FINANCIAL STATEMENTS

2015

Localiza Rent a Car S.A. - Corporate taxpayer´s ID: 16.670.085/0001-55

Localiza

(A free translation of the original in Portuguese)

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(A free translation of the original in Portuguese)

1 - MESSAGE FROM THE CEO

2015 was another very negative year for Brazil: the deep deterioration of the macroeconomic environment in the country lead to a sharp drop in consumer demand and confidence. The combination of a series of simultaneous negative indicators, such as the drop in GDP, above-target inflation, currency devaluation, rising interest rates and high fiscal deficit even resulted in the loss of the sovereign investment grade.

Anticipating these challenges, the Company was prudent and decided to capitalize in the past years, taking advantage of the good results and paying minimum dividends. We have also sighted to adapt the cash and the debt profile to go through the next years without major fund raising in a possibly more adverse credit and costs period.

Despite the unfavorable macroeconomics and more aggressive competitive environment, the Company progressed significantly in 2015. We strengthened our capabilities and commercial tools and innovated to differentiate our customer's experience when renting a car. The increase in car rental for leisure segment offset the drop in business demand, which was affected by the fall in GDP and, even is a recessive scenario, we grew the Company's rental volumes.

In 2016, we hope to increase our clients' experience differentiation from competitors and maximize operations and sales synergies of the car and fleet rental businesses. Due to the weakening of cars purchase and sale market we will strengthen the current sales channels to ensure our historical efficiency in the management of fleet renewal.

The Company's has in its DNA a high level of requirements with performance, growth and value creation. We are committed to align, mobilize and inspire the team towards our goals and aspirations.

We expect to overcome the market challenges through our soundness and strengthening our management and leave the current cycle with an even stronger competitive position, properly balancing market share gains with value creation for shareholders.

Eugênio Mattar – CEO

2 - MACROECONOMIC SCENARIO

2015 was characterized by adjustments in the economy, which were reflected in the worsening of the main economic indicators and a sharp decline in confidence index.

The year began with adjustments in the administered prices (gas, electricity, etc.), reduction of subsidies, increases in tax and interests, and decrease in investments. This scenario resulted in the loss of the sovereign investment grade by the credit rating agencies Standard & Poor's and Fitch Ratings and, in 2016, Moody's as well.

As a result, 2015 was a year marked by recession, double-digit inflation, increase of the basic annual interest rate (Selic), which increased from 11.75% in 2014 to 14.25% in 2015, rising unemployment, decrease of consumption and the depreciation of the Brazilian Real by about 50%.

At the beginning of 2015, a GDP growth of around 2% was expected in Brazil, but, however, this expectation did not materialize as the year evolved, and the GDP closed the year with a fall of 3.8%, the lowest level in 25 years.

Brazil in 2016

Expectations for 2016 continue to be a very complex economic scenario in Brazil, exacerbated by political instability. Besides this unpromising prospect, and the end of the high commodity prices cycle and the slowing of the Chinese economy, the local political and economic background are challenging the country's credibility.

The current recession, combined with uncertainties, directly affects consumer confidence. Despite the weaker demand, the expected inflation is already above the top of the goal (at 6.5%). A drop in the domestic activity and an increase in unemployment are expected.

Localiza is prepared for this adverse scenario.

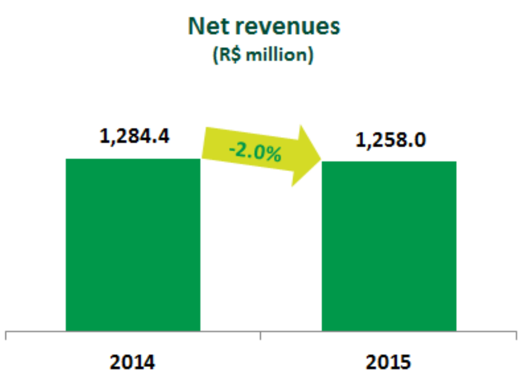
3 - BUSINESS OVERVIEW

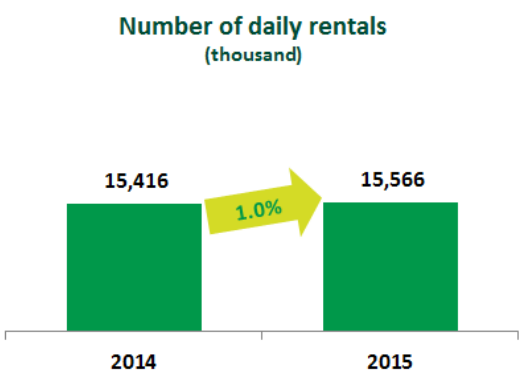
Localiza is the largest car rental network in South America in number of locations, with 564 car rental locations spread across 8 countries of the South American continent, of which 320 are operated by the Company and 244 are operated by its franchisees. As of December 31, 2015, the consolidated fleet of the Company and its franchisees consisted of 124,695 cars, of which 110,703 were owned cars and 13,992 were franchisees' cars. Localiza has about 5.7 million active clients registered in its database.

According to the Brazilian Car Rental Association (ABLA), the car rental market in Brazil is comprised of roughly 5,600 different-sized companies, of which some operate under international brands.

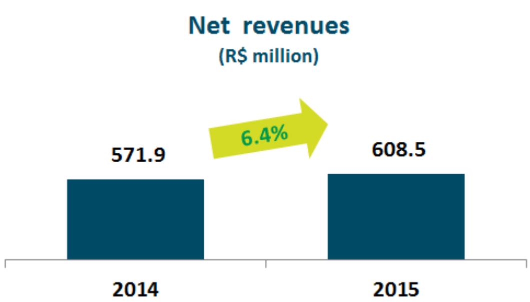
Localiza and its subsidiaries are engaged mainly in: Car Rental, Fleet Rental and Franchising, as described below:

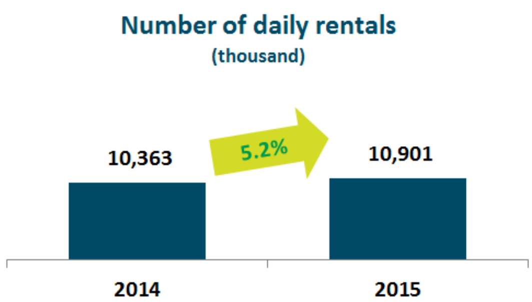
Car rental: The Company rents cars through its rental locations on and off airports. Cars are rented by corporations and individuals, as well as by insurance companies and car manufactures that offer replacement vehicles to their customers in the case of accidents or mechanical repairs during the insurance or warranty term, respectively. Localiza sells cars after they are used for 12 to 18 months, due to the need to renew the fleet. In order to avoid intermediation costs on the sale of decommissioned cars, most of them are sold directly to end consumers. Consequently, the Company maximizes the recoverable amount of these assets, reducing the depreciation of the cars and the net investment for fleet renewal, as the selling expenses of the network are lower than the discounts required by car dealers.





Fleet rental: The Fleet Rental Division, through its wholly-owned subsidiary Localiza Fleet S.A., manages fleets for companies under long-term agreements (generally 24 or 36 months). The division's fleet is customized to customer needs and requests and, for that reason, it is more diversified in terms of models, colors and brands. The decommissioned cars are sold on average after 33 months directly to final consumers or car dealers at the end of the agreements.





Franchising: The Franchising Division is responsible for granting and managing franchises in geographically defined markets, including the transfer of the knowledge necessary to operate the business and the right to use Localiza's brand. The franchising business is managed by the wholly-owned subsidiary Localiza Franchising Brasil S.A. in Brazil and Localiza itself abroad.

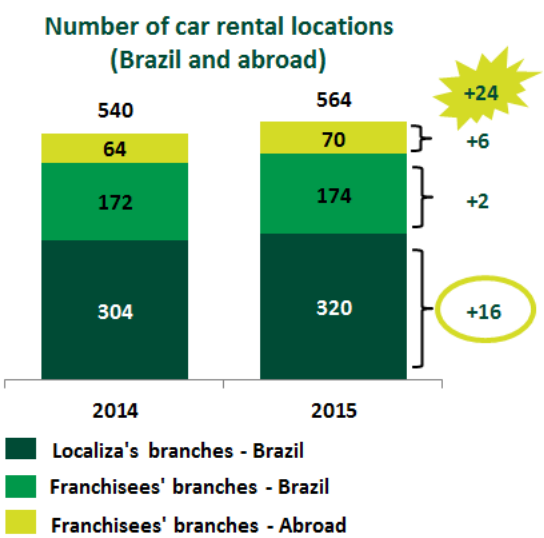
On December 31, 2015, the franchising system was present in 7 countries in South America, besides Brazil, as follows: Argentina, Chile, Colombia, Ecuador, Paraguay, Peru and Uruguay.

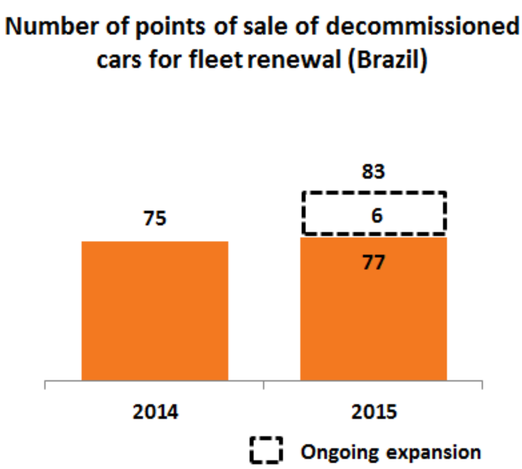
4 - DISTRIBUTION

In 2015, the network was expanded by 18 locations in Brazil and other 6 in South America.

The selective growth in the number of locations contributes strengthening our dominant geographical position, increasing the potential market.

Decommissioned cars owned by the Company are substantially sold to final consumers through 77 points of sale owned by the Company, located in 47 cities throughout Brazil, thereby avoiding intermediation costs, maximizing cash flow generation for fleet renewal and reducing depreciation cost.

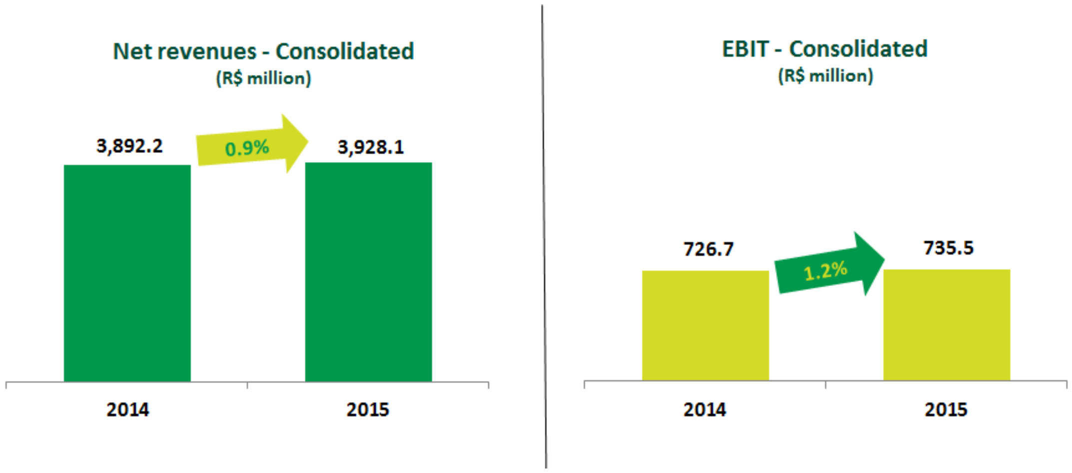




5 - CONSOLIDATED INCOME ANALYSIS

	2014		2015		Variation
	In R$ million	% of net revenue	In R$ million	% of net revenue	%
Net revenue:					
Car Rental	2,952.3	75.8	2,934.8	74.7	-0.6
Fleet Rental	922.1	23.7	976.7	24.9	5.9
Franchising	17.8	0.5	16.6	0.4	-6.7
Total net revenue	**3,892.2**	**100.0**	**3,928.1**	**100.0**	0.9
Total costs	**(2,710.5)**	**-69.6**	**(2,688.8)**	**-68.5**	-0.8
Gross profit	**1,181.7**	**30.4**	**1,239.3**	**31.5**	4.9
Operating expenses:					
Selling	(315.0)	-8.1	(346.2)	-8.8	9.9
General, administrative and other	(140.0)	-3.6	(157.6)	-4.0	12.6
Total operating expenses:	**(455.0)**	**-11.7**	**(503.8)**	**-12.8**	10.7
Result before finance expenses (EBIT)	**726.7**	**18.7**	**735.5**	**18.7**	1.2
Financial expenses, net	(151.1)	-3.9	(202.7)	-5.2	34.1
Result before income tax and social contribution	**575.6**	**14.8**	**532.8**	**13.5**	-7.4
Income tax and social contribution	(165.0)	-4.3	(130.4)	-3.3	-21.0
Net income for the year	**410.6**	**10.5**	**402.4**	**10.2**	**-2.0**

Net revenue:



Net revenue increased 0.9% in 2015. The main factors that contributed to the growth in net revenue are as follows:

- *Car Rental:* In 2015, net revenues decreased 0.6% due to: (i) decrease of 2.0% in the Car Rental revenue, from R$ 1,284.4 million in 2014 to R$ 1,258.0 million in 2015, due to a reduction of 3.6% in the average rental rate partially offset by the 1.0% increase in the volume of daily car rentals; (ii) growth of 0.5% in revenue from sales of decommissioned cars for fleet renewal, due to the 10.2% increase in the average price of cars sold partially offset by a decrease of 8.8% in the number of cars sold.

- *Fleet Rental:* Increase of 5.9% in net revenues motivated by: (i) growth of 5.2% in the volume of daily rentals; and (ii) 5.1% increase in sales revenues of decommissioned cars for fleet renewal, due to the 16.2% increase in the average price of cars sold, partially offset by a decrease of 9.6% in the number of cars sold.

Costs: The consolidated costs of the Company decreased 0.8% in 2015. As a percentage of the consolidated net revenue, costs decreased 1.1 p.p. from 69.6% in 2014 to 68.5% in 2015.

The decrease in the cost in 2015 was attributable to the reduction of 21.2% in the car's depreciation cost, partially offset by (i) an increase of 8.0% in wage costs, charges on compensation and profit sharing; (ii) increase of 7.5% in the cost of property rental, affected by inflation and the addition of 16 new Car Rental locations; (iii) increase of 20.7% in expenditures with third-party services, primarily due to the expenses with software maintenance, IT services and strategic consulting costs.

Operating expenses: Operating expenses increased 10.7% in 2015, which was basically due to: (i) a growth of 4.4% in wage costs, charges on compensation and profit sharing; (ii) increase of 23.8% in expenses with third party services, primarily due to expenses with strategic consulting; and (iii) increase of 30.6% in advertising expenses, due to new marketing strategies of the Car Rental Division.

Operating expenses remained stable in relation to net revenues, at about 12.0%.

Net financial expenses: Consolidated net financial expenses increased by 34.1% in 2015, compared with 2014. The variations were mainly due to: (i) increase in the basic annual interest rate (SELIC), from 11.75% to 14.25%; (ii) increase of R$ 253.8 million in the average net debt; and (iii) charges totaling R$ 4.0 million of Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) on finance income as from July 2015.

Income tax and social contribution: The income tax and social contribution expenses decreased by 21.0% in 2015 in relation to 2014, due to: (i) the reduction in earnings before income taxes due to the increase in net financial expenses; and (ii) the increase in the Long-Term Interest Rate (TJLP), which affected the amount of interest on capital and increased the calculation basis of equity.

Net income: Consolidated net income remained broadly in line with 2014, with a reduction of 2.0% in 2015, from R$ 410.6 million in 2014 to R$ 402.4 million in 2015.

EBITDA and EBIT: The reconciliation of net income and EBITDA and EBIT is as follows:

	R$ million		
	2014	**2015**	**Variation (%)**
Net income	**410.6**	**402.4**	**-2.0**
Depreciation of cars and other	243.1	199.3	-18.0
Finance expenses, net	151.1	202.7	34.1
Income tax and social contribution	165.0	130.4	-21.0
EBITDA	**969.8**	**934.8**	**-3.6**
Depreciation of cars and other	(243.1)	(199.3)	-18.0
EBIT	**726.7**	**735.5**	**1.2%**

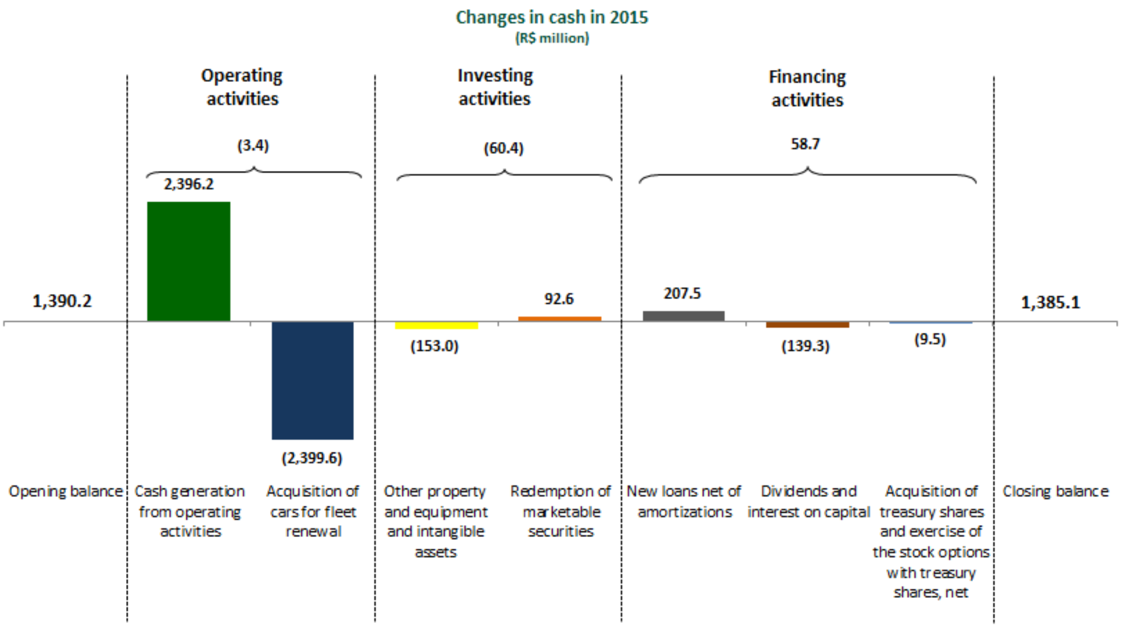
6 - CONSOLIDATED BALANCE SHEET ANALYSIS

	12/31/14		12/31/15		Variation
	In R$ million	% of total assets	In R$ million	% of total assets	%
ASSETS					
Current assets					
Cash and cash equivalents	1,390.2	24.5	1,385.1	22.6	-0.4
Trade receivables	459.6	8.1	486.1	7.9	5.8
Other current assets	94.6	1.7	102.6	1.7	8.5
Decommissioned cars for fleet renewal	18.3	0.3	31.8	0.5	73.8
Total current assets	**1,962.7**	**34.6**	**2,005.6**	**32.8**	2.2
Non-current assets					
Escrow deposits	41.9	0.7	52.9	0.9	26.3
Other non-current assets	95.8	1.7	50.4	0.8	-47.4
Property and equipment					
Cars	3,278.0	57.9	3,610.9	59.0	10.2
Other property and equipment	203.9	3.6	314.1	5.1	54.0
Intangible assets	82.3	1.5	89.1	1.5	8.3
Total non-current assets	**3,701.9**	**65.4**	**4,117.4**	**67.2**	11.2
Total assets	**5,664.6**	**100.0**	**6,123.0**	**100.0**	**8.1**

	12/31/14		12/31/15		Variation
	In R$ million	% of total liabilities	In R$ million	% of total liabilities	%
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable	828.4	14.6	690.6	11.3	-16.6
Social and labor obligations	86.3	1.5	85.6	1.4	-0.8
Loans, financing, debentures and swap	300.9	5.3	422.4	6.9	40.4
Dividends and interest on capital	59.2	1.0	29.3	0.5	-50.5
Other current liabilities	123.6	2.2	128.2	2.1	3.7
Total current liabilities	**1,398.4**	**24.7**	**1,356.1**	**22.1**	-3.0
Non-current liabilities					
Loans, financing and debentures	2,411.6	42.6	2,596.9	42.4	7.7
Deferred income tax and social contribution	106.0	1.9	141.6	2.3	33.6
Other non-current liabilities	93.1	1.6	86.9	1.4	-6.7
Total non-current liabilities	**2,610.7**	**46.1**	**2,825.3**	**46.1**	8.2
Shareholders' equity	**1,655.5**	**29.2**	**1,941.6**	**31.7**	17.3
Total liabilities and equity	**5,664.6**	**100.0**	**6,123.0**	**100.0**	**8.1**

The analyses of the main changes in assets and liabilities accounts are as follows:

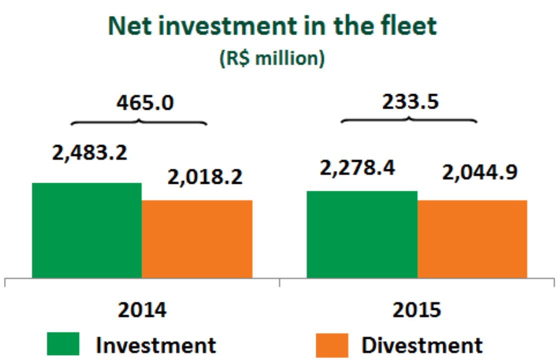
Cash and cash equivalents: Cash and cash equivalents totaled R$ 1,385.1 million as of December 31, 2015, representing 22.6% of total assets and presenting a decrease of 0.4% compared to the balance of R$ 1,390.2 million as of December 31, 2014, which represented 24.5% of the total assets at that date. The cash flow from the Company's operating, investing and financing activities is as follows:



Escrow deposits: Escrow deposits increased 26.3%, from R$ 41.9 million in 2014 to R$ 52.9 million in 2015, mainly due to the judicial deposits totaling R$ 10.8 million relating to the litigation discussing the collection of Car Tax (IPVA) by the State of São Paulo, which the objective of suspending the payments of the tax credit and challenging the collection of the tax in court.

Other non-current assets: The other non-current assets increased from R$ 95.8 million in 2014 to R$ 50.4 million in 2015, due to: (i) the reclassification of the balance of Investments in Marketable Securities of the wholly-owned subsidiary Rental Brasil, amounting to R$ 92.6 million, to "cash and cash equivalents"; and (ii) receivables in 2015 of R$ 45.6 million related to the swap transaction for the loan contracted in foreign currency, classified under this caption.

Property and equipment – cars: Despite the decrease of 273 cars in the Company's fleet, the net investment in the fleet increased by R$ 233.5 million due to the 14.3% increase in the average price of purchased cars, from R$ 31,1 thousand in 2014 to R$ 35.5 thousand in 2015. This increase was caused by: (i) the inclusion of two deluxe models in the fleet mix (BMW 320i and Volvo S60 models), (ii) the concentration of the purchase of cars of higher groups in the last quarter; and (iii) increase in the price of new cars.



In the 4th quarter of 2014, the Company anticipated the purchase of about 7,600 cars, which was expected to occur in the first quarter of 2015, thereby avoiding the rise in the price of new cars due to the reinstatement of the Excise Tax (IPI), which occurred on January 1, 2015. In 2015, 64,032 cars were purchased for fleet renewal, which generated a net investment of R$ 233.5 million.

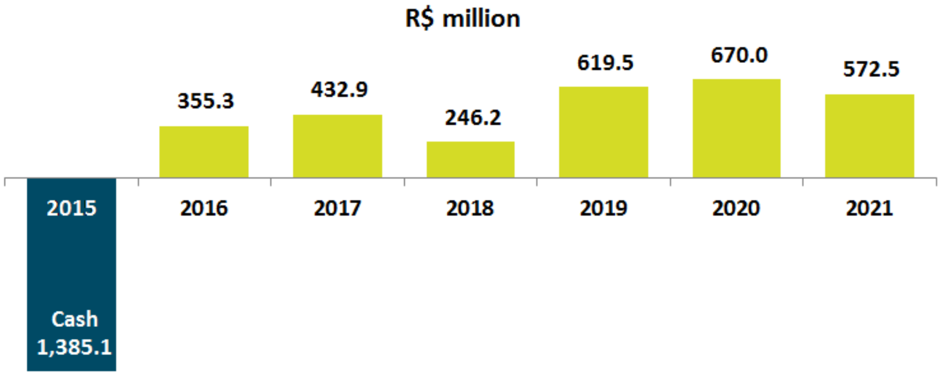
Property and equipment – other: Increase of 54.0%, from R$ 203.9 million in 2014 to R$ 314.1 million in 2015, primarily due to the investment in the construction of the new headquarters.

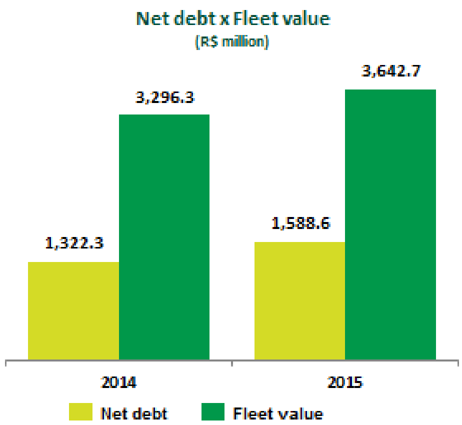
Trade payables: The decrease of 16.6% in trade payables, from R$ 828.4 million in 2014 to R$ 690.6 million in 2015, basically referred to the payment to the car manufactures, referring to the anticipated purchase of about 7,600 cars that the Company made in the 4th quarter of 2014, avoiding the rise in the new cars prices due to the reinstatement of the IPI tax, which occurred on January 1, 2015.

Loans, financing and debentures (local bonds): The main funding and repayments of loans, financing and debentures in 2015 are summarized below:

Category	Funding (R$ million)	Amortization (R$ million)	Notes
4th issuance of Debentures – Localiza	-	(168.0)	Prepayment
5th issuance of Debentures – Localiza	-	(500.0)	Prepayment
9th issuance of Debentures – Localiza	500.0	-	Final maturity of 6 years
Working capital	250.0	-	Final maturity of 6 years
Foreign currency loans/with swap	225.0	(123.0)	Prepayment
Total	**975.0**	**(791.0)**	

Management believes that the Company has a comfortable debt profile, in line with the business cycle and the macroeconomic environment.





BALANCES AT THE END OF PERIOD	2014	2015
Net debt / Fleet value	40%	44%
Net debt / EBITDA	1.4x	1.7x
Net debt / Equity	0.8x	0.8x
EBITDA / Net financial expenses	6.4x	4.6x

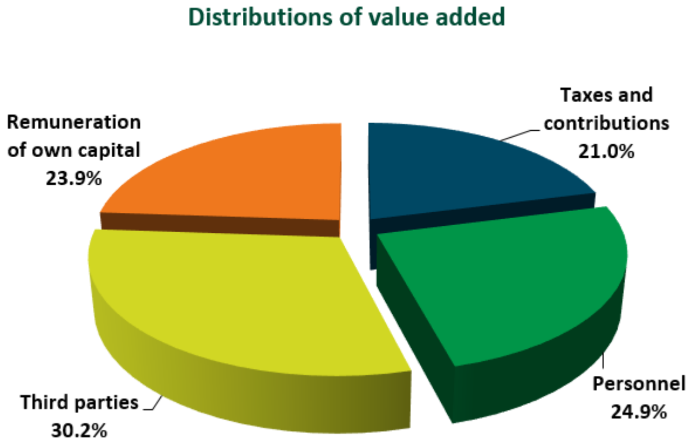
In addition, the corporate rating of Localiza at the local level with the three main rating agencies, already reflecting the updates in 2016, is brAA+/Negative by Standard & Poor's, AAA(bra)/Stable by Fitch Ratings and Aa2.br/Negative by Moody's.

Dividends and Interest on capital: Dividends decreased by 50.5%, from R$ 59.2 million in 2014 to R$ 29.3 in 2015, due to the increase of 79.1% in anticipations of interest on capital paid in 2015.

Deferred income tax and social contribution liabilities, net: Deferred income tax and social contribution liabilities increased by 33.6%, from R$ 106.0 million in 2014 to R$ 141.6 million in 2015, mainly due to the following temporary differences: (i) increase in temporary differences of depreciation of cars in the amount of R$ 26.3 million; (ii) increase in leasing in the purchase of property and equipment in the amount of R$ 35.6 million, partially offset by asset temporary differences; (iii) determination of income tax and social contribution losses in the amount of R$ 22.6 million; and (iv) increase in the provision for impairment of trade receivables in the amount of R$ 5.4 million.

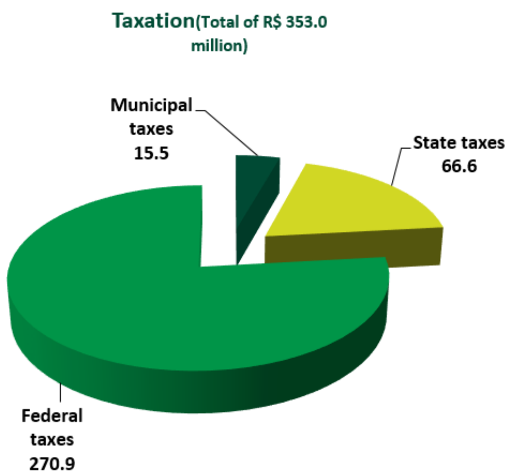
7 - Value Added Statement (VAS)

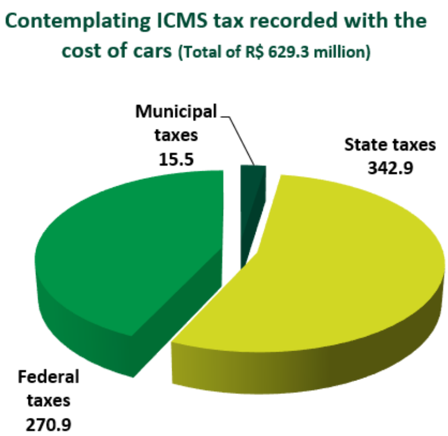
The Value Added Statement (VAS) evidences the Company's significance to society and its generation of wealth, in the amount of R$ 1,683.3 million in 2015 compared to R$ 1,601.2 million in 2014.



8 - TAXATION

The chart below shows the distribution of taxes by area of government:





9 - CAPITAL MARKETS

On December 31, 2015, the Company had issued 211,793,400 shares, of which 3,635,945 were held in treasury. In 2015, the average daily trading volume of RENT3 was R$ 29.5 million.

10 - PEOPLE MANAGEMENT

Localiza acknowledges and values its team. The Company's Human Resources practices are based on merit and guided by competitive compensation and appreciation of the employees' performance. In order to retain talents, the Company offers its employees career opportunities and professional training.

Benefits and development

The Company conducts salary and wage surveys on an ongoing basis to attract and retain its team. The goal of such surveys is to determine compensation competitiveness relative to the market and update the relevant corporate policies.

Promotions, internal employee leverage and professional development are important values to Localiza. In 2015, 444 employees were promoted, and the Company invested R$ 4.7 million in training courses, totaling 331,941 hours or about 56 hours on average by employee.

In addition to health care and dental plans and meal vouchers, the Company currently has seven Stock Purchase Option Plans, which grant options to subscribe for common shares of Localiza to a group of executives. In order to participate in the Plans, the employees that are eligible for the program must invest in the shares of the Company the equivalent of 15%, 25%, 30% or 50% of the amount of the participation in the profits received, depending on the hierarchical level. The shares acquired by the executives will be blocked for sale for three years. For each invested share, the Company grants a consideration of four options which are exercised by the average price quotation of RENT3 for the last 40 (forty) trading days preceding the date of payment of profit sharing. The options may be exercised from the third year after the grant.

The payments of participation in profit are based on the achievement of individual goals and the options program aligns the interests of the employees with those of the Company's shareholders, which contribute to talent retention and a long-term perspective in the decision-making process.

The Company has prepared a model of competencies that determines the necessary behavior to sustain the future growth of the Company and the development of its employees. The model consists of seven competencies (six for all employees and another exclusively for the leaders).

Localiza continues to operate with satisfactory stability at management levels. Its overall turnover was 16.6% in 2015. Our Company's growth is secured by talented employees committed to our mission and values, who are also adequately compensated, based on merit, and capable of outstanding performance.

11 - SOCIAL RESPONSIBILITY

The Company participates in social action programs, through projects that focus on culture, social actions and education, and invested about R$ 3.0 million in 2015 in: social institutions supported through the Rouanet law, a social fund for children and teenagers, elderly incentives law, support to people with special needs and oncology care support. The Company allocated income tax resources to previously selected and qualified institutions that have a good track record and reputation.

12 - AWARDS

In 2015, the Company won several awards, including:

Awards and recognition	Promoting institution
25th most valuable Brazilian brand	Interbrand
32nd most valued brand of Brazil	*Isto É Dinheiro* Magazine / BrandAnalytics survey
Best and largest car rental company of Brazil	*Transporte Moderno* Magazine
Best car rental company for consumers	*Reclame Aqui* Portal/*Exame* Magazine
Sustainability Silver Seal	EcoVadis
Best CEO, best CFO, best Investor Relations professional and best Investor Relations of Latin America	Institucional Investor Magazine
Best Investor Relations (IR) program in Brazil	IR Magazine
Excellence in Corporate Finance	IBEF – Brazilian Institute of Finance Executives
National and international award – People Management Best Practices	*Gestão RH* Magazine
One of the most admired HR departments in Brazil	*Gestão RH* Magazine
Franchising Excellence award	Brazilian Franchising Association (ABF)
Companies that Best Communicate with Journalists	*Negócios da Comunicação* Magazine
One of the 13 companies in the world cited by Gartner as a reference in IT	Gartner

13 - ENVIRONMENT AND SUSTAINABILITY

In line with our vision of being an admired company, Localiza operates actively in the pursuit of economic and financial sustainability, in order to perpetuate our business and add value to our investors, but taking into account also the ESG tripod (environment, social responsibility and corporate governance).

Environment

The Company's fleet is new and presents efficient fuel consumption. Approximately 75% of the cars have their consumption classified as A or B (more efficient and less polluting), according to the National Institute of Metrology, Standardization and Industrial Quality (INMETRO), and are dual-fuel (flex-fuel), whenever available in the model, which can reduce the emission of CO_2 in up to 89% (www.etanolverde.com.br – a study of The State University of Campinas – Unicamp). Localiza also has hybrid cars in its fleet.

The Company uses a dry cleaning system in its cars, which reduces the consumption of water and the product used is biodegradable. This system also generates a reduction in energy consumption and less residue.

The new headquarters of Localiza, which is under construction, will have several sustainable initiatives that will optimize the use of water and energy resources: smart elevators, building automation system, efficient lighting and smart air conditioning, reduction of paved surface and garden on the parking lot floor, interlocked block floor (which allows the return of water to the water table), central air conditioning system and acoustic isolation, acoustic treatment for areas with higher noise, rain water and gray water (used in sinks) recycling, devices to reduce water consumption, automatically activated faucets, permeable areas 10% larger than the legal requirement, planting of native trees, preservation of species of environmental significance, intelligent and automated irrigation of plants, and an internal street in order to alleviate traffic in the public street, among others.

In the maintenance of vehicles, solid waste is collected in our locations by certified companies and the Company only works with suppliers who effect the proper disposal of tires.

The Company prepares water and energy consumption reduction campaigns throughout the year.

Additionally, Localiza Fleet:

(i) has the Ecovadis Environmental Responsibility silver seal, which analyzes the Company in the following areas: social, environmental, ethics and supply chain;
(ii) has an Environmental Management Plan (EMP) audited by an independent company, which aims to adapt and systematize the environmental aspects of its operations, in addition to meeting the standards of sustainability of multinational customers;
(iii) provides customers with online training on sustainable driving, or eco-driving, which teaches drivers how to use their cars in order to minimize the environmental impacts of vehicle use, such as reduction of accidents, reduction of polluting gases emission, renovation and maintenance of the fleet, among others; and
(iv) carries out an analysis of the carbon emission of the current fleet of its customers and potential customers, through which it is possible to offer them more environmentally efficient fleet alternatives and estimated costs to neutralize carbon emissions through the use of ethanol and tree planting.

14 - CORPORATE GOVERNANCE

The Company has focused on keeping the highest corporate governance practices with regard to equity, compliance, accountability and transparency, aiming at adding value to shareholders and the general market. Since its IPO, the Company has been listed on the *Novo Mercado* (New Market), the highest Corporate Governance level of São Paulo Securities, Commodities and Futures Exchange BMF&Bovespa, granting tag along rights to 100% of its shares.

The Company is managed by a Board of Directors with eight members and a Board of Executive Officers with six members. In line with the Governance practices required by the *Novo Mercado* Listing Rules, the Company's Board of Directors has four independent members. Localiza currently has no Fiscal Council Board.

The Company’s Board of Directors has established the following committees: (i) Audit, Risk Management and Compliance, (ii) Personnel Management and (iii) Strategy, which are formed only by board members, in their majority independent members, as well as the coordinator.

In addition, the Company has Ethics and Disclosure Committees, which are not subordinated to the Board of Directors and are formed by directors and employees of the Company. The Ethics Committee is subordinated to the CEO and the Disclosure Committee to the CFO.

a) Board of Executive Officers and Board of Directors

As of December 31, 2015, the Board of Directors and the Board of Executive Officers were formed by the following members:

BOARD OF DIRECTORS

Name	Title	
Salim Mattar	Chairman	Founder
Antônio Claudio Brandão Resende	Vice-Chairman	Founder
Eugênio Pacelli Mattar	Member	Founder
Flávio Brandão Resende	Member	Founder
Jose Galló	Member	Independent
Maria Letícia de Freitas Costa	Member	Independent
Oscar Bernardes	Member	Independent
Stefano Bonfiglio	Member	Independent

STATUTORY EXECUTIVE OFFICERS

Name	Title
Eugênio Pacelli Mattar	CEO of Localiza and Subsidiaries
Roberto Mendes	CFO and IR Officer of Localiza and Subsidiaries
Bruno Moreira de Andrade	Statutory Executive Officer of Localiza and Subsidiaries
Edmar Vidigal Paiva	Statutory Executive Officer of Localiza and Subsidiaries
Eugênia Maria Rafael de Oliveira	Statutory Executive Officer of Localiza and Subsidiaries
Marco Antônio Martins Guimarães	Statutory Executive Officer of Localiza and Subsidiaries
Daltro Barbosa Leite Júnior	Statutory Executive Officer of Rental Brasil S.A.
João Alberto Mazoni Andrade	Statutory Executive Officer of Localiza Fleet S.A.

NON-STATUTORY EXECUTIVE OFFICERS

Name	Name
Alberto Wagner Teixeira Campos	Herbert Viana Andrade
Ana Cristina Carvalho Chaves	Heros di Jorge
Antonio Hiroyuki Hyodo	José Carlos Batista
Bernardo Dias Gomide	Leandro Franco Bacchin
Cláudio Luciano Marques	Nora Mascarenhas Lanari
Cláudio Zattar	Paulo Henrique de Almeida Pires
Daniel Tadeu Pereira	

b) Submission to the Arbitration Chamber

Under the arbitration clause in Article 40 of Localiza's Bylaws, the Company, its shareholders, management and members of the Supervisory Board undertake to settle, by means of arbitration, any and all disputes and controversies that may arise among them, whether related to or arising from, in particular, the application, validity, effectiveness, construction, breach and the effects thereof, of the provisions set forth in Law 6,404/76, the Company's Bylaws, the rules issued by the National Monetary Council, the Central Bank of Brazil and the Brazilian Securities Commission, as well as any other rules applicable to the operation of capital markets in general, as well as those set forth in the *Novo Mercado* Listing Rules, the *Novo Mercado* Agreement and the Market Arbitration Chamber Rules.

c) ABRASCA Code of Self-Regulation and Good Practices

In line with best Corporate Governance practices, Localiza adhered to the ABRASCA Code of Self-regulation and Good Practices of Publicly-held Companies – "ABRASCA Self-regulation Code".

d) Anti-Corruption Law Compliance Program

In 2014, the Company established a multidisciplinary working group in order to meet Law 12,846/2013 requirements – "*Lei da Empresa Limpa*" (Clean Company Law) or "Anticorruption Law" in its operations. Based on the work developed by this group, involving the areas of Internal Audit, Corporate Communications, Internal Controls, Legal and Human Resources, the Compliance Program with the Anti-Corruption Law was implemented in 2015 by Localiza, which will be monitored by the Audit, Risk Management and Compliance Committee.

