**REGISTRATION WITH CVM SHOULD NOT BE CONSTRUED AS AN EVALUATION OF THE COMPANY. COMPANY MANAGEMENT IS RESPONSIBLE FOR THE INFORMATION PROVIDED.**

**01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpayer's ID) |
|---|---|---|
| **01973-9** | **LOCALIZA RENT A CAR S.A.** | **16.670.085/0001-55** |
| 4 - NIRE (Corporate Registry ID) | | |
| **3130001144-5** | | |

**01.02 - HEADQUARTERS**

| 1 - ADDRESS | | | | 2 - DISTRICT |
|---|---|---|---|---|
| AVENIDA BERNARDO MONTEIRO, 1563 | | | | FUNCIONÁRIOS |
| 3 - ZIP CODE | 4 - CITY | | | 5 - STATE |
| 30150-902 | BELO HORIZONTE | | | MG |
| 6 - AREA CODE | 7 - TELEPHONE | 8 - TELEPHONE | 9 - TELEPHONE | 10 - TELEX |
| 031 | 3247-7040 | 3247-7039 | 3247-7041 | |
| 11 – AREA CODE | 12 - FAX | 13 - FAX | 14 - FAX | |
| 031 | 3247-7755 | 3247-7771 | 3247-7003 | |
| 15 - E-MAIL | | | | |
| ri@localiza.com | | | | |

**01.03 - INVESTOR RELATIONS OFFICER (Company Mailing Address)**

| 1- NAME | | | | |
|---|---|---|---|---|
| ROBERTO ANTÔNIO MENDES | | | | |
| 2 - ADDRESS | | | | 3 - DISTRICT |
| AVENIDA BERNARDO MONTEIRO, 1563 | | | | FUNCIONÁRIOS |
| 4 - ZIP CODE | 5 – CITY | | | 6 - STATE |
| 30150-902 | BELO HORIZONTE | | | MG |
| 6 - AREA CODE | 7 - TELEPHONE | 8 - TELEPHONE | 9 - TELEPHONE | 10 - TELEX |
| 031 | 3247-7040 | 3247-7041 | 3247-7039 | |
| 11 - AREA CODE | 12 - FAX | 13 - FAX | 14 - FAX | |
| 031 | 3247-7755 | 3247-7771 | - | |
| 15 - E-MAIL | | | | |
| ri@localiza.com | | | | |

**01.04 - ITR REFERENCE AND AUDITOR INFORMATION**

| CURRENT YEAR | | CURRENT QUARTER | | | PREVIOUS QUARTER | | |
|---|---|---|---|---|---|---|---|
| 1 - BEGINNING | 2 - END | 3 - QUARTER | 4 - BEGINNING | 5 - END | 6 - QUARTER | 7 - BEGINNING | 8 - END |
| 01/01/2009 | 12/31/2009 | 2 | 4/01/2009 | 6/30/2009 | 1 | 1/01/2009 | 3/31/2009 |

| **09 - INDEPENDENT ACCOUNTANT** | **10 - CVM CODE** |
|---|---|
| DELOITTE TOUCHE TOHMATSU AUDITORES INDEPENDENTES | 00385-9 |
| **11 - TECHNICIAN IN CHARGE** | **12 - TECHNICIAN'S CPF (INDIVIDUAL TAXPAYER'S REGISTER)** |
| Walmir Bolgheroni | 012.725.828-09 |

### 01.01 - IDENTIFICATION

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpayer's ID) |
|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

### 01.05 - CAPITAL STOCK

| Number of Shares (in thousands) | 1 - CURRENT QUARTER 6/30/2009 | 2 - PREVIOUS QUARTER 3/31/2009 | 3 - SAME QUARTER, PREVIOUS YEAR 6/30/2008 |
|---|---|---|---|
| **Paid-up Capital** | | | |
| 1 - Common | 201,708 | 201,708 | 201,708 |
| 2 - Preferred | 0 | 0 | 0 |
| 3 - Total | 201,708 | 201,708 | 201,708 |
| **Treasury Shares** | | | |
| 4 - Common | 4,226 | 4,226 | 1,738 |
| 5 - Preferred | 0 | 0 | 0 |
| 6 - Total | 4,226 | 4,226 | 1,738 |

### 01.06 - COMPANY PROFILE

| |
|---|
| **1 - TYPE OF COMPANY**<br>Commercial, Industrial and Others |
| **2 - STATUS**<br>Operational |
| **3 - NATURE OF OWNERSHIP**<br>Domestic Private Company |
| **4 - ACTIVITY CODE**<br>1140 - Transportation and Logistics Services |
| **5 - MAIN ACTIVITY**<br>CAR AND FLEET RENTAL |
| **6 - CONSOLIDATION TYPE**<br>Total |
| **7 - TYPE OF REPORT OF INDEPENDENT AUDITORS**<br>Unqualified |

### 01.07 - COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

| 1 – ITEM | 2 - CNPJ (Corporate Taxpayer's ID) | 3 - COMPANY NAME |
|---|---|---|
| | | |

### 01.08 - CASH DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

| 1 – ITEM | 2 - EVENT | 3 – APPROVAL | 4 - TYPE | 5 - DATE OF PAYMENT | 6 - TYPE OF SHARE | 7 - AMOUNT PER SHARE |
|---|---|---|---|---|---|---|
| 01 | AGO/E (*) | 4/16/2009 | Dividends | 6/10/2009 | Common | 0.0282709200 |
| 02 | RCA (**) | 3/12/2009 | Interest on Capital | 5/07/2009 | Common | 0.0415446090 |
| 03 | RCA (**) | 6/29/2009 | Interest on Capital | 8/26/2009 | Common | 0.0430936180 |

(*) General and Extraordinary Meeting
(**) Board of Director's Meeting

**01.01 – IDENTIFICATION**

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|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR**

| 1 - ITEM | 2 - DATE OF CHANGE | 3 - CAPITAL STOCK (in thousands of Reais) | 4 - AMOUNT OF CHANGE (in thousands of Reais) | 5 - NATURE OF CHANGE | 7 - NUMBER OF SHARES ISSUED (Thousands) | 8 -SHARE PRICE WHEN ISSUED (in Reais) |
|---|---|---|---|---|---|---|
| 01 | 5/05/2009 | 400,000 | 100,000 | Profit reserves | 0 | 0,0 |

**01.10 - INVESTOR RELATIONS OFFICER**

| 1 – DATE | 2 – SIGNATURE |
|---|---|
| 7/21/2009 | |

**01.01 - IDENTIFICATION**

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|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**02.01 - BALANCE SHEET - ASSETS (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – 6/30/2009 | 4 – 3/31/2009 |
|---|---|---|---|
| 1 | Total Assets | 1,784,848 | 1,737,289 |
| 1.01 | Current Assets | 487,613 | 367,676 |
| 1.01.01 | Cash and Cash Equivalents | 326,161 | 180,576 |
| 1.01.02 | Credits | 130,709 | 135,183 |
| 1.01.02.01 | Trade Accounts Receivable | 130,709 | 135,183 |
| 1.01.02.02 | Sundry Credits | - | - |
| 1.01.03 | Inventories | - | - |
| 1.01.04 | Others | 30,743 | 51,917 |
| 1.01.04.01 | Dividends Receivable | - | 16,247 |
| 1.01.04.02 | Other Current Assets | 28,399 | 28,179 |
| 1.01.04.03 | Recoverable Taxes | 2,344 | 7,491 |
| 1.02 | Noncurrent Assets | 1,297,235 | 1,369,613 |
| 1.02.01 | Long-Term Assets | 50,944 | 50,290 |
| 1.02.01.01 | Sundry Credits | - | - |
| 1.02.01.02 | Credit with Related Parties | - | - |
| 1.02.01.02.01 | Affiliates | - | - |
| 1.02.01.02.02 | Subsidiaries | - | - |
| 1.02.01.02.03 | Other Related Parties | - | - |
| 1.02.01.03 | Others | 50,944 | 50,290 |
| 1.02.01.03.01 | Escrow Deposits | 8,131 | 7,918 |
| 1.02.01.03.02 | Deferred Income Tax and Social Contribution | 9,409 | 9,002 |
| 1.02.01.03.03 | Advances for Future Capital Increase | 33,146 | 33,146 |
| 1.02.01.03.04 | Others | 258 | 224 |
| 1.02.02 | Permanent Assets | 1,246,291 | 1,319,323 |
| 1.02.02.01 | Investments | 455,009 | 433,408 |
| 1.02.02.01.01 | In Affiliates | - | - |
| 1.02.02.01.02 | In Affiliates-goodwill | - | - |
| 1.02.02.01.03 | In Subsidiaries | 455,009 | 433,408 |
| 1.02.02.01.04 | In Subsidiaries-goodwill | - | - |
| 1.02.02.01.05 | Other Investments | - | - |
| 1.02.02.02 | Property and equipment | 780,924 | 875,276 |
| 1.02.02.02.01 | Vehicles | 701,437 | 793,348 |
| 1.02.02.02.02 | Others | 79,487 | 81,928 |
| 1.02.02.03 | Intangibles | 10,358 | 10,639 |
| 1.02.02.04 | Deferred charges | - | - |

**01.01 - IDENTIFICATION**

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|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**02.02 - BALANCE SHEET - LIABILITIES (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – 6/30/2009 | 4 – 3/31/2009 |
|---|---|---|---|
| 2 | Total Liabilities | 1,784,848 | 1,737,289 |
| 2.01 | Current Liabilities | 497,158 | 118,473 |
| 2.01.01 | Loans and Financing | 903 | 904 |
| 2.01.02 | Debentures | 380,379 | 31,427 |
| 2.01.03 | Trade Accounts Payable | 71,714 | 13,970 |
| 2.01.04 | Taxes, other than income | 4,119 | 6,281 |
| 2.01.05 | Dividends Payable | 7,248 | 12,571 |
| 2.01.06 | Provisions | - | - |
| 2.01.07 | Accounts payable to subsidiary | 290 | 18,406 |
| 2.01.08 | Other | 32,505 | 34,914 |
| 2.01.08.01 | Payroll and Related Charges | 21,810 | 25,790 |
| 2.01.08.02 | Other | 10,695 | 9,124 |
| 2.02 | Noncurrent Liabilities | 721,631 | 1,069,477 |
| 2.02.01 | Long-Term Liabilities | 721,631 | 1,069,477 |
| 2.02.01.01 | Loans and Financing | 189,212 | 182,805 |
| 2.02.01.02 | Debentures | 498,809 | 848,634 |
| 2.02.01.03 | Provisions | 20,877 | 19,812 |
| 2.02.01.03.01 | Reserve for Contingencies | 20,877 | 19,812 |
| 2.02.01.04 | Accounts payable to subsidiary | 11,193 | 16,532 |
| 2.02.01.05 | Advances for Future Capital Increase | - | - |
| 2.02.01.06 | Others | 1,540 | 1,694 |
| 2.02.01.06.01 | Deferred financing incentive | 951 | 1,039 |
| 2.02.01.06.02 | Others | 589 | 655 |
| 2.05 | Shareholders' Equity | 566,059 | 549,339 |
| 2.05.01 | Paid-in Capital | 400,000 | 300,000 |
| 2.05.02 | Capital Reserves | 6,478 | 6,168 |
| 2.05.03 | Revaluation Reserve | - | - |
| 2.05.03.01 | Own Assets | - | - |
| 2.05.03.02 | Subsidiaries/Affiliates | - | - |
| 2.05.04 | Profit Reserves | 131,399 | 231,399 |
| 2.05.04.01 | Legal | 33,080 | 33,080 |
| 2.05.04.02 | Statutory | - | - |
| 2.05.04.03 | For Contingencies | - | - |
| 2.05.04.04 | Realizable Profit | - | - |
| 2.05.04.05 | Profit retention | 98,319 | 198,319 |
| 2.05.04.06 | Special for Non-Distributed Dividends | - | - |
| 2.05.04.07 | Other Profit Reserves | - | - |
| 2.05.05 | Equity assessment adjustments | - | - |
| 2.05.05.01 | Marketable securities adjustments | - | - |
| 2.05.05.02 | Cumulative translation adjustments | - | - |
| 2.05.05.03 | Business combinations adjustments | - | - |
| 2.05.06 | Retained Earnings/ Accumulated Losses | 28,182 | 11,772 |
| 2.05.07 | Advances for Future Capital Increase | - | - |

| **01973-9** | **LOCALIZA RENT A CAR S.A.** | **16.670.085/0001-55** |
|---|---|---|

**01.01 - IDENTIFICATION**

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|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**03.01 - STATEMENT OF INCOME (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – 4/1/2009 to 6/30/2009 | 4 – 1/1/2009 to 6/30/2009 | 5- 4/1/2008 to 6/30/2008 | 6- 1/1/2008 to 6/30/2008 |
|---|---|---|---|---|---|
| 3.01 | Gross Revenue from Sales and/or Services | 270,107 | 568,694 | 296,270 | 635,283 |
| 3.02 | Deductions from Gross Revenue | (6,375) | (13,072) | (7,107) | (12,911) |
| 3.03 | Net Revenue from Sales and/or Services | 263,732 | 555,622 | 289,163 | 622,372 |
| 3.04 | Cost of Goods and Services Sold | (206,783) | (435,917) | (211,180) | (453,762) |
| 3.05 | Gross profit | 56,949 | 119,705 | 77,983 | 168,610 |
| 3.06 | Operating Expenses/Income | (33,812) | (79,593) | (25,577) | (59,711) |
| 3.06.01 | Sales | (21,568) | (41,416) | (17,205) | (34,747) |
| 3.06.02 | General and Administrative | (7,868) | (15,759) | (5,839) | (12,570) |
| 3.06.03 | Financial | (24,415) | (58,807) | (22,449) | (49,534) |
| 3.06.03.01 | Financial Income | 6,290 | 9,939 | 8,389 | 11,710 |
| 3.06.03.02 | Financial Expenses | (30,705) | (68,746) | (30,838) | (61,244) |
| 3.06.04 | Other Operating Income | - | - | - | - |
| 3.06.05 | Other Operating Expenses | (318) | (1,363) | (576) | (1,095) |
| 3.06.06 | Equity in subsidiaries | 20,357 | 37,752 | 20,492 | 38,235 |
| 3.07 | Income from Operations | 23,137 | 40,112 | 52,406 | 108,899 |
| 3.08 | Non-Operating Income | - | - | - | - |
| 3.08.01 | Income | - | - | - | - |
| 3.08.02 | Expenses | - | - | - | - |
| 3.09 | Income Before Taxes | 23,137 | 40,112 | 52,406 | 108,899 |
| 3.10 | Income Tax and Social Contribution | - | (3,615) | (8,819) | (19,750) |
| 3.11 | Deferred Income Tax and Social Contribution | 1,783 | 8,399 | 641 | 947 |

| **01973-9** | **LOCALIZA RENT A CAR S.A.** | **16.670.085/0001-55** |
|---|---|---|

**01.01 - IDENTIFICATION**

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|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**03.01 - STATEMENT OF INCOME (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – 4/1/2009 to 6/30/2009 | 4 – 1/1/2009 to 6/30/2009 | 5- 4/1/2008 to 6/30/2008 | 6- 1/1/2008 to 6/30/2008 |
|---|---|---|---|---|---|
| 3.12 | Statutory Holding/Contributions | - | - | - | - |
| 3.12.01 | Holdings | - | - | - | - |
| 3.12.02 | Contributions | - | - | - | - |
| 3.13 | Reversal of Interest on Capital | - | - | - | - |
| 3.15 | Net Income/Loss for the Period | 24,920 | 44,896 | 44,228 | 90,096 |
| | NUMBER OF SHARES, EX-TREASURY (in thousands) | 197,482 | 197,482 | 199,970 | 199,970 |
| | EARNINGS PER SHARE (R$) | 0.12619 | 0.22734 | 0.22117 | 0.45055 |
| | LOSS PER SHARE (R$) | | | | |

