension of the records due to appeal filed against Motion to Stay Tax Foreclosure. Current status: Awaiting judgment of Appeal.
Likelihood of losing the case	N/A - Amnesty	Probable (*)
Impact in the event of losing the lawsuit	R$49	R$1,445
Provision	R$49	R$262
Deposit	R$97	-

		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
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
Court	25th Federal Court	10th Federal Court
Current Instance	Appellate Court - Regional Federal Court of the First Region	Third instance - Superior Court of Justice
File Date	12/17/04	01/28/10
Plaintiff	INSS	Localiza Rent a Car S.A.
Defendant	Localiza Rent a Car S.A.	District Director of the Revenue Office of Brasil in Belo Horizonte/MG

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. 1/11/11 - Striking out of Bank guarantee letter related to NFLD 35.476.534-5. 8/21/11 - Filing of amendments to bank letter of guarantees 35.476533-7, 35.476.529-9 and 35.476.528-0. 2/18/13 - Decision published ordering the suspension of the records due to the appeal filed against Motion to Stay Tax Foreclosure. Current status: Awaiting judgment of Appeal.	2/1/10 - Injunction granted; 6/24/10 - 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; 9/30/11 - 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. 2/1/10 - Injunction granted; 6/24/10 - 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; 9/30/11 - 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) 10/21/11 – Extraordinary Appeal filed by National Treasury. 11/17/11 – Order published allowing appellee to see the records to file brief against the Extraordinary Appeal filed by National Treasury. 12/2/11 – Appellee's brief against the Extraordinary Appeal of the Federal Government filed by Appellees. 1/24/12 – Decision published by the President of TRF1 who, in accepting the Extraordinary Appel filed by the National Treasury, determined the suspension of the proceeding until the definitive judgment of the STF on the matter, included in records RE 565.160, whose general repercussion was recognized. 2/13/12 – Registered on the records: "Extraordinary Appeal suspended, awaiting judgment of the process or RE 565.160 by the STF (Supreme Court)."
Likelihood of losing the case	Probable (*)	Possible
Impact in the event of losing the lawsuit	R$220	R$417
Provision	R$72	R$417
Deposit	-	-

		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	Contribution of SAT/RAT increased by the FAP rate
Case Number	Lawsuit no. 0023320-84.2009.4.01.3400	Writ of Mandamus 0004602-66.2010.4.01.3800
Court	13th Federal Court	19th Federal Court
Current Instance	Lower Court - Court of the Federal District	Appellate Court - Regional Federal Court of the First Region
File Date	07/14/09	01/25/10
Plaintiff	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.
Defendant	Federal Government (Federal Tax Authority)	District Director of the Revenue Office
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. 6/17/14 - Published judgment: I ratify the effects of the early remedy granted in decision pages. 571/576 and partially grant the Initial claim, with resolution of the award, pursuant to Article 269, I, of CPC. 7/1/14 - Appeal filed by the company.	1/25/10 - 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 supersedeas of appeal so that the injunction effects remain. 9/30/11 – Appeal granted. 11/18/11 – Interlocutory Appeal denied. 12/6/11 - Motion for clarification filed by Appellee.
Likelihood of losing the case	Possible	Possible
Impact in the event of losing the lawsuit	R$990	R$3,883
Provision	R$990	R$3,883
Deposit	-	-

		R$ thousand
Subject Matter	Contribution of SAT/RAT increased by the FAP rate	Social security contributions on compensatory payments: Paid period of notice
Case Number	201038000020316	Writ of Mandamus no. 0005501-64.2010.4.01.3800
Court	8th Federal Court	10th Federal Court
Current Instance	Appellate Court - Regional Federal Court of the First Region	Third instance - Superior Court of Justice
File Date	01/25/10	01/28/10
Plaintiff	Localiza Fleet S.A.	Localiza Fleet S.A.
Defendant	District Director of the Revenue Office	District Director of the Revenue Office of Brasil in Belo Horizonte/MG
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.	2/1/10 - Injunction granted; 6/24/10 - 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; 9/30/11 - 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. 2/1/10 - Injunction granted; 6/24/10 - 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; 9/30/11 - 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) 10/21/11 – Extraordinary Appeal filed by National Treasury. 11/17/11 – Order published allowing appellee to see the records to file brief against the Extraordinary Appeal filed by National Treasury. 12/2/11 – Appellee's brief against the Extraordinary Appeal of the Federal Government filed by Appellees. 1/24/12 – Decision published by the President of TRF1 who, in accepting the Extraordinary Appel filed by the National Treasury, determined the suspension of the proceeding until the definitive judgment of the STF on the matter, included in records RE 565.160, whose general repercussion was recognized. 2/13/12 – Registered on the records: Extraordinary Appeal suspended, awaiting judgment of the process or RE 565.160 by the STF (Supreme Court)."
Likelihood of losing the case	Possible	Possible
Impact in the event of losing the lawsuit	R$66	R$56
Provision	R$66	R$56
Deposit	-	-

		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: Paid period of notice
Case Number	Lawsuit no. 0023320-84.2009.4.01.3400	Writ of Mandamus no. 0005501-64.2010.4.01.3800
Court	13th Federal Court	10th Federal Court
Current Instance	Lower Court - Court of the Federal District	Third instance - Superior Court of Justice
File Date	07/14/09	01/28/10
Plaintiff	Localiza Fleet S.A.	Localiza Serviços Prime S.A
Defendant	Federal Government (Federal Tax Authority)	District Director of the Revenue Office of Brasil in Belo Horizonte/MG
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. 6/17/14 - Published judgment: I ratify the effects of the early remedy granted in decision pages. 571/576 and partially grant the Initial claim, with resolution of the award, pursuant to Article 269, I, of CPC. 7/1/14 - Appeal filed by the company.	2/1/10 - Injunction granted; 6/24/10 - 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; 9/30/11 - 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. 2/1/10 - Injunction granted; 6/24/10 - 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; 9/30/11 - 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) 10/21/11 – Extraordinary Appeal filed by National Treasury. 11/17/11 – Order published allowing appellee to see the records to file brief against the Extraordinary Appeal filed by National Treasury. 12/2/11 – Appellee's brief against the Extraordinary Appeal of the Federal Government filed by Appellees. 1/24/12 – Decision published by the President of TRF1 who, in accepting the Extraordinary Appel filed by the National Treasury, determined the suspension of the proceeding until the definitive judgment of the STF on the matter, included in records RE 565.160, whose general repercussion was recognized. 2/13/12 – Registered on the records: "Extraordinary Appeal suspended, awaiting judgment of the process or RE 565.160 by the STF (Supreme Court)."
Likelihood of losing the case	Possible	Possible
Impact in the event of losing the lawsuit	R$221	R$143
Provision	R$221	R$143
Deposit	-	-

		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
Case Number	Lawsuit no. 0023320-84.2009.4.01.3400	Lawsuit no. 0023320-84.2009.4.01.3400
Court	13th Federal Court	13th Federal Court
Current Instance	Lower Court - Court of the Federal District	Lower Court - Court of the Federal District
File Date	07/14/09	07/14/09
Plaintiff	Localiza Serviços Prime S.A	Localiza Franchising Brasil S.A.
Defendant	Federal Government (Federal Tax Authority)	Federal Government (Federal Tax Authority)
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. 6/17/14 - Published judgment: I ratify the effects of the early remedy granted in decision pages. 571/576 and partially grant the Initial claim, with resolution of the award, pursuant to Article 269, I, of CPC. 7/1/14 - Appeal filed by the company.	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. 6/17/14 - Published judgment: I ratify the effects of the early remedy granted in decision pages. 571/576 and partially grant the Initial claim, with resolution of the award, pursuant to Article 269, I, of CPC. 7/1/14 - Appeal filed by the company.
Likelihood of losing the case	Possible	Possible
Impact in the event of losing the lawsuit	R$359	R$332
Provision	R$359	R$16
Deposit	-	-

		R$ thousand
Subject Matter	Social security contributions on compensatory payments: Paid period of notice	Social Security Contribution - Sundry
Case Number	Writ of Mandamus no. 0005501-64.2010.4.01.3800	Sundry
Court	10th Federal Court	Sundry
Current Instance	Third instance - Superior Court of Justice	Sundry
File Date	01/28/10	Sundry
Plaintiff	Localiza Franchising Brasil S.A.	Sundry
Defendant	District Director of the Revenue Office of Brasil in Belo Horizonte/MG	Localiza Rent a Car S.A.
Main Facts	2/1/10 - Injunction granted; 6/24/10 - 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; 9/30/11 - 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. 2/1/10 - Injunction granted; 6/24/10 - 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; 9/30/11 - 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) 10/21/11 – Extraordinary Appeal filed by National Treasury. 11/17/11 – Order published allowing appellee to see the records to file brief against the Extraordinary Appeal filed by National Treasury. 12/2/11 – Appellee's brief against the Extraordinary Appeal of the Federal Government filed by Appellees. 1/24/12 – Decision published by the President of TRF1 who, in accepting the Extraordinary Appel filed by the National Treasury, determined the suspension of the proceeding until the definitive judgment of the STF on the matter, included in records RE 565.160, whose general repercussion was recognized. 2/13/12 – Registered on the records: "Extraordinary Appeal suspended, awaiting judgment of the process or RE 565.160 by the STF (Supreme Court)."	Sundry
Likelihood of losing the case	Possible	Sundry
Impact in the event of losing the lawsuit	R$1	R$4,167
Provision	R$1	R$4,167
Deposit	-	-

Other Insignificant Tax Claims

Below are other proceedings related to diverse taxes which are individually insignificant and have a judicial deposit:

		R$ thousand
Subject Matter	PIS - sales	Fire Fee
Case Number	Lawsuit no. 0021339-64.2002.4.01.3400	Writ of Mandamus no. 3320043-80.2004.8.13.0024
Court	7TH FEDERAL COURT - BRASÍLIA	4th Court of Tax Affairs of the Judicial District of Belo Horizonte
Current Instance	Appellate Court - Regional Federal Court of the First Region	Third instance - Federal Supreme Court
File Date	07/15/02	05/04/04
Plaintiff	Federal Government (Federal Tax Authority)	Localiza Rent a Car S/A
Defendant	Localiza Rent a Car S.A.	Superintendent of Tax Credit of the State Treasury Department of Minas Gerais
Values, assets or rights involved	Deposits in court made to suspend the requirement to pay the tax credits	Deposit in Court in the amount of R$ 5,565.67.
Main Facts	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) 7/13/12 - Decision published denying appeal; 7/19/12 - Motion for Clarification 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 General Repercussion – RE no. 643.247/SP, Justice Marco Aurélio. Extraordinary Appeal no. 713.599/MG admitted and suspended at origin (TJMG – 1.0024.04.332004-3/006).
Likelihood of losing the case	Possible	Probable
Impact in the event of losing the lawsuit	R$910	R$7
Provision	R$1,961	R$10
Deposit	R$1,961	R$10

		R$ thousand
Subject Matter	IRPJ, IRRF, PIS	IPTU (real estate tax)
Case Number	Action for Annulment 0022869-09.1998.4.01.3800; Administrative Procedures 10680-009.821/90-47 10680-009.822/90-18 10680-009.823/90-72	0034245-30.1997.805.0001
Court	8th Federal Court	9th Court of the Tax Authority
Current Instance	Lower Court - Court of Belo Horizonte/MG	Appellate Court - Court of Justice of Bahia
File Date	5/26/98	07/10/97
Plaintiff	Federal Government (Federal Tax Authority)	City of Salvador (Municipal Tax Authority)
Defendant	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.
Values, assets or rights involved	Deposits in court in the amounts of R$222 and R$3, made on 5/29/1998 and 9/13/2002	Deposit in Court in the amount of R$ 4, made on 1/22/99
Main Facts	5/26/98 – Action for Annulment 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 to the 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;	7/10/97 – 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
Likelihood of losing the case	N/A - Amnesty	Possible
Impact in the event of losing the lawsuit	R$159	R$11
Provision	R$159	-
Deposit	R$410	R$11

		R$ thousand
Subject Matter	IPTU (Real Estate Tax)	Sundry
Case Number	0004320-28.2000.8.08.0024	Sundry
Court	12th Civil Court - Municipal Tax Foreclosure of the Judicial District of Vitória/ES	Sundry
Current Instance	Third instance - Federal Supreme Court	Sundry
File Date	03/29/00	Sundry
Plaintiff	City of Vitória (Municipal Tax Authority)	Sundry
Defendant	Localiza Rent a Car S.A.	Localiza Rent a Car S.A.
Values, assets or rights involved	Deposits in court in the amounts of R$14 and R$3, made on Apr/2000	Sundry
Main Facts	5/14/03 – Ruling granting the requests published; 9/2/03 – Appeals filed by the municipal tax authority. 9/17/07 – Presentation of appellee's brief 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	Remote	Sundry
Impact in the event of losing the lawsuit	R$44	R$3,100
Provision	-	-
Deposit	R$56	R$256

		R$ thousand
Subject Matter	Sundry	Payment of unconstitutional Contribution to FINSOCIAL
Case Number	Sundry	9609-40.1990.4.01.3800
Court	Sundry	6th Federal Court of the Court of Minas Gerais
Current Instance	Sundry	Appellate Court - Regional Federal Court of the First Region
File Date	Sundry	10/12/90
Plaintiff	Sundry	Federal Government (Federal Tax Authority)
Defendant	Localiza Fleet S.A.	Localiza Fleet S.A.
Values, assets or rights involved	Sundry	Deposits in court made to suspend the requirement to pay the tax credits
Main Facts	Sundry	10/15/90 - injunction granted and conditioned to deposits in court of the amounts under discussion. 10/15/90 – proof of deposits in court related to the payments related to September/90, due on 10/15/90. 3/27/92 – judgment partially granting writ of mandamus 10/21/93 – Appellate decision denied appeal 7/27/94 – decision made final and unappealable 7/2/99 – ruling published determining the conversion of deposits into income 7/14/99 – Interlocutory appeal filed by Localiza, against the decision to convert the deposits into income 7/15/13 - Ruling denying the appeal. Awaiting records to be analyzed by the initial court.
Likelihood of losing the case	Sundry	Probable
Impact in the event of losing the lawsuit	R$54	R$295
Provision	-	R$294
Deposit	R$89	R$295

ICMS –State Value-Added Tax

		R$ thousand
Subject Matter	ICMS - Localiza and its wholly-owned subsidiary Localiza Fleet are parties in administrative and court proceedings that basically refer to ICMS tax on the transfer of cars in their fixed assets between the locations, 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. 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$34 million as of December 31, 2014 (R$16.2 million on December 31, 2013 and R$21.1 million 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 favorable court decisions, 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	Sundry	Sundry
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 53 ICMS tax claims	Total of 18 ICMS tax claims
Likelihood of losing the case	Remote	Remote
Impact in the event of losing the lawsuit	R$108,000	R$10,965
Provision	-	-
Deposit	R$161	-

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 were 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$8,168 thousand, or made escrow deposits in the amount of R$6,426 thousand, on December 31, 2014 (R$15,321 thousand in deposits and guarantees on December 31, 2013).

On December 31, 2014, the court proceedings related to ISS were:

		R$ thousand
Subject Matter	ISSQN - Fuel reimbursement	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)
Court	1st Municipal Treasury Court	Relief from Judgment no. 226.001.293-1 (Writ of Mandamus no. 13979-7/2001)
Current Instance	Lower Court - Judicial District of Vitória	Third instance - Federal Supreme Court
File Date	01/24/94	05/29/06
Plaintiff	City of Vitória (Municipal Tax Authority)	City of Maceió (Municipal Tax Authority)
Defendant	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
Main Facts	1/24/94 – Suit filed; 6/2/2006: Judgment granting the requests by Localiza; 2/3/2010: court ruling - higher court - upholding the decision; 11/29/12: Motion filed through which creditor requests issuance 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.
Likelihood of losing the case	Remote	Remote
Impact in the event of losing the lawsuit	R$19	R$212
Provision	R$0	R$0
Deposit	R$23	R$528

		R$ thousand
Subject Matter	ISSQN - rental of movable assets	ISSQN - rental of movable assets
Case Number	Lawsuit no. 001.2001.030360-0	Writ of Mandamus no. 2000.0115.9753-5
Court	1st Municipal Treasury Court	1st Civil Chamber
Current Instance	Appellate Court - Court of Justice of Pernambuco	Appellate Court - Court of justice of Ceará
File Date	05/10/01	07/26/01
Plaintiff	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.
Values, assets or rights involved	Deposit in Court in the amount of R$ 482.	Deposits in court in the amount of R$ 596.
Main Facts	10/05/01 - 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
Impact in the event of losing the lawsuit	R$482	R$596
Provision	R$0	R$0
Deposit	R$1,185	R$1,508

		R$ thousand
Subject Matter	ISSQN - ancillary obligation	ISSQN - rental of movable assets
Case Number	0001005-36.2002.8.10.0001	55339/06
Court	8th Court of the Tax Authority	Municipal Court of Tax Foreclosure
Current Instance	Lower Court - Judicial District of São Luis	Lower Court - Judicial District of São Paulo
File Date	01/24/02	02/02/06
Plaintiff	City of São Luís (Municipal Tax Authority)	City of São Paulo (Municipal Tax Authority)
Defendant	Localiza Rent a Car S.A.	Localiza Rent a Car 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
Main Facts	1/24/04: Suit filed; 5/17/02: Proof of deposit in court presented. Process suspended. Current status: awaiting judgment of motions.	2/2/06 – Tax foreclosure filed. 7/21/06 – Motion to offer bank guarantee letter filed. 5/7/07 – Motion filed by the Treasury refusing the guarantee presented. 8/5/08 – Online pledge of an account held by the company in Banco do Brasil (though the BACENJUD System). 9/15/08 – motion requesting additional deposit in court as guarantee of the claim, in the amount of R$ 10. 9/18/08 – striking out of Bank guarantee letter no. 2.028.079-4. Current status: Awaiting court judgment of the motions.
Likelihood of losing the case	Remote	Remote
Impact in the event of losing the lawsuit	R$9	R$344
Provision	R$0	R$0
Deposit	R$12	R$662

			R$ thousand
Subject Matter	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	Sundry	0044349-07.2009.8.07.0001	Writ of Mandamus no. 0024.04.383530-5
Court	Sundry	7th Court of the Tax Authority	Court of the Tax Authority Municipal
Current Instance	Sundry	Lower Court - Judicial District of Brasília	Third instance - Federal Supreme Court
File Date	Sundry	03/17/09	06/21/04
Plaintiff	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 Serviços Prime S.A	Localiza Franchising Brasil S.A.
Values, assets or rights involved	None	Deposit in Court in the amount of R$25, made on 4/20/09	Monthly deposits in court aiming to suspend the requirement to pay the tax credit of ISSQN
Main Facts	Sundry without deposit	3/17/09 - Action for Annulment filed. Current status: awaiting judgment on lower court.	Writ of mandamus registered; 11/18/04 – Published judgment: writ of mandamus denied; 12/30/04 – Appeal filed by Plaintiff; 9/6/07 - Appeal judgment denying appeal; 9/16/07 - Special and Extraordinary Appeals filed; 8/22/08 –Esp. and Extr. appeals denied. 9/3/08 – Filing of interlocutory appeal STJ and STF 5/12/09 – decision by the judge rapporteur granting the appeal to analyze the special appeal. Awaiting judgment of special appeal; 8/3/10 - Decision of justice rapporteur to deny Special Appeal. Current status: Awaiting judgment of Extraordinary Appeal by STF.
Likelihood of losing the case	Remote	Possible	Possible
Impact in the event of losing the lawsuit	R$7,949	R$25	R$2,484
Provision	R$0	R$25	R$2,484
Deposit	R$0	R$25	R$2,484

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, 2014, Localiza and its subsidiaries were 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, 2014 was R$10,894 thousand, related to 789 lawsuits the Company evaluates as probable loss, including situations in which the possibility of reimbursement by virtue of unlikely success of its contractual right of return. There are also 52 claims, whose original claims total R$3,774 thousand and which were not provisioned for due to their chance of loss be deemed possible.

On December 31, 2014, 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	Sundry	Sundry	Sundry
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 1,631 suits, 708 of which provisioned, representing the Company's total contingent liabilities of civil nature.	Total of 193 suits, 80 of which provisioned, representing the Company's total contingent liabilities of civil nature.	Total of 04 suits, 01 of which provisioned, representing the Company's total contingent liabilities of civil nature.
Likelihood of losing the case	Sundry	Sundry	Sundry
Impact in the event of losing the lawsuit	R$59,335	R$4,620	R$550
Provision	R$8,915	R$1,835	R$144
Deposit	R$2,018	R$97	R$0

Labor

On December 31, 2014, Localiza and its subsidiaries were 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 from 2013 to 2014 was due to: (i) the increase to approximately 300 claims; and (ii) new public-interest civil actions mainly disputing the working hours of employees, pain and suffering and hiring independent workers, which led to the constitution of a provision of R$580 thousand.

On December 31, 2014, 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	Sundry	Sundry	Sundry
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 representing the Company's total contingent liabilities of labor nature.	Total of 13 suits representing the Company's total contingent liabilities of labor nature.	Total of 110 suits representing 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
Provision	R$33,850	R$777	R$8,576
Deposit	R$9,415	R$222	R$3,328

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, see sub-item (a) above.

c) cases for cancellation of registration

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

d) other issues of interest to investors

Not applicable, see 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 related to its financial instruments: (i) market risk, (ii) credit risk; and (iii) liquidity risk.

The Company's risks are managed by the Audit and Risk Management Committee. In addition, the process of identifying, analyzing and monitoring risks is supervised by the Board of Directors, which has powers to take decisions on the strategies to be adopted by the Company.

(i) Market 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 or exchange 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 swap agreements.

- **Interest rate risk** - It 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.

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 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, 2014, the Company's net debt was R$1,322.3 million. Of this total, a sum of R$693.7 million is deducted, with cost at a fixed average rate of 12.75% p.a., relating to operations contracted at fixed rates and the corresponding hedge amounts related to the contracting of swap operations, exchanging rates indexed to CDI for fixed rates, such that net debt subject to variation in CDI totaled R$628.6 million on December 31, 2014.

- Market expectations, according to data obtained from the market Readout issued by the Brazilian Central Bank (BACEN) for the reference date December 31, 2014 indicated an estimated effective average CDI rate of 12.47% as being the scenario considered probable for 2015, compared with the effective rate of 10.81% for 2014.

R$ million

	Consolidated		
Description	**Probable Scenario (*)**	**Scenario I – deterioration of 25%**	**Scenario II - deterioration of 50%**
Net debt on December 31, 2014	**1,322.3**	**1,322.3**	**1,322.3**
(-) Fixed rate and amounts hedged with swap for fixed rate leasing	(693.7)	(693.7)	(693.7)

Net debt subject to CDI variation			
	628.6	**628.6**	**628.6**
Effective CDI rate during the 12 months ended on 12/31/14	10.81%	10.81%	10.81%
Estimated annual CDI rate according to expected scenarios	12.47%	15.59%	18.71%
Effect on financial expenses:			
- according to effective rate	(68.0)	(68.0)	(68.0)
- according to scenarios	(78.4)	(98.0)	(117.7)
Increase in annual financial expenses	**(10.4)**	**(30.0)**	**(49.7)**

(*) As required by IFRS 7, Management believes that the rate of 12.47% is the reasonably possible scenario for 2015, according to the market Readout issued by the Central Bank of Brazil on December 31, 2014.

- **Reference Rate (TR) variation risk – Real Estate Credit Note (CCBI) –** On June 25, 2014, Rental Brasil, Localiza's wholly-owned subsidiary, contracted a loan in the form of Real Estate Credit Note in the amount of R$190.0 million to finance the construction of the Company's new headquarters. The term of the loan is seven years, with monthly amortizations starting from the 61st month. The loan will bear interest of 9.5% p.a. plus the adjustments by the Reference Rate (TR) on the outstanding balance. Though the Company has a loan restated by the Reference Rate, we believe there is no risk of exposure to reference rate variation due to swap operations carried out simultaneously, as described in chapter 5.2.

- **Exchange risk** – To reduce its borrowing costs and lengthen its maturity profile, the Company contracts loans in foreign currency. On December 31, 2014, there was an outstanding balance of R$124.7 million referring to the loan agreement signed on August 24, 2011 in the amount of US$75.0 million, equivalent to R$123.0 million, with repayment in six years and the funds were made available to Localiza in November 2011. Though the Company has a loan in foreign currency, we believe there is no risk of exposure to exchange variation due to hedge swap operations carried out simultaneously, as described in chapter 5.2.

(ii) 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 maximum exposure to the credit risk of the Company, according to the residual value of the respective financial assets, is as follows:

			R$ million
	12/31/14	**12/31/13**	**12/31/12**
Loans and receivables			
Cash and cash equivalents			
Marketable securities			
Aaa.br (Moody's rating)	1,367.0	988.4	811.0
Cash and banks	23.2	22.3	12.9
Total cash and cash equivalents	1,390.2	1,010.7	823.9

Trade accounts receivable	305.7	271.8	230.2
Accounts receivable from credit cards:			
- A3 according to *Moody´s* rating	65.0	59.7	53.4
- Baa2 according to *Moody´s* rating	80.0	72.5	66.8
- Sundry	12.1	11.4	14.7
Total accounts receivable	**462.8**	**415.4**	**365.1**
	1,853.0	**1,426.1**	**1,189.0**

(iii) 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.

