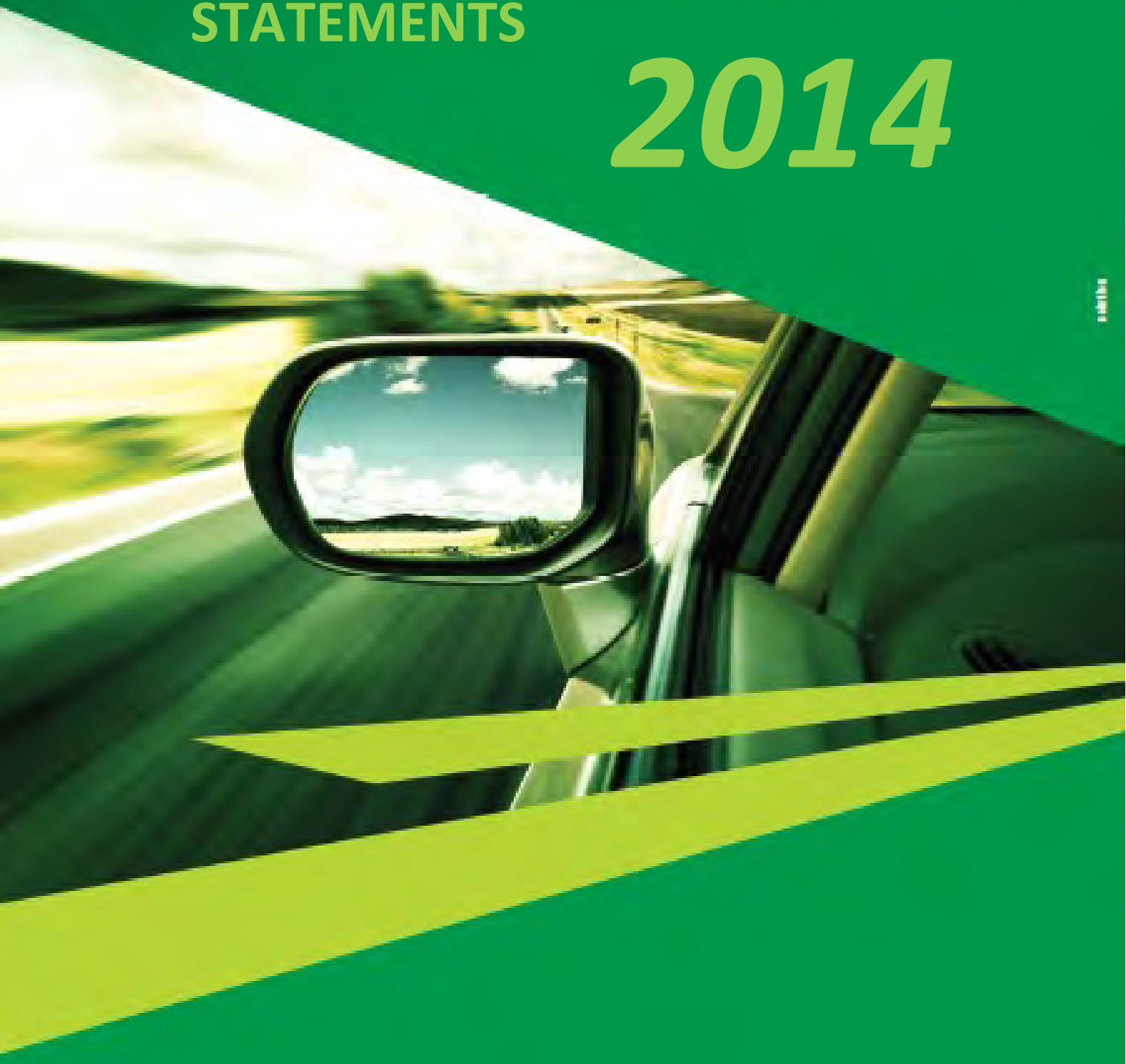
Localiza Rent a Car S/A – CNPJ/MF 16.670.085/0001-55

FINANCIAL STATEMENTS

2014



Localiza

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(A free translation of the original in Portuguese)

1 - MESSAGE FROM THE CEO

2014 was another challenging year for Brazil: inflation close to the target ceiling, increased basic interest rate and devaluation of the Brazilian Real against the US Dollar. We had the FIFA World Cup in June and July, followed by presidential elections in October. The environment for investment and credit worsened, and job creation began to slow down.

Despite an unfavorable macroeconomic scenario and an aggressive competitive environment regarding prices, the Company presented growth in car rental revenue, beat its own record in net income and in number of cars sold for fleet renewal, in addition to a strong cash generation. The Return on Invested Capital (ROIC) was 1 percentage point higher, which helped to offset the growth of the cost of debt due to the increase in the Special System for Settlement and Custody (SELIC) interest rate. The Spread between ROIC and the cost of debt after taxes remained at expected levels.

Our business model, supported by an integrated platform, allows the Company flexibility and the ability to adjust to the macroeconomic environment, regardless of whether it is more or less favorable, thus maintaining a high return on invested capital.

We increased our own Car Rental locations and the number of stores for the sale of our used cars to support the fleet renewal, thus strengthening our competitive advantage and preparing the Company for growth opportunities and for consolidation of the car rental market. We reinforced the positioning of our brand and launched new institutional websites for Car Rental, Fleet Rental and sale of used cars. Major investments were made in information technology and training programs, in motivating and developing employees and management personnel, aiming at higher productivity and customer satisfaction rates.

Our cash generation covered financial expenses, payment of dividends and investments in the new headquarters, without effecting the leverage ratios and market confidence in the strength of the Company, which holds R$ 1.4 billion in cash. Throughout 2014, Standard & Poor's, Fitch and Moody's upheld the Company's investment grade ratings due to its leading position in the industry, its conservative capital structure and financial flexibility, duly reflected in its strong credit indicators.

2015 will present even greater challenges. The market expects that the need for fiscal adjustments, the increase in the basic interest rate, high inflation, higher credit selectivity and the likely increase in unemployment will contribute to a lower level of investment and consumption and, consequently, to a decreased Gross Domestic Product (GDP).

We will remain cautious in our strategies for 2015, but will remain alert for opportunities for growth and consolidation of the car rental market. We shall continue our search for greater productivity, focus on more efficient cost management and on capital allocation, thereby increasing our competitiveness.

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

Eugênio Mattar - CEO

2 - MACROECONOMIC SCENARIO

2014 was marked by the sharp drop in the expectations of the economic agents, as reflected in the steep decline in the main economic confidence indices.

The government tried to mitigate the poor performance of the economy by using an expansionary fiscal policy via tax exemptions. Throughout the year this policy became incompatible with the stability of the debt / GDP ratio and contributed to the weakening of the fiscal accounts. The foreign exchange was not helpful either, as it strongly depreciated from around R$/US$ 2.30 at the beginning of the year to the level of R$/US$ 2.65 at the end of the year, despite the intervention of the Brazilian Central Bank in the foreign exchange market through the sale of foreign exchange swap contracts during the year. As a result, Brazil saw the official inflation index close 2014 at the upper limit of the target ceiling, at 6.4%, despite not authorizing increases in administered prices (electricity, fuel etc.).

Accordingly, if the beginning of 2014 indicated a growth of around 2.0%, it daily became clearer that Brazil's expectations would not be met, given the deterioration of the macroeconomic conditions. At the close of 2014, expectations revolved around an expansion of 0.1%, according to market projections disclosed by the Focus Bulletin.

Brazil in 2015

Brazil's domestic scenario for 2015 will be marked by challenges arising from adjustments in fiscal and monetary policies, accelerating inflation, a drop in domestic activity and an increase in interest rates.

In the context of monetary policy, the interest rate will rise possibly to 13.0%, according to the market expectations. In the fiscal scenario, the new economic team promises that the country will move from a primary deficit of 0.2% in 2014 to a surplus of 1.2% of the GDP for 2015. However, for this, the government will depend on the support of its legislative basis.