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|---|---|---|

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**04.01 - STATEMENT OF CASH FLOW – INDIRECT METHOD (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – 4/1/2009 to 6/30/2009 | 4 – 1/1/2009 to 6/30/2009 | 5- 4/1/2008 to 6/30/2008 | 6- 1/1/2008 to 6/30/2008 |
|---|---|---|---|---|---|
| 4.01 | Net cash provided by operating activities | 210,430 | 408,553 | 390,279 | 459,285 |
| 4.01.01 | Cash flows provided by operating activities | 160,113 | 333,645 | 190,511 | 413,962 |
| 4.01.01.01 | Net income | 24,920 | 44,896 | 44,228 | 90,096 |
| 4.01.01.02 | Depreciation and amortization | 50,519 | 108,493 | 51,234 | 101,515 |
| 4.01.01.03 | Net book value of property and equipment written off | 104,940 | 222,144 | 114,535 | 259,100 |
| 4.01.01.04 | (Recognition) reversal of deferred tax assets | (1,783) | (8,399) | (641) | (947) |
| 4.01.01.05 | Recognition of provision for doubtful accounts | 335 | 836 | 87 | 171 |
| 4.01.01.06 | Recognition (reversal) of reserve for contingencies | 1,229 | 2,806 | 1,442 | 2,076 |
| 4.01.01.07 | Stock option plan | 310 | 621 | 118 | 179 |
| 4.01.01.08 | Equity in subsidiaries | (20,357) | (37,752) | (20,492) | (38,235) |
| 4.01.01.09 | Other | - | - | - | 7 |
| 4.01.02 | Variation in the assets and liabilities | 50,317 | 74,908 | 199,768 | 45,323 |
| 4.01.02.01 | Trade accounts receivable | 4,139 | 4,359 | 1,706 | (7,406) |
| 4.01.02.02 | Escrow deposits | (325) | (228) | 644 | 336 |
| 4.01.02.03 | Recoverable taxes | 2,463 | (1,357) | (1,436) | (2,489) |
| 4.01.02.04 | Interest on marketable securities | - | (70) | (2,654) | (5,240) |
| 4.01.02.05 | Other | 1,162 | (8,747) | 28,969 | 19,965 |
| 4.01.02.06 | Trade accounts payable | 57,744 | 56,916 | 163,475 | 52,323 |
| 4.01.02.07 | Payroll and related charges | (3,980) | 4,434 | 2,381 | 1,654 |
| 4.01.02.08 | Taxes, other than on income | (931) | 2,684 | (1,231) | 2,619 |
| 4.01.02.09 | Interest on loans, financing and other liabilities | 6,435 | 23,957 | 7,364 | (10,898) |
| 4.01.02.10 | Deferred financing incentive | (88) | (175) | (220) | - |
| 4.01.02.11 | Other liabilities | (16,302) | (6,865) | 770 | (5,541) |
| 4.01.03 | Other | - | - | - | - |

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**04.01 - STATEMENT OF CASH FLOW – INDIRECT METHOD (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – 4/1/2009 to 6/30/2009 | 4 – 1/1/2009 to 6/30/2009 | 5- 4/1/2008 to 6/30/2008 | 6- 1/1/2008 to 6/30/2008 |
|---|---|---|---|---|---|
| 4.02 | Net cash used in investing activities | (44,817) | (33,430) | (222,992) | (319,963) |
| 4.02.01 | Purchases in marketable securities | - | - | (17,010) | (47,569) |
| 4.02.02 | Proceeds from sales in marketable securities | - | 8,318 | 97,076 | 127,416 |
| 4.02.03 | Vehicles acquisitions | (58,259) | (58,385) | (345,399) | (460,523) |
| 4.02.04 | Additions to other property and equipment | (2,303) | (4,333) | (5,083) | (8,502) |
| 4.02.05 | Additions to intangible assets | (264) | (459) | (525) | (554) |
| 4.02.06 | Dividends from subsidiaries | 16,247 | 21,667 | 47,949 | 69,821 |
| 4.02.07 | Capital increase in subsidiaries | (200) | (200) | - | - |
| 4.02.08 | Others | (38) | (38) | - | (52) |
| 4.03 | Net cash (used in) provided by financing activities | (20,028) | (150,942) | (38,854) | 49,890 |
| 4.03.01 | Loans and financings – proceeds | - | - | 42,749 | 1,104,721 |
| 4.03.02 | Loans and financings – repayment | (223) | (121,038) | (48,721) | (984,750) |
| 4.03.03 | Treasury shares | - | - | - | (27,776) |
| 4.03.04 | Dividends | (5,583) | (5,583) | (24,699) | (24,699) |
| 4.03.05 | Interest on Capital | (8,204) | (16,796) | (7,343) | (14,748) |
| 4.03.06 | Transactions with related parties: payment | (6,018) | (7,525) | (840) | (2,858) |
| 4.04 | Exchange variation in cash and cash equivalents | - | - | - | - |
| 4.05 | Increase (decrease) in cash and cash equivalents | 145,585 | 224,181 | 128,433 | 189,212 |
| 4.05.01 | Cash and cash equivalents at beginning of period | 180,576 | 101,980 | 77,788 | 17,009 |
| 4.05.02 | Cash and cash equivalents at end of period | 326,161 | 326,161 | 206,221 | 206,221 |

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|---|---|---|

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**05.01 - STATEMENTS OF CHANGES IN SHAREHOLDER´S EQUITY FROM 4/01/2009 TO 6/30/2009 (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – CAPITAL | 4 – CAPITAL RESERVES | 5 – REVALUATION RESERVE | 6 – PROFIT RESERVES | 7 – RETAINED EARNINGS | 8 – EQUITY ASSESSMENT ADJUSTMENTS | 9 - TOTAL |
|---|---|---|---|---|---|---|---|---|
| 5.01 | Beginning of period balances | 300,000 | 6,168 | - | 231,399 | 11,772 | - | 549,339 |
| 5.02 | Prior year adjustments | - | - | - | - | - | - | - |
| 5.03 | Adjusted balances | 300,000 | 6,168 | - | 231,399 | 11,772 | - | 549,339 |
| 5.04 | Profit / loss of the period | - | - | - | - | 24,920 | - | 24,920 |
| 5.05 | Allocations | - | - | - | - | (8,510) | - | (8,510) |
| 5.05.01 | Dividends | - | - | - | - | - | - | - |
| 5.05.02 | Interest on capital | - | - | - | - | (8,510) | - | (8,510) |
| 5.05.03 | Other allocations | - | - | - | - | - | - | - |
| 5.06 | Profit reserve realization | - | - | - | - | - | - | - |
| 5.07 | Equity assessment adjustment | - | - | - | - | - | - | - |
| 5.07.01 | Marketable securities adjustments | - | - | - | - | - | - | - |
| 5.07.02 | Cumulative translation adjustments | - | - | - | - | - | - | - |
| 5.07.03 | Business combination adjustments | - | - | - | - | - | - | - |
| 5.08 | Increase / decrease in capital | 100,000 | - | - | (100,000) | - | - | - |
| 5.08.01 | Profit reserve | 100,000 | - | - | (100,000) | | | |
| 5.09 | Recognition / Realization of capital reserves | - | - | - | - | - | - | - |
| 5.10 | Treasury shares | - | - | - | - | - | - | - |
| 5.11 | Other capital transactions | - | - | - | - | - | - | - |
| 5.12 | Other | - | 310 | - | - | - | - | 310 |
| 5.12.01 | Options granted and recognized | - | 310 | - | - | - | - | 310 |
| 5.13 | End of period balances | 400,000 | 6,478 | - | 131,399 | 28,182 | - | 566,059 |

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|---|---|---|

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|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**05.02 - STATEMENTS OF CHANGES IN SHAREHOLDER´S EQUITY FROM 1/01/2009 TO 6/30/2009 (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – CAPITAL | 4 – CAPITAL RESERVES | 5 – REVALUATION RESERVE | 6 – PROFIT RESERVES | 7 – RETAINED EARNINGS | 8 – EQUITY ASSESSMENT ADJUSTMENTS | 9 - TOTAL |
|---|---|---|---|---|---|---|---|---|
| 5.01 | Beginning of period balances | 300,000 | 5,857 | - | 231,399 | - | - | 537,256 |
| 5.02 | Prior year adjustments | - | - | - | - | - | - | - |
| 5.03 | Adjusted balances | 300,000 | 5,857 | - | 231,399 | - | - | 537,256 |
| 5.04 | Profit / loss of the period | - | - | - | - | 44,896 | - | 44,896 |
| 5.05 | Allocations | - | - | - | - | (16,714) | - | (16,714) |
| 5.05.01 | Dividends | - | - | - | - | - | - | - |
| 5.05.02 | Interest on capital | - | - | - | - | (16,714) | - | (16,714) |
| 5.05.03 | Other allocations | - | - | - | - | - | - | - |
| 5.06 | Profit reserve realization | - | - | - | - | - | - | - |
| 5.07 | Equity assessment adjustment | - | - | - | - | - | - | - |
| 5.07.01 | Marketable securities adjustments | - | - | - | - | - | - | - |
| 5.07.02 | Cumulative translation adjustments | - | - | - | - | - | - | - |
| 5.07.03 | Business combination adjustments | - | - | - | - | - | - | - |
| 5.08 | Increase / decrease in capital | 100,000 | - | - | (100,000) | - | - | - |
| 5.08.01 | Profit reserve | 100,000 | - | - | (100,000) | - | - | - |
| 5.09 | Recognition / Realization of capital reserves | - | - | - | - | - | - | - |
| 5.10 | Treasury shares | - | - | - | - | - | - | - |
| 5.11 | Other capital transactions | - | - | - | - | - | - | - |
| 5.12 | Other | - | 621 | - | - | - | - | 621 |
| 5.12.01 | Options granted and recognized | - | 621 | - | - | - | - | 621 |
| 5.13 | End of period balances | 400,000 | 6,478 | - | 131,399 | 28,182 | - | 566,059 |

**01973-9 LOCALIZA RENT A CAR S.A. 16.670.085/0001-55**

**01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpayer's ID) |
|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**08.01 – CONSOLIDATED BALANCE SHEET - ASSETS (in thousands of Reais)**

| 1 - CODE | 2 - DESCRIPTION | 3 – 6/30/2009 | 4 – 3/31/2009 |
|---|---|---|---|
| 1 | Total Assets | 1,997,876 | 1,891,313 |
| 1.01 | Current Assets | 608,939 | 403,679 |
| 1.01.01 | Cash and cash equivalents | 390,511 | 185,157 |
| 1.01.01.01 | Cash and cash equivalents | 390,511 | 185,157 |
| 1.01.02 | Credits | 184,235 | 171,985 |
| 1.01.02.01 | Trade Accounts Receivable | 184,235 | 171,985 |
| 1.01.02.01 | Sundry Credits | - | - |
| 1.01.03 | Inventories | - | - |
| 1.01.04 | Other | 34,193 | 46,537 |
| 1.01.04.01 | Recoverable Taxes | 5,864 | 13,096 |
| 1.01.04.02 | Dividends receivable | - | - |
| 1.01.04.03 | Other Current Assets | 28,329 | 33,441 |
| 1.02 | Noncurrent Assets | 1,388,937 | 1,487,634 |
| 1.02.01 | Long-Term Assets | 20,039 | 19,312 |
| 1.02.01.01 | Sundry Credits | - | - |
| 1.02.01.02 | Credit with Related Parties | - | - |
| 1.02.01.02.01 | Affiliates | - | - |
| 1.02.01.02.02 | Subsidiaries | - | - |
| 1.02.01.02.03 | Other Related Parties | - | - |
| 1.02.01.03 | Other | 20,039 | 19,312 |
| 1.02.01.03.01 | Escrow Deposits | 9,557 | 9,282 |
| 1.02.01.03.02 | Deferred Income Tax and Social Contribution | 10,399 | 9,947 |
| 1.02.01.03.03 | Other | 83 | 83 |
| 1.02.02 | Permanent Assets | 1,368,898 | 1,468,322 |
| 1.02.02.01 | Investments | - | - |
| 1.02.02.01.01 | In Affiliates | - | - |
| 1.02.02.01.02 | In Subsidiaries | - | - |
| 1.02.02.01.03 | Other investments | - | - |
| 1.02.02.02 | Property and equipment | 1,358,185 | 1,457,292 |
| 1.02.02.02.01 | Vehicles | 1,277,503 | 1,374,148 |
| 1.02.02.02.02 | Other | 80,682 | 83,144 |
| 1.02.02.03 | Intangibles | 10,713 | 11,030 |
| 1.02.02.04 | Deferred charges | - | - |

**01973-9 LOCALIZA RENT A CAR S.A. 16.670.085/0001-55**

**01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpayer's ID) |
|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**08.02 – CONSOLIDATED BALANCE SHEET - LIABILITIES (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – 6/30/2009 | 4 – 3/31/2009 |
|---|---|---|---|
| 2 | Total Liabilities | 1,997,876 | 1,891,313 |
| 2.01 | Current Liabilities | 563,915 | 135,248 |
| 2.01.01 | Loans and Financing | 903 | 904 |
| 2.01.02 | Debentures | 380,379 | 31,427 |
| 2.01.03 | Trade Accounts Payable | 121,815 | 25,841 |
| 2.01.04 | Taxes, other than income | 16,266 | 21,268 |
| 2.01.05 | Dividends Payable | 7,248 | 12,571 |
| 2.01.06 | Provisions | - | - |
| 2.01.07 | Accounts payable to subsidiary | - | - |
| 2.01.08 | Other | 37,304 | 43,237 |
| 2.01.08.01 | Payroll and Related Charges | 28,204 | 34,519 |
| 2.01.08.02 | Other Current Liabilities | 9,100 | 8,718 |
| 2.02 | Noncurrent Liabilities | 867,902 | 1,206,726 |
| 2.02.01 | Long-Term Liabilities | 867,902 | 1,206,726 |
| 2.02.01.01 | Loans and Financing | 328,176 | 317,815 |
| 2.02.01.02 | Debentures | 498,809 | 848,634 |
| 2.02.01.03 | Provisions | 25,570 | 24,245 |
| 2.02.01.03.01 | Reserve for Contingencies | 25,570 | 24,245 |
| 2.02.01.04 | Accounts payable to subsidiary | - | - |
| 2.02.01.05 | Advances for Future Capital Increase | - | - |
| 2.02.01.06 | Others | 15,347 | 16,032 |
| 2.02.01.06.01 | Deferred financing incentive | 8,968 | 9,357 |
| 2.02.01.06.02 | Others | 6,379 | 6,675 |
| 2.04 | Minority Interest | - | - |
| 2.05 | Shareholders' Equity | 566,059 | 549,339 |
| 2.05.01 | Paid-in Capital | 400,000 | 300,000 |
| 2.05.02 | Capital Reserves | 6,788 | 6,324 |
| 2.05.03 | Revaluation Reserves | - | - |
| 2.05.03.01 | Own Assets | - | - |
| 2.05.03.02 | Subsidiaries/Affiliates | - | - |
| 2.05.04 | Profit Reserves | 131,399 | 231,399 |
| 2.05.04.01 | Legal | 33,080 | 33,080 |
| 2.05.04.02 | Statutory | - | - |
| 2.05.04.03 | For Contingencies | - | - |
| 2.05.04.04 | Realizable Profit | - | - |
| 2.05.04.05 | For Expansion | - | - |
| 2.05.04.06 | Special for Non-Distributed Dividends | - | - |
| 2.05.04.07 | Other Profit Reserves | 98,319 | 198,319 |
| 2.05.05 | Equity assessment adjustments | - | - |
| 2.05.05.01 | Marketable securities adjustments | - | - |
| 2.05.05.02 | Cumulative translation adjustments | - | - |
| 2.05.05.03 | Business combinations adjustments | - | - |
| 2.05.06 | Retained Earnings/ Accumulated Losses | 27,872 | 11,616 |
| 2.05.07 | Advances for Future Capital Increase | - | - |

**01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpayer's ID) |
|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**09.01 – CONSOLIDATED STATEMENT OF INCOME (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – 4/1/2009 to 6/30/2009 | 4 – 1/1/2009 to 6/30/2009 | 5- 4/1/2008 to 6/30/2008 | 6- 1/1/2008 to 6/30/2008 |
|---|---|---|---|---|---|
| 3.01 | Gross Revenue from Sales and/or Services | 417,632 | 864,889 | 433,726 | 905,498 |
| 3.02 | Deductions from Gross Revenue | (9,847) | (19,806) | (10,055) | (19,006) |
| 3.03 | Net Revenue from Sales and/or Services | 407,785 | 845,083 | 423,671 | 886,492 |
| 3.04 | Cost of Goods and/or Services Sold | (305,582) | (637,327) | (302,016) | (633,299) |
| 3.05 | Gross Profit | 102,203 | 207,756 | 121,655 | 253,193 |
| 3.06 | Operating Expenses/Income | (68,946) | (149,147) | (59,643) | (125,421) |
| 3.06.01 | Sales | (31,350) | (61,188) | (26,077) | (53,381) |
| 3.06.02 | General and Administrative | (10,021) | (19,868) | (7,985) | (17,076) |
| 3.06.03 | Financial | (26,771) | (65,579) | (24,662) | (52,701) |
| 3.06.03.01 | Financial Income | 7,890 | 12,791 | 10,575 | 15,356 |
| 3.06.03.02 | Financial Expenses | (34,661) | (78,370) | (35,237) | (68,057) |
| 3.06.04 | Other Operating Income | - | - | - | - |
| 3.06.05 | Other Operating Expenses | (804) | (2,512) | (919) | (2,263) |
| 3.06.06 | Equity in Subsidiaries | - | - | - | - |
| 3.07 | Income from Operations | 33,257 | 58,609 | 62,012 | 127,772 |
| 3.08 | Non-Operating Income | - | - | - | - |
| 3.08.01 | Income | - | - | - | - |
| 3.08.02 | Expenses | - | - | - | - |
| 3.09 | Income Before Taxes | 33,257 | 58,609 | 62,012 | 127,772 |
| 3.10 | Income Tax and Social Contribution | (10,244) | (26,898) | (18,634) | (39,015) |
| 3.11 | Deferred Income Tax and Social Contribution | 1,753 | 12,875 | 859 | 1,392 |