Liquidity risk is managed by the Chief Financial Officer and monitored by the Board of Directors. Liquidity risk is managed based on funding needs and liquidity management in the short, medium and long terms. The Company manages liquidity risk by maintaining appropriate financial resources available in cash and cash equivalents and through credit line to contract loans, based on constant monitoring of expected and actual cash flows and on the combination of maturity profiles of financial assets and liabilities.

5.2 – Description of the market risk management policy

a) Risks for which hedges are sought:

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

- Market risk in transactions with foreign exchange derivatives (through swap for loans obtained in foreign currency – risk of variation in exchange rate);
- Market risk of variation in interest rates (through swap for loans with costs pegged to the CDI overnight rate);
- Risk of reference rate variation;
- 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 May 15, 2015 shareholders approved the following, pursuant to the Bylaws:

The Executive Board is responsible for the following:

Article 12… *(o) "To establish the scope of authority of the Executive Board for the issuance of credit instruments in Brazil, including, but not limited to debentures and promissory notes for funding in the capital markets, deciding also on their conditions for issuance and redemption, and may, in cases established by it, require prior authorization of the Board of Directors as a condition for the validity of the act;*

(p) To establish the scope of authority of the Executive Board to issuance any credit instruments for foreign funding, including bonds, notes, commercial papers or other instruments, also deciding on the conditions of their issuance and redemption, and may, in cases established by it, require prior authorization of the Board of Directors as a condition for the validity of the act; and

(q) To establish the scope of authority of the Executive Board to contract any call or put options, swaps and other complex financial transactions which are based on the trading price or the price in the futures market, and may, in cases established by it, require prior authorization of the Board of Directors as a condition for the validity of the act;"

The Executive Board has the following responsibilities:

Article 17 (e) "Contracting loans and financing under the limits and conditions granted thereto by the Board of Directors."

- 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, 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				
				12/31/14				
				Rates		Reference (notional) value		Amount (payable/ receivable
Swap operation	Contracted on	Maturity	Counterparty	Asset	Liability	R$ million	U$ million	R$ million
Dollar x Real	11/16/11	08/16/17	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	75.0

				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	95.6	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

						Consolidated		
						12/31/12		
				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 to 11/16/11	5/25/16 to 08/16/17	Brazilian Banks	Exchange variation of USD + coupon of 1.60% p.a. to 6.44% p.a. + LIBOR 3M	102.5% to 114.7% of the CDI variation	293.0	170.5	32.4

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 to manage interest rate risk, Management continuously monitors the CDI overnight rate in order to, if necessary, adjust rental fees to mitigate such fluctuations. To manage fleets, the Company 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. 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 rental.* The Management manages risk by constantly monitoring the CDI rate in order to adjust its car rental rates, if needed.

- *Fleet rental.* 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 rental contracts.

- 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 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, 2014, 2013 and 2012, the following were the positions of swap operations that exchanged the floating rate for a fixed rate:

						12/31/14	
				Rates		Reference (notional) value	Amount (payable/ receivable
Swap operation	Contracted on	Maturity	Counterparty	Asset	Liability	R$ million	U$ million
CDI x Pre-fixed rate	07/01/14 and 07/30/14	07/01/15 to 01/05/16	Brazilian banks	111.4% to 112.0% of the CDI variation	12.1% p.a. to 12.4% p.a.	375.0 (*)	4.7

(*) The short leg (fixed rate) of swaps corresponds to R$395.4 million on December 31, 2014.

						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	01/31/14 to 12/15/14	Brazilian banks	109.7% to 113.8% of the CDI variation	8.35% p.a. to 9.6% p.a.	292.8 (*)	5.4

(*) The short leg (fixed rate) of swaps corresponds to R$292.8 million on December 31, 2013.

						12/31/12	
				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	8.02% p.a. to 9.6% p.a.	109.7% to 113.8% of the CDI variation	370.9	(3.5)

- Practices adopted by the Company for hedge against Reference Rate variation

As a strategy to manage the Reference Rate (TR) variation risk, the Company simultaneously and mandatorily contracts

swap transactions (plain vanilla) for identical amounts, terms and rates, exchanging the exposure to Reference Rate variation for CDI variation. The swap operations are contracted solely for hedging purposes.

Funding transactions pegged to the Reference Rate are matched transactions, which consist formally of a loan agreement and a swap transaction contract, with the same maturity and counterparty and which should be settled simultaneously for a single net value.

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

						12/31/14	
				Rates		Reference (notional) value	Amount (payable/ receivable
Swap operation	Contracted on	Maturity	Counterparty	Asset	Liability	R$ million	U$ million
TR x CDI	06/25/14	06/15/21	Itaú Unibanco	TR Variation + coupon of 9.5% p.a.	98.8% of the CDI variation	190.0	(0.8)

- 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, 2014, two of the three largest credit card companies accounted for 17.3% and 14.0%, 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 rental, 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 operations and customers are located in Brazil, there are no customers who, individually represent more than 10% of the Company's revenues.

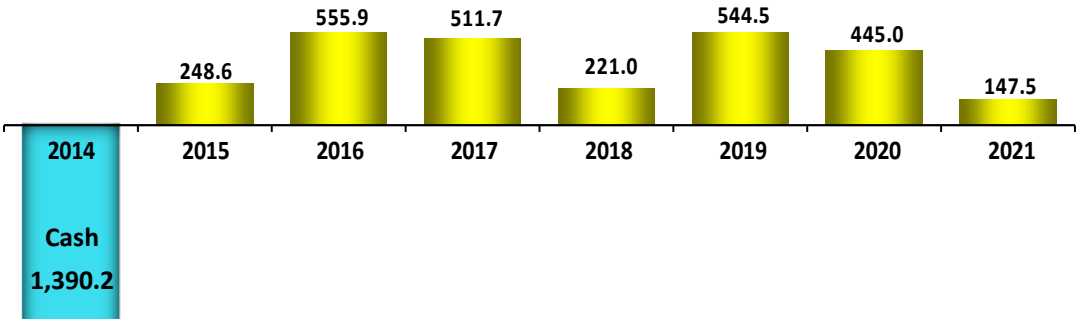
- Practices adopted by the Company for hedging against risks of liquidity

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, 2014, 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, 2014, was more than sufficient to settle the debts maturing in 2015, 2016 and 2017.

Debt profile on December 31, 2014

(R$ million)



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	2014	2013	2012
Net debt / Fleet value	40%	48%	48%
Net debt/ EBITDA	1.4x	1.5x	1.4x
Net debt / Shareholders' Equity	0.8x	1.0x	0.9x

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

Rating agency	Global scale	Domestic scale (Brazil)
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 members, two of which are independent, 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 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, debentures issuance 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

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 evaluated, together with various areas of the Company, the implementation of the recommended improvements to internal controls, identified during the process of mapping out and documenting the processes.

In addition, as part of the Internal Audit activities, rotational fleet inventories are conducted at Car Rental locations and used car stores, as well as in repair shops and accredited service providers. Compliance with the standards and internal operating procedures of the locations is also evaluated. Any non-compliance identified is reported to the responsible department for analysis and resolution.

In its risk management structure, the Company has a hotline through which employees and franchisees may report situations and unethical and/or illegal conduct on the Localiza Platform. To provide greater confidentiality and impartiality, the hotline is operated by a specialist third-party, which allows complaints to be reported anonymously. 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. 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 dismissal of employees and disqualification of suppliers.

In 2014, 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 28, 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 location 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 Luís 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 locations 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 locations 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 issuance of 8-year-term senior notes registered at the US Securities and Exchange Commission. In order to operate in the fleet rental 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 issuance 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, 2014, the Company had 6,260,819 ADRs in the United States (881,087 on December 31, 2013 and 475,510 on December 31, 2012).

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 issuance 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.

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.

On December 31, 2014, the Localiza Platform, including franchisees in Brazil and abroad, consisted of 540 car rental locations, of which: (i) 476 locations were in 348 cities across Brazil, 304 of them operated by Localiza and the others by franchisees; and (ii) 64 locations in 38 cities in 8 countries across South America, all operated by franchisees.

At the Extraordinary Shareholders Meeting held on April 28, 2015, shareholders approved the merger of Localiza Cuiabá Aluguel de Carros Ltda. (Localiza Cuiabá), a wholly-owned subsidiary of Localiza. The merger is justified as it meets the Company's strategic guidelines of simplifying and rationalizing the administrative and financial structure, as well as directly carrying out all of its 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 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. This operation did not have any effect on the corporate structure of the Company as the new company is a wholly-owned subsidiary.

- On August 24, 2012, the company Rental Brasil Administração e Participação S.A. was established, as approved by the Board of Directors on July 19, 2012. The Company's capital on December 31, 2012 is R$150.0 million, of which R$40.9 million was paid in cash and assets. On March 7, 2014, the capital was paid in the amount of R$109.1 million, as approved in a meeting of the Board of Directors, bringing the total capital to R$150.0 million.

- 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.

- At 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 may 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.

- At 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 was a wholly-owned subsidiary of Localiza, the merger did not involve any increase in the capital stock nor did it alter the shareholding structure of Localiza Rent a Car S.A.

- At 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 was a wholly-owned subsidiary of Localiza, the merger did not involve any increase in the capital stock, nor did it alter the shareholding structure of Localiza Rent a Car S.A.

- At the Extraordinary Shareholders Meeting held on April 28, 2015, shareholders approved the merger of Localiza Cuiabá Aluguel de Carros Ltda. (Localiza Cuiabá), a wholly-owned subsidiary of Localiza. The merger is justified as it meets the Company's strategic guidelines of simplifying and rationalizing the administrative and financial structure, as well as directly carrying out all of its car rental activities. Given that Localiza Cuiabá was a wholly-owned subsidiary of Localiza, the merger did not involve any increase in the capital stock, nor did it alter the shareholding structure of Localiza Rent a Car S.A.

The ownership structure of Localiza in 2014, 2013 and 2012 was as follows:

	Number of shares			% interest in capital		
Direct subsidiaries:	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**
Localiza Fleet	103,280,354	103,280,354	103,280,354	100.0	100.0	100.0
Rental Brasil	15,000,000	15,000,000	15,000,000	100.0	100.0	100.0
Localiza Serviços Prime	15,000	15,000	15,000	100.0	100.0	100.0
Localiza Cuiabá	4,730,000	**-**	**-**	100.0	**-**	**-**
Localiza Franchising Brasil	399,069	399,069	399,069	100.0	100.0	100.0
Localiza Car Rental	-	1,339,961	1,339,961	-	100.0	100.0
Rental International	1,000	1,000	1,000	100.0	100.0	100.0
Car Assistance	200,000	200,000	200,000	100.0	100.0	100.0
LFI SRL	23,750	23,750	23,750	95.0	95.0	95.0
Localiza JF	-	4,709,202	-	-	100.0	**-**
Indirect subsidiary:						
FR Assistance	150,000	150,000	150,000	100.0	100.0	100.0
Indirect interest:						

LFI SRL	1,250	1,250	1,250	5,00	5,00	5,00

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 2014 the Company received various awards and recognitions, among which special mention should be made of the following:

Awards and Recognition	Organized by
Company Reputation	
1st rank in the global expansion of Brazilian Franchisees	FDC - Fundação Dom Cabral
26th most valuable brand in Brazil	IstoÉ Dinheiro magazine / BrandAnalytics/Millward Brown survey
3rd most globalized brand in Brazil	Exame magazine – Fundação Dom Cabral
3rd best IPO in Brazil	Capital Aberto magazine – Economática
55th company with the best reputation in Brazil	Exame magazine / Merco 2013 ranking
Brazil's most influential CIO	IT4CIO Network Technology
One of Brazil's top 5 companies in governance	(BTG Pactual – FEA/USP)
One of the best franchisees in Brazil	Pequenas Empresas Grandes Negócios magazine
Biggest and Best car rental company in Brazil	Transporte Moderno magazine
Biggest and Best Brazilian transportation company in the car rental category	Transporte Moderno magazine
Best management in the transportation industry	Euromoney
Best car rental company in Brazil	TripAdvisor
Tourism Personality	Mercado e Eventos newspaper
Seal of Excellence in Franchising	Brazilian Franchising Association (ABF)
Top 25 in Brazilian Franchising	Bittencourt Group
One of the most ethical companies in Brazil	Brazilian Institute of Business Ethics
Finance and Investor Relations	
Excellence in Corporate Finance	Brazilian Institute of Finance Executives (IBEF/MG)
Best CEO and CFO in Latin America	Institutional Investor magazine
Best IR and best IR program in Latin America (Transportation Industry)	IR Magazine
One of the 5 most transparent companies in Brazil	Brazilian Association of Finance, Administration and Accounting Executives
One of the 5 best IRs in Brazil	IR Magazine
3rd best performance for shareholders	Agência Estado – Economática

7.1 Overview of the business activities of the Corporation and subsidiaries

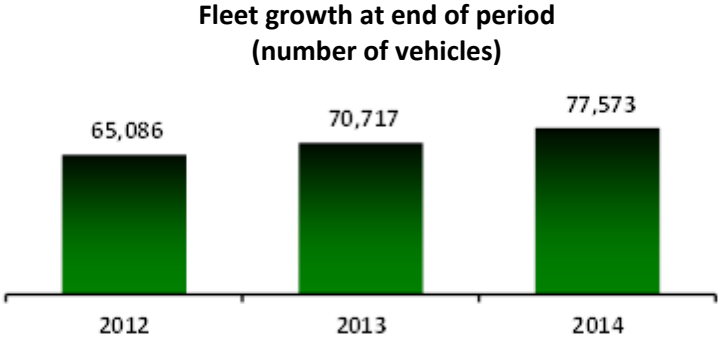
The Company believes to be the largest car rental chain in South America in number of locations, with 540 car rental locations across nine countries in South America, of which 304 are operated by Localiza and 236 by franchisees. On December 31, 2014, the consolidated fleet comprised 125,224 cars, of which 111,885 were own cars and 13,339 were owned by the franchisees. Localiza has nearly 4.3 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, 2014, the car rental market in Brazil had around 5,624 rental companies of varying sizes, with a few international brands.

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

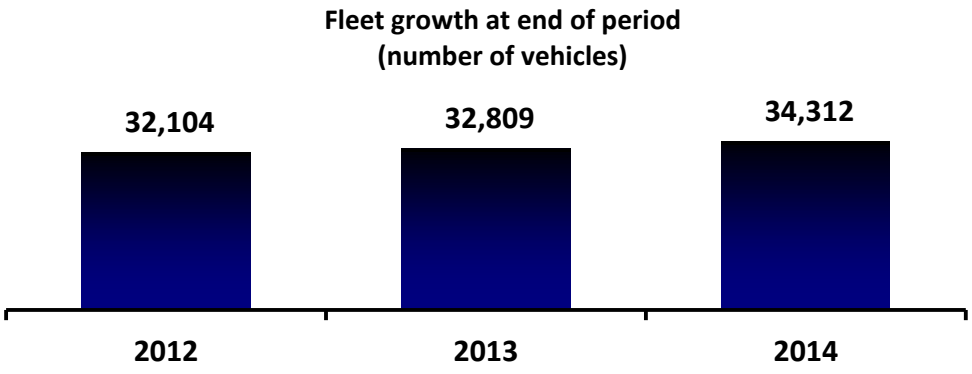
***Car Rental*:** The Company rents cars in locations located in airports and other locations. Rentals are carried out by companies and individuals on business or leisure trips, to meet their car rental needs outside their cities of residence, as well as by insurance companies and automakers which offer 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 of 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, 2014, the Car Rental Division had a fleet of 77,573 cars, an increase of 9.7% from the 70,717 cars on December 31, 2013.

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



***Fleet Rental*:** The Fleet Rental Division, through the wholly-owned subsidiary Localiza Fleet S.A. 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. At the end of the contracts, decommissioned cars 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 granting and managing franchises, in smaller and geographically defined markets, including for transferring the technical knowledge required to make the business operational and 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 locations of the Company in each country as on December 31, 2014, 2013 and 2012.

	Number of Locations		
Country	**2014**	**2013**	**2012**
Brazil	172	193	202
Argentina	26	26	21
Bolivia	1	1	1
Chile	8	7	1
Colombia	13	13	12
Ecuador	6	6	6
Paraguay	6	6	5
Peru	1	1	1
Uruguay	3	3	3
Total	**236**	**256**	**252**

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 Rental and Franchising Divisions. As a result of its Car and Fleet Rental businesses, the Company has a network of points of sale direct to final consumers of decommissioned cars 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,					
	2014	**%**	**2013**	**%**	**2012**	**%**
Net revenue from rental and sales						
Car Rental Division	2,952.3	75.8	2,646.5	75.5	2,344.0	74.0
Fleet Rental Division	922.1	23.7	840.2	24.0	805.5	25.4
Franchising Division	17.8	0.5	19.5	0.5	17.3	0.6
Total net revenue	**3,892.2**	**100.0**	**3,506.2**	**100.0**	**3,166.8**	**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,					
	2014	**%**	**2013**	**%**	**2012**	**%**
Car Rental Division	464.5	63.9	381.5	58.5	259.0	55.6
Fleet Rental Division	253.5	34.9	259.7	39.8	197.9	42.5
Franchising Division	8.7	1.2	10.9	1.7	8.9	1.9
Earnings before financial result and income tax	**726.7**	**100.0**	**652.1**	**100.0**	**465.8**	**100.0**

7.3 Information on products and services related to the operating segments

a) Characteristics of the production process

Not applicable by virtue of the activities performed by the Company.

b) Characteristics of the distribution process

Car Rental

Localiza manages its car rental activities through locations 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 reserve 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 locations 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 locations, the Company believes it is the largest car rental network in South America.

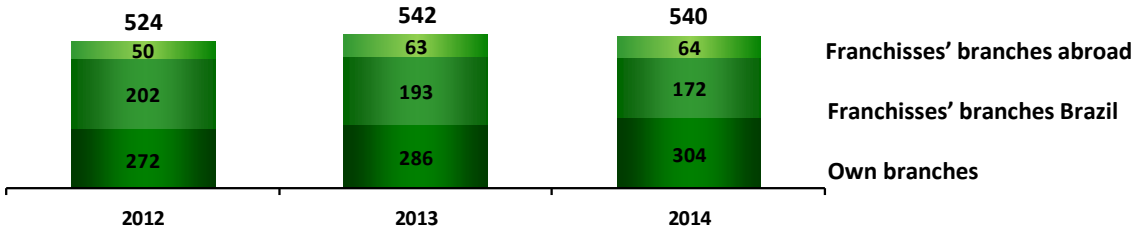
The Company has obtained marked recognition for its trademark and the loyalty of its customers in Brazil in its car rental operations, offering new and high quality cars, as well as efficiency in customer service. In addition, the Company believes that is nationwide network of rental locations provides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

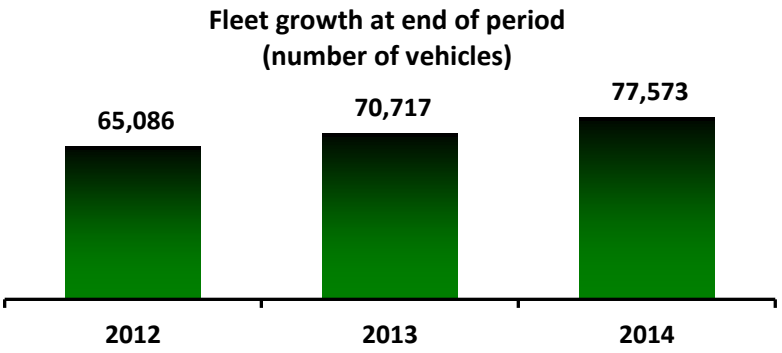
Network of strategically located locations with broad geographic coverage. A marked nationwide presence increases recognition of the Localiza trademark. Through its network of locations, the Company operates in 348 cities in Brazil, including the main airports, as well as of other locations strategically located close to commercial centers and intense movement of traffic. The Company's network of locations is made up of 540 locations distributed throughout Brazil and other 8 South American countries. Of Localiza's own 304 locations, 71 are located in airports. Of the 236 franchised locations, 172 are located in Brazil, 33 of them in airports. The non-airport network of locations is comprised of 372 locations located in central regions of the Brazilian cities in which the Company is present. Localiza's own locations located in airports are run by the Company through concession agreements granted by the federal government's airport infrastructure company INFRAERO, private concessions and by state and municipal airport authorities.

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

Number of car rental locations

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 of December 31, 2014, 2013 and 2012, the average age of the fleet of the car rental division was approximately 7.2 months, 7.2 months and 7.8 months, respectively.

On December 31, 2014, Localiza's consolidated fleet consisted of 125,224 cars, of which: (i) 111,885 own cars, including 34,312 in the Fleet Rental Division, (ii) 9,383 owned by franchisees in Brazil, and (iii) 3,956 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 75 sales points located in 45 cities throughout Brazil, thus avoiding intermediation costs.

In 2014, the Company increased its fleet by 9,183 cars, for a net investment of R$465.0 million, compared to a net investment of R$278.9 million in 2013, when the fleet was increased by 7,103 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 car rental rates charged 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 locations 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 locations 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 has around 4.3 million participants on December 31, 2014. 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, 2014 approximately 984,000 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 78.8%. 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 locations 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 whole owned subsidiary Localiza Serviços Prime intermediates sales of the Car Rental Division's decommissioned cars at the end of their period for use. The Company sells most of the decommissioned cars from the car rental operations directly to the final consumer through 75 points of sales located in 45 cities. As of December 31, 2014, approximately 58.7% 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 of December 31, 2014 the average age of the cars sold from the Car Rental Division was around 14.4 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 2014, the used car market was 3.1 times bigger than the new car market. In 2014, 2013 and 2012, approximately 10.1 million, 9.4 million and 9.0 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 0.70%, 0.66% and 0.63% of this market in 2014, 2013 and 2012, 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 Rental

The Company offers fleet rental services to its corporate customers through its wholly-owned subsidiary Localiza Fleet. As of 31 December, 2014, Localiza Fleet had approximately 798 corporate customers with a fleet of 34,312 own cars and 267 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 rental 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.

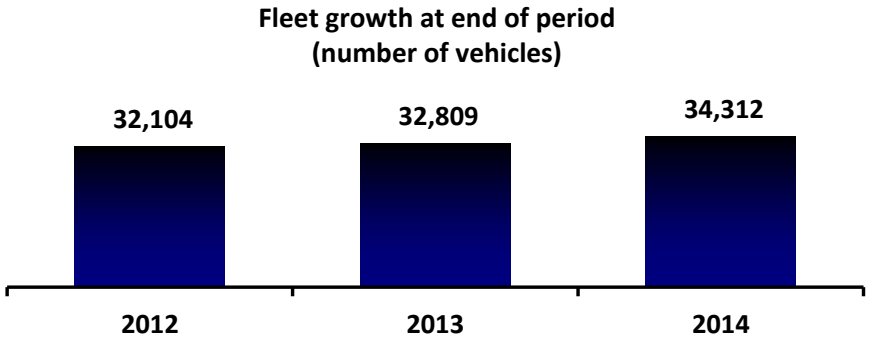
The Company believes that there is a growing trend of contracting fleet rental services by companies due to the need of greater focus on the core business and to the reduction of assets base, which represents an opportunity for expanding the Fleet Rental Division. In developed countries, the fleet rental 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 rental 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 rental 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 of December 31, 2014, 2013 and 2012, the average age of the fleet was approximately 18.0 months, 18.6 months and 16.8 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 2014, 2013 and 2012, investments in fleet renewal and growth, net of the sales of decommissioned cars, amounted to R$226.5 million, R$127.4 million and R$120.5 million, respectively.

Fleet rental rates. The rates charged by Localiza Fleet for fleet rental 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 rental 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 rental 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 rental business and based on renewal of its fleet, the Localiza Serviços Prime intermediates sales of decommissioned cars from the fleet rental operation at the end of each contract. The Company sells most of the decommissioned cars directly to final consumers through 75 points of sales located in 45 cities (as of December 31, 2014). A substantial portion of decommissioned cars from fleet rental operations was sold directly to final consumers. The remaining decommissioned cars from rental operations are sold directly to resellers.

As of December 31, 2014 the average age of the Localiza Fleet cars sold was around 35.1 months. The replacement of cars after end of their period of use at a material residual value is a specific characteristic of the fleet rental 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 rental 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 2014, the used car market was 3.1 times bigger than the new car market. In 2014, 2013 and 2012, approximately 10.1 million, 9.4 million and 9.0 million used cars were sold, respectively. Sales of decommissioned cars by the Company and Localiza Fleet represented roughly 0.70%, 0.66% and 0.63% of this market in 2014, 2013 and 2012, 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 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 locations 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 locations 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 locations per country.