The Anticorruption Law Compliance Program of Localiza is a set of procedures and guidelines essential for maintaining an ethical and transparent conduct in all the Company's professional relationships, in order to avoid and fight acts of corruption against the public administration.

The Program is structured on the following pillars: support from senior management, risk assessment, internal policies and controls, communication and training, diligence, monitoring and auditing, researching and reporting, and periodic review of the Program.

e) Code of Ethics

The Company has adopted a Code of Ethics since 1995 with the purpose of: (i) reducing the subjectivity of interpretations of ethical principles; (ii) being a formal and institutional reference for employees' professional conduct, becoming a standard for the Company's relationship with customers, employees, suppliers, shareholders, the competition, society, government, the press and the community where it operates; and (iii) ensuring that concerns about efficiency, competitiveness and profitability do not take priority over ethical standards and the legislation.

f) Risk Management and Reporting Channel

In May 2012, the Board of Directors approved the Internal Controls and Risk Management Policy, prepared in compliance with the Code of Self-regulation of ABRASCA (Brazilian Association of Listed Capital Companies), in order to establish controls and procedures to prevent the occurrence of errors/frauds and risk analysis that could affect the Company.

The Company adopts the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), for mapping processes and internal controls. The Internal Control Department is responsible for its monitoring and validation.

As part of the Internal Audit activities, rotating fleet inventories are performed in car rental locations and pre-owned car stores as well as in workshops and accredited service providers, and compliance with standards and internal operating procedures are also evaluated. Any non-compliance identified is reported to the board responsible for its analysis and treatment. In addition, internal audit carries out audits of the Company's processes aimed at assessing the efficacy and effectiveness of internal controls. Any weaknesses identified generate action plans for implementation by the responsible areas. Periodically, the results of the internal audit work are reported to the Audit, Risk Management and Compliance Committee.

The Company has a reporting channel that can be used by Localiza staff and other stakeholders with whom the Company has a relationship, such as suppliers and service providers, customers and investors, among others, to report unethical and/or illegal situations occurring in the Localiza Platform. Aiming at a higher level of confidentiality and impartiality, the reporting channel is operated by a specialized external company and permits the registration of anonymous complaints and monitoring, by the complainant, of the progress of the investigation of the complaint.

The reporting channel is available on a 24x7x365 basis and can be accessed through the following means: (i) telephone numbers: 0800 979 2055 (for calls originating from Brazil – toll free) and +55 (11) 3232 0786 (for calls originating from abroad – collect call); (ii) website on the Internet: www.canalconfidencial.com.br/localiza; and (iii) e-mail: localiza@canalconfidencial.com.br.

The Internal Audit and Human Resources areas are responsible for managing the reporting channel, as well as the computations of the reports received. In 2015, the findings of the complaints received and considered valid generated actions that ranged from reorientations of conduct to cases of greater significance that culminated in the dismissal of employees and the disqualification of suppliers, besides contributing to the improvement of the internal control of processes. Periodically, internal campaigns are realized in order to promote and encourage the use of this channel.

g) Relationship with independent auditors

Localiza has a policy according to which it does not contract consulting services of the external auditor which issues an opinion on the financial statements, so as to avoid potential conflicts that could interfere with the independence of the audit work.

PricewaterhouseCoopers Auditores Independentes, responsible for auditing the Company's financial statements, was also contracted in 2015 for the conclusion of the ERP system Quality Assurance and tax advice work. The fees for these engagements were R$ 50.0 thousand and R$ 69.0 thousand, respectively, corresponding to 16.8% of the audit fees of the financial statements. The auditors believe that the aforementioned additional services did not represent a loss of independence of the independent auditors related to the audit work on the financial statements and are not included in the impediments established in article 23 of CVM Instruction 308/99, which is in line with resolution CFC1311.

15 - DIVIDENDS AND SHARE BUYBACK

a) Dividends

The Company holds its Annual General Meeting of Shareholders by April 30 of every year, when the annual dividend could be declared. However, the Board of Directors, subject to approval at the Shareholders' Meeting, may declare interim dividends.

The Bylaws establish that a minimum of 25% of the adjusted net income be distributed as a mandatory dividend. The Bylaws also establish that the Company may allocate up to 100% of the balance of net income remaining after the legal and statutory deductions to the constitution of a revenue reserve denominated "Reserve for Investments", whose purpose is to finance the Company and its subsidiaries' investments in fleet renewal and expansion.

Localiza paid or credited to its shareholders the following amounts as dividends and interest on capital:

R$ thousand

Fiscal year	Dividends	Interest on Capital	Total
2014	44,660	61,881	106,541
2015	1,042	110,807	111,849

b) Repurchase of shares

As of December 31, 2015, the number of treasury shares was 3,635,945 shares (3,495,429 as of December 31, 2014), acquired within the scope of the 1st, 4th, 6th and 7th Share Repurchase Programs.

The market value of the 3,635,945 treasury shares was R$ 90.2 million on December 31, 2015, (quotation of R$ 24.82 per share on December 31, 2015).

At the meeting held on July 23, 2015, the Board of Directors authorized the Company to purchase the maximum number of 12,000,000 shares, through the 7th Share Repurchase Program. This transaction has a maximum term of 365 days from the date of its approval up to July 22, 2016. Up to December 31, 2015, 792,700 shares had been purchased under this program. See note 16 for details of the costs and movement of treasury shares.

Treasury Share Movement

In 2015, 932,984 stock options related to the Stock Purchase Option Plans of 2007 to 2012 were exercised, using treasury shares.

16 - INVESTMENTS IN SUBSIDIARIES AND CORPORATE CHANGES

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

R$ thousand

Description	Localiza Fleet	Localiza Franchising Brasil	Localiza Serviços Prime	LFI SRL	Rental International	Car Assistance	Rental Brasil	Localiza Cuiabá	Total
Investments as of December 31, 2014	**801,409**	**604**	**106,666**	**52**	**-**	**240**	**150,196**	**4,748**	**1,063,915**
Contribution of capital to subsidiaries	-	-	-	339	-	-	-	-	**339**
Decrease of capital in subsidiaries	(120,000)	-	-	-	-	-	-	-	**(120,000)**
Equity in the earnings of subsidiaries	197,996	10,060	22,682	(273)	(72)	19,268	1,736	(74)	**251,323**
Dividends received and receivable	(325,428)	(2,515)	(3,307)	-	-	(4,817)	-	-	**(336,067)**
Provision for loss on investments	-	-	-	-	72	-	-	-	**72**
Merger	-	-	-	-	-	-	-	(4,674)	**(4,674)**
Investments as of December 31, 2015	**553,977**	**8,149**	**126,041**	**118**	**-**	**14,691**	**151,932**	**-**	**854,908**

17 - SOCIAL BALANCE SHEET

			2014			2015
Calculation basis of social indicators - R$ thousand						
Net Revenue (NR)			3,892,216			3,928,095
Result before income tax and social contribution (EBT)			575,588			532,844
Gross payroll (GP)			412,758			418,989
Internal social indicators	**Amount R$/thousand**	**% on GP**	**% on NR**	**Amount R$/thousand**	**% on GP**	**% on NR**
Meals	18,362	4%	0%	21,630	5%	0%
Compulsory social charges	82,671	20%	2%	90,509	22%	2%
Health care	22,732	6%	1%	28,286	7%	1%
Training and professional development	4,460	1%	0%	2,785	1%	0%
Day care center or child care allowance	352	0%	0%	283	0%	0%
Profit sharing	57,469	14%	2%	62,459	15%	2%
Other	5,935	1%	0%	9,573	2%	0%
Total - internal social indicators	**191,981**	**46%**	**5%**	**215,525**	**52%**	**5%**
External social indicators	**Amount R$/thousand**	**% on EBT**	**% on NR**	**Amount R$/thousand**	**% on EBT**	**% on NR**
Education	438	0%	0%	282	0%	0%
Culture	1,753	1%	0%	1,478	0%	0%
Other	438	0%	0%	362	0%	0%
Total contributions to society	**2,629**	**1%**	**0%**	**2,122**	**1%**	**0%**
Taxes (excluding social charges) (*)	321,167	55%	8%	284,264	53%	7%
Total - external social indicators	**323,796**	**56%**	**8%**	**286,386**	**54%**	**7%**
Personnel indicators			**2014**			**2015**
Number of employees at the end of the year			5,912			6,185
Number of admissions during the year			1,501			1,597
Number of outsourced employees			265			239
Number of interns			8			30
Number of employees over 45 years old			604			689
Number of women working at the company			2,701			2,825
% of management positions held by women			48.17%			48.63%
Number of physically-impaired people or people with special needs			139			226

(*) Does not include approximately R$ 276.3 million of Value-Added Tax on Sales and Services (ICMS) paid by the Company and included in the purchase price of cars.

Relevant information regarding corporate citizenship	2015			Goals 2016		
Highest/lowest compensation ratio			**80.58**			**80 (*)**
Total number of occupational accidents			**53**			**-**
- The social and environmental projects developed by the Company were established by	(x) directors	( ) directors and managers	( ) all employees	(x) directors	( ) directors and managers	( ) all employees
- The safety and health standards in the workplace were established by	( ) directors and managers	( ) all employees	(x) all + CIPA(***)	( ) directors and managers	( ) all employees	(x) all + CIPA(***)
- Regarding union freedom, right to collective bargaining and internal workers representation, the Company	( ) is not involved	(x) follows the standards of the International Labor Organization (ILO)	( ) encourages and follows the standards of the ILO	( ) will not be involved	(x) will follow the standards of the ILO	( ) will encourage and follow the standards of the ILO
- The profit sharing plan covers	( ) directors	( ) directors and managers	(x) all employees	( ) directors	( ) directors and managers	(x) all employees
- In selecting suppliers, the same ethical, social responsibility and environmental standards adopted by the Company	( ) are not considered	( ) are suggested	(x) are required	( ) will not be considered	( ) will be suggested	(x) will be required
- As to the participation of employees in volunteer work programs, the Company	( ) is not involved	( ) supports	(x) organizes and encourages	( ) will not be involved	( ) will support	(x) will organize and encourage
- Total number of complaints and criticisms from consumers	In the company (**)	In PROCON(****) 334	In court 2,169	In the company (**)	In PROCON(****) NA	In court NA
- Percentage of complaints and criticisms from customers handled or solved	In the company (**)	In PROCON(****) 89.2%	In court 65.6%	In the company (**)	In PROCON(****) NA	In court NA

(*) To calculate the ratio between the highest and lowest compensation paid in the Company, head office's salaries were applied (Belo Horizonte).
(**) The customer assistance area attends calls referring to mechanical problems, accidents, doubts about billings, as well as praises and complaints. The Company does not have a record of the number of calls concerning complaints only.
(***) CIPA – Internal Accident Prevention Committee
(****) PROCON – Consumer Protection Agency

(A free translation of the original in Portuguese)

Localiza Rent a Car S.A. and subsidiaries

Financial statements at December 31, 2015 and independent auditor's report

(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Stockholders
Localiza Rent a Car S.A.

We have audited the accompanying parent company financial statements of Localiza Rent a Car S.A. ("Parent company" or "Company"), which comprise the balance sheet as at December 31, 2015 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Localiza Rent a Car S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Localiza Rent a Car S.A. and of Localiza Rent a Car S.A. and its subsidiaries as at December 31, 2015, and the parent company financial performance and cash flows, as well as the consolidated financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Other matters

Supplementary information - Statement of value added

We have also audited the parent company and consolidated statements of value added for the year ended December 31, 2015, which are the responsibility of the Company's management. The presentation of these financial statements is required by Brazilian corporate legislation for listed companies, but they are considered supplementary information for IFRS purposes. The statement was subject to the same audit procedures described above and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Belo Horizonte, March 3, 2016

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 “F” MG

Guilherme Campos e Silva
Contador CRC 1SP218254/O-1 "S" MG

LOCALIZA RENT A CAR S.A.

BALANCE SHEETS AS OF DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian Reais – R$) (A free translation of the original in Portuguese)

A S S E T S

		Parent company		Consolidated	
	Note	12/31/15	12/31/14	12/31/15	12/31/14
Current assets					
Cash and cash equivalents	*4*	881,659	810,911	1,385,103	1,390,189
Trade receivables	*5*	374,843	373,632	486,072	459,576
Dividends receivable from subsidiaries	*7(a) (iii)*	10,639	52,301	-	-
Other current assets	*6*	42,862	49,345	102,622	94,587
Decommissioned cars for fleet renewal	*8*	2,421	3,377	31,780	18,306
Total current assets		**1,312,424**	**1,289,566**	**2,005,577**	**1,962,658**
Non-current assets					
Long-term assets:					
Trade receivables	*5*	-	-	4,737	3,176
Escrow deposits	*14(b)*	33,552	24,206	52,900	41,938
Other non-current assets	*6*	46,346	686	45,663	92,635
Total long-term assets		79,898	24,892	103,300	137,749
Investments in subsidiaries	*7(a)*	877,015	1,086,372	-	-
Property and equipment	*8*	2,625,539	2,358,607	3,925,027	3,481,858
Intangible assets:					
Software	*9(a)*	62,118	56,086	67,043	60,257
Goodwill on acquisition of investments	*9(b)*	-	-	22,077	22,077
Total non-current assets		**3,644,570**	**3,525,957**	**4,117,447**	**3,701,941**
Total assets		**4,956,994**	**4,815,523**	**6,123,024**	**5,664,599**

The accompanying notes are an integral part of these financial statements.

LOCALIZA RENT A CAR S.A.

BALANCE SHEETS AS OF DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian Reais – R$) (A free translation of the original in Portuguese)

LIABILITIES AND SHAREHOLDERS' EQUITY

		Parent company		Consolidated	
	Note	12/31/15	12/31/14	12/31/15	12/31/14
Current liabilities					
Trade accounts payable	*10*	589,175	712,154	690,594	828,421
Social and labor obligations	*11*	65,292	63,099	85,590	86,274
Loans, financing, debentures and swaps	*12*	167,210	114,150	422,383	300,891
Income tax and social contribution payable		4,883	11,434	28,250	41,279
Dividends and interest on capital	*16(b)*	29,306	59,229	29,306	59,229
Other current liabilities	*13*	87,105	74,060	99,935	82,286
Total current liabilities		**942,971**	**1,034,126**	**1,356,058**	**1,398,380**
Non-current liabilities					
Loans, financing, debentures and swaps	*12*	1,962,858	2,018,979	2,596,893	2,411,575
Provisions	*14(a)*	53,539	55,174	68,321	69,874
Deferred income tax and social contribution	*15(a)*	48,575	44,593	141,614	106,015
Other non-current liabilities	*13*	7,474	7,147	18,561	23,251
Total non-current liabilities		**2,072,446**	**2,125,893**	**2,825,389**	**2,610,715**
Total liabilities		**3,015,417**	**3,160,019**	**4,181,447**	**4,009,095**
Shareholders' equity					
Capital	*16(a)*	976,708	976,708	976,708	976,708
Capital reserves		113,911	100,596	113,911	100,596
Treasury shares	*16(d)*	(77,988)	(60,168)	(77,988)	(60,168)
Revenue reserves		928,946	638,368	928,946	638,368
Total shareholders' equity		**1,941,577**	**1,655,504**	**1,941,577**	**1,655,504**
Total liabilities and equity		**4,956,994**	**4,815,523**	**6,123,024**	**5,664,599**

The accompanying notes are an integral part of these financial statements.

LOCALIZA RENT A CAR S.A.

INCOME STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian Reais – R$, except for earnings per share) (A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	**2015**	**2014**	**2015**	**2014**
Net revenue	*19*	2,855,228	2,886,202	3,928,095	3,892,216
Costs	*20*	(2,098,974)	(2,126,918)	(2,688,826)	(2,710,548)
Gross profit		756,254	**759,284**	**1,239,269**	**1,181,668**
Operating income (expenses):					
Selling	*20*	(268,469)	(245,805)	(346,195)	(314,985)
General, administrative and other	*20*	(130,770)	(112,368)	(157,566)	(140,046)
Equity in the earnings of subsidiaries	*7(a)*	251,323	231,856	-	-
		(147,916)	(126,317)	(503,761)	(455,031)
Result before financial income and expenses		**608,338**	**632,967**	**735,508**	**726,637**
Financial result:	*21*				
Financial income		119,976	74,289	167,357	125,328
Financial expenses		(308,262)	(238,121)	(370,021)	(276,377)
		(188,286)	(163,832)	(202,664)	(151,049)
Result before income tax and social contribution		**420,052**	**469,135**	**532,844**	**575,588**
Income tax and social contribution:	*15(b)*				
Current		(13,643)	(44,575)	(94,818)	(139,493)
Deferred		(3,982)	(13,971)	(35,599)	(25,506)
		(17,625)	(58,546)	(130,417)	(164,999)
Net income		**402,427**	**410,589**	**402,427**	**410,589**
Net income attributable to the Company's owners		-	-	402,427	410,589
Earnings per share (R$):	*17*				
Basic		1.92519	1.97204	1.92519	1.97204
Diluted		1.92033	1.95550	1.92033	1.95550

The accompanying notes are an integral part of these financial statements.

LOCALIZA RENT A CAR S.A.

STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian Reais – R$) (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Net income	**402,427**	**410,589**	**402,427**	**410,589**
Other comprehensive income				
Items that will be reclassified to profit or loss in subsequent periods	-	-	-	-
Items that will not be reclassified to profit or loss in subsequent periods	-	-	-	-
Total comprehensive income	**402,427**	**410,589**	**402,427**	**410,589**
Attributable to:				
Shareholders	**402,427**	**410,589**	**402,427**	**410,589**

The accompanying notes are an integral part of these financial statements.

LOCALIZA RENT A CAR S.A.

PARENT COMPANY AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian Reais – R$) (A free translation of the original in Portuguese)

			Capital reserves			Revenue reserves			
	Note	Capital	Options granted	Goodwill on share subscription	Treasury shares	Legal reserve	Statutory reserve	Retained earnings	Total
BALANCES AS OF DECEMBER 31, 2013		**976,708**	**15,428**	**77,636**	**(62,884)**	**59,508**	**274,812**	**-**	**1,341,208**
Options granted	*16(c) (i)*	-	4,798	-	-	-	-	-	4,798
Stock options exercised using treasury shares	*16(d)*	-	(2,143)	4,877	2,716	-	-	-	5,450
Net income for the year		-	-	-	-	-	-	410,589	410,589
Allocation of net income for the year									
Legal reserve	*16(e) (i)*	-	-	-	-	20,529	-	(20,529)	-
Interest on capital (R$ 0.25 per share)	*16(b)*	-	-	-	-	-	-	(61,881)	(61,881)
Dividends proposed (R$ 0.21 per share)	*16(b)*	-	-	-	-	-	-	(44,660)	(44,660)
Constitution of statutory reserve	*16(e) (ii)*	-	-	-	-	-	283,519	(283,519)	-
BALANCES AS OF DECEMBER 31, 2014		**976,708**	**18,083**	**82,513**	**(60,168)**	**80,037**	**558,331**	**-**	**1,655,504**
Options granted	*16(c) (i)*	-	5,086	-	-	-	-	-	5,086
Stock options exercised using treasury shares	*16(c) (ii) and 16(d)*	-	(8,579)	16,808	9,631	-	-	-	17,860
Treasury shares acquired	*16(d)*	-	-	-	(27,451)	-	-	-	(27,451)
Net income for the year		-	-	-	-	-	-	402,427	402,427
Allocation of net income for the year									
Legal reserve	*16(e) (i)*	-	-	-	-	20,122	-	(20,122)	-
Interest on capital (R$ 0.45 per share)	*16(b)*	-	-	-	-	-	-	(110,807)	(110,807)
Dividends proposed (R$ 0.01 per share)	*16(b)*	-	-	-	-	-	-	(1,042)	(1,042)
Constitution of statutory reserve	*16(e) (ii)*	-	-	-	-	-	270,456	(270,456)	-
BALANCES AS OF DECEMBER 31, 2015		**976,708**	**14,590**	**99,321**	**(77,988)**	**100,159**	**828,787**	**-**	**1,941,577**

The accompanying notes are an integral part of these financial statements.

LOCALIZA RENT A CAR S.A.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian Reais – R$) (A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	2015	2014	2015	2014
Cash flows from operating activities:					
Net income for the year		**402,427**	**410,589**	**402,427**	**410,589**
Adjustments to reconcile net income and cash and cash equivalents provided by operating activities:					
Depreciation and amortization	*8 and 9*	73,465	111,606	199,361	243,181
Net book value of vehicles written-off		1,457,489	1,481,904	1,769,133	1,777,015
Deferred income tax and social contribution	*15(b)*	3,982	13,971	35,599	25,506
Equity in the earnings of subsidiaries	*7(a)*	(251,323)	(231,856)	-	-
Other		13,621	25,231	17,203	32,038
(Increase) decrease in assets:					
Trade receivables	*5*	(7,045)	(37,534)	(36,564)	(49,865)
Purchases of cars (see supplemental disclosure below)		(1,880,600)	(1,610,052)	(2,399,586)	(2,150,200)
Escrow deposits	*14(b)*	(13,115)	(1,522)	(15,270)	(5,679)
Taxes recoverable		(3,766)	(17,458)	(5,233)	(43,414)
Other assets		10,007	12,070	(1,294)	(5,661)
Increase (decrease) in liabilities:					
Accounts payable (except car manufacturers)	*10*	(15,446)	26,184	(16,686)	33,556
Social and labor obligations		2,181	9,625	(524)	12,370
Income tax and social contribution	*15(b)*	13,643	44,575	94,818	139,493
Interest on loans, financing, debentures and swaps of fixed rates	*12*	301,293	233,904	406,585	281,668
Insurance premiums		4,288	(649)	4,288	(650)
Other liabilities		8,962	(4,847)	5,903	(5,434)
Cash provided by operating activities		**120,063**	**465,741**	**460,160**	**694,513**
Income tax and social contribution paid		(19,944)	(40,749)	(110,659)	(113,148)
Interest on loans, financing and debentures paid	*12*	(278,872)	(284,840)	(352,902)	(327,978)
Net cash provided by (used in) operating activities		**(178,753)**	**140,152**	**(3,401)**	**253,387**
Cash flows from investing activities:					
(Investments in)/redemption of marketable securities	*6*	-	-	92,552	(92,552)
Contribution of capital to subsidiaries	*7(a)*	(339)	(109,078)	-	-
Acquisition of investment, goodwill and fair value surplus		-	(15,895)	-	(14,453)
Decrease of share capital in subsidiary	*7(a)*	120,000	-	-	-
Dividends from subsidiaries	*7(a) (iii)*	377,382	203,883	-	-
Purchases of other property and equipment	*8*	(11,833)	(8,797)	(135,357)	(67,652)
Additions to intangible assets	*9*	(15,795)	(17,734)	(17,575)	(19,663)
Other		-	4,523	-	-
Net cash provided by (used in) investing activities		**469,415**	**56,902**	**(60,380)**	**(194,320)**

The accompanying notes are an integral part of these financial statements.

LOCALIZA RENT A CAR S.A.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian Reais – R$) (A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	2015	2014	2015	2014
Cash flows from financing activities:					
Loans and financing:	*12*				
- Proceeds		225,169	2,777	747,223	499,128
- Repayments		(125,003)	(322,084)	(368,448)	(490,392)
Debentures:	*12*				
- Proceeds		496,772	497,301	496,772	497,301
- Repayments		(668,000)	(90,800)	(668,000)	(90,800)
Treasury shares acquired	*16(d)*	(27,451)	-	(27,451)	-
Exercise of stock options with treasury shares, net		17,860	5,450	17,860	5,450
Dividends	*16(b)*	(44,660)	(38,612)	(44,660)	(38,612)
Interest on capital	*16(b)*	(94,601)	(61,693)	(94,601)	(61,693)
Net cash provided by (used in) financing activities		**(219,914)**	**(7,661)**	**58,695**	**320,382**
Net cash flow provided (used) in the year		**70,748**	**189,393**	**(5,086)**	**379,449**
Cash and cash equivalents:					
At the beginning of the year	*4*	810,911	621,518	1,390,189	1,010,740
At the end of the year	*4*	881,659	810,911	1,385,103	1,390,189
Increase (decrease) in cash and cash equivalents		**70,748**	**189,393**	**(5,086)**	**379,449**

Supplemental disclosure of cash flow information

		Parent company		Consolidated	
	Note	2015	2014	2015	2014
Acquisition of cars:					
For fleet renewal		(1,773,067)	(1,693,479)	(2,278,445)	(2,197,739)
For fleet increase		-	(215,589)	-	(286,844)
Total car acquisitions	*8*	**(1,773,067)**	**(1,909,068)**	**(2,278,445)**	**(2,484,583)**
Trade accounts payable – car manufacturers:	*10*				
Balance at the end of the year		(509,715)	(617,248)	(591,344)	(712,485)
Balance at the beginning of the year		(617,248)	(318,232)	(712,485)	(378,102)
		(107,533)	299,016	(121,141)	334,383
Cash paid for cars purchased		**(1,880,600)**	**(1,610,052)**	**(2,399,586)**	**(2,150,200)**
Revenue from the sale of cars, net of taxes	*19*	1,661,405	1,650,134	2,044,976	2,018,187
Net cash inflows (outflows) for investment in the fleet		**(219,195)**	**40,082**	**(354,610)**	**(132,013)**

The accompanying notes are an integral part of these financial statements.

LOCALIZA RENT A CAR S.A.

VALUE ADDED STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian Reais – R$) (A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	**2015**	**2014**	**2015**	**2014**
Revenues:					
Gross revenue net of discounts	*19*	2,903,312	2,945,228	4,002,165	3,982,519
Revenue related to the construction of own assets and leasehold improvements		5,915	4,176	5,915	4,176
Constitution of provision for impairment of trade receivables, net of reversals	*5*	(5,834)	(1,325)	(8,507)	(2,518)
Total revenue		**2,903,393**	**2,948,079**	**3,999,573**	**3,984,177**
Costs and expenses acquired from third parties:					
Materials, energy, third party services and other		(169,506)	(136,710)	(189,640)	(156,793)
Cost of car and fleet rental and of cars sold		(1,693,775)	(1,712,430)	(2,094,614)	(2,108,326)
Total costs and expenses acquired from third parties		**(1,863,281)**	**(1,849,140)**	**(2,284,254)**	**(2,265,119)**
Gross wealth added		**1,040,112**	**1,098,939**	**1,715,319**	**1,719,058**
Depreciation and amortization	*20*	(73,465)	(111,606)	(199,361)	(243,181)
Net wealth created		**966,647**	**987,333**	**1,515,958**	**1,475,877**
Wealth received in transfer:					
Financial income	*21*	119,976	74,289	167,357	125,328
Equity in the earnings of subsidiaries	*7*	251,323	231,856	-	-
Wealth for distribution		**1,337,946**	**1,293,478**	**1,683,315**	**1,601,205**
Wealth distributed					
Taxes and contributions					
- Federal		116,407	163,149	270,896	314,626
- State		44,587	39,869	66,556	57,633
- Municipal		11,265	10,666	15,517	14,312
Personnel					
- Salaries and wages		248,033	242,041	330,666	322,114
- Benefits		49,845	39,947	60,847	49,021
- F.G.T.S. (severance pay fund)		17,335	14,832	23,220	20,177
- Other		4,762	4,798	5,086	4,798
Third parties					
- Interest	*21*	308,262	238,121	370,021	276,377
- Property rentals	*20*	123,975	118,062	126,874	120,528
- Other rent		11,048	11,404	11,205	11,030
Shareholders					
- Interest on capital	*16(b)*	110,807	61,881	110,807	61,881
- Dividends	*16(b)*	1,042	44,660	1,042	44,660
- Retained earnings		290,578	304,048	290,578	304,048
Wealth distributed and retained		**1,337,946**	**1,293,478**	**1,683,315**	**1,601,205**

The accompanying notes are an integral part of these financial statements.

(A free translation of the original in Portuguese)

LOCALIZA RENT A CAR S.A.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(All amounts in thousands of Reais – R$, unless otherwise stated)

1. OPERATIONS

Localiza Rent a Car S.A. ("Localiza"), headquartered at Avenida Bernardo Monteiro, 1563, Belo Horizonte, State of Minas Gerais, has, since May 2005, been a Brazilian publicly-held company listed in the BM&FBovespa (São Paulo Securities, Commodities and Futures Exchange) *Novo Mercado*, which characterizes the highest Corporate Governance level in the Brazilian capital market. Localiza's shares are traded under the ticker symbol RENT3.

The main activities of Localiza and its subsidiaries ("Company") comprise car rental, fleet rental and franchising. In order to renew the fleet, Localiza and its subsidiary Localiza Fleet S.A. ("Localiza Fleet") sell their cars that are no longer used in rental operations (decommissioned), thereby generating cash to pay the car manufacturers that provide the new cars.

As of December 31, 2015, the Localiza Integrated Business Platform (including its franchisees in Brazil and abroad) was comprised of 564 car rental locations, being: (i) 494 locations in 360 cities in Brazil, 320 of which were operated by Localiza and the others by its franchisees; and (ii) 70 locations in 42 cities in 7 South American countries, all operated by franchisees.

As of December 31, 2015, the fleet of the Localiza Integrated Business Platform was comprised of 124,695 cars, of which: (i) 110,703 belonged to the Company, including 76,755 of the Car Rental Division and 33,948 of the Fleet Rental Division; (ii) 8,844 (unaudited) belonged to its franchisees in Brazil; and (iii) 5,148 (unaudited) belonged to franchisees abroad. Decommissioned cars are substantially sold to final consumers through 77 sales points owned by the Company, located in 47 cities throughout Brazil, thereby avoiding intermediation costs, maximizing cash flow generation for fleet renewal and reducing the depreciation cost.

The Company's direct and indirect subsidiaries are summarized in note 7(a).

2. BASIS OF PREPARATION, PRESENTATION OF THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

2.1. Declaration of conformity

The Company's financial statements comprise the parent company and consolidated financial statements, being identified as "Parent company" and "Consolidated", and are prepared and presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with the accounting practices adopted in Brazil. These accounting practices include those established in Brazilian corporate legislation as well as the Technical Pronouncements, Instructions, and Interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Commission (CVM), and evidence all the significant information of the financial statements, which is consistent with the information utilized by management.

The parent company financial statements state the investments in subsidiaries on the equity method of accounting, in accordance with prevailing accounting practices adopted in Brazil and the IFRS.

2.2. Basis of preparation

The financial statements have been prepared based on historical cost, normally at the fair value of the consideration paid in exchange for an asset, except for the remuneration costs relating to the Stock Option Plan and the derivative financial instruments, which are measured at fair value.

2.3. Consolidation basis and investments in subsidiaries

The consolidated financial statements have been prepared in conformity with the practices described in note 2.6 and other notes, and include the financial statements of the parent company and of its Brazilian and foreign subsidiaries, which were prepared under the equity method of accounting.

The parent company's interests in the subsidiaries’ shareholders' equity, as well as intercompany asset and liability balances, revenues, costs, expenses and unrealized profits have been eliminated on consolidation. The classification of the consolidated accounts follows the parent company's grouping assumptions.

2.4. Key accounting judgments and sources of estimation uncertainties

The preparation of financial statements requires management to make judgments and prepare estimates and assumptions based on past experience and other factors considered significant that affect the reported amounts of assets, liabilities, revenues, costs and expenses. Actual results could differ from those estimates.

The significant estimates and assumptions are used mainly: (a) in the accounting for the provision for impairment losses on trade receivables from customers (provision for impairment of trade receivables (note 5)); (b) in the definition of the useful lives and net book values of property and equipment items (note 8); (c) in the accounting for provisions (note 14); (d) in the accounting for deferred income tax and social contribution (note 15); (e) in the measurement of remuneration costs relating to the Stock Option Plan (note 16(c) (i)); and (f) in the determination of the fair value of financial instruments (note 22(c)).

The Company reviews its estimates and assumptions on an ongoing basis and at least annually. The effects from reviews of accounting estimates are recognized in the period in which the estimates are reviewed and changed, if the review affects only that period, or also in subsequent periods, if the review affects both current and future periods.

2.5. Functional and reporting currency

The Brazilian Real is the functional currency of Company and the reporting currency of the parent company and consolidated financial statements. Financial information is presented in thousands of Brazilian Reais, unless otherwise indicated, and is rounded to the nearest thousand. The financial statements of dormant foreign subsidiaries are translated into Brazilian Reais at the foreign exchange rates prevailing on the balance sheet dates. The effects of such translation on net income (R$ 83 in 2015 and R$ 114 in 2014) and shareholders' equity are immaterial.

2.6. Summary of significant accounting practices

The main accounting practices applied in the preparation of these financial statements, parent company and consolidated, are summarized below or in the notes related to the respective account. These practices have been consistently applied in all years presented for Localiza and its subsidiaries.

2.6.1. Revenue (expenses) – Net revenue is measured by the value of the consideration received or receivable, net of deductions, discounts and sales taxes and is recognized to the extent that 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 according to the rental contracts entered into with customers. The revenues from the management of rented cars insurance claims, recognized when the service is provided, as well as the revenues from insurance intermediation, for the account and option of customers when cars are rented, recognized on a monthly basis, are reported together in the caption "revenue from car rental", because these are ancillary revenues to car rental;

(ii) Fleet rental: revenues are recognized on a monthly basis over the rental contract period;

(iii) Sales of decommissioned cars: the proceeds from the sales of decommissioned cars for fleet renewal are recorded on signature of the sales contract, when the ownership of the cars is transferred to the buyer;

(iv) Franchising: franchise revenues are based on a percentage of franchised car rental revenue and are recognized on a monthly basis. They also include the "franchise fee" corresponding to the amounts paid by the franchisee in acquiring the right to operate a branch by means of Localiza's Corporate Franchise in a given operating area for predefined periods. The franchise fee is recognized in profit or loss over the term 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.

Costs and expenses are recorded in the income statement when incurred, on the accrual basis of accounting.

2.6.2. Adjustment to present value – Short and long-term monetary assets and liabilities are calculated and adjusted to present value 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 adjustments to present value are calculated taking into account contractual cash flows and the effective average cost of the Company's debt. As of December 31, 2015 and 2014, the Company concluded that it was not necessary to make adjustments to present value since its current assets and liabilities are not liable to adjustments and non-current accounts do not show significant effects when adjusted to present value.

2.6.3. Impairment of non-financial assets – The Company evaluates at least annually if there is any indication of an extraordinary impairment of property and equipment, and intangible assets – software. If there is any indication of impairment, the recoverable amount of the asset is estimated to measure the impairment loss. In 2015 and 2014, no adjustments of this nature were recognized.

In addition, Localiza tests for impairment the goodwill on acquisition of an investment, at least annually. No impairment losses were recorded in 2015 and 2014 as the tests did not indicate losses.

2.6.4. Assets and liabilities subject to inflation adjustment – Assets and liabilities in Brazilian Reais subject to contractual or legal indexation are adjusted on the balance sheet dates through the application of the corresponding indices. Gains and losses from inflation adjustments are recognized in profit and loss on the accrual basis of accounting.

2.6.5. Indemnities and claims – Localiza offers to customers the option of contracting insurance for the rented cars with an insurance company. Premiums received are recorded in liabilities under "other current liabilities". When the policies are issued by the insurance company, the premiums received are reclassified to "trade accounts payable" and, subsequently, transferred to the insurance company, which assumes the risk arising from any potential damages. The expenses incurred by Localiza on claims and indemnities, as well as any losses on stolen cars, are accounted for in assets under the caption "other current assets" until effectively received from the insurance company.

3. ACCOUNTING PRONOUNCEMENTS AND INTERPRETATIONS RECENTLY ISSUED

3.1. Accounting pronouncements and interpretations recently issued and applied by the Company

The Annual Improvements to IFRSs 2010–2012 and 2011–2013 cycles came into force in the current year, being adopted, when applicable, by the Company in its financial statements for the year ended December 31, 2015. Such improvements did not significantly affect these financial statements.

3.2. Accounting pronouncements and interpretations recently issued and not yet applied by the Company

The following IFRSs were issued by IASB but were not effective for 2015. The early adoption of standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC). Management is studying the full impact of their adoption:

- **IFRS 9 – Financial Instruments:** In July 2014, IASB issued the IFRS 9 pronouncement, which addresses the recognition and measurement of financial assets and liabilities, as well as contracts for purchase and sale of non-financial items. This standard replaces IAS 39 – Financial Instruments: Recognition and Measurement. The adoption will be required as from January 1, 2018.

- **IFRS 15 – Revenue from Contracts with Customers:** In May 2014, the IASB issued the IFRS 15 pronouncement, which addresses the recognition of customers contract revenues in accordance with the transfer of the goods and services involved to the customer, at values that reflect the payment to which the company expects to be entitled upon the transfer of goods and services, and replaces IAS 18 – Revenue, IAS 11 – Construction contracts and related interpretations. The adoption will be required as from January 1, 2018.

- **IFRS 16 – Leases:** The new standard requires lessees to recognize the liability of the future payments and the right of use of the leased asset for virtually all lease contracts, including operating leases. Certain short-term and low-value contracts could be out of the scope of this new standard. The criteria for recognition and measurement of leases in the financial statements of the lessors are substantially maintained. IFRS 16 is effective for years beginning on or after January 1, 2019 and replaces IAS 17 – Leases and corresponding interpretations.

4. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents is as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Cash and banks	5,280	7,905	7,377	23,249
Bank Deposit Certificates (CDBs)	56,683	59,731	77,553	68,603
Financial investments with guarantee of repurchase	140,603	178,975	349,935	445,204
Fixed-income investment funds	679,093	564,300	844,986	853,133
Investment in Financial Bills	-	-	105,252	-
Total	**881,659**	**810,911**	**1,385,103**	**1,390,189**

As of December 31, 2015, investments in Bank Deposit Certificates (CDB), financial investments with guarantee of repurchase, investment in financial bills, and fixed-income investment funds had an average yield of 105.3% of the Interbank Deposit Certificates (CDI) rate variation (103.6% as of December 31, 2014) and have immediate liquidity.

5. TRADE RECEIVABLES

The composition of trade receivables from customers is as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Car rental	291,112	295,384	291,725	290,773
Fleet rental	-	-	73,209	67,429
Sale of decommissioned cars	101,298	91,130	143,646	117,411
Franchising	2,590	1,441	13,002	9,405
	395,000	**387,955**	**521,582**	**485,018**
Provision for impairment of trade receivables	(20,157)	(14,323)	(30,773)	(22,266)
Total	**374,843**	**373,632**	**490,809**	**462,752**
Current	**374,843**	**373,632**	**486,072**	**459,576**
Non-current	**-**	**-**	**4,737**	**3,176**

The provision for impairment of trade receivables increased in 2015 due to the increased risk of default resulting from the current macroeconomic scenario.

The aging list of trade receivables is as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Current	326,370	321,161	419,619	383,271
Up to 30 days overdue	20,885	13,202	36,237	27,710
31 to 60 days overdue	7,476	11,284	11,791	13,939
61 to 90 days overdue	6,557	14,886	8,365	16,591
91 to 180 days overdue	12,860	12,966	15,800	15,952
Over 181 days overdue	20,852	14,456	29,770	27,555
Total	**395,000**	**387,955**	**521,582**	**485,018**

The receivables balance includes amounts overdue at the end of the period, for which the Company did not record a provision for impairment of trade receivables as there was no significant change in the credit quality and the amounts are still considered recoverable. The aging list of past-due amounts not included in the provision for impairment of trade receivables is as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Up to 60 days overdue	26,461	20,479	45,460	37,370
61 to 180 days overdue	16,205	27,750	20,024	31,931
Over 181 days overdue	8,423	5,325	10,211	11,362
Total	**51,089**	**53,554**	**75,695**	**80,663**

The changes in the provision for impairment of trade receivables are as follows:

	Parent company	Consolidated
Balance as of December 31, 2013	**(12,998)**	**(19,748)**
New provision	(4,825)	(6,143)
Reversal	3,500	3,625
Balance as of December 31, 2014	**(14,323)**	**(22,266)**
New provision	(12,771)	(21,459)
Reversal	6,937	12,952
Balance as of December 31, 2015	**(20,157)**	**(30,773)**

The composition of the provision for impairment of trade receivables is as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Current (*)	(2,616)	(1,083)	(4,505)	(1,182)
Up to 60 days overdue	(1,900)	(4,007)	(2,568)	(4,279)
61 to 180 days overdue	(3,212)	(102)	(4,141)	(612)
Over 181 days overdue	(12,429)	(9,131)	(19,559)	(16,193)
Total	**(20,157)**	**(14,323)**	**(30,773)**	**(22,266)**

(*) For details on the credit risk management policy, see note 22(a) (ii).