**01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpayer's ID) |
|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**09.01 - CONSOLIDATED STATEMENT OF INCOME (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – 4/1/2009 to 6/30/2009 | 4 – 1/1/2009 to 6/30/2009 | 5- 4/1/2008 to 6/30/2008 | 6- 1/1/2008 to 6/30/2008 |
|---|---|---|---|---|---|
| 3.12 | Statutory Holding/Contributions | - | - | - | - |
| 3.12.01 | Holdings | - | - | - | - |
| 3.12.02 | Contributions | - | - | - | - |
| 3.13 | Reversal of Interest on Capital | - | - | - | - |
| 3.14 | Minority Interest | - | - | (87) | (159) |
| 3.15 | Net Income/Loss for the Period | 24,766 | 44,586 | 44,150 | 89,990 |
| | NUMBER OF SHARES, EX-TREASURY (in thousands) | 197,482 | 197,482 | 199,970 | 199,970 |
| | EARNINGS PER SHARE (R$) | 0.12541 | 0.22577 | 0.22078 | 0.45002 |
| | LOSS PER SHARE (R$) | | | | |

**01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpyaer's ID) |
|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**10.01 – CONSOLIDATED STATEMENT OF CASH FLOW – INDIRECT METHOD (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – 4/1/2009 to 6/30/2009 | 4 – 1/1/2009 to 6/30/2009 | 5- 4/1/2008 to 6/30/2008 | 6- 1/1/2008 to 6/30/2008 |
|---|---|---|---|---|---|
| 4.01 | Net cash provided by operating activities | 358,072 | 659,061 | 448,139 | 619,784 |
| 4.01.01 | Cash flows provided by operating activities | 263,086 | 534,254 | 286,638 | 601,494 |
| 4.01.01.01 | Net income | 24,766 | 44,586 | 44,150 | 89,990 |
| 4.01.01.02 | Depreciation and amortization | 89,281 | 187,685 | 86,436 | 168,813 |
| 4.01.01.03 | Net book value of property and equipment written off | 148,851 | 310,035 | 154,632 | 339,840 |
| 4.01.01.04 | (Recognition) reversal of deferred tax assets | (1,753) | (12,875) | (859) | (1,392) |
| 4.01.01.05 | Recognition of provision for doubtful accounts | 37 | 618 | 89 | 160 |
| 4.01.01.06 | Recognition (reversal) of reserve for contingencies | 1,509 | 3,362 | 1,778 | 3,527 |
| 4.01.01.07 | Stock option plan | 464 | 931 | 196 | 285 |
| 4.01.01.09 | Other | (69) | (88) | 216 | 271 |
| 4.01.02 | Variation in the assets and liabilities | 94,986 | 124,807 | 161,501 | 18,290 |
| 4.01.02.01 | Trade accounts receivable | (12,287) | (14,972) | 324 | (12,781) |
| 4.01.02.02 | Escrow deposits | (405) | (402) | 567 | 197 |
| 4.01.02.03 | Recoverable taxes | 2,116 | (3,981) | (1,847) | (3,135) |
| 4.01.02.04 | Interest on marketable securities | - | (70) | (2,657) | (5,252) |
| 4.01.02.05 | Other | 6,370 | (9,334) | (103) | (14,662) |
| 4.01.02.06 | Trade accounts payable | 95,974 | 98,201 | 153,319 | 60,527 |
| 4.01.02.07 | Payroll and related charges | (6,315) | 3,900 | 2,951 | 1,572 |
| 4.01.02.08 | Taxes, other than on income | (1,320) | 14,474 | (829) | 6,070 |
| 4.01.02.09 | Interest on loans, financing and other liabilities | 9,710 | 42,901 | 9,773 | (8,487) |
| 4.01.02.10 | Deferred financing incentive | (850) | (1,239) | (751) | - |
| 4.01.02.11 | Other | 1,993 | (4,671) | 754 | (5,759) |
| 4.01.03 | Other | - | - | - | - |

**01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpyaer's ID) |
|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**10.01 – CONSOLIDATED STATEMENT OF CASH FLOW – INDIRECT METHOD (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – 4/1/2009 to 6/30/2009 | 4 – 1/1/2009 to 6/30/2009 | 5- 4/1/2008 to 6/30/2008 | 6- 1/1/2008 to 6/30/2008 |
|---|---|---|---|---|---|
| 4.02 | Net cash used in investing activities | (138,708) | (148,799) | (401,380) | (629,581) |
| 4.02.01 | Purchases in marketable securities | - | - | (17,010) | (47,569) |
| 4.02.02 | Proceeds from sales in marketable securities | - | 8,318 | 97,076 | 127,416 |
| 4.02.03 | Vehicles acquisitions | (136,095) | (152,279) | (475,762) | (700,317) |
| 4.02.04 | Additions to other property and equipment | (2,349) | (4,379) | (5,159) | (8,557) |
| 4.02.05 | Additions to intangible assets | (264) | (459) | (525) | (554) |
| 4.03 | Net cash (used in) provided by financing activities | (14,010) | (241,435) | 77,525 | 191,900 |
| 4.03.01 | Loans and financings – proceeds | - | - | 174,489 | 1,329,740 |
| 4.03.02 | Loans and financings – repayment | (223) | (219,056) | (64,922) | (1,070,617) |
| 4.03.03 | Treasury shares | - | - | - | (27,776) |
| 4.03.04 | Dividends | (5,583) | (5,583) | (24,699) | (24,699) |
| 4.03.05 | Interest on capital | (8,204) | (16,796) | (7,343) | (14,748) |
| 4.04 | Exchange variation in cash and cash equivalents | - | - | - | - |
| 4.05 | Increase (decrease) in cash and cash equivalents | 205,354 | 268,827 | 124,284 | 182,103 |
| 4.05.01 | Cash and cash equivalents at beginning of period | 185,157 | 121,684 | 95,016 | 37,197 |
| 4.05.02 | Cash and cash equivalents at end of period | 390,511 | 390,511 | 219,300 | 219,300 |

**01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpyaer's ID) |
|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**11.01 - STATEMENTS OF CHANGES IN SHAREHOLDER´S EQUITY (CONSOLIDATED) FROM 4/01/2009 TO 6/30/2009 (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – CAPITAL | 4 – CAPITAL RESERVES | 5 – REVALUATION RESERVE | 6 – PROFIT RESERVES | 7 – RETAINED EARNINGS | 8 – EQUITY ASSESSMENT ADJUSTMENTS | 9 - TOTAL |
|---|---|---|---|---|---|---|---|---|
| 5.01 | Beginning of period balances | 300,000 | 6,324 | - | 231,399 | 11,616 | - | 549,339 |
| 5.02 | Prior year adjustments | - | - | - | - | - | - | - |
| 5.03 | Adjusted balances | 300,000 | 6,324 | - | 231,399 | 11,616 | - | 549,339 |
| 5.04 | Profit / loss of the period | - | - | - | - | 24,766 | - | 24,766 |
| 5.05 | Allocations | - | - | - | - | (8,510) | - | (8,510) |
| 5.05.01 | Dividends | - | - | - | - | - | - | - |
| 5.05.02 | Interest on capital | - | - | - | - | (8,510) | - | (8,510) |
| 5.05.03 | Other allocations | - | - | - | - | - | - | - |
| 5.06 | Profit reserve realization | - | - | - | - | - | - | - |
| 5.07 | Equity assessment adjustment | - | - | - | - | - | - | - |
| 5.07.01 | Marketable securities adjustments | - | - | - | - | - | - | - |
| 5.07.02 | Cumulative translation adjustments | - | - | - | - | - | - | - |
| 5.07.03 | Business combination adjustments | - | - | - | - | - | - | - |
| 5.08 | Increase / decrease in capital | 100,000 | - | - | (100,000) | - | - | - |
| 5.08.01 | Profit reserves | 100,000 | - | - | (100,000) | - | - | - |
| 5.09 | Recognition / Realization of capital reserves | - | - | - | - | - | - | - |
| 5.10 | Treasury shares | - | - | - | - | - | - | - |
| 5.11 | Other capital transactions | - | - | - | - | - | - | - |
| 5.12 | Others | - | 464 | - | - | - | - | 464 |
| 5.12.01 | Options granted and recognized | - | 464 | - | - | - | - | 464 |
| 5.13 | End of period balances | 400,000 | 6,788 | - | 131,399 | 27,872 | - | 566,059 |

**01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpyaer's ID) |
|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**11.02 - STATEMENTS OF CHANGES IN SHAREHOLDER´S EQUITY (CONSOLIDATED) FROM 1/01/2009 TO 6/30/2009 (in thousands of Reais)**

| 1 - CODE | 2 – DESCRIPTION | 3 – CAPITAL | 4 – CAPITAL RESERVES | 5 – REVALUATION RESERVE | 6 – PROFIT RESERVES | 7 – RETAINED EARNINGS | 8 – EQUITY ASSESSMENTS ADJUSTMENTS | 9 - TOTAL |
|---|---|---|---|---|---|---|---|---|
| 5.01 | Beginning of period balances | 300,000 | 5,857 | - | 231,399 | - | - | 537,256 |
| 5.02 | Prior year adjustments | - | - | - | - | - | - | - |
| 5.03 | Adjusted balances | 300,000 | 5,857 | - | 231,399 | - | - | 537,256 |
| 5.04 | Profit / loss of the period | - | - | - | - | 44,586 | - | 44,586 |
| 5.05 | Allocations | - | - | - | - | (16,714) | - | (16,714) |
| 5.05.01 | Dividends | - | - | - | - | - | - | - |
| 5.05.02 | Interest on capital | - | - | - | - | (16,714) | - | (16,714) |
| 5.05.03 | Other allocations | - | - | - | - | - | - | - |
| 5.06 | Profit reserve realization | - | - | - | - | - | - | - |
| 5.07 | Equity assessment adjustment | - | - | - | - | - | - | - |
| 5.07.01 | Marketable securities adjustments | - | - | - | - | - | - | - |
| 5.07.02 | Cumulative translation adjustments | - | - | - | - | - | - | - |
| 5.07.03 | Business combination adjustments | - | - | - | - | - | - | - |
| 5.08 | Increase / decrease in capital | 100,000 | - | - | (100,000) | - | - | - |
| 5.08.01 | Profit reserves | 100,000 | - | - | (100,000) | - | - | - |
| 5.09 | Recognition / Realization of capital reserves | - | - | - | - | - | - | - |
| 5.10 | Treasury shares | - | - | - | - | - | - | - |
| 5.11 | Other capital transactions | - | - | - | - | - | - | - |
| 5.12 | Others | - | 931 | - | - | - | - | 931 |
| 5.12.01 | Options granted and recognized | - | 931 | - | - | - | - | 931 |
| 5.13 | End of period balances | 400,000 | 6,788 | - | 131,399 | 27,872 | - | 566,059 |

## 1. OPERATIONS

Localiza Rent a Car S.A. ("Localiza" or the "Company") has been a publicly-traded corporation since May 2005 and is registered with the São Paulo Stock Exchange in the New Market segment, which represents the highest Corporate Governance level in the Brazilian capital market, traded under the symbol RENT3.

The Company and its subsidiaries operate in the following business segments: car rental, fleet rental, and franchising. As part of its fleet renewal program, the Company and its subsidiary Total Fleet sell used vehicles.

As of June 30, 2009, the Localiza network, including domestic and foreign franchisees, is comprised of (not reviewed by the Independent Auditors) 361 branches in 258 cities in Brazil and 65 branches in 41 cities in 7 other countries in Latin America. From the 361 branches in Brazil, 204 are operated by Localiza and the remainder by franchisees.

The Company's franchise system in Brazil is managed by the subsidiary Localiza Franchising Brasil S.A. - "Franchising Brasil", and in other Latin American countries by the subsidiary Localiza Franchising Internacional S.A. - "Franchising Internacional" (LFI).

As of June 30, 2009, Localiza network fleet consisted of (not reviewed by the Independent Auditors) 60,189 vehicles, of which 52,223 were owned by the Company, including 21,638 in the fleet rental segment, 6,709 of which owned by Brazilian franchisees and the remainder by foreign franchisees. The Company replaces its car rental fleet after its useful life, which is 12 months or more. In order to avoid high discounts that would be demanded by car dealers, a significant portion of the Company's used cars is directly sold to final consumers through 38 inactive car points of sale located in 18 Brazilian cities.

The fleet rental division, operated by the subsidiary Total Fleet, rents fleets for periods of 1 to 4 years. The cars are sold as they are returned from customers. In order to terminate the contracts, customers shall communicate such intention with a 90-day prior notice and pay contractual fines up to 40% of remaining installments. The fleet rental may include preventive and corrective maintenance, replacement of cars and others, according to the arrangement with the customer. Total Fleet provides technical assistance and maintenance throughout Brazil through a network of outsourced service providers.

## 2. SIGNIFICANT ACCOUNTING PRACTICES

The following significant accounting practices were applied:

(a) Cash and cash equivalents - Stated at the cash amounts and invested amounts, plus income earned through the balance sheet date, when applicable.

(b) Marketable securities - Amounts invested in investment funds are stated at fair value based upon the value of the funds' shares, as determined by the investment fund managers.

(c) Allowance for doubtful accounts - Recognized based on an individual analysis of receivables to cover probable losses, taking into consideration past experience, the current credit situation of the customers, and past-due accounts.

(d) Escrow deposits - Recorded in long-term assets and, for reporting purposes, reclassified to liabilities as a reduction of the account “reserve for contingencies”, as applicable, as provided for in CVM Resolution 489/05.

(e) Investments - Investments in subsidiaries are recorded under the equity method.

(f) Property and equipment - Stated at cost and depreciated under the straight-line method at the annual rates described in Note 10. Leasehold improvements are amortized over the lease period. Vehicles are classified under property and equipment.

The Company periodically tests its property and equipment for impairment. A fixed asset is considered eligible for adjustment for impairment loss when its carrying amount exceeds its recoverable value. As of June 30, 2009 and March 31, 2009, no impairment losses were recognized.

(g) Intangible assets - include software licenses and goodwill on acquisition of investments. These assets are stated at acquisition cost, less accumulated amortization and impairment losses, when applicable.

(h) Indemnities and claims - The Company and its subsidiary Total Fleet recognize a reserve for potential indemnities arising from accidents caused by cars rented to customers, based on the opinion of their legal counsel. The Company and its subsidiary Total Fleet do not contract risk insurance coverage involving collision damage and vehicle theft, These losses are recorded when incurred.

(i) Income tax and social contribution - Recorded on the accrual basis, calculated based on prevailing tax legislation and on the income of the period. When realization is expected, the Company and its subsidiaries recognize deferred tax credits on tax loss carry forwards and temporary differences, to be offset against future income.

(j) Derivative financial instruments - The Company recognizes its derivatives in the balance sheets at their fair value and any changes in fair value are recorded under the caption “financial income or expenses”.

(k) Assets and liabilities in foreign currencies or subject to inflation adjustment - Assets and liabilities in foreign currencies are translated into Brazilian reais at the exchange rate reported by the Central Bank of Brazil at each balance sheet date. Those denominated in Brazilian reais, and contractually or legally subject to indexation, are restated at the balance sheet dates by using the related index. Exchange gains and losses and monetary variation gains and losses are recorded in income.

(l) Earnings per share - Calculated based on the number of shares outstanding at the balance sheet date. As of June 30, 2009 and 2008, the calculation is based on the number of outstanding shares, excluding treasury shares, as mentioned in Note 17 (letter (d) item (ii)).

(m) Interest on capital - Interest paid to shareholders, calculated in accordance with Law 9,249/95, is recorded in income under financial expenses, as required by tax legislation. For financial reporting purpose, interest paid is stated as a charge to retained earnings.

(n) Stock option program - The Company recognizes remuneration costs under the straight- line method over the vesting period. These remuneration costs are measured at their fair value when share purchase options are granted and were estimated using the "Black Scholes" Model for valuing options.

(o) Use of estimates - The preparation of financial statements requires Management estimate and adopt assumptions that, in its best judgment, affect the reported amounts of assets and liabilities, as well as the reported amounts of revenues, costs and expenses during the reporting periods. Actual results could differ from those estimates.

(p) Revenues and expenses - Revenues from vehicle rentals are recognized as earned on a daily basis under the related rental contracts with customers. Revenues from fleet rentals are recognized as earned on a monthly basis over the term of the rental agreement. Revenues from used car sales are recognized when they are effectively sold. Revenues from franchise fees are generally based on a percentage of franchisee rental revenue and are recognized as earned on a monthly basis. Expenses, including vehicle maintenance and repairs, are recorded as incurred.

## 3. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared and are presented in conformity with Brazilian accounting practices, which comprise the Brazilian corporate law, pronouncements, guidances, and interpretations issued by the Accounting Pronouncements Committee (CPC) and standards from the Brazilian Securities and Exchange Commission (CVM).

In 2008, Law 11,638/07 and the changes introduced by Provisional Act 449, dated December 3, 2008, converted into the Law 11,941/09, dated May 27, 2009, went into effect, changing, revoking and adding new provisions to the Brazilian Corporate law, especially with respect to chapter XV, Fiscal Year and Financial Statements. This new law was designed primarily to update accounting practices as contemplated in Brazilian Corporate Law so as to enable the convergence of Brazilian accounting practices with international financial reporting standards (IFRS). The Law also allows the Brazilian Securities and Exchange Commission (CVM) to issue new accounting standards and procedures in conformity with such international accounting standards.