	Fiscal year ended December 31,		
Country:	**2014**	**2013**	**2012**
Brazil	172	193	202
Argentina	26	26	21
Bolivia	1	1	1
Chile	8	7	1
Colombia	13	13	12
Ecuador	6	6	6
Paraguay	6	6	5
Peru	1	1	1
Uruguay	3	3	3
Total	**236**	**256**	**252**

As of December 31, 2014 the Company's network comprised 64 franchised locations in 38 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 13,339, 14,233 and 14,545 cars in December 2014, 2013 and 2012, 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 agreement 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.

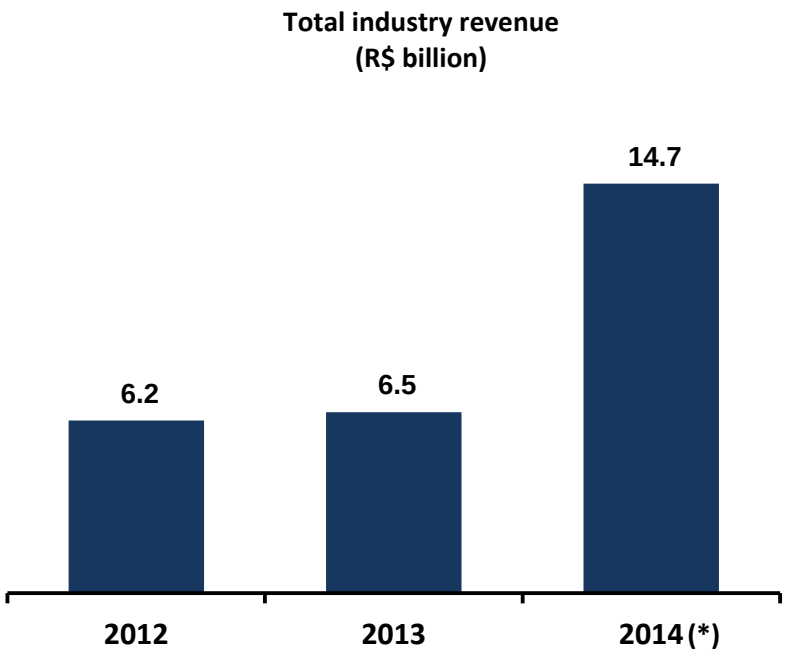
Upon signing the first agreement and every five years thereafter franchisees operating in Brazil pay Localiza Franchising Brasil an adhesion fee in an amount proportional to the franchisee's market potential as of the signing date. On a monthly basis, franchisees also pay royalties, calculated over the 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, 2014, 2013 and 2012, total net royalties related to Brazilian franchisees amounted to R$17.8 million, R$19.5 million and R$17.3 million, respectively. Total royalties related to foreign franchisees for the years ended December 31, 2014, 2013 and 2012 amounted to R$1.0 million, R$0.7 million and R$0.5 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

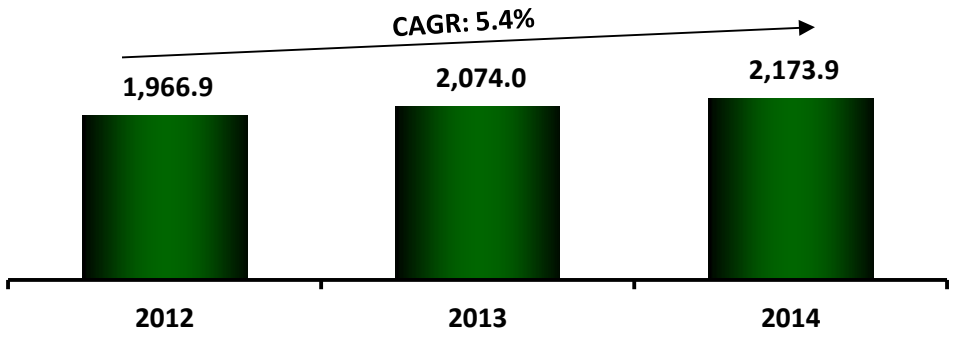
i. share in each market



Source: ABLA 2015 Annual Report

(*) ABLA revised its methodology for calculating the market size and portrayed in its 2015 report, regarding 2014, a much bigger car rental and fleet rental market in Brazil than shown by data of previous years.

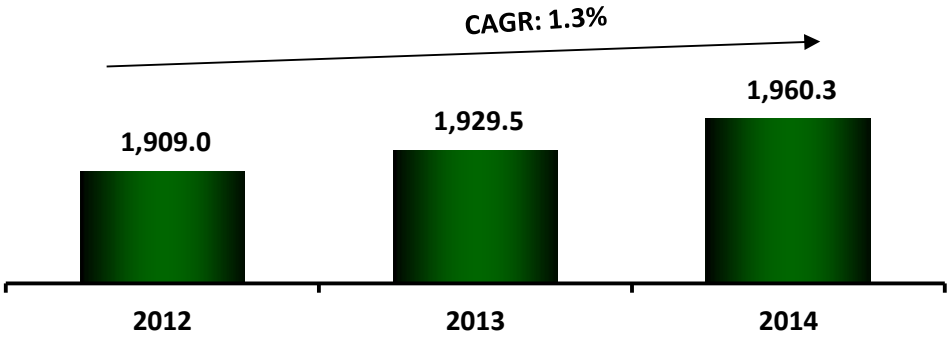
Rental revenue – Localiza and Franchisees
(R$ million)



Source: Internal data

According to information compiled by the Company, rental revenue grew 1.9 times the average GDP growth between 2010 and 2014.

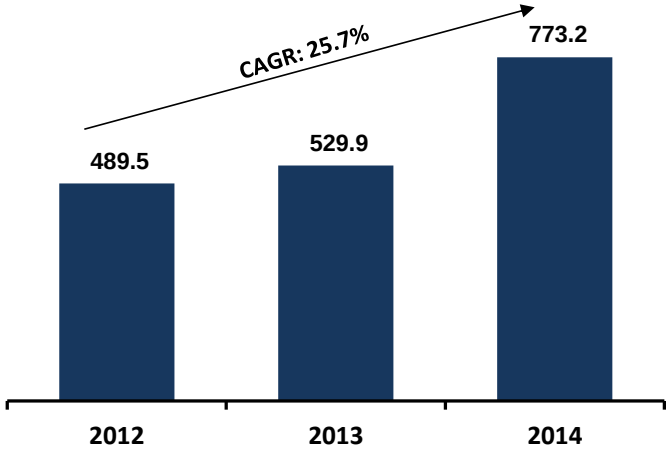
Localiza's rental revenue at constant prices restated by IPCA index (R$ million)



GDP	1.0%	2.5%	0.1%

The Company has a network of 476 locations in Brazil, which is larger than the combined networks of the four largest competitors. As of December 31, 2014, the 2nd, 3rd, 4th and 5th ranked competitors had 157, 108, 82 and 55 locations, respectively, according to the website of each competitor. In terms of nationwide activity in Brazil, Localiza is present in 348 cities, while the 2nd, 3rd, 4th and 5th ranked competitors are present in 105, 78, 60 and 42 cities, according to each company's website.

Evolution of industry fleet (thousand)



Source: ABLA 2015 Annual Report

(*) ABLA revised its methodology for calculating the market size and portrayed in its 2015 report, regarding 2014, a much bigger car rental and fleet rental market in Brazil than shown by data of previous years.

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 exclusively dedicated to this business line. According to the Brazilian Association of Car Rental Companies (ABLA) on December 31, 2014 there were approximately 5,624 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 locations.

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, owing 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 2014, the Company purchased 79,804 cars in Brazil, mainly from the five leading automakers, for an investment of R$2.5 billion at the average

purchase price of R$31,080. The investment in cars purchased between the years 2006 and 2014 totaled nearly R$14.5 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.

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

a) total revenues from the customer

As of 31 December, 2014, 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 locations.

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, which is 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 uses a dry cleaning system for its cars. While a normal wash consumes around 83 liters of water per vehicle, Localiza's dry cleaning system uses around 100ml of water per car and the product used is also biodegradable. Moreover, the traditional wash system used high-pressure machines which heavily consumed energy. If the cars are very dirty, they must inevitably washed with water but otherwise, they are dry cleaned.

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/sustentabilidade. The Company also obtained the silver medal for environmental responsibility from Ecovadis, which analyzes the company in the social, environmental, ethical and supply chain spheres.

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 locations in airports by means of concession agreements granted by INFRAERO and state and municipal airport authorities. As of December 31, 2014, of the Company's 91 concessions (some locations involve more than one concession), 49 were granted by INFRAERO, 19 by state airport authorities and 9 by municipal airport authorities. The Company also carries out 14 operations in 6 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; and (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% to 7% 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.

For private concessions, the agreements can be terminated in the following cases: (i) mutual agreement between the PARTIES, any time, provided it is formally justified and informed by one party to the other at least thirty (30) days in advance; (ii) any change in the company name or in the purpose or structure that affects the performance of the Agreement; (iii) delay of more than sixty (60) days in payments due to the ASSIGNOR; (iv) information is omitted or withheld about gross revenue from execution of the concession AGREEMENT for the use of airport land, installations and equipment in case of agreements that stipulate collection of a variable portion, or if information that does not portray the truth of the facts is provided; (v) use of area and buildings for any purpose other than exclusively for which they were stipulated in the AGREEMENT; (vi) modification of the area and/or buildings, without prior authorization from the ASSIGNOR; (vii) stoppage of services by the ASSIGNEE without any justified reason; (viii) suspension of execution, by a written order from the ASSIGNOR, for a period of more than one hundred twenty (120) days, except in case of public calamity, serious disruption of internal order or war, or due to repeated suspensions that add up to the same period, regardless of the compulsory payment of indemnifications for successive and contractually unforeseen commissioning and decommissioning, and other foreseen events, in which cases the ASSIGNEE is assured of the right to choose to suspend performance of the obligations assumed until the situation is normalized; (ix) unforeseen circumstances or force majeure, duly proved, which hamper the execution of the AGREEMENT; (x) deactivation or modification of the Airport Area for the benefit of airline operations or in public interest, which hampers the continuity of the ASSIGNEE’s business or, any legal or regulatory standard that makes it material or formally unenforceable; (xi) request or proposal for court-ordered or extrajudicial reorganization, adjudication of bankruptcy; and (xii) judicial or extrajudicial liquidation of any of the PARTIES.

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$3.9 billion in 2014, representing 99.97% 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 64 franchises operating abroad. Consolidated net revenue from overseas customers in 2014 was R$1.0 million, corresponding to 0.03% 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$1.0 million in 2014, representing 0.03% 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 decommissioned cars from the fleets of Localiza and its wholly-owned subsidiary Localiza Fleet.

For granting such exclusivity in directing the financing of the decommissioned cars, Localiza Serviços 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 of December 31, 2014 the consolidated balance of realizable revenue related to this transaction was R$4.2 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, granted and 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 3.6% of the sales of Brazil's leading carmakers in the year ended December 31, 2014.

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 locations 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: To dominate the Brazilian market, preventing the growth of chains, managing short-term profitability targets to generate superior value in the long term. Dominant player is one who has the capacity to discipline the market.

Fleet Rental: Create value by exploring opportunities in the fleet rental market by leveraging platform synergies.

Localiza Franchising: Add value to the brand by expanding the distribution network in Brazil and South America, guaranteeing international presence and expansion by directly investing in franchisees.

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 for performance analysis, decision making and risk management.

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

Information Technology - Provide solutions to improve operating efficiency and customer relationship 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 through projects which focus on culture, social actions and education, having invested some R$3.8 million in 2014 in: social institutions supported by the Rouanet Law; sports incentive law; social fund for children and adolescents; law in support of elderly people; support for the disabled; and support to cancer treatment. The Company allocates 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'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).

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/sustentabilidade.

Social Balance Sheet

	2013			2014		
Calculation basis of social indicators - R$ million						
Net Revenue (NR)	3,506.2			3,892.2		
Earnings before taxes (EBT)	541.5			575.6		
Gross Payroll (GP)	365.1			412.7		
Internal Social Indicators	**Amount R$/million**	**% over GP**	**% over NR**	**Amount R$/million**	**% over GP**	**% over NR**
Meals	21.8	6%	1%	18.4	4%	0%
Compulsory social charges	76.7	21%	2%	82.7	20%	2%
Health	20.6	6%	1%	22.7	6%	1%
Training and professional development	6.4	2%	0%	4.5	1%	0%
Day – care or day – care allowance	0.4	0%	0%	0.3	0%	0%
Profit Sharing	50.0	14%	2%	57.5	14%	2%
Other	10.1	2%	0%	5.9	1%	0%
Total – Internal Social Indicators	**186.0**	51%	6%	**192.0**	**46%**	**5%**
External Social Indicators	**Amount R$/million**	**% on EBT**	**% on NR**	**Amount R$/million**	**% on EBT**	**% on NR**
Education	0.5	0%	0%	0.4	0%	0%
Culture	2.0	1%	0%	1.8	1%	0%
Other	0.2	0%	0%	0.4	0%	0%
Total contributions to society	**2.7**	1%	0%	**2.6**	**1%**	**0%**
Taxes (net of social charges)	287.2	53%	8%	321.2	55%	8%
Total – External Social Indicators	**289.9**	54%	8%	**323.8**	**56%**	**8%**
Employees Indicators	**2013**			**2014**		
Number of employees at the end of the period	5,799			5,912		
Number of admissions during the period	1,526			1,501		
Number of outsourced employees	231			265		
Number of interns	25			8		
Number of employees over 45 years old	528			604		
Number of women working at the company	2,693			2,701		
% of management positions held by women	46.97%			48.17%		
Number of afro-descendants working at the company	4,329			4,626		
% of management positions held by afro-descendants	51.38%			54.80%		
Number of physically-impaired people or people with special needs	46			139		

(*) Not including ICMS of about R$297.6 million paid by the Company, included in the purchase price of the cars.

Key information regarding the exercise of business citizenship	2014			Targets 2015		
Ratio between maximum and minimum salary			**78.03**			**80 (*)**
Total number of occupational accidents			**39**			-
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 and internal employee representation, the company:	( ) does not interfere	(x) complies with ILO rules	( ) encourages and complies with ILO rules	( ) does not interfere	(x) will comply with ILO rules	( ) will encourage and comply with ILO rules
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 responsibilities standards adopted by the company:	( ) are not considered	( ) are suggested	(x) are required	( ) are not considered	( ) will be suggested	(x) will be required
With regard to the participation of employees in volunteer programs, the company:	( ) does not interfere	( ) supports	(x) organizes and encourages	( ) does not interfere	( ) will support	(x) will organize and encourage
Total number of complaints and criticisms by consumers:	By company (*)	By Procon 92	By Court 2,085	By company (*)	By Procon N/A	By Court N/A
% of complaints and criticisms resolved:	By company (*)	By Procon 76.1%	By Court 13.4%	By company (*)	By Procon N/A	By Court N/A

(*) For the calculation between the highest and lowest remuneration in the Company the headquarters 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 on April 30, 2015 and their respective equity interests in the capital:

Shareholder	Number of shares	%
José Salim Mattar Júnior	13,389,677	6.322046%
Antônio Cláudio Brandão Resende	19,061,406	9.000000%
Eugênio Pacelli Mattar (*)	13,712,583	6.474509%
Flávio Brandão Resende	12,816,031	6.051195%
Lazard Asset Management Securities LLC (**)	26,536,059	12.529219%
Shares in treasury	3,133,110	1.479324%
Other shareholders	123,144,534	58.143707%
Total	**211,793,400**	**100.000000%**

(*) Includes 59,900 shares available for rent.

(**) According to the notice received by the Company on June 30, 2014, and released to the market through to a notice to the market of July 1, 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 June 27, 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 April 30, 2015, the Company had the following wholly-owned subsidiaries:

Localiza Fleet S.A.: a privately-held corporation engaged in the fleet rental 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.

c) Interest held by the issuer in the group companies

As of April 30, 2015 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%
Indirect subsidiary:	
FR Assistance S.A.	100.0%
Indirect interest:	
LFI SRL	5.0%

d) Interest held by group companies in the issuer

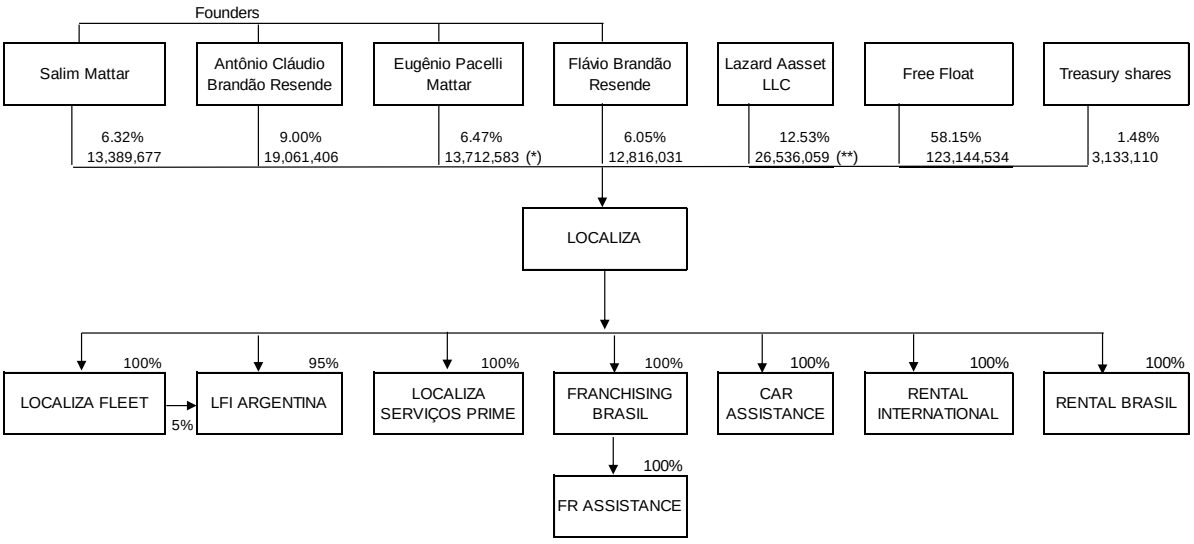
There are no companies of the group that has interest in the Company

e) Companies under common control

There are no companies of the group under common control.

8.2 Ownership Structure

As of April 30, 2015, the organization chart of the group is as follows:



(*) Includes 59,900 shares available for rent.
(**) According to the notice received by the Company on June 30, 2014, and released to the market through to a notice to the market of July 1, 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 June 27, 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	04/28/2015
Corporate event	Merger
Description of the operation	In the Extraordinary Shareholders Meeting held on April 28, 2015, shareholders approved the merger of all assets, liabilities and equity of Localiza Cuiabá Aluguel de Carros Ltda. (Localiza Cuiabá), a wholly-owned subsidiary of Localiza, for R$5.0 million.

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, 2014, 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	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	ES	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
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)	United States	Until 2025	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Aluguel de Carros	Brazil	Until 2018	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 (in Aruba)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Rent a Car (in Bolivia)	Latin America	Until 2017	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Rent a Car (in 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)	Europe	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
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 2024	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	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

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
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	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
Concessions	Concession granted by Infraero as well as 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)	Europe	Until 2023	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza (Abroad Costa Rica)	Latin America	Until 2018	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

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
Trademarks	Localiza (in 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
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
Franchises	Franchises and royalties agreements	Brazil	60 months	The Company grants its franchisees the right to use the trademark and the knowhow needed to run the business as well as exclusive rights over certain areas where the franchisee cannot operate. Generally, franchisees can terminate the franchise agreement by sending a notice 90 days in advance. The Business Franchise Agreements signed by the Company have an exclusivity clause that does not allow franchisees to sell their operations to third parties or competitors of the Company. The agreements also contain a confidentiality clause that stipulates a fine in case of breach and the non-compete obligation on the part of franchisees after the termination or rescission of the agreement, for a period of five years.	After the termination of agreements, the Company can execute a new agreement with the franchisee or take over the franchisee's operations, if these are economically viable, and holds the right of first refusal in acquiring the company, branch and installations.

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
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
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 Rent a Car (abroad Panama)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
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 Rent a Car (abroad Peru)	Latin America	Until 2016	Non-payment of extension at maturity	Loss of trademark registration and intangible asset
Trademarks	Localiza Rent a Car (abroad Suriname)	Latin America	Until 2016	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				
12/31/2014	0.000000	0.000000	12,199,351.36	**Book value**	12/31/2014	240,000.00		
12/31/2013	0.000000	0.000000	16,369,635.34					
12/31/2012	-93.031359	0.000000	13,535,654.02					
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 Localiza 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				
12/31/2014	0.000000	0.000000	0.00	**Book value**	12/31/2014	150,000.00		
12/31/2013	0.000000	0.000000	0.00					
12/31/2012	0.000000	0.000000	0.00					
Reasons for acquisition and maintenance of interest								
Company in pre-operation phase with no operations.								

Company name	Corporate Taxpayer's (CNPJ)	CVM Code	Type of Company	Country	State	City	Description of activities	Issuer's interest (%)
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. In the Extraordinary Shareholders' Meeting held on April 29, 2014, shareholders approved the merger of Localiza Car Rental S.A. with the transfer of all assets, liabilities and shareholders' equity to the Company.	100.000000

Fiscal Year	Book value - % chg.	Market cap - % chg.	Amount of dividends received (R$)		Date	Value (R$)
				Market cap		
12/31/2014	0.000000	0.000000	0.00	**Book value**	12/31/2014	0.00
12/31/2013	0.000000	0.000000	9,000,459.57			
12/31/2012	0.000000	0.000000	5,683,436.98			

Reasons for acquisition and maintenance of interest

Company that also operated car rental activities parallel to the Company, merged on April 29, 2014.

Company name	Corporate Taxpayer's (CNPJ)	CVM Code	Type of Company	Country	State	City	Description of activities	Issuer's interest (%)
Localiza Fleet S.A.	02.286.479/0001-08	-	Subsidiary	Brazil	MG	Belo Horizonte	Closely held company that conducts the fleet rental 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

Fiscal Year	Book value - % chg.	Market cap - % chg.	Amount of dividends received (R$)		Date	Value (R$)
				Market cap		
12/31/2014	0.988578	0.000000	175,211,100.2	**Book value**	12/31/2014	801,409,000.00
12/31/2013	21.603349	0.000000	43,911,742.82			
12/31/2012	45.179332	0.000000	29,926,600.51			

Reasons for acquisition and maintenance of interest

Company responsible for conducting fleet rental business.

Company name	Corporate Taxpayer's (CNPJ)	CVM Code	Type of Company	Country	State	City	Description of activities	Issuer's interest (%)
Localiza Franchising Brasil S.A.	06.291.437/0001-08	-	Subsidiary	Brazil	MG	Belo Horizonte	Closely held company which operates franchising businesses of the Localiza trademark in Brazil. Additionally, it is authorized to have interest in other companies and operate car rental activities.	100.000000

Fiscal Year	Book value - % chg.	Market cap - % chg.	Amount of dividends received (R$)		Date	Value (R$)
				Market cap		
12/31/2014	0.000000	0.000000	12,749,687.73	**Book value**	12/31/2014	604,000.00
12/31/2013	0.000000	0.000000	14,106,234.71			
12/31/2012	-93.102661	0.000000	11,706,394.52			

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		
12/31/2014	0.000000	0.000000	0.00	**Book value**	12/31/2014	56,000.00
12/31/2013	-10.000000	0.000000	0.00			
12/31/2012	-21.649485	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 Fora	Limited liability company, former franchise of the Localiza brand conducting 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. On August 6, 2013, it was acquired by the Company and currently operates car rental activities in these cities. In the Extraordinary Shareholders' Meeting held on April 29, 2014, shareholders approved the merger of Localiza JF Aluguel de Carros Ltda. with transfer of all assets, liabilities and shareholders' equity to the Company.	100.000000

Fiscal Year	Book value - % chg.	Market cap - % chg.	Amount of dividends received (R$)		Date	Value (R$)
				Market cap		
12/31/2014	0.000000	0.000000	0.00	**Book value**	12/31/2014	0.00
12/31/2013	0.000000	0.000000	43,658.57			
12/31/2012	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 (%)
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

Fiscal Year	Book value - % chg.	Market cap - % chg.	Amount of dividends received (R$)		Date	Value (R$)
12/31/2014	18,858505	0.000000	0.00	**Market cap**		
12/31/2013	897.420000	0.000000	0.00	**Book value**	12/31/2014	106,666,000.00
12/31/2012	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.

Company name	Corporate Taxpayer's (CNPJ)	CVM Code	Type of Company	Country	State	City	Description of activities	Issuer's interest (%)
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

Fiscal Year	Book value - % chg.	Market cap - % chg.	Amount of dividends received (R$)		Date	Value (R$)
12/31/2014	267,029959	0.000000	0.00	**Market cap**		
12/31/2013	409,220000	0.000000	0.00	**Book value**	12/31/2014	150,196,000.00
12/31/2012	0.000000	0.000000	0.00			

Reasons for acquisition and maintenance of interest

Administration and interest holding as shareholder in other companies.

