



Fras-le S.A.

Manual for Shareholder Participation

**Special Shareholders' Meeting
September 4, 2018**

Presentation on August 17, 2018



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1. Message from the Management

Caxias do Sul (RS), August 17, 2018.

Dear Shareholder,

On behalf of the directors of Fras-le S.A. (“Company”), we have the honor to invite you to attend the Special Shareholders’ Meeting (“Special Shareholders’ Meeting”), which shall take place on September 4, 2018, at 2:00 p.m., at the head office of the company, at Rodovia RS 122, km 66, 10.945, Forqueta, Caxias do Sul, State of Rio Grande do Sul.

Your presence in the Special Shareholders’ Meeting will be an opportunity to participate in the process of approval of the acquisition of control of the company identified in the Call Notice and other documents related to the matter to be passed.

In the expectation that we can count on your presence in the Special Shareholders’ Meeting, we hope that this Manual will contribute to facilitate your participation.

We make ourselves available for additional information.

Sincerely,

David Abramo Randon
Chairman of the Board of Directors

Sergio Lisboa Moreira de Carvalho
Chief Executive Officer

2. General Guidelines about Shareholders' Meetings

The matters related to shareholders' meetings are regulated in Articles 121 to 137 of Law 6.404/76 and Articles 13 and 14 of the Company's Articles of Incorporation.

The shareholders' meetings are convened by means of a notice published at least three times, containing, in addition to the place, date and time of the meeting, the agenda and, in case of amendment of the articles of incorporation, the indication of the matter to be changed. The first call shall be at least 15 days prior and the second call 8 days prior.

Subject to the exceptions provided for by law, the shareholders' meeting shall be held, on first call, with the presence of shareholders representing at least one quarter ($\frac{1}{4}$) of the voting capital stock; on second call, it shall be held with any number.

The resolutions of the shareholders' meeting, except for the exceptions provided by law, shall be passed by absolute majority of the votes of those present, not counting blank votes.

The Company's shareholders' meetings are convened, held and chaired by the Chairman of the Board of Directors and, acting as secretary, another Director or, failing this, by the chairman and secretary chosen by the attending shareholders.

The special shareholders' meeting shall be held whenever the company's interests shall so require.

When the special shareholders' meeting is intended to amend the articles of incorporation, it shall only be held on the first call with the attendance of shareholders representing at least two thirds ($\frac{2}{3}$) of the voting capital and may be held with any number on second call.

The documents pertinent to the matter to be discussed at the special shareholders' meeting shall be made available to the shareholders on the occasion of the publication of the first call notice convening the respective meeting.

3. Guidelines for shareholders to attend Special Shareholders' Meetings

The Company's shareholders may attend the Special Shareholders' Meeting ("Special Shareholders' Meeting") by going to the place where the meeting is to be held and declaring their vote.

This Special Shareholders' Meeting will not adopt the remote voting procedure, since such a mechanism is only mandatory at annual shareholders' meetings and at special shareholders' meetings that vote on the election of members of the board of directors or of the audit committee.

In order to participate and vote in the Special Shareholders' Meeting, the shareholders or their legal representatives must present proof of ownership of the shares issued by the Company, issued by the depositary financial institution or by the custodian and also of the following documents: (i) individual: identity document and, if applicable, instrument of proxy; (ii) legal entity: articles of organization and documents proving the good standing of the representation.

Before the Special Shareholders' Meeting is held, the shareholders who are present shall sign the Attendance Book, with their identification, plus the number and type of shares they own.

Shareholders may also be represented by a proxy appointed less than one year prior, provided that they are a shareholder, a director of the Company, a lawyer or a financial institution, and the investment fund administrator is responsible for representing their shareholders, except for legal entities that may be represented by agents appointed in accordance with the rules of the Civil Code, as decided by the CVM Board, in Process RJ2014/3578. Proxies must be notarized for the signature of the principal with a notary's office.

In order to assist shareholders, the Company provides the attached proxy template (Exhibit I), and may, at its discretion, grant a proxy with texts different from those suggested here, provided that they are in accordance with Law 6404/76 and with the Brazilian Civil Code.

Proxies drawn up in a foreign language, before being sent to the Company, must be translated into Portuguese, waiving sworn translation and consular legalization.