As part of the process of convergence of international financial reporting standards (IFRS) and regulation of accounting practices that were changed by Law 11638/07 and Provisional Act 449/08, converted into the Law 11,941/09, pronouncements and technical guidances were enacted, with application mandatory for the year ended on or after December 31, 2008. We highlighted below the main pronouncements that impacted the Company´s financial statements and notes to financial statements:

- CPC 01 (CVM Resolution 527/08) - Impairment of Assets - The Company assessed its assets for impairment and concluded that no adjustment was required. The fleet value, Company's main asset, has its book value adjusted to the realizable value, through depreciation.

- CPC 02 (CVM Resolution 534/08) - Effects of Exchange Rate Changes and Translation of Financial Statements - The Company defined the Brazilian real as its functional currency and properly recorded its transactions in foreign currency.

- CPC 03 (CVM Resolution 547/08) - Statement of Cash Flows - The Company presented comparative cash flows for the quarters and half years ended June 30, 2009 and 2008.

- CPC 04 (CVM Resolution 553/08) - Intangible Assets - The Company transferred to intangible assets its software and goodwill based on expected future earnings. See Note 11.

- CPC 05 (CVM Resolution 560/08) - Related Party Disclosures - The Company disclosed the balances and transactions with related parties as required by this Pronouncement. See Note 9.

- CPC 06 (CVM Resolution 554/08) - Leases - The Company concluded that there are no adjustments to be made since it does not have any finance lease agreements. The Company has an operating lease for an aircraft. See Note 19 (a).

- CPC 08 (CVM Resolution 556/08) - Transaction Costs and Premiums on the Issue of Securities - The Company reclassified borrowing costs to liabilities, as a reduction of the related loans, and recalculated and disclosed their internal rate of return. See Note 12.

- CPC 09 (CVM Resolution 557/08) - Statement of Value Added - The Company presented a comparative Statement of Value Added for the half years ended June 30, 2009 and 2008. See Note 20.

- CPC 10 (CVM Resolution 562/08) - Share-Based Payments - The Company recorded the costs with share-based payment programs in its income statement and made the required disclosures. See Note 17 letter (d) item (i).

- CPC 12 (CVM Resolution 564/08) - Adjustment to Present Value - The Company concluded that it was not applicable since long-term assets are not subject to adjustment and short-term impacts are not material.

- CPC 13 (CVM Resolution 565/08) - First-Time Adoption of Law 11,638/07 - The Company made the required adjustments and chose to prepare its opening balance sheet with a transition date as of January 1, 2007.

- CPC 14 (CVM Resolution 566/08) - Financial Instruments: Recognition, Measurement and Disclosure, together with CVM Instruction 475/08 - The Company adjusted swap transactions to their fair value and disclosed all information related to financial instruments, including the table showing the sensitivity analysis. See Notes 12 and 18.

The financial statements for the year ended December 31, 2008 were the first presented with the changes introduced by this new law. In conformity with CVM Resolution 506/06, for purposes of comparability of financial statements, the effects of the first-time adoption of this new law have been reflected in the interim financial statements.

The cumulative effects of the first-time adoption of Law 11,638/07 in the first half of 2008, are as follows:

| | Profit and Loss | | Shareholder's Equity | |
|---|---|---|---|---|
| | Company | Consolidated | Company | Consolidated |
| | 06.30.08 | 06.30.08 | 06.30.08 | 06.30.08 |
| Balances as originally reported | 90,688 | 90,688 | 529,217 | 529,217 |
| Stock Options | (179) | (285) | - | - |
| Fair value of financial instruments | 94 | (563) | (696) | (1,353) |
| Reversal of goodwill amortization | 150 | 150 | 150 | 150 |
| Equity in subsidiaries | (657) | - | (657) | - |
| Balances after the effects of initial adoption of Law 11,638/07 | 90,096 | 89,990 | 528,014 | 528,014 |

These adjustments had as contra entries the captions "options granted and recognized" (shareholders´ equity), "loans and financing" and "intangible assets", respectively.

## 4. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in conformity with the accounting practices described in Note 2, and include the accounts of the Company and the direct and indirect subsidiaries based in Brazil and abroad, listed in Note 9.

In consolidation, the Company's equity in subsidiaries, as well as intercompany balances, transactions and unrealized profits, have been eliminated.

The reconciliation of Company and consolidated income is as follows:

| | 06.30.09 | 06.30.08 |
|---|---|---|
| Net income - Company | 44,896 | 90,096 |
| Expenses related to stock option acquisition plan granted to employees of subsidiaries | (310) | (106) |
| Net income - Consolidated | 44,586 | 89,990 |

## 5. CASH AND CASH EQUIVALENTS

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 |
| Cash and banks | 970 | 25,732 | 2,327 | 25,857 |
| Bank certificates of deposit - CDB | 84,296 | 43,840 | 106,543 | 45,908 |
| Commited operations | 240,895 | 111,004 | 281,641 | 113,392 |
| | 326,161 | 180,576 | 390,511 | 185,157 |

CDBs and commited operations are transacted with financial institutions with more than R$3,0 billion in Shareholders' Equity and have an average yield of 101.2% based on the variation of CDI (interbank deposit rate) and are highly liquid.

## 6. TRADE ACCOUNTS RECEIVABLE

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 |
| Car and fleet rentals | 109,229 | 111,828 | 144,964 | 135,412 |
| Used car sales | 26,649 | 28,189 | 43,354 | 41,489 |
| Royalties and other | - | - | 2,884 | 2,014 |
| | 135,878 | 140,017 | 191,202 | 178,915 |
| Allowance for doubtful accounts | (5,169) | (4,834) | (6,967) | (6,930) |
| | 130,709 | 135,183 | 184,235 | 171,985 |

The Company mitigates its credit risk as it significantly operates with credit cards in the car rental business, and with finance and/or lease companies in the sale of used cars. The credit risk is reduced through an established credit and collection policy.

As of June 30, 2009, the accounts receivable aging, net of amounts received, is as follows:

| | Consolidated | | | |
|---|---|---|---|---|
| | Car and fleet rentals | Used car sales | Royalties and other | Total |
| Undue | 121,799 | 39,875 | 2,790 | 164,464 |
| Up to 60 days past-due | 9,883 | 1,841 | 21 | 11,745 |
| From 61 to 90 days past-due | 1,892 | 193 | 16 | 2,101 |
| From 91to 180 days past-due | 4,478 | 196 | 16 | 4,690 |
| From 181 to 360 days past-due | 2,474 | 319 | 41 | 2,834 |
| Over 361 days past-due | 4,438 | 930 | - | 5,368 |
| Total | 144,964 | 43,354 | 2,884 | 191,202 |

## 7. OTHER CURRENT ASSETS

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 |
| Deferred income tax and social contribution (Note 16 (a)) | 14,492 | 13,116 | 15,676 | 14,375 |
| Other receivables from subsidiaries (Note 9) | 5,631 | 2,377 | - | - |
| Prepaid expenses: | | | | |
| IPVA (tax on property of vehicles), insurance and license taxes | 5,557 | 8,744 | 8,945 | 14,203 |
| Other prepaid expenses | 1,312 | 2,504 | 1,312 | 2,504 |
| Other | 1,407 | 1,438 | 2,396 | 2,359 |
| | 28,399 | 28,179 | 28,329 | 33,441 |

## 8. ESCROW DEPOSITS

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 |
| Income tax and social contribution | 3,769 | 3,732 | 3,769 | 3,732 |
| Social security litigation | 3,169 | 3,120 | 3,169 | 3,120 |
| Other | 1,193 | 1,066 | 2,619 | 2,430 |
| | 8,131 | 7,918 | 9,557 | 9,282 |

The escrow deposits above refer primarily to appeal deposits, with no direct corresponding relation to the reserve for contingencies.

## 9. INVESTMENTS

The Company´s business is car rental and management of equity investments in Brazil and abroad, and has the following direct and wholly-owned subsidiaries:

*Total Fleet*: a privately-held corporation through which the Company conducts its fleet rental business.

*Franchising Brasil, Franchising Internacional (Brazil) and Franchising International (Argentina)*: privately-held corporations through which the Company conducts its franchise business in Brazil and abroad.

*Prime*: a privately-held corporation through which the Company conducts its used car sales intermediation business for cars previously used by Localiza and Total Fleet in their rental operations.

*Car Rental*: a privately-held corporation through which the Company carries out part of its car rental activities.

*Rental International*: a wholly-owned subsidiary of the Company which it carries out eventual international financial activities.

*Car Assistance and TF Assistance*: privately-held corporations, at a pre-operating stage, through which the Company and its subsidiary Total Fleet, respectively, will manage damages ocurred with their fleet.

| | Ownership interest | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Number of shares | | In capital (%) | | In shareholders' equity | | In income | |
| | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 | 06.30.09 (***) | 06.30.08 (***) |
| Direct subsidiaries: | | | | | | | | |
| Total Fleet | 103,280,354 | 103,280,354 | 100.0 | 100.0 | 444,701 | 425,894 | 34,209 | 33,863 |
| Franchising Brasil | 399,069 | 399,069 | 100.0 | 100.0 | 3,347 | 1,874 | 2,771 | (**) 2,045 |
| Franchising Internacional | 616,254 | 616,254 | 100.0 | 100.0 | - | - | 82 | (**) (52) |
| Prime | 15,000 | 15,000 | 100.0 | 100.0 | - | - | (2,153) | (583) |
| Car Rental | 1,339,961 | 1,339,961 | 100.0 | 100.0 | 6,761 | 5,640 | 2,596 | 2,907 |
| Rental International | 1,000 | 1,000 | 100.0 | 100.0 | - | - | (63) | (51) |
| Car Assistance | 200,000 | - | 100.0 | - | 200 | - | - | - |
| Indirect subsidiaries: | | | | | | | | |
| LFI | 25,000 | 25,000 | 100.0 | 100.0 | (*) 118 | (*) 158 | (99) | (*)133 |
| TF Assistance | 150,000 | - | 100.0 | - | 150 | - | - | - |

(*) Equivalent to 100% LFI amounts.
(**) Amount corresponding to Localiza's ownership interest, without minority interest.
(***) The sum of interests in the income of subsidiaries is different from the equity in subsidiaries due to expenses related to the stock option plan granted to employees of subsidiaries, as shown in Note 4.

Changes in investments in subsidiaries are summarized as follows:

| | Company | |
|---|---|---|
| | 06.30.09 | 03.31.09 |
| Balance at beginning of periods | 433,408 | 414,982 |
| Capital increase in subsidiaries | 200 | - |
| Equity in subsidiaries | 20,357 | 17,395 |
| Reclassification of shareholders' deficit of subsidiary to current liabilities in parent company | 1,044 | 1,031 |
| Balance at end of periods | 455,009 | 433,408 |

The summary of the subsidiaries' main balance sheet and statement of income accounts is as follows:

| 06.30.09 | Total Fleet | Franchising Brasil | Franchising Internacional | Prime (See (d)) | Car Rental | Rental International | Car Assistance |
|---|---|---|---|---|---|---|---|
| Assets | | | | | | | |
| Current | 110,418 | 6,824 | 1,886 | 2,503 | 8,098 | 13 | 200 |
| Long-term assets | 1,336 | 750 | - | 11,523 | - | - | - |
| Property and Equipment | 576,843 | 378 | 40 | - | - | - | - |
| Intangible Assets | 218 | 135 | 2 | - | - | - | - |
| Total | 688,815 | 8,087 | 1,928 | 14,026 | 8,098 | 13 | 200 |
| Liabilities and shareholders' equity | | | | | | | |
| Current | 69,925 | 3,298 | 2,323 | 4,992 | 1,337 | - | - |
| Noncurrent Liabilities | 174,189 | 1,442 | 13 | 14,966 | - | 175 | - |
| Shareholders' equity | 444,701 | 3,347 | (408) | (5,932) | 6,761 | (162) | 200 |
| Total | 688,815 | 8,087 | 1,928 | 14,026 | 8,098 | 13 | 200 |

| 03.31.09 | Total Fleet | Franchising Brasil | Franchising Internacional | Prime (See (d)) | Car Rental | Rental International |
|---|---|---|---|---|---|---|
| Assets | | | | | | |
| Current | 57,809 | 7,020 | 1,610 | 2,488 | 7,876 | 37 |
| Long-term assets | 1,295 | 707 | - | 16,839 | - | - |
| Property and Equipment | 581,579 | 399 | 38 | - | - | - |
| Intangible Assets | 240 | 150 | 1 | - | - | - |
| Total | 640,923 | 8,276 | 1,649 | 19,327 | 7,876 | 37 |
| Liabilities and shareholders' equity | | | | | | |
| Current | 44,930 | 5,011 | 2,276 | 8,617 | 2,236 | - |
| Noncurrent Liabilities | 170,099 | 1,391 | 15 | 15,422 | - | 141 |
| Shareholders' equity | 425,894 | 1,874 | (642) | (4,712) | 5,640 | (104) |
| Total | 640,923 | 8,276 | 1,649 | 19,327 | 7,876 | 37 |

| 06.30.09 | Total Fleet | Franchising Brasil | Franchising Internacional | Prime | Car Rental | Rental International |
|---|---|---|---|---|---|---|
| Statement of Income | | | | | | |
| Net revenue | 276,350 | 4,369 | 954 | 5,678 | 7,356 | - |
| Gross Profit | 75,590 | 3,234 | 207 | (3,811) | 3,348 | - |
| Income (loss) from Operations | 51,527 | 3,320 | 163 | (2,153) | 3,455 | (63) |
| Net Income | 34,209 | 2,771 | 82 | (2,153) | 2,596 | (63) |
| 06.30.08 | | | | | | |
| Statement of Income | | | | | | |
| Net revenue | 247,352 | 3,833 | 709 | 9,463 | 8,545 | - |
| Gross Profit | 68,918 | 2,980 | (13) | (2,222) | 3,698 | - |
| Income (loss) from Operations | 51,211 | 2,679 | (148) | (530) | 3,950 | (51) |
| Net Income | 33,863 | 2,212 | (55) | (583) | 2,907 | (51) |

The principal related-party balances and transactions are summarized as follows:

| | Total Fleet | | Prime | | Other | |
|---|---|---|---|---|---|---|
| | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 |
| Balances: | | | | | | |
| Trade accounts receivable | 327 | 344 | - | - | 876 | 1,550 |
| Other receivables - current | 5,149 | - | - | 2,342 | 482 | 35 |
| Trade accounts payable and other payables – current and noncurrent | - | 16,774 | 11,195 | 16,532 | 290 | 1,632 |

| | Total Fleet | | Car Rental | | Other | |
|---|---|---|---|---|---|---|
| | 06.30.09 | 06.30.08 | 06.30.09 | 06.30.08 | 06.30.09 | 06.30.08 |
| Transactions: | | | | | | |
| Car rental revenue | 1,194 | 944 | 3,521 | 5,690 | 54 | 53 |
| Recovery of direct cost | (248) | (537) | (285) | (427) | (1) | (1) |
| Recovery of advertising and selling expenses | (6,403) | (3,313) | - | - | (971) | (726) |
| Recovery of administrative expenses | (3,715) | (4,091) | - | - | - | - |

Intercompany guarantees refer to guarantees for loans and financing in the amount of R$322,200 (R$322,395 as of March 31, 2009) and are provided between Localiza and Total Fleet. There are also intercompany guarantees in contracting of bank letters of guarantee for lawsuits in the amount of R$12,696 (R$10,065 as of March 31, 2009). See more details in Notes 12 and 15.

Intercompany receivables and payables, except for the intercompany loan between Prime and Localiza (see item (d) below), do not have defined terms for receiving and settlement.

(a) Total Fleet

Total Fleet uses the Company's administrative structure. The respective amounts are charged regularly by Localiza. As of June 30, 2009, Total Fleet's accounts payable from such transactions amounted to R$5,149 (accounts receivable in the amount of R$16,774 as of March 31, 2009) .

The Annual Shareholders' Meeting held on April 28, 2009 approved the allocation of the net income for 2008, adjusted as provided for by Brazilian corporate law, for payment of dividends in the amount of R$14,300. In the second quarter of 2009, the total amount approved was fully

settled. Management also approved the allocation of the retained earnings balance, in the amount of R$124,550, to the reserve for expansion for the purpose of assuring funds for additional investments in operating assets as set forth in the Total Fleet's by-laws.

As of June 30, 2009 and March 31, 2009, Total Fleet has recorded a total of R$33,146 related to advances for future capital increase made by its Parent company. These advances were made with the purpose of allowing Total Fleet to expand its fleet.

(b) Franchising Brasil

The Annual and Extraordinary Shareholders' Meeting held on April 28, 2009 approved the payment of dividends in the total amount of R$5,777, of which R$4,801 relates to net income for 2008 and R$776 relates to retained earnings for previous years. From the approved amount, R$900 and R$1,278 were paid in advance on May 02, 2008 and August 08, 2008, respectively, and the remainder in the second quarter of 2009.

(c) Car Rental

The Annual Shareholders' Meeting held on April 28, 2009 approved the proposal for allocation of net income for 2008, in the amount of R$3,968, for the payment of dividends. The payment occurred in the second quarter of 2009.