Company name	Corporate Taxpayer's (CNPJ)	CVM Code	Type of Company	Country	State	City	Description of activities	Issuer's interest (%)
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

Fiscal Year	Book value - % chg.	Market cap - % chg.	Amount of dividends received (R$)		Date	Value (R$)
12/31/2014	0.000000	0.000000	0.00	**Market cap**		
12/31/2013	0.000000	0.000000	0.00	**Book value**	12/31/2014	0.00
12/31/2012	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$3,296.3 million as of December 31, 2014, representing 88.3% of its total non-current assets. This amount includes R$18.3 million related to cars available for sales recorded under "Cars being decommissioned for fleet renewal" under current assets.

All 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

Our 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.

2014 was another challenging year for Brazil: inflation close to the target ceiling, hike in the basic interest rate (Selic) and a weakening real against the dollar. We had the soccer World Cup between June and July, followed by presidential elections in October. The environment for investments and credit kept worsening and job creation started slowing down.
Even in an adverse macroeconomic scenario and a competitive pricing environment, the Company registered growth in car rental revenues, beat its own record in number of cars sold for fleet renewal and in profit, besides posting strong generation. ROIC increased 1 percentage point and helped to offset the increase in debt costs caused by the hike in the Selic rate. The spread between ROIC and cost of debt after taxes remained at the levels expected by the Company.

Cash generation covered financial expenses, dividend payments and investments in the new headquarters, without compromising the leverage indices or the market's confidence in the healthy condition of the Company, which has R$1.4 billion in cash. In 2014, Standard & Poor's, Fitch and Moody's reaffirmed the Company's investment grade ratings citing its leadership position in the sector, its conservative capital structure and its financial flexibility, all of which is reflected in its healthy credit ratios.

We expanded the network of our own car rental locations and used car stores to sustain fleet renewal, thus strengthening our competitive advantages and preparing the Company for growth and consolidation opportunities in the car rental market. We strengthened our brand positioning and launched new corporate websites for car rentals, fleet rentals and used car sales. Important investments were made in information technology as well as in training and development of our employees and leaders in order to improve productivity indices and customer satisfaction.

The Company, including franchises, ended 2014 with 540 car rental locations in nine countries across South America and a fleet of 125,224 cars. The Seminovos (used cars) division closed 2014 with 75 stores.

In 2014, the company conducted the 8th debentures issuance, 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 2020. 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 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, increasing our competitiveness. We will remain cautious in our strategies but will continue to pay attention to opportunities of growth and consolidation in the rental market.

Management is committed to generate value for its shareholders and maintain a long-term approach to support growth with profitability.

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

- EBITDA[1]: 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 and net income for fiscal years 2014, 2013 and 2012:

				R$ million
	2014	**2013**	**Var. %**	**2012**
Net income	**410.6**	**384.3**		**240.9**
Car depreciation (a)	207.5	229.0		376.8
Depreciation and amortization of other fixed and intangible assets (b)	35.6	35.4		33.0
Net financial expenses (c)	151.1	110.6		138.7
Income tax and social contribution	165.0	157.2		86.2
EBITDA (d)	**969.8**	**916.5**	**5.8**	**875.6**
Consolidated rental and franchising revenue, net	**1,874.0**	**1,758.9**	**6.5**	**1,646.8**
% EBITDA on rental revenue, net	**51.8**	**52.1**		**53.2**

(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, which provides for the adjustment of stock option costs. Adjusted EBITDA would be R$974.6 million in 2014, R$922.6 million in 2013 and R$882.7 million in 2012.

EBITDA grew by 5.8%, from R$916.5 million in 2013 to R$969.8 million in 2014. As a percentage of consolidated net rental revenue, EBITDA decreased by 0.3 p.p., from 52.1% in 2013 to 51.8%.

- 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:

[1] EBITDA – Earnings before interest, tax, depreciation and amortization

R$ million

	2014	2013	2012
Short- and long-term debt	2,712.5	2,343.5	2,055.1
(-) Cash and cash equivalents	(1,390.2)	(1,010.7)	(823.9)
Net debt	**1,322.3**	**1,332.8**	**1,231.2**
Shareholders' equity	1,655.5	1,341.2	1,324.7
Debt ratio (Net Debt / SE)	**0.80**	**0.99**	**0.93**
EBITDA	969.8	916.5	875.6
Net Debt/ EBITDA	**1.36**	**1.45**	**1.41**
Fleet value	3,296.3	2,797.9	2,547.6
Net debt / Fleet value	**0.40**	**0.48**	**0.48**

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, 2014, the subscribed and paid-up capital was R$976.7 million, formed by 211,793,400 registered common shares without par value (R$976.7 million on December 31, 2013 and R$601.7 million in 2012). The Company's capital 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 issuance of 10,085,400 new common shares, equivalent to 5% of the Company's share capital. 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 shares composing capital were as follows on the respective dates:

	12/31/14		12/31/13		12/31/12	
Shareholders	**Common shares (number)**	**%**	**Common shares (number)**	**%**	**Common shares (number)**	**%**
Founders-partners	58,874,596	27.8	61,874,593	29.2	61,926,254	30.7
Free-float shares	149,423,374	70.5	146,160,226	69.0	136,623,393	67.7
Treasury shares	3,495,429	1.7	3,758,577	1.8	3,158,349	1.6
Board of Directors	1	-	4	-	4	-
Total	**211,793,400**	**100.0**	**211,793,400**	**100.0**	**201,708,000**	**100.0**
(-) Treasury shares	(3,495,429)		(3,758,577)		(3,158,349)	
Outstanding shares at end of year	**208,297,971**		**208,034,823**		**198,549,651**	

On December 31, 2014, 2013 and 2012, the shareholders' equity of the Company was formed as follows:

			R$ million
	12/31/14	**12/31/13**	**12/31/12**
Capital	976.7	976.7	601.7
Capital reserves	100.6	93.1	80.7
Treasury shares	(60.2)	(62.9)	(32.6)
Profit Reserves	638.4	334.3	674.9
Total shareholders' equity	**1,655.5**	**1,341.2**	**1,324.7**

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 stock options during 2014, which was related to the Stock Option Programs from 2007 to 2011, generated goodwill of R$34.3 million, of which R$4.9 in 2014, R$11.3 million in 2013 and R$18.1 million in 2012 and 2011; and (iii) R$18.1 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) when the balance of such reserve added to the Capital Reserves reaches 30% of the capital. 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, 2014, 2013 and 2012, R$20.5 million, R$19.2 million and R$12.0 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 Board of Executive Officers proposed the approval at the Annual Shareholders' Meeting of the allocation of retained earnings for 2014 of R$283.5 million for the accrual of a Bylaws reserve.

The Annual and Extraordinary Meeting held on April 29, 2014 approved the constitution of a Bylaws reserve in the amount of R$265.1 million, in accordance with item (f), Paragraph 2, Article 24 of the Company's Bylaws.

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.

Debt capital

The following table presents the consolidated net debt[2] of the Company on December 31, 2014, 2013 and 2012:

	R$ million		
	Fiscal year ended December 31,		
	2014	2013	2012
Short- and long-term debt	2,712.5	2,343.5	2,055.1
(-) Cash and cash equivalents	(1,390.2)	(1,010.7)	(823.9)
Net debt	**1,322.3**	**1,332.8**	**1,231.2**

The main funding and repayment transactions involving loans, financing and debentures in 2014 follows:

Type	Funding (in R$ million)	Amortization (in R$ million)	Notes
2nd Debentures issuance - Localiza	-	(66.8)	Settled in 2014
4th Debentures issuance - Localiza	-	(24.0)	Prepayment in 2014
8th Debentures issuance - Localiza	500.0	-	8-year term
Working capital and pre swap	375.0	(720.2)	Prepayment in 2014
CCBI – New headquarters	190.0	-	7-year term
Total	**1,065.0**	**(811.0)**	

i) Redemption of shares

As of December 31, 2014, the number of treasury shares was 3,495,429 shares (3,758,577 as of December 31, 2013, and 3,158,349 as of December 31, 2012), 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, 2014 was R$60.2 million (R$62.8 million as of December 31, 2013 and R$32.6 million as of December 31, 2012).

As of December 31, 2014, the market value of the 3,495,429 treasury shares was R$124.8 million (price of R$35.71 per share as of December 31, 2014). The cost of acquisition of the treasury shares, including related costs, was as follows:

First Share Buyback Program: Total acquisition cost of R$23.4 million, net of realizations of R$2.7 million in 2014. Average unit cost was R$10.32 (minimum R$5.15 and maximum R$16.55).

Fourth Share Buyback Program: Under this 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 of acquisition is R$33.64 (minimum of R$33.52 and maximum of R$33.78).

In a meeting of the Board of Directors held on July 25, 2014, the Board created the 6th Buyback Program of up to 10,000,000 shares. The operation is valid for up to 365 days, from the date of

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

approval until July 24, 2015. By December 31, 2014, no shares had been acquired under this program.

ii) Formula for calculating the redemption price

Not applicable, as it did not exist.

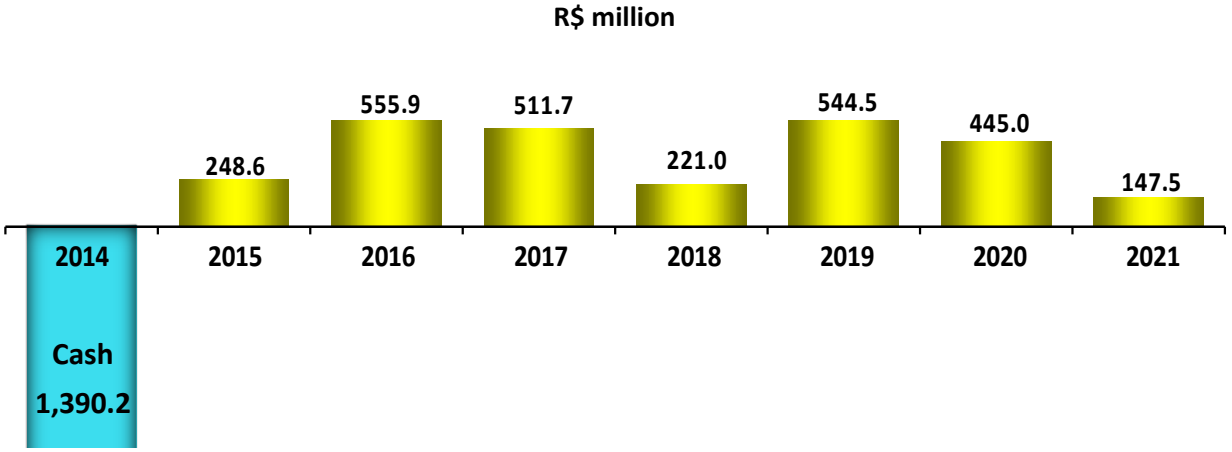
c) Payment capacity regarding the financial commitments undertaken

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

BALANCE AT PERIOD END	2014	2013	2012
Net debt / Fleet value	40%	48%	48%
Net Debt / EBITDA	1.4x	1.5x	1.4x
Net debt / Shareholders' equity	0.8x	1.0x	0.9x
EBITDA / Net Financial Expenses	6.4x	8.3x	6.3x

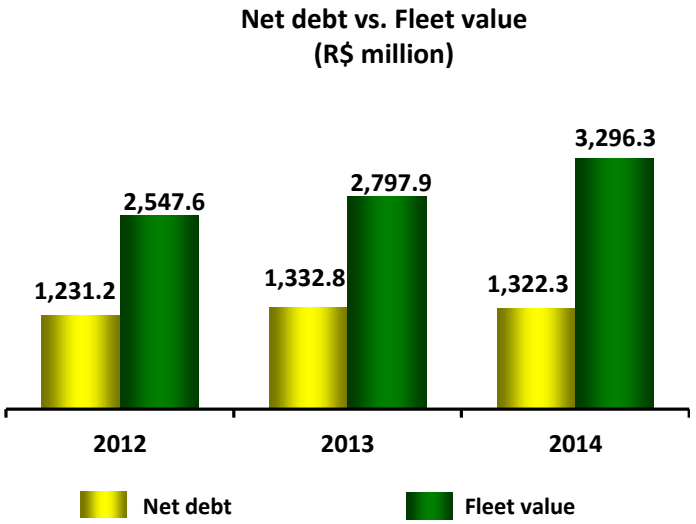
Note that the Company's fleet, which represents 88.3% of its total noncurrent assets on December 31, 2014 (December 31, 2013 and 91.1% on December 31, 2012), is highly liquid, given that the Company has its own structure to sell decommissioned cars and car sales accounted for less than 1.0% of the total market for used cars.

On December 31, 2014, the debt profile was quite comfortable, as the following graph shows, with debt maturities not concentrated in any period. The balance of cash and cash equivalents on December 31, 2014, of R$ 1,390.2 million was more than sufficient to settle the debts maturing in 2015, 2016 and 2017.



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, 2014, the Net debt of the Company corresponded to only 40% 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, 2014 was much lower than the limit of net debt established in the financial covenants of the Company of 4 times:

BALANCE AT PERIOD-END	2014	2013	2012
Net Debt / EBITDA	1.4x	1.5x	1.4x

The Company manages liquidity risk by maintaining adequate funds in cash and cash equivalents by continually monitoring project 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 rental 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 growth. When necessary to supplement its cash requirements for growth, the Company issues debt securities (debentures and promissory notes) and obtains loans and financing from major financial institutions in Brazil that are substantially indexed to the CDI (overnight rate) variation. To mitigate the inherent risk from the possibility of relevant increases in CDI, the Company swaps post and pre fixed rates of a portion of debt.

Taking advantage of opportunities in the market and seeking to reduce its borrowing costs, the Company contracts loans in foreign currency. Simultaneous to these operations, the company contracts plain vanilla swaps at identical condition exclusively for hedge purposes. On December 31, 2014, the balance of loans held in foreign currency was R$75.0 million.

The Company 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) for third-party resources applicable to long term agreements.

Moreover, the wholly-owned subsidiary Rental Brasil contracted on June 25, 2014, a loan in the form of Real Estate Credit Note (CCBI) in the amount of R$190.0 million to finance the construction of the Company's new headquarters. The term of the loan is seven years, with monthly amortizations starting from the 61st month. The loan will bear interest of 9.5% p.a. and the outstanding balance will be restated by the Reference Rate (TR). Simultaneously, beginning on the same date of the release of funds, a plain vanilla swap was contracted for an identical amount, term and amortization, exchanging the exposure to variation in the Reference Rate plus interest (TR + 9.5% p.a.) for 98.75% of the CDI rate.

The main offerings carried out in 2014, 2013 and 2012 and the respective use of proceeds are shown below:

	Issuance date	Proceeds R$ million	Balance on 12/31/14, including interest	Use of proceeds
Localiza:				
6th Debentures issuance	10/15/12	300.0	306.8	Debt prepayment and investment in fleet
7th Debentures issuance	10/9/13	500.0	512.4	Debt prepayment, working capital and investment in fleet
8th Debentures issuance	10/10/14	500.0	515.8	Debt prepayment and investment in fleet

In addition, as of December 31, 2014, the Company had R$99.9 million funded through working capital, CCBI in the amount of R$185.8 million, and financial lease loans for car acquisition in the amount of R$297.6 million.

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 debentures issuance were used for the investment 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, when necessary, 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	**2014**	**2013**	**2012**
EBITDA	**969.8**	**916.5**	**875.6**
Revenue from cars sold, net of taxes	(2,018.2)	(1,747.3)	(1,520.0)
Depreciated cost of cars sold	1,777.0	1,543.3	1,360.2
(-) Income tax and social contribution	(113.1)	(108.5)	(100.9)
Change in working capital	(27.3)	2.9	37.1
Cash generated before investment	**588.2**	**606.9**	**652.0**
Income from car sales, net of taxes	2,018.2	1,747.3	1,520.0
Investment in cars for fleet renewal	(2,197.7)	(1,819.8)	(1,563.3)
Net investment for fleet renewal	**(179.5)**	**(72.5)**	**(43.3)**
Net investment in other fixed assets	**(46.0)**	**(47.6)**	**(77.8)**
Cash generated before growth and interest	**362.7**	**486.8**	**530.9**
Investment in cars for fleet growth	(286.9)	(209.4)	(55.5)
Changes in accounts payable to car suppliers	334.4	89.7	(116.9)
Investment in fleet growth	**47.5**	**(119.7)**	**(172.4)**
Free cash generated before interest and investment in the new registered office and after fleet growth	**410.2**	**367.1**	**358.5**
Investment in construction of the new registered office	(55.7)	(6.5)	(2.4)
Retained investment in securities linked to the construction of the new registered office	(92.6)	-	-
Construction of the new registered office	**(148.3)**	**(6.5)**	**(2.4)**
Free cash generated before interest	**261.9**	**360.5**	**356.1**
Fleet renewal[3] – nr. of cars	70,621	62,641	56,644
Fleet renewal[4] – nr. of cars	9,183	7,103	2,011
Total	**79,804**	**69,744**	**58,655**

Our main funding sources for fleet investment are:

- the free cash flow provided by the Car Rental and Fleet Rental Divisions of R$588.2 million in 2014, R$606.9 million in 2013 and R$652.0 million in 2012;
- the proceeds generated by the sale of cars for fleet renewal of R$2,018.2 million in 2014, R$1,747.3 million in 2013 and R$1,520.0 million in 2012;
- 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

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

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

- 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 2014, 2013 and 2012

The main variations in cash and cash equivalents were:

R$ million

	Fiscal year ended December 31,		
	2014	**2013**	**2012**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,010.7**	**823.9**	**711.0**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash flow from operating activities	2,403.6	2,261.1	2,017.2
Acquisition of Vehicles – Fleet Renewal and Growth (*)	(2,150.2)	(1,939.5)	(1,735.7)
Net cash provided by operating activities	**253.4**	**321.6**	**281.5**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investments (redemptions) in securities	(92.6)	-	-
Other investments (non-car capex)	(101.7)	(54.1)	(80.8)
Net cash used in investing activities	**(194.3)**	**(54.1)**	**(80.8)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash provided by (used in) financing activities	**320.4**	**(80.7)**	**(87.8)**
CASH FLOW IN THE YEAR	**379.5**	**186.8**	**112.9**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,390.2**	**1,010.7**	**823.9**

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

Cash flows from operating activities:

2014 vs. 2013: net cash provided by operating activities of the Company decreased by R$68.2 million in 2014 compared to 2013, due to the increase of R$210.7 million in car purchases, which was partially offset by the R$142.5 million growth in cash flows in the year ended December 31, 2014 compared to the year ended December 31, 2013.

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, chiefly 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.

Cash flow provided by investing activities:

2014 vs. 2013: Cash used in the Company's investing activities increased from R$54.1 million in 2013 to R$194.3 million in 2014. The increase of R$140.2 million was mainly due to investments of R$92.6 million in securities and the R$43.3 million increase in property and equipment, both related to the construction of the Company's new headquarters.

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.

Cash flows provided by financing activities:

2014 vs. 2013: cash from financing activities increased by R$401.1 million, from an investment of R$80.7 million in 2013 to generation of R$320.4 million in 2014, chiefly due to: (i) increase of R$156.3 million in loans obtained net of amortization; and the (ii) effect of payment of R$250.0 million in extraordinary dividends to shareholders in 2013, which did not happen in 2014.

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.

Capital investments[5]

The following table presents capital investments:

R$ million

	Fiscal year ended December 31,		
	2014	**2013**	**2012**
Capital investments			
Fleet renewal:			
Acquisition of cars	2,197.7	1,819.8	1,563.3
(-) Net revenue from sales of cars for fleet renewal, including additional revenues	(2,018.2)	(1,747.3)	(1,520.0)
Net investment in renewal	**179.5**	**72.5**	**43.3**
Fleet growth:			
Acquisition of cars	286.9	209.4	55.5
Total investment in fleet growth	**286.9**	**209.4**	**55.5**
Total investment in fleet	**466.4**	**281.8**	**98.8**
Investment in other fixed and intangible assets	**101.7**	**54.1**	**80.8**
Total capital investments	**568.1**	**336.0**	**179.6**
Number of cars acquired:			
for fleet renewal[6]	70,621	62,641	56,644
for fleet expansion[7]	9,183	7,103	2,011
Total	**79,804**	**69,744**	**58,655**

[5] 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.

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

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

2014 vs. 2013: In 2014, the Company made investments of R$568.1 million, 69.1% more than in 2013. This increase was due mainly to (i) higher fleet growth in 2014, of 9,183 cars compared to 7,103 cars in 2013. The higher investments in the car fleet in 2014 are due to the advancement of the purchase of around 7,600 cars by the Company in the 4th quarter of 2014, which was originally scheduled for the 1st quarter of 2015, in order to avoid the increase in new car prices as a result of the restoration of the IPI tax on January 1, 2015; (ii) the increase of R$107.0 million in fleet renewal due to the increase of 7,980 in new cars compared to 2013 and the increase of about R$1,400 in renovation cost per car, due to the increase in the price of new cars and the mix of cars purchased; and (iii) the increase of R$47.6 million in fixed and intangible assets, basically of investments related to the construction of the Company's new headquarters.

2013 vs. 2012: In 2013, the Company made investments of R$336.0 million, or 87.1% more than in 2012. The increase was due mainly 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.

f) Debt levels and characteristics

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

	Consolidated (IFRS and BR GAAP)				R$ million
	12/31/14	12/31/13	12/31/12	Maturity	Average Effective Interest Rate (IRR)
In domestic currency (R$)					
Debentures - 2nd issuance (a)	-	66.7	133.2	7/2/14	CDI + 0.6% p.a.
Debentures - 4th issuance (a)	170.7	194.4	349.2	5/5/14 to 5/5/17	114.2% of CDI
Debentures - 5th issuance (a)	503.5	501.9	500.0	5/30/16 to 5/30/17	114.5% of CDI
Debentures – 6th issuance (a)	306.8	305.6	303.9	10/15/16 to 10/15/19	CDI + 1.07% p.a.
Debentures - 7th issuance (a)	512.4	509.2	-	3/30/16 to 9/30/21	113.6% of CDI
Debentures – 8th issuance (a)	515.8	-	-	9/10/19 to 9/10/20	110.9% of CDI
Working capital, swap pre and others (b)	578.8	396.1	420.4	1/2/15 to 6/15/21	Equivalent to CDI + 1.5% p.a. and swap – CDI for prefixed rate
In foreign currency					
Loans in foreign currency – USD (d)	124.7	369.6	348.4	8/17/15 to 8/16/17	108.4% and 114.7% of CDI
Total	**2,712.5**	**2,343.5**	**2,055.1**		
Current liabilities	**300.9**	**275.4**	**210.1**		
Non-current liabilities	**2,411.6**	**2,068.1**	**1,845.0**		

ii) Other long-term relationships with financial institutions

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

On September 29, 2006, the subsidiary 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 decommissioned cars 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, 2014, the balance of backlog revenue was R$4.4 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; and
- 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, 2014 are presented below:

a) Debentures

As of December 31, 2014, Localiza had five debentures issues 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)** non-maintenance of quarterly financial ratios, based on the Company's consolidated financial statements, whereas: (a) 4.0 is the maximum limit for the Net Debt/Adjusted EBITDA ratio (*) and (b) 1.5 is the minimum limit for Adjusted EBITDA/Net Financial Expenses for all debenture emissions and downgrading of the Company's rating, as follows:

Issue	**Downgrading on a national scale (***)**
4th issue	In two notes or more in relation to the brAA- rating by Standard & Poor's (**)
5th issue	In two notes or more in relation to the brAA rating by Standard & Poor’s (**)
6th issue	If the rating is downgraded to brA+ by Standard & Poor’s (**)

7th issue	Corporate rating assigned by Moody's, Standard & Poor's or Fitch Ratings to the Issuer for the following levels of risk ratings or lower, on the national scale: Aa3, AA- and AA-respectively.
8th issue	In two notes or more in relation to the brAAA rating by Standard & Poor's (**)

(*) 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 issue. In the 5th issue, EBITDA is also adjusted by: (i) stock option costs; and (ii) non-recurring expenses. In the 6th, 7th and 8th issues, EBITDA is also adjusted by impairment.
(**) By virtue of any change in the ownership structure that results in the loss, transfer or divestment of "Control" of the Issuer by its current controlling shareholders. Includes a direct downgrade in the 4th issue.
(***) Corporate credit ratings on national scale as on December 31, 2014: Standard & Poor's (br.AAA/stable); Moody's (Aa1.br/stable); and Fitch Ratings (AAA(bra)/stable).

Expenses incurred on the issuance of Localiza's debentures, including taxes, commissions and other costs, which totaled R$13,320 million, are classified under the same caption as the respective debentures and are recognized over the total debt period. As of December 31, 2014, the amount to be recognized was R$8,343 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, 2014, the Company's Board of Executive Officers believes that the restrictive covenants applicable to loans, financing and debentures are being complied with.

The other characteristics of each issuance are as follows:

- Second issue

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 issue.

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 2012, 2013 and 2014, Localiza settled the first, second and third installments of this debentures issuance, respectively, in the principal amount of R$66.6 million for the 1st and 2nd and R$66.8 million for the 3rd installment.

- Fourth issuance

  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 debentures issuance, 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.

  In May 2014, Localiza settled the 3rd installment of the first series of this debentures issuance in the principal amount of R$24.0 million.