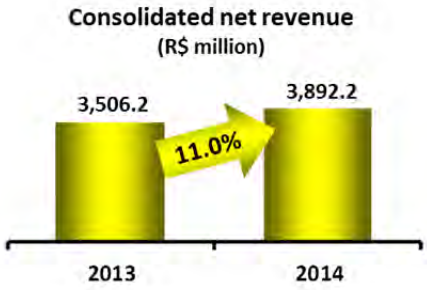
Inflation should accelerate, mainly because of the realignment of the administered prices, closing 2015 above the target ceiling, at around 8.0%. However, market prices may be subject to a downward trend as a result of the lessened economic activity, with further effects on the composition of the Amplified Consumer Price Index (IPCA), leading to a more moderate inflation as from 2016.

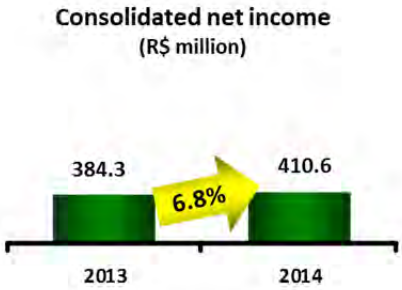
As a result of this scenario, the market projects a GDP contraction between minus 1.0% and minus 2.0% for 2015. Accordingly, the success of the proposed adjustments will be crucial for the rebalancing of key macroeconomic variables during 2015, which would have the positive effect of renewing confidence, with a consequent positive impact on investments and businesses in the second half of 2015.

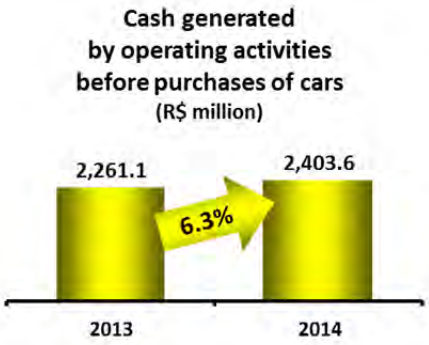


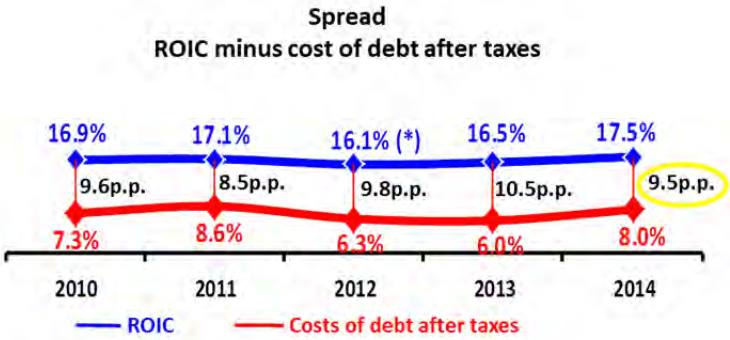
GDP	7.5	2.7	1.0	2.5	0.1

3 - 2014 HIGHLIGHTS









(*) The ROIC for 2012 was calculated excluding additional depreciation of the fleet, which was treated as a loss of equity because it was an extraordinary nonrecurring event caused by external factors (reduction in the Excise Tax (IPI) on new cars), based on concepts recommended by Stern Stewart.

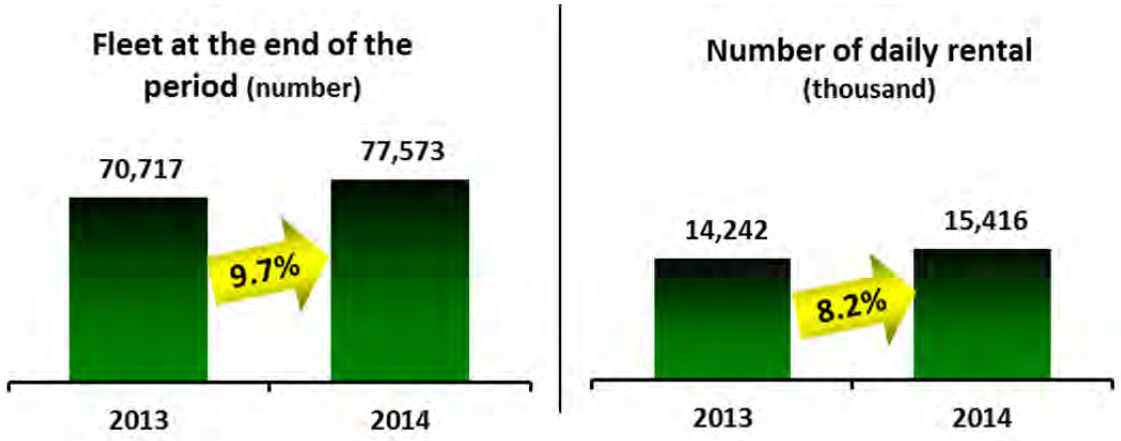
4 - BUSINESS OVERVIEW

Localiza is the largest car rental company in South America in number of rental locations, with 540 car rental branches in 9 countries of South America, of which 304 are operated by the Company and 236 by its franchisees. As of December 31, 2014, the consolidated fleet of the Company and its franchisees consisted of 125,224 cars, of which 111,885 were owned cars and 13,339 franchise cars. Localiza's database contains 4.3 million active customers.

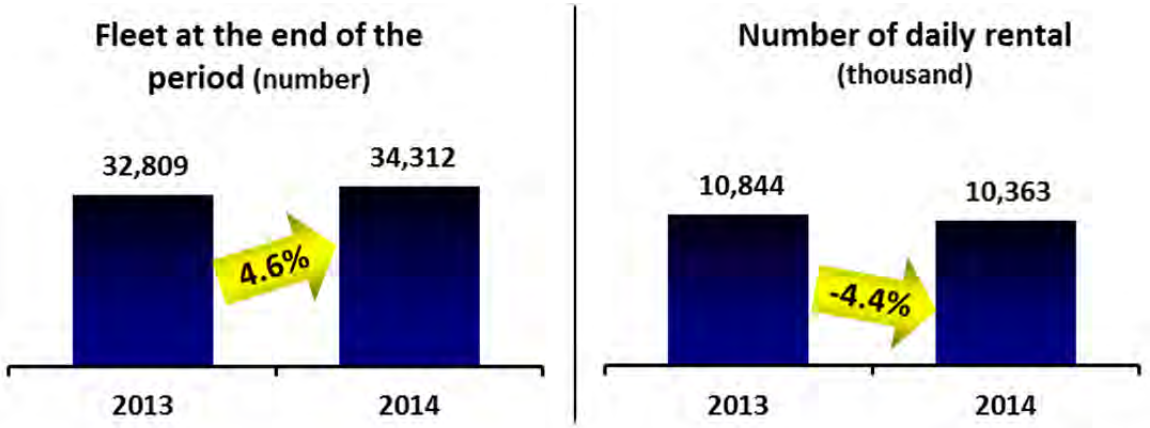
According to the Brazilian Car Rental Association (ABLA), the car rental market in Brazil is comprised of roughly 2,200 different-sized companies, some of which operate under international brand names.

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

***Car Rental*:** The Company rents cars through its rental locations within and outside airports. Cars are rented by companies and individuals on business and leisure trips to meet their car rental needs outside their places of residence, as well as by insurance companies and automobile manufacturers that offer replacement vehicles to their customers in the event of accidents or mechanical repairs during the insurance or warranty term, respectively. The Car Rental Division fleet consists mainly of flex-fuel compact cars, which is in line with consumer demand and production by automobile manufacturers in Brazil. Owing to the constant need for fleet renewal, Localiza sells cars after they have been used for 12 months. To avoid intermediation costs on sales of decommissioned cars, most of the cars are sold directly to end consumers. In this way, the Company maximizes the recoverable amount of these assets, reducing their depreciation and the net investment for fleet renewal, as the selling expenses of its own network of stores are lower than the discounts required by automobile dealers.