6. OTHER CURRENT AND NON-CURRENT ASSETS

Other current and non-current assets are as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Taxes recoverable (*)	11,597	7,410	25,498	17,599
Amounts receivable from the insurance company (**)	25,476	34,054	65,425	64,663
Other receivables – subsidiaries (note 7 (b) (i))	216	1,273	-	-
Other current assets	5,573	6,608	11,699	12,325
Total other current assets	**42,862**	**49,345**	**102,622**	**94,587**
Other receivables – subsidiaries (note 7 (b) (i))	683	603	-	-
Investments in marketable securities	-	-	-	92,552
Derivative instruments – swap (note 12)	45,580	-	45,580	-
Other non-current assets	83	83	83	83
Total other non-current assets	**46,346**	**686**	**45,663**	**92,635**
Total other current and non-current assets	**89,208**	**50,031**	**148,285**	**187,222**

(*) Changes in the "Taxes recoverable" account basically refer to: (i) taxes withheld on redemptions of financial investments of R$ 3,307 in Parent Company and R$ 3,718 in Consolidated; and (ii) balance of prepayment of Income Tax (IR)/Social Contribution (CS) arising from taxes withheld from financial investments of R$ 2,864 in Consolidated.
(**) Costs incurred on claims, cost of stolen cars and amounts receivable from the insurance company due to insurance intermediation services (note 2.6.5).

7. INVESTMENTS IN SUBSIDIARIES AND RELATED-PARTY TRANSACTIONS

(a) Information on subsidiaries

The businesses of car rental, fleet rental and franchises in Brazil and abroad are carried out by Localiza and its subsidiaries.

The operations of the main subsidiaries are as follows:

Localiza Fleet S.A. ("Localiza Fleet"): privately-held corporation engaged in fleet rental.

Localiza Serviços Prime S.A. ("Prime"): privately-owned corporation mainly operating in the intermediation of sales of decommissioned cars previously used by Localiza and Localiza Fleet and in the rendering of services, as well as negotiations with repair shops and other suppliers, assessment of claims, approval of budgets and services carried out, management of information and of documents supporting claims.

Rental Brasil Administração e Participação S.A. ("Rental Brasil"): privately-held corporation, which corporate purpose is the management and participation as a quotaholder or shareholder in other companies.

Localiza Franchising Brasil S.A. ("Franchising Brasil"): privately-held corporation engaged in franchising the "Localiza" brand in Brazil.

The other subsidiaries of the Company, Rental International LLC, Car Assistance Serviços de Administração de Sinistros S.A., Localiza Franchising International S.R.L. and FR Assistance Serviços de Administração de Sinistros S.A. are also wholly-owned subsidiaries and privately-held corporations.

The Ordinary and Extraordinary Meeting held on April 28, 2015 approved the merger of Localiza Cuiabá Aluguel de Carros Ltda., wholly-owned subsidiary of the Company, with the transfer of the full amount of assets, liabilities and equity to the Company, amounting to R$ 4,674. This merger was justified by the strategic guidelines of Localiza for administrative and financial simplification and streamlining, as well as developing directly all the car rental activities in one sole company.

The Meeting of the Board of Directors held on June 25, 2015 and the Management Meeting held on December 14, 2015 approved the contribution of capital in Localiza Franchising International S.R.L. by Localiza, with receivables amounting to R$ 109 and R$ 230, respectively. With this increase of capital, the participation in the capital of Localiza Franchising International S.R.L., held by Localiza and Localiza Fleet, changed to 98% and 2%, respectively.

The Extraordinary Meeting of Localiza Fleet held on December 28, 2015 approved the capital decrease of R$ 120,000, from R$ 520,000 to R$ 400,000. This decrease was justified by the compliance with the Company's strategic guidelines to seek a balance between equity and third-party capital invested in its operations.

The interest in the capital, shareholders' equity and net income/(loss) of the direct and indirect subsidiaries are as follows:

			Interest					
	Number of shares		In capital (%)		In shareholders' equity		In net income/(loss)	
	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	2015	2014
Direct subsidiaries:								
Localiza Fleet	103,280,354	103,280,354	100.0	100.0	553,977	801,409	197,996	183,056
Rental Brasil	15,000,000	15,000,000	100.0	100.0	151,932	150,196	1,736	3,925
Prime	15,000	15,000	100.0	100.0	126,041	106,666	22,682	16,924
Localiza Cuiabá (*)	-	4,730,000	-	100.0	-	4,748	(74)	365
Franchising Brasil	399,069	399,069	100.0	100.0	8,149	604	10,060	12,751
Rental International (**)	1,000	1,000	100.0	100.0	-	-	(72)	(114)
Car Assistance	200,000	200,000	100.0	100.0	14,691	240	19,268	12,200
LFI SRL	130,078	23,750	98.0	95.0	118	52	(273)	(16)
Localiza JF (*)	-	-	-	-	-	-	-	(58)
Localiza Car Rental (*)	-	-	-	-	-	-	-	2,823
					854,908	**1,063,915**	**251,323**	**231,856**
Goodwill and fair value increment on the acquisition of investments:								
Fair value adjustments of property and equipment, net of realizations					30	380		
Goodwill (note 9(b))					22,077	22,077		
Total					**877,015**	**1,086,372**		
Indirect subsidiary:								
FR Assistance	150,000	150,000	100.0	100.0	150	150	-	-
Indirect interest:								
LFI SRL	2,160	1,250	2.0	5.0	4	4	-	-

(*) Wholly owned subsidiaries merged on April 30, 2014 and April 30, 2015, as approved at the Ordinary and Extraordinary General Meetings of Shareholders of April 29, 2014 and April 29, 2015, respectively.
(**) On December 31, 2015, Localiza recorded in its liabilities a provision for the coverage of the net capital deficiency of the subsidiary Rental International, totaling R$ 72.

Change in investments in subsidiaries are as follows:

	12/31/15	12/31/14
Balance at the beginning of the year	**1,063,915**	**934,016**
Increase of capital in subsidiary	339	109,078
Acquisition of franchisee	-	4,730
Decrease of capital in subsidiary	(120,000)	-
Merger of subsidiary	(4,674)	(11,641)
Equity in the earnings of subsidiaries	251,323	231,856
Dividends from subsidiaries (item (iii) below)	(336,067)	(204,238)
Provision for net capital deficiency of the subsidiary Rental International	72	114
Balance at the end of the year	**854,908**	**1,063,915**

A summary of the financial information of the main groups of the balance sheet and income statement of the direct subsidiaries is as follows:

(i) Balance sheets

12/31/15	Localiza Fleet	Localiza Franchising Brasil	Localiza Serviços Prime	Rental International	Car Assistance	Rental Brasil	LFI SRL
Assets							
Current assets	349,447	24,568	157,391	25	21,426	157,215	184
Non-current assets							
Long-term assets	13,170	3,090	3,422	-	-	-	-
Investment	4	-	-	-	-	-	-
Property and equipment	1,088,628	42	149	-	-	210,639	-
Intangible assets	3,855	1,070	-	-	-	-	-
Total	**1,455,104**	**28,770**	**160,962**	**25**	**21,426**	**367,854**	**184**
Liabilities							
Current liabilities	378,200	8,521	26,157	-	6,735	6,479	19
Non-current liabilities	522,927	12,100	8,764	683	-	209,443	43
Shareholders' equity	553,977	8,149	126,041	(658)	14,691	151,932	122
Total	**1,455,104**	**28,770**	**160,962**	**25**	**21,426**	**367,854**	**184**

12/31/14	Localiza Fleet	Localiza Franchising Brasil	Localiza Serviços Prime	Rental International	Car Assistance	Rental Brasil	LFI SRL	Localiza Cuiabá
Assets								
Current assets	413,776	14,934	137,045	17	2,417	167,954	103	3,842
Non-current assets								
Long-term assets	11,896	2,484	3,686	-	-	92,552	-	-
Investment	4	-	-	-	-	-	-	-
Property and equipment	1,034,105	77	-	-	-	87,264	-	1,425
Intangible assets	2,903	1,268	-	-	-	-	-	-
Total	**1,462,684**	**18,763**	**140,731**	**17**	**2,417**	**347,770**	**103**	**5,267**
Liabilities								
Current liabilities	383,349	7,654	22,840	-	2,177	12,118	3	519
Non-current liabilities	277,926	10,505	11,225	603	-	185,456	44	-
Shareholders' equity	801,409	604	106,666	(586)	240	150,196	56	4,748
Total	**1,462,684**	**18,763**	**140,731**	**17**	**2,417**	**347,770**	**103**	**5,267**

(ii) Income Statements

2015	Localiza Fleet	Localiza Franchising Brasil	Localiza Serviços Prime	Rental International	Car Assistance	Rental Brasil	LFI SRL	Localiza Cuiabá
Net revenue	974,187	15,018	81,940	-	21,643	-	-	-
Gross profit	375,653	10,811	75,571	-	21,250	-	(201)	(69)
Result before income tax and social contribution	299,798	12,383	27,815	(72)	22,209	2,328	(273)	(73)
Net income (loss)	**197,996**	**10,060**	**22,682**	**(72)**	**19,268**	**1,736**	**(273)**	**(74)**

2014	Localiza Fleet	Localiza Franchising Brasil	Localiza Serviços Prime	Localiza Car Rental	Rental International	Car Assistance	Rental Brasil	LFI SRL	Localiza JF	Localiza Cuiabá
Net revenue	919,457	16,753	76,401	9,830	-	13,839	-	-	521	1,821
Gross profit	326,119	13,484	69,335	3,915	-	13,436	-	-	(20)	617
Result before income tax and social contribution	276,558	15,275	21,338	3,992	(114)	14,023	6,786	(16)	(58)	524
Net income (loss)	**183,056**	**12,751**	**16,924**	**2,823**	**(114)**	**12,200**	**3,925**	**(16)**	**(58)**	**365**

(iii) Dividends from subsidiaries

2015	Localiza Fleet	Localiza Franchising Brasil	Localiza Serviços Prime	Car Assistance	Rental Brasil	Total
2014 dividends	43,476	2,733	-	2,016	3,729	**51,954**
Supplementary dividends to the mandatory minimum in 2014	130,428	-	-	-	-	**130,428**
2015 interim dividends	195,000	-	-	-	-	**195,000**
2015 proposed dividends	-	2,515	3,307	4,817	-	**10,639**
Total	**368,904**	**5,248**	**3,307**	**6,833**	**3,729**	**388,021**

2014	Localiza Fleet	Localiza Franchising Brasil	Car Assistance	Rental Brasil	Localiza Cuiabá	Total
2013 dividends	43,912	3,677	4,357	-	-	51,946
2014 interim dividends	131,735	10,018	10,184	-	-	151,937
2014 proposed dividends	43,476	2,733	2,016	3,729	347	52,301
Total	**219,123**	**16,428**	**16,557**	**3,729**	**347**	**256,184**

(b) Balances and transactions with related parties

(i) Balances and transactions with subsidiaries and other related parties

	Localiza Fleet		Other subsidiaries		Total	
	12/31/15	**12/31/14**	**12/31/15**	**12/31/14**	**12/31/15**	**12/31/14**
Balances:						
Trade receivables	159	6,507	54	55	213	6,562
Dividends receivable	-	43,476	10,639	8,825	10,639	52,301
Other receivables (current and non-current) (note 6)	-	490	899	1,386	899	1,876
Trade accounts payable	1	1,293	-	-	1	1,293
Other payables (note 13)	1,278	-	709	4,323	1,987	4,323

	Localiza Fleet		Other subsidiaries		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Transactions:						
Costs and expenses	-	-	-	(6,012)	-	(6,012)
Recovery of costs and expenses	15,797	19,661	5,116	4,496	20,913	24,157
Revenue from car rentals	20,041	20,914	18	3,160	20,059	24,074

As of December 31, 2015, there was collateral related to guarantees for loans and financing amounting to: (i) R$ 1,252,862 (R$ 640,024 on December 31, 2014) of Localiza Fleet for Localiza; (ii) R$ 679,262 (R$ 395,118 on December 31, 2014) of Localiza for Localiza Fleet and; (iii) R$ 209,802 (R$ 192,545 on December 31, 2014) of Localiza for Rental Brasil. There were also collaterals between companies when bank guarantees and insurance were contracted for lawsuits totaling R$ 35,649 (R$ 17,401 as of December 31, 2014). Additionally, the Company has a guarantee insurance with Pottencial Seguradora, a company in which 40% of the share capital is jointly held by Salim Mattar and Eugenio Mattar, the founding partners of Localiza. In transactions, made under normal market conditions, the amount of the accumulated premium paid to December 31, 2015 was R$ 749 (R$ 269 on December 31, 2014) related to surety bonds in the current insured value of R$ 39,862 (R$ 14,023 on December 31, 2014). The increase in the guarantee insurance amounts is due to the replacement of the letters of guarantee presented in tax lawsuits, a procedure that was adopted by the Company for the purpose of reducing the costs of contracting financial guarantees. This procedure was made possible by the new wording that Law 13,043, of November 13, 2014 gave to the provisions of Law 6,830, of September 22, 1980 ("Tax Executions Law"), which started to allow the presentation of insurance policies as a guarantee for tax executions.

The Company optimizes cash through a centralized administration and the concept of a single cash fund. Intercompany receivables and payables do not have defined maturity and settlement dates and depend on the companies' cash flows. Transactions are carried out based on conditions agreed between Localiza and its wholly-owned subsidiaries.

(ii) Key management compensation

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Compensation of the Board of Directors	12,770	11,732	12,770	11,732
Management and the Executive Board:				
Fees and compensation	13,908	13,606	23,291	21,244
Payroll taxes	3,490	3,447	5,731	5,198
Options granted	4,240	3,675	4,240	3,675
Pension plan (note 25)	3,121	1,525	4,963	2,688
Total	**37,529**	**33,985**	**50,995**	**44,537**

The Company contributed to a Pension Plan for Management members until December 31, 2015 (see details in note 25). Except for this plan, the Company does not offer other severance benefits to management.

8. PROPERTY AND EQUIPMENT

(a) Company's accounting practice

Cars, land, buildings, leasehold improvements, construction in progress, furniture and fixtures and equipment are stated at cost, net of 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 sales costs. In the Car Rental Division, depreciation is recognized based on the estimated useful life of each asset on the straight-line basis. In the Fleet Rental Division, cars are depreciated under the sum of digits or exponential methods, because these are the methods that best reflect the pattern of consumption of the economic benefits that decrease during the useful lives of the cars: depreciation is recorded so that the amount to be depreciated is fully written off up to the end of the useful life.

If the depreciable value of cars is underestimated, the net residual value would be higher than the market value, which would result in the recognition of losses when cars are sold. On the other hand, the overestimation of the depreciable value of cars could give rise to an increase in the rentals charged to customers, which would reduce the Company's competitiveness.

Constructions and leasehold improvements are amortized over the rental contract term, and also considering their renewal when management intends to exercise this right, in accordance with the contracts. 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 its subsidiaries revise the estimated useful lives and the residual values of the fleet cars at least on a quarterly basis and the property and equipment on an annual basis. The impact of any changes on 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 the 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. Decommissioned cars, after being used in car and fleet rental, are presented as "decommissioned cars for fleet renewal" in current assets. See additional details in item (b) below.

The weighted average depreciation annual rates for property and equipment items are as follows:

	2015	2014
Cars:		
Car Rental Division	1.6%	3.6%
Fleet Rental Division	9.4%	10.3%
Other property and equipment:		
Leasehold improvements	20%	19%
Furniture and fixtures	10%	10%
IT equipment	20%	20%
Construction in the Company's own properties	4%	4%
Other	10%	10%

Tangible assets pledged as collateral for liabilities correspond to those assets acquired under finance leases (see note 23).

The cost, accumulated depreciation and net book value of property and equipment in each of the periods are as follows:

	Parent company			Consolidated		
	Cars	Other property and equipment	Total	Cars	Other property and equipment	Total
Cost:						
As of December 31, 2013	**1,952,104**	**229,044**	**2,181,148**	**3,152,469**	**260,313**	**3,412,782**
Additions	1,909,068	8,797	1,917,865	2,484,583	67,652	2,552,235
Write offs/transf. (*)	(1,558,455)	(4,194)	(1,562,649)	(2,017,026)	(4,726)	(2,021,752)
As of December 31, 2014	**2,302,717**	**233,647**	**2,536,364**	**3,620,026**	**323,239**	**3,943,265**
Additions	1,773,067	11,833	1,784,900	2,278,445	135,357	2,413,802
Write offs/transf. (*)	(1,514,093)	37	(1,514,056)	(1,973,929)	(81)	(1,974,010)
As of December 31, 2015	**2,561,691**	**245,517**	**2,807,208**	**3,924,542**	**458,515**	**4,383,057**

	Parent company			Consolidated		
	Cars	Other property and equipment	Total	Cars	Other property and equipment	Total
Accumulated depreciation:						
As of December 31, 2013	**(64,863)**	**(92,916)**	**(157,779)**	**(371,078)**	**(94,230)**	**(465,308)**
Additions	(76,866)	(29,000)	(105,866)	(207,474)	(29,273)	(236,747)
Write offs/transf. (*)	81,857	4,031	85,888	236,567	4,081	240,648
As of December 31, 2014	**(59,872)**	**(117,885)**	**(177,757)**	**(341,985)**	**(119,422)**	**(461,407)**
Additions	(38,862)	(24,917)	(63,779)	(163,543)	(25,106)	(188,649)
Write offs/transf. (*)	59,789	78	59,867	191,905	121	192,026
As of December 31, 2015	**(38,945)**	**(142,724)**	**(181,669)**	**(313,623)**	**(144,407)**	**(458,030)**
Net book value:						
As of December 31, 2014	**2,242,845**	**115,762**	**2,358,607**	**3,278,041**	**203,817**	**3,481,858**
As of December 31, 2015	**2,522,746**	**102,793**	**2,625,539**	**3,610,919**	**314,108**	**3,925,027**

(*) Includes write-offs due to car sale, robbery, damage and transfer of decommissioned cars for fleet renewal to assets for sale.

The composition of the main classes in "Other property and equipment", as well as their net book values, is as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Leasehold improvements	60,143	69,820	60,143	69,820
Furniture and fixtures	16,364	18,397	16,736	18,973
IT equipment	8,588	9,344	8,629	9,415
Property and equipment in progress				
New headquarters	-	-	191,754	62,177
Other	4,063	3,432	4,126	9,697
Land	681	681	19,503	19,503
Other	12,954	14,088	13,217	14,232
Total	**102,793**	**115,762**	**314,108**	**203,817**

As of December 31, 2015, the consolidated balances of "Cars" and "Other property and equipment" include the net book values of property and equipment items acquired as finance leases in the amount of R$ 548,784 (R$ 470,219 as of December 31, 2014). For further details on finance leases, see note 23.

(b) Decommissioned cars for fleet renewal

Decommissioned cars for fleet renewal are presented at the lower of fair value less costs to sell and net carrying value, which considers the acquisition cost net of accumulated depreciation through the date in which cars are classified as "decommissioned cars for fleet renewal". Cars which book values will be recovered through sale rather than through continuing use are classified as "decommissioned 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) Management is committed to sell the decommissioned cars 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 management as cars available for rental, even if they have been transferred for renewal, and may be rented during peaks of demand. The Car Rental Division considers as "decommissioned cars for fleet renewal" those that already have a purchase proposal signed with third parties. In the Fleet Rental Division, all the cars returned by customers are classified as "decommissioned cars for fleet renewal", as management does not expect to rent them again.

The balances for each year are as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Cost	2,544	3,589	41,915	25,547
Accumulated depreciation	(123)	(212)	(10,135)	(7,241)
Net book value	**2,421**	**3,377**	**31,780**	**18,306**

(c) Construction of the Company's new headquarters

The expected investment for the construction of the new headquarters amounts to approximately R$ 300,000. This investment will allow: (i) the reduction of expenses with property rentals in the future; (ii) a productivity gain with the centralization of administration and support activities, which are currently located in four buildings; and (iii) support of the growth of the Company permitting the integration and same location of the central management. Up to December 31, 2015, R$ 191,754 of the total investment approved had been spent (R$ 62,177 up to December 31, 2014).

On June 18, 2014, Rental Brasil, the subsidiary that owns the land and is building the new headquarters, obtained a loan of R$ 190,000 from Itaú Unibanco S.A. to finance the construction. Financed at rates applicable in the related industry, this loan has the following guarantees: the surety provided by Localiza and a first degree mortgage of the property owned by Rental Brasil, registered under number 43,989 in the Real Estate Registry Book number 2, in the Real Estate Registry Office of Belo Horizonte, State of Minas Gerais.

9. INTANGIBLE ASSETS

The accounting practice adopted by the Company is to record intangible assets with defined useful lives and acquired separately at cost, less accumulated amortization and impairment, when applicable. Amortization is recorded on the straight-line basis over the estimated five-year useful life (except for the SAP software implemented in October 2014, whose useful life was evaluated at 10 years by 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 significant intangible assets generated internally. Software implementation expenses are recorded as intangible assets when incurred.

(a) *Software*

The cost, accumulated amortization and net book value of software are as follows:

	Parent company	Consolidated
Cost:		
As of December 31, 2013	**57,941**	**61,824**
Additions	17,734	19,663
Write offs/transf.	(5,123)	(5,123)
As of December 31, 2014	**70,552**	**76,364**
Additions	15,795	17,575
Write offs/transf.	(77)	(77)
As of December 31, 2015	**86,270**	**93,862**
Accumulated amortization:		
As of December 31, 2013	**(13,586)**	**(14,533)**
Additions	(5,740)	(6,434)
Write offs/transf.	4,860	4,860
As of December 31, 2014	**(14,466)**	**(16,107)**
Additions	(9,686)	(10,712)
As of December 31, 2015	**(24,152)**	**(26,819)**

	Parent company	Consolidated
Net book value:		
As of December 31, 2014	**56,086**	**60,257**
As of December 31, 2015	**62,118**	**67,043**

Expenses on amortization of software are allocated under the captions "Cost", "Selling expenses" and "General, administrative and other expenses", in the income statement, according to their nature and allocation. There are no intangible assets pledged as collateral for liabilities, except for those acquired as finance leases (note 23). There are no fully amortized significant intangible assets still in use by the Company.

(b) Goodwill on acquisition of investments

The Company adopts the practice of stating the goodwill resulting from a business combination, classified as having an indefinite useful life, at cost on the date of the business combination, net of accumulated impairment losses, if any. Goodwill was classified as an intangible asset in the consolidated balance sheet and as an investment in the Company's balance sheet.

	Consolidated	
	12/31/15	12/31/14
Goodwill on acquisition of non-controlling interest in subsidiaries, net of amortization	4,508	4,508
Goodwill on acquisition of investments in franchisees	17,569	17,569
Net book value (note 7 (a))	**22,077**	**22,077**

10. TRADE ACCOUNTS PAYABLE

Trade accounts payable are comprised as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Car manufacturers	509,715	617,248	591,344	712,485
Maintenance services and parts	23,052	25,914	33,590	39,945
Rentals	9,635	6,759	9,635	6,759
Insurance premiums	29,769	52,083	29,769	52,141
Other	17,004	10,150	26,256	17,091
Total	**589,175**	**712,154**	**690,594**	**828,421**

The decrease in trade payables basically refers to the payment, to the car manufacturers, of the advanced purchase of about 7,600 cars that the Company made in the 4th quarter of 2014, to avoid an increase in the price of new cars due to the reinstatement of the IPI tax, which occurred on January 1, 2015. Balances payable to car manufacturers refer to cars purchased at the end of each period bearing no financial charges and maturing in up to 45 days.

11. SOCIAL AND LABOR OBLIGATIONS

Social and labor obligations are as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Accrued vacation pay	23,179	21,268	29,852	28,431
Provision for employee profit sharing	33,595	30,775	44,566	41,914
National Institute of Social Security Fund (INSS)	4,875	5,078	6,497	7,232
Government Severance Indemnity Fund for Employees (FGTS)	1,091	1,045	1,435	1,433
Other	2,552	4,933	3,240	7,264
Total	**65,292**	**63,099**	**85,590**	**86,274**

The Company has a profit sharing program, established as required by Law 10,101/2000, based on the results of operations achieved in each year. The annual amount payable is determined through the combination of the results of operations and the Company's performance indicators, which establish the maximum amount of the profit sharing. Also, the individual performance of each employee is considered and is calculated based on objective indicators and goals included in the management contract and the annual budget approved by the Board of Directors.

Localiza pays profit sharing to employees in April and July, which are classified as "Cost", "Selling expenses" and "General, administrative and other expenses" in the income statement, according to the functional allocation of the respective employees.

12. LOANS, FINANCING, DEBENTURES AND SWAPS

The composition of loans, financing, debentures and swaps is as follows:

	Parent company		Consolidated			Average effective
	12/31/15	12/31/14	12/31/15	12/31/14	Maturity	interest rate (TIR)
In local currency						
Debentures – 4th issue (a)	-	170,749	-	170,749	5/5/14 to 5/5/17	114.2% of CDI
Debentures – 5th issue (a)	-	503,496	-	503,496	5/30/16 to 5/30/17	114.5% of CDI
Debentures – 6th issue (a)	308,499	306,833	308,499	306,833	10/15/16 to 10/15/19	CDI + 1.07% p.a.
Debentures – 7th issue (a)	516,340	512,384	516,340	512,384	3/30/16 to 9/30/21	113.6% of CDI
Debentures – 8th issue (a)	520,441	515,777	520,441	515,777	9/10/19 and 9/10/20	110.9% of CDI
Debentures – 9th issue (a)	508,746	-	508,746	-	4/30/19 to 4/30/21	111.7% of CDI
Working capital and other (b)	2,687	(795)	891,895 (*)	578,542	10/1/15 to 6/15/21	Equivalent to CDI+ 0.6% p.a.
In foreign currency						
Loans in U.S. dollars (c)	273,355	124,685	273,355	124,685	3/31/17	102.7% of CDI
	2,130,068	**2,133,129**	**3,019,276**	**2,712,466**		
Loans, financing and debentures:						
Current liabilities	167,210	114,150	422,383	300,891		
Non-current liabilities	1,962,858	2,018,979	2,596,893	2,411,575		
	2,130,068	**2,133,129**	**3,019,276**	**2,712,466**		
Derivative instruments – swap						
Non-current assets (note 6)	(45,580)	-	(45,580)	-		
Total loans, financing and debentures, net of swap	**2,084,488**	**2,133,129**	**2,973,696**	**2,712,466**		

(*) Of the total of R$ 891,895, R$ 331,741 refers to debt contracts of Localiza Fleet, with an average rate of 15.32% p.a., and R$ 2,687 refers to debt contracts of Localiza, with an average rate of 13.46% p.a. and includes balances payable of swap transactions of R$ 144 and R$ 19,609 (note 22(d)).

The changes in loans, financing, debentures and swaps are as follows:

	Parent company		Consolidated	
	2015	2014	2015	2014
Opening balance	**2,133,129**	**2,096,871**	**2,712,466**	**2,343,539**
Proceeds	721,941	500,078	1,243,995	996,429
Interest and financial charges (*)	301,293	233,904	406,585	281,668
Repayment of principal	(793,003)	(412,884)	(1,036,448)	(581,192)
Interest paid	(278,872)	(284,840)	(352,902)	(327,978)
Closing balance	**2,084,488**	**2,133,129**	**2,973,696**	**2,712,466**

(*) The consolidated balance includes R$ 46,476 (R$ 10,966 on December 31, 2014) of interest on loans from the subsidiary Rental Brasil capitalized in accordance with CPC 20.

The summary of main characteristics of loans, financing and debentures is as follows:

(a) Debentures

As of December 31, 2015, Localiza Rent a Car S.A. had four outstanding debentures issued, all non-convertible into shares. Localiza’s debentures are subject to certain restrictive covenants, as follows: (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$ 25,000; (iii) Localiza capital decrease and/or repurchase of its own shares for cancellation, except if previously authorized by the debenture holders; (iv) amalgamation, merger or spin-off of Localiza, except if under the terms of Article 231 of the Brazilian Corporate Law or if the spun-off portion or the company resulting from the amalgamation or merger remains in the current Controlling Group of the issuer; (v) non-maintenance of quarterly financial ratios, based on the Company's consolidated financial statements, and downgrading of the Company's rating, being: (a) 4.0 the upper limit for net debt/adjusted EBITDA (*); and (b) 1.5 the minimum limit for adjusted EBITDA/Net Financial Expenses for all debenture issues and downgrading of the Company's rating, as follows: (1) 6th issue: If rating is downgraded to brA+ (BR, A, positive) by Standard & Poor's (**); (2) 7th issue: Corporate granted by Moody´s, Standard & Poor´s or Fitch Ratings to the Issuer for the following levels of classification of risk or less, on the national scale: Aa3, AA- and AA- respectively; (3) 8th issue: Downgraded by two or more levels in relation to the rating brAAA (BR, triple A) by Standard & Poor's (**); and (4) 9th issue: Downgraded by two or more levels, by two corporate rating agencies in relation to the rating BrAAA (BR, triple A) by Standard & Poor´s and AAA (BR, triple A) by Fitch.

(*) EBITDA corresponds to 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 6th, 7th, 8th and 9th issues, EBITDA is also adjusted by: (i) stock options cost; (ii) by the non-recurring expenses; and (iii) by impairment.
(**) Due to any change in the shareholding structure that results in the loss, transfer or disposal of the Company's controlling power by the current controlling shareholders.

Compliance with financial covenants:

Covenants	Limits	12-month period ended 12/31/15
Net debt/adjusted EBITDA	Lower than 4.00	1.69
Adjusted EBITDA/net financial expenses	Greater than 1.50	4.64

Expenses incurred on the issue of Localiza's debentures, including taxes, commissions and other costs, totaled R$ 11,377 and are recorded in the same account as the respective debentures and are recognized over the total debt period. As of December 31, 2015, the amount to be recognized was R$ 8,525 (R$ 8,343 on December 31, 2014) and was presented net in each respective debenture.

Additionally, the Company has loans and financing that include certain accelerated maturity events under conditions similar to those applicable to the debentures. The Company's management understands that the restrictive clauses applicable to loans, financing and debentures were being complied with on December 31, 2015.

The other characteristics of each issue are as follows:

Issue	Issue date	Maturity	Quantity	Financial settlement	Objective	Repayments	Prepaid settlement in 2015		Surety/ Guarantee	Expense incurred with issue
							Date	Principal amount		
4th issue	5/5/10	5/5/17	37,000	R$ 370,000	- Fleet investments - Reinforcement of working capital	6 installments for the 1st series and 4 installments for the 2nd series	5/5/15	R$ 168,000	No	R$ 2,375
5th issue	5/30/11	5/30/17	50,000	R$ 500,000	- Prepaid repayments of debt - Fleet investments - Reinforcement of working capital	1 installment on 5/30/16 1 installment on 5/30/17	5/8/15	R$ 500,000	No	R$ 3,415
6th issue	10/15/12	10/15/19	30,000	R$ 300,000	- Prepaid repayments of debt - Fleet investments	10% in 2016 10% in 2017 40% in 2018 40% in 2019	No	-	No	R$ 1,107
7th issue	9/30/13	9/30/21	50,000	R$ 500,000	- Prepaid repayments of debt - Reinforcement of working capital	15% in 2016 15% in 2017 15% in 2018 15% in 2019 20% in 2020 20% in 2021	No	-	Localiza Fleet	R$ 3,724
8th issue	9/10/14	9/10/20	50,000	R$ 500,000	- Prepaid repayments of debt	50% in 2019 50% in 2020	No	-	No	R$ 2,699
9th issue	4/30/15	4/30/21	50,000	R$ 500,000	- Prepaid repayments of debt	10% in 2019 30% in 2020 60% in 2021	No	-	Localiza Fleet	R$ 3,847

(b) Working capital and other

(i) Working capital

On December 29, 2011, Localiza Fleet contracted a loan of R$ 130,000 with final maturity on December 15, 2019. The principal is repayable in six installments, with maturities from 2014 to 2019. On September 10, 2014, the amount of R$ 33,000 of principal, maturing in 2014, 2015 and 2016, was paid in advance. This transaction is collateralized by a Localiza surety. On December 31, 2015, the outstanding balance totaled R$ 102,919.

On December 29, 2015, Localiza Fleet contracted a loan of R$ 250,000, with final maturity on February 15, 2021. The principal is repayable in four installments, with maturities from 2018 to 2021. This transaction is collateralized by a Localiza surety. On December 31, 2015, the outstanding balance totaled R$ 244,603. Expenses incurred in contracting the loan, including taxes, commissions and other costs, totaled R$ 5,692.

On December 31, 2015, the amount to be appropriated to expenses incurred in contracting these loans was R$ 7,402 (R$ 2,344 on December 31, 2014), being presented net in the respective loans.

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

(ii) CCBI – Real Estate Bank Credit note

On June 25, 2014, Rental Brasil, a wholly-owned subsidiary of Localiza, contracted a Real Estate Bank Credit note loan of R$ 190,000 to finance the construction of the Company’s new headquarters. The maturity term is seven years, with monthly repayments as from the 61st month. The transaction incurs interest of 9.5% p.a. and restatement of the debt balance by the Reference Rate (TR). Simultaneously, beginning on the same date as the release of funds, a swap transaction (plain vanilla) was contracted to eliminate the foreign currency exposure risk, under identical conditions of amounts, term and payment, exchanging the exposure of the Reference Rate variation plus interest (TR + 9.5% p.a.) for 98.75% of the CDI interest rate. On December 31, 2015, the result of the swap operations represented a liability in the amount of R$ 19,609 added to the amount due on the loan (note 22 (d)). The loan is subject to certain covenants which include compliance by the Company with financial ratios calculated on a quarterly basis, based on the consolidated financial statements, identical to the ratios required on the issues of the debentures. On December 31, 2015, the outstanding balance totaled R$ 190,192. Expenses incurred in contracting the loan, including taxes, commissions and other costs, totaled R$ 6,448. As of December 31, 2015, the amount to be recognized was R$ 5,050 (R$ 5,982 on December 31, 2014), and was presented net in each respective CCBI.

(iii) Finance leases

On December 31, 2015, Localiza and Localiza Fleet had finance leases amounting to R$ 334,428, which were contracted by the wholly-owned subsidiary Localiza Fleet, with an average interest rate of 15.32% p.a. (R$ 301,562, at the average rate of 13.48% p.a., on December 31, 2014). See details of these leasing transactions in note 23.

(c) Foreign currency loans

In order to reduce its loan costs and extend payment terms, the Company contracts loans in foreign currency. As a strategy to manage foreign exchange rate risk, the Company simultaneously, in accordance with instructions, contracts swap transactions (plain vanilla) under identical conditions of amounts, terms and rates, exchanging the exposure from foreign exchange rate changes for the CDI interest rate. The contracted swap transactions are solely for protection purposes, and their specific characteristics are set out in note 22(d).

On April 2, 2015, Localiza borrowed US$ 70,000 thousand from Banco de Tokyo-Mitsubishi UFJ Brasil S.A., with maturity of the principal amount due on March 31, 2017. This amount was translated into Brazilian Reais at the rate of R$ 3.21 per US$ 1.00, which amounted to R$ 224,959. Simultaneously, a swap transaction (plain vanilla) was contracted to eliminate the foreign currency exposure risk, exchanging foreign exchange variation plus spread for 98.5% and 105.5% of the CDI variation.

On May 8, 2015, Localiza settled in advance the full amount of the foreign currency-denominated loan of US$ 75,000 thousand, obtained from the Merrill Lynch bank, translated into Brazilian Reais at the rate of R$ 3.04 per US$ 1.00, which totaled a settled amount of R$ 228,000. The original maturity dates were 2015, 2016 and 2017. Simultaneously, the swap transaction (plain vanilla), which had been contracted to eliminate the foreign exchange exposure risk, was also settled.

This transaction is matched and formally consists of a loan agreement and a swap transaction contract, with the same maturity and counterparty, and that should be simultaneously settled at the same account. This transaction has a Localiza Fleet surety and certain covenants similar to the debenture issues of Localiza. On December 31, 2015, the result of this swap transaction corresponded to an asset in the amount of R$ 45,580 recorded in "other non-current assets".

Considering the above information, the Company and its subsidiaries are not subject to the risk of changes in foreign exchange rates, since there are swap transactions aimed at protecting these changes.

13. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities are as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Payables to related parties (note 7(b)(i))	1,987	4,323	-	-
Federal taxes withheld from third parties	6,404	5,748	10,228	9,629
Municipal tax obligations	1,034	775	3,332	2,737
Advances from decommissioned car rental and sale customers	38,362	27,809	39,704	28,976
Insurance premiums for transfer (*)	37,804	33,517	38,239	33,803
Deferred revenues (**)	48	35	6,880	5,522
Other	1,466	1,853	1,552	1,619
Total other current liabilities	**87,105**	**74,060**	**99,935**	**82,286**
Deferred revenues (**)	42	55	9,333	9,485
Other	7,432	7,092	9,228	13,766
Total other non-current liabilities	**7,474**	**7,147**	**18,561**	**23,251**
Total other current and non-current liabilities	**94,579**	**81,207**	**118,496**	**105,537**

(*) Premiums received from customers that contracted insurance for rented cars and that are transferred by Localiza to the insurance company (note 2.6.5).
(**) Basically refers to flat fee revenue billed to franchisees for the granting of the right to use the Localiza brand. This revenue is recognized in the income statement over the contract terms (usually 60 months).

14. PROVISIONS AND ESCROW DEPOSITS

The Company adopts the practice of recognizing provisions for present obligations (legal or constructive) as a result of past events, when the amount of the obligation can be reliably estimated and its settlement is probable, or arising from the legal obligation to pay. The amount recorded 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 estimated which were presented in financial statements. 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 the opinion of its legal department/counsel.

(a) Provisions and contingent liabilities

(i) Provisions constituted

Localiza and its subsidiaries are challenging in court certain civil, tax (including taxes, contributions and other), social security and labor lawsuits. Provisions were recorded where the risk of loss is probable, or qualify as a legal obligation, according to the Company's legal department/counsel, but their payment flows, should they occur, are uncertain.

During 2015 and 2014, there were changes in the provisions for contingencies, as shown in the table below:

	Parent company				
	Tax	**Social security**	**Labor**	**Civil**	**Total**
As of December 31, 2013	**3,526**	**7,109**	**21,037**	**7,939**	**39,611**
Recording of provisions, net of reversals	678	2,017	13,890	1,135	**17,720**
Payments	(1,246)	-	(1,555)	(159)	**(2,960)**
Inflation adjustment, net	323	768	-	-	**1,091**
Transfers (*)	(856)	90	478	-	**(288)**
As of December 31, 2014	**2,425**	**9,984**	**33,850**	**8,915**	**55,174**
Recording of provisions, net of reversals	(111)	504	(2,187)	3,259	**1,465**
Payments	(385)	-	-	(670)	**(1,055)**
Inflation adjustment, net	331	873	-	-	**1,204**
Transfers (*)	(185)	-	(2,379)	(685)	**(3,249)**
As of December 31, 2015	**2,075**	**11,361**	**29,284**	**10,819**	**53,539**

	Consolidated				
	Tax	**Social security**	**Labor**	**Civil**	**Total**
As of December 31, 2013	**5,675**	**7,841**	**26,901**	**10,516**	**50,933**
Recording of provisions, net of reversals	1,456	2,108	18,977	751	**23,292**
Payments	(1,720)	-	(1,984)	(373)	**(4,077)**
Inflation adjustment, net	326	801	-	-	**1,127**
Transfers (*)	(803)	93	(691)	-	**(1,401)**
As of December 31, 2014	**4,934**	**10,843**	**43,203**	**10,894**	**69,874**
Recording of provisions, net of reversals	351	609	(2,678)	3,494	**1,776**
Payments	(1,162)	-	-	(823)	**(1,985)**
Inflation adjustment, net	763	1,033	-	-	**1,796**
Transfers (*)	304	160	(2,918)	(686)	**(3,140)**
As of December 31, 2015	**5,190**	**12,645**	**37,607**	**12,879**	**68,321**

(*) Refer mainly to amounts that have been offset against "escrow deposits" on the final decisions on lawsuits.

The summary of the main administrative and legal proceedings, at several stages, both in lower and higher courts, in the year, is as follows:

Tax:

The consolidated amounts provisioned by Localiza and its subsidiaries as of December 31, 2015, amounted to R$ 5,190 and refer to 6 litigations in which the Company assesses the loss as probable or in which the debts being discussed arise from a legal obligation payable. Specifically, these refer to the litigations which discuss (i) Services Tax (ISSQN) on franchise activity; (ii) ISSQN made in the monthly tax declaration; and (iii) incidence of PIS on revenues from car rental companies. These proceedings are guaranteed by escrow deposits amounting to R$ 5,178 on December 31, 2015.