- Fifth issuance

  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 are 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

  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

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.. The 50,000 debentures have a par value of R$10 thousand each on the issuance 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 issuances. This issuance pays semiannual interest and will be repaid according to the following schedule: R$37,500 semiannually from April 30, 2016 to October 30, 2019; and R$50.0 million semiannually from April 2020 to October 2021. Expenses incurred with the issuance, including fees, commissions and other costs, amounted to R$3.7 million.

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 debentures issuance 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.

- Eighth issuance

On September 10, 2014, Localiza Rent a Car carried out the 8th debentures issuance, in accordance with CVM Instruction 476/09, in the amount of R$500.0 million, for a term of six years. On the same date, the Company early settled working capital loans in the principal amount of R$173.0 million, with maturities in 2014, 2015 and 2016. The debentures have certain early maturity events that include maintenance of financial ratios by the Company, calculated quarterly based on consolidated financial statements, identical to those required in the 6th, 7th and 8th debentures issuance.

Expenses incurred with the issuance, including fees, commissions and other costs, totaled R$2.7 million and are classified under the same line as the respective loan and are recognized over the total debt period.

(b) Working capital and other

(i) Working capital

On December 29, 2011, Localiza Fleet contracted a loan of R$130.0 million with final maturity on December 15, 2019. The principal will be amortized in six installments, with maturities spread between 2014 and 2019. On September 10, 2014, a sum of R$33.0 million of the principal amount, with maturities in 2014, 2015 and 2016, was early settled. This transaction is secured by a suretyship from Localiza. The balance outstanding on December 31, 2014 was R$99.9 million. The above transactions are subject to certain accelerated maturity covenants similar to covenants (i) and (ii) of Localiza's debenture issuances.

Transactions settled in 2014

On December 15, 2009, Localiza contracted a loan of R$150.0 million, with final maturity on November 23, 2015. On September 10, 2014, the remaining value of the contract, R$10.0 million, was settled in advance. This transaction was collateralized by Localiza Fleet.

On June 21, 2010, Localiza contracted R$50.0 million with final maturity on June 18, 2016. In June 2014, the amount of R$10.0 million was settled, and on September 10, 2014, the remaining value of the contract, R$35.0 million, was settled in advance. This transaction was collateralized by Localiza Fleet.

(ii) CCBI - Cédula de Crédito Bancário Imobiliária

On June 25, 2014, Rental Brasil, a wholly-owned subsidiary of Localiza, contracted a loan in the form of Real Estate Credit Note in the amount of R$190.0 million to finance the construction of the Company's new headquarters. The term of the loan is seven years, with monthly amortizations starting from the 61st month. The loan will bear interest of 9.5% p.a. and the outstanding balance will be restated by the Reference Rate (TR). Simultaneously, beginning on the same date of the release of funds, a plain vanilla swap was contracted for an identical amount, term and amortization, exchanging the exposure to variation in the Reference Rate plus interest (TR + 9.5% p.a.) for 98.75% of the CDI rate. The loan has certain early maturity events that include maintenance of financial ratios by the Company, calculated quarterly based on consolidated financial statements, identical to those required in the 6th and 7th debentures issuance. The balance outstanding on December 31, 2014 was R$185.8 million.

Expenses incurred with contracting the loan, including fees, commissions and other costs, totaled R$6.4 million.

(iii) Finance lease

As of December 31, 2014, Localiza and Localiza Fleet had finance leases amounting to R$297.6 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 owns 14,560 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 12.4% per year. The agreements were entered into in 2013 and 2014 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 1.77% p.a., and in the case of fixed rate, at the rate of 9.33% p.a. to 14.74% p.a. The guaranteed residual amount will be paid after the end of the lease term.

The net accounting values by category of asset acquired under lease agreements are as follows:

R$ million

	Consolidated		
	12/31/14	12/31/13	12/31/12
Fixed assets			
Cars	465.2	215.5	110.7
Aircraft	-	3.9	4.5
Hardware	5.0	3.7	2.3
Total fixed assets	**470.2**	**223.1**	**117.5**
Intangible assets			
Software	0.5	0.5	0.6
Total fixed and intangible assets	**470.7**	**223.6**	**118.1**

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		
	12/31/14	12/31/13	12/31/12
Minimum payments:			
Future amounts	365.8	140.6	125.5
Unearned interest	(64.2)	(16.0)	(18.8)
Present value	**301.6**	**124.6**	**106.7**

On December 31, 2014, 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	227.7	189.7
From 13 to 24 months	136.9	111.9
Total	**364.6**	**301.6**

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 debentures issuance apply to these transactions, except for the financial ratios, which are not applicable to these transactions.

(c) Fixed rate swap

On July 1 and 30, 2014, the Company contracted swap transactions in the notional value of R$375.0 million, exchanging the variation in the CDI rate for a fixed rate, with maturities between July 2015 and January 2016.

Swap transaction	Contract date	Maturity	Counterparty	Rates		Consolidated 12/31/14	
						Notional amount	(Payables)/ receivables
				Assets	Liabilities	R$ million	R$ million
CDI vs. Fixed rate	7/1/14 to 7/30/14	7/1/15 a 1/5/16	Various Banks	111.4% to 112.0% of the CDI variation	12.1% p.a. to 12.4% p.a.	375.0 (*)	4.7

(*) The asset position (fixed rate) of swaps corresponds to R$395.4 million as of December 31, 2014.

Transactions settled in 2014

On June 15, 2012, Localiza Fleet contracted a swap (plain vanilla) transaction. The contract establishes exchange between the counterparties of differential interest payments, semiannually. 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 is 9.6% p.a.

On November 5, 2012, Localiza executed 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.

On May 15, 2014, the Company early settled the three fixed-rate swap contracts that would mature during the course of 2014, for a total notional amount of R$217.2 million. The early settlement generated an additional credit balance of R$4.9 million relating to the mark-to-market of the swap transactions.

On April 25, May 13 and 14, 2014, the Company contracted swap transactions, exchanging the variation in the CDI (average of 113.0%) for a fixed rate (average of 13.47% p.a.), with maturities between April and July 2016.

On September 29, 2014, the Company early settled six fixed-rate swap contracts that would mature during the course of 2016, for a total notional amount of R$330.0 million. These transactions resulted in a reduction in the short leg equivalent to 1% p.a.

(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, 2014, there was an outstanding balance of R$124.7 million referring to the loan agreement signed on August 24, 2011 in the amount of US$75.0 million, equivalent to R$123.0 million, with repayment in six years and with the funds made available to Localiza in November 2011. Simultaneously, beginning on the same date of the release of funds, a plain vanilla swap was contracted for identical amounts, terms and rates, exchanging the exposure to currency risk plus interest (three-month LIBOR + 1.6% p.a.) for 102.5% of the variation in the CDI rate.

Both transactions are matched and formally consist 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. This transaction was collateralized by Localiza Fleet and is subject to certain early maturity hypotheses in conditions that are similar to the 4th and 5th issuances of debentures of Localiza, respectively.

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.

Transactions settled in 2014

On May 8, 2014, the Company early settled the swap contract with a notional value of R$170.0 million (total amount paid of R$258.8 million – principal and final interest), contracted on July 29, 2010, which swapped the variation in the dollar plus coupon of 6.44% for 114.7% of the CDI, with original maturity on May 25, 2016. Simultaneously, on the same date, it early settled the foreign currency loan underlying the swap.

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

Income Statement for the fiscal year ended December 31, 2014, compared to the fiscal year ended December 31, 2013:

	2014		2013		Change
	R$ million	% of Net Revenue	R$ million	% of Net Revenue	%
Net revenues:					
Car Rental	2,952.3	75.8	2,646.5	75.5	11.6
Fleet rental	922.1	23.7	840.2	24.0	9.7
Franchising	17.8	0.5	19.5	0.5	-8.7
Total net revenue	**3,892.2**	**100.0**	**3,506.2**	**100.0**	11.0
Total costs	**(2,710.5)**	**-69.6**	**(2,444.1)**	**-69.7**	10.9
Gross profit	**1,181.7**	**30.4**	**1,062.1**	**30.3**	11.3
Operating expenses:					
Selling	(315.0)	-8.1	(289.3)	-8.3	8.9
General, administrative and other	(140.0)	-3.6	(120.7)	-3.4	16.0
Total Operating Expenses:	**(455.0)**	**-11.7**	**(410.0)**	**-11.7**	11.0
Income before financial expenses	**726.7**	**18.7**	**652.1**	**18.6**	11.4
Financial expenses, net	(151.1)	-3.9	(110.6)	-3.1	36.6
Income before income tax and social contribution	**575.6**	**14.8**	**541.5**	**15.5**	6.3
Income tax and social contribution	(165.0)	-4.3	(157.2)	-4.5	5.0
Net income for the year	**410.6**	**10.5**	**384.3**	**11.0**	**6.8**

The analysis of the main changes between 2014 and 2013 is as follows:

Net revenue:

Net revenue increased 11.0% in 2014. The main factors that contributed to net revenue growth were:

• *Car rental*: In 2014, net revenue grew by 11.6%, driven by the growth of: (i) 10.4% in rental revenues, from R$1,163.5 million in 2013 to R$1,284.4 million in 2014, due to the 8.2% growth in daily rentals and the 3.4% increase in the average rental fee; and (ii) 12.5% in revenues from the sale of decommissioned cars for fleet renewal, due to the 9.1% growth in the number of cars sold and the increase of 3.1% in the average price of cars sold.

• Fleet Rental: 9.7% growth in net revenue due to the increases of: (i) 4.3% in the average rental fee, offset by the 4.4% decrease in daily rentals; and (ii) 32.5% growth in revenues from the sale of

decommissioned cars for fleet renewal, due to the 32.0% growth in the number of cars sold and the increase of 0.4% in the average price of cars sold.

Costs:

The Company's consolidated costs increased by 10.9% in 2014. As a percentage of consolidated net revenue, costs remained stable at around 70.0%.

The cost increase in 2014 was due to: (i) the increase of 14.7% in the cost of cars sold due to the 12.7% increase in the volume of decommissioned cars for fleet renewal compared to 2013; (ii) the increase of 4.3% in salary, payroll charges and profit sharing costs, basically due to the promotion and advancement programs that took place in May and the increase in the provision for labor litigation; (iii) the increase of 15.8% in property rental costs, impacted by inflation, the market and the addition of 18 new car rental locations; and (iv) the increase of 12.8% in car maintenance and IPVA tax costs, partially offset by the decrease of 9.4% in the depreciation of fleet cars.

Operating expenses:

Operating expenses increased 11.0% in 2014. This growth was mainly due to the increase of: (i) 11.1% in property rental expenses, impacted by inflation and the market; (ii) 10.0% in expenses with salaries, payroll charges and profit sharing, mainly due to the promotion and advancement programs that took place in May and the increase in the provision for labor litigation; and (iii) the 38.3% increase in expenses with outsourced services, mainly due to expenses with strategic consulting services.

Operating expenses remained virtually stable in relation to net revenue, at 11.7%.

Financial income (expenses):

Consolidated net financial expenses increased 36.6% in 2014 from 2013. The variation was mainly due to the increase in the annual basic interest rate (SELIC) from 7.25% to 11.75%.

Income tax and social contribution:

Income tax and social contribution expenses increased 5.0% in 2014 from 2013, due to the increase in profit generated in the year. The effective income and social contribution tax rate did not change significantly, decreasing from 29.0% in 2013 to 28.7% in 2014.

Net income:

Consolidated net income increased 6.8% from R$384.3 million in 2013 to R$410.6 million in 2014, mainly due to the 9.4% decrease in car depreciation, in the amount of R$21.6 million, due to the lower average depreciation per car, partially offset by: (i) the increase in financial expenses, mainly due to the SELIC rate (basic interest rate) hike from 7.25% to 11.75%; and (ii) the increase of R$7.8 million in income tax and social contribution as a result of the items mentioned above.

EBITDA:

The reconciliation of net income and EBITDA is as follows:

	R$ million		
	2014	**2013**	**%**
Net income	**410.6**	**384.3**	**6.8**
Depreciation of cars and others	243.1	264.4	-8.1
Net financial expenses	151.1	110.6	36.6
Income tax and social contribution	165.0	157.2	5.0
EBITDA	**969.8**	**916.5**	**5.8**

The 5.8% increase in EBITDA in 2014 from 2013 is in line with the increase of 6.8% in net income over the same comparison period.

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

	2013		2012		Change
	R$ million	% of Net Revenue	R$ million	% of Net Revenue	%
Net revenues:					
Car Rental	2,646.5	75.5	2,344.0	74.0	12.9
Fleet rental	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 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 rental:* 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, offset partially 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.

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

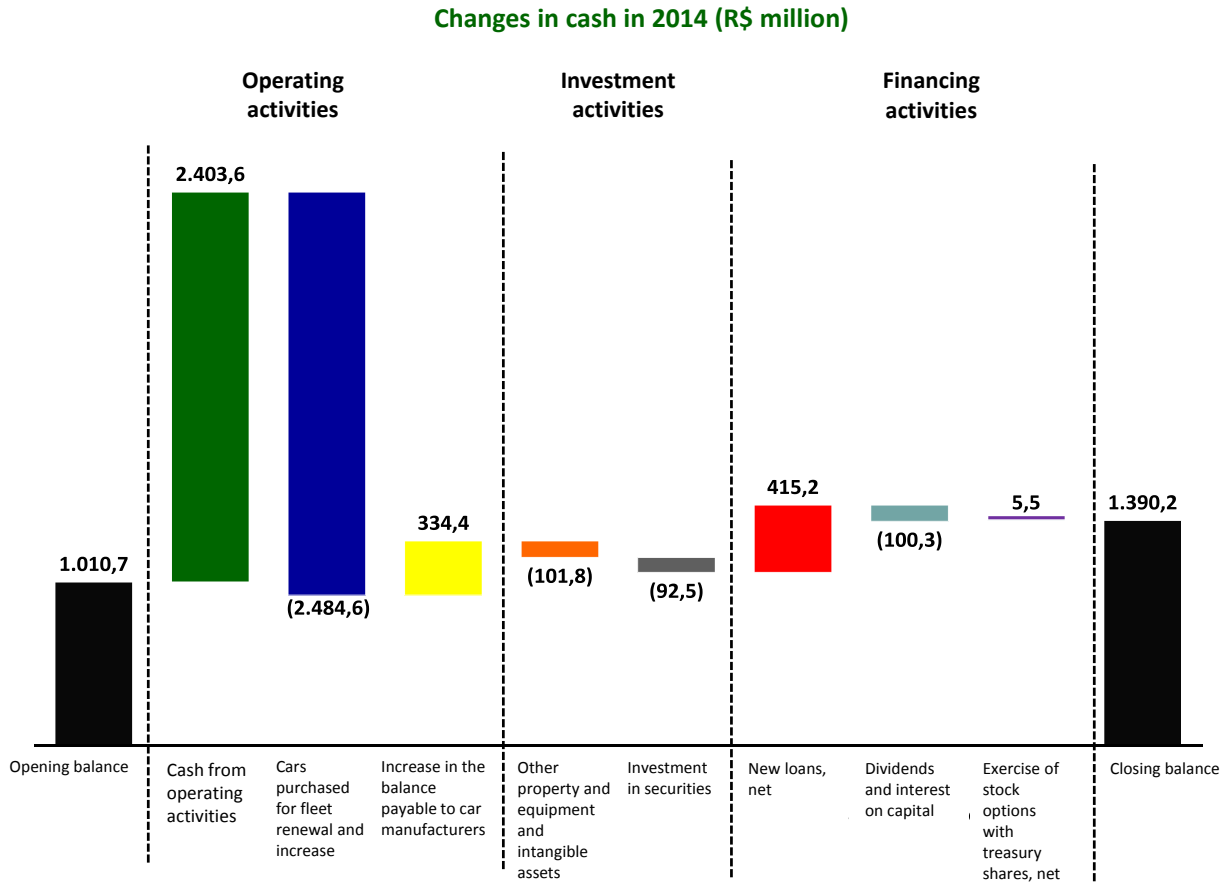
Balance sheet at December 31, 2014 compared to December 31, 2014

	2014		2013		Change
	R$ million	% of Total Assets	R$ million	% of Total Assets	%
ASSETS					
Current assets					
Cash and cash equivalents	1,390.2	24.4	1,010.7	22.1	37.5
Trade accounts receivable	459.6	8.1	408.3	8.9	12.6
Other current assets	94.6	1.6	57.9	1.3	63.4
Decommissioning cars for fleet renewal	18.3	0.3	16.5	0.3	10.9
Total current assets	**1,962.7**	**34.4**	**1,493.4**	**32.6**	31.4
Noncurrent assets					
Escrow deposits	41.9	0.7	38.1	0.8	10.0
Deferred income and social contribution taxes	32.9	0.6	32.4	0.7	1.5
Other noncurrent assets	95.8	1.7	7.2	0.2	1.230.6
Fixed assets					
Cars	3,278.0	57.5	2,781.4	60.8	17.9
Other fixed assets	203.9	3.6	166.1	3.6	22.8
Intangible assets	82.3	1.5	59.6	1.3	38.1
Total noncurrent assets	**3,734.8**	**65.6**	**3,084.8**	**67.4**	21.1
Total assets	**5,697.5**	**100.0**	**4,578.2**	**100.0**	**24.4**

	2014		2013		Change
	R$ million	% of Total Liabilities	R$ million	% of Total Liabilities	%
LIABILITIES AND SHAREHOLDER´S EQUITY					
Current liabilities					
Trade accounts payable	828.4	14.5	460.5	10.1	79.9
Social and labor obligations	86.3	1.5	73.9	1.6	16.8
Loans, financing and debentures	300.9	5.3	275.4	6.0	9.3
Dividends and interest on equity	59.2	1.0	53.1	1.1	11.5
Other current liabilities	123.6	2.2	113.8	2.5	8.6
Total current liabilities	**1,398.4**	**24.5**	**976.7**	**21.3**	43.2
Noncurrent liabilities					
Loans, financing and debentures	2,411.6	42.3	2,068.1	45.2	16.6
Other noncurrent liabilities	232.0	4.1	192.2	4.2	20.7
Total noncurrent liabilities	**2,643.6**	**46.4**	**2,260.3**	**49.4**	17.0
Total liabilities	**4,042.0**	**70.9**	**3,237.0**	**70.7**	24.9
Shareholders' equity	**1,655.5**	**29.1**	**1,341.2**	**29.3**	23.4
Total liabilities and shareholders' equity	**5,697.5**	**100.0**	**4,578.2**	**100.0**	**24.4**

The analysis of the main changes in assets and liabilities is described below:

Cash and cash equivalents: Cash and cash equivalents totaled R$1,390.2 million on December 31, 2014, representing 24.4% of total assets, and growing 37.5% from the balance of R$1,010.7 million on December 31, 2013, which represented 22.1% of the total assets of that year. Cash flow from the Company's operating, investing and financing activities is as follows:



(*) Renewal: cars purchased to substitute decommissioned and sold cars; and Growth: cars acquired in larger number than sold cars.

Other noncurrent assets: Other noncurrent assets increased from R$7.2 million in 2013 to R$95.8 million in 2014, due to the balance of Investments in Securities of the wholly-owned subsidiary Rental Brasil, in the amount of R$92.6 million, invested in Treasury Bills on June 25, 2014. This amount corresponds to the portion of the loan contracted in the form of Real Estate Credit Note in the amount of R$190.0 million.

Property and equipment – cars: The breakdown of property and equipment – cars is described in item 10.1 (e) of this form.

Property and equipment – other: Property and equipment – other increased 22.8% from R$166.1 million in 2013 to R$203.9 million in 2014, mainly due to the investment in the construction of the new headquarters.

Intangible assets: Intangible assets increased by 38.1% from R$59.6 million in 2013 to R$82.3 million in 2014, due to: (i) goodwill of R$9.7 million generated in the acquisition of the franchisee; (ii) costs with the

new ERP software implemented in October 2014, amounting to R$8.6 million; and (iii) costs of software under implementation, amounting to R$8.8 million.

Suppliers: The increase of 79.9% in suppliers, from R$460.5 million in 2013 to R$828.4 million in 2014, is basically due to the balance payable to car manufacturers regarding the advanced purchase of around 7,600 cars by the Company in the 4th quarter of 2014, which was originally scheduled for the 1st quarter of 2015, in order to avoid the increase in new car prices as a result of the restoration of the IPI tax on January 1, 2015.

Social and labor obligations: The increase of 16.8% in social and labor obligations from R$73.9 million in 2013 to R$86.3 million in 2014 was basically due to the higher provision for employee profit sharing in 2014, due to the results achieved by the Company in 2014 compared to 2013.

Fleet investments: The number of cars purchased in 2014 was 14.4% higher than in 2013. In 2014, the Company expanded its fleet by 9,183 cars, for a net investment of R$465.0 million, while in 2013 the net investment was R$278.9 million for a fleet increase of 7,103 cars.

Indebtedness: The main funding and repayment transactions involving loans, financing and debentures in 2014 were:

Type	**Funding (in R$ million)**	**Amortization (in R$ million)**	**Notes**
2nd debentures issuance - Localiza	-	(66.8)	Transaction settled in 2014
4th debentures issuance – Localiza	-	(24.0)	Prepayment
8th debentures issuance - Localiza	500.0	-	8-year term
Working capital and pre swap	375.0	(720.2)	Prepayment
CCBI – new registered office	190.0	-	7-year term
Total	**1,065.0**	**(811.0)**	

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

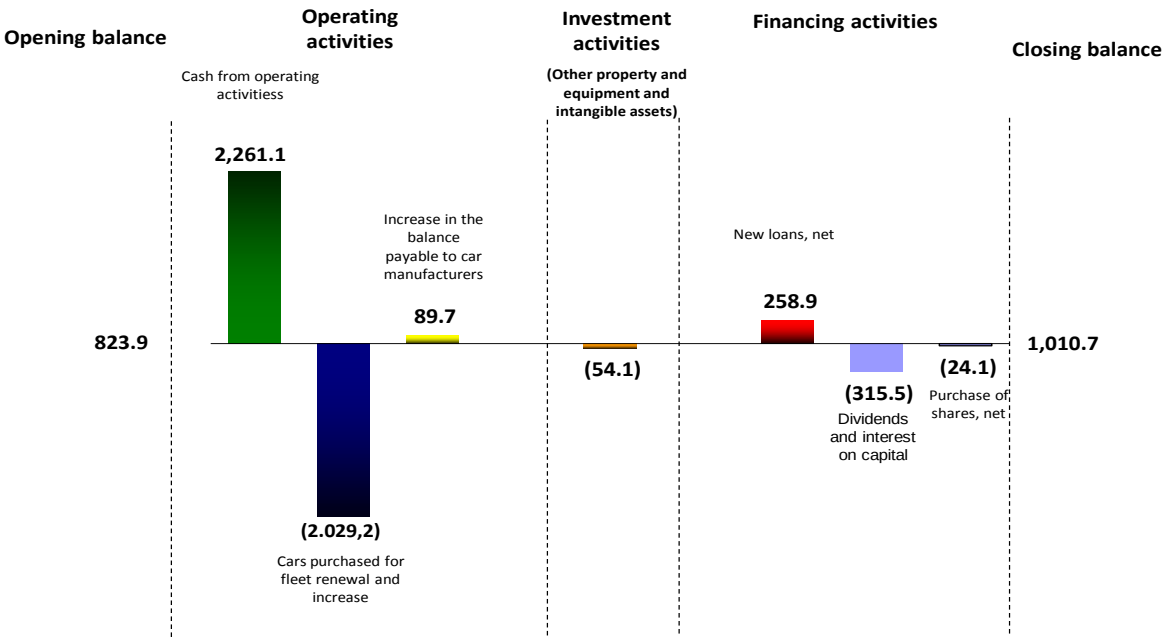
	2013		2012		Change
	R$ million	% of Total Assets	R$ million	% of Total Assets	%
ASSETS					
Current assets					
Cash and cash equivalents	1,010.7	22.1	823.9	20.4	22.7
Trade accounts receivable	408.3	8.9	361.1	8.9	13.1
Other current assets	57.9	1.3	50.0	1.2	15.8
Decommissioning cars for fleet renewal	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
	R$ million	% of Total Liabilities	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, due mainly 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 (R$ million)	Amortization (R$ million)	Notes
2nd Debentures issuance - Localiza	-	(66.6)	-
4th Debentures issuance - Localiza	-	(154.0)	Prepayment
7th Debentures issuance - Localiza	500.0	-	8-year term
Other	112.6	(129.3)	-
Total	**612.6**	**(349.9)**	

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, 2014, 2013 and 2012:

	2014	2013	Change 2014 vs. 2013	2012	Change 2013 vs. 2012
Car Rental					
Average fleet in operation (*)	61,525	59,094	4.1%	53,548	10.4%
Average age of fleet in operation (months)	7.2	7.2	0.0%	7.8	-7.7%
Fleet at period-end	77,573	70,717	9.7%	65,086	8.7%
Average rented fleet	42,999	39,475	8.9%	37,932	4.1%
Utilization rate	69.9%	66.8%	3.1p.p.	70.8%	-4.0p.p.
Number of cars purchased	64,908	58,826	10.3%	47,623	23.5%
Number of cars sold	57,578	52,759	9.1%	46,115	14.4%
Average age of cars sold	14.4	15.3	-5.9%	15.7	-2.5%
Average daily rate per car (R$)	87.71	84.85	3.4%	82.36	3.0%

	2014	2013	Change 2014 vs. 2013	2012	Change 2013 vs. 2012
Fleet rental					
Average fleet in operation (*)	30,778	31,188	-1.3%	30,357	2.7%
Average age of fleet in operation (months)	18.0	18.6	-3.2%	16.8	10.7%
Fleet at period-end	34,312	32,809	4.6%	32,104	2.2%
Outsources fleet managed	267	30	790.0%	162	-81.5%
Average rented fleet	28,787	30,121	-4.4%	29,444	2.3%
Utilization rate	93.5%	96.6%	-3.1p.p.	97.0%	-0.4p.p.
Number of cars purchased	14,896	10,918	36.4%	11,032	-1.0%
Number of cars sold	13,043	9,882	32.0%	10,529	-6.1%
Average age of cars sold	35.1	32.4	8.3%	31.8	1.9%
Average daily rate per car (R$)	56.16	53.83	4.3%	51.59	4.3%

	2014	2013	Change 2014 vs. 2013	2012	Change 2013 vs. 2012
Operating Data – Consolidated					
Average fleet in operation (*)	92,303	90,282	2.2%	83,905	7.6%
Average age of fleet in operation (months)	10.0	11.1	-9.6%	11.0	1.2%
Fleet at period-end	111,885	103,526	8.1%	97,190	6.5%
Average rented fleet	71,786	69,596	3.1%	67,376	3.3%
Number of cars purchased	79,804	69,744	14.4%	58,655	18.9%
Average Price – Cars purchased (R$ thousand)	31.08	29.02	7.1%	27.51	5.5%
Number of cars sold	70,621	62,641	12.7%	56,644	10.6%
Average Price - Cars sold (R$ thousand) (**)	25.90	25.36	2.1%	24.24	4.6%
Average age of cars sold	18.1	17.9	1.1%	18.6	-3.8%

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

Analysis 2014 vs. 2013

The average daily rental of cars increased 3.4%, from R$84.85 in 2013 to R$87.71 in 2014, mainly due to the higher volume of segments with a higher average rate.