(d) Prime

A loan agreement was signed on October 5, 2006, with subsequent amendments thereto, between Prime and Localiza, whereby Prime transferred to the Parent company the total amount of R$16,785. The agreement has duration of 2 years, automatically renewable, and adjusted on a pro rata basis according to the CDI variation plus 1% per month, Interest will be paid together with the principal. As of June 30, 2009, the balance of this operation is R$11,193 (R$16,532 as of March 31, 2009), recorded in noncurrent liabilities.

(e) Car Assistance and TF Assistance

As of January 12, 2009, it was approved the constitution of the privately-held corporations TF Assistance S.A. and Car Assistance S.A.. The registration of such companies in JUCEMG (Trade Board of the State of Minas Gerais) ocurred on May 22, 2009. The capital stock paid of TF Assistance and Car Assistance is R$150 and R$200, respectively.

(f) Acquisition of minority interests in subsidiaries

At a Board of Directors' meeting held on July 30, 2008, the acquisition of minority interests in subsidiaries Franchising Brasil, Franchising Internacional, and LFI by Localiza for R$5,000 was approved. These companies became wholly-owned subsidiaries of Localiza and a goodwill of R$4,918 was recognized based on expected future earnings, which was being amortized over five years. See Note 11.

(g) Assignment of rights and obligations

On March 14, 2005, the Company, Total Fleet and Prime, as assignors, and Locapar, a company controlled by the Founders, as assignee, entered into an agreement pursuant to which the assignors assigned and transferred to Locapar all rights arising from tax and social security lawsuits in which the assignors are plaintiffs. The amount involved was R$235,900 (unaudited)

as of March 14, 2005. Therefore, Locapar assumed all pecuniary obligations arising from lawsuits, including attorney fees, monetary adjustment or revision, expenses, court fees, escrow deposits, fines and other penalties. The assignors undertook to carry on lawsuits, providing to the lawyers all relevant documents and information to conduct the lawsuits and obtain final favorable decisions.

In addition, considering the interest in using credits, the assignors assumed the commitment to use credits obtained in lawsuits to offset them against tax obligations and to subsequently pass on to the assignee the amounts corresponding to the benefit obtained in the offset, less an administrative fee of 3% of the amount of rights obtained in lawsuits that were actually received or used through offset against tax obligations.

On May 20, 2005, Locapar assigned a substantial portion of the rights to the founding shareholders, who assumed all the pecuniary obligations mentioned above.

On February 17, 2006, Localiza and its subsidiaries received a final and unappealable favorable judgment in the lawsuit concerning COFINS on other revenues, as determined by Law 9718/98, being entitled to utilize credits of approximately R$9,700. The remaining balance payable as of June 30, 2009 and March 31, 2009 is R$525, recorded under the caption “other” in current liabilities.

(h) Compensation of key management personnel

Compensation of key management personnel was as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 06.30.09 | 06.30.08 | 06.30.09 | 06.30.08 |
| Compensation of Board of Directors members | 450 | 325 | 450 | 325 |
| Compensation of Management and Executive Board members | 5,199 | 2,903 | 5,756 | 3,458 |
| Payroll charges | 1,064 | 601 | 1,212 | 710 |
| Share-based compensation | 428 | 209 | 453 | 242 |
| | 7,141 | 4,038 | 7,871 | 4,735 |

The Company does not provide post-employment, contract termination, or other long-term benefits to Management or other employees.

Up to June 30, 2009, immaterial transactions were setup between the Company and key management personnel related to rental and sale of cars, under the same conditions granted to other Company employees. All these transactions were settled in full at maturity and no allowance for losses was recorded.

One of the controlling shareholders that was part of the Company’s board until July 2008 rendered consulting services after termination, receiving R$84 in the first half of 2009.

## 10. PROPERTY AND EQUIPMENT

| | Company | | | | Consolidated | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 06.30.09 | | | 03.31.09 | 06.30.09 | | | 03.31.09 | |
| | Cost | Accumulated depreciation | Net | Net | Cost | Accumulated depreciation | Net | Net | Annual depreciation rates |
| Vehicles | 880,169 | (178,732) | 701,437 | 793,348 | 1,658,971 | (381,468) | 1,277,503 | 1,374,148 | 20% |
| Real properties | 1,733 | (413) | 1,320 | 1,337 | 1,733 | (413) | 1,320 | 1,337 | 4% |
| Land | 16,501 | - | 16,501 | 16,501 | 16,501 | - | 16,501 | 16,501 | - |
| Leasehold improvements | 63,400 | (27,856) | 35,544 | 38,045 | 63,400 | (27,856) | 35,544 | 38,045 | 27% (*) |
| IT equipment | 14,131 | (8,532) | 5,599 | 6,110 | 14,741 | (8,871) | 5,870 | 6,398 | 20% |
| Furniture and fixtures | 20,695 | (6,847) | 13,848 | 13,781 | 21,892 | (7,334) | 14,558 | 14,509 | 10% |
| Machinery and equipment | 5,335 | (2,171) | 3,164 | 3,185 | 5,422 | (2,197) | 3,225 | 3,247 | 10% |
| Property and equipment in progress | 1,612 | - | 1,612 | 1,063 | 1,652 | - | 1,652 | 1,081 | - |
| Telephony systems | 2,936 | (1,038) | 1,898 | 1,903 | 3,021 | (1,103) | 1,918 | 1,925 | 10% |
| Other | 9 | (8) | 1 | 3 | 124 | (30) | 94 | 101 | 10% - 20% |
| Total | 1,006,521 | (225,597) | 780,924 | 875,276 | 1,787,457 | (429,272) | 1,358,185 | 1,457,292 | |

(*) Weighted average rate of leasehold improvements.

The statements of changes in property and equipment for the quarters ended June 30, 2009 and March 31, 2009 are as follows:

Vehicles

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 |
| Opening Balance | 793,348 | 963,384 | 1,374,148 | 1,612,273 |
| Additions | 58,259 | 126 | 136,095 | 16,184 |
| Depreciation | (45,230) | (52,958) | (83,889) | (93,125) |
| Disposals | (104,940) | (117,204) | (148,851) | (161,184) |
| Closing Balance | 701,437 | 793,348 | 1,277,503 | 1,374,148 |

Other P&E

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 |
| Opening Balance | 81,928 | 84,519 | 83,144 | 85,813 |
| Additions | 2,303 | 2,030 | 2,349 | 2,030 |
| Depreciation | (4,744) | (4,621) | (4,811) | (4,699) |
| Closing Balance | 79,487 | 81,928 | 80,682 | 83,144 |

11. INTANGIBLE ASSETS

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 |
| Goodwill in acquisition of minority interests in subsidiaries (Note 9 (f)) | 4,918 | 4,918 | 4,918 | 4,918 |
| Software | 11,111 | 10,847 | 11,872 | 11,608 |
| | 16,029 | 15,765 | 16,790 | 16,526 |
| Accumulated amortization - goodwill | (410) | (410) | (410) | (410) |
| Accumulated amortization - software | (5,261) | (4,716) | (5,667) | (5,086) |
| | 10,358 | 10,639 | 10,713 | 11,030 |

In conformity with CVM Resolution 565/08, the goodwill generated in the acquisition of minority interests in subsidiaries, allocated to the car rental division, has not being amortized as from January 1, 2009. In conformity with CVM Resolution 527/07, goodwill shall be assessed for impairment annually or more frequently should circunstances indicate that an impairment has occurred. The Company assessed the goodwill for impairment and concluded that there are no losses to be recorded.

Amortization of softwares is calculated using the straight-line method at the annual rate of 20%.

## 12. LOANS, FINANCING AND DEBENTURES

| | Currency | Company | | Consolidated | | Contract date | Maturity | Internal rate of return | Guarantees |
|---|---|---|---|---|---|---|---|---|---|
| | | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 | | | | |
| BNDES (a) | Real | 2,615 | 2,838 | 2,615 | 2,838 | 06.18.07 | 05.15.12 | TJLP (long-term interest rate) + 3.8% p.a. | Total Fleet Endorsement |
| Debentures – 1st issue (b) | Real | 358,260 | 372,992 | 358,260 | 372,992 | 04.01.05 | 04.01.10 | 110.8% of CDI variation | - |
| Debentures - 2nd issue (b) | Real | 210,366 | 205,208 | 210,366 | 205,208 | 07.02.07 | 07.02.12 to 07.02.14 | CDI + 0.59% p.a. | - |
| Debentures - 3rd issue (b) | Real | 310,562 | 301,861 | 310,562 | 301,861 | 09.01.08 | 09.01.11 | CDI + 2.00% p.a. | - |
| BCB (c) | Real | 187,500 | 180,871 | 286,536 | 277,126 | 04.25.08 to 09.30.08 | 09.27.10 to 04.24.13 | CDI + 1.5% p.a. and CDI + 3.78% p.a. + IOF (tax on financial transactions) | Endorsement between group entities |
| CCN (d) | Real | - | - | 39,928 | 38,755 | 04.30.08 | 04.10.11 | 108.2% of CDI variation and CDI + 4.49% p.a. + IOF (tax on financial transactions) | Localiza Endorsement |
| | | 1,069,303 | 1,063,770 | 1,208,267 | 1,198,780 | | | | |
| Current | | (381,282) | (32,331) | (381,282) | (32,331) | | | | |
| Noncurrent | | 688,021 | 1,031,439 | 826,985 | 1,166,449 | | | | |

(a) BNDES

On June 18, 2007, R$4,000 of a total estimated financing of R$6,000 was released to fund part of the refurbishment works and the construction of new car rental agencies and used car points of sale.

The financing was obtained with a five-year term, quarterly interest during the six-month grace period, and monthly interest together with the amortization of the principal.

(b) Debentures

The Company has three issues of long-term debentures to meet its cash flow requirements due to its investments in the fleet.

Both issues have certain hypotheses of accelerated maturity, which include: (a) filing for and adjudication of bankruptcy; (b) default-related issues in an individual or aggregate amount equal to or higher than R$10,000 for the 1st issue and R$25,000 for the 2nd and 3rd issues; (c) reduction of the Company's capital and/or buyback of own shares for cancellation, except if previously authorized by debenture holders; and (d) failure to maintain required financial ratios calculated quarterly, based on the Company's consolidated financial statements: (i) the ratio obtained by dividing Net Debt by adjusted EBITDA[1] cannot exceed 2.75 for the 1st issue and 3.25 for the 2nd and 3rd issues; and (ii) the ratio obtained by dividing adjusted EBITDA[1] by Net Financial Expenses cannot be lower than 2.50 for the 1st issue and 2.00 for the 2nd and 3rd issues.

Expenses incurred on the three debenture issues, including fees, commissions, and other costs, in the total amount of R$6,751, previously classified as prepaid expenses, were reclassified to the respective loan captions and are recorded over the life of the debt in order to comply with CPC 08. The unamortized balance as of June 30, 2009 was R$2,512, which is shown at its net amount for each debenture issue.

The specific features of each issue are as follows:

1st issue

On May 17, 2005, the Company registered the issue of 35,000 debentures with the Brazilian Securities and Exchange Commission (CVM), with net financial settlement of R$350,000 on May 20, 2005.

Debentures issued are simple, registered, book-entry and non-convertible, in single series, with a par value of R$10 on the issue date, April 1, 2005. The term is 5 years for the principal, with semiannual interest payments.

This issue of debentures also provides for the hypothesis of accelerated maturity in case of any change in ownership structure that may result in loss, transfer or sale of the Issuer's Control Power by the Issuer's Founders. At the Debenture Holders' Meeting held on October 20, 2006, the debenture holders approved the change of item "d" of clause 4.13 of the 1st Issue Indenture to redefine that the control power is typified when absolute majority of votes of the shareholders

[1] For calculation purposes, the 1st and 2nd issues use adjusted EBITDA and the 3rd issue uses EBITDA, as described in each Issue Indenture.

attending the last three Shareholders' Meetings is obtained, even if the founding shareholders are not holders of the shares that granted them the absolute majority of the voting capital.

At the Debenture Holders' Meeting held on October 4, 2007, the debenture holders approved the change of clause 4.11.1 of the 1st Issue Indenture to allow the discretionary early redemption of debentures.

2nd issue

On July 10, 2007, the Company registered its First Debenture Distribution Program with CVM, in the total amount of R$500,000.

In addition, on the same date the Company registered the issue of 20,000 debentures with CVM, with net financial settlement of R$200,000 on July 12, 2007, related to the 1st tranche of the First Debenture Distribution Program.

Debentures issued are simple, registered, book-entry and non-convertible, in single series, with a par value of R$10 on the issue date, July 2, 2007. The term is 7 years, with repayments in the 5th, 6th and 7th years and semiannual interest payments.

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

This issue of debentures also provides for certain hypotheses of accelerated maturity, such as: (a) merger or spin-off of the Company, except in the cases established by article 231 of the Corporate Law; (b) downgrading of the Issue rating by Standard & Poor's by two or more notches in the risk rating at national level, in relation to the rating granted on the Issue Date, due to change in ownership structure that may result in loss, transfer or sale of the Company's control power by the founding shareholders.

3rd issue

On September 1, 2008, the Company issued 1 simple, nonconvertible debenture, in a single and indivisible lot of shares, with floating guarantee, of a single series, with a unit par value of R$300,000, in order to settle current debts and improving the Company's debt profile.

The term is 3 years for the principal from the issue date, thus maturing on September 1, 2011, with semi-annual interest payments.

This issue is subject to early redemption, at the Company's sole discretion, as from the 12th month after the issuance date, with no premium payment.

This issue of debentures also entails certain accelerated maturity hypotheses, such as: (a) the company's merger or spin-off, except in those cases mentioned in article 231 of the Brazilian Corporate Law.

As of June 30, 2009, the Company's management understands that the aforementioned restrictive covenants, related to three issues of debentures, have been complied with.

(c) BCB - Bank Credit Bill

On April 25, 2008, the subsidiary Total Fleet contracted R$86,000 in the form of a working capital loan, Bank Credit Bill (BCB) loans, to be settled in two installments of principal and interest due in 2012 and 2013.

On September 30, 2008, the Company contracted a working capital loan in the form of Bank Credit Bill (BCB) in the amount of R$169,486, with maturity on March 2, 2009. On December 29, 2008 the Company amended this contract, modifying its rate and maturity date to January 5, 2010. On February 17, 2009, the Company amended this contract one more time, modifying its maturity date to September 27, 2010.

The principal's amortization will be paid in a lump sum plus interest, on the maturity date.

These operations have the same restrictive covenants as the 2nd issue of debentures, except for the financial covenants, that are not applicable to these operations.

(d) CCN - Commercial Credit Note

On April 30 and November 11, 2008, the subsidiary Total Fleet S.A. contracted working capital loans in the form of Commercial Credit Note (CCN), in the amounts of R$35,000 and R$43,000 maturing on April 10, 2011 and May 8, 2009, respectively.

During January, 2009 the subsidiary Total Fleet S.A. anticipated the settlement of the contract in the amount of R$43,000, contracted on November 11, 2008.

The principal's amortization, related to the R$35,000 contract, will be paid in a lump sum plus interest, on the maturity date. Such operation is guaranteed by Localiza Rent a Car S.A. endorsement.

## 13. TRADE ACCOUNTS PAYABLE

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 |
| Car makers | 58,030 | - | 103,434 | 7,571 |
| Maintenance service and spare parts | 5,206 | 5,260 | 8,764 | 9,059 |
| Leases | 1,968 | 2,016 | 1,134 | 618 |
| Other | 6,510 | 6,694 | 8,483 | 8,593 |
| | 71,714 | 13,970 | 121,815 | 25,841 |

The balances payable to car makers as of June 30, 2009 and March 31, 2009 refer to cars purchased at the end of each period without financial charges and maturities of up to 60 days.

## 14. PAYROLL AND RELATED CHARGES

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 |
| Management compensation | 2,956 | 2,856 | 3,297 | 3,128 |
| Accrued vacation | 7,651 | 7,401 | 10,094 | 9,940 |
| Provision for employee profit sharing | 5,936 | 11,426 | 7,965 | 16,091 |
| INSS (social security charges) | 1,563 | 1,620 | 2,049 | 2,096 |
| FGTS (severance pay fund) | 384 | 397 | 502 | 527 |
| Other | 3,320 | 2,090 | 4,297 | 2,737 |
| | 21,810 | 25,790 | 28,204 | 34,519 |

The Company pays employee profit sharing on a semi-annual basis based on position and performance, recorded as operating costs or expenses, according to each employee allocation.