Social security:

Localiza and its subsidiaries are parties to several social security lawsuits, the consolidated provisioned amount of which is R$ 12,645 on December 31, 2015, and are mainly related to: (i) indemnity amounts; (ii) group life insurance; (iii) Special Secretariat for the Control of State Companies (SEST) and National Service for Commercial Training (SENAT); (iv) education allowance, and contributions to the National Institute of Colonization and Agrarian Reform (INCRA) on the payment of independent contractors, and labor claims; (v) social security contributions on profit sharing and (vi) Work-related Environmental Risks (RAT). There are law abridgements and court decisions that support the Company's position. These lawsuits are collateralized by bank guarantees and/or guarantee-insurance policies totaling R$ 23,257 and escrow deposits totaling R$ 1,199 as of December 31, 2015.

Labor:

Localiza and its subsidiaries are parties to several labor claims mainly related to the payment of overtime and related charges, pain and suffering, and the possible recognition of an employment relationship of service providers, contractors and similar workers. The court decisions on these matters are not consistent.

The consolidated amount of R$ 37,607 provisioned as of December 31, 2015 refers to 646 lawsuits in which the likelihood of loss the Company assesses as probable, including situations in which the likelihood of refund is remote due to the contractual right of recourse. Escrow deposits amounted to R$ 14,033.

Civil:

As of December 31, 2015, Localiza and its subsidiaries were parties to civil claims related to: (i) indemnity claims arising from damages to third parties in traffic accidents caused by customers driving cars rented from the Company. Although not being responsible for the accidents, the Company is frequently sued for being the owner of the car; and (ii) indemnity claims arising from the relations between the Company and the consumers.

The consolidated amount of R$ 12,879 provisioned as of December 31, 2015 refers to 779 lawsuits in which the likelihood of loss the Company assesses as probable, including situations in which the likelihood of refund is remote due to the contractual right of recourse. Escrow deposits amounted to R$ 518.

(ii) Contingent liabilities in process with possible likelihood of loss – no provision recorded

Federal taxes: At the federal level, Localiza and its subsidiaries are parties to several administrative and legal claims relating to challenges related to the non-approval of requests for offset (DCOMPs).

There are 31 claims, which original amounts total R$ 3,561, that were not provided for since the risk of an unfavorable outcome is considered possible by the legal department/advisors.

Part of these tax debts on December 31, 2015 were guaranteed by bank guarantees, totaling R$ 2,457, or by escrow deposits, totaling R$ 325.

IPVA: Localiza and its wholly-owned subsidiary Localiza Fleet are parties in several administrative and legal claims relating to the payment of Road tax (IPVA) by the State of São Paulo, based on State Law 13,296/2008 for vehicles that are owned by the Company and available for rental in that state.

The Company and its wholly-owned subsidiary Localiza Fleet have their tax domicile in Belo Horizonte, State of Minas Gerais, where their headquarters are located, and, in compliance with Article 120 of the National Traffic Code, their vehicles are registered in that city, which is the reason why the IPVA is paid to the State of Minas Gerais.

The Company does not record a provision for claims as the likelihood of loss is classified as possible by their legal department/advisors, on the basis of the legal and constitutional provisions that govern the IPVA (articles 155, III and 158, III, of CF/88 and articles 120 of CTB, 75, IV and § 1 of the Civil Code, 110 and 127 of CTN).

There are 189 claims, which original amounts total R$ 40,754, which were not provided because the risk of an unfavorable outcome is considered possible by the legal department/advisors.

A large part of the IPVA debt on December 31, 2015 is guaranteed by bank guarantees and or guarantee insurance policies, totaling R$ 17,740, or by escrow deposits, totaling R$ 27,305.

Labor: There are 5 claims, which original amounts total R$ 92, and that were not provided because the risk of an unfavorable outcome is considered possible by the legal department/advisors.

Civil: There are 22 claims, which original amounts total R$ 3,329, and that were not provided because the risk of an unfavorable outcome is considered possible by the legal department/advisors.

(iii) Contingent liabilities in process with remote likelihood of loss – no provision recorded

ICMS: Localiza and its wholly-owned subsidiary Localiza Fleet are parties to administrative and legal lawsuits referring to Value-Added Tax on Sales and Services (ICMS), the most significant of which relate to the requirement of tax on the transfer of certain assets of property and equipment, and on their cars, due on their sale.

On July 7, 2006, the National Council of Fiscal Policy (CONFAZ) issued the Arrangement 64, providing for the payment of ICMS on sales of cars within 12 months of sale. This Arrangement was ratified by the Brazilian States, except for São Paulo. The Company has been obtaining favorable administrative and judicial decisions, many of which are final and unappealable, in some states of Brazil.

The legal counsel/advisors, based on case law, believe that the likelihood of loss in this discussion of ICMS is remote, and therefore no provision was recorded.

Part of the ICMS debts on December 31, 2015 are guaranteed by bank guarantees and or guarantee insurance policies, totaling R$ 40,320, or by escrow deposits, totaling R$ 171.

ISS: Localiza and its wholly-owned subsidiary Localiza Fleet are involved in several administrative and legal claims relating to the payment of Services Tax (ISSQN) on the amounts received as vehicle rental and the activities inherent to the rent, such as the reimbursement of fuel received from customers and unconditional discounts granted to them.

No provision has been recorded for the amounts involved in the challenge concerning the ISS on such leasing transactions and related services, since the likelihood of loss in these claims is classified as remote by the Company’s legal counsel/advisors, based on case law, more specifically, in the text of Binding Decision 31 of the Federal Supreme Court, which rules out the incidence of ISS on such leasing transactions, as well as on the fact that this activity has been excluded from the list of services attached to Complementary law 116.

Part of these lawsuits on December 31, 2015 was guaranteed by bank guarantees, totaling R$ 3,046, or by escrow deposits, totaling R$ 4,171.

(b) Escrow deposits

Localiza and its subsidiaries have escrow deposits linked to contingent lawsuits. The changes in escrow deposit balances, segregated by nature, were as follows:

	Parent company				
	Tax (**)	Social security	Labor	Civil	Total
As of December 31, 2013	**15,180**	**1,138**	**5,349**	**2,425**	**24,092**
New provision	238	-	6,662	572	**7,472**
Disposal	(3,444)	(38)	(2,298)	(712)	**(6,492)**
Inflation adjustment, net	779	30	-	(267)	**542**
Transfers (*)	(1,109)	-	(299)	-	**(1,408)**
As of December 31, 2014	**11,644**	**1,130**	**9,414**	**2,018**	**24,206**
New provision	8,601	-	4,614	727	**13,942**
Disposal	(25)	-	(782)	(645)	**(1,452)**
Inflation adjustment, net	1,494	69	-	(938)	**625**
Transfers (*)	(705)	-	(2,379)	(685)	**(3,769)**
As of December 31, 2015	**21,009**	**1,199**	**10,867**	**477**	**33,552**

	Consolidated				
	Tax (**)	Social security	Labor	Civil	Total
As of December 31, 2013	**26,500**	**1,138**	**7,876**	**2,562**	**38,076**
New provision	2,235	-	8,083	651	**10,969**
Disposal	(3,444)	(38)	(2,298)	(798)	**(6,578)**
Inflation adjustment, net	1,546	30	-	(288)	**1,288**
Transfers (*)	(1,109)	-	(696)	(12)	**(1,817)**
As of December 31, 2014	**25,728**	**1,130**	**12,965**	**2,115**	**41,938**
New provision	9,214	-	4,862	872	**14,948**
Disposal	(25)	-	(886)	(1,028)	**(1,939)**
Inflation adjustment, net	2,938	69	-	(746)	**2,261**
Transfers (*)	(705)	-	(2,908)	(695)	**(4,308)**
As of December 31, 2015	**37,150**	**1,199**	**14,033**	**518**	**52,900**

(*) Refer mainly to amounts that have been offset against the "Provision" account on the final decision on the lawsuits.
(**) The changes in the tax-related amounts result mainly from escrow deposits totaling R$ 10,832, monetarily restated, made by Localiza and its wholly-owned subsidiary Localiza Fleet, in connection with litigations involving the payment of Car Tax (IPVA) in the State of São Paulo. These deposits have the purpose of suspending the payments of the tax and permitting the challenge of those payments in court.

15. TAXES ON PROFITS – INCOME TAX AND SOCIAL CONTRIBUTION

Income tax and social contribution expense represents the sum of current and deferred taxes.

On May 15, 2014, Law 12,973 was enacted, effective as from January 1, 2015. The Company recorded the effects of the new law from January 2015, with no material effect on the results.

(a) Deferred income tax and social contribution assets and liabilities

The Company adopts the procedure of recording deferred income tax and social contribution on temporary tax differences at the end of each reporting period between the asset and liability balances in the financial statements and their corresponding tax bases, used to determine taxable income, and on accumulated tax losses, when applicable. The recovery of the deferred tax asset balance is reviewed at each reporting date and, when it is no longer probable that future taxable income will be available to recover all or part of the credits, the asset balance is adjusted to the expected recoverable amount. The subsidiaries that calculate income tax and social contribution under the deemed profit regime do not record tax credits.

The composition of deferred income tax and social contribution as of December 31, 2015 and 2014, is as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Temporary differences in the deductibility of provisions:				
Provision for payables to suppliers and others	2,879	5,064	5,153	8,104
Provisions for litigation	17,880	18,781	19,081	20,090
Provision for impairment of trade receivables	7,696	3,526	10,024	4,632
Swap transactions with payments on a cash basis	1,095	-	1,143	-
Income tax and social contribution losses	22,622	-	22,651	29
Total deferred income tax and social contribution assets	**52,172**	**27,371**	**58,052**	**32,855**
Depreciation of cars (*)	99,286	69,309	118,915	92,607
Finance leases of property and equipment	1,461	1,500	80,751	45,108
Swap transactions with payments on a cash basis	-	1,155	-	1,155
Total deferred income tax and social contribution liabilities	**100,747**	**71,964**	**199,666**	**138,870**
Net deferred income tax and social contribution	**48,575**	**44,593**	**141,614**	**106,015**

(*) Refers to the temporary difference in the calculation of depreciation and net residual value, introduced by the new accounting practices (adoption of IFRS). Localiza and its subsidiary Localiza Fleet calculate, for tax purposes, car depreciation expenses based on the depreciation criteria used on December 31, 2007, pursuant to Law 12,973/14. The difference identified on December 31, 2014, in accordance with Chapter IV, articles 64, 66 and 67 of Law 12,973/14, is shown for accounting purposes in subaccounts linked to the assets, being added in accordance with its realization as from January 1, 2015.

The realization of deferred income tax and social contribution credits, relating to temporary differences, depends on future events that will make the provisions that gave rise to them deductible, as provided for by prevailing tax legislation.

(b) Income tax and social contribution – reconciliation of expenses at statutory and effective rates

The Company calculates the provision for income tax and social contribution based on taxable income for the year. Taxable income differs from net income recorded in the income statements 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 each company under the actual taxable income or deemed income regime, at the current rates of tax.

The reconciliations between the standard and effective rates of tax for the years ended December 31, 2015 and 2014 are as follows:

	Parent company		Consolidated	
	2015	2014	2015	2014
Pre-tax income	420,052	469,135	532,844	575,588
Standard rates	34%	34%	34%	34%
Standard expense	**(142,818)**	**(159,506)**	**(181,167)**	**(195,700)**
Adjustments to the standard expense:				
Equity in the earnings of subsidiaries	85,450	78,831	-	-
Effect of the deduction of interest on capital	37,674	21,039	37,674	21,039
Income tax and social contribution due by subsidiaries (deemed income regime)	-	-	6,499	5,251
Other, net	2,069	1,090	6,577	4,411
Effective expense	**(17,625)**	**(58,546)**	**(130,417)**	**(164,999)**
Current income tax and social contribution	**(13,643)**	**(44,575)**	**(94,818)**	**(139,493)**
Deferred income tax and social contribution	**(3,982)**	**(13,971)**	**(35,599)**	**(25,506)**

(c) Income tax and social contribution payable

Localiza, Localiza Fleet and Prime calculate income tax and social contribution under the taxable income method, and the first two calculate it according to the quarterly taxation regime, and Prime, according to the annual taxation regime.

Franchising Brasil and Car Assistance accrued, through 2015, income tax and social contribution under the deemed income regime in the amounts of R$ 2,323 (R$ 2,524 on December 31, 2014) and R$ 2,941 (R$ 1,823 in December 31, 2014), respectively. Therefore, these companies do not record deferred taxes.

As of January 1, 2015, Rental Brasil started to calculate the tax under the taxable income method. Up to December 31, 2014, the calculation was made under the deemed income regime, the amount of which was calculated at R$ 2,861.

The Company's income tax returns are open to review by the tax authorities for a period of five years. Other taxes, fees and contributions are also subject to these reviews, in accordance with applicable legislation.

16. SHAREHOLDER'S EQUITY

(a) Capital

On December 31, 2015 and 2014, the Company's share capital was R$ 976,708 divided into 211,793,400 common shares. The ownership of capital and the related reconciliation of the number of outstanding shares were as follows:

	Management				
	Founder-partners	Board of Directors and Board of Executive Officers	Treasury shares	Outstanding shares	Number of shares – ON
Balance as of December 31, 2013	**61,874,593**	**243,070**	**3,758,577**	**145,917,160**	**211,793,400**
Purchase (sale) of shares, net	(2,999,997)	(12,577)	-	3,012,574	-
Stock options exercised using treasury shares	-	43,963	(263,148)	219,185	-
Balance as of December 31, 2014	**58,874,596**	**274,456**	**3,495,429**	**149,148,919**	**211,793,400**
Purchase (sale) of shares, net	1,676	(229,643)	-	227,967	-
Stock options exercised using treasury shares	137,880	334,289	(932,984)	460,815	-
Share Buy-Back	-	-	1,073,500	(1,073,500)	-
Balance as of December 31, 2015	**59,014,152**	**379,102**	**3,635,945**	**148,764,201**	**211,793,400**

The Company participates in the Level I American Depositary Receipts (ADR Program) following approval by the Brazilian Securities Commission (CVM) on May 22, 2012 and with the start of trading on June 5, 2012. As of December 31, 2015, the Company's position was 7,096,361 ADRs in the United States (6,260,819 as of December 31, 2014). Each ADR corresponds to 1 (one) share of the Company.

(b) Interest on capital and dividends

The Company adopts the procedure of recording interest credited to shareholders, calculated under Law 9,249/95, in the income statement under "financial expenses", as required by tax legislation. However, for financial statement purposes, interest on capital is presented as a charge to retained earnings, which is the same treatment as that 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 9,249/95 and based on paragraph 5 of article 24 of Localiza's Bylaws.

The Company adopts the policy of distributing interest on capital and dividends equivalent to 25% of the adjusted net income.

Interest on capital and dividends were calculated as follows:

	Parent company	
	2015	**2014**
Net income for the year	402,427	410,589
Legal reserve (5%)	(20,122)	(20,529)
Adjusted net income – basis for dividend proposal	382,305	390,060
Minimum dividend (25%)	**95,576**	**97,515**
Proposed/distributed dividends and interest on capital:		
Dividends proposed	1,042	44,660
Interest on capital distributed	110,807	61,881
Subtotal	**111,849**	**106,541**
Withholding income tax on interest on capital	(16,273)	(9,026)
Total	**95,576**	**97,515**
Percentage on adjusted net income for the year	25.0%	25.0%
Dividends and interest on capital per share, net of treasury shares at the end of the year (in R$)	**R$ 0.459**	**R$ 0.468**

The Company pays interest on capital to shareholders on a quarterly basis. The Board of Directors' meetings decided to pay interest on capital as follows:

2015				
Approval date	**Total amount declared**	**Amount per share (in R$)**	**Shareholding position date**	**Date of payment**
3/19/15	22,308	0.10709	3/31/15	5/14/15
6/25/15	25,783	0.12340	6/30/15	8/20/15
9/30/15	29,519	0.14182	9/30/15	11/19/15
12/10/15	33,197 (*)	0.15948	12/30/15	1/28/16
Total 2015	**110,807**			

(*) This interest on capital had not been paid to shareholders as of December 31, 2015.

2014				
Approval date	Total amount declared	Amount per share (in R$)	Shareholding position date	Date of payment
3/19/14	13,934	0.06690	3/31/14	5/14/14
6/30/14	14,997	0.07200	7/1/14	8/28/14
9/25/14	15,959	0.07661	9/30/14	11/19/14
12/11/14	16,991	0.08157	12/30/14	1/30/15
Total 2014	**61,881**			

The Ordinary and Extraordinary General Meeting held on April 28, 2015 approved the payment of dividends to the shareholders in order to complete the minimum mandatory dividend of 25% on the adjusted net income, as follows:

2015				
Approval date	Total amount declared	Amount per share (in R$)	Shareholding position date	Date of payment
4/28/15	44,660	0.21403	4/30/15	5/21/15
Total 2015	**44,660**			

As of December 31, 2015, Management proposed for approval at the Annual General Meeting of Shareholders the allocation of R$ 1,042 for payment of dividends to shareholders to total the minimum mandatory dividend of 25% of net income after payment of interest on capital, net of withholding income tax.

The balance of dividends and interest on capital payable is as follows:

	Parent company and Consolidated	
	12/31/15	**12/31/14**
Dividends proposed on net income for the year	1,042	44,660
Interest on own capital proposed on the net income of the 4h quarter	33,197	16,991
Withholding income tax on interest on capital	(4,933)	(2,422)
Total dividends and interest on capital payable	**29,306**	**59,229**

(c) Capital Reserve

(i) Options granted

The reserve is destined to sponsor the Stock Option Plan, as described below:

The Company has a share-based compensation plan, duly approved at a General Meeting, according to which it receives services from certain employees in exchange for equity instruments (share purchase options) of Localiza. The Company adopts the procedure of recognizing the option costs on a straight-line basis during the vesting period, from the grant date to the date on which the employee has the right to exercise the option, with a corresponding increase in shareholders' equity, under the caption "Options granted", in "Capital reserves". Option costs are measured at fair value on the date share purchase options are granted and were estimated based on the Black & Scholes options valuation model. 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.

The Company currently maintains seven Stock Option Plans within the scope of the 3rd Plan (2012, 2013, 2014 and 2015 Programs) and 2nd Plan (2009, 2010 and 2011 Programs) of the Company's Repurchase Program, which grant common share subscription options to certain (eligible) executives and employees. For the seven programs, the fair value of shares is estimated on the grant date, based on the Black & Scholes options valuation model, applied separately to each tranche of each program.

The 2007 and 2008 programs, within the scope of the 2nd Plan, were concluded, respectively, in April 2014 and 2015. The grace period of the 2012 Program, within the scope of the 3rd Plan, terminated in May 2015, and the related options may be exercised by the participants up to April 2018.

The value of the shares for the 2012, 2013, 2014 and 2015 Programs, to be acquired by the participants when exercising the option, was calculated based on the average quotation of the RENT3, weighted by the volume traded over the last 40 (forty) trading sessions of the BM&FBovespa before the date of payment of the profit sharing.

The characteristics of the Share Purchase Options Programs have not suffered significant changes besides those previously disclosed.

On February 13, 2014 and April 23, 2015, the Board of Directors approved, respectively, the 2014 and 2015 Stock Option Plan – "2014 Program" and “2015 Program” in the 3rd Share Purchase Option. Four options will be granted under these programs for each share invested. The options may be exercised 100% as from May 2017 and 2018, and the maximum period is three years for the exercise of all or part of the right to purchase options.

The share purchase options programs approved in the Board of Directors' meetings have the following characteristics:

	Programs								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
	3rd Plan				2nd Plan				
Approval meeting date	4/23/15	2/13/14	4/24/13	7/19/12	4/28/11	5/20/10	9/15/09	7/30/08	3/9/07
Number of granted/approved options	443,535	520,313	412,228	616,484	1,022,913	970,493	1,038,224	900,000	900,000
Number of eligible employees	17	19	16	18	499	413	357	293	277
Number of options per tranche	443,535	520,313	412,228	616,484	255,728	242,623	259,556	225,000	225,000
Number of tranches	1	1	1	1	4	4	4	4	4
First tranche exercise year (*)	2018	2017	2016	2015	2014	2013	2012	2011	2010
Limit date to exercise the options	Apr./21	Apr./20	Apr./19	Apr./18	Apr./18	Apr./17	Apr./16	concluded	concluded

(*) Other tranches may be exercised annually, beginning as of the first tranche date, except for the 2012, 2013, 2014 and 2015 programs which have only one tranche.

The changes in the nine Stock Option Plans (including the 2007 and 2008 programs ended in 2014 and 2015, respectively), up to the base date of December 31, 2015, were as follows:

	Beginning of the period		Granting/Approvals				Terminations		Years	End of the period	
Year	Eligible	Options	Eligible	Granted / approved options	Options of leaving employees with right to options exercise	Exercise price	Eligible/ Leaving	Options returned	Options exercised	Eligible to the program	Outstanding options
2007 Program											
12/31/14	182	104,681	-	-	4,684	-	2	756	95,835	180	12,774
12/31/15	180	12,774	-	-	229	(*)	17	2,433	10,570	163	-
2008 Program											
12/31/14	214	293,780	-	-	3,401	(*)	15	1,004	52,519	199	243,658
12/31/15	199	243,658	-	-	-	(*)	4	809	242,849	195	-
2009 Program											
12/31/14	262	532,550	-	-	1,869	(*)	20	4,171	63,607	242	466,641
12/31/15	242	466,641	-	-	-	(*)	14	1,261	345,592	228	119,788
2010 Program											
12/31/14	298	690,047	-	-	5,469	(*)	19	5,828	48,819	279	640,869
12/31/15	279	640,869	-	-	-	(*)	15	8,287	256,633	264	375,949
2011 Program											
12/31/14	386	997,931	-	-	-	(*)	25	50,963	2,368	361	944,600

12/31/15	361	944,600	-	-	-	(*)	24	7,904	50,292	337	886,404

	Beginning of the period		Granting/Approvals				Terminations		Years	End of the period	
Year	Eligible	Options	Eligible	Granted / approved options	Options of leaving employees with right to options exercise	Exercise price	Eligible/ Leaving	Options returned	Options exercised	Eligible to the program	Outstanding options
2012 Program											
12/31/14	18	641,044	-	-	-	-	1	-	-	17	641,044
12/31/15	17	641,044	-	-	-	(*)	3	-	27,048	14	613,996
2013 Program											
12/31/14	16	412,228	-	-	-	-	-	-	-	16	412,228
12/31/15	16	412,228	-	-	-	(*)	1	-	-	15	412,228
2014 Program											
12/31/15	-	-	19	520,313	-	(*)	1	-	-	18	520,313
2015 Program											
12/31/15	-	-	17	443,535	-	(*)	1	-	-	16	443,535
Total											
12/31/14	1,376	3,672,261	-	-	15,423	(*)	82	62,722	263,148	1,294	3,361,814
12/31/15	1,294	3,361,814	36	963,848	229	(*)	80	20,694	932,984	1,250	3,372,213

(*) The table below summarizes the predetermined exercise price (in R$) of the share purchase options for each annual tranche based on the share market value at the end of the year prior to the granting date, contemplating the effect of the volume bonus of shares, and exercise amounts are fixed beginning as of April each year:

Program	2010	2011	2012	2013	2014	2015	2016	2017	2018
2007	23.76	24.71	25.70	25.46	-	-	-	-	-
2008	-	22.77	23.74	23.58	24.59	-	-	-	-
2009	-	-	8.35	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	-	-
2014	-	-	-	-	-	-	-	33.51	-
2015	-	-	-	-	-	-	-	-	33.70

As of December 31, 2015 the following weighted average assumptions were used to calculate the fair value of each of the tranches of the Stock Option Plans still outstanding:

	Programs						
	2015	2014	2013	2012	2011	2010	2009
	3rd Plan				2nd Plan		
Share price	33.70	33.51	34.22	33.36	26.46	23.99	17.70
Risk-free interest rate	10.00%	11.00%	9.00%	9.45%	10.21%	10.04%	9.69%
Expected annualized volatility (*)	43.64%	43.64%	46.67%	48.49%	50.12%	52.34%	55.01%
Expected dividends	0.41%	0.41%	0.36%	0.39%	0.39%	0.42%	0.45%
Duration of the program in years	3.0	2.0	3.0	3.0	4.4	4.2	4.0
Option fair value on grant date (R$/share)	14.54	10.87	12.94	12.82	11.12	12.10	12.21

(*) The expected annualized volatility was determined based on the historical volatility of RENT3 shares in the capital market, as from the listing of Localiza's shares in 2005, less the dividends paid in each period.

In 2015, the consolidated cost of these programs was R$ 5,086 (R$ 4,798 in 2014).

Considering the exercise of the options existing as of December 31, 2015, the interest dilution percentage to which current shareholders may be subject is 1.6%.

(ii) Options exercised in 2015

In 2015, 932,984 stock options related to the Stock Option Plans from 2007 to 2012 were exercised, using treasury shares. The weighted average strike prices of options exercised, as well as the weighted average fair value of Localiza's shares on the vesting date, were as follows:

Program	Number of options exercised	Fair value (R$)	Calculation by the fair value (R$ thousand)	Weighted average exercise price (R$)	Weighted average market price (R$)
2007 Program	10,570	R$ 7.09	79	25.24	34.74
2008 Program	242,849	R$ 0.88	283	24.59	34.81
2009 Program	345,592	R$ 12.21	4,324	9.08	34.67
2010 Program	256,633	R$ 12.10	3,085	24.33	34.74
2011 Program	50,292	R$ 11.12	462	33.36	34.72
2012 Program	27,048	R$ 12.82	346	31.70	34.26
Total	**932,984**		**8,579**		

All options were exercised using treasury shares and, therefore, it was not necessary to issue new shares.

(iii) Goodwill on share subscription

This reserve relates to the remaining balance of goodwill from the primary 2006 offering of Localiza shares, in the amount of R$ 48,174. In addition, on the exercise of 932,984 stock options during 2015, relating to the 2007 to 2012 programs, goodwill in the amount of R$ 16,808 was recorded. In the period from 2011 to 2014, goodwill in the amount of R$ 34,339 was recorded, resulting in a total accumulated balance of R$ 99,321, on December 31, 2015.

(d) Treasury shares

Treasury shares are own equity instruments repurchased by the Company and management adopts the practice of recording them at cost, deducted from shareholders' equity. Transaction costs incurred in the purchase of shares issued by Localiza are added to these shares. No gain or loss is recognized in the income statement on the purchase or sale of such shares. Shares are purchased to be held in treasury and for subsequent sale, without a capital reduction. The Company can also settle purchase options using treasury shares, when these options are exercised.

At the meeting held on July 23, 2015, the Board of Directors authorized the Company to purchase the maximum number of 12,000,000 shares, through the 7th Share Repurchase Program. This transaction has a maximum term of 365 days from the date of its approval up to July 22, 2016. Up to December 31, 2015, 792,700 shares had been purchased under this program.

The cost of acquisition of the treasury shares, including related expenses, as of December 31, 2015, was as follows:

	Opening balance at 12/31/14		Purchases		Disposal/Realization		Closing balance at 12/31/15		Price (In R$)		
Program	**Number**	**Amount**	**Number**	**Amount**	**Number**	**Amount**	**Number**	**Amount**	**Minimum**	**Medium**	**Maximum**
1st Program	2,402,119	23,386	-	-	(932,984)	(9,631)	1,469,135	13,755	5.15	10.32	16.55
4th Program	1,093,310	36,782	-	-	-	-	1,093,310	36,782	33.52	33.64	33.78
6th Program	-	-	280,800	9,027	-	-	280,800	9,027	31.91	32.11	32.39
7th Program	-	-	792,700	18,424	-	-	792,700	18,424	22.80	23.35	23.69
Total	**3,495,429**	**60,168**	**1,073,500**	**27,451**	**(932,984)**	**(9,631)**	**3,635,945**	**77,988**			

As of December 31, 2015, the market value of the 3,635,945 treasury shares was R$ 90,244 (R$ 24.82 per share as of December 31, 2015).

(e) Revenue reserves

(i) Legal reserve

This reserve is recorded as prescribed by the Brazilian Corporate Law, through the allocation of 5% of the net income, limited to: (i) 20% of the capital or (ii) when the balance of such reserve plus the capital reserves reaches 30% of the capital. The goal of the legal reserve is to ensure the integrity of capital and it can only be used to offset losses or increase capital. As of December 31, 2015 and 2014, R$ 20,122 and R$ 20,529, respectively, were recorded as the legal reserve.

(ii) Statutory reserve

According to item (f), paragraph 2 of article 24 of Localiza's Bylaws, a portion consisting of up to 100% of the net income after legal and statutory deductions may be allocated to the "Reserve for investments", which is intended to finance investments for renewal and expansion of the Company's and its subsidiaries' fleets.

On December 31, 2015, management proposed for approval at the Annual General Meeting, the allocation of 100% of the balance of the 2015 net income of R$ 270,456 to this statutory reserve.

The Ordinary and Extraordinary General Meeting held on April 28, 2015 approved the constitution of the Statutory Reserve, denominated as Investment Reserve, of R$ 283,519.

17. EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the net income for the year assigned to the Company's common shareholders by the weighted average number of common shares outstanding during the year, less treasury shares.

The diluted earnings per share is calculated by dividing the net income assigned to the Company's common shareholders by the weighted average number of common shares outstanding during the year, plus the weighted average number of common shares that would be issued assuming that stock options would be exercised at an amount lower than market value, less treasury shares.

The table below presents the net income information and the number of shares used in the calculation of basic and diluted earnings per share for each of the income statement reporting periods:

	Parent company and Consolidated	
	2015	**2014**
Net income for the year	**402,427**	**410,589**
Basic earnings per share (*):		
Weighted average number of outstanding shares	209,032,158	208,205,108
Basic earnings per share (in R$)	**1.92519**	**1.97204**
Diluted earnings per share (*):		
Weighted average number of outstanding shares	209,032,158	208,205,108
Dilutive effect of number of share purchase options	529,440	1,760,979
Total number of shares applicable to dilution	209,561,598	209,966,087
Diluted earnings per share (in R$)	**1.92033**	**1.95550**

(*) According to CPC 41 – Earnings per share, all shares (except treasury shares) are considered in the calculation of the weighted average number of outstanding shares.

18. SEGMENT REPORTING

Operating segments are defined as business areas: (i) which can earn revenues and incur expenses; (ii) which operating results are regularly reviewed by the chief operating decision maker on funds to be allocated to the segment and for the evaluation of its performance; and (iii) for which individual financial information is available.

The Company defined three operating segments, which are managed separately, based on reports used by the Board of Directors to make strategic decisions. The accounting policies of these operating segments are the same as those described in note 2 or in the explanatory notes to the respective captions.

- Car rental division: responsible for car rentals in locations located inside and outside airports. Cars are rented by corporations and individuals, as well as by insurance companies and car manufactures that offer replacement vehicles to their customers in the case of accidents or mechanical repairs during the insurance or warranty term, respectively. Owing to the need to renew the fleet, Localiza sells cars after they are used for 12 to 18 months. In order to avoid intermediation costs on the sale of decommissioned cars, most of them are sold directly to the final consumer Accordingly, the Company maximizes the recoverable amount of these assets, reducing the depreciation of the cars and the capital expenditure for fleet renewal, as the selling expenses of the network are lower than the discounts requested by car dealers.

- Fleet rental division: responsible for managing fleet rentals for companies for long periods, usually 24 to 36 months. The cars are purchased after the signature of the contracts according to the needs of each customer. The Fleet Rental Division decommissions its cars by the end of the contract. The decommissioned cars are usually sold when they are 33 months old directly to the final consumers by means of a proprietary network of points of sale and car retailers.

- Franchising division: responsible for the management and granting of the right of use of the Localiza brand, including the transfer of the know-how required to operate the business.

(a) Operating segment financial information

(i) Consolidated assets and liabilities by operating segment are as follows:

	Car rental		Fleet rental		Franchising		Unallocated balances		Eliminations/ Reclassifications		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14
Assets												
Cash and cash equivalents	-	-	-	-	-	-	1,385,103	1,390,189	-	-	1,385,103	1,390,189
Trade receivables	385,618	378,434	94,938	82,861	10,466	8,019	-	-	(213)	(6,562)	490,809	462,752
Decommissioned cars for fleet renewal	2,421	3,377	29,359	14,929	-	-	-	-	-	-	31,780	18,306
Property and equipment	2,836,327	2,447,676	1,088,628	1,034,105	42	77	-	-	30	-	3,925,027	3,481,858
Other assets	259,820	315,069	36,490	27,929	6,831	4,280	-	-	(12,836)	(35,784)	290,305	311,494
Total assets	**3,484,186**	**3,144,556**	**1,249,415**	**1,159,824**	**17,339**	**12,376**	**1,385,103**	**1,390,189**	**(13,019)**	**(42,346)**	**6,123,024**	**5,664,599**
Liabilities												
Trade accounts payable	594,702	716,198	95,926	118,486	128	246	-	-	(162)	(6,509)	690,594	828,421
Loans and financing and debentures	-	-	-	-	-	-	3,019,276	2,712,466	-	-	3,019,276	2,712,466
Other liabilities	332,426	352,503	132,140	156,245	20,555	17,960	-	-	(13,544)	(58,500)	471,577	468,208
Total liabilities	**927,128**	**1,068,701**	**228,066**	**274,731**	**20,683**	**18,206**	**3,019,276**	**2,712,466**	**(13,706)**	**(65,009)**	**4,181,447**	**4,009,095**
Shareholders' equity	-	-	-	-	-	-	**1,941,577**	**1,655,504**	-	-	**1,941,577**	**1,655,504**
Total liabilities and equity	**927,128**	**1,068,701**	**228,066**	**274,731**	**20,683**	**18,206**	**4,960,853**	**4,367,970**	**(13,706)**	**(65,009)**	**6,123,024**	**5,664,599**

(ii) Consolidated income statements by operating segment are as follows:

	Car rental		Fleet rental		Franchising		Eliminations/Reclassifications		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net revenue	2,934,786	2,952,322	976,693	922,144	16,616	17,750	-	-	3,928,095	3,892,216
Costs	(2,072,201)	(2,101,554)	(602,421)	(597,193)	(9,632)	(8,307)	(4,572)	(3,494)	(2,688,826)	(2,710,548)
Gross profit	**862,585**	**850,768**	**374,272**	**324,951**	**6,984**	**9,443**	**(4,572)**	**(3,494)**	**1,239,269**	**1,181,668**
Operating expenses:										
Selling	(297,731)	(273,652)	(50,305)	(43,485)	(615)	(790)	2,456	2,942	(346,195)	(314,985)
General, administrative and other	(133,195)	(112,656)	(26,410)	(27,942)	(77)	-	2,116	552	(157,566)	(140,046)
Income before financial expenses, net (EBIT)	**431,659**	**464,460**	**297,557**	**253,524**	**6,292**	**8,653**	**-**	**-**	**735,508**	**726,637**
Financial expenses, net									(202,664)	(151,049)
Result before income tax and social contribution									**532,844**	**575,588**
Income tax and social contribution									(130,417)	(164,999)
Net income									**402,427**	**410,589**

The Company operates in Brazil and has a network of franchisees in seven South American countries; however, its revenues derive mainly from its operations in the Brazilian market. The analysis of consolidated net revenues, in Brazil and abroad, is as follows:

	Consolidated	
	2015	2014
Brazilian operations	3,913,701	3,875,217
Export revenue (*)	12,796	16,003
Royalties abroad	1,598	996
Net revenue	**3,928,095**	**3,892,216**

(*) Revenue from car rentals arising as a result of rental by customers resident and domiciled abroad.

(iii) Depreciation and amortization expenses, by operating segment, are as follows:

	2015	2014
Car rental:		
Car depreciation	38,889	78,140
Depreciation of other property and equipment and amortization of intangible assets	31,088	33,567
Fleet rental:		
Car depreciation	124,654	129,334
Depreciation of other property and equipment and amortization of intangible assets	4,274	1,637
Franchising:		
Depreciation of other property and equipment and amortization of intangible assets	456	503
Total depreciation and amortization expenses	**199,361**	**243,181**

19. NET REVENUE

The reconciliation between gross and net revenue in the income statement is as follows:

	Parent company		Consolidated	
	2015	2014	2015	2014
Gross revenue	2,909,488	2,957,232	4,022,145	4,012,805
Deductions:				
Discounts	(6,176)	(12,004)	(19,980)	(30,286)
Taxes on sales (*)	(48,084)	(59,026)	(74,070)	(90,303)
Net revenue	**2,855,228**	**2,886,202**	**3,928,095**	**3,892,216**

(*) Taxes levied on sales: Services Tax (ISSQN), Social Integration Program (PIS) and Social Contribution on Revenues (COFINS).

The composition of the net revenue recognized in each significant category is as follows:

	Parent company		Consolidated	
	2015	2014	2015	2014
Revenue from car rentals	1,192,225	1,235,072	1,258,021	1,284,386
Revenue from fleet rentals	-	-	608,482	571,893
Franchising	1,598	996	16,616	17,750
Cars sold for fleet renewal	1,661,405	1,650,134	2,044,976	2,018,187
Net revenue	**2,855,228**	**2,886,202**	**3,928,095**	**3,892,216**

20. INFORMATION ON THE NATURE OF COSTS AND OPERATING EXPENSES RECOGNIZED IN THE INCOME STATEMENTS

The information on the nature of costs and operating expenses recognized in the income statement is as follows:

	Costs				Selling, general and administrative and other				Total			
	Parent company		Consolidated		Parent company		Consolidated		Parent company		Consolidated	
	2015	2014	2015	2014	2015	2014 (*)	2015	2014	2015	2014	2015	2014
Cost of cars sold	(1,396,253)	(1,428,411)	(1,682,956)	(1,704,677)	-	-	-	-	(1,396,253)	(1,428,411)	(1,682,956)	(1,704,677)
Car depreciation	(38,862)	(76,866)	(163,543)	(207,474)	-	-	-	-	(38,862)	(76,866)	(163,543)	(207,474)
Car maintenance, car tax (IPVA) and other	(221,013)	(209,290)	(356,203)	(333,735)	-	-	-	-	(221,013)	(209,290)	(356,203)	(333,735)
Depreciation and amortization of other property and equipment and intangible assets	(19,948)	(18,030)	(21,172)	(18,993)	(14,655)	(16,407)	(14,646)	(16,714)	(34,603)	(34,437)	(35,818)	(35,707)
Payroll and related changes	(185,942)	(171,585)	(217,475)	(201,350)	(136,006)	(127,888)	(207,139)	(199,844)	(321,948)	(299,473)	(424,614)	(401,194)
Profit sharing	(24,801)	(22,477)	(30,374)	(28,139)	(21,819)	(19,959)	(32,085)	(29,330)	(46,620)	(42,436)	(62,459)	(57,469)
Third party services	(29,944)	(24,765)	(37,073)	(30,705)	(62,123)	(50,054)	(69,229)	(55,914)	(92,067)	(74,819)	(106,302)	(86,619)
Property rentals	(80,622)	(74,958)	(82,754)	(76,963)	(43,353)	(43,104)	(44,120)	(43,565)	(123,975)	(118,062)	(126,874)	(120,528)
Water, electricity and telephone	(9,650)	(8,519)	(9,657)	(8,519)	(6,062)	(5,194)	(6,264)	(5,313)	(15,712)	(13,713)	(15,921)	(13,832)
Travel	(9,698)	(6,634)	(9,993)	(6,851)	(7,379)	(5,023)	(8,878)	(6,851)	(17,077)	(11,657)	(18,871)	(13,702)
Commissions	-	-	-	-	(25,314)	(26,558)	(26,356)	(27,410)	(25,314)	(26,558)	(26,356)	(27,410)
Advertising	-	-	-	-	(38,313)	(29,612)	(39,094)	(29,943)	(38,313)	(29,612)	(39,094)	(29,943)
Provision for impairment of trade receivables and write-off of uncollectibles	-	-	-	-	(17,539)	(18,084)	(22,926)	(20,499)	(17,539)	(18,084)	(22,926)	(20,499)
Other	(82,241)	(85,383)	(77,626)	(93,142)	(26,676)	(16,290)	(33,024)	(19,648)	(108,917)	(101,673)	(110,650)	(112,790)
Total	**(2,098,974)**	**(2,126,918)**	**(2,688,826)**	**(2,710,548)**	**(399,239)**	**(358,173)**	**(503,761)**	**(455,031)**	**(2,498,213)**	**(2,485,091)**	**(3,192,587)**	**(3,165,579)**

(*) In 2015, the allocation of administrative expenses between Localiza and its subsidiary Localiza Fleet was recorded in the lines of the respective nature of the expenses. The amounts for the year 2014, of R$ 18,075, previously classified in the line "Other" were reallocated under the same criteria for comparison purposes.