When the shareholder is represented by a proxy, the good standing of the proxy must be examined before the shareholders' meetings begin. In order to expedite the process and facilitate the proceedings of the Special Shareholders' Meeting, the proof of ownership of the shares and the instrument of proxy may, at the discretion of the shareholder, be deposited at the company's head office, preferably at least two business days prior to the date scheduled for the Special Shareholders' Meeting. Copies of the documentation may be sent by email to ri@fras-le.com.

Address for sending the documents: **Fras-le S.A. - Investor Relations** - Rodovia RS 122, km 66, 10.945 - Forqueta - 95010-550 - CAXIAS DO SUL - RS

4. Call Notice

The Call Notice for Special Shareholders' Meeting, to be held on November 29, 2017, will be published in the issue of 18, 19 and 20, and also in the issues of 21 and 22 of the newspaper "Folha de Caxias" and in the issues of 20, 21 and 22 of the "Official Gazette of Industry and Commerce of Rio Grande do Sul", with the following transcript:

The shareholders of Fras-le S.A. ("Company") are invited to attend the Special Shareholders' Meeting ("Special Shareholders' Meeting"), to be held on September 4, 2018, at 2:00 pm, at the Company's head office, at Rodovia RS 122, km 66, 10.945, Forqueta, Caxias do Sul (RS), to analyze, discuss and vote on the following agenda:

- (1st)** Resolve on the acquisition by the Company of all the shares representing the capital stock of Jofund S.A., a privately held company registered with CNPJ (Brazilian Ministry of Finance's Corporate Taxpayer Registry) under No. 79.230.678/0001-10, with principal place of business in the city of Joinville (SC), in accordance with the provisions of Art. 256 of Law 6.404/76 ("Corporations Act"), taking into account that it constitutes a relevant investment, pursuant to Art. 247 of the same Law;
- (2nd)** Ratify the hiring, by the Company's managers, of the specialized company, Deloitte Touche Tohmatsu Consultores Ltda. ("Deloitte"), with address at Av. Doutor Chucri Zaidan, 1240, 4th to 12th floors, São Paulo (SP), Postal Code 04.711-130, São Paulo (SP), registered with CNPJ/MF under No. 02.189.924/0001-03, in order to prepare the appraisal report, as provided in Art. 256, § 1, of the Corporations Act;
- (3rd)** Resolve on the said appraisal reports, prepared by EY.

GENERAL INFORMATION

Representation: In order to participate and vote in the Special Shareholders' Meeting, the shareholders or their legal representatives must present proof of ownership of the shares issued by the Company, issued by the depositary financial institution or by the custodian and also of the following documents: (i) individual: identity document and, if applicable, instrument of proxy; (ii) legal entity: articles of organization and documents proving the good standing of the representation. When the shareholders are represented by a proxy, the latter must have been appointed less than one year before, be a shareholder, a director of the Company, a lawyer or a financial institution, and the investment fund administrator shall represent their shareholders, except in the case of legal entities that may be represented by agents appointed in accordance with the rules of the Civil Code.

Information and Documents related to the Special Shareholders' Meeting: Additional information, including that set forth in CVM Instruction 481/2009, containing guidelines to shareholders and details of the matters included in the agenda, is available on the websites of the Company, <http://ri.fras-le.com.br>, of the Brazilian Securities and Exchange Commission (CVM), www.cvm.gov.br, and of BM&FBovespa S.A. Securities, Commodities and Futures Exchange, www.bmfbovespa.com.br.

Clarifications: Any clarifications may be obtained by email at ri@fras-le.com or by telephone at +55 54 3239-1517 and +55 54 3239-1532.

Caxias do Sul, August 17, 2018.

David Abramo Randon,
Chairman of the Board of Directors.

5. Management Proposal

The Board of Directors of Fras-le S.A. (“Fras-le” or “Company”) submits to the shareholders’ appreciation a proposal from the management on matters to be resolved at the Special Shareholders’ Meeting (“Special Shareholders’ Meeting”), as follows:

In a meeting held on August 8, 2018, the members of the Board of Directors of the Company authorized the Board of Executive Officers to sign the documents related to the acquisition by the Company of all the shares representing the capital stock of Jofund S.A., a privately held company registered with CNPJ under No. 79.230.678/0001-10, with principal place of business in the city of Joinville, State of Santa Catarina, which trades in the auto parts market under the trademark Fremax (“Fremax”).

On the same date, the Share Purchase and Sale Agreement was signed with the current shareholders, which covers all the shares representing the total capital stock of Jofund S.A., and the Company disclosed the relevant Material Fact.