## 15. RESERVE FOR CONTINGENCIES

### (a) Reserves recognized

| | Company | | | | | | Consolidated | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 06.30.09 | | | 03.31.09 | | | 06.30.09 | | | 03.31.09 | | |
| | Reserve | Escrow deposits | Net | Reserve | Escrow deposits | Net | Reserve | Escrow deposits | Net | Reserve | Escrow deposits | Net |
| Finsocial | 3,123 | (2,134) | 989 | 3,113 | (2,134) | 979 | 3,123 | (2,134) | 989 | 3,113 | (2,134) | 979 |
| ISS (tax on service revenue) | 4,837 | (2,611) | 2,226 | 4,698 | (2,523) | 2,175 | 5,655 | (2,611) | 3,044 | 5,484 | (2,523) | 2,961 |
| SESC/SENAC | 597 | (539) | 58 | 597 | (539) | 58 | 1,333 | (850) | 483 | 1,329 | (848) | 481 |
| SEST/SENAT | 4,993 | (1,701) | 3,292 | 4,966 | (1,701) | 3,265 | 5,665 | (2,373) | 3,292 | 5,638 | (2,373) | 3,265 |
| Labor lawsuits | 5,335 | (3,084) | 2,251 | 5,119 | (3,104) | 2,015 | 6,302 | (3,335) | 2,967 | 5,995 | (3,340) | 2,655 |
| Social security litigation | 6,387 | (1,191) | 5,196 | 6,377 | (1,191) | 5,186 | 6,387 | (1,191) | 5,196 | 6,377 | (1,191) | 5,186 |
| Bodily injury and death claims | 5,455 | (506) | 4,949 | 5,249 | (462) | 4,787 | 6,499 | (519) | 5,980 | 6,230 | (475) | 5,755 |
| Other | 4,083 | (2,167) | 1,916 | 3,514 | (2,167) | 1,347 | 6,436 | (2,817) | 3,619 | 5,779 | (2,816) | 2,963 |
| Total | 34,810 | (13,933) | 20,877 | 33,633 | (13,821) | 19,812 | 41,400 | (15,830) | 25,570 | 39,945 | (15,700) | 24,245 |

The Company and its subsidiaries are challenging in court the payment of certain taxes. Reserves for contingencies were recognized for probable losses, based on the opinion of the legal counsel. Management believes the reserves recognized are sufficient to cover potential losses.

As of June 30, 2009, the statement of changes in reserve for contingencies is as follows:

| | Company | Consolidated |
|---|---|---|
| Balances as of March 31, 2009 | 19,812 | 24,245 |
| Recognition of reserves, net of reversals | 1,035 | 1,239 |
| Contingencies paid | (52) | (54) |
| Monetary adjustments, net of reversals | 194 | 270 |
| Escrow deposits | (112) | (130) |
| Balances as of June 30, 2009 | 20,877 | 25,570 |

The main contingencies are summarized as follows:

- ISS (tax on service revenue) - The Company and its subsidiary Total Fleet are challenging the levy of ISS on car rental revenues in the period from July 2001 to July 2003 since their activities are not considered provision of services. This understanding is based on a decision of the Federal Supreme Court (STF) on the Extraordinary Appeal 116.121-3/SP, of 2000, definitely excluding from the levy of ISS the rental of chattels. Such understanding was maintained with the enactment of Supplementary Law 116/03, which excluded chattel rental revenues from the list of services subject to the levy of ISS. In spite of a previous court decision favorable to the Company, as established in CVM Resolution 489/05, the Company maintains a reserve to cover pending lawsuits, in which part of the amount accrued in prior years has been reversed gradually due to final court decisions favorable to the Company, and the remaining balances will be reversed as final and unappealable decisions favorable to the Company are rendered.

- SEST/SENAT - The Company and its subsidiary Total Fleet are challenging the collection of these payroll-related charges, since they do not carry out transportation activities. The lawsuits are in higher courts (Federal Supreme Court - STF and the Superior Court of Justice - STJ), and there are established case laws maintaining the understanding of the tax authorities. As of June 30, 2009 and March 31, 2009, these lawsuits are guaranteed by bank letters of guarantee in the amount of R$4,605.

- Labor lawsuits - The Company and its subsidiaries are parties to several labor lawsuits, mainly related to the acknowledgement of employment relationship claimed by an individual service provider or contractor in court and to the payment of overtime and related effects. There are different court decisions regarding these matters. As of June 30, 2009, some of these lawsuits are guaranteed by bank letters of guarantee in the total amount of R$440 (R$437 as of March 31, 2009).

- Civil lawsuits - The Company and its subsidiaries are parties to various civil lawsuits, mainly claiming compensation for damages caused to third parties in car accidents by customers driving cars rented from the Company. Although it is not responsible for accidents, the Company is many times demanded since it is the owner of the cars. The accrued amounts refer to lawsuits that the Company assesses as probable loss, including situations in which the likelihood of refund is remote due to the contractual right of recourse.

- Social security lawsuits - The Company and its subsidiaries are parties to several social security lawsuits. There are precedents and court decisions that support the theses defended by the Company. These lawsuits are guaranteed by bank letters of guarantee in the total amount of R$12,261 as of June 30, 2009 and March 31, 2009.

The lawsuits above are at several administrative and judicial levels, both in lower and higher courts.

The Company's management, based on the opinion of the legal counsel, does not believe that the resolution of these matters will substantially impact its financial position. Except for the reserves above, which are full for the risks of probable losses and legal obligations, no other reserve is deemed necessary.

(b) Other significant lawsuits not accrued because of the possible or remote likelihood of loss and because they are not legal obligations.

- The Company, its subsidiary Total Fleet and certain vehicle transporters contracted by it are parties to administrative and judicial proceedings related principally to the levy of ICMS on vehicle transfers between the Company's business units, as well as on sale of used cars. The Company and its subsidiary Total Fleet did not record any reserve for said proceedings due to the remote likelihood of loss, based on the opinion of its legal counsel, which is based on legal precedents. In certain proceedings, the Company provided bank letters of guarantee to suspend the tax debt, in the total amount of R$5,970 as of June 30, 2009 (R$5,358 as of March 31, 2009).

  On July 7, 2006, the National Council of Financial Policy - Confaz enacted Agreement 64, establishing the levy of ICMS on the sale of vehicles in a period shorter than 12 months from their purchases. This Agreement was ratified by the Brazilian States, except São Paulo and Santa Catarina. In certain States, the Company is challenging the legality of this Agreement and has obtained injunctions and favorable decisions. The legal counsel, based on favorable precedents, classifies the likelihood of loss as remote and, therefore, no reserve was recorded.

- The Company has various assessments related basically to ISS on fuel billings charged to customers and discounts granted to them. The Company did not record any reserve for said proceedings due to the remote likelihood of loss, based on the opinion of its legal counsel, which is based on legal precedents. For certain lawsuits, the Company provided bank letters of guarantees to suspend the tax debt, in the total amount of R$4,631 as of June 30, 2009 (R$4,952 as of March 31, 2009).

- The Company's rental agreement includes an optional clause whereby the customer, upon payment of an additional rate, contracts an extended protection covering bodily injuries and/or property damages that may occur while using the car, with Localiza being held jointly liable for the risks. This option is named Rented Car Risk Coverage and Extended Protection. As a result, an administrative proceeding was filed by SUSEP - Superintendency of Privaty Insurance, currently under discussion at the National Council of Private Insurance, Pension Plan and Capitalization, where a fine in the historical amount of R$5,000, suspended by a preliminary injunction, is being challenged.

  The Company understands that the procedure adopted is legal and in line with industry practices, based on the vested rights doctrine. The Company did not record any reserve for this contingency, since its legal counsel's opinion, based on the claims above and on Abstract 492 by the Superior Court of Justice (STF), is that a favorable decision is possible.

## 16. INCOME TAX AND SOCIAL CONTRIBUTION

In addition to modifying Law 6,404/76, Provisional Act 449/08, converted into the Law 11,941/09, introduced the Transition Tax Regime (RTT), which is optional for calendar 2008 and 2009, for the calculation of taxes on income and revenue, and is mandatory beginning calendar 2010. Taxpayers that choose to use this regime can adopt, for tax purposes, accounting methods and criteria used by Brazilian corporate law in effect up to December 31, 2007.

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

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 06.30.09 | 03.31.09 | 06.30.09 | 03.31.09 |
| Deferred income tax and social contribution assets: | | | | |
| Temporary differences in the deductibility of: | | | | |
| Allowance for doubtful accounts | 527 | 508 | 552 | 529 |
| Reserve for contingencies | 9,409 | 9,002 | 10,399 | 9,947 |
| Provision for trade accounts payable and other | 795 | 722 | 1,122 | 1,062 |
| Tax loss carryforwards | 13,170 | 11,886 | 14,002 | 12,784 |
| | 23,901 | 22,118 | 26,075 | 24,322 |
| Current assets (Note 7) | (14,492) | (13,116) | (15,676) | (14,375) |
| Noncurrent assets | 9,409 | 9,002 | 10,399 | 9,947 |

The realization of deferred income tax and social contribution credits is dependent upon future events that will result in the deductibility of the items that gave rise to these credits, under prevailing legislation.

The Company and its subsidiary Total Fleet calculated income tax and social contribution on a quarterly basis in 2009 and 2008. Tax loss carryforwards were generated in the fourth quarter of 2008 and are mainly attributable to unrealized gains on swap transactions taxed on a cash basis. The Company believes that the tax credit resulting from tax loss carryforrwards, generated in the fourth quarter of 2008, will be realized over the course of 2009. In the first quarter of 2009, such tax credit was parcially and fully realized by the Company and its subsidiarie Total Fleet, respectively.

Franchising Brasil and Car Rental do not record tax credits, since they adopted the calculation of taxes according to the deemed income method.

(b) Income tax and social contribution - reconciliation of expenses at nominal and effective rates

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 06.30.09 | 06.30.08 | 06.30.09 | 06.30.08 |
| Income before taxes (*) | 40,112 | 108,899 | 58,609 | 127,772 |
| Nominal rate | 34% | 34% | 34% | 34% |
| Expenses at nominal rate | (13,638) | (37,026) | (19,927) | (43,442) |
| Adjustments to expenses at nominal rate: | | | | |
| Equity in subsidiaries (*) | 12,836 | 13,000 | - | - |
| Effect of deduction of interest on capital | 5,682 | 4,946 | 5,682 | 4,946 |
| Tax incentives | 133 | 406 | 521 | 670 |
| Other, net | (229) | (129) | (299) | 203 |
| Expenses at effective rate | 4,784 | (18,803) | (14,023) | (37,623) |

(*) The income before taxes and the equity in subsidiaries as of June 30, 2008 were adjusted to include the effects of the first-time adoption of Law 11,638/07 (Note 3).

As of June 30, 2009, Franchising Brasil and Car Rental recorded R$549 and R$859 (R$467 and R$1,043 as of June 30, 2008) as income tax and social contribution expenses, respectively, paid according to the deemed income method. These amounts are included as “other” in the above table.

The Company’s income tax returns are subject to review and assessment by tax authorities for a five-year period. Other taxes and contributions are also subject to review, according to applicable legislation.

## 17. SHAREHOLDERS’ EQUITY

(a) Capital

As of June 30, 2009 and March 31, 2009, subscribed and paid-up capital is represented by 201,708,000 registered common shares without nominal value, totaling R$400,000 and R$300,000, respectively. Capital may be increased, upon resolution of the Board of Directors, by up to 43,962,000 common shares.

At the Extraordinary Shareholders’ Meeting held on December 17, 2008, shareholders approved a capital contribution of R$100,415 to the Company, within the limit of its authorized capital, as set forth in article 172 of Law 6,404/76, and capital was raised from R$199,585 to R$300,000 through the capitalization of capital reserves without the issuance of new shares.

At the Extraordinary Shareholders' Meeting held on May 5, 2009, shareholders approved the capital increase for the Company, without the issuance of new shares, in the amount of R$100,000, through incorporating part of the Profit Reserves balance. Thus, the Capital increased from R$300,000 to R$400,000.

Capital was composed as follows:

| | 06.30.09 | | 03.31.09 | |
|---|---|---|---|---|
| Shareholders | Common shares | % | Common shares | % |
| Founders | 86,876,378 | 43.07 | 100,876,378 | 50.01 |
| Free float | 110,576,217 | 54.82 | 96,576,217 | 47.88 |
| Treasury shares | 4,226,300 | 2.10 | 4,226,300 | 2.10 |
| Board of Directors members | 29,105 | 0.01 | 29,105 | 0.01 |
| | 201,708,000 | 100.00 | 201,708,000 | 100.00 |

(b) Interest on capital

The Company periodically pays interest on capital to shareholders, although it is not the practice of subsidiaries to pay interest on capital.

At Board of Directors' meetings, payments of interest on capital were approved, as follows:

| Date of approval | Total amounts paid / payable | Amounts paid / payable per share (in R$) | Date of shareholders' position |
|---|---|---|---|
| 03/25/2008 | 7,343 | 0.036722 | 03/27/2008 |
| 06/30/2008 | 7,203 | 0.036017 | 07/02/2008 |
| 09/30/2008 | 8,304 | 0.041557 | 10/02/2008 |
| 12/15/2008 | 8,753 | 0.044323 | 12/17/2008 |
| Total 2008 | 31,603 | | |
| 03/12/2009 | 8,204 | 0.041544 | 03/31/2009 |
| 06/29/2009 | 8,510 (*) | 0.043093 | 06/30/2009 |

(*) Planned to be paid on August 26, 2009.

(c) Dividends

The Company's bylaws provide for the payment of minimum dividends of 25% of net income for the year, adjusted as provided for by Brazilian corporate law. Upon resolution of the shareholders, a portion of net income for the year may be retained as provided for in the capital budget approved at a Shareholders'

Meeting. The Company may yet designate up to 75% of adjusted net income for the year to the statutory reserve named "Reserve for Expansion".

At the Annual Shareholders' Meeting, held on April 16, 2009, it was approved the dividends proposed in 2008, related to income for that year, in the amount of R$5,583, which payment occurred on June 10, 2009.

(d) Capital Reserves

As of June 30, 2009, the Capital Reserves balances are as follows:

| | 06.30.2009 | |
|---|---|---|
| | Company | Consolidated |
| Options granted and recognized (i) | 1,930 | 2,240 |
| Share premium | 48,174 | 48,174 |
| Treasury shares (ii) | (43,626) | (43,626) |
| | 6,478 | 6,788 |

(i) Stock Option Plan

The Board of Directors' Meeting held on March 9, 2007 approved the 2007 Stock Option Plan - "2007 Program" - through which 900,000 options were granted to 277 eligible employees, to be exercised in four tranches of 225,000 options per year, beginning in 2010.

The 2008 stock option plan - "2008 Program", through which 900,000 options were granted to 293 eligible employees, to be exercised in four tranches of 225,000 options per year beginning in 2011, was approved at the Board of Directors´ meeting held on July 30, 2008.

Should all stock options existing as of June 30, 2009 be exercised, current shareholders would be subject to a 0.8% dilution in ownership interest.

The fair value of 2007 and 2008 Programs was estimated based on the Black Scholes Model for valuing options and the following weighted average assumptions were used:

| | Option granting year | |
|---|---|---|
| | 2008 | 2007 |
| Risk free rate | 10.93% | 8.67% |
| Length of program in years | 4.5 | 4.5 |
| Expected annualized volatility | 43.57% | 37.60% |
| Fair value of option on grant date (per share) | R$6.94 | R$7.09 |

Consolidated remuneration costs related to 2007 and 2008 Programs for the half year ended June 30, 2009 were R$931 (R$285 as of June 30, 2008). Remuneration costs related to 2007 and 2008 Programs to be recognized using the remaining weighted average period of 2.3 and 3.3 years totaled approximately R$2,927 and R$3,302, respectively.

The table below summarizes the 2007 Program for the quarter ended June 30, 2009:

| | Beginning of period | | Granting | | | Cancellations | | End of period | |
|---|---|---|---|---|---|---|---|---|---|
| Period | Eligible employees | Options | Eligible employees | Options granted | Exercise price | Eligible employees terminated | Options cancelled | Eligible employees | Existing options |
| 12.31.08 | 253 | 868,017 | - | - | (*) | 17 | 70,878 | 236 | 797,139 |
| 03.31.09 | 236 | 797,139 | - | - | (*) | 3 | 3,413 | 233 | 793,726 |
| 06.30.09 | 233 | 793,726 | - | - | (*) | 3 | 10,377 | 230 | 783,349 |

(*) 2007 Program - The call option exercise price was prefixed for each annual tranche based on the market value of the share as quoted at the prior year´s closing plus an estimate for projected annual inflation, that is, the price of R$23.76 for options to be exercised in 2010; R$24.71 for options to be exercised in 2011; R$25.70 for options to be exercised in 2012; and R$26.73 for options to be exercised in 2013.

The table below summarizes the 2008 Program for the quarter ended June 30, 2009:

| | Beginning of period | | Granting | | | Cancellations | | End of period | |
|---|---|---|---|---|---|---|---|---|---|
| Period | Eligible employees | Options | Eligible employees | Options granted | Exercise price | Eligible employees terminated | Options cancelled | Eligible employees | Existing options |
| 12.31.08 | - | - | 293 | 900,000 | (*) | 2 | 3,456 | 291 | 896,544 |
| 03.31.09 | 291 | 896,544 | - | - | (*) | 6 | 8,632 | 285 | 887,912 |
| 06.30.09 | 285 | 887,912 | - | - | (*) | 3 | 9,485 | 282 | 878,427 |

(*) 2008 Program - The call option exercise price was prefixed for each annual tranche based on the market value of the share as quoted at the prior year´s closing plus an estimate for projected annual inflation, that is, the price of R$22.77 for options to be exercised up to April 2012; R$23.74 for options

to be exercised up to April 2013; R$24.76 for options to be exercised up to April 2014; and R$25.82 for options to be exercised up to April 2015.

All stock purchase options are unvested as of June 30, 2009.