21. FINANCIAL RESULT

Financial income (expenses) in the income statement is as follows:

	Parent company		Consolidated	
	2015	2014	2015	2014
Financial income				
Interest income from short-term investments	108,798	64,775	152,293	113,853
PIS/COFINS on finance income	(3,268)	-	(4,027)	-
Other interest income	14,446	9,514	19,091	11,475
	119,976	**74,289**	**167,357**	**125,328**
Financial expenses				
Interest expense from loans, financing, debentures and swaps	(301,293)	(233,904)	(360,109)	(270,702)
Other interest expenses	(6,969)	(4,217)	(9,912)	(5,675)
	(308,262)	**(238,121)**	**(370,021)**	**(276,377)**
Financial expenses, net	**(188,286)**	**(163,832)**	**(202,664)**	**(151,049)**

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company adopts the practice of recognizing financial assets and liabilities when Localiza and/or its subsidiaries are parties to the underlying agreement. Financial assets and financial liabilities are initially measured at fair value. Transaction costs, directly attributable to the acquisition or issue of financial assets and liabilities (except for financial assets and liabilities recognized at fair value through profit or loss) are added to or deducted from the differences in the fair value, if applicable, after the initial recognition. Transaction 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 a legally enforceable right to set off recorded amounts and when there is an intention to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Financial assets – Financial assets are classified 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.

Cash and cash equivalents – These include amounts in cash, bank deposit accounts, investments in Bank Deposit Certificates – CDB, financial investments with a repurchase agreement, investments in fixed income investment funds and applications in financial notes. Cash and cash equivalents are classified as "loans and receivables" 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.

Trade receivables – Trade receivables are amounts receivable from car and fleet rentals, sales of decommissioned cars and franchising. The accounts receivable from customers are initially recognized at fair value less the provision for impairment.

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 carrying amounts of financial assets and liabilities by category are as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Financial assets				
Loans and receivables at amortized cost				
Cash and cash equivalents (note 4)	881,659	810,911	1,385,103	1,390,189
Trade receivables (note 5)	374,843	373,632	490,809	462,752
Escrow deposits (note 14(b))	33,552	24,206	52,900	41,938
Financial liabilities				
Other financial liabilities at amortized cost				
Trade payables (note 10)	589,175	712,154	690,594	828,421
Loans, financing, debentures and swaps (note 12)	2,084,488	2,133,129	2,973,696	2,712,466

(a) Risk management

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 risk management is conducted by the Audit, Risk Management and Compliance Committee. Additionally, the process of identification, analysis and monitoring of risks is performed by the Board of Directors, which has powers to make decisions on the strategies to be adopted by the Company.

(i) Market risk

Market risk management is carried out in order to ensure that the Company is exposed only to risk levels considered acceptable 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 fixed rate swaps.

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

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

As a strategy to manage interest rate risk, Management continuously monitors the CDI rate in order to, if necessary, adjust car rental fees to mitigate the impact of such increases. For the fleet rentals, the wholly-owned subsidiary Localiza Fleet contracts interest rate swaps to exchange the floating rate risk for a fixed rate, thus eliminating the risk of fluctuation in the basic interest rate in long-term contracts. Also, almost all the Company's cash and cash equivalents balance is also indexed to the CDI rate, which is the same index adopted for debts related to car rental.

The Company made sensitivity tests for adverse scenarios (CDI rate stress of 25% or 50% higher than the probable scenario), considering the following assumptions:

o On December 31, 2015, the Company's net debt totaled R$ 1,588,593, of which R$ 529,374, with a fixed cost at an average rate of 15.39% per annum is excluded, as it refers to the transactions contracted at a fixed rate and the amounts corresponding to the hedge realized in the contracting of swap transactions, changing the rates indexed to the CDI for fixed rates. As a result, the net debt subject to the CDI rate totaled R$ 1,059,219 as of December 31, 2015.

o Market expectation as of December 31, 2015, according to data from the Focus Bulletin issued by the Brazilian Central Bank, is an estimated average effective CDI rate of 15.38%, considered as the probable scenario for 2016, against the effective rate of 13.23% in 2015.

	Consolidated		
Description	Probable scenario (*)	Scenario I – 25% stress	Scenario II – 50% stress
Net debt as of December 31, 2015 (letter (b) (i))	**1,588,593**	**1,588,593**	**1,588,593**
(-) Debt at a fixed rate and amounts hedged with swaps to a fixed rate (note 12 and note 22(d) (iii))	(529,374)	(529,374)	(529,374)
Net debt subject to the CDI variation	**1,059,219**	**1,059,219**	**1,059,219**
Average effective CDI rate for the 12-month period ended 12/31/15	13.23%	13.23%	13.23%
Estimated average annual CDI rate, according to stress scenarios	15.38%	19.23%	23.07%
Effect on financial expenses subject to the CDI rate:			
- according to the effective rate	(140,135)	(140,135)	(140,135)
- according to the scenarios	(162,908)	(203,688)	(244,362)
(Increase) in financial costs for 12 months	**(22,773)**	**(63,553)**	**(104,227)**

(*) As required by IFRS 7, and based on the rate of 15.38%, which was the scenario estimated for 2016, in accordance with the projection of the market by the Focus Bulletin of the Brazilian Central Bank issued on December 31, 2015. According to the Focus Bulletin issued on February 29, 2016, the rate estimated for 2016 decreased to 14.25%.

- **Foreign exchange risk** – As stated in notes 12(c) and 22(d), the Company is not exposed to foreign currency risk since it enters into swap transactions tied to foreign currency denominated loans.

(ii) Credit risk

The credit risk is the risk that a counterparty does not comply with its contractual obligations, thereby causing the Company to incur financial losses. The Company's credit risk basically arises from trade receivables and cash and cash equivalents deposited/invested in banks and financial institutions.

The maximum exposure to the Company's credit risk, based on the net book values of the underlying financial assets, is as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Loans and receivables				
Cash and cash equivalents:				
Financial investments:				
Aa1 (Moody´s scale)	876,379	803,006	1,377,726	1,366,940
Cash and banks	5,280	7,905	7,377	23,249
Total cash and cash equivalents (note 4)	**881,659**	**810,911**	**1,385,103**	**1,390,189**
Accounts receivable – customers	217,539	223,766	320,850	305,631
Accounts receivable – credit card:				
Aaa (Fitch Ratings scale)	-	61,488	-	64,991
Baa2 (Moody´s scale)	69,583	75,969	73,380	80,024
Sundry	87,721	12,409	96,579	12,106
Total receivables (note 5)	**374,843**	**373,632**	**490,809**	**462,752**
	1,256,502	**1,184,543**	**1,875,912**	**1,852,941**

- **Cash and cash equivalents** – The credit risk in balances with banks and other financial institutions is managed by the Company's Finance Department, according to policies defined by the Board of Directors, with the purpose of mitigating risk concentration and, therefore, minimizing a financial loss in the case of the bankruptcy of a counterparty.

As established by the Board of Directors, the maximum fund allocation limits per financial institution, on a consolidated basis, must comply with the following criteria: (i) the maximum amount of 20% of the total available funds must be allocated only to the financial institutions that are listed in the Investment, Indebtedness, Derivatives and Guarantees Policy and (ii) the maximum amount of 40% of the total available funds must be allocated only to the financial institutions that are listed in the Investment, Indebtedness, Derivatives and Guarantees Policy and which equity is higher than R$ 10.0 billion.

- **Accounts receivable** – the management of the credit risk related to accounts receivable is constantly monitored by the Company, which has established control policies.

The Company reduces its credit risk by operating significantly with credit cards for car rentals, mainly in transactions with individuals. As of December 31, 2015, two of the largest credit card companies represented 15.0% and 12.6%, individually, of the Company's receivables. The credit risk in transactions with legal entities for car rental and fleet rental is reduced by a credit limit granting policy, based on the analysis of the financial position of the customer, past experience and the position of overdue accounts. The financial position of customers is continuously monitored in order to evaluate and adjust, if necessary, the credit limit previously granted. The credit risk in the sale of decommissioned cars is reduced through the utilization of finance and/or leasing companies with well-known financial and liquidity capacities.

Moreover, the management of credit risk also includes a periodic analysis of the recoverability of accounts receivable, when the need to record a provision for impairment is analyzed in order to adjust the receivables to their probable realizable values. This analysis, which purpose is to assign a risk classification to the customer according to internal criteria defined by management, takes into consideration the current financial position of the customer, past experience and the position of overdue accounts. Therefore, based on the customer risk, the receivables are adjusted to their likely realizable value through a provision for impairment, which may be applied both to overdue and not yet due invoices, depending on the risk classification assigned to the customer.

Credit risk concentration is limited because the customer basis is broad. All significant operations and customers are located in Brazil, and there is no customer that individually represents more than 10% of the Company's revenues.

(iii) Liquidity risk

The liquidity risk is the risk of the Company not having enough funds to settle its obligations as they fall due. The management of the liquidity risk is carried out to ensure that the Company has the necessary funds to settle its financial liabilities on the maturity dates.

The Finance Department is responsible for managing the liquidity risk and is monitored by the Board of Directors. Liquidity risk management is carried out considering funding requirements and liquidity needs in the short, medium and long terms. The Company manages the liquidity risk by maintaining adequate financial resources available in cash and cash equivalents and by means of credit facilities, based on the monitoring of estimated and actual cash flows, and the combination of the maturity profiles of financial assets and liabilities.

Also, management considers that the access to third-party credit is facilitated, considering the corporate credit rating of Localiza according to the main market rating agencies.

The analysis of the maturities of the undiscounted consolidated contractual cash flows of loans, financing, debentures and swaps, considering the interest rate contracted for each transaction and a CDI rate of 14.14% as of December 31, 2015, is as follows:

	Parent company						
	2016	2017	2018	2019	2020	2021	Total
Debentures – 6th issue	73,983	63,198	146,471	132,955	-	-	**416,607**
Debentures – 7th issue	148,202	126,748	112,169	102,710	118,588	107,819	**716,236**
Debentures – 8th Issue	75,194	63,204	55,678	303,670	290,141	-	**787,887**
Debentures – 9th issue	74,310	61,415	57,041	102,769	190,334	301,531	**787,400**
Leases	1,717	1,035	199	-	-	-	**2,951**
Foreign currency loans/with swaps	6,287	274,943	-	-	-	-	**281,230**
Total	**379,693**	**590,543**	**371,558**	**642,104**	**599,063**	**409,350**	**2,992,311**

	Consolidated						
	2016	2017	2018	2019	2020	2021	Total
Debentures – 6th issue	73,983	63,198	146,471	132,955	-	-	**416,607**
Debentures – 7th issue	148,202	126,748	112,169	102,710	118,588	107,819	**716,236**
Debentures – 8th Issue	75,194	63,204	55,678	303,670	290,141	-	**787,887**
Debentures – 9th issue	74,310	61,415	57,041	102,769	190,334	301,531	**787,400**
NCC – Commercial Credit Note	54,868	61,845	85,249	105,123	90,087	128,244	**525,416**
Leases	285,372	95,725	764	-	-	-	**381,861**
Foreign currency loans/with swaps	6,287	274,943	-	-	-	-	**281,230**
Bank Property Credit Note (CCBI) – new headquarters/with swap	18,171	18,468	18,926	65,621	105,170	48,949	**275,305**
Total	**736,387**	**765,546**	**476,298**	**812,848**	**794,320**	**586,543**	**4,171,942**

(b) Capital management

The Company's business requires long-term capital to finance the fleet, in order to implement its expansion strategy. The main goals of capital management are to: (i) ensure the operational continuity of the Company; (ii) ensure a strong credit rating; (iii) maximize the return to shareholders; and (iv) guarantee the Company's competitive edge in fund raising.

The Company's management continuously monitors capital management, adjusting its capital structure to the economic conditions.

(i) Debt ratio

Capital is monitored based on the Company's debt ratio, which corresponds to the net debt divided by equity. Net debt, in turn, is defined by the Company as short and long-term debts, including the positive or negative balances of the swap transactions entered into to hedge these debts, less cash and cash equivalents. The Company's overall capital management strategy has remained unchanged over the last two years.

The table below provides the Company's debt ratios as of December 31, 2015 and 2014:

	Consolidated	
	12/31/15	12/31/14
Short and long-term debts, net of the swap transactions classified in current and non-current assets and liabilities (note 12)	2,973,696	2,712,466
Cash and cash equivalents (note 4)	(1,385,103)	(1,390,189)
Net debt	**1,588,593**	**1,322,277**
Shareholders' equity	1,941,577	1,655,504
Debt ratio	**0.82**	**0.80**
Value of the fleet (*) (note 8)	**3,642,699**	**3,296,347**
Net debt/value of the fleet	**0.44**	**0.40**

(*) Cars (property and equipment) and decommissioned cars for fleet renewal (note 8).

(c) Fair value of financial instruments

The carrying amounts and fair values of loans, financing and debentures are calculated based on models that use observable inputs and assumptions about both pre and post-fixed future interest rates among other variables. The rates used are obtained from financial institutions for transactions with similar conditions or based on market information, when available. The Company makes a reasonableness analysis of the calculations presented by these financial institutions by comparing them with similar calculations made by other parties for the same applicable period. There are no financial instruments measured at fair value in levels 1 and 3. Fair values are calculated by projecting the future flows of transactions based on the projection of the interest rate curves, discounted to present value utilizing indicative data on prices and benchmark rates available in the market or based on payment conditions in the case of early optional redemption established in the debenture deed of each issue.

The summary of the fair values of the swap transactions recorded in the "derivative instruments – swap" account is as follows:

	Level 2
Fixed rate swap (letter (d) (iii))	(144)
U.S. dollar swap (letter (d) (i))	45,580
TR swap (letter (d) (ii))	(19,609)
	25,827

The financial liabilities measured at fair value in the Company's balance sheet as of December 31, 2015 are as follows.

	Parent company				Consolidated			
	Carrying amount		Fair value		Carrying amount		Fair value	
	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14
Financial liabilities – other financial liabilities:								
Loans, financing, debentures and swap	2,084,488	2,133,129	2,095,346	2,145,689	2,973,696	2,712,466	2,984,554	2,722,463
Swap transactions – amount (payable)/receivable	45,580	79,725	45,580	77,709	25,827	78,947	25,827	76,931

Management believes that the carrying amounts of other financial instruments, such as cash and cash equivalents, trade receivables and payables, which are recorded in the parent company and consolidated financial statements, do not differ significantly from their fair values as the maturity dates of a substantial portion of the balances are close to the reporting date.

(d) Derivatives

(i) U.S. dollar x Brazilian Real

As of December 31, 2015, the Company was party to a swap transaction (plain vanilla) only for purposes of protection against the respective foreign currency-denominated loan. The transaction was entered into with a major financial institution.

On April 2, 2015, Localiza borrowed US$ 70,000 thousand from Banco de Tokyo-Mitsubishi UFJ Brasil S.A., with the maturity of the principal amount due on March 31, 2017. This amount was translated into Brazilian Reais at the rate of R$ 3.21 per US$ 1.00, which amounted to R$ 224,959. Simultaneously, a swap transaction (plain vanilla) was contracted to eliminate the foreign currency exposure risk, exchanging the foreign exchange variation plus spread for 98.5% and 105.5% of the CDI variation.

On May 8, 2015, Localiza settled in advance the full amount of the foreign currency-denominated loan of US$ 75,000 thousand, obtained from the Merrill Lynch bank, translated into Brazilian Reais at the rate of R$ 3.04 per US$ 1.00, which totaled a settled amount of R$ 228,000. The original maturity dates were in 2015, 2016 and 2017. Simultaneously, the swap transaction (plain vanilla), which had been contracted to eliminate the foreign exchange exposure risk, was also settled.

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

						Parent company and Consolidated		
						12/31/15		
				Rates		Notional value		(Payables)/ receivables
Swap transaction	Contract date	Maturity	Counterparty	Assets	Liabilities	R$ thousand	US$ thousand	R$ thousand
US dollar x Reais	4/2/15	3/31/17	Banco de Tokyo	Foreign exchange variations of the U.S. dollar + 2.20% p.a. coupon and foreign exchange variations of the U.S. dollar + 2.30% p.a. coupon	98.5% and 105.5% of CDI variation	224,959	70,000	45,580

(ii) TR x CDI

As of December 31, 2015, the subsidiary Rental Brasil had an existing swap operation (plain vanilla), whith the exclusive purpose of protection of the loan contracted in the form of CCBI – Bank Property Credit Note. This loan agreement was contracted with a major financial institution.

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

						Consolidated	
						12/31/15	
				Rates		Notional value	(Payables)/ receivables
Swap transaction	Contract date	Maturity	Counterparty	Assets	Liabilities	R$ thousand	R$ thousand
TR x CDI	6/25/14	6/15/21	Itaú Unibanco	TR variation + 9.5% p.a. coupon	98.8% of CDI variation	190,000	(19,609)

The amounts receivable are presented in the "derivative instruments – swap" account (note 12).

(iii) CDI x Fixed rate

Fleet rental contracts vary from 24 to 36 months and include an annual adjustment clause based on the inflation rate. As the rental contracts cannot be adjusted based on the basic interest rate variation, Localiza Fleet contracted swap operations exchanging the CDI rate for a fixed rate in order to protect itself from the risk of losing profitability on rental contracts and maintain its competitiveness.

On June 9, 2015, the Company settled in advance the six fixed-rate derivative contracts with a total notional amount of R$ 375,000.

As of June 29, 2015 Localiza Fleet entered into three swap derivative transactions (plain vanilla), by exchanging the CDI variation for a fixed rate, with a total notional amount of R$ 181,000.

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

						Parent company and Consolidated	
						12/31/15	
				Rates		Notional value	(Payables)/ receivables
Swap transaction	Contract date	Maturity	Counterparty	Assets	Liabilities	R$ thousand	R$ thousand
CDI x Fixed rate	6/29/15	4/4/16	Various banks	109.5% of CDI variation	15.5% p.a.	181,000 (*)	(144)

(*) The swaps short-position (fixed rate) corresponds to R$ 194,946 on December 31, 2015.

23. FINANCE LEASES

The wholly-owned subsidiary Localiza Fleet owns 15,946 fleet cars acquired under finance leases. These cars were accounted for as part of its property and equipment and are depreciated at an average rate of 11.9% per annum. The contracts have a 24-month term as from the delivery of the asset, a purchase option for the asset at the end of the lease term and incur interest at a fixed rate of 15.32% p.a.. The guaranteed net residual value will be paid after the end of the lease term.

On December 31, 2015, the net book values, by category of asset acquired under finance leases, were as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Property and equipment				
Cars	-	-	544,832	465,168
Hardware	3,952	5,051	3,952	5,051
Total property and equipment	**3,952**	**5,051**	**548,784**	**470,219**
Intangible assets				
Software	345	530	345	530
Total intangible assets	**345**	**530**	**345**	**530**
Total property and equipment and intangible assets	**4,297**	**5,581**	**549,129**	**470,749**

The reconciliation between total minimum future payments of finance leases and their present values, calculated based on the rates defined in the agreements, is as follows:

	Parent company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Minimum payments:				
Future amounts	2,970	4,439	370,697	335,394
Unappropriated interest	(283)	(485)	(36,269)	(33,832)
Present value	**2,687**	**3,954**	**334,428**	**301,562**

As of December 31, 2015, the maturities of the minimum future payments of finance leases and their respective present values were as follows:

	Parent company		Consolidated	
	Future payments	Present value	Future payments	Present value
Period after balance sheet date:				
Up to 12 months	1,736	1,485	280,407	250,005
Between 13 and 24 months	1,234	1,202	90,290	84,423
Total	**2,970**	**2,687**	**370,697**	**334,428**

No contingent payment is expected and the above mentioned operations cannot be sub-leased.

Certain covenants similar to those determined in the 6th issue of debentures apply to these transactions, except for the financial ratios, which are not applicable to these transactions.

24. RENTAL COMMITMENTS

(a) Property rentals

The Company has property lease contracts for its car rental locations located in airports, off-airports (downtown locations), stores and parking lots.

Property rentals for the car rental locations in airports and shopping malls have a fixed and a variable portion, the latter linked to the branch's revenue. The other property rentals for car rental locations, stores and parking lots do not have contingent payment agreements.

In the year ended December 31, 2015, these rental expenses totaled R$ 126,874 (R$ 120,528 as of December 31, 2014) in the Consolidated.

The minimum amounts payable for the remainder of the leases contracted up to December 31, 2015 are as follows:

Years	Concessions in airports	Downtown locations, stores and parking lots	Total
2016	24,145	78,207	102,352
2017	18,535	68,278	86,813
2018	14,738	60,005	74,743
2019	10,767	47,407	58,174
2020	7,927	38,158	46,085
2021 and onwards	14,094	78,583	92,677
Total	**90,206**	**370,638**	**460,844**

(b) Minimum guaranteed revenue from fleet rental

The minimum guaranteed amounts of fleet rentals to be received by the wholly-owned subsidiary Localiza Fleet are as follows:

Years	Revenue
2016	501,633
2017	304,062
2018	98,865
2019	7,052
Total	**911,612**

25. PENSION PLAN

Since August 2011, the Company has had a Pension Plan to supplement official social security benefits. This plan is established as a "defined contribution" and is managed by a major independent pension fund manager.

Because the Pension Plan was established as a defined contribution plan, there are no actuarial and investment risks to be assumed by the Company as its sponsor. Consequently, no actuarial valuation is required and there is no possibility of recognizing actuarial gains or losses. Under this plan's regulations, the cost is shared between the employer and the employees, where the Company matches the employee's contribution, which varies according to a contribution scale based on salary ranges, from 1% to 5% of the employee's compensation.

In July 2012, the Company signed the Addendum to the Collective Open Pension Plan PGBL, under which additional contributions will be made to Executive Officers who are or have been Statutory Officers, who have worked for the Company for over 20 years, and who have a few years until retirement. The purpose of these contributions is to ensure that these Officers will continue to provide their services and remain with the Company until retirement, and is conditional on their not competing with the Company after retirement.

The adhesion to the amended plan is optional for an Eligible Officer who accepts the conditions established, especially staying with the Company until retirement and not competing for five years counted as from leaving the Company. Therefore, throughout this period, the eligible officers undertake not to compete, directly or indirectly with Localiza or other group companies, nor contribute to competition by third parties, either in Brazil or abroad, and to abstain from the following activities, among others: (i) provide services as an officer, employee, manager, consultant; or (ii) finance, support technically, encourage or provide technical expertise.

After leaving the Company, and having complied with the aforementioned conditions, the Eligible Officer who adheres to the plan will receive the amounts to which he/she will be entitled in four annual and consecutive installments, the first payment being made immediately after separation. In addition, it is made clear that the Eligible Officer declares that he/she is aware that noncompliance with any of the established obligations will result in the immediate suspension of the credit and release of the remaining Pension Plan installments, and the Eligible Officer will immediately reimburse all Pension Plan installments already credited, released or received, duly adjusted based on the IPCA variation, without detriment to other legal penalties or civil responsibility indemnities for the damages caused.

As of December 31, 2015, contributions made by the Company totaled R$ 4,672 in the parent company and R$ 5,663 in the consolidated financial statements, which were allocated to "Cost", "Selling expenses" and "General, administrative and other expenses" in the income statement.

Due to the competitive environment and the political and economic fragility of Brazil, the Company has defined actions to contain costs and expenses, including the suspension of the Company's contribution to the pension plan for its employees from January 1, 2016 for an undetermined term.

26. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements have been approved and authorized for disclosure by the Executive Board on March 3, 2016.

27. EVENTS AFTER THE REPORTING PERIOD

On January 8, 2016, Localiza issued the 10th debentures issuance, under the terms of CVM Instruction 476, amounting R$ 200,000, for a final term of five years.

MANAGEMENT'S STATEMENT ON THE FINANCIAL STATEMENTS

The CEO, CFO and Investor Relations Officer and other Statutory Executive Officers of Localiza Rent a Car S.A. ("Localiza"), a publicly-held company headquartered at Avenida Bernardo Monteiro, 1563, in Belo Horizonte, Minas Gerais, Corporate Taxpayer 16.670.085/0001-55, in conformity with subsection VI, article 25 of CVM Instruction 480, of December 7, 2009, hereby declare that they have:

i. reviewed, discussed and approved Localiza's financial statements for the year ended December 31, 2015.

Belo Horizonte, March 3, 2016

Eugênio Pacelli Mattar CEO	Roberto Antônio Mendes CFO and Investor Relations Officer
Eugênia Maria Rafael de Oliveira Statutory Executive Officer	Marco Antônio Martins Guimarães Statutory Executive Officer
Bruno Moreira de Andrade Statutory Executive Officer	Edmar Vidigal Paiva Statutory Executive Officer

MANAGEMENT'S STATEMENT ON THE INDEPENDENT AUDITOR'S REPORT

The CEO, CFO and Investor Relations Officer and other Statutory Executive Officers of Localiza Rent a Car S.A. ("Localiza"), a publicly-held company headquartered at Avenida Bernardo Monteiro, 1563, in Belo Horizonte, Minas Gerais, Corporate Taxpayer 16.670.085/0001-55, in conformity with subsection V, article 25 of CVM Instruction 480, of December 7, 2009, hereby declare that they have:

i. reviewed, discussed and agreed with the opinions expressed in the Independent Auditor's Report of PricewaterhouseCoopers Auditores Independentes on Localiza's financial statements for the year ended December 31, 2015.

Belo Horizonte, March 3, 2016

Eugênio Pacelli Mattar CEO	Roberto Antônio Mendes CFO and Investor Relations Officer
Eugênia Maria Rafael de Oliveira Statutory Executive Officer	Marco Antônio Martins Guimarães Statutory Executive Officer
Bruno Moreira de Andrade Statutory Executive Officer	Edmar Vidigal Paiva Statutory Executive Officer

STATEMENT OF THE MINUTES OF THE MEETING OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

LOCALIZA RENT A CAR S.A.
National Corporate Taxpayers' Registry (CNPJ) 16.670.085/0001-55
NIRE 3130001144-5

Statement of the Audit, Risk and Compliance Management Committees Meeting
held on March 2, 2016 at 9 am, at the Company's headquarters

Attendance: Meeting held through a conference call, which involved the following members of the Audit, Risk Management and Compliance Committee: Oscar de Paula Bernardes Neto – Coordinator, Flávio Brandão Resende and Walmir Bolgheroni – Partner of Deloitte Touche Tohmatsu Auditores Independentes and Accounting Advisor of the Committee. Invited: Salim Mattar, Chairman of the Board of Directors and Roberto Mendes, Finance Director and Investor Relations Officer (CFO). Justified absence of member and director Stefano Bonfiglio.

Matters discussed and manifestations of the Committee:

1. The Committee considered and was in favor of the Management Report for the 2015 financial year.

2. The Committee apprised and was in favor of: i) the parent company and consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and in accordance with accounting practices adopted in Brazil for the years 2015 and 2014; ii) the Independent Auditor's Report, without qualifications, on the parent company and consolidated financial statements for 2015; iii) the proposal for the allocation of profits and dividends of the Company for the year 2015.

3. The Committee met with the independent auditors of PricewaterhouseCoopers – CRC2SP000160/O-5"F"MG, represented by the partner Mr. Guilherme Campos, CRC-1SP218254/O-1"S"MG. Mr. Guilherme Campos presented the audit work related to the financial statements referred to in items 1 and 2 above and presented the Independent Auditor's Report, to be issued without qualifications. In addition, the auditors reported that the following had not occurred: i) any material disagreement between the judgment of the audit team and that of the management; ii) difficulties encountered in performing the audit; and iii) discussion about alternative accounting treatments. The members of the Audit Committee had a closed meeting with the auditors, without the presence of management's members, having no relevant points to be reported.

The full text of the minutes of the meeting of the Audit, Risk Management and Compliance Committee, held on March 2, 2016, is filed at the Company's headquarters.

Edmar Vidigal Paiva
Secretary of the Audit, Risk Management and
Compliance Committee

COMMENTS ON THE BEHAVIOR OF BUSINESS PROJECTIONS

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

Of the total estimated for the purchase of cars in 2015, the purchase of about 7,600 cars, which was expected to occur in the 1st quarter of 2015, was anticipated to December 2014 and, in 2015, 64,032 cars were purchased, totaling 71,632 cars. The number of cars purchased was about 3% below the initial expectations, in line with the purchase flexibility negotiated with manufacturers.

No projection was disclosed by the Company for the 2016 fiscal year.

CEO's message

2015 was another very negative year for Brazil: the deep deterioration of the macroeconomic environment in the country lead to a sharp drop in consumer demand and confidence. The combination of a series of simultaneous negative indicators, such as the drop in GDP, above-target inflation, currency devaluation, rising interest rates and high fiscal deficit even resulted in the loss of the sovereign investment grade.

Anticipating these challenges, the Company was prudent and decided to capitalize in the past years, taking advantage of the good results and paying minimum dividends. We have also been sighted to adapt the cash and the debt profile to go through the next years without major fund raising in a possibly more adverse credit and costs period.

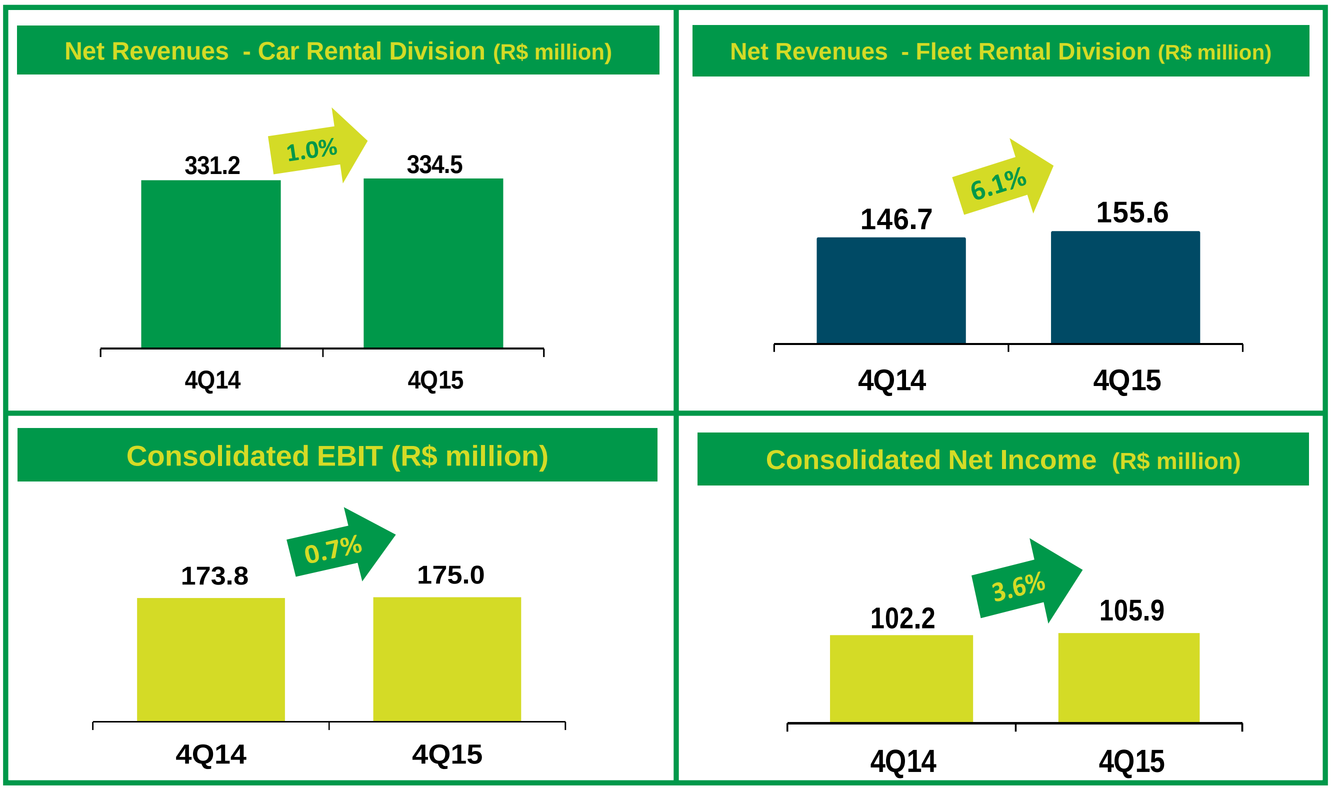
Despite the unfavorable macroeconomics and more aggressive competitive environment, the Company progressed significantly in 2015. We strengthened our capabilities and commercial tools and innovated to differentiate our customer's experience when renting a car. The increase in car rental for leisure segment offset the drop in business demand, which was affected by the fall in GDP and, even is a recessive scenario, we grew the Company's rental volumes.

In 2016, we hope to increase our clients' experience differentiation from competitors and maximize operations and sales synergies of the car and fleet rental businesses. Due to the weakening of cars purchase and sale market we will strengthen the current sales channels to ensure our historical efficiency in the management of fleet renewal.

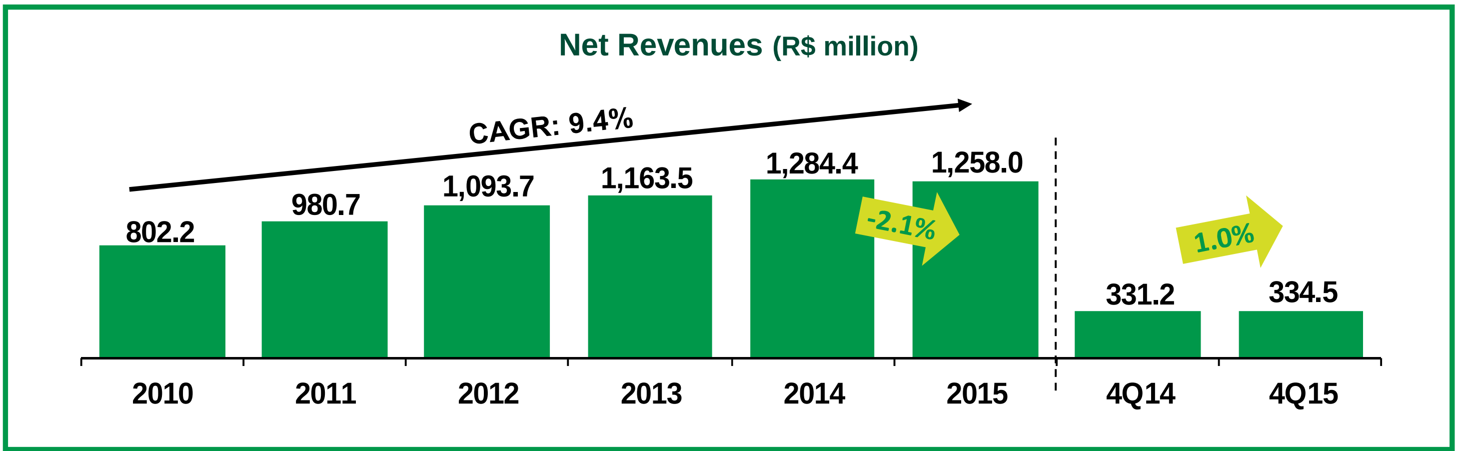
The Company's has in its DNA a high level of requirements with performance, growth and value creation. We are committed to align, mobilize and inspire the team towards our goals and aspirations.

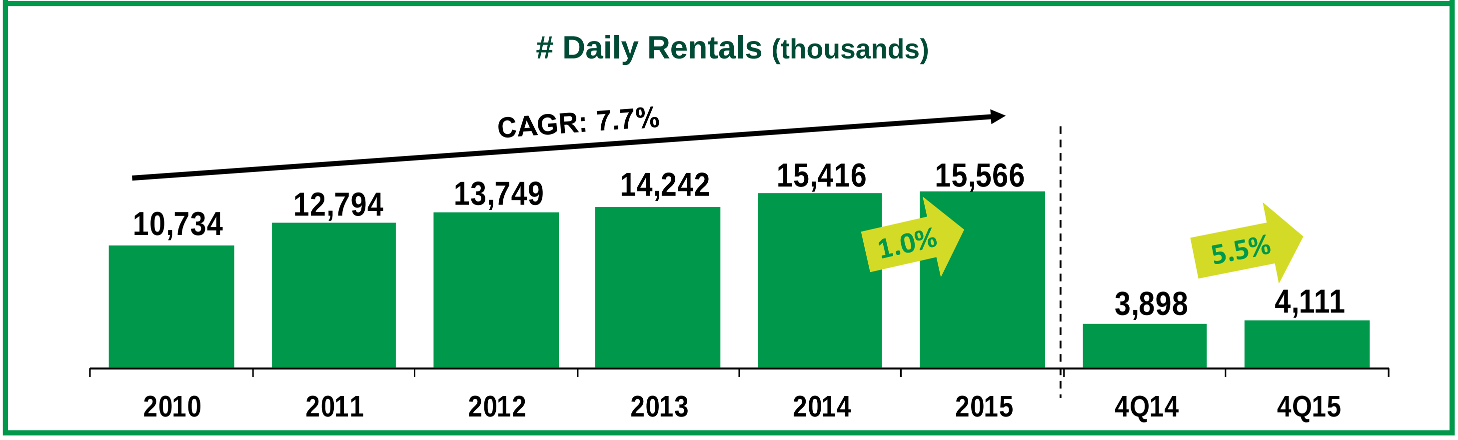
We expect to overcome the market challenges through our soundness and strengthening our management and leave the current cycle with an even stronger competitive position, properly balancing market share gains with value creation for shareholders.

Eugênio Mattar – CEO



1 – Car Rental



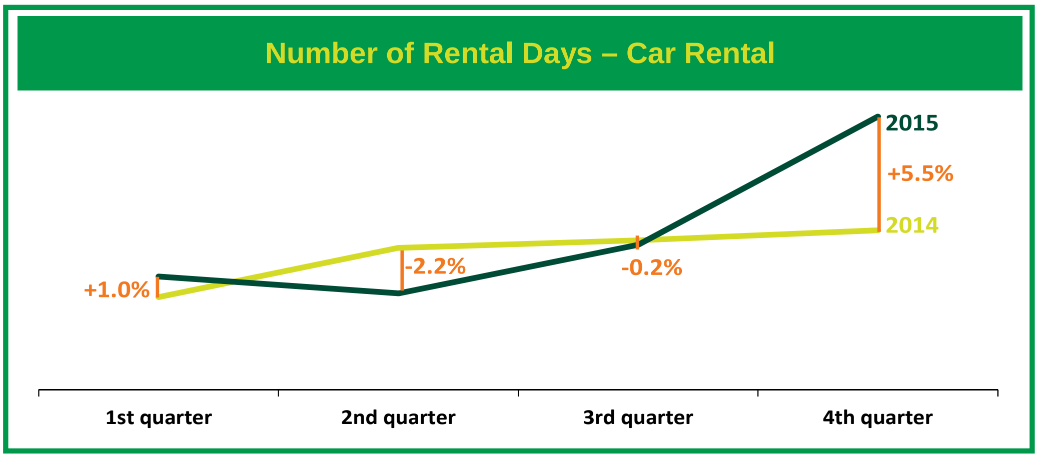


Car Rental Division's net revenues grew 1.0% in 4Q15 when compared with 4Q14 due to an increase of 5.5% in volume that was partially compensated by 4.8% decrease in the average rental rate.

In 2015, net revenues were 2.1% lower due to a 3.6% drop in the average rental rate partially compensated by an increase of 1.0% in the daily rental volume, when compared with 2014.