The price to be paid for said shareholdings is approximately R\$180,014,000.00, which shall be agreed upon according to the assumptions of the estimated price, as provided for in the Share Purchase and Sale Agreement.

Considering that the purchase price of such assets constitutes for the Company a relevant investment, as defined in the sole paragraph of article 247 of Law 6.404, dated December 15, 1976 (“Corporations Act”), pursuant to Article 256 of the same Law, the transaction will depend on the resolution of the shareholders in the shareholders’ meeting.

In order to support the value of the deal and the resolution of the shareholders, the Company engaged the services of Deloitte Touche Tohmatsu Consultores Ltda., for the preparation of an Appraisal Report, with an estimate of the economic value of the company under the acquisition, which is available at the Company’s head office, on its website <http://ri.fras-le.com.br>, and on the websites of the Brazilian Securities and Exchange Commission (CVM), www.cvm.gov.br and of B3 S.A. Brasil, Bolsa, Balcão, www.b3.com.br.

The dissenting shareholders of the resolutions of the Special Shareholders’ Meeting will not be entitled to withdrawal, pursuant to the provisions of paragraph 2 of Article 256 of Law 6404/76, taking into account that the value of the transaction will not exceed the greater of the limits set forth in Paragraph II in the same legal provision.

Therefore, and for the reasons set forth above, the Company’s Management recommends approval of the acquisition of the companies mentioned in this Proposal. It is worth mentioning that the controlling shareholders of the Company have already pledged to vote favorably within the scope of the Special Shareholders’ Meeting.

Exhibit II, as provided for in Article 19 of CVM Instruction 481, contains the complete details of the information on said acquisition of control, and is available at the Company’s head office, on its website <http://ri.fras-le.com.br>, and on the websites of the Brazilian Securities and Exchange Commission (CVM), www.cvm.gov.br and of B3 S.A. Brasil, Bolsa, Balcão, www.b3.com.br.

Exhibit I – Template of proxy without voting orientation

PROXY

PRINCIPAL

[Individual] [name of shareholder], [nationality], [marital status], [profession], bearer of identity card RG No. [RG number with issuing agency] and registration with CPF [CPF with address [full address]].

[Legal Entity] [name of shareholder], with principal place of business at [full address], registered with the Brazilian Ministry of Finance’s Corporate Taxpayer Registry under No. [Number of CNPJ], herein represented in accordance with its articles of incorporation.

AGENT

[name of the proxy], [marital status], [profession], [if an attorney, inform the OAB registration number], bearer of identity card RG No. [RG number with issuing agency], registered with CPF under No. [CPF number], with address [full address].

POWERS: Specific to represent the PRINCIPAL, as a shareholder of Fras-le S.A., a publicly-held company registered with CNPJ under No. 88.610.126/0001-29, at the Special Shareholders’ Meeting (“Special Shareholders’ Meeting”), to be held on September 4, 2018, at the Company’s head office, located at Rodovia RS 122, km 66, No. 10.945, Forqueta, Caxias do Sul, RS, and may therefore exercise the right to vote as a holder of shares issued by said Company, including examining, discussing and voting on any matter submitted to resolution in said Special Shareholders’ Meeting, sign minutes, books, papers, instruments and whatever else is needed for the proper and faithful fulfillment of this proxy, obeying, necessarily, the following voting orientation.

Agenda		
(1st) Resolve on the acquisition by the Company of all the shares representing the capital stock of Jofund S.A., a privately held company registered with CNPJ (Brazilian Ministry of Finance’s Corporate Taxpayer Registry) under No. 79.230.678/0001-10, with principal place of business in the city of Joinville (SC), in accordance with the provisions of Art. 256 of Law 6.404/76 (“Corporations Act”), taking into account that it constitutes a relevant investment, pursuant to Art. 247 of the same Law.		
In favor ()	Against ()	Abstention ()
(2nd) Ratify the hiring, by the Company’s managers, of the specialized company, Deloitte Touche Tohmatsu Consultores Ltda. (“Deloitte”), with address at Av. Doutor Chucri Zaidan, 1240, 4th to 12th floors, São Paulo (SP), Postal Code 04.711-130, São Paulo (SP), registered with CNPJ/MF under No. 02.189.924/0001-03, in order to prepare the appraisal report, as provided in Art. 256, § 1, of the Corporations Act;		
In favor ()	Against ()	Abstention ()
(3rd) Resolve on the said appraisal report, prepared by Deloitte.		
In favor ()	Against ()	Abstention ()

[city and state], [month] [day], [year].

