



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

PUBLICLY-HELD COMPANY

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

Corporate Registry ID (NIRE) 3130001144-5

**NOTICE TO THE MARKET**

In regard to Official Letter No. 015/2018-CVM/SEP/GEA-2 (which transcript is below in its entirety) Localiza Rent a Car SA (B3: RENT3 and OTCQX: LZRFY) clarifies that:

Belo Horizonte, January 23, 2018

**COMISSÃO DE VALORES MOBILIÁRIOS – CVM**

Rua Sete de Setembro 111

20050-901 Rio de Janeiro, RJ.

Superintendence of Relations with Companies (SEP)

Management of Business Monitoring 2 (GEA-2)

**Legal Ref. 015/2018-CVM/SEP/GEA-2 - Request for Clarifications - News Reported in the Media**

Dear

Sirs,

LOCALIZA RENT A CAR SA, a corporation with registered office in the City of Belo Horizonte, State of Minas Gerais, Avenida Bernardo Vasconcelos, no. 377, Bairro Cachoeirinha, CEP 30130-100, enrolled in the National Registry of Legal Entity (CNPJ / MF) under the No 16.670.085/0001-55 ("Company") represented in the form of its Bylaws, by means of the present file to present its clarifications and considerations to the Official Letter 015/2018-CVM/SEP/GEA-2, dated January 22, 2018 ("Letter"), forwarded by this Commission.

The Letter makes reference to the news published in the website Infomoney entitled "Localiza falls almost 3% after Morgan Stanley speak in a follow on" on 01/22/2018. The

news refers to the report released by Morgan Stanley on January 21, 2018, in which it was mentioned that in the event of an expansion of the Car Rental division at an above than expected rate, management could consider a follow on in the market to maintain its leverage at the level ratio around 3 times net debt / EBITDA.

Management is consistently evaluating its capital structure, however we hereby clarify that, on this date, there is no definition of the Company regarding a follow on.

In the regular course of its Investor Relations activities, Management is frequently questioned about the capital structure in various growth scenarios of the Company. The possibility of a follow on is mentioned in a hypothetical context of accelerating the growth of the Car Rental unit, which would reflect an increase in Localiza's net indebtedness.

As such, Localiza reinforces its commitment to accurately disclose its information to the market and remain at your disposal.

For further clarification, we reiterate our high esteem and consideration.

Best Regards,

Roberto Mendes  
**CFO and Investor Relations Officer**

Rio de Janeiro, January 16, 2018.

Sir,  
Roberto Antônio Mendes  
Investor Relations Officer of  
LOCALIZA RENT A CAR SA  
Avenida Bernardo de Vasconcelos, 377 - Cachoeirinha  
31150-000 – Belo Horizonte - MG  
E-mail: mercado.capitais@localiza.com; ri@localiza.com

C/C: ana.pereira@b3.com.br; maiara.madureira@b3.com.br;  
marcelo.heliodorio@b3.com.br; emissores@b3.com.br; nelson.ortega@b3.com.br

Subject: **Request for Clarifications – News Reported in the Media**

Mr. Director,

We refer to the news published on the website Infomoney entitled "**Localiza drops almost 3% after Morgan Stanley mention a follow on, see the highlights**" (accessed at 18:10 on 01/22/2018 at [http:// www.infomoney.com.br/mercados/acoes-e-indices/noticia/7221539/localiza-cai-quase-apos-morgan-stanley-falar-nova-oferta-acoes](http://www.infomoney.com.br/mercados/acoes-e-indices/noticia/7221539/localiza-cai-quase-apos-morgan-stanley-falar-nova-oferta-acoes)), which includes the following information:

Localiza shares dropped about 3%, leading Ibovespa losses after Morgan Stanley stated in a report that there is a chance of a follow on, that is a issuance of new shares.

According to the bank, **the management of Localiza gave indications that it would consider making a follow on if it is able to guarantee a potential of expansion of its Car Rental division at a rate in which maintains the Company's leverage at 3x net debt / Ebitda ratio.** The performance of the first quarter may determine whether the follow on will continue, but analysts say, "only the fact that it is being considered already signals a high optimism in the growth scenario."

In this respect, we require your statement on the veracity of the statements made in the news, especially on the excerpts, and if so, we request further clarification on the subject, as well as to inform the reasons why you understood not to treat the subject as a Material Fact, according to CVM Instruction 358/2002.

Such manifestation shall include a copy of this Official Letter and be sent to the IPE System, category "Notice to the Market", type "Clarifications on CVM/B3 Inquiries". Compliance with this request for manifestation by means of a Notice to the Market does not exempt the eventual determination of responsibility for the timely non-disclosure of Material Fact, under the terms of CVM Instruction 358/2002.

We emphasize that, under the terms of art. 3 of CVM Instruction 358/2002, it is incumbent upon the Investor Relations Officer to disclose and communicate to CVM and, as the case may be, to the stock exchange and organized over-the-counter market entity in which the securities issued by the company are admitted to negotiate any relevant act or fact occurring or related to its business, as well as to ensure its wide and immediate dissemination, simultaneously in all markets in which such securities are admitted to trading.

We also remind you of the obligation set forth in the sole paragraph of art. 4 of CVM Instruction No. 358/2002, to inquire of the Company's management and controlling shareholders, as well as all other persons with access to relevant acts or facts, with the purpose of ascertaining whether they are aware of information that must be disclosed to the market with the objective of ascertaining if they would have knowledge of information that should be disclosed to the market.

According to the Superintendence of Relations with Companies (SEP), we warn that it will be up to this administrative authority, in the use of its legal attributions and, based on item II, of article 9, Law 6.385 / 1976, and article 7 c /c and Article 9 of CVM Instruction 452/2007, to determine the charge of a fine, in the amount of R \$ 1,000.00 (one thousand Reais), without prejudice to other administrative sanctions, for not attending this letter until **January 23 / 2017**.

Best Regards,

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Document electronically signed by Guilherme Rocha Lopes, Manager, in 01/22/2018, at 7:36PM, based on article. 6º, § 1º, of the Decree nº 8,539, of October 8, 2015