As of June 30, 2009, Localiza and its subsidiaries do not have employee benefit policies other than the stock options plan (mentioned in this note) and the employee profit sharing (mentioned in Note 14).

(ii) Treasury shares

The Board of Directors' Meeting held on December 18, 2007 authorized the purchase of common shares issued by the Company to be held in treasury and subsequently sold, without capital reduction, as permitted by Law 6,404/76 and the Company's bylaws. The number of shares that would be acquired was up to 4,500,000, and the maximum period for carrying out the transaction was 365 days.

The discontinuance of the Company's stock buyback program launched on December 18, 2007 was approved at the board of directors´ meeting held on November 24, 2008. Under this program, 4,226,300 shares of a total of 4,500,000 authorized shares were acquired at a cost of R$43,626, which includes transaction costs at an average cost per share of R$10.32 (minimum of R$5.15 and maximum of R$16.55). The market value of the 4,226,300 shares acquired is R$51,138 (R$12.10 per share) as of June 30, 2009.

A new buyback program for acquisition of Company's common shares to be held in treasury for subsequent sale, without capital reduction, was approved, as permitted by Law 6,404/76 and the Company´s by-laws. The Company's purpose is to continue its strategy of maximizing the generation of value to shareholders and meet their interests, considering the value of the Company's shares on the São Paulo Stock Exchange. The number of shares to be purchased is up to 5,856,862 shares, with a maximum period of 365 days for carrying out the transaction. No shares have been acquired under this program up to June 30, 2009.

(e) Profit Reserves

The Annual Shareholders' Meeting held on April 8, 2008 approved the Management proposal for the allocation of retained earnings for 2007, in the amount of R$106,260, to the reserve for expansion, intended to assure funds for additional investments in operating assets, as provided for in item (e), § 2 - Article 24 of the Company's bylaws.

On March 12, 2009, the Board of Directors approved the Executive Boards' proposal occurred in 2008, consisting of the allocation of retained earnings in the amount of R$91,867 to profit reserves, of which R$68,867 to reserve for

expansion and R$23,000 to reserve for profit retention, according to the capital budget to be approved at the Shareholders' Meeting. Such reserves are intended to assure funds for additional investments in operating assets as set forth in article 24, paragraph 2, items (e) and (f), of the Company´s by-laws.

## 18. FINANCIAL INSTRUMENTS

### (a) Fair value

The Company and its subsidiaries used information available in the market and valuation methodologies to estimate fair values as of June 30, 2009 and March 31, 2009. However, a considerable amount of judgment in the interpretation of market information is required to develop these estimates. Therefore, the estimates presented herein may not be indicative of amounts that the Company would obtain in a normal market transaction. The use of different assumptions or methodologies for valuation could result in amounts different from estimated fair values.

The carrying values of cash and cash equivalents, trade accounts receivable, trade accounts payable and short-term loans approximate their fair values due to their short-term maturity. The carrying values and estimated fair values of other financial instruments of the Company are as follows:

| | Consolidated | | | |
|---|---|---|---|---|
| | 06.30.09 | | 03.31.09 | |
| | Carrying value | Fair value | Carrying value | Fair Value |
| Loans and financing: | | | | |
| Debentures | (879,188) | (866,286) | (880,061) | (866,533) |

### (b) Credit risk

The Company mitigates its credit risk as it significantly operates with credit cards in the car rental business, and with finance and/or lease companies in the sale of used cars. The credit risk is reduced through an established credit and collection policy. Additionally, the Company recognizes allowance for doubtful accounts based on an individual analysis of receivables, in an amount considered sufficient by Management to cover probable losses on their collection, taking into consideration past experience, the current financial situation of its customers, and past-due accounts.

(c) Interest rate risk

The Company uses cash from operations to conduct its daily business activities, renew its car fleet, and finance part of its growth strategy. To obtain complementary funding to support growth plans, the Company has entered into loans and financing with major financial institutions in Brazil, mainly indexed to CDI variation. See details on loans and financing as well as the respective interest rates in Note 12.

The inherent risk arises from the possibility of significant fluctuations in the CDI rate. See sensitivity analysis in item (e) below. Management continuously monitors the CDI rate for the purpose of adjusting rental rates to mitigate such fluctuations, if necessary.

(d) Exchange rate risk

As of June 30, 2009 and March 31, 2009, the Company had no foreign currency operations and, therefore, was not exposed to the Exchange rate risk.

(e) Sensitivity analysis with respect to fluctuations in the CDI rate:

Almost all of the Company´s debt and cash are linked to fluctuations in the CDI rate. The Company presented a net debt of R$817,756, which comprised loans, financing, and debentures, net of cash and cash equivalents, as of June 30, 2009.

The market expectations were, according to data from the Central Bank of Brazil, as of July 3, 2009, that the probable scenario indicated an estimated average effective rate for CDI of 9.81% in 2009, compared to 12.33% for a twelve-month period ended June 30, 2009.

In addition, the Company performed sensitivity tests for adverse scenarios, deterioration of the CDI rate by 25% or 50%, above the probable scenario, as shown below:

| | Consolidated | | |
|---|---|---|---|
| Transaction | Probable scenario | Scenario I - deterioration of 25% | Scenario II - deterioration of 50% |
| Net debt | 817,756 | 817,756 | 817,756 |
| Effective CDI rate for a twelve-month period ended 06.30.09 | 12.33% | 12.33% | 12.33% |
| Estimated annual CDI rate, according to the proposed scenarios | 9.81% | 12.26% | 14.72% |
| Effective rate effects on financial expenses | (100,829) | (100,829) | (100,829) |
| Proposed scenarios effects on financial expenses | (80,222) | (100,257) | (120,374) |
| Annual effect on financial expenses: | | | |
| Decrease | 20,607 | 572 | - |
| Increase | - | - | 19,545 |

## 19. SUPPLEMENTAL INFORMATION

### (a) Operating lease

On June 27, 2005, the Company entered into an operating lease for an aircraft, model Cessna 550 Bravo. The transaction was entered into with AVN Air LLC. This aircraft is used exclusively by Management to facilitate their access throughout Brazil. The contract has a five-year life and annual payments amount to US$463 thousand.

### (b) Commercial Cooperation Agreement with financial institution Banco do Brasil

On September 29, 2006, the subsidiary Prime entered into a Commercial Cooperation Agreement with Banco do Brasil S.A. Pursuant to this agreement, Prime granted to Banco do Brasil exclusivity rights to financing for used cars of Localiza and its subsidiaries, sold at points of sales, and to offer of other related products. The agreement came into force on the date of signature and is valid until February 28, 2017. For the exclusivity granted in car financing, Prime was

entitled to a compensation, net of agency commission, of R$22,008, which was received in 2006 and recorded as deferred financing incentive, net of taxes, in the amount of R$13,121. Additionally, Banco do Brasil makes monthly payments according to the terms of the agreement, for the intermediation of financing and other related products. As of June 30, 2009, the deferred financing incentive net balance is R$9,282, of which R$1,264 is recorded under the caption “other current liabilities”.

# 20. STATEMENT OF VALUE ADDED

| | Company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|
| | 06.30.09 | % | 06.30.08 | % | 06.30.09 | % | 06.30.08 | % |
| Gross revenue less discounts | 565,489 | | 631,808 | | 858,819 | | 900,231 | |
| Other revenues | 969 | | 2,139 | | 3,530 | | 3,720 | |
| Revenues from construction of own assets | 1,869 | | 4,861 | | 1,869 | | 4,861 | |
| Costs and expenses acquired from third parties | (286,659) | | (327,810) | | (400,201) | | (431,708) | |
| **Gross value added** | 281,668 | | 310,998 | | 464,017 | | 477,104 | |
| **Retentions** | | | | | | | | |
| Depreciation and amortization | (108,493) | | (101,515) | | (187,685) | | (168,813) | |
| **Net value added** | 173,175 | | 209,483 | | 276,332 | | 308,291 | |
| **Value added received in transfer** | | | | | | | | |
| Interest income | 9,939 | | 11,710 | | 12,791 | | 15,356 | |
| Equity in subsidiaries | 37,752 | | 38,235 | | - | | - | |
| | 47,691 | | 49,945 | | 12,791 | | 15,356 | |
| **Value added for distribution** | 220,866 | 100% | 259,428 | 100% | 289,123 | 100% | 323,647 | 100% |
| **Distribution of value added** | | | | | | | | |
| Employees | | | | | | | | |
| Direct compensation | 45,589 | 21% | 36,561 | 14% | 59,038 | 20% | 51,546 | 16% |
| Benefits | 7,353 | 3% | 4,556 | 2% | 9,173 | 3% | 5,816 | 2% |
| Severance Pay Fund (FGTS) | 3,291 | 1% | 2,098 | 1% | 4,370 | 2% | 3,009 | 1% |
| Stock option plan | 621 | 0% | 179 | 0% | 931 | 0% | 285 | 0% |
| Government and community | | | | | | | | |
| Federal | 17,816 | 8% | 38,329 | 14% | 46,435 | 16% | 66,428 | 21% |
| State | 10,488 | 5% | 8,770 | 3% | 18,280 | 6% | 15,015 | 5% |
| Municipal | 898 | 0% | 459 | 0% | 1,310 | 0% | 1,043 | 0% |
| Payments to third parties | | | | | | | | |
| Interest | 68,747 | 31% | 61,322 | 24% | 78,407 | 28% | 67,453 | 21% |
| Rents for real estate and other | 21,167 | 10% | 17,058 | 7% | 26,593 | 9% | 23,062 | 7% |
| Payments to shareholders: | | | | | | | | |
| Interest on capital | 16,714 | 8% | 14,546 | 6% | 16,714 | 6% | 14,546 | 4% |
| Retained earnings | 28,182 | 13% | 75,550 | 29% | 27,872 | 10% | 75,444 | 23% |
| **Total distributed and retained** | 220,866 | 100% | 259,428 | 100% | 289,123 | 100% | 323,647 | 100% |

# 21. SOCIAL BALANCE SHEETS – Not reviewed by the Independent Auditors

| 1.Calculation basis for social indicators | Consolidated | |
|---|---|---|
| | 06.30.2009 | 06.30.2008 |
| Net revenue | 845,083 | 886,492 |
| Income from operations | 58,609 | 127,772 |
| Gross payroll | 71,756 | 60,546 |

| 2. Internal social indicators | 06.30.2009 | | | 06.30.2008 | | |
|---|---|---|---|---|---|---|
| | Amount | % Gross payroll | % of net revenues | Amount | % Gross payroll | % of net revenues |
| Meals | 4,648 | 6% | 1% | 2,190 | 4% | 0% |
| Compulsory payroll related charges | 16,763 | 23% | 2% | 12,717 | 21% | 2% |
| Health care | 2,634 | 4% | 0% | 2,133 | 4% | 0% |
| Professional qualification and development | 252 | 0% | 0% | 1,927 | 3% | 0% |
| Day care center or child care allowance | 84 | 0% | 0% | 70 | 0% | 0% |
| Profit sharing | 8,530 | 12% | 1% | 11,694 | 19% | 2% |
| Other | 1,809 | 3% | 0% | 1,411 | 2% | 0% |
| Total internal social indicators | 34,720 | 48% | 4% | 32,142 | 53% | 4% |

| 3. External social indicators | 06.30.2009 | | | 06.30.2008 | | |
|---|---|---|---|---|---|---|
| | Amount | % of income from operations | % of net revenues | Amount | % of income from operations | % of net revenues |
| Education | 15 | 0% | 0% | 15 | 0% | 0% |
| Culture | 537 | 1% | 0% | 752 | 1% | 0% |
| Other | 149 | 0% | 0% | 188 | 0% | 0% |
| Total contributions to society | 701 | 1% | 0% | 955 | 1% | 0% |
| Taxes (excluding payroll related charges) | 53,423 | 91% | 6% | 71,711 | 56% | 8% |
| Total external social indicators | 54,124 | 92% | 6% | 72,666 | 57% | 8% |

| 4. Personnel indicators (not reviewed) | 06.30.2009 | 06.30.2008 |
|---|---|---|
| Headcount at end of period | 3,313 | 2,827 |
| Number of employees hired during the period | 412 | 511 |
| Number of outsourced employees | 80 | 48 |
| Number of interns | 51 | 81 |
| Number of employees above age 45 | 186 | 155 |
| Number of women working in the company | 1,581 | 1,421 |
| % of supervisory positions held by women | 54.54% | 54.36% |
| Number of blacks working in the company | 1,673 | 1,483 |
| % of supervisory positions held by blacks | 34.90% | 33.89% |
| Number of persons with disability or special needs | 60 | 66 |

| | 06.30.2009 | | | Goals 2009 | | |
|---|---|---|---|---|---|---|
| **5. Significant information regarding corporate citizenship (not reviewed)** | | | | | | |
| Highest/lowest compensation ratio | | | 39.2 (*) | | | - |
| Total number of occupational accidents | | | 10 | | | - |
| - The social and environmental projects developed by the company were established by | ( ) directors | ( ) directors and managers | (x) all employees | ( ) directors | ( ) directors and managers | (x) all employees |
| - The safety and health standards in the workplace were established by | ( ) directors and managers | ( ) all employees | (x) all + Cipa (Internal Accident Prevention Commission) | ( ) 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 | (x) are not considered | ( ) are suggested | ( ) are required | (x) will not be considered | ( ) will be suggested | ( ) 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 | ( ) supports | (x) will organize and encourage |
| - Total number of complaints and criticisms from consumers | In the company (**) | In Procon 32 | In court 270 | In the company (**) | In Procon None | In court None |
| - % of complaints and criticisms from consumers handled or solved | In the company (**) | In Procon 28.1% | In court 58.9% | In the company (**) | In Procon None | In court None |

(*) For the highest/lowest compensation ratio computation only employee data from headquarters (Belo Horizonte) was used.

(**) The client assistance department receives phone calls concerning mechanical problems, accidents, billing doubts of clients, as well as compliments and complaints. The Company does not compute complaints calls separately.

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|---|---|---|

**07.01 –** COMMENTS ON THE COMPANY'S PERFORMANCE IN THE QUARTER

SEE COMMENTS ON THE COMPANY'S PERFORMANCE IN THE QUARTER IN THE GROUP 12.01 – COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER

**12.01 –** COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER

| Statement of Income (R$ million) | 2Q08 | 2Q09 | Chg. |
|---|---|---|---|
| Net revenues from rentals and sales | 423.7 | 407.8 | -3.8% |
| Rentals and sales costs | (302.0) | (305.6) | 1.2% |
| Gross profit | 121.7 | 102.2 | -16.0% |
| Operating expenses | (35.0) | (42.1) | 20.3% |
| Financial expenses, net | (24.7) | (26.8) | 8.5% |
| Income tax and social contribution | (17.8) | (8.5) | -52.2% |
| Minority interest | (0.1) | - | -100.0% |
| Net income for the period | 44.1 | 24.8 | -43.8% |

| Operating Data (Not reviewed by the Independent Auditors) | 2Q08 | 2Q09 | Chg. |
|---|---|---|---|
| Average Operating Fleet | 47,711 | 46,954 | -1.6% |
| Average Rented Fleet (consolidated) | 38,537 | 39,893 | 3.5% |
| Average Age of Operating Fleet (in months) | 8.9 | 12.9 | 44.9% |
| End of Period Fleet | 59,690 | 52,223 | -12.5% |
| Number Daily Rentals – car rental | 1,953,968 | 1,889,261 | -3.3% |
| Number Daily Rentals – fleet rental | 1,528,290 | 1,710,450 | 11.9% |
| Average Depreciation by Car (R$) | 6,880.3 | 7,145.9 | 3.9% |
| Number of Purchased Cars | 16,419 | 4,946 | -69.9% |
| Average Price – Cars Purchased (R$ thousand) | 28.59 | 27.24 | -4.7% |
| Number of Cars Sold | 7,716 | 7,279 | -5.7% |
| Average Price – Cars Sold (R$ thousand) | 28.08 | 26.45 | -5.8% |
| Average Age of Cars Sold | 15.7 | 19.2 | 22.3% |

***Net Revenues from rentals and sales***

| Net Revenues (R$ million) | 2Q08 | 2Q09 | Chg. |
|---|---|---|---|
| Car Rental and Franchising | 137.5 | 138.3 | 0.6% |
| Fleet Rental | 64.0 | 73.6 | 15.0% |
| Net revenues | 201.5 | 211.9 | 5.2% |
| Used Car Sales | 222.2 | 195.9 | -11.8% |
| **Total Net Revenues** | **423.7** | **407.8** | **-3.8%** |

Consolidated net revenues from rentals and used car sales decreased 3.8%. Net revenue from rentals increased 5.1% in 2Q09, due to the increase of 3.5% in average rented fleet and the increase in the rental rates.

Net revenues from car rental remained stable when compared to 2Q08. The decrease of 3.1% in average rented fleet was offseted by the increase of 3.3% in average rental rate.

Historically, the 2Q is the lowest in business volume within the year. Such situation has not occurred in 2008, due to the strong economic growth in such period, when there has been a growth of 50.4% in the number of rental days as compared to 2Q07.