Fleet rental contracts vary from 24 to 36 months and consider the inflation rate in the clause for annual adjustment. Due basically to this adjustment, the average rate increased 4.3%, from R$53.83 in 2013 to R$56.16 in 2014. Since the rental contracts cannot be adjusted based on the basic interest rate variation, Localiza Fleet contracted swap operations exchanging the CDI variation for a fixed rate to eliminate exposure to risks of increase in the CDI 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 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, due mainly to growth in segments that have higher average rates.

Fleet rental contracts vary from 24 to 36 months and include an annual adjustment clause based on the inflation rate. Due chiefly 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 significantly 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**

The year 2014 was marked by a steep decline in expectations among economic agents, which reflected in the sharp decrease in the economy's key confidence indexes.

The government's response to mitigate the weak economic performance was an expansionist fiscal policy, involving tax reliefs, which became incompatible over the year with the stability of the debt/GDP ratio and contributed to a weaker fiscal accounts. The foreign exchange situation didn't help either, with the Brazilian real weakening sharply against the dollar, from R$/US$ = 2.30 at the start of the year to R$/US$ = 2.65 at the end of the year, despite the Central Bank's intervention in the exchange market through the sale of foreign exchange swap contracts in the period. Consequently, Brazil saw the official inflation rate close 2014 at the target ceiling of 6.4%, despite the postponement of administered prices (electricity, fuel, etc.).

Thus, if early in 2014 the expectation was for growth of around 2.0%, as days went by, Brazil saw this expectation go further from materializing and the macroeconomic conditions worsening. At the end of 2014, the expectation was of an expansion of 0.1%, based on the market forecasts disclosed by the Focus market readout.

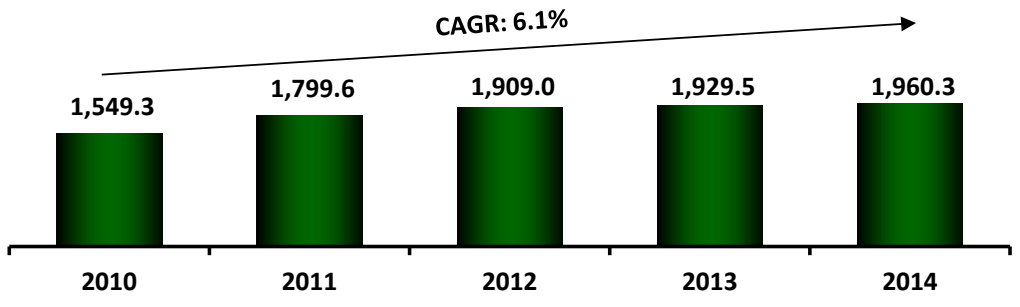
The year 2015 will see a challenging domestic scenario marked by adjustments in the fiscal and monetary policies, accelerating inflation, lower domestic activity and higher interest rates.

With regard to monetary policy, the interest rate will most likely increase to 13.0%, according to market expectations. As for fiscal policy, the promise made by the new economic team is that the country will go from a primary GDP deficit of 0.2% in 2014 to a surplus of 1.2% in 2015. But for this, the government will need the support of its allies in the parliament.

Inflation should grow, mainly due to the adjustment of administered prices, closing 2015 above the ceiling of the target, at around 8.0%. However, free prices may drop due to weaker economic activity, impacting the IPCA index in the future, leading to a more moderate inflation as from 2016.

Based on this scenario, the market expects GDP contraction between 1.0% and 2.0% for 2015. Thus, the success of the proposed adjustments will be fundamental for restoring balance in the key macroeconomic variables over the course of 2015, which would have a positive effect on restoring confidence, consequently leading to a positive impact on investments and business over the second half of 2015.

Car rental revenues at constant prices adjusted at IPCA
(R$ million)



GDP	7.5%	2.7%	1.0%	2.5%	0.1%

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 issues debt securities (debentures and promissory notes) and obtains loans and financing from major financial institutions in Brazil, that are substantially indexed to the CDI fluctuation or pre-fixed rates. The Company continuously monitors CDI in order to, if necessary, adjust car 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, 2014, the Company's net debt was R$1,322.3 million.

In 2014, 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/gains of scale. For fleet rental 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 to increase in line with inflation for 2015. Any increases in the price of new cars tends to be followed by an increase in prices of decommissioned cars, therefore the Board of Executive Officers believes the impact on the investment in fleet renewal would be low.

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

a) Introduction or disposal of operating segment

In 2014, 2013 and 2012, 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, 2014 is R$150.0 million, of which R$40.9 million paid in cash and assets in 2012, and on March 7 the amount of R$109.1 million was paid in cash, as approved in a meeting of the Board of Executive Officers.

- **Acquisition of wholly-owned subsidiaries**

At the Company's Extraordinary General Meeting, held on August 2, 2013, the shareholders approved the acquisition of all the capital stock 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.

At the Annual and Extraordinary Shareholders Meeting held on April 29, 2014, the shareholders approved the acquisition of all shares representing the capital stock of Localiza Cuiabá Aluguel de Carros Ltda.. On April 30, 2014, the company signed a purchase and sale agreement worth R$15.9 million, generating an investment of R$4.7 million, goodwill of R$9.7 million due to the projected future profitability allocated to the Car Rental Division and the appreciation of car fixed assets of R$1.5 million.

Localiza Cuiabá is a limited liability company and a former franchisee of Localiza, which operated car rental activities in the cities of Cuiabá, Várzea Grande, Cáceres and Tangará da Serra, all in the state of Mato Grosso.

- **Merger of wholly-owned subsidiaries**

At the Annual and Extraordinary Meeting held on April 29, 2014, shareholders approved the merger of Localiza Car Rental S.A. and Localiza JF Aluguel de Carros Ltda., wholly-owned subsidiaries of the Company, with transfer of all assets, liabilities and equity to the Company. The merger is justified as it meets Localiza's strategic guidelines of simplifying and rationalizing the administrative and financial structure, and directly carrying out all car rental activities in a single company. The total assets of the companies as of April 30, 2014 was R$9.9 million and R$6.0 million, respectively, and the total shareholders' equity on the same date was R$7.0 million and R$4.7 million, respectively, as shown below.

- **Changes in investments**

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

2012

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**

2013

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**

2014

R$ million

Description	Localiza Fleet	Localiza Franchising Brasil	Localiza Serviços Prime	Localiza Car Rental	LFI SRL	Rental International	Car Assistance	Rental Brasil	Localiza JF	Localiza Cuiabá	TOTAL
Investments on December 31, 2013	**793.6**	**0.6**	**89.8**	**4.2**	**0.1**	**-**	**0.2**	**40.9**	**4.7**	**-**	**934.1**
Contribution of capital to subsidiaries	-	-	-	-	-	-	-	109.1	-	-	109.1
Acquisition of franchisee	-	-	-	-	-	-	-	-	-	4.7	4.7
Equity income (loss)	183.0	12.8	16.9	2.8	-	(0.1)	12.2	3.9	(0.1)	0.4	231.8
Dividends received and receivable	(175.2)	(12.8)	-	-	-	-	(12.2)	(3.7)	-	(0.4)	(204.3)
Provision for losses on investments	-	-	-	-	-	0.1	-	-	-	-	0.1
Incorporation	-	-	-	(7.0)	-	-	-	-	(4.6)	-	(11.6)
Investments on December 31, 2014	**801.4**	**0.6**	**106.7**	**-**	**0.1**	**-**	**0.2**	**150.2**	**-**	**4.7**	**1,063.9**

c) Unusual events or operations

Effects from the IPI tax reduction on new car sales

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 2014 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.

In January 2015, the IPI tax on sale of new cars by carmakers was raised back to the original rate. The Brazilian Association of Automotive Vehicle Manufacturers (ANFAVEA) expects an increase of around 4.5% in the prices of new 1.0 engine cars in 2015. The increase in new car prices may have a positive impact on depreciation per car since the pricing of decommissioned cars for fleet renewal is based on market research and new car prices is one of the variables researched.

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, 2014*

  For the fiscal year ended December 31, 2014, PricewaterhouseCoopers Auditores issued a report on March 18, 2015, without emphasis of matter or reservations.

  The 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, 2014.

- *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.

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 with clients. The revenues from the management of insurance claims of rented cars are 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 Rental: 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 ownership of cars is transferred to the buyer, upon signature of the purchase and sale agreement;

  (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, 2014, 2013 and 2012, 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 2014, 2013 and 2012, 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 2014, 2013 and 2012 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 issuance 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, as well as fixed income 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 Rental, 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. On December 31, 2014, Localiza held six interest rate swap contracts (on December 31, 2013, five Localiza contracts and one Localiza Fleet contract, and on December 31, 2012, seven Localiza contracts and one Localiza Fleet contract) 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 considering the expectation of renewal when Management expects to exercise that right and in accordance with contractual terms. 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 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.

  Cars in operation, either in car or fleet rental, are classified in property and equipment. Decommissioning cars, after being used in car and Fleet Rental, are presented as "decommissioning cars for fleet renewal" in current assets, in accordance with the criteria mentioned in the previous item.

  The weighted average depreciation annual rate for property and equipment items is as follows:

	2014	2013	2012
• **Cars:**			
Car Rental Division	3.6%	4.5%	11.3% (*)

Fleet Rental Division	10.3%	12.1%	14.5% (*)
Other property and equipment:			
Leasehold improvements	19%	16%	20.5%
Furniture and fixtures	10%	10%	10%
IT equipment	20%	20%	20%
Construction in own properties	4%	4%	4%
Other	10%	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.

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. 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 (except for the SAP software implemented in October 2014, which has a useful life of 10 years according to internal experts). 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 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. 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 taxable 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. 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. Management adopts the procedure of recognizing it at cost and deducting it 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.

Since May 2012, the Company has an Internal Controls and Risk Management Policy in order to establish controls and procedures to prevent the occurrence of errors and/or frauds and identify the most significant risks that may adversely affect its business.

In addition, as part of the Internal Audit activities, rotational fleet inventories are conducted at Car Rental locations and used cars stores, as well as repair shops and accredited service providers. Compliance with the standards and internal operating procedures of the locations is also evaluated. Any non-compliance identified is reported to the responsible department for analysis and resolution.

In its risk management structure, the Company has a hotline through which its employees and franchisees can report non-ethical and/or illegal situations and conduct at the Localiza Platform. To ensure greater confidentiality and impartiality, the hotline is operated by a specialist third-party, which enables complaints to be filed anonymously. In addition, every complaint filed generates a protocol number, allowing whistleblowers to follow-up on their complaints. 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 certain cases, the Company uses the service of specialized companies to perform a part of the investigation procedures and thus help in verifying the complaints. In 2014, 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 issuance 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 2014 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) lack of a formal Policy regarding the limits of authority to approve accessory purchase orders

a) Comment by the independent auditor – other deficiencies: the limits of authority for the purchase of accessories are standardized in the SAP system, but not formalized in any policy, manual or formal procedure.

b) Recommendation by the independent auditor: the auditors recommended that we prepare a policy and/or procedures to formalize the limits of authority for approval and control of purchase orders of accessories, with the frequency defined, which ensures correct parametrization of these limits of authority in the system.

c) Measures adopted by the Board of Executive Officers: the rules for approval parameterized in the system follow two criteria: (i) request from the Board of Executive Officers regarding positions/amounts to be informed in the approvals; and (ii) evaluation and approval from the internal controls management. The Company is also drafting in 2015, a formal policy covering the entire procurement process for internal disclosure, and formalizing the limits of authority for procurement activities.

(ii) accounting for expenses under the Stock Option plan of the subsidiary Localiza Fleet.

a. Comment by the independent auditor: 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 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) 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 of change of the date for cut-off of the date of recognition of revenue from sale of decommissioned cars will be evaluated and, if approved, implemented in the new ERP (SAP) system.

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 debentures issuance and promissory notes) with financial institutions in the Brazil.

The main public offerings conducted in 2014, 2013 and 2012 and the respective allocations of funds were as follows:

	Issuance date	Proceeds R$ million	Balance on 12/31/134 including interest	Use of proceeds
Localiza:				
6th Debentures issuance	10/15/12	300.0	306.8	Debt prepayment and investment in fleet
7th Debentures issuance	9/30/13	500.0	512.4	Debt prepayment, cash strengthening and investment in fleet
8th Debentures issuance	9/10/14	500.0	515.8	Debt prepayment 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 four 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 four properties rented in the city of Belo Horizonte, state of Minas Gerais.

(b) Minimum guaranteed revenue from Fleet Rental

The Fleet Rental Division, conducted by wholly-owned subsidiary Localiza 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, 2014, there a number of long-term Fleet Rental agreements executed by Localiza Fleet S.A., which 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 locations located in airports, off-airports (downtown locations), stores and parking lots.

Real estate rents for car rental locations 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 locations, stores and parking lots do not have contingent payment agreements.

In the year ended December 31, 2014, rental expenses for these properties totaled R$120.5 million (R$107.5 million on December 31, 2013 and R$94.7 million on December 31, 2012).

The minimum amounts payable for the remainder of the lease terms through December 31, 2014 are as follows:

			R$ million
Years	**Concessions in airports**	**Downtown locations, stores and parking lots**	**Total**
2015	22.4	81.4	103.8
2016	15.4	71.2	86.6
2017	11.8	58.9	70.7
2018	8.3	48.7	57.0
2019	4.8	35.1	39.9
2020 onwards	16.4	91.2	107.6
Total	**79.1**	**386.5**	**465.6**

ii) Minimum guaranteed revenue from Fleet Rental

As of December 31, 2014, the minimum guaranteed amounts of rental payments to be received by the wholly-owned subsidiary Localiza Fleet S.A., as described in item 10.8 herein, are as follows:

	R$ million
Year	**Revenue**
2015	405.4
2016	233.7
2017	89.1
2018	5.9
Total	**734.1**

ii. nature and purpose of the operation

Real estate is rented for use in connection with the Company's operating activities;

Fleet Rental revenue is compliant with the corporate purposes of the wholly-owned subsidiary Localiza 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

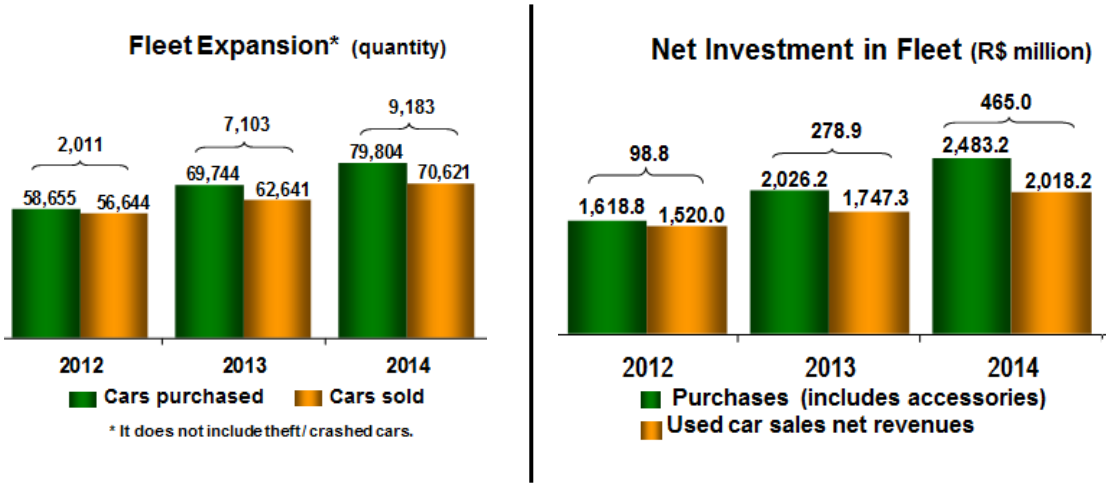
i) quantitative and qualitative description of ongoing and projected investments

Fleet investments

As of December 31, 2014, Localiza's consolidated fleet included 111,885 own cars, of which 77,573 were in the Car Rental Division and 34,312 cars were in the Fleet Rental Division. After being used in rental activities, the decommissioned cars are mostly sold to end consumers through the 75 sales points located in 45 cities throughout Brazil.

The Company and its wholly-owned subsidiaries have the following divisions: car rental, Fleet Rental and franchising. As part of its program of fleet renewal, the Company and its subsidiary Localiza 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 2012, 2013 and 2014:



The number of cars purchased in 2014 was 14.4% higher than in 2013. In 2014, the Company increased its fleet by 9,183 cars, a net investment of R$465.0 million, while in 2013 the net investment amounted to R$278.9 million and the fleet was increased by 7,103 cars. The higher net investment in 2014 results from the advanced purchase of around 7,600 cars by the Company in the 4th quarter of 2014, which was originally scheduled for the 1st quarter of 2015, thus avoiding the increase in new car prices as a result of the restoration of the IPI tax on January 1, 2015.

In 2014, the Company renewed 57,578 cars in the Car Rental Division and 13,043 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.

For 2015, the Company disclosed a Material Fact on December 11, 2014 about the acquisition of around 74,000 cars to renew the fleet of its Car Rental and Fleet Rental divisions. The estimated investment in fleet renewal is around R$2.3 billion, considering market conditions on that date. Acquisitions for fleet expansion will be based on demand and on the Company's operating needs in 2015.

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 four 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 6.2 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$62.2 million had been spent by December 31, 2014. 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 2014, 2013 and 2012, the Company invested R$194.3 million, R$54.1 million and R$80.8 million, respectively, in other fixed, intangible assets and investments.

The Company closed 2014 with 304 own car rental locations in Brazil and 75 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 2014

No projections were made for fiscal year 2014

Fiscal Year 2013

No projections were made for fiscal year 2013

Fiscal Year 2012

- Fleet renewal
- Opening of new points of sale to market decommissioned cars

b. Period projected and validity period of projection

Fiscal Year 2014

No projections were made for fiscal year 2014

Fiscal Year 2013

No projections were made for fiscal year 2013

Fiscal Year 2012

Period of 12 months ended December 31, 2012

c. Guidance assumptions, indicating which can be influenced by management of the Corporation and which are beyond its control

Fiscal Year 2014

No projections were made for fiscal year 2014

Fiscal Year 2013

No projections were made for fiscal year 2013

Fiscal Year 2012

Fleet renewal

Initial fleet renewal expectations

Expectation of fleet renewal: Car Rental – cars over 12 months old; Fleet Rental – cars expected to be returned at the end of the agreements, which have terms of 24 to 36 months.

d. Indicators that are the object of guidance

Fiscal Year 2014

No projections were made for fiscal year 2014

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;
- Opening of 14 new points of sale of decommissioned cars from the car rental and Fleet Rental business.

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 2014

No projections were made for fiscal year 2014.

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

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 postpone the renewal of cars available for rent.

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.

The postponement of renewal of 10,356 cars did not affect the quality of the cars available for rent and had a low impact on maintenance costs.

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 Rental 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.

Macroeconomic factors not controlled by the Board of Executive Officers

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 postpone the purchase of cars to maintain the utilization rate at the desired level.

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

For 2015, the Company disclosed a Material Fact on December 11, 2014 about the approval of the Car Purchase and Sale Program, with the acquisition of around 74,000 cars to renew the fleet of the Car Rental and Fleet Rental divisions. The estimated investment in fleet renewal is around R$2.3 billion, considering market conditions on that date. Acquisitions for fleet expansion will be based on demand and on the Company's operating needs in 2015. The main source of funds for investment is the sale of decommissioned cars for fleet renewal.

Of the estimated total cars to be purchased in 2015, we advanced the purchase of 7,600 cars in December 2014, which was originally scheduled for 1Q15, and in 1Q15 we purchased 10,640 cars. The number of cars already purchased is in line with Management expectation.

12.1 Administrative structure

a) Responsibilities of each body

Board of Directors

According to the Company's Bylaws, approved on May 15, 2015, the Board of Directors shall consist of at least 6 (six) members and at the most 8 (eight) member, 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. 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 ("Novo Mercado 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 May 15, 2015, 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, the Car Purchase Program for Renewal and the policies for indebtedness and minimum cash, as well to follow its execution;* ***(k)*** *approve the acquisition, alienation and encumbrance of goods of permanent assets, based on the value determined by the Board of*

Directors, 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 any changes to the name and trademark of the Company and its subsidiaries;* ***(m)*** *approve the constitution of subsidiaries, as well as any change to their by-laws, the subscription and payment of capital increases in subsidiaries;* ***(n)*** *approve the acquisition or interest of the Company in the capital of other companies, in Brazil and abroad;* ***(o)*** *establish the powers of the Management to issuance 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 issuance 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;* ***(p)*** *establish the powers of the Management to issuance any credit instruments to raise funds abroad, whether they are bonds, notes, commercial papers or other instruments, also resolving on their conditions of issuance 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;* ***(q)*** *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;* ***(r)*** *Establish the competence of the Executive Board to make financial investments and redeem them, within the limits, conditions and financial institutions previously authorized by the Board of Directors, being this authorization the necessary condition to valid the act;* ***(s)*** *authorize the Company and its subsidiaries to guarantee obligations on behalf of third-parties, dismissed the authorization of warranty to affiliate;* ***(t)*** *approve the management agreement of the Board of Executive Officers, establish the remuneration of the Management and approve the Management Proposal regarding the remuneration policies, retirement plans and benefits, as well as the global amount of the profit sharing to employees;* ***(u)*** *validate the performance evaluation of Officers, carried out by the CEO;* ***(v)*** *approve changes on the organizational structure of the Company necessary to the operation of the business and to the execution of the strategies defined;* ***(w)*** *determine the Company's vote or the grant of the vote instruction in all shareholders meeting of its subsidiaries;* ***(x)*** *decide on the acquisition, by the Company, of shares issued thereby to be held in treasury and/or for subsequent cancellation or disposal;* ***(y)*** *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;* ***(z)*** *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* ***(aa)*** *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);* ***(bb)*** *provide for, pursuant to the rules of these Bylaws and laws in force, the order of its works and adopt or issuance 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; and

b) Personnel Management Committee.

On July 25, 2014, the Board of Directors deliberated that the Ethics Committee should become an internal committee reporting to the Company's CEO.

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 May 21, 2015, 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.

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, shareholders or not, 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 Officers shall hold their position until the first Board of Directors' meeting which is held after the Company's Annual Shareholders' Meeting the following year. The members of the Board of Executive Officers 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 Management, set forth in the Novo Mercado Regulation ("Novo Mercado Regulation") as well as to meeting the applicable legal requirements.

It is the Board of Executive Officers' 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)*** *issuance 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. On July 25, the Board of Directors deliberated that the Ethics Committee should become an internal committee reporting to the Company's CEO.

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.

Mechanism to evaluate 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)*** *Evaluate the performance of the Executive Officers;* ***(e)*** *Designate any of the Executive Officers for special activities and tasks, irrespective of those they are ordinarily in charge of; and* ***(f)*** *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.*

None of the Executive Officers was designated as Executive Vice-President in the years of 2012, 2013 and 2014.