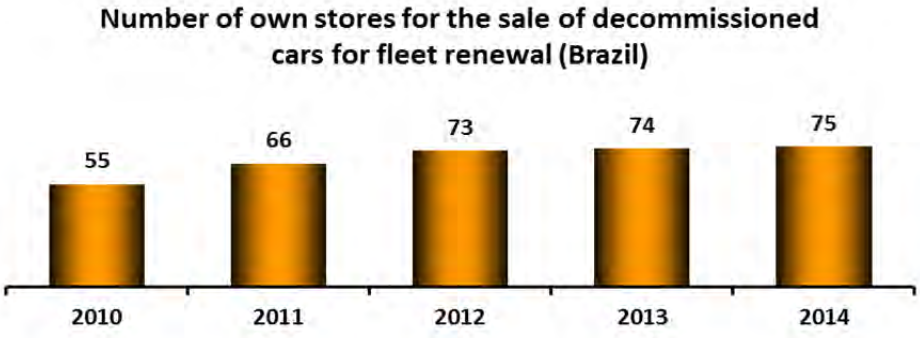
Fleet Rental: Through its wholly-owned subsidiary Localiza Fleet S.A., the Fleet Rental Division manages fleets for companies under long-term agreements (generally 24 or 36 months). This division's fleet is adapted to customer needs and requests and, for that reason, it is more diversified in terms of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



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

5 – DISTRIBUTION





6 - CONSOLIDATED INCOME ANALYSIS

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

Net revenue:

Net revenue increased 11.0% in 2014. The main factors that contributed to the growth in net revenue are as follows:

- *Car Rental:* In 2014, net revenue grew by 11.6% on account of: (i) Car Rental revenue increase by 10.4%, from R$ 1,163.5 million in 2013 to R$ 1,284.4 million in 2014, due to the 8.2% growth in the daily rental volume and 3.4% in the average rental rate; and (ii) increased revenue from the sales of decommissioned cars for fleet renewal by 12.5%, due to the 9.1% growth in the number of cars sold and 3.1% in the average price of cars sold.

- *Fleet Rental:* 9.7% growth in net revenue due to: (i) 4.3% increase in the average rental rate offset by a decrease of 4.4% in the number of daily rentals; and (ii) 32.5% increase in revenue from sales of decommissioned cars for fleet renewal, due to the increase of 32.0% in the number of cars sold and a 0.4% increase in the average price of cars sold.

Costs:

The Company's consolidated costs increased by 10.9% in 2014. As a percentage of the consolidated net revenue, costs remained stable at around 70.0%.
The increase in costs in 2014 arose from: (i) 14.7% increase in the cost of cars sold due to the growth of 12.7% in the number of decommissioned cars sold for fleet renewal in comparison with 2013; (ii) 4.3% increase in the costs of salaries, social charges and profit sharing due to the employees' progress and promotion programs which occurred in May, and increase of the provision for labor contingencies; (iii) 15.8% increase in the costs incurred on the rental of properties affected by inflation and the market, and by the addition of 18 new Car Rental branches; and (iv) 12.8% increase in maintenance costs and Road Tax (IPVA) partially offset by a decrease of 9.4% in the depreciation of the cars of the fleet.

Operating expenses:

Operating expenses increased 11.0% in 2014. This increase was mainly due to: (i) 11.1% increase in expenses incurred on property rentals, affected by inflation and the market; (ii) 10.0% in the costs of salaries, social charges and profit-sharing due to the employees' progress and promotion programs which occurred in May and increase of the provision for labor contingencies; and (iii) 38.3% increase in costs incurred on outsourced services, basically due to expenses incurred on strategic consulting services.

Operating expenses remained stable compared to net revenue, at 11.7%.

Financial income (expenses):

Consolidated net financial expenses increased 36.6% in 2014 in relation to 2013. The changes occurred primarily due to the basic annual interest rate increase (SELIC) from 7.25% to 11.75%.

Income tax and social contribution:

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

Net income:

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

EBITDA:

The reconciliation of net income and Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA) is shown below:

	In R$ million		
	2013	**2014**	**Variation (%)**
Net income	**384.3**	**410.6**	**6.8**
Depreciation of cars and other	264.4	243.1	-8.1
Financial expenses, net	110.6	151.1	36.6
Income tax and social contribution	157.2	165.0	5.0
EBITDA	**916.5**	**969.8**	**5.8**

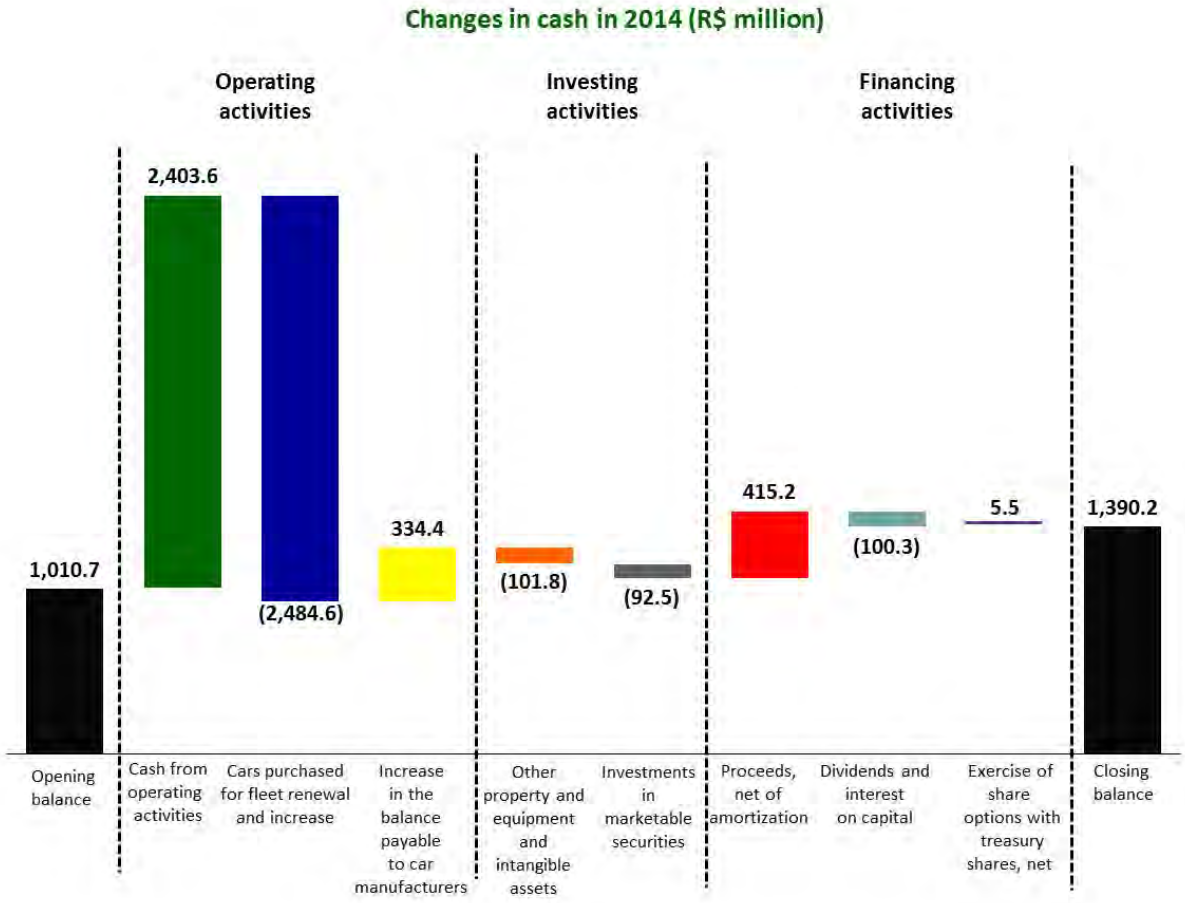
7 - ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