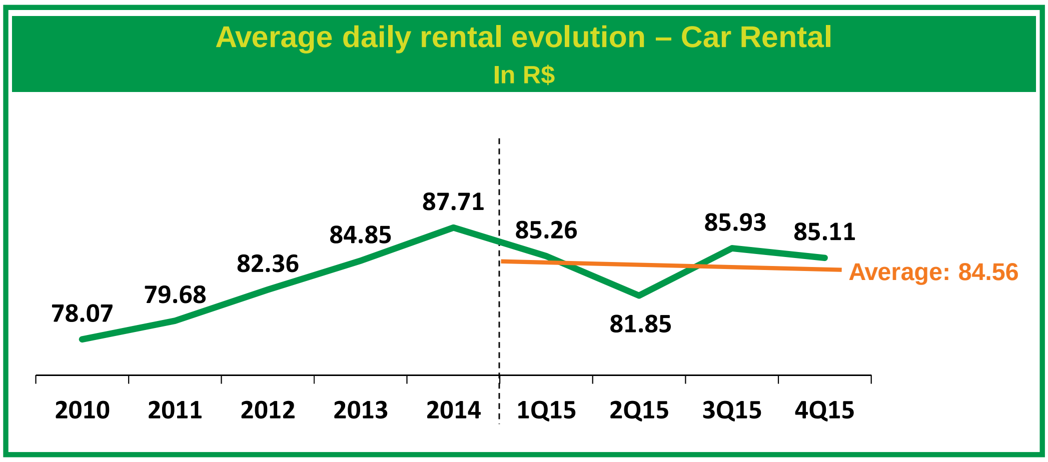
In the current macroeconomic and competitive environment, investments in business intelligence and promotional rates contributed to stimulate demand in the leisure segment, which offset the drop in those corporate segments that are more sensitive to the adverse economic scenario.

The result of such strategy started to be noticed in 3Q15, keeping the pace in 4Q15, with 5.5% volume growth compared with 4Q14.

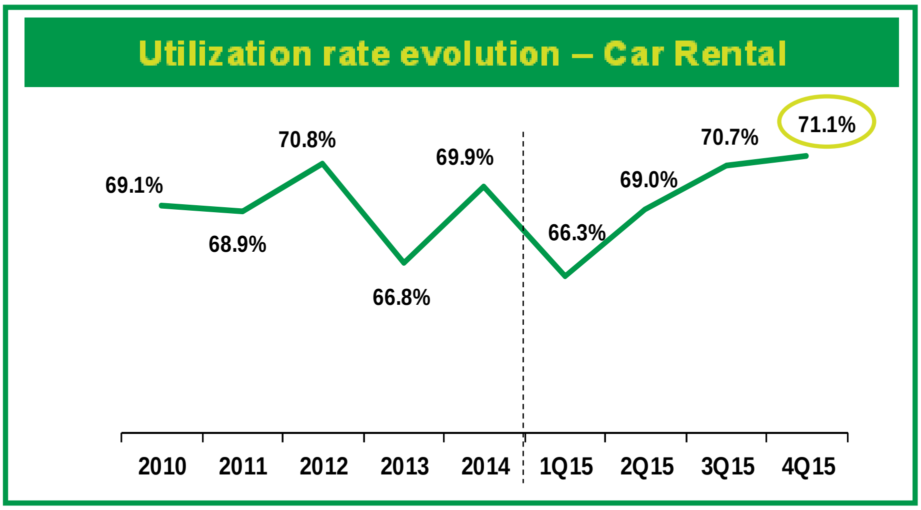


1 – Car Rental

The volume growth in 4Q15 without significant reduction in the average rental rate of 3Q15 reinforces our goal of capturing market opportunities through commercial intelligence.

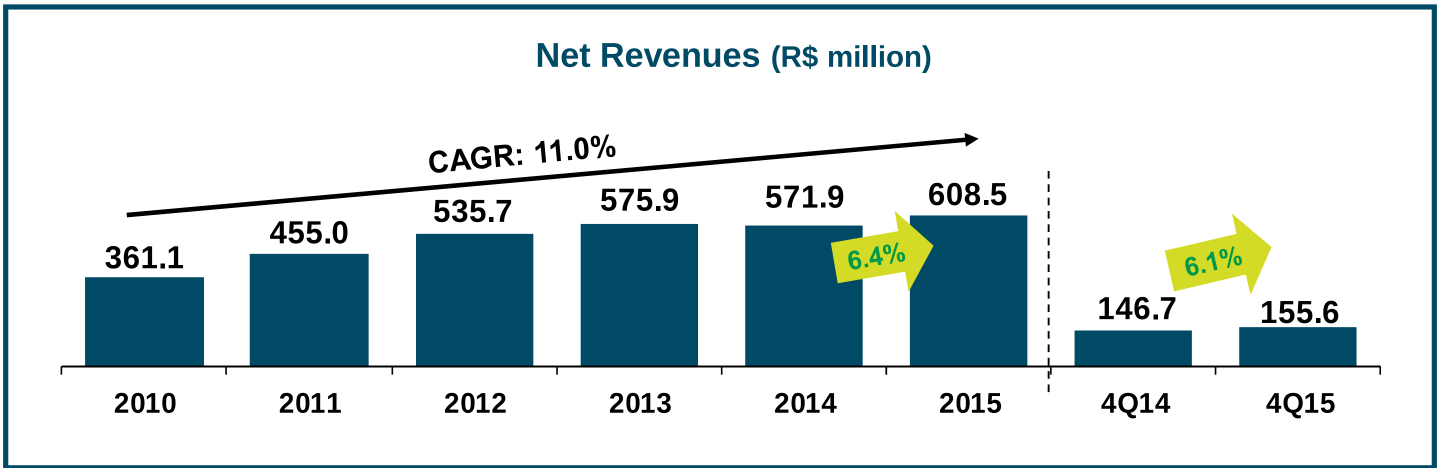


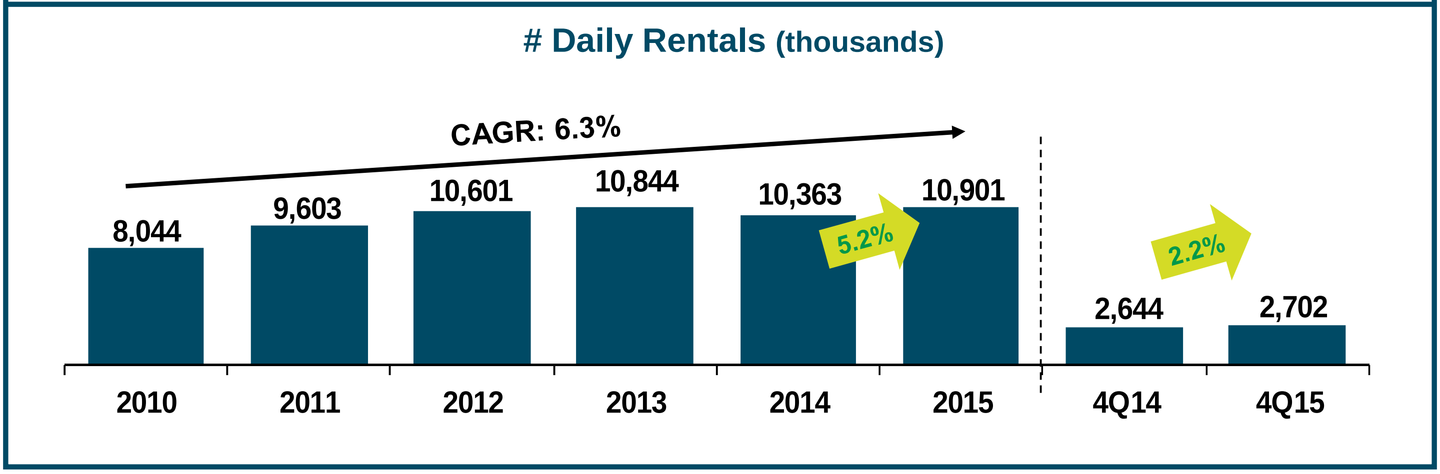
The pricing intelligence, combined with the cars' purchase and sales process, resulted in an increase of utilization rate throughout the year in the **Car Rental Division**, reaching 71.1% in the 4Q15, the highest rate of the last 7 quarters.



In 2015 the Company was awarded with the prize:" Época Reclame Aqui: the best companies for the consumer", confirming its focus on quality and customer satisfaction.

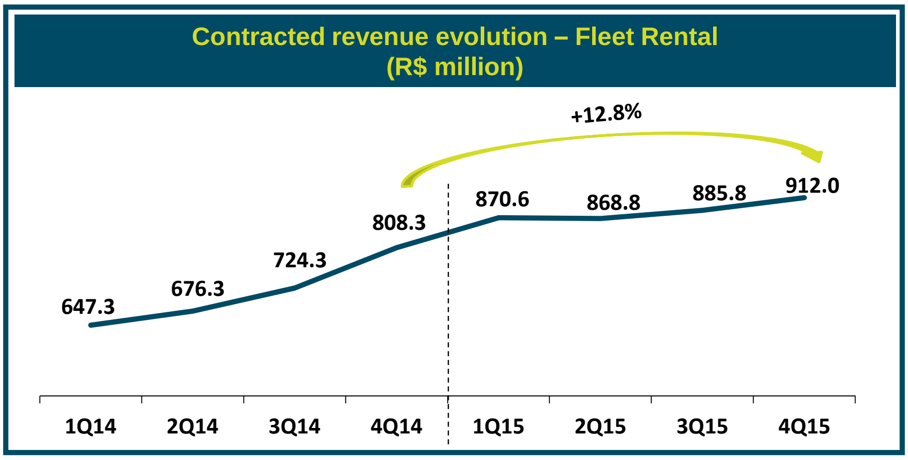
2 – Fleet Rental





In 4Q15, net revenues in **Fleet Rental Division** grew 6.1% when compared with 4Q14, due to an increase of 2.2% in daily rental volumes, 1.4% in the average rental rate and sales taxes reduction.

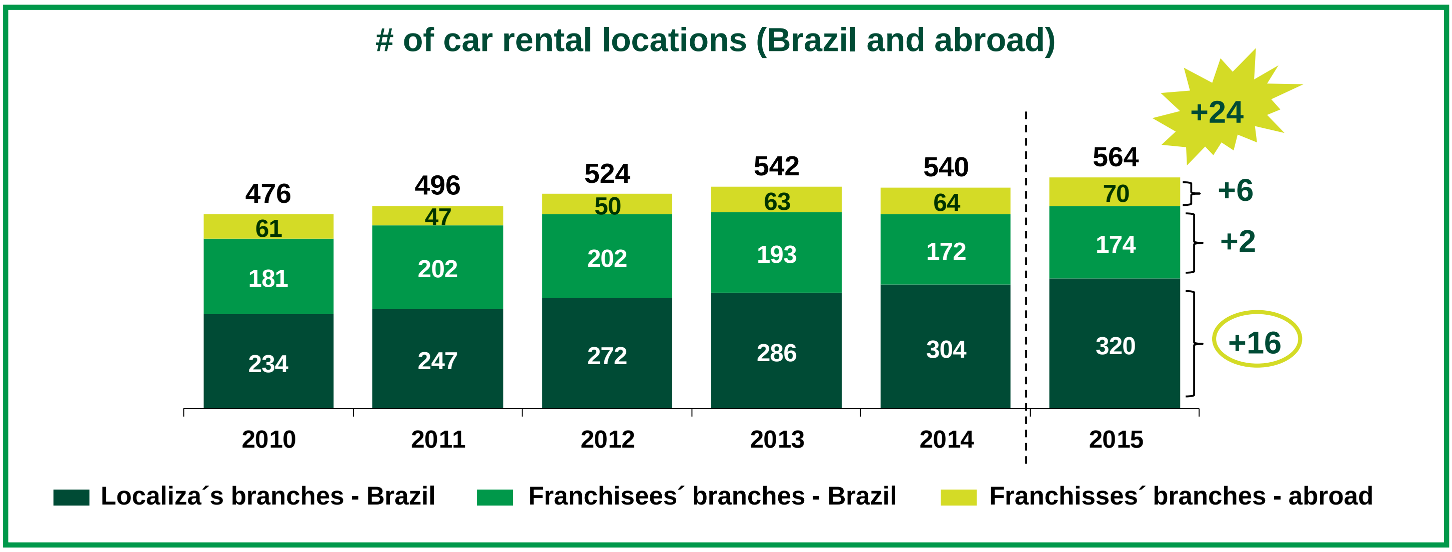
Net revenues grew 6.4% in **Fleet Rental Division** in 2015, when compared with 2014, mainly due to an increase of 5.2% growth in daily rental volume.



The contracted revenue growth reflects the commercial policy and the extension of contracts' term.

3 – Distribution network

3.1 – Car rental

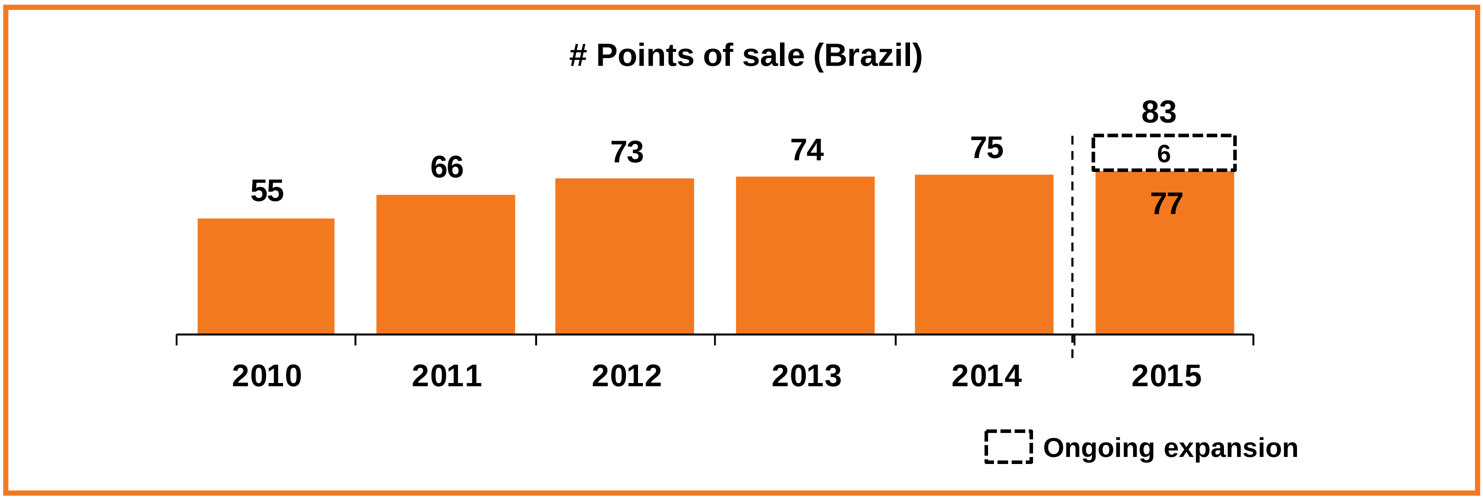


In 2015 the number of owned branches was increased by 16 locations, from 304 by the end of 2014 to 320. In 4Q15, 6 new owned locations were inaugurated. The franchised network also increased in 2015: 2 locations in Brazil and 6 in foreign countries.

The selective growth in the number of locations helps to strengthen our dominant geographical position, increasing the potential market.

Therefore, by December 31, 2015, Localiza's system totaled 564 branches in Brazil and 7 other South American countries.

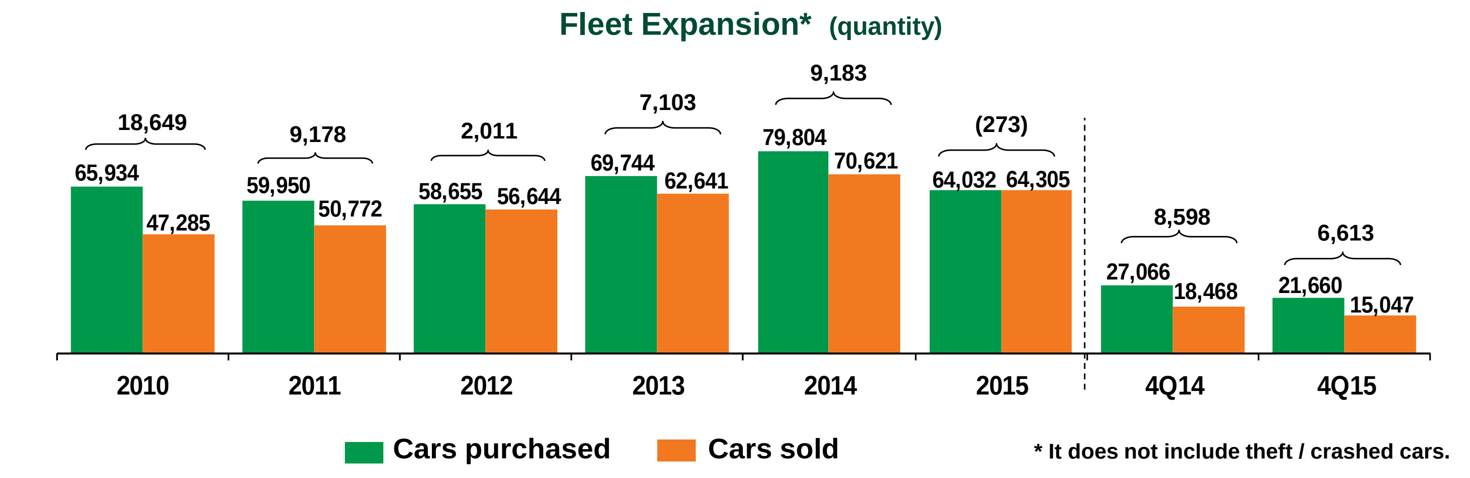
3.2 – Seminovos

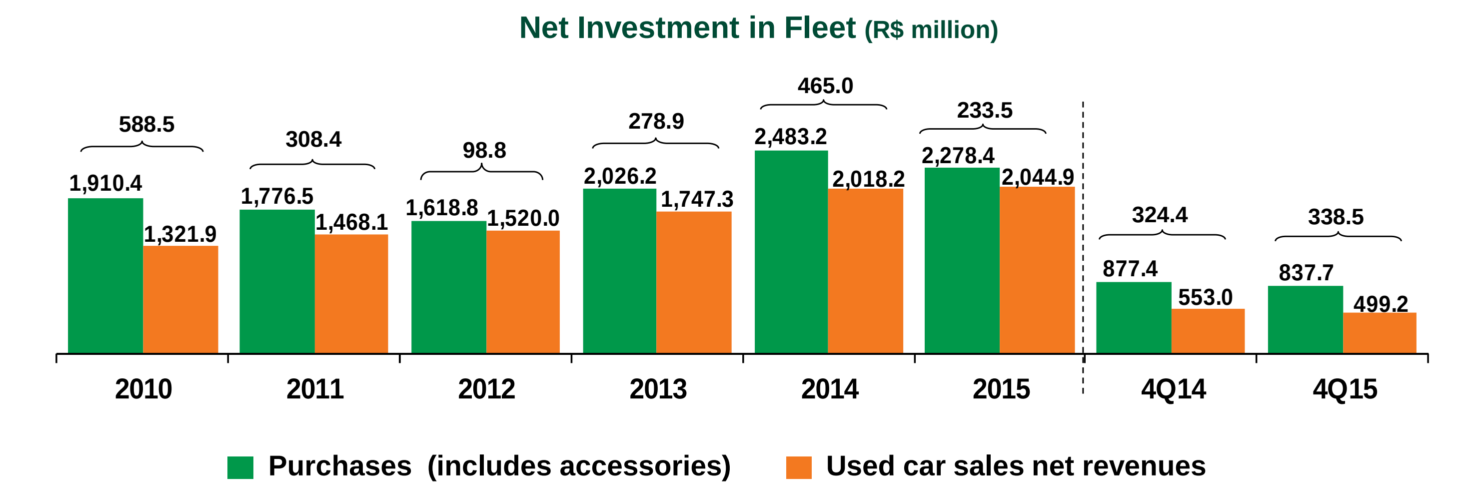


Seminovos network continues to expand in line with the need for fleet renewal aiming at expanding its sales capacity.

4 – Fleet

4.1 – Net investment in the fleet





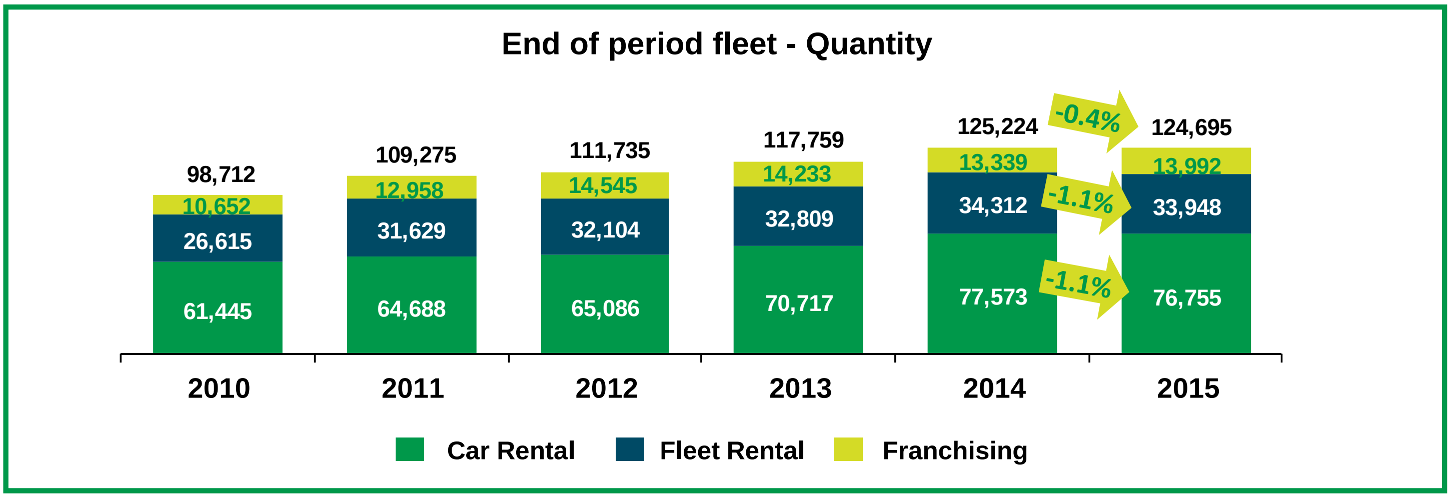
In 4Q15, 21,660 cars were bought and 15,047 were sold, representing a net investment of R$338.5 million.

In 4Q15, **Car Rental Division** launched Localiza Prime, a new category of cars offered to the customers which includes the BMW 320i and the Volvo S60 models in its fleet mix. The 26.0% increase in the average price of cars purchased was due to: (i) the inclusion of these two luxury models in the fleet mix, (ii) concentration in more expensive cars acquisition in the last quarter and (iii) an increase in the price of new cars.

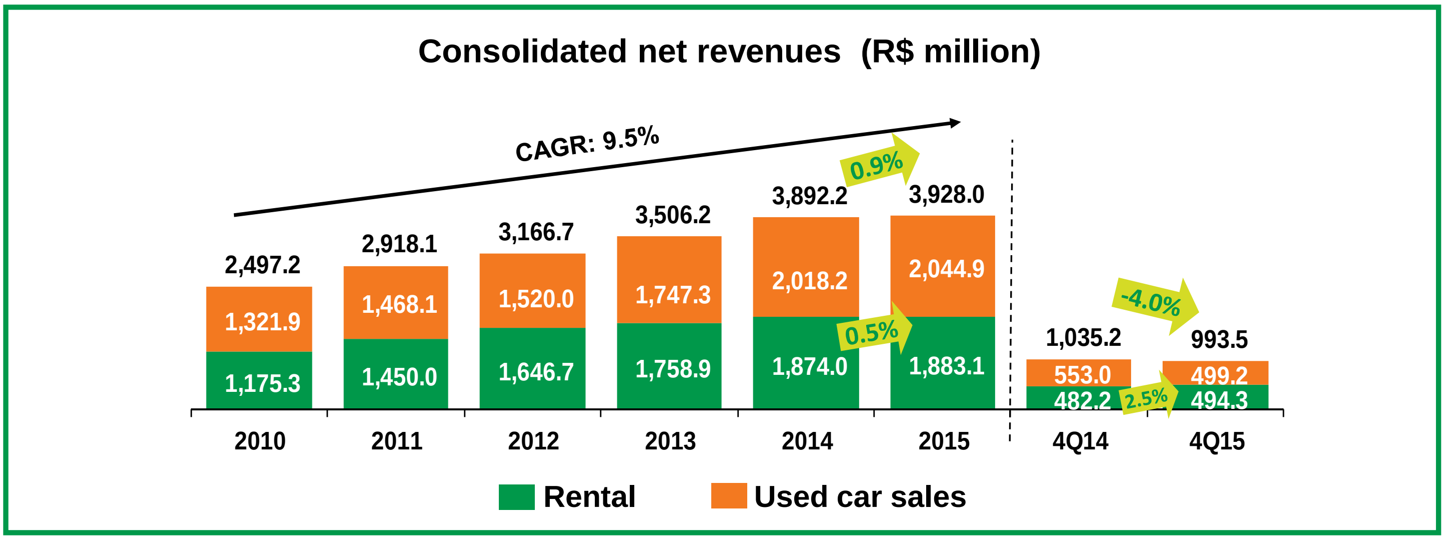
Car Rental Division	4Q14	4Q15	% Var.
Average price of cars purchased (R$ thousand)	30.8	38.8	26.0%

The expansion of the fleet mix aims at addressing a diverse portfolio of clients and contributes to Localiza's premium position.

4.2 – End of period fleet



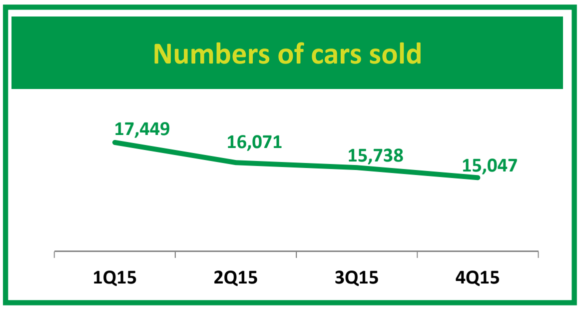
5 – Net revenues - consolidated

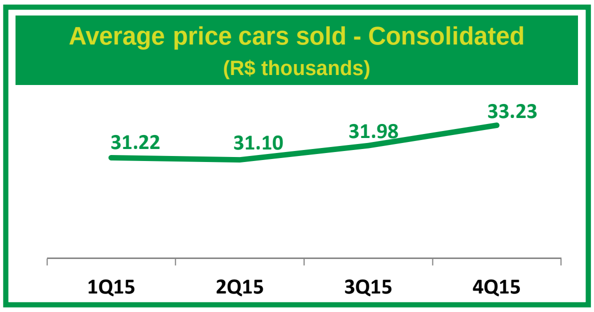


In 2015, rental net revenues grew by 0.5% compared with 2014. The decrease of 2.1% in revenues from **Car Rental Division** was compensated by a 6.4% increase in **Fleet Rental Division**.

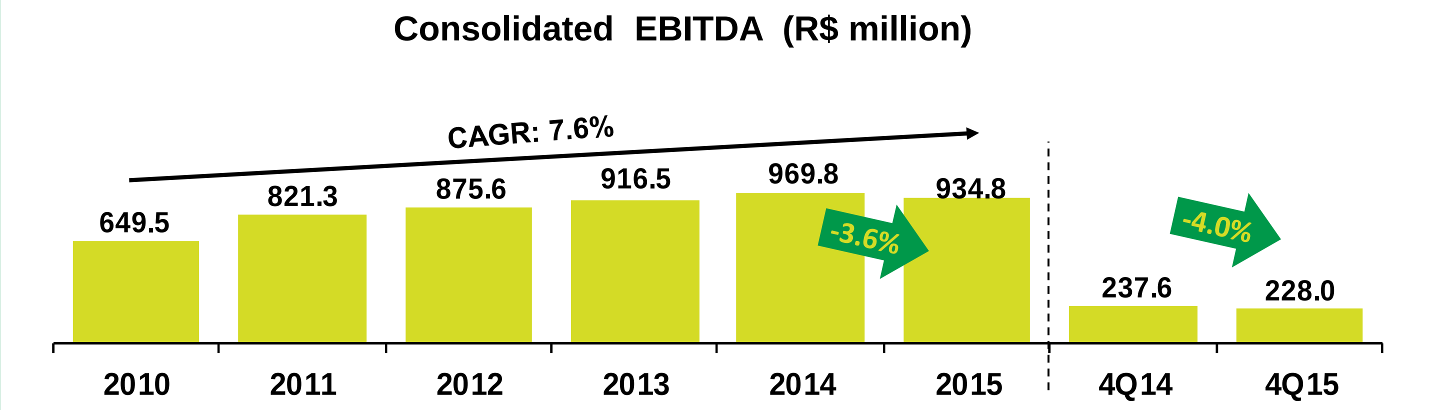
Net revenue from **Seminovos** increased 1.3% in 2015 when compared with 2014. The number of cars sold this year was 8.9% lower than the previous year's and the average selling price was 11.2% higher due to inflation in new car prices and the car sales mix.

The used cars sales volumes remained at a level close to 5 thousand cars per month in 4Q15 and the average selling price remained on an upward trend. By the end of 2015, the total number of cars at the car sales stores was less than the equivalent to one month of sales. In 2016 the opening of new **Seminovos** stores and other initiatives will help supporting the fleet renewal needs.





6 – EBITDA



Divisions	2010*	2011*	2012	2013	2014**	2015	4Q14	4Q15
Car Rental	45.3%	46.9%	40.9%	36.8%	38.7%	31.8%	37.1%	30.2%
Fleet Rental	68.0%	68.6%	66.4%	65.5%	60.0%	62.2%	55.5%	64.0%
Rental Consolidated	52.3%	53.8%	49.3%	46.5%	45.3%	41.7%	42.6%	40.8%
Used Car Sales	2.6%	2.8%	4.2%	5.7%	6.0%	7.3%	5.8%	5.2%

(*) Up to 2011, accessories and freight of new cars were recorded as permanent assets and depreciated over the cars' useful life. From 2012 on, such values have been registered directly in the cost line, reducing EBITDA and depreciation costs.
(**) It considers the new appropriation criteria of the overhead, which is also appropriated to Seminovos.

Consolidated EBITDA totaled R$228.0 million in 4Q15, 4.0% lower than same period last year.

In the **Car Rental Division**, EBITDA margin was 30.2% in 4Q15, a drop of 6.9p.p when compared with 4Q14.

As part of the operational efficiency improvement and cost management program, this quarter was impacted in R$2.1 million due to labor terminations costs.

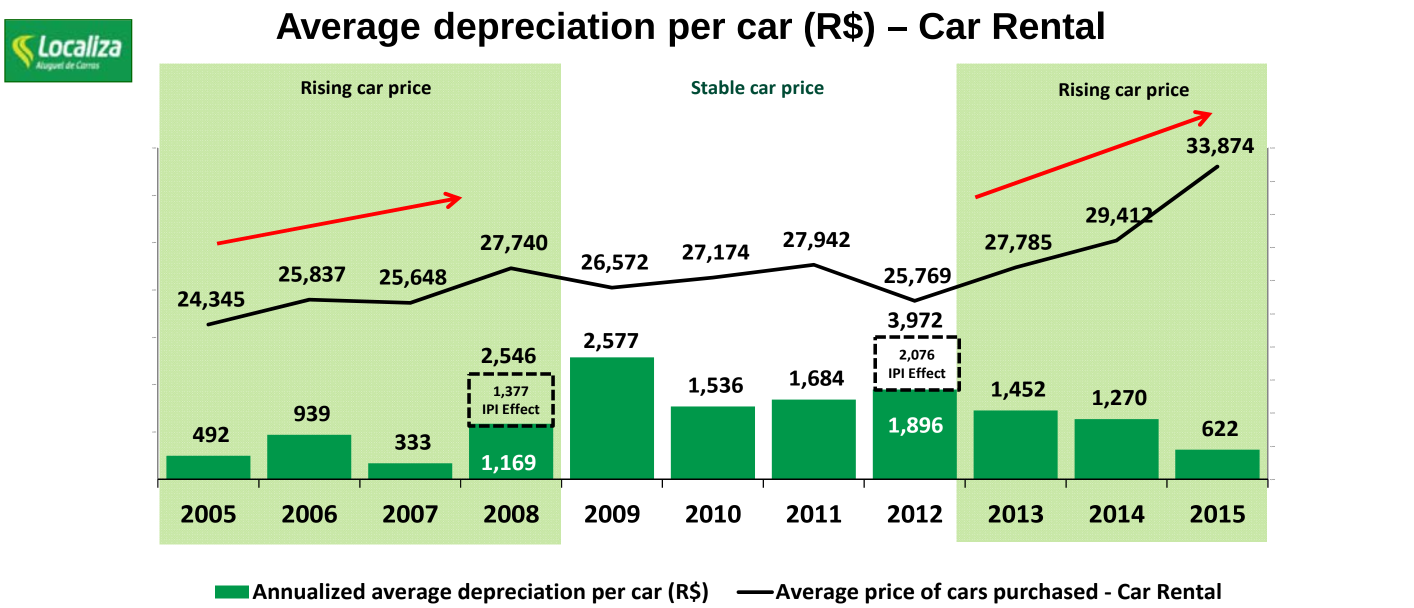
In the **Fleet Rental Division**, EBITDA margin was 64.0% in 4Q15, an increase of 8.5p.p. when compared with 4Q14. That quarter, margin was negatively impacted by strategic consultancy expenses, freight and accessories costs and a provision complement related to profit sharing.

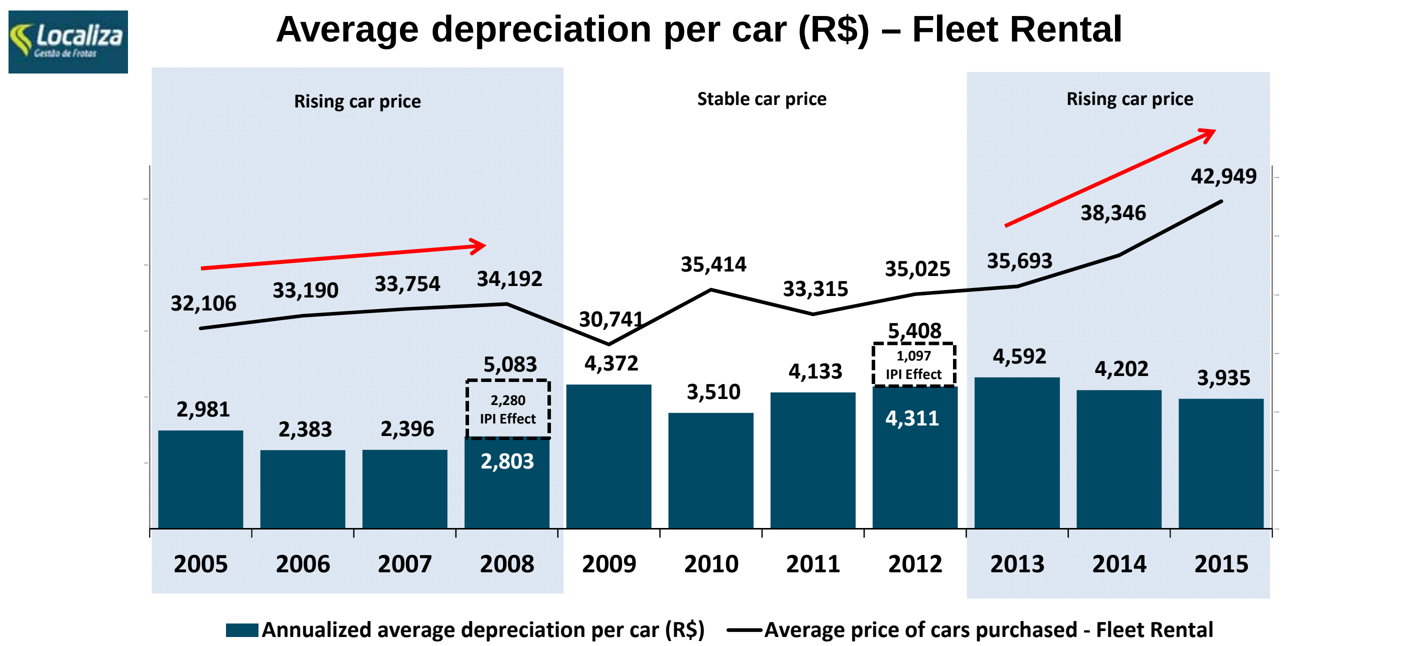
The increase in the **Fleet Rental Division** margins demonstrates its competitive intelligence in a segment with lower entry barriers.

The EBITDA margin of **Seminovos** was 5.2% in 4Q15. This margin is a result of the higher Seminovos car sales prices due to the recent OEM's practices of new car prices increase that reflect in the used car price.

The decrease of R$35.0 million in 2015 EBITDA was more than offset by the depreciation reduction of R$43.8 million.

7 – Depreciation





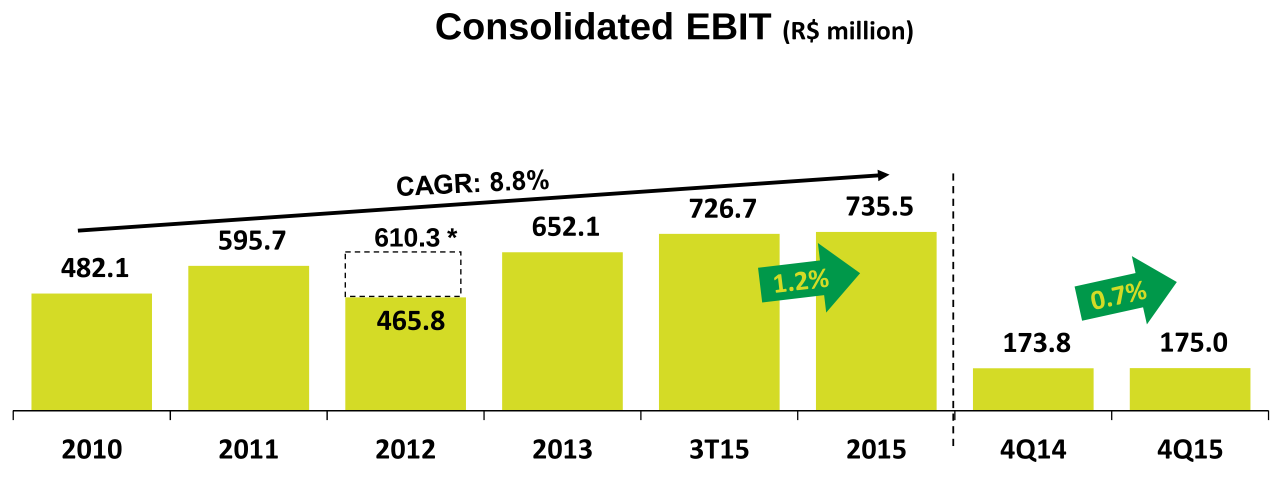
In 2015, the annual depreciation per car in the **Car Rental Division** was R$622.1, 51.0% lower than 2014 which was R$1,270.0, in line with Management expectation.

In the **Fleet Rental Division** annual depreciation per car in 2015 was R$3,935.2, a decrease of 6.4% comparing with 2014 depreciation.

The reduction of depreciation expense is a result of the increase in new cars prices due to inflation, reinstatement of the IPI tax and the increase of industry costs which ends up reflecting in a higher used car price. The extension of contracts term of **Fleet Rental Division** also contributed to depreciation reduction.

The average purchasing price of cars in the year was impacted by both the increase in new cars price and the change in the fleet mix.

8 – EBIT



*2012 EBIT was impacted by R$144.5 million of additional depreciation related to IPI (sales tax) reduction.

EBIT margin calculated on rental revenues:

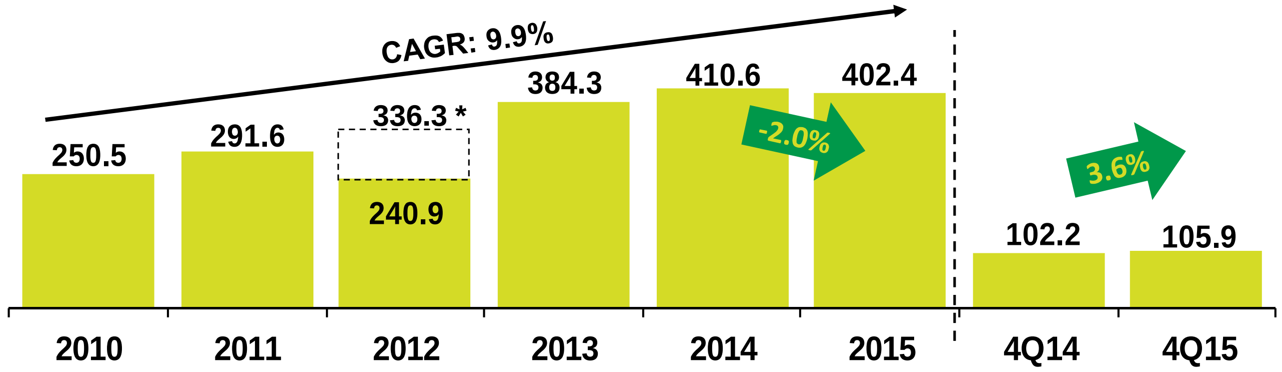
Divisions	2010	2011	2012	2013	2014	2015	4Q14	4Q15
Car Rental	38.5%	38.8%	23.7%	32.8%	36.2%	34.3%	34.9%	28.7%
Fleet Rental	46.2%	45.6%	36.9%	45.1%	44.3%	48.9%	38.9%	49.9%
Consolidated	41.0%	41.1%	28.3%	37.1%	38.8%	39.1%	36.0%	35.4%

Even in the adverse scenario of 2015 Localiza presented R$1.2 million growth in EBIT in 4Q15 when compared with the same period last year.