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) 3247-7024 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 executive officers are evaluated individually based on the achievement of targets and skills. The key performance indicators considered in performance appraisal are net income, profitability, value creation (EVA), 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 headquarters 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
12/31/2014	Financial Statements	Diário do Comércio (Belo Horizonte) - MG	3/24/2015
		Minas Gerais SR – Diário do Comércio - MG	3/24/2015
	Call Notice to the Annual Shareholders' Meeting that Analyzed the Financial Statements	Diário do Comércio (Belo Horizonte) - 1st call - MG	3/27/2015
		Diário do Comércio (Belo Horizonte) - 2nd call - MG	4/9/2015
		Diário do Comércio (Belo Horizonte) – 3rd call - MG	4/24/2015
		Minas Gerais SR - Diário do Comércio – 1st Cal - MG	3/27/2015
		Minas Gerais SR - Diário do Comércio – 2nd Call - MG	4/9/2015
		Minas Gerais SR - Diário do Comércio – 3rd Call – MG	4/23/2015
	Minutes of the Annual Shareholders' Meeting that Analyzed the Financial Statements	Diário do Comércio (Belo Horizonte) - MG	5/7/2015
		Minas Gerais SR – Diário do Comércio - MG	5/7/2015
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 – MG	3/20/2013
		Valor Econômico - SP	3/20/2013
	Call Notice to the Annual Shareholders' Meeting that Analyzed the Financial Statements	Minas Gerais SR - Diário do Comércio – 1st Call - MG	3/28/2013
		Minas Gerais SR - Diário do Comércio – 2nd Call - MG	4/10/2013
		Minas Gerais SR - Diário do Comércio – 3rd Call - MG	4/24/2013
		Valor Econômico – 1st Call- SP	3/28/2013
		Valor Econômico – 2nd Call - MG	4/10/2013
		Valor Econômico – 3rd Call - SP	4/24/2013
	Minutes of the Annual Shareholders' Meeting that Analyzed the Financial Statements	Minas Gerais SR - Diário do Comércio de MG - MG	5/9/2013
		Valor Econômico - SP	5/9/2013

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 at least every 6 (six) times a year and, on a special basis, whenever necessary, either at the Company's registered offices or at any other location chosen. The minutes of the meetings are drawn up in the company's records.

For 2015, 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 2014, 2013 and 2012, the meetings of the Company's Board of Directors were held on the dates indicated below:

2014	2013	2012
2/13/2014	3/8/2013	3/7/2012
3/20/2014	3/19/2013	3/16/2012
4/15/2014	3/27/2013	4/19/2012
4/24/2014	4/25/2013	5/24/2012
5/22/2014	5/23/2013	5/30/2012
6/30/2014	5/28/2013	6/21/2012
7/25/2014	6/20/2013	7/19/2012
8/18/2014	7/25/2013	8/23/2012
8/21/2014	8/22/2013	9/20/2012
9/25/2014	9/10/2013	10/25/2012
10/23/2014	9/26/2013	11/22/2012
11/20/2014	9/30/2013	12/18/2012

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.

Sole Paragraph - Brazilian law shall be the only law applicable to all and any dispute, as well as to the execution, interpretation and validity of this arbitration clause. The arbitration procedure shall take place in the city of São Paulo, where the arbitration decision shall be announced. Arbitration shall be managed by the Market Arbitration Chamber and must be conducted and judged in accordance with the Arbitration Rules.

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	58 Business Administrator	Board of Executive Officers only Executive Officer	5/21/2015 5/21/2015	1 year No
Marco Antônio Martins Guimarães 079.962.846-87	66 Business Administrator	Board of Executive Officers only Executive Officer	5/21/2015 5/21/2015	1 year No
Roberto Antônio Mendes 137.768.946-87 CFO	62 Business Administrator and Accountant	Board of Executive Officers only 12 – Investor Relations Officer	5/21/2015 5/21/2015	1 year No
Bruno Moreira de Andrade 371.804.286-04	55 Engineer	Board of Executive Officers only Executive Officer	5/21/2015 5/21/2015	1 year No
Edmar Vidigal Paiva 024.604.426-88	40 Accountant	Board of Executive Officers only Executive Officer	5/21/2015 5/21/2015	1 year No
Oscar de Paula Bernardes Neto 037.057.307-20 Coordinator of Audit and Risk Management Committee	68 Engineer	Board of Directors only 27 – Independent Director	4/28/2015 5/21/2015	2 years No
Stefano Bonfiglio 000.000.000-00 Member of Audit and Risk Management Committee	51 Economist	Board of Directors only 27 – Independent Director	4/28/2015 5/21/2015	2 years No
José Salim Mattar Júnior 071.823.766-87	66 Business Administrator	Board of Directors only 20 – Chairman of the Board of Directors	4/28/2015 5/21/2015	2 years No
Antônio Cláudio Brandão Resende 076.364.666-00 Member of Personnel Management Committee	68 Business Administrator	Board of Directors only 21 – Vice-Chairman of the Board of Directors	4/28/2015 5/21/2015	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	61 Engineer	Board of Directors only 22 – Director	4/28/2015 5/21/2015	2 years No
José Galló 032.767.670-15 Coordinator of Personnel Management Committee	63 Business Administrator	Board of Directors only 27 – Independent Director	4/28/2015 5/21/2015	2 years No
Maria Letícia de Freitas Costa 050.932.788-58 Coordinator of Personnel Management Committee	55 Engineer	Board of Directors only 27 – Independent Director	4/28/2015 5/21/2015	2 years No
Eugênio Pacelli Mattar 130.057.586-72	62 Engineer	Board of Executive Officers and Board of Directors 33 – Director and CEO	4/28/2015 5/21/2015	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 participated in a management program at Kellogg in 2002.

Roberto Antônio Mendes - 137.768.946-87

Mr. Mendes is the Chief Financial and Investor Relations Officer at Localiza Rent a Car S.A., where he works since 1985. He graduated in business administration and accounting from Minas Gerais Federal University (UFMG). He started his career as an external auditor at Price, and then at KPMG (from 1971 to 1979) and served as Controller at Valep (currently Fosfertil), which at the time was part of the Vale group (from 1976 to 1979), and at Mendes Júnior (from 1979 to 1985. He took an Executive Extension Course at Fundação Dom Cabral and the Kellogg School of Management in Chicago and in Business Strategy and Innovation at the Wharton School of the University of Pennsylvania in 2011.

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.

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 Committee 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 the year 2000. 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 partner of Stirling Square Capital Partners, a London-based private equity firm specializing in acquisitions (buy outs) in Europe, Chairman of Axitea S.p.A. and Director of ESE World B.V. and Omni Helicopter International S.A.

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.

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. 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 Audit Committee at Technip; Director and member of the Strategy Committee at Marcopolo; Member of the Audit Committee at Votorantim Industrial and Votorantim Cimentos.

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 Táxi Aéreo; and 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	5/21/2015	1 year
012.725.828-09		Accounting Specialist – Advisor to the Committee	54	5/21/2015	
N/A		Senior Partner at Deloitte Touche Tohmatsu Auditores Independentes. His experience includes auditing services in Brazil and the United States of companies in the financial, trading and service sectors, as well as steel, cars and auto parts manufacturers. He also has experience in due diligence proceedings, initial public offerings (IPO) and private debt placement offerings in Brazil and abroad. He has been the advisor for accounting and regulatory matters in audit committees established in Brazil.			
Antônio Cláudio Brandão Resende	Other Committees	Member	Businessman	5/21/2015	1 year
076.364.666-00	Personnel Management Committee		68	5/21/2015	
Vice-Chairman of the Board of Directors					
Flávio Brandão Resende	Other Committees	Member	Businessman	5/21/2015	1 year
186.119.316-53	Audit and Risk Management Committee		61	5/21/2015	
Director					
José Galló	Other Committees	Member	Business Administrator	5/21/2015	1 year
032.767.670-15	Coordinator of the Personnel Management Committee		63	5/21/2015	
Independent Director					
Maria Letícia de Freitas Costa	Other Committees	Member	Engineer	5/21/2015	1 year
050.932.788-58	Personnel Management Committee		55	5/21/2015	
Independent Director					
Oscar de Paula Bernardes Neto	Other Committees	Member	Engineer	5/21/2015	1 year
037.057.307-20	Coordinator of the Audit and Risk Management Committee		68	5/21/2015	
Independent Director					

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					
Stefano Bonfiglio	Other Committees	Member	Economist	5/21/2015	1 year
000.000.000-00	Audit and Risk Management Committee		51	5/21/2015	
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 2014, the Company hired “Civil Responsibilities” insurance for its directors and/or officers, valid through August 2015. 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$40.5 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 the two items below 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; and (c) revise and approve, with the participation of at least two members, whereas one of the must be the investor relations officer, the information disclosed to the market before they are announced.

  Comments and justifications of the Company' Management: the Company informs that the Internal Regulation of the Disclosure Committee will be revised to include as oftribution 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.

(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. approved in the Annual Shareholders' Meeting held on April 28, 2015, 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 Audit Committee 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 Committee 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.
  - Member of the Board of Directors of OMNI Helicopter International S.A..

(iii) General Meetings

The meetings held in the past 3 years were

Fiscal year ended December 31, 2014			
Description	**Date held**	**Installed on**	**Quorum**
ASM/ESM	4/28/2015	1st Call	64.44%
ESM	5/15/2015	2nd Call	59.28%
Fiscal year ended December 31, 2013			
Description	**Date held**	**Installed on**	**Quorum**
ASM/ESM	4/29/2014	1st Call	61.95%
ESM	8/2/2013	1st Call	66.0%
Fiscal year ended December 31, 2012			
Description	**Date held**	**Installed on**	**Quorum**
ASM/ESM	4/29/2013	1st Call	67.83%

(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 People Management Committee. The Board of Directors is responsible for fixing the individual amounts for each member, pursuant to the Bylaws of the Company. Members of the Board of Directors who also hold executive officer positions in the Company do not receive compensation as Board members.

The Personnel Management Committee is composed of 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.

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 believes it is a market leader, and based on the seniority of its executive staff it established a strategy of adopting executive compensation in the 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 in 12 monthly installments. The amounts are fixed in line with market practices and aims to remunerate the services of each director, based on their dedication and according to the scope of responsibility attributed to the Board of Directors of the Company.

Benefits: Only the Chairman of the Board is entitled to a health plan, health checkup and a Company car 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 in 12 monthly installments. The purpose of fixed compensation is to remunerate the services provided by statutory executive officers according to the scope of responsibility and dedication attributed to each Statutory Officer in the management of the Company.

Fixed fees are adjusted annually according to the findings of salary surveys and based on the Company's results, in order remain competitive 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 – Free Benefit Generating 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"), whereas the term for retirement varies from one to eight years. 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: Like Statutory Executive Officers, officers hired under the CLT system are also entitled to a private pension plan, as established above.

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 2014, the proportion of each element to overall management compensation was:

Body	Board of Directors	Committee	Statutory Board of Executive Officers (*)
Fixed compensation:			
Salary/Fees	99%	100%	61%
Benefits and Post-employment	1%	-	25%
Variable compensation	-	-	14%
Total	**100%**	**100%**	**100%**

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

In 2013, the proportion of each element to overall 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

iii) Method of calculation and adjustment of elements of compensation:

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

The total fees (fixed and variable compensation and benefits) to be paid to the Directors and the Statutory Executive Officers and the 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 calculated on the fleet value, as if the fleet were 100% acquired with third-party funds), 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 calculated on fleet value, as if the fleet were 100% acquired with third-party funds;
- 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 2015, the total overall compensation approved by the Shareholders' Meeting held on April 28, 2015 is R$34,000,000.00, the same amount approved for the year 2014, of which R$5,660,810.21 is paid by the wholly-owned subsidiary Localiza Fleet, as shown below:

	Statutory Board of Executive Officers
	Fixed compensation
Subsidiaries of the company	R$5,660,810.21

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, 2014, 2013 and 2012.

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

Total compensation estimated for the Fiscal Year ending 12/31/2015 – 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	10,714,120.37	16,476,075.63		27,190,196.00
Direct and indirect benefits	108,984.88	425,807.81		534,792.69
Participation in committees	979,049.53	0.00		979,049.53
Other	2,031,846.19	3,435,355.38		5,467,201.57
Description of other fixed compensation	There is no other fixed compensation that hasn't been previously described.	There is no other fixed compensation that hasn't been previously described.		
Variable compensation				
Bonuses	0.00	0.00		0.00
Profit sharing	0.00	3,263,096.27		3,263,096.27
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	There is no other fixed compensation that hasn't been previously described.	There is no other fixed compensation that hasn't been previously described.		
Post-employment benefits	0.00	2,032,865.50		2,032,865.50
Severance benefits	0.00	0.00		0.00
Share-based payments	997,097.47	2,160,577.13		3,157,674.60
Notes	(a) Social Security (INSS): As per the guidelines of Circular/CVM/SEP/No. 02/2015, 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 2015 is R$3,158 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 04/30/2015. 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 with 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	14,831,098.44	27,793,777.72		42,624,876.16

Total compensation for the Fiscal Year ended 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	9,030,616.13	15,492,908.69		24,523,524.82
Direct and indirect benefits	66,665.39	554,833.49		621,498.88
Participation in committees	814,075.08	0.00		814,075.08
Other	1,852,638.97	2,744,832.90		4,597,471.87
Description of other fixed compensation	There is no other fixed compensation that hasn't been previously described.	There is no other fixed compensation that hasn't been previously described.		
Variable compensation				
Bonuses	0.00	1,767,785.58		1,767,785.58
Profit sharing	0.00	2,165,283.94		2,165,283.94
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	353,557.12		353,557.12
Description of other variable compensation	There is no other fixed compensation that hasn't been previously described.	There is no other fixed compensation that hasn't been previously described.		
Post-employment benefits	0.00	1,786,100.00		1,786,100.00
Severance benefits	0.00	0.00		0.00
Share-based payments	1,254,868.93	1,969,395.26		3,224,264.19
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. 02/2013, item 13.1, the INSS amount was shown separately. The social security (INSS) is not included in the overall Management compensation. (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 2014 was R$3,224 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			

	Board of Directors	Board of Executive Officers	Audit Board	Total
	(d) The number of members was calculated based on the number of directors calculated on a monthly basis.			
Total compensation	13,018,864.50	26,755,566.15		39,774,430.65

Total compensation for the Fiscal Year ended 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
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			

	Board of Directors	Board of Executive Officers	Audit Board	Total
	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	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	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
	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 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

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

a. Body

Board of Directors: it does not have variable compensation, but only receives fees as informed in item 13.2.

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

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

In 2013, 2014 and estimated 2015, the amounts shown include the amounts paid by the Company and its wholly-owned subsidiary Localiza Fleet:

	Statutory Board of Executive Officers			
Variable Compensation	**2012**	**2013**	**2014**	**2015 - Proposed**
a. Number of members	6	6	6	6
b. In relation to bonus:				
i. Minimum amount set forth in the compensation plan	1,618,055.00	311,771.00	1,767,785.58	-
ii. Maximum amount set forth in the compensation plan	4,206,943.00	2,619,732.00	1,767,785.58	-
iii. Amount set forth in the compensation plan if targets established are met.	3,236,110.00	2,015,179.00	1,767,785.58	-
iv. Amount effectively recognized in the last 3 fiscal years	4,814,478.00	1,785,690.16	1,767,785.58	-
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	792,557.09
ii. Maximum amount set forth in the compensation plan	3,323,303.00	3,275,478.00	3,130,914.42	3,263,096.27
iii. Amount set forth in the compensation plan if targets are met	2,941,002.00	2,848,242.00	2,408,395.71	3,263,096.27
iv. Amount effectively recognized in the last 3 fiscal years	1,969,437.36	2,211,454.74	2,165,283.94	-

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 for easier understanding.

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 ("3rd Plan")

The 3rd Plan was approved in the Extraordinary Shareholders' Meeting held on April 25, 2011 and consists in the granting of options to acquire shares (RENT3) of the Company by the Board of Directors for each program, for eligible members. Only statutory executive officers, statutory executive officers (CLT system), executive officers and managers ("Eligible members for the 3rd Plan") are eligible. Following are the eligibility conditions for the program under the scope of the 3rd Plan:

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 members for the 3rd Plan, a matching option will be suggested by the Personnel Management Committee and submitted to the Board of Directors for approval. The consideration for 2015 will be determined at the Meeting of the Board of Directors in April 2015.

The Company will inform the eligible members 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)

The 2nd Plan was approved at the Extraordinary Shareholders' Meeting on April 26, 2006, offers the eligible employees and statutory executive officers, except members of the Board of Directors, the opportunity to buy shares (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)

The 2nd Plan was divided into five individual and annual programs and the maximum number of shares covered by the programs was 4,500,000.

g. Maximum number of shares to be granted

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 Board of Directors 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)

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)

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)

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, as provided by article 20 of its Bylaws.

2nd Stock Option Plan (last grant in under this plan occurred in 2011)

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 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 exercised fully or partly by heirs or successors of the Beneficiary by payment at sight.

In case of permanent disability of the Beneficiary, the options may be exercised fully or partly, in advance or within the original term, for an 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 issuance of bonus shares, among others, and the Plans will be amended in order to adjust these changes to the options not yet exercised by their Beneficiaries.

- Extinction or suspension

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

In case of termination of the Beneficiary by the Company not for just cause, the options that are not yet available for exercise cannot be exercised. Nevertheless, the holder of the options has the right to exercise the options already exercisable on the date of termination, within an 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 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 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)

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

In case of termination of the Beneficiary by the Company for any reason other than just cause, 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 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, 2014		
Group and related persons	**Shares held directly**	**Shares held indirectly**	**% of interest in total shares**
Founders	58,874,596	N/A	27.80%
Board of Directors	1	N/A	0.0%
Statutory Board of Executive Officers	274,455(*)	N/A	0.13%

(*)Not including 18,595 shares held by the non-statutory board of executive officers.

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.

No manager or director owns shares issued by the direct or indirect subsidiaries of the Company.

13.6 Share–based compensation of the Board of Directors, and the statutory Board of Executive Officers

As of December 31, 2014, the Company had six 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	2015
Number of members	6	6	6	6
i. grant date – Meeting of the Board of Directors	April/12	April/13	April/14	April/15
ii. number of options granted	505,712	359,584	387,991	322,069
iii. vesting period	100% - 05/01/2015	100% - 05/01/2016	100% - 05/01/2017	100% - 05/01/2018
iv. maximum period for exercising the options	05/01/2018	05/01/2019	05/01/2020	05/01/2021
v. period of restriction to share transfers	3 years	3 years	3 years	3 years
vi. weighted average price			-	
outstanding at the beginning of the fiscal year	R$31.70	R$32.59	R$33.51	R$33.70
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	R$10.87	R$14.54
dilution potential in case of exercise of all the options granted (*)	0.25%	0.17%	0.18%	0.15%

(*) 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)

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	09/15/2009	05/20/2010	04/28/2011
ii. number of options granted	359,089	363,233	440,515
	25% - March 2012	25% - March 2013	25% - March 2014
	25% - March 2013	25% - March 2014	25% - March 2015
	25% - March 2014	25% - March 2015	25% - March 2016
iii. vesting period	25% - March 2015	25% - March 2016	25% - March 2017
iv. maximum period for exercising the options (*)	04/30/2016	04/30/2017	04/30/2018
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	R$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	20.21	12.10	11.12
dilution potential in case of exercise of all the options granted (programs from 2007 to 2011) (**)	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, 2nd, 3rd and 4th tranches of the Program have been available since April 1, 2011, 2012, 2013 and 2014, respectively, and may be exercised by March 30, 2015. Options

of the 1st, 2nd and 3rd tranche of the 2009 Program have been available since April 1, 2012, 2013 and 2014, and may be exercised by March 30, 2016. Options of the 1st and 2nd tranche of the 2010 Program have been available since April 1, 2013 and 2014, and may be exercised until March 30, 2017. Options of the 1st tranche of the 2011 program have been available since April 1, 2014, and may be exercised by March 30, 2018. Other tranches of each program were not yet vested by the filing date of this document.

(**) The Company has used the shares in treasury to meet the options exercised.

(**) The exercise price was calculated by weighting the following price:

Program	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	-	33.70

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, 3014 were:

2nd stock option plan (last grant in 2011 with options not yet exercised)	**Statutory Board of Executive Officers**
	On 12/31/2014
Number of members	6
Unvested options	
Number	422,478
Vesting date	
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:	
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$23.02
Fair value of options on the last day of the fiscal year:	
2007 Program	R$ 7.09
2008 Program	R$ 0.88
2009 Program	R$12.21
2010 Program	R$12.10
2011 Program	R$11.12

	Board of Directors	Statutory Board of Executive Officers
	On 12/31/2014	
Vested options		
Number	354,670*	335,324
Maximum period for exercising the options	Mar/14,15,16	Mar/14, 15, 16, 17
Period of restriction to share transfers	Not applicable	Not applicable
Weighted average exercise price	R$23.02	R$23.02
Fair value of options on the last day of the fiscal year		
2008 Program	R$0.88	R$0.88
2009 Program	R$12.21	R$12.21
2010 Program	R$12.10	R$12.10
2011 Program	R$11.12	R$11.12
Fair value of all options on the last day of the fiscal year	R$3,783,262.10	R$3,109,967.78

(*) Amount referring to the balance of 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 Plan	Board of Directors	Statutory Board of Executive Officers
	On 12/31/2014	
Number of members	1	6
Unvested options		
Number		519,064
Vesting date:		
2012 Program		May/15
2013 Program		May/16
2014 Program		May/17
2015 Program		May/18
Maximum period for exercising the options:		
2012 Program		Apr/18
2013 Program		Apr/19
2014 Program		Apr/20
2015 Program		Apr/21
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
2014 Program	R$33.51	R$33.51
2015 Program	R$33.70	R$33.70
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
2014 Program	R$10.87	R$10.87
2015 Program	R$14.54	R$14.54

Vested options		**There were no vested options on 12/31/2014**
Number	377,484(*)	-
Maximum period for exercising the options	May/ 16	
Period of restriction to share transfers	-	-
Weighted average exercise price	32.15	-
Fair value of options on the last day of the fiscal year – 2012 Program	12.82	-
Fair value of options on the last day of the fiscal year – 2013 Program	R$12.94	-
Fair value of options on the last day of the fiscal year (2012 and 2013 Programs)	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 2014, options were released for exercise by the statutory board of executive officers, as described below:

Options exercised – fiscal year ended on 12/31/2014	**Statutory Board of Executive Officers**
Number of members	6
Options exercised	
Number of shares	39,238
Weighted average exercise price	R$25.46
Difference between the exercise price and the market value of the shares relating to the options exercised	R$10.25
Shares delivered	
Number of shares delivered	39,238
Weighted average acquisition price	R$10.32
Difference between the acquisition price and market value of the shares acquired	R$25.39

For each Option exercised one Share was delivered

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

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

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								
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
	3rd Plan				**2nd Plan**				
Share price	33.70	33.51	34.22	33.36	26.46	23.99	17.70	5.70	19.68
Risk-free interest	10.0%	11.0%	9.00%	9.45%	10.21%	10.04%	9.69%	10.93%	8.67%
Expected annual volatility (*)	43.64%	43.64%	46.67%	48.49%	50.12%	52.34%	55.01%	56.63%	37.60 %
Expected dividends	0.41%	0.41%	0.36%	0.39%	0.39%	0.42%	0.45%	0.46%	-
Duration of the program in years	3.0	2.0	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)	14.54	10.87	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 (*)	6,034,150.93
Total accumulated amount of contributions made during the last fiscal year minus the portion relating to contributions directly made by the managers (**)	1,721,075.42
Possibility of early redemption and conditions (***)	As provided in the second addendum

(*) Amounts accumulated since the implementation in August 2011 until December 2014
(**) Amounts deposited in 2014
(***) 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		
	12/31/2014	12/31/2013	12/31/2012	12/31/2014	12/31/2013	12/31/2012
No. of members	6.00	6.00	6.00	8.00	8.00	8.00
Highest compensation (in Brazilian real)	11,872,051.99	8,455,455.52	7,145,924.18	7,429,407.89	4,584,692.36	450,000.00
Lowest compensation (in Brazilian real)	703,277.82	1,088,345.00	1,208,002.07	575,640.48	520,907.96	360,000.00
Average compensation (in Brazilian real)	3,942,862.69	3,448,752.13	3,256,199.42	1,595,175.08	1,143,971.62	420,000.00

Note

Statutory Board of Executive Officers	
12/31/2014	The calculation of remuneration considers the aggregate amount of compensation and benefits and it was not considered the INSS for the years 2014, 2013 and 2012. The average amount of compensation is calculated considering the sum of compensation of all executive officers divided by the number of directors.
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	
12/31/2014	One director was excluded while calculating the average compensation because he did not receive compensation as director since he received compensation as statutory executive officer of the Company. The average compensation above does not include INSS.
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 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

The percentage of compensation of members who are related parties was 63% in 2014.

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 2014 (*)	R$	
	Statutory Board of Executive Officers	
	Fixed compensation	Variable compensation
Subsidiaries of the company	3,523,054	-

(*) Until April 2013, 50% of the compensation of the CEO and COO was borne by the wholly-owned subsidiary Localiza Fleet. As from May, 40% of the compensation of the CEO and CFO was borne by the wholly-owned subsidiary Localiza Fleet.