	12/31/13		12/31/14		Variation
	In R$ million	% of total assets	In R$ million	% of total assets	%
ASSETS					
Current assets					
Cash and cash equivalents	1,010.7	22.1	1,390.2	24.4	37.5
Trade receivables	408.3	8.9	459.6	8.1	12.6
Other current assets	57.9	1.3	94.6	1.6	63.4
Decommissioned cars for fleet renewal	16.5	0.3	18.3	0.3	10.9
Total current assets	**1,493.4**	**32.6**	**1,962.7**	**34.4**	31.4
Non-current assets					
Escrow deposits	38.1	0.8	41.9	0.7	10.0
Deferred income tax and social contribution	32.4	0.7	32.9	0.6	1.5
Other non-current assets	7.2	0.2	95.8	1.7	1,230.6
Property and equipment					
Cars	2,781.4	60.8	3,278.0	57.5	17.9
Other property and equipment	166.1	3.6	203.9	3.6	22.8
Intangible assets	59.6	1.3	82.3	1.5	38.1
Total non-current assets	**3,084.8**	**67.4**	**3,734.8**	**65.6**	21.1
Total assets	**4,578.2**	**100.0**	**5,697.5**	**100.0**	**24.4**

	12/31/13		12/31/14		Variation
	In R$ million	% of total liabilities %	In R$ million	% of total liabilities %	%
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade payables	460.5	10.1	828.4	14.5	79.9
Social and labor obligations	73.9	1.6	86.3	1.5	16.8
Loans, financing and debentures	275.4	6.0	300.9	5.3	9.3
Dividends and interest on capital	53.1	1.1	59.2	1.0	11.5
Other current liabilities	113.8	2.5	123.6	2.2	8.6
Total current liabilities	**976.7**	**21.3**	**1,398.4**	**24.5**	43.2
Non-current liabilities					
Loans, financing and debentures	2,068.1	45.2	2,411.6	42.3	16.6
Other non-current liabilities	192.2	4.2	232.0	4.1	20.7
Total non-current liabilities	**2,260.3**	**49.4**	**2,643.6**	**46.4**	17.0
Total liabilities	**3,237.0**	**70.7**	**4,042.0**	**70.9**	24.9
Shareholders' equity	**1,341.2**	**29.3**	**1,655.5**	**29.1**	23.4
Total liabilities and shareholders' equity	**4,578.2**	**100.0**	**5,697.5**	**100.0**	**24.4**

The analyses of the main changes in asset and liability accounts are described below:

Cash and cash equivalents: Cash and cash equivalents totaled R$ 1,390.2 million as of December 31, 2014, representing 24.4% of total assets and a growth of 37.5% compared to the balance of R$ 1,010.7 million as of December 31, 2013, which represented 22.1% of total assets as of that date. The cash flows from the Company's operating, investing and financing activities are shown below:



Other non-current assets: Other non-current assets increased from R$ 7.2 million in 2013 to R$ 95.8 million in 2014, as a result of the balance of the investments in marketable securities of the wholly-owned subsidiary Rental Brasil, of R$ 92.6 million, invested on June 25, 2014 in a Financial Bill. This amount corresponds to the portion of the loan contracted as a Real Estate Bank Credit Note, of R$ 190.0 million.

Property and equipment - cars: Details of the property and equipment - cars account are described in item 9 below and in note 8 of the Financial Statements.

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

Intangible assets: Intangible assets increased 38.1%, from R$ 59.6 million in 2013 to R$ 82.3 million in 2014, as a result of: (i) goodwill of R$ 9.7 million recorded on the acquisition of a franchisee; (ii) costs of the new Enterprise Resource Planning (ERP) software implemented in October 2014, of R$ 8.6 million; and (iii) costs of software in the implementation stage, of R$ 8.8 million.

Trade accounts payable: The increase of 79.9% in trade accounts payable, from R$ 460.5 million in 2013 to R$ 828.4 million in 2014, is mainly due to the balance payable to car manufacturers, relating to the advance purchase of some 7,600 cars by the Company in the fourth quarter of 2014, which was expected to occur in

the first quarter of 2015, thus avoiding the increase in the prices of new cars due to the reinstatement of the IPI tax, which occurred on January 1, 2015.

Social and labor obligations: The increase of 16.8% in social and labor obligations, from R$ 73.9 million in 2013 to R$ 86.3 million in 2014, is mainly due to the increase in the provision for employee profit sharing in 2014 based on the results obtained by the Company in 2014 in comparison with 2013.

Loans and financing: The loans and financing account is detailed in item 11 below and in note 12 to the Financial Statements.

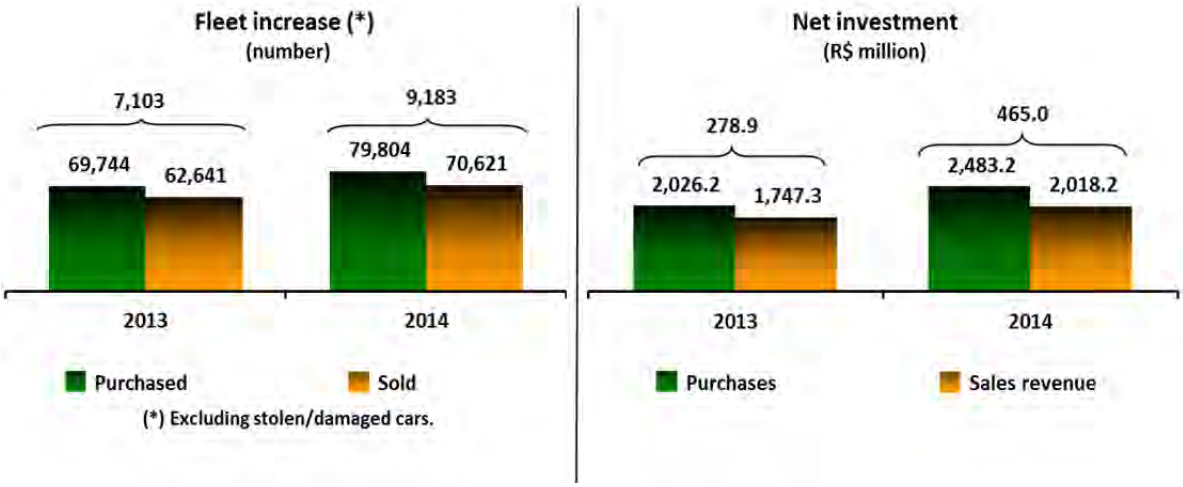
8 - STATEMENT OF VALUE ADDED (DVA)

The Statement of Value Added (DVA) evidences the Company's significance to the community, responsible for generating wealth of R$ 1,601.2 million in 2014 compared to R$ 1,405.2 million in 2013. In 2014, added value was distributed as follows: 24.1% for taxes and contributions; 24.7% for personnel; 25.5% for third parties; and 25.7% for return on equity.

9 - FLEET INVESTMENTS

The number of cars purchased in 2014 was 14.4% higher than in 2013. In 2014, the Company increased its fleet by 9,183 cars, a net investment of R$ 465.0 million. In 2013, the net investment amounted to R$ 278.9 million and the fleet increased by 7,103 cars.

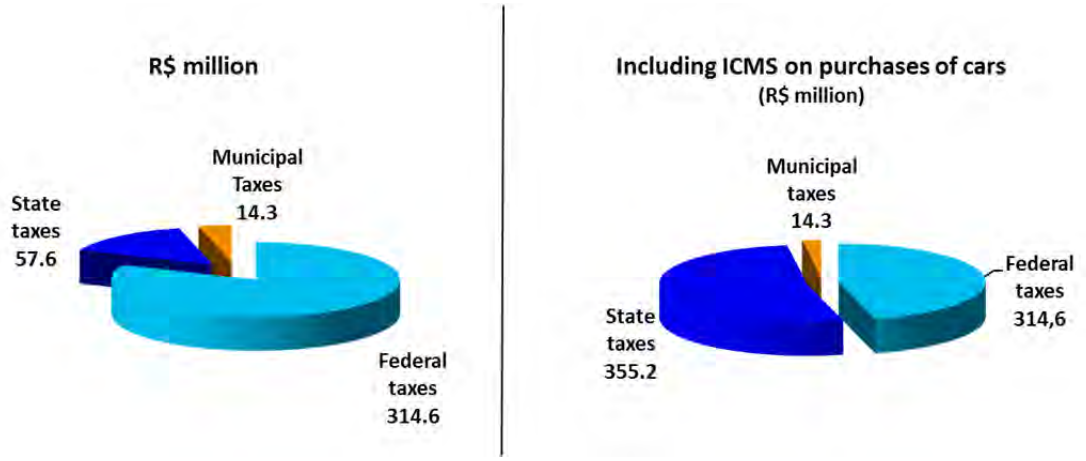
The average price of car purchases increased by 7.1%, from R$ 29.0 thousand in 2013 to R$ 31.1 thousand in 2014.