The 4Q15 EBIT margin of **Car Rental Division** was 28.7%, 7.3p.p. below 3Q15's. This decrease is mainly due to a car depreciation adjustment that occurred in 4Q15 in order to reflect the expectation of a more challenging environment in the Seminovos cars sales.

9 – Consolidated net income

Consolidated net income (R$ million)



* Pro forma 2012 net income excluding additional depreciation related to the IPI tax reduction, net of income tax.

Reconciliation EBITDA x Net income	2010	2011	2012	2013	2014	2015	Var. R$	Var. %	4Q14	4Q15	Var. R$	Var. %
Consolidated EBITDA	649.5	821.3	875.6	916.5	969.8	934.8	(35.0)	-3.6%	237.6	228.0	(9.6)	-4.0%
Cars depreciation	(146.3)	(201.5)	(232.4)	(229.0)	(207.4)	(163.6)	43.8	-21.1%	(54.8)	(44.0)	10.8	-19.7%
Cars additional depreciation – IPI effect	-	-	(144.5)	-	-	-	-	-	-	-	-	-
Other property depreciation and amortization	(21.1)	(24.1)	(32.9)	(35.4)	(35.7)	(35.7)	-	-	(9.0)	(9.0)	-	-
Financial expenses, net	(130.1)	(179.0)	(138.7)	(110.6)	(151.1)	(202.7)	(51.6)	34.1%	(31.6)	(43.5)	(11.9)	37.7%
Income tax and social contribution	(101.5)	(125.1)	(135.3)	(157.2)	(165.0)	(130.4)	34.6	-21.0%	(40.0)	(25.6)	14.4	-36.0%
Income tax and social contribution – IPI effect	-	-	49.1	-	-	-	-	-	-	-	-	-
Net income of the period	250.5	291.6	240.9	384.3	410.6	402.4	(8.2)	-2.0%	102.2	105.9	3.7	3.6%

Net income reached R$105.9 million in 4Q15, 3.6% increase compared to 4Q14, due to:

- R$10.8 million decrease in cars depreciation.

- R$11.9 million increase in net financial expenses, due to:
  (i) increase of the basic interest rate (SELIC) that moved from 11.75% (4Q14) to 14.25% (4Q15);
  (ii) R$1.9 million debit of PIS/COFINS taxes over financial income;
  (iii) R$253.8 million increase in the average net debt; and
  (iv) R$9.9 million revertion of mark to market related to currency swap contract.

- R$14.4 million decrease of income tax due to the increase in TJLP (long term interest rate) which impacted the amount of interest on capital and the increase in the equity base used in the calculation.

For the year, the net income dropped R$8.2 million compared with 2014's. The EBITDA decrease of R$35.0 million was more than offset by the reduction of R$43.8 million in cars depreciation. The increase in financial expense of R$51.6 million was partially offset by the R$34.6 million decrease in income tax and social contribution expenses.

10 – Free cash flow (FCF)

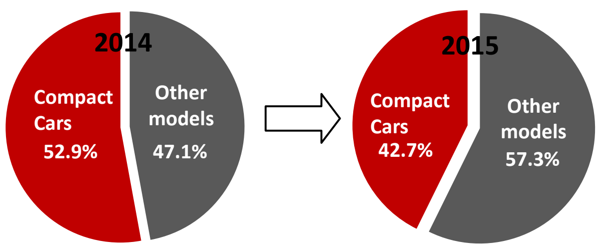
	Free cash flow - R$ million	2010	2011	2012	2013	2014	2015
Operations	EBITDA	649.5	821.3	875.6	916.5	969.8	934.8
	Used car sale revenue, net from taxes	(1,321.9)	(1,468.1)	(1,520.0)	(1,747.3)	(2,018.2)	(2,044.9)
	Depreciated cost of cars sold (*)	1,203.2	1,328.6	1,360.2	1,543.8	1,777.0	1,769.1
	(-) Income tax and social contribution	(57.8)	(83.0)	(100.9)	(108.5)	(113.1)	(110.7)
	Change in working capital	54.5	(83.9)	37.1	2.9	(27.1)	(30.0)
	Cash generated by rental operations	527.5	514.9	652.0	607.4	588.4	518.3
Capex - Renewals	Used car sale revenue, net from taxes	1,321.9	1,468.1	1,520.0	1,747.3	2,018.2	2,036.3
	Fleet renewal investment	(1,370.1)	(1,504.5)	(1,563.3)	(1,819.7)	(2,197.7)	(2,278.4)
	Net investment for fleet renewal	(48.2)	(36.4)	(43.3)	(72.4)	(179.5)	(242.1) A
	Fleet renewal – quantity	47,285	50,772	56,644	62,641	70,621	64,032
	Investment, other property and intangibles investments	(50.6)	(59.9)	(77.8)	(47.5)	(46.3)	(29.7)
	Free cash flow before growth, new headquarters and interest	428.7	418.6	530.9	487.5	362.6	246.5
Capex - Growth	Fleet growth (investment)	(540.3)	(272.0)	(55.5)	(209.4)	(286.8)	8.6
	Change in accounts payable to car suppliers	111.3	32.7	(116.9)	89.7	334.4	(121.2) B
	Fleet growth	(429.0)	(239.3)	(172.4)	(119.7)	47.6	(112.6)
	Fleet increase / (reduction) – quantity	18,649	9,178	2,011	7,103	9,183	(273)
	Free cash flow after growth, and before interest and new HQ	(0.3)	179.3	358.5	367.8	410.2	133.9
Capex – HQ	Investment in the construction of the new HQ	(0.5)	(3.1)	(2.4)	(6.5)	(55.7)	(123.3)
	Marketable securities – new HQ	-	-	-	-	(92.6)	92.6
	New headquarters construction	(0.5)	(3.1)	(2.4)	(6.5)	(148.3)	(30.7)
	Free cash flow before interest	(0.8)	176.2	356.1	361.3	261.9	103.2

(*) without the technical discounts reduction up to 2010 (see Glossary)

A

The portion of compact cars in the fleet was reduced by 10.2p.p. in 2015. Such mix change caused the increase in net capex for renewal since the mix of cars sold did not reflect this change yet. It is expected that the net capex for renewal reduces as the mix change gets reflected in the fleet renewal of 2016.

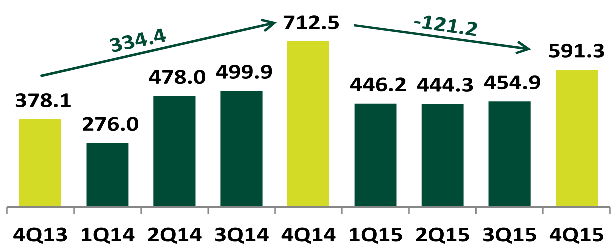
 # Number of cars in the fleet



B

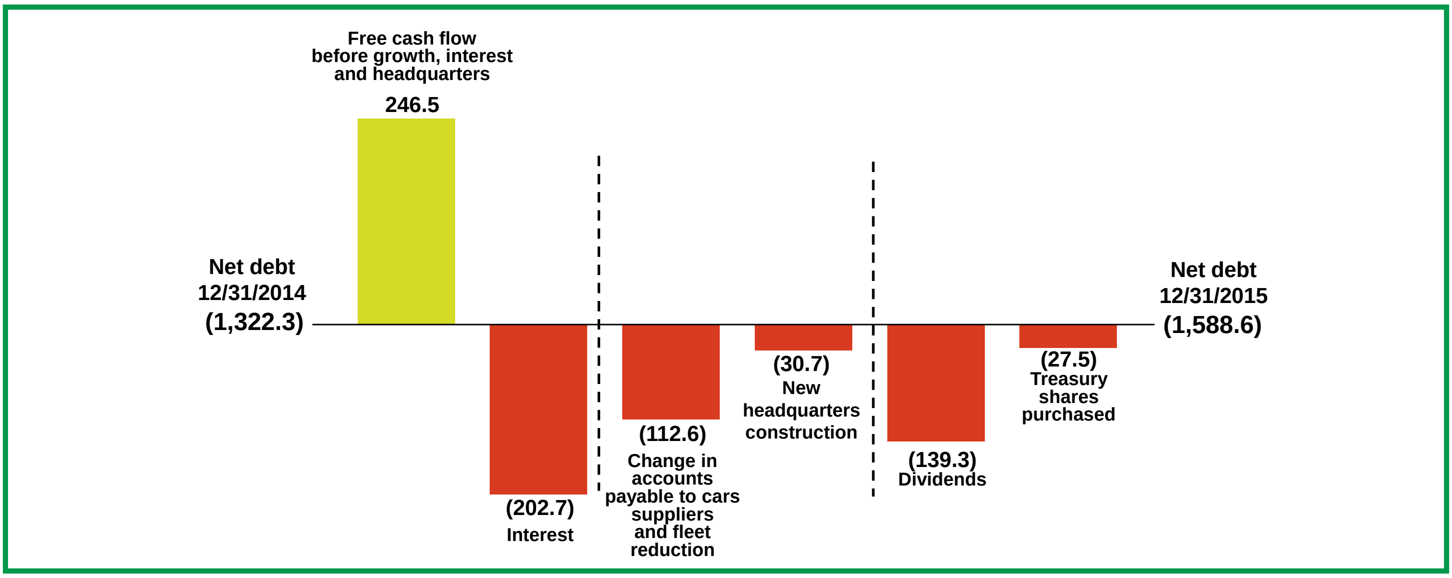
In 4Q14, the Company anticipated the purchase of 7,600 cars to avoid the price increase due to the reinstatement of the IPI (sales tax) on new vehicles. This purchase was paid in 2015.
The accounts payable to automakers varies throughout the quarters due to the purchasing flow.

Accounts payable to automakers - R$ thousands

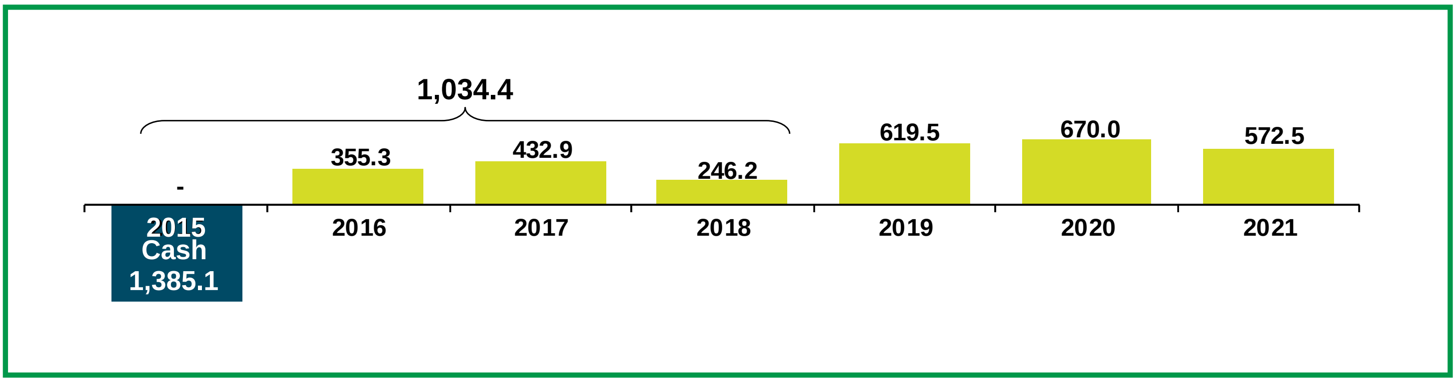


11 – Debt

11.1 – Change in debt – R$ million



11.2 – Debt maturity profile at December 31, 2015 – Principal – R$ million



	Contract rate	2016	2017	2018	2019	2020	2021	Total
Debentures 6th Issuance	CDI + 0.95%pa	30.0	30.0	120.0	120.0	-	-	300.0
Debentures 7th Issuance	110.95% CDI	75.0	75.0	75.0	75.0	100.0	100.0	500.0
Debentures 8th Issuance	109.5% CDI	-	-	-	250.0	250.0	-	500.0
Debentures 9th Issuance	109.2% and 113.2%* CDI	-	-	-	50.0	150.0	300.0	500.0
CCBI – New headquarters	98.8% CDI	-	-	-	47.5	95.0	47.5	190.0
Foreign currency loan with SWAP	98.5% and 105.5%** CDI	-	225.0	-	-	-	-	225.0
Working capital/others	Several	250.3	102.9	51.2	77.0	75.0	125.0	681.4
Interest accrued and paid on 12/31/2015	-	-	-	-	-	-	-	77.3
Cash and cash equivalents on 12/31/2015	-	-	-	-	-	-	-	(1,385.1)
Net debt	-	355.3	432.9	246.2	619.5	670.0	572.5	1,588.6

* From 11/01/2017, the rate of return is 113.2% of CDI.
** From 04/01/2016, the rate of return is 105.5%% of CDI.

The Company is still presenting strong cash position and comfortable debt profile.

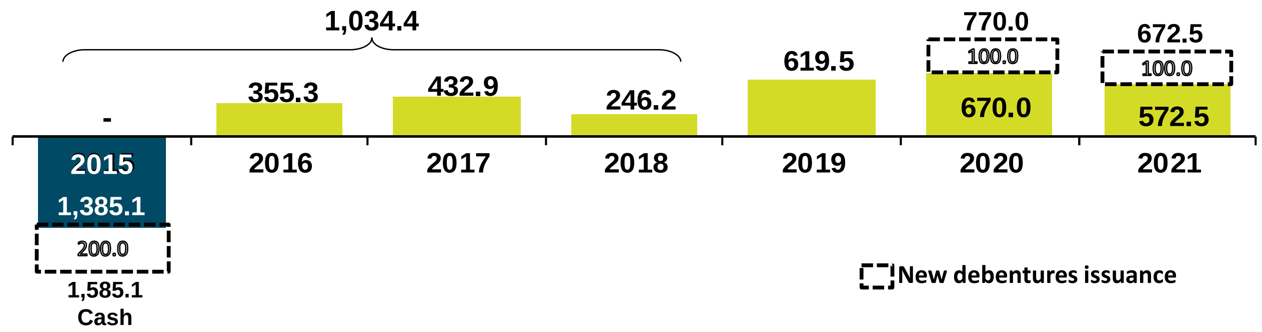
11.3 – New issuance

10th debentures issuance

On January 8, 2016, Localiza launched its 10th debentures issuance, under the instruction CVM nº 476, in the amount of R$ 200.0 million for five years term.

This amount was used to strengthen the Company's cash position.

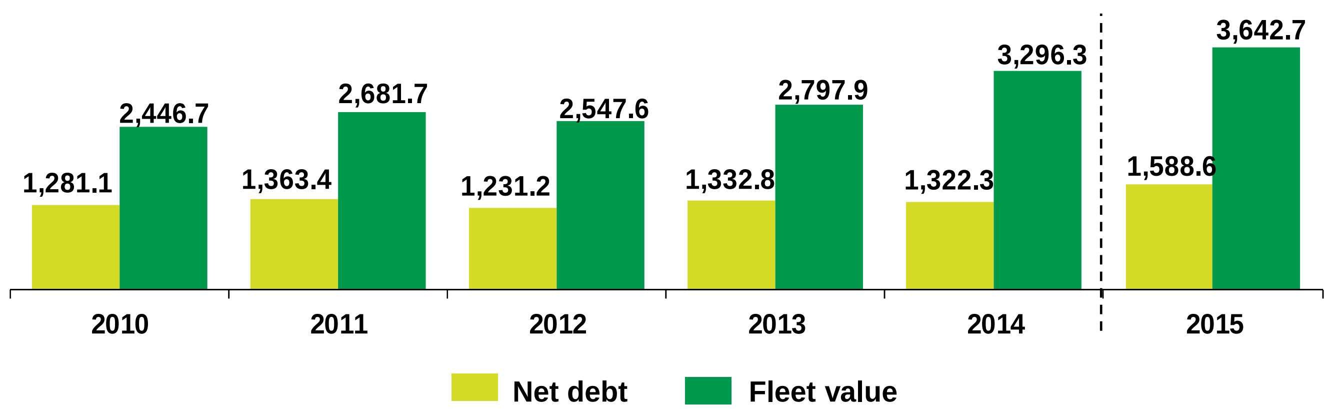
11.4 – Debt maturity profile after 10th debenture issuance – Principal – R$ million



In 01/31/2016 Localiza's cash position was R$1,337.0 after the payment to OEMs.

11.5 – Debt ratios

Net debt vs. Fleet value

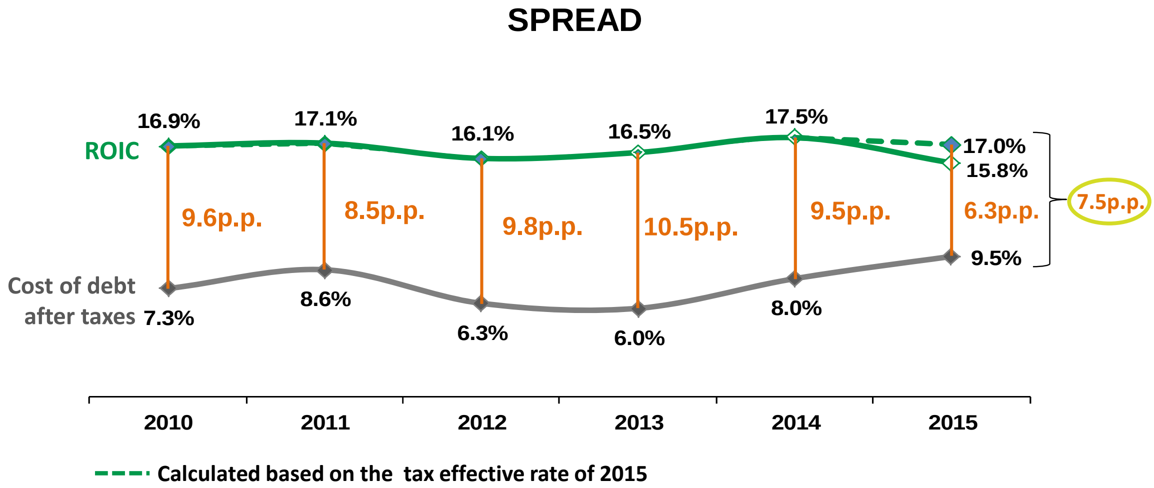


BALANCE AT THE END OF PERIOD	2010(*)	2011	2012	2013	2014	2015
Net debt / Fleet value	52%	51%	48%	48%	40%	44%
Net debt / EBITDA	2.0x	1.7x	1.4x	1.5x	1.4x	1.7x
Net debt / Equity	1.4x	1.2x	0.9x	1.0x	0.8x	0.8x
EBITDA / Net financial expenses	5.0x	4.6x	6.3x	8.3x	6.4x	4.6x

(*) 2010 ratios based on USGAAP financial statements

Comfortable debt ratios.

12 – Spread (ROIC minus cost of debt after taxes)



2012 ROIC was calculated excluding additional fleet depreciation that was treated an equity loss since it relates to extraordinary non-recurring events caused by external factors (IPI tax reduction for new cars), following the concepts recommended by Stern Value Management.

Considering the effective income tax and social contribution rate in 2015, ROIC would have been 17.0% and the spread, 7.5p.p..

13 – Dividends and interest on capital (IOC)

2014 dividends and interest on capital were approved as follow:

Nature	Approval date	Shareholding position date	Payment date	Amount (R$ million)	Amount per share (R$)
IOC	03/19/2014	03/31/2014	05/14/2014	13.9	0.066900
IOC	06/30/2014	07/01/2014	08/28/2014	15.0	0.072000
IOC	09/25/2014	09/30/2014	11/19/2014	16.0	0.076619
IOC	12/11/2014	12/30/2014	01/30/2015	17.0	0.081568
Dividends	04/29/2014	04/30/2014	05/16/2014	38.6	0.185377
			Total	**100.5**	

2015 dividends and interest on capital were approved as follow:

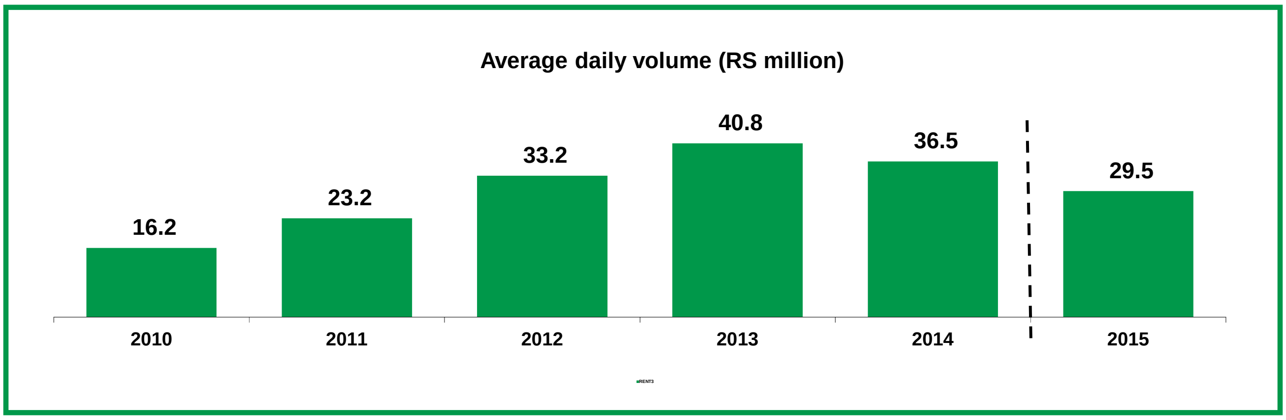
Nature	Approval date	Shareholding position date	Payment date	Amount (R$ million)	Amount per share (R$)
IOC	03/19/2015	03/31/2015	05/14/2015	22.3	0.107094
IOC	06/25/2015	06/30/2015	08/20/2015	25.8	0.123396
IOC	09/30/2015	09/30/2015	11/19/2015	29,5	0.141816
IOC	12/10/2015	12/30/2015	01/28/2016	33.2	0.159480
Dividends	04/28/2015	04/30/2015	05/21/2015	44.7	0.214031
			Total	**155.5**	

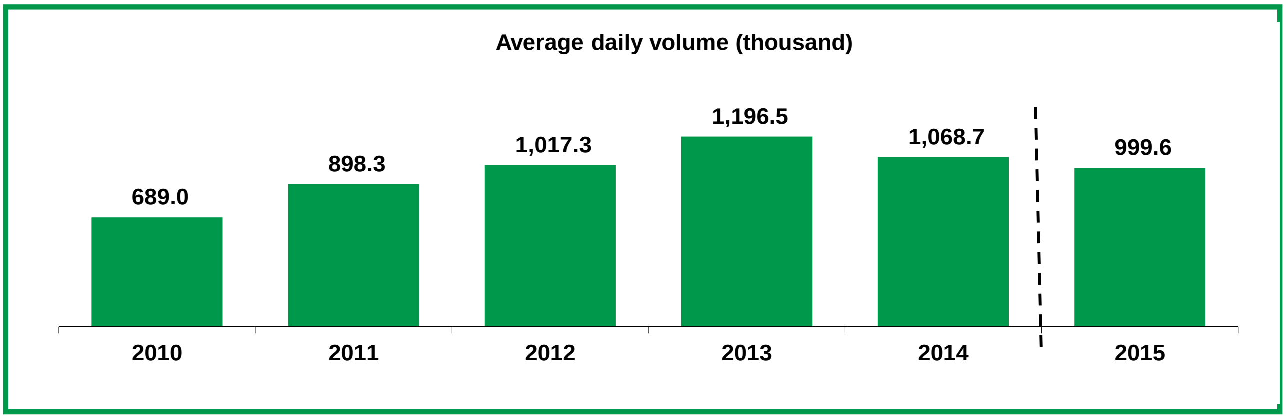
By the end of 2015 Localiza's management proposed the amount of R$1.0 million for dividends payment to shareholders, for the approval at the Annual General Meeting. This amount shall complement the 25% minimum dividend on the net income, including the payment of interest on equity, net of withholding income tax. In 2015, R$110.8 million were approved as interest on capital for 2015 year.

14 – RENT3

On December 31, 2015, the Company had 211,793,400 issued shares, being 3,635,945 held in treasury. 280,800 shares were bought back in June at an average price of R$32.11 and 792,700 shares were bought back in September at an average price of R$ 23.35.

On the same date, there were 7,096,361 level 1 ADRs issued, compared with 6,260,819 on December 31, 2014.





About Localiza's financial information:

The financial information is audited and presented in million of Brazilian Reais, unless where otherwise stated, and from 2011 on, is based on financial information prepared in accordance with International Financial Reporting Standards (IFRS), with reconciliation to the financial information in USGAAP. The financial information from 2010 is presented in accordance with USGAAP and, for the purpose of comparison with IFRS figures, net revenues are presented net of taxes on revenue.

15 – Results per division

15 – Table 1 – Car Rental – R$ million

CAR RENTAL RESULTS	2010	2011	2012	2013	2014	2015	Var.	4Q14	4Q15	Var.
Car rental gross revenues (*)	838.0	1,019.4	1,132.3	1,208.4	1,352.1	1,316.9	-2.6%	348.4	349.9	0.4%
Taxes on revenues	(35.8)	(38.7)	(38.6)	(44.9)	(67.7)	(58.9)	-13.0%	(17.2)	(15.4)	-10.5%
Car rental net revenues (**)	**802.2**	**980.7**	**1,093.7**	**1,163.5**	**1,284.4**	**1,258.0**	**-2.1%**	**331.2**	**334.5**	**1.0%**
Car rental costs	(317.8)	(382.7)	(476.6)	(536.9)	(577.3)	(618.1)	7.1%	(146.4)	(163.4)	11.6%
Gross profit	**484.4**	**598.0**	**617.1**	**626.6**	**707.1**	**639.9**	**-9.5%**	**184.8**	**171.1**	**-7.4%**
Operating expenses (SG&A)	(121.1)	(137.7)	(170.2)	(197.9)	(209.7)	(239.9)	14.4%	(62.0)	(70.2)	13.2%
Other assets depreciation and amortization	(15.2)	(17.0)	(19.9)	(22.2)	(22.2)	(22.3)	0.5%	(5.6)	(5.6)	0.0%
Operating profit before financial results and taxes (EBIT)	**348.1**	**443.3**	**427.0**	**406.5**	**475.2**	**377.7**	**-20.5%**	**117.2**	**95.3**	**-18.7%**
Financial expenses, net	(1.0)	(1.9)	(2.7)	(1.3)	(1.5)	(2.0)	33.3%	(0.5)	(0.6)	20.0%
Income tax and social contribution	(101.0)	(135.4)	(123.8)	(119.5)	(136.2)	(89.9)	-34.0%	(33.3)	(18.2)	-45.3%
Net income for the period	**246.1**	**306.0**	**300.5**	**285.7**	**337.5**	**285.8**	**-15.3%**	**83.4**	**76.5**	**-8.3%**
Net Margin	**30.7%**	**31.2%**	**27.5%**	**24.6%**	**26.3%**	**22.7%**	**-3.6p.p.**	**25.2%**	**22.9%**	**-2.3p.p.**
EBITDA	**363.3**	**460.3**	**446.9**	**428.7**	**497.4**	**400.0**	**-19.6%**	**122.8**	**100.9**	**-17.8%**
EBITDA Margin	**45.3%**	**46.9%**	**40.9%**	**36.8%**	**38.7%**	**31.8%**	**-6.9p.p.**	**37.1%**	**30.2%**	**-6.9p.p.**

USED CAR SALES RESULTS (SEMINOVOS)	2010	2011	2012	2013	2014	2015	Var.	4Q14	4Q15	Var.
Gross revenues (*)	1,104.7	1,244.7	1,253.6	1,486.1	1,671.4	1,679.2	0.5%	456.2	397.2	-12.9%
Taxes on revenues	(3.6)	(3.6)	(3.3)	(3.1)	(3.5)	(2.5)	-28.6%	(0.9)	(0.6)	-33.3%
Net revenues (**)	**1,101.1**	**1,241.1**	**1,250.3**	**1,483.0**	**1,667.9**	**1,676.7**	**0.5%**	**455.3**	**396.6**	**-12.9%**
Book value of cars sold	(980.0)	(1,092.0)	(1,068.5)	(1,271.9)	(1,428.4)	(1,396.3)	-2.2%	(390.2)	(334.2)	-14.4%
Gross profit	**121.1**	**149.1**	**181.8**	**211.1**	**239.5**	**280.4**	**17.1%**	**65.1**	**62.4**	**-4.1%**
Operating expenses (SG&A)	(89.0)	(119.1)	(125.6)	(138.7)	(160.7)	(178.8)	11.3%	(46.2)	(46.7)	1.1%
Cars depreciation	(65.9)	(86.4)	(212.7)	(85.8)	(78.1)	(38.9)	-50.2%	(18.1)	(12.9)	-28.7%
Other assets depreciation and amortization	(5.1)	(6.1)	(11.5)	(11.7)	(11.3)	(8.8)	-22.1%	(2.4)	(2.1)	-12.5%
Operating profit (loss) before financial results and taxes (EBIT)	**(38.9)**	**(62.5)**	**(168.0)**	**(25.1)**	**(10.6)**	**53.9**	**-608.5%**	**(1.6)**	**0.7**	**-143.8%**
Financial expenses, net	(86.1)	(121.9)	(92.6)	(76.6)	(106.3)	(138.4)	30.2%	(21.5)	(30.0)	39.5%
Income tax and social contribution	28.1	58.0	83.1	30.3	33.2	17.6	-47.0%	6.7	6.6	-1.5%
Net loss for the period	**(96.9)**	**(126.4)**	**(177.5)**	**(71.4)**	**(83.7)**	**(66.9)**	**-20.1%**	**(16.4)**	**(22.7)**	**38.4%**
Net Margin	**-8.8%**	**-10.2%**	**-14.2%**	**-4.8%**	**-5.0%**	**-4.0%**	**1.0p.p.**	**-3.6%**	**-5.7%**	**-2.1p.p.**
EBITDA	**32.1**	**30.0**	**56.2**	**72.4**	**78.8**	**101.6**	**28.9%**	**18.9**	**15.7**	**-16.9%**
EBITDA Margin	**2.9%**	**2.4%**	**4.5%**	**4.9%**	**4.7%**	**6.1%**	**1.4p.p.**	**4.2%**	**4.0%**	**-0.2p.p.**

CAR RENTAL TOTAL FIGURES	2010	2011	2012	2013	2014	2015	Var.	4Q14	4Q15	Var.
Car rental gross revenues (*)	838.0	1,019.4	1,132.3	1,208.4	1,352.1	1,316.9	-2.6%	348.4	349.9	0.4%
Car sales for fleet renewal - gross revenues (*)	1,104.7	1,244.7	1,253.6	1,486.1	1,671.4	1,679.2	0.5%	456.2	397.2	-12.9%
Total gross revenues (*)	1,942.7	2,264.1	2,385.9	2,694.5	3,023.5	2,996.1	-0.9%	804.6	747.1	-7.1%
Taxes on revenues										
Car rental	(35.8)	(38.7)	(38.6)	(44.9)	(67.7)	(58.9)	-13.0%	(17.2)	(15.4)	-10.5%
Car sales for fleet renewal	(3.6)	(3.6)	(3.3)	(3.1)	(3.5)	(2.5)	-28.6%	(0.9)	(0.6)	-33.3%
Car rental revenues - net revenues (**)	802.2	980.7	1,093.7	1,163.5	1,284.4	1,258.0	-2.1%	331.2	334.5	1.0%
Car sales for fleet renewal - net revenues (**)	1,101.1	1,241.1	1,250.3	1,483.0	1,667.9	1,676.7	0.5%	455.3	396.6	-12.9%
Total net revenues (**)	**1,903.3**	**2,221.8**	**2,344.0**	**2,646.5**	**2,952.3**	**2,934.7**	**-0.6%**	**786.5**	**731.1**	**-7.0%**
Direct costs										
Car rental	(317.8)	(382.7)	(476.6)	(536.9)	(577.3)	(618.1)	7.1%	(146.4)	(163.4)	11.6%
Car sales for fleet renewal	(980.0)	(1,092.0)	(1,068.5)	(1,271.9)	(1,428.4)	(1,396.3)	-2.2%	(390.2)	(334.2)	-14.4%
Gross profit	**605.5**	**747.1**	**798.9**	**837.7**	**946.6**	**920.3**	**-2.8%**	**249.9**	**233.5**	**-6.6%**
Operating expenses (SG&A)										
Car rental	(121.1)	(137.7)	(170.2)	(197.9)	(209.7)	(239.9)	14.4%	(62.0)	(70.2)	13.2%
Car sales for fleet renewal	(89.0)	(119.1)	(125.6)	(138.7)	(160.7)	(178.8)	11.3%	(46.2)	(46.7)	1.1%
Cars depreciation	(65.9)	(86.4)	(212.7)	(85.8)	(78.1)	(38.9)	-50.2%	(18.1)	(12.9)	-28.7%
Other assets depreciation and amortization										
Car rental	(15.2)	(17.0)	(19.9)	(22.2)	(22.2)	(22.3)	0.5%	(5.6)	(5.6)	0.0%
Car sales for fleet renewal	(5.1)	(6.1)	(11.5)	(11.7)	(11.3)	(8.8)	-22.1%	(2.4)	(2.1)	-12.5%
Operating profit before financial results and taxes (EBIT)	**309.2**	**380.8**	**259.0**	**381.4**	**464.6**	**431.6**	**-7.1%**	**115.6**	**96.0**	**-17.0%**
Financial expenses, net	(87.1)	(123.8)	(95.3)	(77.9)	(107.8)	(140.4)	30.2%	(22.0)	(30.6)	39.1%
Income tax and social contribution	(72.9)	(77.4)	(40.7)	(89.2)	(103.0)	(72.3)	-29.8%	(26.6)	(11.6)	-56.4%
Net income for the period	**149.2**	**179.6**	**123.0**	**214.3**	**253.8**	**218.9**	**-13.8%**	**67.0**	**53.8**	**-19.7%**
Net margin	**7.8%**	**8.1%**	**5.2%**	**8.1%**	**8.6%**	**7.5%**	**-1.1p.p.**	**8.5%**	**7.4%**	**-1.1p.p.**
EBITDA	**395.4**	**490.3**	**503.1**	**501.1**	**576.2**	**501.6**	**-12.9%**	**141.7**	**116.6**	**-17.7%**
EBITDA margin	**20.8%**	**22.1%**	**21.5%**	**18.9%**	**19.5%**	**17.1%**	**-2.4p.p.**	**18.0%**	**15.9%**	**-2.1p.p.**

OPERATING DATA	2010	2011	2012	2013	2014	2015	Var.	4Q14	4Q15	Var.
Average operating fleet	42,903	51,285	53,548	59,094	61,525	62,513	1.6%	63,569	63,775	0.3%
Average rented fleet	29,646	35,348	37,932	39,475	42,999	43,315	0.7%	43,351	45,277	4.4%
Average operating fleet age (in months)	6.3	6.8	7.8	7.2	7.2	7.4	2.8%	6.6	7.7	16.7%
End of period fleet	61,445	64,688	65,086	70,717	77,573	76,755	-1.1%	77,573	76,755	-1.1%
Number of rental days - in thousands	10,734.3	12,794.3	13,748.8	14,241.7	15,416.0	15,566.1	1.0%	3,898.1	4,110.8	5.5%
Average daily rental revenues per car (R$)	78.07	79.68	82.36	84.85	87.71	84.56	-3.6%	89.39	85.11	-4.8%
Annualized average depreciation per car (R$)	1,536.0	1,683.9	3,972.4	1,452.4	1,270.0	622.1	-51.0%	1,136.5	809.5	-28.8%
Utilization rate	69.1%	68.9%	70.8%	66.8%	69.9%	69.3%	-0.6p.p.	68.2%	71.1%	2.9p.p.
Number of cars purchased	54,320	46,746	47,623	58,826	64,908	52,343	-19.4%	22,309	17,635	-21.0%
Number of cars sold	39,658	42,843	46,115	52,759	57,578	52,508	-8.8%	15,019	11,844	-21.1%
Average sold fleet age (in months)	15.0	13.7	15.7	15.3	14.4	14.9	3.5%	14.5	16.1	11.0%
Average total fleet	49,950	59,678	60,773	68,251	70,982	72,169	1.7%	75,546	75,857	0.4%
Average value of total fleet - R$ million	1,344.2	1,620.9	1,595.9	1,776.8	1,963.8	2,205.9	12.3%	2,168.5	2,463.7	13.6%
Average value per car in the period - R$ thsd	26.9	27.2	26.3	26.0	27.7	30.6	10.5%	28.7	32.5	13.2%

(*) Gross revenues from car rental and car sales for fleet renewal are net of discounts and cancellations.
(**) For comparability with the financial information presented in accordance with IFRS from 2011 on, net revenues from car rental and car sales for fleet renewal of 2010, which are presented in USGAAP, are net of taxes on revenues.