Net revenues from **fleet rental** increased by 15.0%, due to the growth of 11.9% in average rented fleet and 2.6% in average rental rate. The increase in **fleet rental** prices for new contracts and for the renewal of existing contracts have been reflected in the increase of average rental rate.

Net revenues from **used car sales** decreased by 11.8% in 2Q09, due to the reduction of 5.7% in car sales volume and the decrease of 5.8% in used cars sales prices. The decrease in used car prices was due to the decline in market conditions, as well as the reduction in IPI (excise tax) for new cars.

***Rentals and Sales Direct Costs***

| Costs (R$ million) | 2Q08 | 2Q09 | Chg. |
|---|---|---|---|
| Rentals | (155.6) | (167.8) | 7.8% |
| Depreciated Costs of Cars Sold | (146.4) | (137.8) | -5.9% |
| **Total** | (302.0) | (305.6) | 1.2% |
| % Over Total Revenues | -71.3% | -74.9% | 3.6p.p. |

Rentals direct costs increased by 7.8%, from R$155.6 million in 2Q08 to R$167.8 million in 2Q09. Such increase is mainly due to: (i) increase of salaries in january 2009; (ii) increase in maintenance costs related to the increase of average fleet age; and (iii) absence of economies of scale.

The depreciated costs of cars sold decreased by 5.9%, due to the reduction of 5.7% in the volume of cars sold.

***Operating expenses, except financial***

Operating expenses increased 20.3%, from R$35.0 million in 2Q08 to R$42.1 million in 2Q09.

As a revenue percentage, the operating expenses remained almost stable, increasing 2.0p.p, from 8.3% in 2Q08 to 10.3% in 2Q09.

***Financial expenses, net***

| Financial Expenses, Net (R$ million) | 2Q08 | 2Q09 | Chg. |
|---|---|---|---|
| Financial Revenues | 10.5 | 7.9 | -24.8% |
| Financial Expenses | (35.2) | (34.7) | -1.4% |
| **Financial Expenses, Net** | (24.7) | (26.8) | 8.5% |

Net financial expenses decreased by 1.4%, from R$35.2 million in 2Q08 to R$34.7 million in 2Q09, due to the reduction of 0.4p.p. in the average annualized costs of CDI (interbank deposit rate), partially offset by a increase of 4.8% in the average debt in the period.

The financial revenues decreased 24.8%, due to the same effects of CDI (interbank deposit rate) variation and due to a lower average volume of investments of approximately 12%.

***Income tax and social contribution***

Income tax and social contribution expenses decreased by 52.2%, from R$17.8 million in 2Q08 to R$8.5 million in 2Q09. The reduction in the expenses is mainly caused by the decrease of 46.4% in the income before taxes. The effective rate decreased from 28.7% in 2Q08 to 25.5% in 2Q09, due to the decrease of income. The decrease of effective rate was due to the average increase of 11.5% in shareholders' equity, calculation basis for interest on capital in 2Q09, when compared to the shareholders' equity in 2Q08.

## 01.01 - IDENTIFICATION

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpayer's ID) |
|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

## 09.01 - HOLDINGS IN SUBSIDIARIES AND/OR AFFILIATED COMPANIES

| 1 - ITEM | 2 - NAME OF SUBSIDIARY/ASSOCIATED COMPANY | 3 - CNPJ (Corporate Taxpayer's ID) | 4 - CLASSIFICATION | 5 - INTEREST IN CAPITAL OF INVESTEE - % | 6 – INVESTOR'S SHAREHOLDERS' EQUITY - % |
|---|---|---|---|---|---|
| 7 - TYPE OF COMPANY | | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER (in thousands) | | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER (in thousands) | |
| 01 | TOTAL FLEET S.A. | 02.286.479/0001-08 | CLOSELY-HELD SUBSIDIARY COMPANY | 100.00 | 78.56 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 103,280 | | 103,280 | |
| 02 | LOCALIZA FRANCHISING BRASIL S.A. | 06.291.437/0001-08 | CLOSELY-HELD SUBSIDIARY COMPANY | 100.00 | 0.59 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 399 | | 399 | |
| 03 | LOCALIZA FRANCHISING INTERNACIONAL S.A. | 18.367.946/0001-56 | CLOSELY-HELD SUBSIDIARY COMPANY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 616 | | 616 | |
| 04 | PRIME PRESTADORA DE SERVIÇOS S.A. | 02.887.100/0001-07 | CLOSELY-HELD SUBSIDIARY COMPANY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 15 | | 15 | |
| 05 | LOCALIZA FRANCHISING INTERNATIONAL SRL | . . / - | INVESTEE OF THE SUBSIDIARY/AFFILIATED COMPANY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 25 | | 25 | |
| 06 | LOCALIZA CAR RENTAL S.A. | 07.150.288/0001-20 | CLOSELY-HELD SUBSIDIARY COMPANY | 100.00 | 1.19 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 1,340 | | 1,340 | |
| 07 | RENTAL INTERNATIONAL LLC | . . / - | CLOSELY-HELD SUBSIDIARY COMPANY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 1 | | 1 | |

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| | | | | | |
|---|---|---|---|---|---|
| 08 | CAR ASSISTANCE SER ADM DE SINISTROS S.A. | 10.863.913/0001-95 | CLOSELY-HELD SUBSIDIARY COMPANY | 100.00 | 0.04 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 200 | | 0 | |

| | | | | | |
|---|---|---|---|---|---|
| 09 | TF ASSISTANCE SER ADM DE SINISTROS S.A. | 10.866.914/0001-93 | INVESTEE OF THE SUBSIDIARY/AFFILIATED COMPANY | 100.00 | 0.03 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY | | 150 | | 0 | |

**01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpayer's ID) |
|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**14.01 – CARACTERISTICS OF PUBLIC OR PRIVATE ISSUE OF DEBENTURES**

| | |
|---|---|
| 1- ITEM | 01 |
| 2 - No. ORDER | 1 |
| 3 - No. REGISTRY AT CVM | CVM-SRE-DEB-2005-026 |
| 4 - REGISTRY DATE AT CVM | 5/17/2005 |
| 5 - ISSUED SERIES | U |
| 6 - TYPE OF ISSUANCE | SIMPLE |
| 7 - NATURE OF ISSUANCE | PUBLIC |
| 8 - DATE OF ISSUANCE | 4/1/2005 |
| 9 - MATURITY DATE | 4/1/2010 |
| 10 - TYPE OF DEBENTURE | FLOATING |
| 11 - CONDITION OF CURRENT REMUNERATION | 108.5% of CDI |
| 12 - PREMIUM/DISCOUNT | 0.00 |
| 13 - PAR VALUE (Reais) | 10,000.00 |
| 14 - AMOUNT ISSUED (Thousands of Reais) | 350,000 |
| 15 - NUMBER OF SECURITIES ISSUED (UNIT) | 35,000 |
| 16 - OUTSTANDING SECURITIES (UNIT) | 35,000 |
| 17 - TREASURY SECURITIES (UNIT) | 0 |
| 18 - REDEEMED SECURITIES (UNIT) | 0 |
| 19 - CONVERTED SECURITIES (UNIT) | 0 |
| 20 - SECURITIES TO BE DISTRIBUTED (UNIT) | 0 |
| 21 - DATE OF THE LAST RENEGOTIATION | |
| 22 - DATE OF NEXT EVENT | |

| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |
|---|---|---|

**01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpayer's ID) |
|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**14.01 – CARACTERISTICS OF PUBLIC OR PRIVATE ISSUE OF DEBENTURES**

| | |
|---|---|
| 1- ITEM | 02 |
| 2 - No. ORDER | 2 |
| 3 - No. REGISTRY AT CVM | CVM-SRE-DEB-2007-016 |
| 4 - REGISTRY DATE AT CVM | 7/10/2007 |
| 5 - ISSUED SERIES | U |
| 6 - TYPE OF ISSUANCE | SIMPLE |
| 7 - NATURE OF ISSUANCE | PUBLIC |
| 8 - DATE OF ISSUANCE | 7/2/2007 |
| 9 - MATURITY DATE | 7/2/2014 |
| 10 - TYPE OF DEBENTURE | FLOATING |
| 11 - CONDITION OF CURRENT REMUNERATION | CDI + 0.44% p.a. |
| 12 - PREMIUM/DISCOUNT | 0.00 |
| 13 - PAR VALUE (Reais) | 10,000.00 |
| 14 - AMOUNT ISSUED (Thousands of Reais) | 200,000 |
| 15 - NUMBER OF SECURITIES ISSUED (UNIT) | 20,000 |
| 16 - OUTSTANDING SECURITIES (UNIT) | 20,000 |
| 17 - TREASURY SECURITIES (UNIT) | 0 |
| 18 - REDEEMED SECURITIES (UNIT) | 0 |
| 19 - CONVERTED SECURITIES (UNIT) | 0 |
| 20 - SECURITIES TO BE DISTRIBUTED (UNIT) | 0 |
| 21 - DATE OF THE LAST RENEGOTIATION | |
| 22 - DATE OF NEXT EVENT | |

| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |
|---|---|---|

**01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpayer's ID) |
|---|---|---|
| 01973-9 | LOCALIZA RENT A CAR S.A. | 16.670.085/0001-55 |

**14.01 – CARACTERISTICS OF PUBLIC OR PRIVATE ISSUE OF DEBENTURES**

| | |
|---|---|
| 1- ITEM | 03 |
| 2 - No. ORDER | UNIQUE |
| 3 - No. REGISTRY AT CVM | |
| 4 - REGISTRY DATE AT CVM | |
| 5 - ISSUED SERIES | U |
| 6 - TYPE OF ISSUANCE | SIMPLE |
| 7 - NATURE OF ISSUANCE | PRIVATE |
| 8 - DATE OF ISSUANCE | 9/1/2008 |
| 9 - MATURITY DATE | 9/1/2011 |
| 10 - TYPE OF DEBENTURE | FLOATING |
| 11 - CONDITION OF CURRENT REMUNERATION | CDI + 1.80% p.a. |
| 12 - PREMIUM/DISCOUNT | 0.00 |
| 13 - PAR VALUE (Reais) | 300,000,000.00 |
| 14 - AMOUNT ISSUED (Thousands of Reais) | 300,000 |
| 15 - NUMBER OF SECURITIES ISSUED (UNIT) | 1 |
| 16 - OUTSTANDING SECURITIES (UNIT) | 1 |
| 17 - TREASURY SECURITIES (UNIT) | 0 |
| 18 - REDEEMED SECURITIES (UNIT) | 0 |
| 19 - CONVERTED SECURITIES (UNIT) | 0 |
| 20 - SECURITIES TO BE DISTRIBUTED (UNIT) | 0 |
| 21 - DATE OF THE LAST RENEGOTIATION | |
| 22 - DATE OF NEXT EVENT | |

## 1 - Expectation for the settlement of debts due in 2009

### Expectations as disclosed in IAN (Annual Information) in 2008

To settle short-term debts due in 2009, net of cash balance as of September 30, 2008, in the amount of approximately R$188.0 million, the Company will have the following as source of funds: (i) approximately R$120.0 million from a fleet reduction by around 4 thousand cars through an increase in car rental utilization rate by our car rental division, and (ii) cash generation from car and fleet rental activities.

### Follow up of the expectations disclosed in IAN 2008

Since September 30, 2008, when the world liquidity crisis impacted the Brazilian economy, the Company reduced the amount of R$480.5 million (includes payables to car makers) in its net indebtedness, improved its debt profile and strengthened its cash flow.

Cash generation was the greatest highlight of first half of 2009, reducing net debt in 34.8% (R$436.7 million). Such strong generation resulted from the Company's strategy of strengthening its financial position in a low liquidity scenario.

The Company has paid almost all of its debt maturing 2009 in advanced.

The indebtedness ratios improved significantly in first half of 2009, as compared to the same period of previous year.

## 2 - Growth expectation for 2009

### Expectations as disclosed in IAN (Annual Information) in 2008

Considering the adverse macroeconomic scenario as of September 30, 2008, car and fleet rental operations are expected to grow 20%, in terms of consolidated business volume, represented by the number of daily rates for rented cars.

### Follow up of the expectations disclosed in IAN 2008

Due to the world crisis worsen scenario, strongly impacting the GDP and restricting long term financing operations, the Company revised its expectations and concluded that its growth can be lesser than previously reported.

## 3 - Strategies considering the current scenario as disclosed in Earning Release 2Q09

The expectations described below are connect by each other and cannot be separately analyzed.

**- Fleet strategies:**

- Fleet renewal will contribute to the reduction of maintenance costs and depreciation expenses in car rental division.
- A possible increase in business volume in the second half year will contribute to the dilution of fixed costs in car rental division.

**- Debt strategies:**

- Contract new operations only with the purpose of extending the maturity dates.
- The drop in CDI (interbank deposit rate) and the continuance of keeping net debt in the actual levels shall reduce finance expenses.

**- Other strategies:**

- Increase rental rates for new contracts and contracts renewal in fleet rental division.
- In the **fleet rental** division, the tendency is to increase average rates for new contracts as much as for renewal of actual contracts.

## Other Relevant Information

In compliance with "Novo Mercado" (New Market) Regulation, below, the Additional Requirements for the Quarterly Information – ITR on the reference date as of June 30, 2009:

1) Localiza Rent a Car S.A.'s shareholding as of June 30, 2009, up to the individuals level.

| Participants | No. of Common Shares | Interest % |
|---|---|---|
| José Salim Mattar Junior | 26,348,315 | 13.06 |
| Antônio Cláudio Brandão Resende | 25,825,336 | 12.80 |
| Eugênio Pacelli Mattar | 17,351,363 | 8.60 |
| Flávio Brandão Resende | 17,351,364 | 8.60 |
| Treasury shares | 4,226,300 | 2.10 |
| Free float (*) | 110,605,322 | 54.84 |
| Total | 201,708,000 | 100.00 |

2) Controlling Shareholders, Management shares and free float:

a) As of June 30, 2009:

| | No. of Common Shares | Interest % |
|---|---|---|
| Controlling shareholders | 86,876,378 | 43.07 |
| Free float | 110,354,600 | 54.71 |
| Treasury shares | 4,226,300 | 2.10 |
| Board of Directors' Members | 29,105 | 0.01 |
| Executive Officers | 221,617 | 0.11 |
| Total | 201,708,000 | 100.00 |

(*) Shareholders holding less than 5% of the Company's voting capital.

b) As of June 30, 2008:

| | No. of Common Shares | Interest % |
|---|---|---|
| Controlling shareholders (*) | 100,876,378 | 50.01 |
| Free float | 98,863,100 | 49.01 |
| Treasury shares | 1,738,200 | 0.86 |
| Board of Directors' Members | 29,105 | 0.01 |
| Executive Officers | 201,217 | 0.11 |
| Total | 201,708,000 | 100.00 |

3) Localiza Rent a Car S.A. does not have a Fiscal Council installed.

4) The Company is subject to arbitration at the Market Arbitration Panel, as per Commitment Clause of its Bylaws.

(*) includes 600,000 shares assigned by a controlling shareholder to a financial institution to conduct operations as a market maker, according to the differentiated loan and service rendering agreement.

**21.01 - PUBLIC ACCOUNTANT'S LIMITED REVIEW REPORT – UNQUALIFIED OPINION**

(Convenience Translation into English from the Original Previously Issued in Portuguese)

To the Shareholders and Board of Directors of
Localiza Rent a Car S.A.
Belo Horizonte - MG

1. We have reviewed the accouting information included in the accompanying interim financial statements of Localiza Rent a Car S.A. (the "Company") and subsidiaries, for the second quarter ended June 30, 2009, consisting of the individual (Company) and consolidated balance sheets, the related statements of income, changes in shareholders`equity, cash flows and value added, the related notes and the performance report, prepared under the responsibility of the Company's management.

2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors - IBRACON, together with the Brazilian Federal Accounting Council - CFC, and consisted, principally, of: (a) inquiries of and discussions with certain officials of the Company and its subsidiaries who have responsibility for accounting, financial and operating matters about the criteria adopted in the preparation of the interim financial statements; and (b) review of the information and subsequent events that have, or might have had, material effects on the financial position and results of operations of the Company and its subsidiaries..

3. Based on our review, we are not aware of any material modifications that should be made to the accounting information included in the interim financial statements referred to in paragraph 1 for them to be in conformity with the accounting practices generally accepted in Brazil and the standards established by the Brazilian Securities and Exchange Commission - CVM, specifically applicable to the preparation of the interim financial statements.

4. As mentioned in note 3 to the interim financial statements, due to the changes in the accounting practices in Brazil occurred during 2008, the interim financial statements for the quarter ended June 30, 2008, presented for comparative purposes, have been adjusted and are being restated as prescribed by Accounting Standard and Procedure (NPC) 12 - Accounting Policies, Changes in Accounting Estimates and Errors, approved by CVM Resolution 506/06.

5. The accompanying interim financial statements have been translated into English for the convenience of readers outside Brazil.

Belo Horizonte, July 7, 2009

DELOITTE TOUCHE TOHMATSU
Auditores Independentes
CRC-2SP 011.609/O-8 F/MG

Walmir Bolgheroni
Engagement Partner
CRC-1SP 139.601/O-9 T/MG

**01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - COMPANY NAME | 3 - CNPJ (Corporate Taxpayer's ID) |
|---|---|---|
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