In the fourth quarter of 2014, the Company made an advance purchase of some 7,600 cars which was expected to occur in the first quarter of 2015, thereby avoiding the increase in the prices of new cars due to the reinstatement of the IPI tax, which occurred on January 1, 2015.

10 - TAXES

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



11 - INDEBTEDNESS

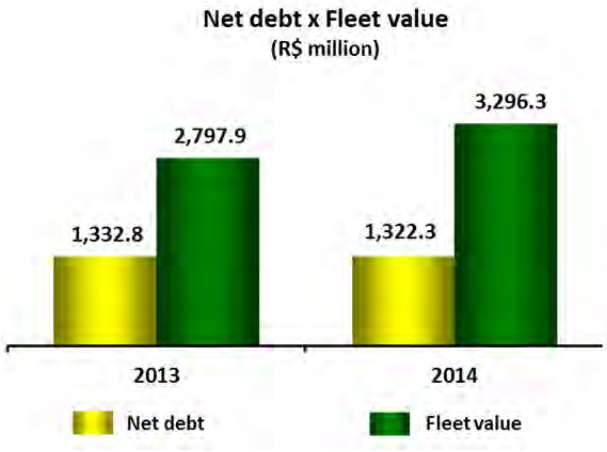
a) The main funding and repayments of loans, financing and debentures in 2014 were:

Type	Funding (R$ million)	Repayment (R$ million)	Notes
2nd issue of debentures - Localiza	-	(66.8)	-
4th issue of debentures - Localiza	-	(24.0)	Prepayment
8th issue of debentures - Localiza	500.0	-	8-year term
Working capital and swap fixed	375.0	(720.2)	Prepayment
CCBI - new headquarters	190.0	-	7-year term
Total	**1,065.0**	**(811.0)**	

b) Debt profile (principal)

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





BALANCES AT THE END OF THE YEAR	2013	2014
Net debt / Fleet value	48%	40%
Net debt / EBITDA	1.5x	1.4x
Net debt / Shareholders' equity	1.0x	0.8x
EBITDA / Financial expenses, net	8.3x	6.4x

c) Corporate rating

Localiza is one of the Brazilian companies that has been awarded an investment grade by the three main rating agencies, as shown in the table below:

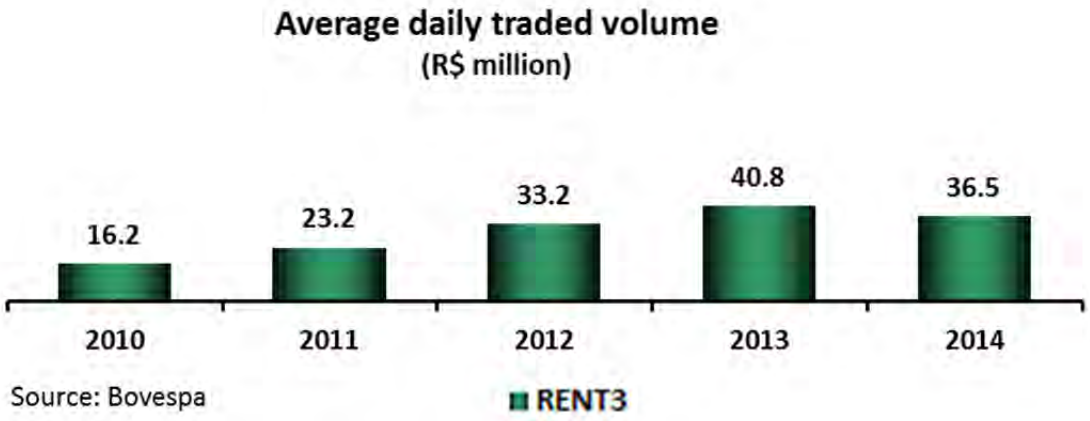
Rating agency	National scale (Brazil)	Global scale
Standard & Poor's	brAAA / Stable	BBB- / Stable
Fitch Ratings	AAA(bra) / Stable	BBB / Stable
Moody's	Aa1.br / Stable	Baa3 / Stable

Localiza holds an AAA rating at the national scale of Standard & Poors and Fitch.

12 - CAPITAL MARKETS

As of December 31, 2014, the Company had issued 211,793,400 shares, of which 3,495,429 were held in treasury.

In 2014, the average daily traded volume of RENT3 was R$ 36.5 million. The decrease of 10.5% in the average traded volume compared to 2013 is lower than that reported in the Ibovespa volume, which decreased 13.5% in the same period.



13 - PEOPLE MANAGEMENT

Localiza acknowledges and values its personnel. The Company's Human Resources practices are based on meritocracy, competitive salaries and appreciation of the employees' performance. To retain its talented employees, the Company offers them career opportunities and professional training.

Benefits and development

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

Promotions, internal employee leverage and professional development are important values to Localiza. In 2014, 485 employees were promoted, and the Company invested R$ 3.6 million in training courses, totaling 262,073 hours or about 45 hours on average by employee.

The benefit package comprises health and dental insurance plus meal vouchers. In addition, the Company has a Pension Plan for employees and officers and a stock option plan for eligible employees.

The Company currently maintains six Stock Option Plans within the scope of the Second Plan (2007 to 2011 Programs) and Third Plan (2012 and 2013 Programs) of the Company's Stock Option Plan, which grant common share subscription options to some (eligible) executives and employees. The fair value of the shares for the six programs is estimated on the granting date, based on the Black & Scholes options valuation model, applied separately to each tranche of each program.

On February 13, 2014, the Board of Directors approved the 2014 Stock Option Plan ("2014 Program) in the 3rd Share Purchase Option Program. Up to December 31, 2014, no employees had joined this program.

The Company has a Pension Plan to supplement government social security benefits. This plan is established as a "defined contribution" and is managed by a major independent fund manager. There are no actuarial and investment risks to be assumed by the Company as its sponsor. Consequently, no actuarial valuation is required and there is no possibility of actuarial gains or losses.

These plans and packages secure alignment of employees' interests with those of the Company's shareholders, and contribute to talent retention and for a long-term perspective in the decision-making process.

Human Resources policies and practices

The Company prepared a competence model establishing the appropriate conduct to ensure the Company's future growth. The model is divided into four dimensions, which are further split into ten competences (eight for all employees and two for management).

Localiza continues to operate at good stability at management levels (supervisors, management and senior management). The Company's general turnover was 23.9% in 2014 and 27.7% in 2013. Our Company's growth is secured by talented employees committed to our mission and values, who are also adequately compensated and capable of outstanding performance, essential to the continuity of company growth.

14 - SOCIAL RESPONSIBILITY

The Company is involved in social action programs through projects that focus on culture, social actions and education, and invested approximately R$ 3.8 million in 2014 in: social institutions supported under the Rouanet law, sports incentive law, social fund for children and teenagers, elderly incentives law, support for people with special needs and cancer care support. The Company allocated income tax resources to previously selected and qualified institutions with good track record and high reputation.