15.2 – Table 2 – Fleet Rental – R$ million

FLEET RENTAL RESULTS	2010	2011	2012	2013	2014	2015	Var.	4Q14	4Q15	Var.
Fleet rental gross revenues (*)	374.5	472.9	552.4	592.8	589.5	619.6	5.1%	150.8	157.9	4.7%
Taxes on revenues	(13.4)	(17.9)	(16.7)	(16.9)	(17.6)	(11.1)	-36.9%	(4.1)	(2.3)	-43.9%
Fleet rental net revenues (**)	**361.1**	**455.0**	**535.7**	**575.9**	**571.9**	**608.5**	**6.4%**	**146.7**	**155.6**	**6.1%**
Fleet rental costs	(94.7)	(117.8)	(146.3)	(161.1)	(190.8)	(189.3)	-0.8%	(54.7)	(45.3)	-17.2%
Gross profit	**266.4**	**337.2**	**389.4**	**414.8**	**381.1**	**419.2**	**10.0%**	**92.0**	**110.3**	**19.9%**
Operating expenses (SG&A)	(20.8)	(25.1)	(33.5)	(37.5)	(38.1)	(40.7)	6.8%	(10.6)	(10.7)	0.9%
Other assets depreciation and amortization	(0.7)	(0.7)	(1.1)	(1.1)	(1.1)	(2.2)	100.0%	(0.3)	(0.6)	100.0%
Operating profit before financial results and taxes (EBIT)	**244.9**	**311.4**	**354.8**	**376.2**	**341.9**	**376.3**	**10.1%**	**81.1**	**99.0**	**22.1%**
Financial expenses, net	(0.4)	(0.7)	(0.5)	(0.1)	(0.2)	(0.1)	-50.0%	-	-	0.0%
Income tax and social contribution	(71.3)	(95.8)	(104.3)	(111.4)	(99.2)	(90.5)	-8.8%	(23.1)	(21.3)	-7.8%
Net income for the period	**173.2**	**214.9**	**250.0**	**264.7**	**242.5**	**285.7**	**17.8%**	**58.0**	**77.7**	**34.0%**
Net Margin	**48.0%**	**47.2%**	**46.7%**	**46.0%**	**42.4%**	**47.0%**	**4.6p.p.**	**39.5%**	**49.9%**	**10.4p.p.**
EBITDA	**245.6**	**312.1**	**355.9**	**377.3**	**343.0**	**378.5**	**10.3%**	**81.4**	**99.6**	**22.4%**
EBITDA Margin	**68.0%**	**68.6%**	**66.4%**	**65.5%**	**60.0%**	**62.2%**	**2.2p.p.**	**55.5%**	**64.0%**	**8.5p.p.**

USED CAR SALES RESULTS (SEMINOVOS)	2010	2011	2012	2013	2014	2015	Var.	4Q14	4Q15	Var.
Gross revenues (*)	221.3	227.7	270.2	264.6	350.8	368.6	5.1%	97.8	102.7	5.0%
Taxes on revenues	(0.5)	(0.7)	(0.5)	(0.3)	(0.5)	(0.4)	-20.0%	(0.1)	(0.1)	0.0%
Net revenues (**)	**220.8**	**227.0**	**269.7**	**264.3**	**350.3**	**368.2**	**5.1%**	**97.7**	**102.6**	**5.0%**
Book value of cars sold	(201.4)	(197.5)	(237.3)	(214.1)	(276.3)	(286.7)	3.8%	(75.8)	(81.1)	7.0%
Gross profit	**19.4**	**29.5**	**32.4**	**50.2**	**74.0**	**81.5**	**10.1%**	**21.9**	**21.5**	**-1.8%**
Operating expenses (SG&A)	(17.1)	(18.1)	(25.1)	(23.4)	(32.6)	(33.6)	3.1%	(8.6)	(11.1)	29.1%
Cars depreciation	(80.4)	(115.1)	(164.2)	(143.2)	(129.3)	(124.7)	-3.6%	(36.7)	(31.1)	-15.3%
Other assets depreciation and amortization	(0.1)	-	-	-	(0.6)	(2.0)	233.3%	(0.6)	(0.6)	0.0%
Operating profit (loss) before financial results and taxes (EBIT)	**(78.2)**	**(103.7)**	**(156.9)**	**(116.4)**	**(88.5)**	**(78.8)**	**-11.0%**	**(24.0)**	**(21.3)**	**-11.3%**
Financial expenses, net	(43.0)	(56.3)	(43.8)	(34.0)	(44.9)	(63.8)	42.1%	(10.0)	(13.4)	34.0%
Income tax and social contribution	43.6	49.0	59.9	44.7	38.4	33.7	-12.2%	9.8	7.7	-21.4%
Net loss for the period	**(77.6)**	**(111.0)**	**(140.8)**	**(105.7)**	**(95.0)**	**(108.9)**	**14.6%**	**(24.2)**	**(27.0)**	**11.6%**
Net Margin	**-35.1%**	**-48.9%**	**-52.2%**	**-40.0%**	**-27.1%**	**-29.6%**	**-2.5p.p.**	**-24.8%**	**-26.3%**	**-1.5p.p.**
EBITDA	**2.3**	**11.4**	**7.3**	**26.8**	**41.4**	**47.9**	**15.7%**	**13.3**	**10.4**	**-21.8%**
EBITDA Margin	**1.0%**	**5.0%**	**2.7%**	**10.1%**	**11.8%**	**13.0%**	**1.2p.p.**	**13.6%**	**10.1%**	**-3.5p.p.**

FLEET RENTAL TOTAL FIGURES	2010	2011	2012	2013	2014	2015	Var.	4Q14	4Q15	Var.
Fleet rental gross revenues (*)	374.5	472.9	552.4	592.8	589.5	619.6	5.1%	150.8	157.9	4.7%
Car sales for fleet renewal - gross revenues (*)	221.3	227.7	270.2	264.6	350.8	368.6	5.1%	97.8	102.7	5.0%
Total gross revenues (*)	595.8	700.6	822.6	857.4	940.3	988.2	5.1%	248.6	260.6	4.8%
Taxes on revenues										
Fleet rental	(13.4)	(17.9)	(16.7)	(16.9)	(17.6)	(11.1)	-36.9%	(4.1)	(2.3)	-43.9%
Car sales for fleet renewal	(0.5)	(0.7)	(0.5)	(0.3)	(0.5)	(0.4)	-20.0%	(0.1)	(0.1)	0.0%
Fleet rental - net revenues (**)	361.1	455.0	535.7	575.9	571.9	608.5	6.4%	146.7	155.6	6.1%
Car sales for fleet renewal - net revenues (**)	220.8	227.0	269.7	264.3	350.3	368.2	5.1%	97.7	102.6	5.0%
Total net revenues (**)	**581.9**	**682.0**	**805.4**	**840.2**	**922.2**	**976.7**	**5.9%**	**244.4**	**258.2**	**5.6%**
Direct costs										
Fleet rental	(94.7)	(117.8)	(146.3)	(161.1)	(190.8)	(189.3)	-0.8%	(54.7)	(45.3)	-17.2%
Car sales for fleet renewal	(201.4)	(197.5)	(237.3)	(214.1)	(276.3)	(286.7)	3.8%	(75.8)	(81.1)	7.0%
Gross profit	**285.8**	**366.7**	**421.8**	**465.0**	**455.1**	**500.7**	**10.0%**	**113.9**	**131.8**	**15.7%**
Operating expenses (SG&A)										
Fleet rental	(20.8)	(25.1)	(33.5)	(37.5)	(38.1)	(40.7)	6.8%	(10.6)	(10.7)	0.9%
Car sales for fleet renewal	(17.1)	(18.1)	(25.1)	(23.4)	(32.6)	(33.6)	3.1%	(8.6)	(11.1)	29.1%
Cars depreciation	(80.4)	(115.1)	(164.2)	(143.2)	(129.3)	(124.7)	-3.6%	(36.7)	(31.1)	-15.3%
Other assets depreciation and amortization										
Fleet rental	(0.7)	(0.7)	(1.1)	(1.1)	(1.1)	(2.2)	100.0%	(0.3)	(0.6)	100.0%
Car sales for fleet renewal	(0.1)	-	-	-	(0.6)	(2.0)	233.3%	(0.6)	(0.6)	-
Operating profit before financial results and taxes (EBIT)	**166.7**	**207.7**	**197.9**	**259.8**	**253.4**	**297.5**	**17.4%**	**57.1**	**77.7**	**36.1%**
Financial expenses, net	(43.4)	(57.0)	(44.3)	(34.1)	(45.1)	(63.9)	41.7%	(10.0)	(13.4)	34.0%
Income tax and social contribution	(27.7)	(46.8)	(44.4)	(66.7)	(60.8)	(56.8)	-6.6%	(13.3)	(13.6)	2.3%
Net income for the period	**95.6**	**103.9**	**109.2**	**159.0**	**147.5**	**176.8**	**19.9%**	**33.8**	**50.7**	**50.0%**
Net margin	**16.4%**	**15.2%**	**13.6%**	**18.9%**	**16.0%**	**18.1%**	**2.1p.p.**	**13.8%**	**19.6%**	**5.8p.p.**
EBITDA	**247.9**	**323.5**	**363.2**	**404.1**	**384.4**	**426.4**	**10.9%**	**94.7**	**110.0**	**16.2%**
EBITDA margin	**42.6%**	**47.4%**	**45.1%**	**48.1%**	**41.7%**	**43.7%**	**2.0p.p.**	**38.7%**	**42.6%**	**3.9p.p.**

OPERATING DATA	2010	2011	2012	2013	2014	2015	Var.	4Q14	4Q15	Var.
Average operating fleet	22,916	27,858	30,357	31,188	30,778	31,676	2.9%	31,756	31,301	-1.4%
Average rented fleet	22,343	26,676	29,444	30,121	28,787	30,280	5.2%	29,375	30,024	2.2%
Average operating fleet age (in months)	15.9	15.8	16.8	18.6	18.0	16.7	-7.2%	16.5	16.8	1.8%
End of period fleet										
Rented Fleet	26,615	31,629	32,104	32,809	34,312	33,948	-1.1%	34,312	33,948	-1.1%
Managed Fleet	331	234	162	30	267	207	-22.5%	267	207	-22.5%
Number of rental days - in thousands	8,043.8	9,603.4	10,600.7	10,843.7	10,363.3	10,900.9	5.2%	2,643.8	2,702.1	2.2%
Average daily rental revenues per car (R$)	46.27	48.83	51.59	53.83	56.16	56.08	-0.1%	56.52	57.31	1.4%
Annualized average depreciation per car (R$)	3,509.7	4,133.0	5,408.2	4,592.3	4,202.1	3,935.2	-6.4%	4,626.0	3,979.2	-14.0%
Utilization rate	97.5%	95.8%	97.0%	96.6%	93.5%	95.6%	2.1p.p.	92.5%	95.9%	3.4p.p.
Number of cars purchased	11,614	13,204	11,032	10,918	14,896	11,689	-21.5%	4,757	4,025	-15.4%
Number of cars sold	7,627	7,929	10,529	9,882	13,043	11,797	-9.6%	3,449	3,203	-7.1%
Average sold fleet age (in months)	28.4	32.8	31.8	32.4	35.1	33.4	-4.8%	34.4	31.3	-9.0%
Average total fleet	24,049	29,308	31,688	32,488	32,686	33,446	2.3%	34,257	33,965	-0.9%
Average value of total fleet - R$ million	696.7	842.2	886.3	887.3	943.3	1,067.1	13.1%	1,034.9	1,115.4	7.8%
Average value per car in the period - R$ thsd	29.0	28.7	28.0	27.3	28.9	31.9	10.4%	30.2	32.8	8.6%

(*) Gross revenues from fleet rental and car sales for fleet renewal are net of discounts and cancellations.

(**) For comparability with the financial information presented in accordance with IFRS from 2011 on, net revenues from fleet rental and car sales for fleet renewal of 2010, which are presented in USGAAP, are net of taxes on revenues.

15.3 – Table 3 – Franchising – R$ million

FRANCHISING RESULTS	2010	2011	2012	2013	2014	2015	Var.	4Q14	4Q15	Var.
Gross revenues(*)	12.8	15.1	18.3	20.6	18.7	17.8	-4.8%	4.5	4.5	0.0%
Taxes on revenues	(0.8)	(0.8)	(1.0)	(1.1)	(1.0)	(1.2)	20.0%	(0.2)	(0.3)	50.0%
Net revenues (**)	**12.0**	**14.3**	**17.3**	**19.5**	**17.7**	**16.6**	**-6.2%**	**4.3**	**4.2**	**-2.3%**
Costs	(5.5)	(6.8)	(7.9)	(8.1)	(7.8)	(9.2)	17.9%	(2.4)	(2.5)	4.2%
Gross profit	**6.5**	**7.5**	**9.4**	**11.4**	**9.9**	**7.4**	**-25.3%**	**1.9**	**1.7**	**-10.5%**
Operating expenses (SG&A)	(0.3)	-	(0.1)	(0.1)	(0.7)	(0.6)	-14.3%	(0.7)	(0.3)	-57.1%
Other assets depreciation and amortization	-	(0.3)	(0.4)	(0.4)	(0.5)	(0.4)	-20.0%	(0.1)	(0.1)	0.0%
Operating profit before financial results and taxes (EBIT)	**6.2**	**7.2**	**8.9**	**10.9**	**8.7**	**6.4**	**-26.4%**	**1.1**	**1.3**	**18.2%**
Financial expenses, net	0.4	1.8	0.9	1.4	1.8	1.6	-11.1%	0.4	0.5	25.0%
Income tax and social contribution	(0.9)	(0.9)	(1.1)	(1.3)	(1.2)	(1.3)	8.3%	(0.1)	(0.4)	300.0%
Net income for the period	**5.7**	**8.1**	**8.7**	**11.0**	**9.3**	**6.7**	**-28.0%**	**1.4**	**1.4**	**0.0%**
Net Margin	**47.5%**	**56.6%**	**50.3%**	**56.4%**	**52.5%**	**40.4%**	**-12.1p.p.**	**32.6%**	**33.3%**	**0.7p.p.**
EBITDA	**6.2**	**7.5**	**9.3**	**11.3**	**9.2**	**6.8**	**-26.1%**	**1.2**	**1.4**	**16.7%**
EBITDA Margin	**51.7%**	**52.4%**	**53.8%**	**57.9%**	**52.0%**	**41.0%**	**-11.0p.p.**	**27.9%**	**33.3%**	**5.4p.p.**

(*) Gross revenues are net of discounts and cancellations.

(**) For comparability with the financial information presented in accordance with IFRS from 2011 on, net revenues of 2010, which are presented in USGAAP, are net of taxes on revenues.

15.4 – Table 4 – Consolidated – R$ million

CONSOLIDATED RESULTS	2010	2011	2012	2013	2014	2015	Var.	4Q14	4Q15	Var.
Car rental gross revenues (*)	838.0	1,019.4	1,132.3	1,208.4	1,352.1	1,316.9	-2.6%	348.4	349.9	0.4%
Franchising gross revenues (*)	12.8	15.1	18.3	20.6	18.7	17.8	-4.8%	4.5	4.5	0.0%
Car Rental and Franchising total gross revenues (*)	850.8	1,034.5	1,150.6	1,229.0	1,370.8	1,334.7	-2.6%	352.9	354.4	0.4%
Fleet Rental gross revenues (*)	374.5	472.9	552.4	592.8	589.5	619.6	5.1%	150.8	157.9	4.7%
Car and Fleet Rentals and Franchising total gross revenues (*)	1,225.3	1,507.4	1,703.0	1,821.8	1,960.3	1,954.3	-0.3%	503.7	512.3	1.7%
Taxes on revenues - Car and Fleet Rentals and Franchising	(50.0)	(57.4)	(56.3)	(62.9)	(86.3)	(71.2)	-17.5%	(21.5)	(18.0)	-16.3%
Car and Fleet Rentals and Franchising net revenues (**)	**1,175.3**	**1,450.0**	**1,646.7**	**1,758.9**	**1,874.0**	**1,883.1**	**0.5%**	**482.2**	**494.3**	**2.5%**
Car sales gross revenues										
Car sales for fleet renewal - Car Rental (*)	1,104.7	1,244.7	1,253.6	1,486.1	1,671.4	1,679.2	0.5%	456.2	397.2	-12.9%
Car sales for fleet renewal - Fleet Rental (*)	221.3	227.7	270.2	264.6	350.8	368.6	5.1%	97.8	102.7	5.0%
Car sales for fleet renewal - total gross revenues (*)	1,326.0	1,472.4	1,523.8	1,750.7	2,022.2	2,047.8	1.3%	554.0	499.9	-9.8%
Taxes on revenues - Car sales for fleet renewal	(4.1)	(4.3)	(3.8)	(3.4)	(4.0)	(2.9)	-27.5%	(1.0)	(0.7)	-30.0%
Car sales for fleet renewal - net revenues (**)	**1,321.9**	**1,468.1**	**1,520.0**	**1,747.3**	**2,018.2**	**2,044.9**	**1.3%**	**553.0**	**499.2**	**-9.7%**
Total net revenues (**)	**2,497.2**	**2,918.1**	**3,166.7**	**3,506.2**	**3,892.2**	**3,928.0**	**0.9%**	**1,035.2**	**993.5**	**-4.0%**
Direct costs and expenses:										
Car rental	(317.8)	(382.7)	(476.6)	(536.9)	(577.3)	(618.1)	7.1%	(146.4)	(163.4)	11.6%
Franchising	(5.5)	(6.8)	(7.9)	(8.1)	(7.8)	(9.2)	17.9%	(2.4)	(2.5)	4.2%
Total Car rental and Franchising	(323.3)	(389.5)	(484.5)	(545.0)	(585.1)	(627.3)	7.2%	(148.8)	(165.9)	11.5%
Fleet Rental	(94.7)	(117.8)	(146.3)	(161.1)	(190.8)	(189.3)	-0.8%	(54.7)	(45.3)	-17.2%
Total Car and Fleet Rentals and Franchising	(418.0)	(507.3)	(630.8)	(706.1)	(775.9)	(816.6)	5.2%	(203.5)	(211.2)	3.8%
Car sales for fleet renewal - Car rental	(980.0)	(1,092.0)	(1,068.5)	(1,271.9)	(1,428.4)	(1,396.3)	-2.2%	(390.2)	(334.2)	-14.4%
Car sales for fleet renewal - Fleet Rental	(201.4)	(197.5)	(237.3)	(214.1)	(276.3)	(286.7)	3.8%	(75.8)	(81.1)	7.0%
Total Car sales for fleet renewal (book value)	(1,181.4)	(1,289.5)	(1,305.8)	(1,486.0)	(1,704.7)	(1,683.0)	-1.3%	(466.0)	(415.3)	-10.9%
Total costs	(1,599.4)	(1,796.8)	(1,936.6)	(2,192.1)	(2,480.6)	(2,499.6)	0.8%	(669.5)	(626.5)	-6.4%
Gross profit	**897.8**	**1,121.3**	**1,230.1**	**1,314.1**	**1,411.6**	**1,428.4**	**1.2%**	**365.7**	**367.0**	**0.4%**
Operating expenses										
Advertising, promotion and selling:										
Car rental	(62.6)	(79.5)	(93.3)	(103.5)	(117.8)	(127.9)	8.6%	(31.7)	(35.3)	11.4%
Franchising	(0.3)	(0.1)	(0.1)	(0.1)	(0.8)	(0.6)	-25.0%	(0.7)	(0.2)	-71.4%
Total car rental and Franchising	(62.9)	(79.6)	(93.4)	(103.6)	(118.6)	(128.5)	8.3%	(32.4)	(35.5)	9.6%
Fleet Rental	(9.8)	(10.5)	(11.6)	(14.4)	(15.1)	(18.2)	20.5%	(3.0)	(3.4)	13.3%
Car sales for fleet renewal	(98.1)	(129.0)	(150.6)	(162.1)	(172.3)	(191.1)	10.9%	(47.7)	(52.2)	9.4%
Total advertising, promotion and selling	(170.8)	(219.1)	(255.6)	(280.1)	(306.0)	(337.8)	10.4%	(83.1)	(91.1)	9.6%
General, administrative and other expenses	(77.5)	(80.9)	(98.9)	(117.5)	(135.8)	(155.8)	14.7%	(45.0)	(47.9)	6.4%
Total Operating expenses	(248.3)	(300.0)	(354.5)	(397.6)	(441.8)	(493.6)	11.7%	(128.1)	(139.0)	8.5%
Depreciation expenses:										
Cars depreciation:										
Car rental	(65.9)	(86.4)	(212.7)	(85.8)	(78.1)	(38.9)	-50.2%	(18.1)	(12.9)	-28.7%
Fleet Rental	(80.4)	(115.1)	(164.2)	(143.2)	(129.3)	(124.7)	-3.6%	(36.7)	(31.1)	-15.3%
Total cars depreciation expenses	(146.3)	(201.5)	(376.9)	(229.0)	(207.4)	(163.6)	-21.1%	(54.8)	(44.0)	-19.7%
Other assets depreciation and amortization	(21.1)	(24.1)	(32.9)	(35.4)	(35.7)	(35.7)	0.0%	(9.0)	(9.0)	0.0%
Total depreciation and amortization expenses	(167.4)	(225.6)	(409.8)	(264.4)	(243.1)	(199.3)	-18.0%	(63.8)	(53.0)	-16.9%
Operating profit before financial results and taxes (EBIT)	**482.1**	**595.7**	**465.8**	**652.1**	**726.7**	**735.5**	**1.2%**	**173.8**	**175.0**	**0.7%**
Financial expenses, net:										
Expense	(168.3)	(239.3)	(199.3)	(187.1)	(276.4)	(370.1)	33.9%	(77.2)	(84.4)	9.3%
Income	38.2	60.3	60.6	76.5	125.3	167.4	33.6%	45.6	40.9	-10.3%
Monetary and exchange variation - assets and liabilities, net	-	-	-	-	-	-	-	-	-	-
Gains (losses) on derivative	-	-	-	-	-	-	-	-	-	-
Financial (expenses) revenues, net	(130.1)	(179.0)	(138.7)	(110.6)	(151.1)	(202.7)	34.1%	(31.6)	(43.5)	37.7%
Income before tax and social contribution	**352.0**	**416.7**	**327.1**	**541.5**	**575.6**	**532.8**	**-7.4%**	**142.2**	**131.5**	-7.5%
Income tax and social contribution	(101.5)	(125.1)	(86.2)	(157.2)	(165.0)	(130.4)	-21.0%	(40.0)	(25.6)	-36.0%
Net income for the period	**250.5**	**291.6**	**240.9**	**384.3**	**410.6**	**402.4**	**-2.0%**	**102.2**	**105.9**	**3.6%**
EBITDA	649.5	821.3	875.6	916.5	969.8	934.8	-3.6%	237.6	228.0	-4.0%
Consolidated EBITDA Margin	**26.0%**	**28.1%**	**27.7%**	**26.1%**	**24.9%**	**23.8%**	**-1.1p.p.**	**23.0%**	**22.9%**	**-0.1p.p.**
Car and Fleet Rentals and Franchising EBITDA	615.1	779.9	812.1	817.3	849.6	785.3	-7.6%	205.4	201.9	-1.7%
EBITDA Margin	**52.3%**	**53.8%**	**49.3%**	**46.5%**	**45.3%**	**41.7%**	**-3.6p.p.**	**42.6%**	**40.8%**	**-1.8p.p.**
Used Car Sales (Seminovos) EBITDA	34.4	41.4	63.5	99.2	120.2	149.5	24.4%	32.2	26.1	-18.9%
EBITDA Margin	**2.6%**	**2.8%**	**4.2%**	**5.7%**	**6.0%**	**7.3%**	**1.3p.p.**	**5.8%**	**5.2%**	**-0.6p.p.**

(*) Gross revenues are net of discounts and cancellations.

(**) For comparability with the financial information presented in accordance with IFRS from 2011 on, net revenues of 2010, which are presented in USGAAP, are net of taxes on revenues.

15.5 – Table 5 – Operating data

SELECTED OPERATING DATA	2010	2011	2012	2013	2014	2015	Var.	4Q14	4Q15	Var.
Average operating fleet:										
Car Rental	42,903	51,285	53,548	59,094	61,525	62,513	1.6%	63,569	63,775	0.3%
Fleet Rental	22,916	27,858	30,357	31,188	30,778	31,676	2.9%	31,756	31,301	-1.4%
Total	65,819	79,143	83,905	90,282	92,303	94,189	2.0%	95,325	95,076	-0.3%
Average rented fleet:										
Car Rental	29,646	35,348	37,932	39,475	42,999	43,315	0.7%	43,351	45,277	4.4%
Fleet Rental	22,343	26,676	29,444	30,121	28,787	30,280	5.2%	29,375	30,024	2.2%
Total	51,989	62,024	67,376	69,596	71,786	73,595	2.5%	72,726	75,301	3.5%
Average age of operating fleet (months)										
Car Rental	6.3	6.8	7.8	7.2	7.2	7.4	2.8%	6.6	7.7	16.7%
Fleet Rental	15.9	15.8	16.8	18.6	18.0	16.7	-7.2%	16.5	16.8	1.8%
Average age of total operating fleet	9.6	9.9	11.0	11.1	10.0	10.6	6.0%	10.1	10.8	6.9%
Fleet at end of period:										
Car Rental	61,445	64,688	65,086	70,717	77,573	76,755	-1.1%	77,573	76,755	-1.1%
Fleet Rental	26,615	31,629	32,104	32,809	34,312	33,948	-1.1%	34,312	33,948	-1.1%
Total	88,060	96,317	97,190	103,526	111,885	110,703	-1.1%	111,885	110,703	-1.1%
Managed fleet at end period - Fleet Rental	331	234	162	30	267	207	-22.5%	267	207	-22.5%
Fleet investment (R$ million)										
Car Rental	1,476.1	1,306.2	1,227.2	1,634.5	1,909.1	1,773.1	-7.1%	686.9	684.2	-0.4%
Fleet Rental	411.3	439.9	386.4	389.7	571.2	502.0	-12.1%	189.4	152.5	-19.5%
Total	1,887.4	1,746.1	1,613.6	2,024.2	2,480.3	2,275.1	-8.3%	876.3	836.7	-4.5%
Number of rental days (In thousands):										
Car Rental - Total	10,818.8	12,907.7	13,886.3	14,414.7	15,696.2	15,815.8	0.8%	3,988.8	4,166.1	4.4%
Rental days for Fleet Rental replacement service	(84.6)	(113.4)	(137.5)	(173.0)	(280.2)	(249.7)	-10.9%	(90.7)	(55.3)	-39.0%
Car Rental - Net	10,734.3	12,794.3	13,748.8	14,241.7	15,416.0	15,566.1	1.0%	3,898.1	4,110.8	5.5%
Fleet Rental	8,043.8	9,603.4	10,600.7	10,843.7	10,363.3	10,900.9	5.2%	2,643.8	2,702.1	2.2%
Total	18,778.1	22,397.7	24,349.5	25,085.4	25,779.3	26,475.2	2.7%	6,541.9	6,813.6	4.2%
Annualized average depreciation per car (R$)										
Car Rental	1,536.0	1,683.9	3,972.4	1,452.4	1,270.0	622.1	-51.0%	1,136.5	809.5	-28.8%
Fleet Rental	3,509.7	4,133.0	5,408.2	4,592.3	4,202.1	3,935.2	-6.4%	4,626.0	3,979.2	-14.0%
Total	2,223.2	2,546.0	4,491.9	2,537.1	2,247.7	1,736.3	-22.8%	2,299.0	1,853.0	-19.4%
Average annual revenues per operating car (R$ thousand)										
Car Rental	19.5	19.1	20.4	19.7	20.9	20.1	-3.8%	20.7	20.8	0.5%
Fleet Rental	16.2	16.2	17.5	18.2	18.3	18.9	3.3%	18.3	19.5	6.6%
Average daily rental (R$)										
Car Rental (**)	78.07	79.68	82.36	84.85	87.71	84.56	-3.6%	89.39	85.11	-4.8%
Fleet Rental	46.27	48.83	51.59	53.83	56.16	56.08	-0.1%	56.52	57.31	1.4%
Utilization rate:										
Car Rental	69.1%	68.9%	70.8%	66.8%	69.9%	69.3%	-0.6p.p.	68.2%	71.1%	2.9p.p.
Fleet Rental	97.5%	95.8%	97.0%	96.6%	93.5%	95.6%	2.1p.p.	92.5%	95.9%	3.4p.p.
Number of cars purchased - consolidated	65,934	59,950	58,655	69,744	79,804	64,032	-19.8%	27,066	21,660	-20.0%
Average price of cars purchased (R$ thsd) - consolidated	28.63	29.13	27.51	29.02	31.08	35.53	14.3%	32.38	38.63	19.3%
Numbers of cars sold - consolidated	47,285	50,772	56,644	62,641	70,621	64,305	-8.9%	18,468	15,047	-18.5%
Average price of cars sold (R$ thsd) (*) - consolidated	25.80	26.30	24.24	25.36	25.90	28.54	10.2%	27.03	29.38	8.7%

(*) Recalculated as from 2010 to include additional revenues, net of SG&A expenses related to the sale of cars deactivated for fleet renewal.
(**) Not included the rentals for Fleet Rental Division.

16 – Consolidated financial statements – IFRS – R$/million

ASSETS	2010	2011	2012	2013	2014	2015
CURRENT ASSETS:						
Cash and cash equivalents	415.7	711.0	823.9	1,010.7	1,390.2	1,385.1
Trade accounts receivable	274.8	353.4	361.1	408.3	459.6	486.1
Other current assets	40.7	54.1	50.0	57.9	94.6	102.6
Decommissioning cars to fleet renewal	20.1	29.0	13.3	16.5	18.3	31.8
Total current assets	**751.3**	**1,147.5**	**1,248.3**	**1,493.4**	**1,962.7**	**2,005.6**
NON CURRENT ASSETS:						
Long-term assets:						
Marketable securities	-	-	-	-	92.5	-
Derivative financial instruments - swap	-	-	-	-	-	45.6
Trade accounts receivable	-	-	4.0	7.1	3.2	4.7
Escrow deposit	24.8	25.0	23.0	38.1	41.9	52.9
Deferred income tax and social contribution	24.0	19.8	24.5	32.4	-	-
Other non current assets	0.1	0.1	0.1	0.1	0.1	0.1
Total long-term assets	**48.9**	**44.9**	**51.6**	**77.7**	**137.7**	**103.3**
Property and equipment						
Cars	2,427.4	2,652.7	2,534.3	2,781.4	3,278.0	3,610.9
Other	114.9	141.7	171.0	166.1	203.9	314.1
Intangible:						
Software	7.7	18.3	36.2	47.3	60.3	67.1
Goodwill on acquisition of investments	4.5	4.5	4.5	12.3	22.0	22.0
Total non current assets	**2,603.4**	**2,862.1**	**2,797.6**	**3,084.8**	**3,701.9**	**4,117.4**
TOTAL ASSETS	**3,354.7**	**4,009.6**	**4,045.9**	**4,578.2**	**5,664.6**	**6,123.0**

LIABILITIES AND SHAREHOLDERS' EQUITY	2010	2011	2012	2013	2014	2015
CURRENT LIABILITIES:						
Trade accounts payable	443.0	488.7	356.2	460.5	828.4	690.6
Social and labor obligations	58.0	58.7	53.2	73.9	86.3	85.6
Loans, financing and debentures	233.7	130.9	210.1	275.4	300.9	422.4
Income tax and social contribution	22.7	32.5	26.0	35.2	41.3	28.3
Dividends and interest on capital	40.2	38.3	18.7	53.1	59.2	29.3
Other current liabilities	36.1	44.7	70.0	78.6	82.3	99.9
Total current liabilities	**833.7**	**793.8**	**734.2**	**976.7**	**1,398.4**	**1,356.1**
NON CURRENT LIABILITIES:						
Loans, financing and debentures	1,463.1	1,943.5	1,845.0	2,068.1	2,411.6	2,596.9
Provisions	42.5	30.1	35.2	50.9	69.9	68.3
Deferred income tax and social contribution	81.6	92.4	76.8	111.8	106.0	141.6
Other non current liabilities	35.1	29.2	30.0	29.5	23.2	18.5
Total non current liabilities	**1,622.3**	**2,095.2**	**1,987.0**	**2,260.3**	**2,610.7**	**2,825.3**
Total liabilities	**2,456.0**	**2,889.0**	**2,721.2**	**3,237.0**	**4,009.1**	**4,181.4**
SHAREHOLDERS' EQUITY:						
Capital	601.7	601.7	601.7	976.7	976.7	976.7
Capital Reserves	12.0	19.0	48.0	30.2	40.4	35.9
Earnings Reserves	273.9	499.8	675.0	334.3	638.4	929.0
Valuation adjustments to equity	11.1	0.1	-	-	-	-
Total shareholders' equity	**898.7**	**1,120.6**	**1,324.7**	**1,341.2**	**1,655.5**	**1,941.6**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,354.7**	**4,009.6**	**4,045.9**	**4,578.2**	**5,664.6**	**6,123.0**

17 – Consolidated financial statements – Income statements and reconciliations - R$/million

STATEMENT OF INCOME	2010 USGAAP	2011 IFRS	2012 IFRS	2013 IFRS	2014 IFRS	2015 USGAAP	Reclassifications		2015 IFRS
Total net revenues	**2,497.2**	**2,918.1**	**3,166.7**	**3,506.2**	**3,892.2**	**4,002.1**	**(74.1)**	(a)	**3,928.0**
COSTS AND EXPENSES:									
Direct costs	(1,599.4)	(1,796.8)	(1,936.6)	(2,192.1)	(2,480.6)	(2,499.6)	-		(2,499.6)
Taxes on revenues	-	-	-	-	-	(74.1)	74.1	(a)	-
Selling, general, administrative and other expenses	(248.3)	(300.0)	(354.5)	(397.6)	(441.8)	(493.6)	-		(493.6)
Cars depreciation	(146.3)	(201.5)	(376.9)	(229.0)	(207.4)	(163.6)	-		(163.6)
Other assets depreciation and amortization	(21.1)	(24.1)	(32.9)	(35.4)	(35.7)	(35.7)	-		(35.7)
Total costs and expenses	(2,015.1)	(2,322.4)	(2,700.9)	(2,854.1)	(3,165.5)	(3,266.6)	74.1		(3,192.5)
Income before financial results and taxes (EBIT)	**482.1**	**595.7**	**465.8**	**652.1**	**726.7**	**735.5**	**-**		**735.5**
FINANCIAL EXPENSES, NET	(130.1)	(179.0)	(138.7)	(110.6)	(151.1)	(202.7)	-		(202.7)
Income before taxes	**352.0**	**416.7**	**327.1**	**541.5**	**575.6**	**532.8**	**-**		**532.8**
INCOME TAX AND SOCIAL CONTRIBUTION									
Current	(80.2)	(106.2)	(106.5)	(130.1)	(139.5)	(94.8)	-		(94.8)
Deferred	(21.3)	(18.9)	20.3	(27.1)	(25.5)	(35.6)	-		(35.6)
	(101.5)	(125.1)	(86.2)	(157.2)	(165.0)	(130.4)	-		(130.4)
Net income	**250.5**	**291.6**	**240.9**	**384.3**	**410.6**	**402.4**	**-**		**402.4**

(a) Refers to reclassification of taxes on revenues to specific account.

Conciliação do Patrimônio Líquido	12/31/2014	12/31/2015
Patrimônio líquido em IFRS	**1,655.5**	**1,941.6**
Dividendos propostos	44.7	1.0
Goodwill, líquido do IR e CS	21.8	21.8
Patrimônio líquido USGAAP	**1,722.0**	**1,964.4**

18 – Statements of Cash Flows – R$/million

CONSOLIDATED CASH FLOW	2010 USGAAP	2011 IFRS	2012 IFRS	2013 IFRS	2014 IFRS	2015 IFRS
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net income	250.5	291.6	240.9	384.3	410.6	402.4
Adjustments to reconcile net income and cash and cash equivalents provided by operating activities:						
Depreciation and amortization	167.4	225.6	409.8	264.4	243.2	199.3
Net book value of vehicles written off	1,214.3	1,328.6	1,360.2	1,543.8	1,777.0	1,769.1
Deferred income tax and social contribution	21.3	18.9	(20.3)	27.1	25.5	35.6
Other	6.7	2.7	21.8	33.7	32.0	17.3
(Increase) decrease in assets:						
Trade receivable	(63.3)	(81.3)	(14.6)	(54.7)	(49.9)	(36.6)
Purchases of cars (see supplemental disclosure below)	(1,799.1)	(1,743.8)	(1,735.7)	(1,939.4)	(2,150.2)	(2,399.6)
Escrow deposits	(1.6)	0.6	0.7	(15.1)	(5.7)	(15.3)
Taxes recoverable	(7.0)	(15.9)	(11.4)	(20.3)	(43.4)	(5.2)
Other assets	(4.2)	10.7	8.5	6.1	(5.7)	(1.3)
Increase (decrease) in liabilities:						
Accounts payable (except car manufacturers)	39.2	13.0	(15.6)	14.6	33.5	(16.7)
Social and labor obligations	27.9	0.7	(5.5)	20.7	12.4	(0.5)
Income tax and social contribution	78.3	106.2	106.5	130.1	139.5	94.8
Interest on loans, financing, debentures and swaps of fixed rates	161.4	231.0	195.9	181.6	281.7	406.6
Insurance premium	(10.0)	2.6	15.8	4.0	(0.6)	4.4
Other liabilities	20.8	(17.0)	16.0	1.1	(5.4)	5.9
Cash provided by operating activities	**102.6**	**374.2**	**573.0**	**582.0**	**694.5**	**460.2**
Income tax and social contribution paid	(57.8)	(83.0)	(100.9)	(108.5)	(113.1)	(110.7)
Interest on loans, financing and debentures paid	(169.6)	(237.0)	(190.6)	(152.0)	(328.0)	(352.9)
Net cash provided by operating activities	**(124.8)**	**54.2**	**281.5**	**321.5**	**253.4**	**(3.4)**
CASH FLOWS FROM INVESTING ACTIVITIES:						
(Investments) withdraw in marketable securities	-	-	-	-	(92.6)	92.6
Acquisition of investment, goodwill and fair value surplus	-	-	-	(12.5)	(14.4)	-
Purchases of other property and equipment and addition to intangible assets	(51.1)	(63.0)	(80.8)	(41.5)	(87.3)	(153.0)
Net cash provided by (used in) investing activities	**(51.1)**	**(63.0)**	**(80.8)**	**(54.0)**	**(194.3)**	**(60.4)**
CASH FLOWS FROM FINANCING ACTIVITIES:						
Loans and financings:						
Proceeds	427.9	288.1	125.9	112.6	499.1	747.1
Repayment	(408.9)	(404.5)	(359.9)	(129.4)	(490.4)	(368.4)
Debentures						
Proceeds	370.0	500.0	300.2	496.3	497.3	496.8
Repayment	(222.1)	-	(90.6)	(220.7)	(90.8)	(668.0)
Treasury shares acquired	-	-	-	(36.8)	-	(27.5)
Exercise of stock options with treasury shares, net	-	-	21.9	12.8	5.5	18.0
Dividends paid	(6.1)	(23.3)	(26.3)	(255.1)	(38.6)	(44.7)
Interest on capital	(28.8)	(56.2)	(59.0)	(60.4)	(61.7)	(94.6)
Net cash provided by (used in) financing activities	**132.0**	**304.1**	**(87.8)**	**(80.7)**	**320.4**	**58.7**
NET CASH FLOW PROVIDED (USED) IN THE YEAR	**(43.9)**	**295.3**	**112.9**	**186.8**	**379.5**	**(5.1)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	459.6	415.7	711.0	823.9	1,010.7	1,390.2
CASH AND CASH EQUIVALENTS AT END OF YEAR	415.7	711.0	823.9	1,010.7	1,390.2	1,385.1
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(43.9)**	**295.3**	**112.9**	**186.8**	**379.5**	**(5.1)**
Supplemental disclosure of cash flow information:						
Cash paid during the period to:						
Statement of the cash paid for cars acquisition						
Cars acquisition in the year/period - renewal	(1,370.1)	(1,504.5)	(1,563.3)	(1,819.7)	(2,197.7)	(2,278.4)
Cars acquisition in the year/period - growth	(540.3)	(272.0)	(55.5)	(209.4)	(286.9)	-
Suppliers - automakers:						
Balance at the end of the year	372.6	405.3	288.4	378.1	712.5	591.3
Balance at the beginning of the year	(261.3)	(372.6)	(405.3)	(288.4)	(378.1)	(712.5)
Cash paid for cars purchased	(1,799.1)	(1,743.8)	(1,735.7)	(1,939.4)	(2,150.2)	(2,399.6)

19 – Glossary and other information

• **CAGR:** Compounded average growth rate.

• **CAPEX:** Capital expenditure.

• **Car depreciation:** the amount to be depreciated is the positive difference between the acquisition price of the vehicle and its estimated residual value. Depreciation is calculated as long as the assets' estimated residual value does not exceed its accounting value. Depreciation is recognized during the estimated life cycle of each asset. In the Car Rental Division, depreciation method used is linear. In the Fleet Rental Division, depreciation is recorded according to the sum of the years' digits (SOYD) method, which better reflects the consumption pattern of the economic benefits that decrease during the cars' useful life. The residual value is the estimated sale price net of the estimated selling expense.

• **Depreciated cost of used cars sales (book value):** consists of the acquisition value of vehicles, depreciated up to the date of sale, less the technical discount. The **technical discount** is the discount given to the buyer for any required repairs that were not made. These repair costs are recorded as a charge to operating costs and as a credit to cost of cars sold.

• **EBITDA:** EBITDA is the net income of the period, added by the income tax, net financial expenses, depreciation, amortization and exhaustions, as defined by CVM instruction 527/12.

• **EBITDA Margin:** EBITDA divided by the net revenues.

• **EBIT:** EBIT is the net income of the period added by the income tax and net financial expenses.

• **EBIT Margin:** EBIT divided by the net revenues.

• **IPI tax:** Tax over industrialized products. In May, 2012 Government announced an IPI tax exemption valid initially up to August, 2012, however, successively extended in 2012. In 2013 IPI tax for compact cars was increased to 2% and was kept at this level until December 2014. On January 1, 2015 the tax was fully reinstated. Those measures aim at incentivizing the automotive industry by stimulating demand, since the tax reduction tends to be passed on to the final consumer.

• **Net debt:** Short and long term debts minus cash and cash equivalents. The "net debt" term is a Company's measure and cannot be compared with similar terms used by other companies.

• **Net (Divestment) Investment in cars:** capital investment in cars acquisition, net of the revenues from selling decommissioned cars.

• **NOPAT:** Net operating profit after tax.

• **Average Rented Fleet:** In the car rental division it is the number of daily rentals in the period divided by the number of days in the period.

• **Operating Fleet:** Operating fleet is comprised by the cars that are at the rental locations, either rented or not, under maintenance, as well as cars in transit from OEMs to car rental locations and those being prepared for sale, and not yet delivered to the Seminovos stores.

• **Utilization Rate:** It is the number of rental days of the period divided by the operating fleet. It is a Company's measure and cannot be compared with similar terms used by other companies.

• **ROIC:** Return on invested capital.

20 – 4Q15 and 2015 Results Conference Call

Date: Friday, March 4, 2016.

Portuguese (with simultaneous translation to English)
12:00 p.m. (BR time)
10:00 a.m. (Eastern time)
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Replay available from March 4 to 10, 2016

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