[notarized signature]

Exhibit II – Information of Exhibit 19 of CVM Instruction 481/2009

CVM INSTRUCTION 481, OF DECEMBER 19, 2009

EXHIBIT 19 – ACQUISITION OF CONTROL

1. Describe the deal

On August 8, 2018, Fras-le S.A. (“Fras-le” or “Company”) entered into a Share Purchase and Sale Agreement, which consists of the acquisition by the Company of all the shares issued by Jofund S.A., which markets its products under the trademark Fremax, also known as such (“Jofund” or “Fremax”).

The Closing of the Transaction is expected to occur after the fulfillment of certain conditions precedent, including the approval by the shareholders in the Special Shareholders’ Meeting of the Company, called for 2:00 p.m. on September 4, 2018.

2. Inform the reason, statutory or legal, by which the deal was submitted to the approval of the meeting.

The Transaction falls under the criterion set forth in item I of article 256 of the Corporations Act, since the total amount to be paid to sellers in the acquisition of the shareholdings mentioned in Item 1 represents a significant investment for the Company, under the terms of article 247 of Law 6404/76 (“Corporations Act”).

3. With respect to companies whose control has been or will be acquired:

a. Inform name and identification

JOFUND S.A., a privately held corporation incorporated under Brazilian law, with principal place of business in the City of Joinville, State of Santa Catarina, at Rua Anaburgo, 5.600, Zona Industrial, Postal Code 89.237-700, registered with CNPJ/MF under No. 79.230.678/0001-10.

b. Number of shares or membership interests of each class or type issued

Jofund’s capital stock consists of three million, eight thousand, four hundred ninety-five (3,008,495) registered common shares with no par value.

c. List all direct or indirect controlling shareholders or members of the controlling block and their equity interest in the capital stock, if they are related parties, as defined by the accounting rules that deal with this subject.

The natural persons listed below are direct shareholders of Jofund, none of whom are directly or indirectly related to the Company:

Shareholder	Class	Shares	% Capital
Pedro Moacyr Picanço	Common	501,417	16.66667
Claudine Duarte Schumacher	Common	501,415	16.66667
Marcos Axt	Common	501,417	16.66667
Rosangela Axt	Common	501,415	16.66667
Julio Cesar Forcade Lopez	Common	1,002,831	33.33333
Total		3,008,495	100.00%

d. For each class or type of shares or membership interest of Jofund whose control will be acquired, inform:

i. Minimum, average and maximum price of each year in the markets in which they are traded in the last three (3) years

Not applicable, as it is a privately-held company and does not have a history of trading, stock exchanges or organized over-the-counter markets.

ii. Minimum, average and maximum price of each quarter in the markets in which they are traded in the last two (2) years.

Not applicable, as it is a privately-held company and does not have a history of trading, stock exchanges or organized over-the-counter markets.

iii. Minimum, average and maximum price of each month, in the markets in which they are traded, in the last six (6) months.

Not applicable, as it is a privately-held company and does not have a history of trading, stock exchanges or organized over-the-counter markets.

iv. Average price in the markets in which they are traded, in the last 90 days

Not applicable, as it is a privately-held company and does not have a history of trading, stock exchanges or organized over-the-counter markets.

v. Shareholders' Equity at market prices, if the information is available;

Information not available.

vi. Value of annual net profit in the last two (2) fiscal years, adjusted for inflation by the variance of the IGP-M (General Market Price Index)

Company	Profit for the year 2016 (R\$)	Profit per share 2016 (R\$)	Profit for the year 2017 (R\$)	Profit per share 2017 (R\$)
Jofund	16,057,612.14	5.3374	15,705,501.45	5.2203

In order to calculate the net income per share in Brazilian reais, based on the date of December 31 of each year, the amounts were adjusted up to July 31, 2018 by the General Market Price Index (IGP-M).

4. Key terms and conditions of the deal, including:

a. Identification of the sellers

PEDRO MOACYR PICANÇO, Brazilian, married, economist, registered with CPF/MF (Individual Tax Identification) under No. 381.276.369-91, bearer of identity document RG No. 599708-9-SSP/SC, resident and domiciled at Estrada da Ilha, 4830, P47, Postal Code 89239-250, Pirabeiraba, in the city of Joinville (SC).