15 -AWARDS

In 2014, the Company won several awards, including:

Awards and recognition	Promoting institution
Franchising Excellence award	Brazilian Franchising Association (ABF)
One of the five most transparent companies in Brazil	National Association of Executives in Finance, Administration and Accounting
One of the five companies with best governance in Brazil	BTG Pactual – FEA/USP
Best Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of Latin America (Transport Sector)	Institutional Investor Magazine
Best Investor Relations professional and best Investor Relations of Latin America (Transport Sector)	IR Magazine
26th most valued brand of Brazil	*Isto É Dinheiro* magazine / BrandAnalytics survey
Largest and best company in Brazil in the transport sector, in the car rentals category	*Transporte Moderno* magazine
Best car rental company of Brazil	TripAdvisor

16 – THE ENVIRONMENT

Car Rental and Fleet Rental activities do not significantly impact the environment.

The Company's fleet is new and presents efficient fuel consumption. Approximately ¾ of its cars are classified as A or B with regard to consumption, according to the National Institute of Metrology, Quality and Technology (Inmetro). The Company always purchases flex fuel cars, provided the option is available for that model, which can use ethanol as fuel, a renewable source that pollutes less than the gasoline. In the complete cycle of production, distribution and consumption of ethanol, the emission of CO2 is 89% lower than for the gasoline cycle (www.etanolverde.com.br – a study of the University of Campinas (Unicamp)).

Localiza Fleet has an Environmental Management Plan, which aims to adjust and organize the environmental aspects of its operation. The Environmental Management Plan is part of the Company's commitment to operate with corporate, social and environmental responsibility, considering the aspects related to institutional conformity and its continuous improvement. The Company has established goals and indicators to conserve electricity and water, and manage the recycling of waste, which are audited by an independent firm. The results are disclosed in its website. The details of the work are available at https://frotas.localiza.com/gestao/sustentabilidade.

17 - CORPORATE GOVERNANCE

The Company has focused on keeping the highest corporate governance practices with regard to equality, conformity, regularity and transparency to add value to all shareholders and the market in general. Since its IPO, the Company has been listed on the *Novo Mercado*, the highest Corporate Governance level, granting tag along rights of 100% to all of its shares.

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

The Company's Board of Directors has formed the Audit and Risk Management and People Management committees. All committees include members from the Board of Directors. All members of the Audit and Risk Management Committee are also members of the Board of Directors, and most of them are

independent. The Ethics Committee reports to the CEO and consists of 6 members of the Company's executive board and management.

a) Board of Directors and Executive Board

As of December 31, 2014, the Board of Directors and the Executive Board were formed by the following members:

BOARD OF DIRECTORS

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

STATUTORY BOARD

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

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NON-STATUTORY OFFICERS

Alberto Wagner Teixeira Campos	Herbert Viana Andrade
Ana Cristina Carvalho Chaves	Heros Jorge
Antonio Hiroyuki Hyodo	José Carlos Batista
Bernardo Dias Gomide	Leopoldo Sampaio
Cláudio Luciano Marques	Nora Mascarenhas Lanari
Cláudio Zattar	Paulo Henrique de Almeida Pires
Felipe Lins de Albuquerque	

The annual remuneration of the Statutory Board of Executive Officers and the Board of Directors, approved at the Annual General Meeting of shareholders held in April 2014, is of up to R$ 34.0 million. The payment of the remuneration for the period from January to April 2015 was also approved, on the same basis as that of the payments made in 2014.

b) Submission to the Chamber of Arbitration

Under the arbitration clause in Article 36 of the Company's bylaws, Localiza, its shareholders, management and members of the Fiscal Council undertake to settle, by means of arbitration, any and all dispute and controversy that may arise among them, whether related to or arising from, in particular, the application, validity, effectiveness, construction, breach and the effects thereof, of the provisions set forth in Law

6,404/76, the Company's bylaws, the rules issued by the National Monetary Council, the Brazilian Central Bank and the Brazilian Securities Commission, as well as any other rules applicable to the operation of capital markets in general, in addition to those set forth in the Novo Mercado Listing Rules, the Novo Mercado Agreement and the Market Arbitration Chamber Rules.

c) ABRASCA Code of Self-Regulation and Good Practices

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

d) Code of Ethics

The Company has followed the Code of Ethics since 1995 to: (i) reduce the subjectivity of interpretations of ethical principles; (ii) be a formal and institutional reference for employees' professional conduct, becoming a standard for the Company's relationship with customers, employees, suppliers, shareholders, the competition, the community, government, the press, and the community where it operates; and (iii) ensure that concerns about efficiency, competitiveness, and profitability do not take priority over ethical standards. An anti-corruption code of conduct is being prepared.

e) Relationship with Independent Auditors

It is Localiza policy not to engage consulting services from the external auditor which issues an opinion on the Financial Statements, so as to avoid potential conflicts that may interfere with the independence of the audit work.

PricewaterhouseCoopers Auditores Independentes, responsible for auditing of the Company's financial statements, was also contracted in 2014 to provide advisory services regarding the diagnosis of the Control Objectives for Information and Related Technology (COBIT) maturity level of IT. The fees paid in 2014 for the advisory services related to the COBIT of IT totaled R$ 198.0 thousand, which correspond to 29.7% of the fees for the audit of the financial statements. The auditors believe that these additional services do not represent loss of their independence in respect of the audit work of the financial statements, and Management understands that the services are not included in the impediments established in article 23 of CVM Instruction 308/99, which is in compliance with CFC1311 resolution requirements.

f) Internal Controls, Risk Management and Whistleblowing Channel

Since May 2012, the Company has had an Internal Controls and Risk Management Policy in place to establish controls and procedures to prevent the occurrence of errors/frauds and identify the most significant risks that may adversely affect the Company's businesses.

In 2014, the Internal Audit Department, together with the various areas of the Company, assessed the implementation of recommendations for improvements of internal controls identified during the mapping and processes documentation.

Also, as part of the Internal Audit activities, rotating fleet inventories in car rental branches and pre-owned car stores are performed as well as in workshops and accredited service providers, and compliance with standards and internal operating procedures are also evaluated. Any non-compliance identified is reported to the director responsible for analysis and treatment.

In its risk management structure, the Company has a whistleblowing channel, through which its employees and franchisees can report non-ethical and/or illegal situations and conduct in the Localiza Platform. Aiming at a higher level of confidentiality and impartiality, the whistleblowing channel is operated by a specialized external company and permits the registration of anonymous reports. The whistleblowing channel is available 24/7/365 and can be accessed via the following means: (i) website on the Internet; (ii) toll free number (0800); and (iii) email. The Internal Audit and Human Resources areas are responsible for managing the whistleblowing channel, and also for verifying the reports received. The verification of the situations denounced and considered valid generated actions that varied from a simple conduct reorientation to more

significant cases, which resulted in the dismissal of employees and cancellation of the accreditation of certain suppliers.

18 - DIVIDENDS AND SHARE BUYBACK

a) Dividends

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

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

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

R$ thousand

Fiscal year	Dividends	Interest on capital	Total
2013	288,612 (*)	61,390	350,002
2014	44,660	61,881	106,541

(*) Includes extraordinary dividends of R$ 250.0 million paid in November 2013 to the shareholders.

b) Repurchases of shares

As of December 31, 2014, the number of treasury shares was 3,495,429 shares (3,758,577 as of December 31, 2013), purchased within the scope of the first and fourth Share Repurchase Programs.

As of December 31, 2014, the market value of the 3,495,429 treasury shares was R$ 124.8 million (par value of R$ 35.71 per share as of December 31, 2014).

- First Share Repurchase Program: Purchase costs totaling R$ 23.4 million, net of realizations in 2014 of R$ 2.7 million. The average unit cost of purchase was R$ 10.32 (minimum of R$ 5.15 to a maximum of R$ 16.55).

- Fourth Share Repurchase Program: Under this program, 1,072,200 shares were purchased (1,093,310 shares including bonus shares), totaling a cost of R$ 36.8 million. The average unit purchase cost was R$ 33.64 (minimum of R$ 33.52 and maximum of R$ 33.78).

- At a meeting of the Board of Directors held on July 25, 2014, the Sixth Share Repurchase Program was created and authorized to purchase 10,000,000 shares. This operation has a maximum term of 365 days from the date of its approval through July 24, 2015. Up to December 31, 2014, no shares were purchased under this program.