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.

13.16 – Other relevant information

The overall amount of fixed and variable compensation and benefits, for the fiscal year ended on December 31, 2014, was R$31.6 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, 2014, 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	**12.31.14**		**12.31.13**		**12.31.12**	
	Operation	**Administrative**	**Operation**	**Administrative**	**Operation**	**Administrative**
Midwest	312	30	252	23	252	39
Northeast	822	95	835	72	829	115
North	125	14	116	13	117	19
Southeast	2591	1281(*)	2,586	1,212(*)	2,516	1,322(*)
South	580	62	627	59	576	81
Total	**4430**	**1482**	**4,416**	**1,064**	**4,290**	**1,576**
	5912		**5,480**		**5,866**	

(*) Includes interns, 8 in 2014, 25 in 2013 and 41 in 2012.

b) Number of outsourced workers (total, by groups based on function and geographic region)

Region	Activity	2014	2013	2012
MG	Administrative	265	231	227

c) Turnover rate

Until 2013, 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
Turnover	***27.70%***	**25.10%**

Starting 2014, we are calculating the overall turnover at the Company using the following formula: ***Turnover*** = Admission for replacement + Termination with replacement /2/ Headcount on the last day of the year

Year	2014
Turnover	**18.1%**

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 from 2013 to 2014 was due to: (i) the increase in the number of claims by 300; and (ii) new public-interest civil actions mainly disputing the pain and suffering allegation and the hiring of

independent workers, which led to the constitution of a provision of R$580 thousand.

As of December 31, 2014, 2013 and 2012, Company and its subsidiaries recorded the following amounts of provisions, considered sufficient to cover expected losses on the lawsuits in progress:

R$ million

	2014	2013	2012
Balance of provision	43.2	26.9	16.8

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 daycare 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 Salespersons

[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 Car 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

- Federal District:
SINDICOM – Union of Workers in Trade Companies of the Federal District

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	4/30/2015	
13,389,677	6.322046%	0	0.000000%	13,389,677	6.322046%
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	4/29/2014	
13,712,583	6.474509%	0	0.000000%	13,712,583	6.474509%
Antônio Cláudio Brandão Resende					
076.364.666-00	Brazilian-MG	No	Yes	4/29/2014	
19,061,406	9.000000%	0	0.000000%	19,061,406	9.000000%
Flávio Brandão Resende					
186.119.316-53	Brazilian-MG	No	Yes	4/29/2014	
12,816,031	6.051195%	0	0.000000%	12,816,031	6.051195%
OTHER					
123,144,534	58.143707%	0	0.000000%	123,144,534	58.143707%
TREASURY SHARES – Date of last change: 06/27/2014					
3,133,110	1.479324%	0	0.000000%	3,133,110	1.479324%
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	04/28/2015
Number of individual shareholders (units)	1,541
Number of corporate shareholders (units)	25
Number of institutional investors (units)	1,161

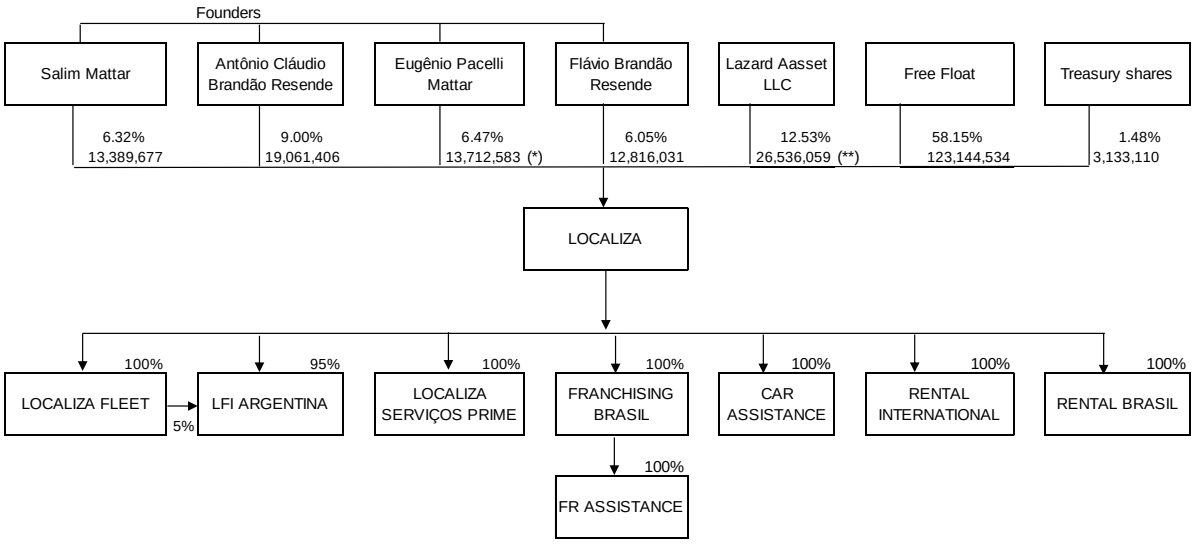
Outstanding shares

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)	149,287,167	70.487167%
Number of preferred shares (units)	0	0.000000%
Total	149,287,167	70.487167%

15.4 Shareholder breakdown

As of April 30, 2015, the organization chart of the group is as follow:



(*) Includes 59,900 shares available for rent.

(**) According to the notice received by the Company on June 30, 2014, and released to the market through to a notice to the market of July 1, 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 June 27, 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 headquarters 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 Company's stock option plans.

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.	12/31/2014	713,000.00	713,000.00	713,000.00	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.						
Warranty and insurance	This transaction has no warranty or insurance.						
Rescission or extinction	There is no condition established for rescission or extinction.						
Nature and reason for the transaction	Other short-term accounts receivable.						
Localiza Fleet S.A.	12/31/2014	19,661,000.00	490,000.00	19,661,000.00	Indefinite.	YES	0.000000
Relationship with the issuer	Wholly-owned subsidiary.						
Object of Agreement	Balance of other short-term accounts receivable, net, related to the sharing of administrative expenses. The amount informed corresponds to the transactions carried out in 2014.						
Warranty and insurance	This transaction has no warranty or insurance.						
Rescission or extinction	There is no condition established for rescission or extinction.						
Nature and reason for the transaction	Other short-term accounts receivable, net, related to the sharing of administrative expenses. The amount informed corresponds to the transactions carried out in 2014.						
Localiza Fleet S.A.	12/31/2014	20,914,000.00	6,507,000.00	20,914,000.00	Indefinite.	YES	0.000000
Relationship with the issuer	Wholly-owned subsidiary.						
Object of Agreement	Balance of accounts receivable from car rentals by Localiza Fleet to meet customer demand. The amount informed corresponds to transactions carried out in 2014.						
Warranty and insurance	This transaction has no warranty or insurance.						
Rescission or extinction	There is no condition established for rescission or extinction.						
Nature and reason for the transaction	Accounts receivable from car rentals by Localiza Fleet to meet customer demand. The amount informed corresponds to transactions carried out in 2014.						

Related party	Transaction date	Amount involved (R$)	Existing balance	Amount (R$)	Duration	Loan or other debt	Interest rate charged
Locapar Participações e Administração Ltda.	03/14/2005	118,041,171.38	0	0	Indefinite	YES	0.000000
Relationship with the issuer	Corporation controlled by the Company's founders.						
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	This transaction has no warranty or insurance.						
Rescission or extinction	Contract entered into on an irrevocable and irreparable basis.						
Nature and reason for the transaction	Active contingencies that did not affect the financial statements of Localiza Prime.						
Localiza Franchising Brasil S.A.	12/31/2014	70,000.00	70,000.00	70,000.00	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	Balance of short-term accounts receivable.						
Warranty and insurance	This transaction has no warranty or insurance.						
Rescission or extinction	There is no condition established for rescission or extinction.						
Nature and reason for the transaction	Other short-term accounts receivable.						
Localiza Fleet S.A.	12/31/2014	1,293,000.00	1,293,000.00	1,293,000.00	Indefinite	YES	0.000000
Relationship with the issuer	Wholly-owned subsidiary.						
Object of Agreement	Balance of accounts payable resulting from the use of the maintenance infrastructure of Localiza Fleet's suppliers to fix cars.						
Warranty and insurance	This transaction has no warranty or insurance.						
Rescission or extinction	There is no condition established for rescission or extinction.						
Nature and reason for the transaction	Accounts payable resulting from the use of the maintenance infrastructure of Localiza Fleet's suppliers to fix cars.						

Related party	Transaction date	Amount involved (R$)	Existing balance	Amount (R$)	Duration	Loan or other debt	Interest rate charged
Localiza Cuiabá Aluguel de Carros Ltda.	12/31/2014	3,684,000.00	3,684,000.00	3,684,000.00	This transaction was ended on February 28, 2015.	YES	0.000000
Relationship with the issuer	Wholly-owned subsidiary						
Object of Agreement	Balance of other short-term accounts receivable from the transaction between the Companies.						
Warranty and insurance	This transaction has no warranty or insurance.						
Rescission or extinction	There is no condition established for rescission or extinction.						
Nature and reason for the transaction	Other short-term accounts receivable from the transaction between the Companies.						
Rental International	12/31/2014	603,000.00	603,000.00	603,000.00	Indefinite	YES	0.000000
Relationship with the issuer	Wholly-owned subsidiary						
Object of Agreement	Balance of other short-term accounts receivable.						
Warranty and insurance	This transaction has no warranty or insurance.						
Rescission or extinction	There is no condition established for rescission or extinction.						
Nature and reason for the transaction	Other short-term accounts receivable.						
Localiza Franchising Brasil S.A.	12/31/2014	55,000.00	55,000.00	55,000.00	Indefinite	YES	0.000000
Relationship with the issuer	Wholly-owned subsidiary						
Object of Agreement	Balance of accounts receivable from car rental by Localiza Franchising.						
Warranty and insurance	This transaction has no warranty or insurance.						
Rescission or extinction	There is no condition established for rescission or extinction.						
Nature and reason for the transaction	Accounts receivable from car rental by Localiza Franchising.						
LFI SRL	12/31/2014	53,000.00	53,000.00	53,000.00	Indefinite	YES	0.000000
Relationship with the issuer	Wholly-owned subsidiary						
Object of Agreement	Balance of other short-term accounts payable from transactions between the companies.						

Related party	Transaction date	Amount involved (R$)	Existing balance	Amount (R$)	Duration	Loan or other debt	Interest rate charged
Warranty and insurance	This transaction has no warranty or insurance.						
Rescission or extinction	There is no condition established for rescission or extinction.						
Nature and reason for the transaction	Other short-term accounts payable from transactions between the companies.						
Rental International	12/31/2014	586,000.00	586,000.00	586,000.00	Indefinite	YES	0.000000
Relationship with the issuer	Wholly-owned subsidiary						
Object of Agreement	Refers to the provision for unsecured liabilities accounted for in 2014.						
Warranty and insurance	This transaction has no warranty or insurance.						
Rescission or extinction	There is no condition established for rescission or extinction.						
Nature and reason for the transaction	Refers to the provision for unsecured liabilities accounted for in 2014.						
Localiza Serviços Prime S.A.	12/31/2014	713,000.00	713,000.00	713,000.00	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	Balance of other short-term accounts receivable.						
Warranty and insurance	This transaction has no warranty or insurance.						
Rescission or extinction	There is no condition established for rescission or extinction.						
Nature and reason for the transaction	Other short-term accounts receivable.						
Localiza Fleet S.A.	12/31/2014	19,661,000.00	490,000.00	19,661,000.00	Indefinite	YES	0.000000
Relationship with the issuer	Wholly-owned subsidiary						
Object of Agreement	Existing balance of other net, short-term, accounts receivable, resulting from the sharing of administrative expenses. The amount presented corresponds to transactions carried out during the year 2014.						
Warranty and insurance	This transaction has no warranty or insurance.						
Rescission or extinction	There is no condition established for rescission or extinction.						
Nature and reason for the	Existing balance of other net, short-term, accounts receivable, resulting from the sharing of administrative expenses. The amount presented corresponds to transactions carried out during the year 2014.						

Related party	Transaction date	Amount involved (R$)	Existing balance	Amount (R$)	Duration	Loan or other debt	Interest rate charged
transaction							
Localiza Fleet S.A	12/31/2014	20,914,000.00	6,507,000.00	20,914,000.00	Indefinite	YES	0.000000
Relationship with the issuer	Wholly-owned subsidiary						
Object of Agreement	Existing balance of receivables arising from car rentals by Localiza Fleet to serve their customers. The amount presented corresponds to transactions carried out during the year 2014.						
Warranty and insurance	This transaction has no warranty or insurance.						
Rescission or extinction	There is no condition established for rescission or extinction.						
Nature and reason for the transaction	Existing balance of receivables arising from car rentals by Localiza Fleet to serve their customers. The amount presented corresponds to transactions carried out during the year 2014.						

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: *"The Board of Directors is responsible for the following: (a) To establish the general business guidelines of the Company; (b) To elect and remove the executive officers of the Company; (c) To decide on calling the Shareholders' Meeting, when appropriate, or in the case of article 132 of Law 6,404/76; (d) To inspect the management of the executive officers, examining, at any time, the books and papers of the Company and requesting information on the progress of the business transacted and/or to be transacted and any other acts; (e) To establish committees and the respective regulations and duties; (f) To revise, at least three (3) times a year, the Car Purchase Program for Expansion and the Car Purchase Program for Renewal presented by the Board of Executive Officers; (g) To nominate and remove the independent auditors; (h) To call the independent auditors to provide any clarifications they deem necessary; (i) To acknowledge the Management Report and the accounts of the Board of Executive Officers, and discuss on their submission to the Shareholders' Meeting; (j) To approve the Strategic Plan, Target Plan, Budget, expansion projects, investment programs, the Car Purchase Program for Expansion, the Car Purchase Program for Renewal, debt and minimum cash policies as well as monitor their implementation; (k) To approve the acquisition, encumbrance and sale of fixed , in accordance to the value scope defined by the Board of Directors in accordance with the Board of Executive Officers Proposal, except for purchase of cars under the terms of the Car Purchase Program for Expansion and Car Purchase Program for Renewal; (l) To approve any changes to the name and brand of the Company and its subsidiaries or controlled; (m) To approve the establishment of subsidiaries, as well as any changes in their Bylaws, the subscription and payment of capital increases; (n) To approve the acquisition or the interest of the Company in the capital of other companies, in Brazil or abroad; (o) To establish the scope of authority of the Board of Executive Officers for the issuance of credit instruments in Brazil, including, but not limited to debentures and promissory notes for funding in the capital markets, deciding also on their conditions for issuance and redemption, and may, in cases established by it, require prior authorization of the Board of Directors as a condition for the validity of the act; (p) To establish the scope of authority of the Board of Executive Officers to issuance any credit instruments for foreign funding, including bonds, notes, commercial papers or other instruments, also deciding on the conditions of their issuance and redemption, and may, in cases established by it, require prior authorization of the Board of Directors as a condition for the validity of the act; (q) To establish the scope of authority of the Board of Executive Officers to contract any call or put options, swaps and other complex financial transactions which are based on the trading price or the price in the futures market, and may, in cases established by it, require prior authorization of the Board of Directors as a condition for the validity of the act; (r) Establish the competence of the Board of Executive Officers to make financial investments and redeem them, within the limits, conditions and financial institutions previously authorized by the Board of Directors, being this authorization the necessary condition to valid the act; (s) To authorize the Company and its subsidiaries to guarantee obligations in favor of third parties, by waiving the authorization of guarantee to subsidiaries; (t) To approve the management agreement, establish the compensation of the*

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

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	**Authorized capital**				
5/15/2015	0.00	N/A	257,953,500	0	257,953,500
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

17.2 Capital increases

Date of resolution	Body approving the increase	Issuance date	Total issuance amount (R$)	Type of increase	Common shares (units)	Preferred shares (units)	Total shares (units)	Previous subscription/ capital	Issuance price	Unit
4/29/2013	Annual and Extraordinary Shareholders' Meeting	5/2/2013	375,000,000.00	Public subscription	10,085,400	0	10,085,400	5.00000000	37.18	R$ 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 unit face value of the Company's shares since the shares have no unit face 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 May 15, 2015:

*"**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 fifty 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, 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 of 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, 2014

Quarter	Security	Type	Class	Market	Market operator	Financial volume traded (in R$)	Highest closing price (in R$)	Lowest closing price (in R$)	Unit
3/31/2014	Shares	Common		OTC	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	3,001,165,000	33.50	29.68	R$ per unit
06/30/2014	Shares	Common		OTC	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	1,902,203,000	38.20	32.09	R$ per unit
09/30/2014	Shares	Common		OTC	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	1,986,206,000	40.57	24.48	R$ per unit
12/31/2014	Shares	Common		OTC	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	2,201,635,000	39.39	31.18	R$ per unit

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$)	Unit
3/31/2013	Shares	Common		OTC	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	2,627,426,000	37.03	33.45	R$ per unit
06/30/2013	Shares	Common		OTC	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	2,954,087,000	35.99	28.86	R$ per unit
09/30/2013	Shares	Common		OTC	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	2,196,614,000	34.53	29.50	R$ per unit
12/31/2013	Shares	Common		OTC	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	2,275,210,000	36.72	32.05	R$ per unit

Year ended December 31, 2012

3/31/2012	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	2,066,518,000	33.12	24.14	R$ per unit
06/30/2012	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	2,536,864,000	33.90	26.76	R$ per unit
09/30/2012	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	1,951,337,000	35.86	27.33	R$ per unit
12/31/2012	Shares	Common		Stock exchange	BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange	1,643,787,000	36.48	31.92	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 debentures issuance 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 issue, in the principal amount of R$66.6 million each. In July 2014, Localiza settled the 3rd and final installment of this debentures issuance, in the principal amount of R$66.8 million. 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 debentures issuance 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	**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 debentures issuance 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 2015, Localiza settled in advance, with payment of the premium as defined in the deed, this entire issuance in the principal amount of R$500.0 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	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

calculation method	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 issuance 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 debentures issuance 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. In May 2015, the Company settled in advance, with payment of the premium as defined in the deed, the entire 1st series of this issuance in the principal amount of R$168.0 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, in a single series
Issuance date	9/10/2014
Maturity date	9/10/2020
Amount (units)	50,000
Total amount (R$)	500,000,000.00
Transfer restriction	Yes
Description of restriction	The Debentures can only be traded among qualified investors, as defined in CVM Instruction 476 ("Qualified Investor"), ninety (90) days after their subscription or acquisition by each Qualified Investor, as provided in articles 13 and 15 of CVM Instruction 476, and if the Issuer complies with the obligations envisaged in article 17 of said Instruction.
Convertibility	No
Redemption allowed	Yes
Events of redemption and calculation method	The Issuer may, at its own discretion, redeem the Debentures in advance, in whole or in part, as from October 10, 2016. The Debentures will be redeemed at their Unit face value or outstanding balance of the unit face value plus: (i) Interest calculated from the Issuance Date (inclusive) or payment date of the immediately prior interest payment (inclusive), as applicable, until the effective date of redemption (exclusive); and (ii) a premium of twenty percent (0.20%) per annum on the Unit face value plus Interest, using the formula defined in the deed, and provided that the holders are notified at least ten (10) days in advance of the expected redemption date.
Characteristics of the securities	8th issuance of Localiza Rent a Car S.A. - The debentures are simple, non-convertible, registered and book-entry, in a single series, with unit face value of R$10,000 on the issuance date of September 10, 2014. Their term is 6 years, with two equal amortizations of fifty percent (50%) of the unit face value, to be paid on September 10, 2019 and September 10, 2020, in addition to biannual interest payments.

Conditions for changing the rights assured by such securities	This debentures issuance further imposes certain cases for early maturity with immediate payment required, such as: (i) filing for judicial reorganization by the Company and/or subsidiaries of the Company; (ii) protest of notes against the Company with an aggregate individual amount not exceeding R$25.0 million; (iii) declaration of early maturity or default with any pecuniary obligation of the Company and/or its subsidiaries, with an aggregate individual amount of R$25.0 million or higher, among others established in the deed.
Other material characteristics	These debentures are unsecured.

Security	**Debentures**
Identification of security	Simple non-convertible debentures, registered and book-entry, in a 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 can only be traded among qualified investors, as defined in CVM Instruction 476 ("Qualified Investor"), ninety (90) days after their subscription or acquisition by each Qualified Investor, as provided in articles 13 and 15 of CVM Instruction 476, and if the Issuer complies with the obligations provided in article 17 of said Instruction.
Convertibility	No
Redemption allowed	Yes
Redemption hypotheses and calculation method	The Issuer may, at its own discretion, redeem the Debentures in advance, in whole or in part, as from the twenty-fifth (25th) month after the issuance date (inclusive) or the immediately prior Interest payment date (inclusive). The Debentures will be redeemed at their Unit face value or outstanding balance of the Unit face value plus Interest due until the effective date of redemption (exclusive), calculated pro rata temporis, of late charges, when applicable, and any other amounts owed by the Company, in addition to a premium to be defined in the Deed of Issue, levied on the Unit face value balance 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, in a single series, with unit face value of R$10,000 on the issuance date of April 30, 2015. They will have a term of 6 years and amortization in three (3) annual installments: fifty million reais (R$50.0 million) at the end of the 4th year, one hundred fifty million reais (R$150.0 million) at the end of the 5th year and three hundred million reais (R$300 million) at the end of the 6th year, as from the Issuance Date, with the final amortization on the Maturity Date.
Conditions for changing the rights assured by such securities	This debentures issuance further imposes certain cases for early maturity with immediate payment required, such as: (i) filing for judicial reorganization by the Company and/or subsidiaries of the Company; (ii) protest of notes against the Company with an aggregate individual amount not exceeding R$25.0 million; (iii) declaration of early maturity or default with any pecuniary obligation of the Company and/or its subsidiaries, with an aggregate individual amount of R$25.0 million or higher, among others established in the deed.
Other material characteristics	These debentures are unsecured and guaranteed by the wholly-owned subsidiary Localiza Fleet.

Security	**Debentures**
Identification of	Simple non-convertible debentures, registered and book-entry, single series.

security	
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 face 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 unit face 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 securities	This debentures issuance 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.
Other material characteristics	Interest paid to debenture holders, corresponding to the CDI overnight rate + 0.95% p.a. 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 issue: 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 issue: 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 issue: 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 issue: 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 issue: 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 issue: 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 2014 represented 4.70% of the average number of common shares traded in the stock exchange. On December 31, 2014, Localiza had 6,260,819 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$)	Type	Class	No. expected (Units)	% of outstanding shares	No. approved purchased (Units)	PMP	Unit	% acquired
Other features										
7/25/2014	7/25/2014 to 7/25/2015	364,500,000.00	Common		10,000,000	6.705004	0	0.00	R$ per Unit	0.000000

The Board of Directors, through a meeting held on July 25, 2014, 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 10,000,000 shares; (3) The deadline for performing the operation authorized hereby is 365 days from July 25, 2014 until July 24, 2015, inclusive; (4) The number of outstanding shares, as defined by article 5 of the afore mentioned Instruction, is 149,142,340 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. and (6.2) Credit Suisse S.A., Corretora de Títulos e Valores Mobiliários.

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.

19.2 Transactions involving securities held in treasury

Fiscal year ended December 31, 2014

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	3,758,577	62,883,874.60	16.73
Purchased	0	0.00	0.00
Sold	263,148	2,716,341.52	10.32
Cancelled	0	0.00	0.00
Closing balance	3,495,429	60,167,533.08	17.21

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

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			2,402,119	10.32	R$ per share	12/18/2007	1,153213
Common			1,093,310	33.64	R$ per share	5/3/2013	0.524878

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 was 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, 2013 are shown after including the effects of bonus shares.

5th 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 was up to 9,038,000 shares. The maximum term to carry out the authorized operation was 365 days as from July 25, 2013, that is, until July 24, 2014, inclusive.

This program has ended without any share buyback.

6th Share Buyback Plan

The Board of Directors meeting held on July 25, 2014 authorized the launch of the 6th Share Buyback Program.

The authorized number of shares to be purchased was up to 10,000,000 shares. The maximum term to carry out the authorized operation is 365 days as from July 25, 2014, that is, until July 24, 2015, inclusive.

Until May 29, 2015, the date of disclosure of this form, no shares had been repurchased under the program.

Transactions involving Treasury shares

As of April 30, 2015, 2,323,130 stock options had been exercised in connection with the Stock Options Plans related to the stock option programs from 2007 to 2012, with the use of shares held in Treasury.

Impact of bonus on treasury shares

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 issuance 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 started 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 continues 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 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 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 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:

- To analyze and approve the drafts of the following documents and information, which must compulsorily submitted to regulatory authorities; Reference Form, DFP, ITRs, Financial Statements and Management Report, and Earnings Releases;

- To analyze and approve the drafts of other information or notices that the CFO/IRO (Chief Financial and Investor Relations Officer) deems require the involvement of the Committee; and

- To ensure that the information is correct and timely in order to win trust and demonstrate the Company's transparency.

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.