CLAUDINE DUARTE SCHUMACHER, Brazilian, married to Pedro, as identified above, teacher, registered with CPF/MF under No. 474.704.029-34, bearer of identity document RG No. 847255-6-SSP/SC, resident and domiciled at Estrada da Ilha, 4830, P47, Postal Code 89239-250, Pirabeiraba, in the city of Joinville (SC).

MARCOS AXT, Brazilian, married, metallurgical technician, registered with CPF/MF under No. 154.644.239-15, bearer of identity document RG No. 238.598-SSP/SC, resident and domiciled at Rua Lajes, 1517 - Casa 8 - Caixa 8, Postal Code 89204-010, America, in the city of Joinville (SC).

ROSANGELA AXT, Brazilian, married to Marcos, as identified above, housewife, registered with CPF/MF under No. 380.712.239-72, bearer of identity document RG No. 596.186-SSP/SC, resident and domiciled at Rua Lajes, 1517 - Casa 8 - Caixa 8, Postal Code 89204-010, America, in the city of Joinville (SC).

JULIO CÉSAR FORCADE LOPEZ, Uruguayan, separated, business owner, registered with CPF/MF under No. 009.895.559-41, bearer of Uruguayan passport number D10199, identity document No. 1:355741-8, resident and domiciled at Camino de Los Honeros, 220, Cauciones, Lomas de Carroasco, Uruguay.

b. Total number of shares or membership interests acquired or to be acquired

Company	Shares acquired (directly)
Jofund	3,008,495

c. Total Price

Company	Total price (R\$)	Percentage
Jofund	180,014,000.00	100%

The price will be adjusted, within forty-five (45) days as of the Closing Date, based on the amounts corresponding to the effective net indebtedness and the effective working capital, according to the criteria, methodology and premises established in the Agreement.

d. Price per share or membership interest of each type or class

Company	Price per share (R\$)
Jofund	59.84

e. Payment method

- (i) On the closing date, the Company will disburse the amount of one hundred sixty-two million, fourteen thousand Brazilian reais (R\$162,014,000.00) to the Sellers, by means of bank transfers, in the Sellers' accounts, in proportion to their ownership interest.
- (ii) The amount of eighteen million Brazilian reais (R\$18,000,000.00) will be retained. For the period between two (2) and six (6) years, to face damages and labor claims or associated with commercial agents, as well as claims of any other nature, with risk assessed as probable or possible and that are indemnifiable by the Sellers under the Agreement.

f. Conditions precedent and subsequent to which the deal is subject

The Transaction is subject to compliance with the usual conditions precedent in such transactions, among which the approval of the Company's shareholders at a Special Shareholders' Meeting, approval of the Administrative Council for Economic Defense (CADE) and, where appropriate, antitrust authorities from other jurisdictions.

g. Summary of sellers' representations and warranties

Each of the Sellers, individually and by themselves, represented and warranted for the benefit of the Company that the Representations and Warranties in the Agreement are true and that will be materially true on the Closing Date (inclusive). Briefly, and without prejudice to the details contained in the Agreement, the main representations and warranties provided by the Sellers, in relation to Jofund, are as follows:

- (i) Jofund is a corporation organized as a privately-held corporation, duly incorporated, validly existing and in good standing in accordance with the laws of the Federative Republic of Brazil, having full powers and corporate authorizations to conduct its activities, as conducted to date, as well as to hold, use and dispose of its assets and properties, and to perform and implement the Transaction;
- (ii) Each of the Sellers, individually, and Jofund have full rights, capacity, powers and legitimacy, under the terms of the Law, to enter into, sign and formalize all obligations under the Agreement, as well as to implement the Transaction.
- (iii) Each of the Sellers is and will be on the Closing Date the sole and legitimate owner and holder of their portion of the shares, which are fully paid up. The Shares are and will remain free and clear of any and all liens or rights of third parties of any nature, including preemptive rights or any other similar right that entails an obligation to dispose of such shares, and may be freely sold, assigned and transferred to the Company;
- (iv) There are no actual or threatened claims against each Seller, Jofund or any affiliate that involves or affects or may affect the shares, the transfer of ownership of the shares to the Company, the ownership and use of the shares by the Company, the transaction, or the transaction documents;
- (v) The signing and execution of the Agreement do not conflict with or result in any breach or noncompliance, nor do they result in any Person's right to terminate or modify any note, title, obligation, deed, mortgage, license, concession, contract, loan, commitment, agreement or understanding relating to the shares and any requirement or legal order applicable to the Shares. Except for the approval of CADE, of the third parties exhaustively listed in the Agreement and, where applicable, of the antitrust authorities of other jurisdictions, no consent, approval, license, authorization, notice, declaration or registration with any authority or with any third party must be obtained or made by each Seller or by Jofund in connection with the execution of this Agreement or the consummation of the Transaction. Nor the conclusion and execution of the Agreement or the consummation or the development of the transaction will directly or indirectly:
 - (a) infringe, conflict with, or result in violation of, or give any authority or any other person the right to question the transaction or exercise any appeal or obtain any assistance in any trial or order to which the Shares may be subject;
 - (b) infringe, conflict with, or otherwise violate any of the terms or conditions, or give any authority the right to revoke, withdraw, suspend, cancel, terminate, or modify any governmental authorization that in any way relates to the shares;
 - (c) result in the imposition or creation of any Lien on or with respect to the shares; or
 - (d) result in termination of contracts, albeit verbal, with suppliers, distributors, customers or business agents who provide services to Jofund.