Treasury share movement

Up to December 31, 2014, 263,148 stock options relating to the Stock Purchase Option Programs of 2007 to 2011 were exercised, using treasury shares.

19 - INVESTMENTS IN SUBSIDIARIES AND CORPORATE CHANGES

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

R$ thousand

Description	Localiza Fleet	Localiza Franchising Brasil	Localiza Serviços Prime	Localiza Car Rental	LFI SRL	Rental International	Car Assistance	Rental Brasil	Localiza JF	Localiza Cuiabá	TOTAL
Investments as of December 31, 2013	**793,564**	**604**	**89,742**	**4,165**	**68**	**-**	**240**	**40,922**	**4,711**	**-**	**934,016**
Contribution of capital to subsidiaries	-	-	-	-	-	-	-	109,078	-	-	**109,078**
Acquisition of franchisee	-	-	-	-	-	-	-	-	-	4,730	**4,730**
Equity in earnings (loss)	183,056	12,751	16,924	2,823	(16)	(114)	12,200	3,925	(58)	365	**231,856**
Dividends received and receivable	(175,211)	(12,751)	-	-	-	-	(12,200)	(3,729)	-	(347)	**(204,238)**
Provision for loss on investments	-	-	-	-	-	114	-	-	-	-	**114**
Merger	-	-	-	(6,988)	-	-	-	-	(4,653)	-	**(11,641)**
Investments as of December 31, 2014	**801,409**	**604**	**106,666**	**-**	**52**	**-**	**240**	**150,196**	**-**	**4,748**	**1,063,915**

20 – SOCIAL BALANCE SHEET

	2013			2014		
Calculation basis of social indicators (consolidated) - R$ thousand						
Net revenue (NR)	3,506,235			3,892,216		
Net income before taxes (EBT)	541,503			575,588		
Gross payroll (GP)	365,067			412,758		
Internal social indicators	**Amount R$/thousand**	**% on GP**	**% on NR**	**Amount R$/thousand**	**% on GP**	**% on NR**
Meals	21,830	6%	1%	18,362	4%	0%
Mandatory social charges	76,731	21%	2%	82,671	20%	2%
Health care	20,636	6%	1%	22,732	6%	1%
Training and professional development	6,411	2%	0%	4,460	1%	0%
Day-care or day-care allowance	408	0%	0%	352	0%	0%
Profit sharing	50,001	14%	2%	57,469	14%	2%
Other	10,059	2%	0%	5,935	1%	0%
Total - internal social indicators	**186,076**			**191,981**		
External social indicators	**Amount R$/thousand**	**% on EBT**	**% on NR**	**Amount R$/thousand**	**% on EBT**	**% on NR**
Education	458	0%	0%	438	0%	0%
Culture	2,029	1%	0%	1,753	1%	0%
Other	223	0%	0%	438	0%	0%
Total contributions to the community	**2,710**			**2,629**		
Taxes (excluding social charges)(*)	287,240	53%	8%	321,167	55%	8%
Total - external social indicators	**289,950**			**323,796**		
Employee indicators	**2013**			**2014**		
Number of employees at the end of the year	5,799			5,912		
Number of admissions during the period	1,526			1,501		
Number of outsourced employees	231			265		
Number of interns	25			8		
Number of employees over 45	528			604		
Number of women working at the company	2,693			2,701		
% of management positions held by women	46.97%			48.17%		
Number of afro-descendants working at the company	4,329			4,626		
% of management positions held by afro-descendants	51.38%			54.80%		
Number of physically-impaired people or people with special needs	46			139		

(*) Does not include R$ 297.6 million paid by the Company as ICMS included in the prices of cars purchased.

Relevant information regarding corporate citizenship	2014			Goals 2015		
Highest/lowest remuneration ratio			**78,03**			**80 (*)**
Total number of occupational accidents			**39**			**-**
- The social and environmental projects developed by the Company were established by	(x) directors	( ) directors and managers	( ) all employees	(x) directors	( ) directors and managers	( ) all employees
- The safety and health standards in the workplace were established by	( ) directors and managers	( ) all employees	(x) all + the Internal Accident Prevention Committee / Internal Commission for Accident Prevention (CIPA)	( ) directors and managers	( ) all employees	(x) all + the Internal Accident Prevention Committee / Internal Commission for Accident Prevention (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 International Labor Organization (ILO)	( ) will encourage and follow the standards of the ILO
- The profit sharing plan covers	( ) directors	( ) directors and managers	(X) all employees	( ) directors	( ) directors and managers	(X) all employees
- In selecting suppliers, the same ethical, social responsibility and environmental standards adopted by the Company	( ) are not considered	( ) are suggested	(x) are required	( ) will not be considered	( ) will be suggested	(x) will be required
- As to the participation of employees in volunteer work programs, the company	( ) is not involved	( ) supports	(x) organizes and encourages	( ) will not be involved	( ) will support	(x) will organize and encourage
- Total number of complaints and criticisms from consumers	In the company (**)	In the Department for Consumer Protection and Defense (PROCON)	In court	In the company (**)	In the Department for Consumer Protection and Defense (PROCON)	In court
		92	2.085		NA	NA
- Percentage of complaints and criticisms from customers handled or solved	In the company (**)	In Procon 76,1%	In court 13,4%	In the company (**)	In Procon NA	In court NA

(*) To calculate the ratio between the highest and lowest remuneration paid in the Company, head office salaries were applied (Belo Horizonte).
(**) The call center answers calls involving mechanical problems, accidents, doubts about bills, as well as recommendations and complaints. The Company does not have a record of the number of calls concerning complaints only.

(A free translation of the original in Portuguese)

Localiza Rent a Car S.A. and subsidiaries

Financial statements for the years ended December 31, 2014 and 2013 and independent auditor's report

PricewaterhouseCoopers Auditores Independentes

(A free translation of the original in Portuguese)

Independent auditor's report

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

We have audited the accompanying parent company financial statements of Localiza Rent a Car S.A. ("Parent company or "Company"), which comprise the balance sheet as at December 31, 2014 and the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Localiza Rent a Car S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2014 and the consolidated income statement and statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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



Localiza Rent a Car S.A.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Localiza Rent a Car S.A. and of Localiza Rent a Car S.A. and its subsidiaries at December 31, 2014, and the parent company financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the year then ended, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Other matters

Supplementary information - statement of value added

We have also audited the parent company and consolidated statements of value added for the year ended December 31, 2014, which are the responsibility of the Company's management. The presentation of these statements is required by Brazilian corporate legislation for listed companies, but they are considered supplementary information for IFRS purposes. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Belo Horizonte, March 18, 2015

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

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

LOCALIZA RENT A CAR S.A.

BALANCE SHEETS AS OF DECEMBER 31, 2014 AND 2013
(In thousands of Brazilian reais - R$) (A free translation of the original in Portuguese)

A S S E T S

	Note	Parent company		Consolidated	
		12/31/14	12/31/13	12/31/14	12/31/13
Current assets					
Cash and cash equivalents	*4*	810,911	621,518	1,390,189	1,010,740
Trade receivables	*5*	373,632	333,231	459,576	408,262
Dividends receivable from subsidiaries	*7(a) (iii)*	52,301	54,496	-	-
Other current assets	*6*	49,345	44,685	94,587	57,898
Decommissioned cars for fleet renewal	*8*	3,377	119	18,306	16,520
Total current assets		**1,289,566**	**1,054,049**	**1,962,658**	**1,493,420**
Non-current assets					
Long-term assets:					
Trade receivables	*5*	-	-	3,176	7,143
Escrow deposits	*14(b)*	24,206	24,092	41,938	38,076
Deferred income tax and social contribution	*15(a)*	27,371	28,033	32,855	32,359
Other non-current assets	*6*	686	570	92,635	83
Total long-term assets		52,263	52,695	170,604	77,661
Investments in subsidiaries	*7(a)*	1,086,372	948,849	-	-
Property and equipment	*8*	2,358,607	2,023,369	3,481,858	2,947,474
Intangible assets:					
Software	*9(a)*	56,086	44,355	60,257	47,291
Goodwill on acquisition of investments	*9(b)*	-	-	22,077	12,354
Total non-current assets		**3,553,328**	**3,069,268**	**3,734,796**	**3,084,780**
Total assets		**4,842,894**	**4,123,317**	**5,697,454**	**4,578,200**

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

LOCALIZA RENT A CAR S.A.