h. Buyer indemnification rules

Subject to the terms and conditions and details of the Agreement, the Sellers, individually and not jointly, shall indemnify and hold harmless the Company, its Affiliates, its Controlling Shareholders, executive officers, directors, employees, agents or successors in respect of any damages arising out of or related with:

- (i) any omission, error, inaccuracy or failure in the representations and warranties given by the Sellers in the Agreement;
- (ii) any default or breach by the respective Seller of any agreements, undertakings or obligations arising out of the Agreement;
- (iii) any active Jofund shortcomings on the Closing Date as compared to the Financial Statements;
- (iv) hidden, contingent or supervenient liabilities compared to the Financial Statements; and
- (v) any fact, act, event or omission occurring up to the Closing Date, in relation to Jofund or the real estate, except as expressly provided otherwise in the Agreement or other final documents of the Transaction.

i. Government Approvals Required

The Transaction does not depend on prior governmental approval, however, the Company and the Sellers shall jointly submit an application for approval to the Administrative Council for Economic Defense (CADE), and, if applicable, competition authorities of other jurisdictions, whose approval is a condition preceding the Closing.

j. Guarantees granted

By the Sellers: In order to assure the faithful fulfillment of all the obligations assumed by the Sellers in the Agreement, pecuniary or otherwise, including fines, penalties or indemnities, Taxes, fees, interest and any other charges, FPA ADMINISTRAÇÃO E PARTICIPAÇÕES LTDA. (“FPA”), a limited liability company, registered with CNPJ/MF under No. 04.071.198/0001-55, with registered office in the city of Joinville (SC), signed the Agreement as a guarantor of the Sellers and as jointly and severally liable for the obligations assumed by the Sellers. The guarantee shall remain in force until all the obligations of the Sellers in the Agreement are fulfilled, during which period FPA cannot dispose of or in any way transfer to third parties the properties that are part of its Assets.

By the Company: To ensure payment of the balance of the Withholding Amount (if any) at the end of the withholding period, DRAMD PARTICIPAÇÕES E ADMINISTRAÇÃO LTDA. (“DRAMD”), a limited liability company, registered with CNPJ/MF No. 94.800.018/0001-11, with principal place of business in the city of Caxias do Sul (RS), signed the Agreement as a guarantor of the Company. The responsibility of DRAMD exclusively comprises the payment of the balance of the amount withheld at the end of the withholding period, being jointly and severally liable for the obligations assumed by the Company exclusively in relation to the payment of such balance of the withheld amount. This guarantee shall remain in force until all obligations relating to such payment have been fulfilled in full.

5. Describe the purpose of the business

The Transaction materializes the Company’s strategy of expanding its business, expanding its product portfolio and expanding its presence in the auto parts market.

6. Provide analysis of business benefits, costs, and risks

The business benefits from the expansion of the Company's business, the Company's better positioning in the market, enabling adequate service to the global needs of customers and expansion of the product portfolio, generating benefits to consumers and customers.

The acquisition cost is compatible with the Company's cash and projections of future results, independent report, in addition to being linked to the future performance of the Company.

The Company does not foresee significant costs related to the integration of the units, since it intends to maintain Jofund's autonomy in relation to administrative and production structures. As for the sales channels, the commercial policies and the sales force, synergies can be established with the Company's current structure.

Being the same business segment in which the Company already operates, the risks are essentially the same as those already faced by it, such as the variation in volumes due to international macroeconomic variations, the variation in the exchange rates of certain countries, affecting the competitiveness of certain production centers, and the variation in production costs, both direct and indirect.

There is no risk of disbursement in favor of the shareholders, as the transaction will not give dissenting shareholders the right to withdraw, pursuant to paragraph 2 of Article 256 of Law 6404/76, taking into account that the amount to be paid to Sellers shall not exceed the greater of the limits set forth in Item II in the same legal provision, as compared between item "3.d.vi" and "4.d".

7. Inform what costs will be incurred by the company if the business is not approved

The Company will incur in the payment of a compensatory fine to the Sellers in the amount of (i) twenty million Brazilian reais (R\$20,000,000.00) if the non-approval of the Transaction is due to the unfavorable vote of the Controlling Shareholder of the Company or of GIF V Pipe Fundo de Investimento em Participações, or by not holding a Special Shareholders' Meeting to resolve the matter, or (ii) ten million Brazilian reais (R\$10,000,000.00) if the non-approval of the Transaction is due to possible inquiries by minority shareholders of the Company that cannot be resolved favorably to the approval of the Transaction until the end of the Closing period.

8. Describe the sources of funds for the business

The Company has its own funds to pay the total purchase price.

9. Describe the plans of the directors for the company whose control was or will be acquired

Once it is controlled by the Company, in the medium term, Jofund shall maintain its autonomy of operation, due to its history of business performance and good service to the markets served by it, with qualified products and services.

10. Provide a justified statement of the directors recommending approval of the deal

The acquisition of Jofund is aligned with the strategic direction of the Company and the needs of its customers, whether auto makers or replacement market members, who are expanding and seeking suppliers that have the capacity to invest and develop the domestic and global market.

Essentially, the Transaction will allow the Company to continue its process of sustainable growth focused on the market, combined with the generation of value to its shareholders, customers, suppliers, employees and the communities in which it operates, always favoring good corporate governance practices.

In this sense, the Company's directors understand that the transaction will serve the best interests of shareholders, customers and other stakeholders, which is why they recommend its approval.

11. Describe any existing, even if indirect, relationship between:

a. Any of the sellers or the company whose control has been or will be disposed of; and

Sellers are direct shareholders of Jofund

b. Parties related to the company, as defined by the accounting rules that deal with this subject

Does not exist

12. Inform details of any business conducted in the last two (2) years by parties related to the company, as defined by the accounting rules dealing with this matter, with equity interests or other securities or debt securities of the company whose control was or will be acquired

The Company is not aware of deals performed by parties related thereto under the terms described above.

13. Provide a copy of all studies and appraisal reports, prepared by the Company or by third parties, which subsidized the negotiation of the acquisition price

Economic, financial and marketing feasibility studies were carried out by an internal team of the Company, which has knowledge and technical capacity, supporting the directors in the evaluation of the business, as well as in the discussion and negotiation of the price with the Sellers.

Additionally, in compliance with the provisions of Art. 256, paragraph 1 of Law 6404/76, the Company engaged the preparation of an Appraisal Report, prepared by Deloitte Touche Tohmatsu Consultores Ltda., made available to the shareholders on this date, by the Empresas.Net system, Economic-financial Data category, Appraisal Report type, together with the other documents for consideration at the Special Shareholders' Meeting, to be held on September 4, 2018.

14. In relation to third parties who have prepared studies or appraisal reports

a. Inform name

Deloitte Touche Tohmatsu Consultores Ltda. ("Deloitte")

b. Describe qualification

Deloitte is part of Deloitte's (international) group of companies, one of the global leaders in consulting, auditing, tax and corporate transactions, one of the world's four largest professional services providers in these areas (big four).

The team that participated in the preparation of the Appraisal Report is distinguished by the use of advanced analysis combined with in-depth knowledge of corporate finance, industry expertise, and experience in transactions and capital markets, carried out to support business negotiations, accounting records, tax proceedings, corporate restructurings and public offerings.

c. Describe how they were selected

Deloitte was selected for its experience, reputation and technical and commercial capacity, having performed the accounting and financial due diligence of the Transaction, and for

meeting the deadline requirements required by the Company.

- d. Inform if they are parties related to the company, as defined by the accounting rules that deal with this subject

Deloitte is not a party related to the Company.