BALANCE SHEETS AS OF DECEMBER 31, 2014 AND 2013
(In thousands of Brazilian reais - R$) (A free translation of the original in Portuguese)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Parent company		Consolidated	
		12/31/14	12/31/13	12/31/14	12/31/13
Current liabilities					
Trade accounts payable	*10*	712,154	386,954	828,421	460,482
Social and labor obligations	*11*	63,099	53,559	86,274	73,904
Loans, financing and debentures	*12*	114,150	172,514	300,891	275,394
Income tax and social contribution payable		11,434	16,630	41,279	35,238
Dividends and interest on capital	*16(b)*	59,229	53,076	59,229	53,076
Other current liabilities	*13*	74,060	66,500	82,286	78,564
Total current liabilities		**1,034,126**	**749,233**	**1,398,380**	**976,658**
Non-current liabilities					
Loans, financing and debentures	*12*	2,018,979	1,924,357	2,411,575	2,068,145
Provisions	*14(a)*	55,174	39,611	69,874	50,933
Deferred income tax and social contribution	*15(a)*	71,964	58,655	138,870	111,795
Other non-current liabilities	*13*	7,147	10,253	23,251	29,461
Total non-current liabilities		**2,153,264**	**2,032,876**	**2,643,570**	**2,260,334**
Total liabilities		**3,187,390**	**2,782,109**	**4,041,950**	**3,236,992**
Shareholders' equity					
Capital	*16(a)*	976,708	976,708	976,708	976,708
Capital reserves		100,596	93,064	100,596	93,064
Treasury shares	*16(c)*	(60,168)	(62,884)	(60,168)	(62,884)
Revenue reserves		638,368	334,320	638,368	334,320
Total shareholders' equity		**1,655,504**	**1,341,208**	**1,655,504**	**1,341,208**
Total liabilities and shareholders' equity		**4,842,894**	**4,123,317**	**5,697,454**	**4,578,200**

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

LOCALIZA RENT A CAR S.A.

INCOME STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands of Brazilian reais - R$, except for earnings per share) (A free translation of the original in Portuguese)

		Parent company		Consolidated	
		Years ended		Years ended	
	Note	**2014**	**2013**	**2014**	**2013**
Net revenues	*19*	2,886,202	2,578,974	3,892,216	3,506,235
Costs	*20*	(2,126,918)	(1,927,668)	(2,710,548)	(2,444,164)
Gross profit		**759,284**	**651,306**	**1,181,668**	**1,062,071**
Operating income (expenses):					
Selling	*20*	(245,805)	(226,049)	(314,985)	(289,294)
General, administrative and other expenses	*20*	(112,368)	(98,402)	(140,046)	(120,710)
Equity in the earnings of subsidiaries	*7(a)*	231,856	220,883	-	-
		(126,317)	(103,568)	(455,031)	(410,004)
Result before financial income and expenses		**632,967**	**547,738**	**726,637**	**652,067**
Financial result:	*21*				
Financial income		74,289	58,260	125,328	76,530
Financial expenses		(238,121)	(166,946)	(276,377)	(187,094)
		(163,832)	(108,686)	(151,049)	(110,564)
Result before income tax and social contribution		**469,135**	**439,052**	**575,588**	**541,503**
Income tax and social contribution:	*15(b)*				
Current		(44,575)	(50,708)	(139,493)	(130,020)
Deferred		(13,971)	(4,000)	(25,506)	(27,139)
		(58,546)	(54,708)	(164,999)	(157,159)
Net income		**410,589**	**384,344**	**410,589**	**384,344**
Net income attributable to the Company's owners		-	-	410,589	384,344
Earnings per share (R$):	*17*				
Basic		1.97204	1.90288	1.97204	1.90288
Diluted		1.95550	1.89562	1.95550	1.89562

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

LOCALIZA RENT A CAR S.A.

STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands of Brazilian reais - R$) (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	Years ended		Years ended	
	2014	2013	2014	2013
Net income	**410,589**	**384,344**	**410,589**	**384,344**
Other comprehensive income	-	-	-	-
Items that will be reclassified to profit or loss in subsequent years	-	-	-	-
Items that will not be reclassified to profit or loss in subsequent years	-	-	-	-
Total comprehensive income for the year	**410,589**	**384,344**	**410,589**	**384,344**
Attributable to:				
Shareholders	**410,589**	**384,344**	**410,589**	**384,344**

LOCALIZA RENT A CAR S.A.

STATEMENTS OF CHANGES IN EQUITY - PARENT COMPANY AND CONSOLIDATED
YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands of Brazilian reais - R$) (A free translation of the original in Portuguese)

			Capital reserves			Revenue reserves				
	Note	Capital	Options granted	Goodwill on share subscription	Treasury shares	Legal reserve	Statutory reserve	Earnings retention	Retained earnings	Total
BALANCE AS OF DECEMBER 31, 2012		**601,708**	**14,294**	**66,375**	**(32,602)**	**40,293**	**471,484**	**163,201**	**-**	**1,324,753**
Capital increase with revenue reserves		375,000	-	-	-	-	(375,000)	-	-	-
Dividends paid from revenue reserves (R$ 1.20 per share)		-	-	-	-	-	(86,799)	(163,201)	-	(250,000)
Options granted	*16(b) (i)*	-	6,125	-	-	-	-	-	-	6,125
Stock options exercised using treasury shares	*16(b) (ii) and 16(c)*	-	(4,991)	11,261	6,500	-	-	-	-	12,770
Treasury shares acquired		-	-	-	(36,782)	-	-	-	-	(36,782)
Net income for the year		-	-	-	-	-	-	-	384,344	384,344
Allocation of net income for the year										
Legal reserve	*16(d) (i)*	-	-	-	-	19,215	-	-	(19,215)	-
Interest on capital (R$ 0.29 per share)	*16(b)*	-	-	-	-	-	-	-	(61,390)	(61,390)
Dividends proposed (R$ 0.18 per share)	*16(b)*	-	-	-	-	-	-	-	(38,612)	(38,612)
Transfer to statutory reserve	*16(d) (ii)*	-	-	-	-	-	265,127	-	(265,127)	-
BALANCE AS OF DECEMBER 31, 2013		**976,708**	**15,428**	**77,636**	**(62,884)**	**59,508**	**274,812**	**-**	**-**	**1,341,208**
Options granted	*16(b) (i)*	-	4,798	-	-	-	-	-	-	4,798
Stock options exercised using treasury shares	*16(b) (ii) and 16(c)*	-	(2,143)	4,877	2,716	-	-	-	-	5,450
Net income for the year		-	-	-	-	-	-	-	410,589	410,589
Allocation of net income for the year										
Legal reserve	*16(d) (i)*	-	-	-	-	20,529	-	-	(20,529)	-
Interest on capital (R$ 0.25 per share)	*16(b)*	-	-	-	-	-	-	-	(61,881)	(61,881)
Dividends proposed (R$ 0.21 per share)	*16(b)*	-	-	-	-	-	-	-	(44,660)	(44,660)
Constitution of statutory reserve	*16(d) (ii)*	-	-	-	-	-	283,519	-	(283,519)	-
BALANCE AS OF DECEMBER 31, 2014		**976,708**	**18,083**	**82,513**	**(60,168)**	**80,037**	**558,331**	**-**	**-**	**1,655,504**

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

LOCALIZA RENT A CAR S.A.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands of Brazilian reais - R$) (A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		2014	2013	2014	2013
Cash flows from operating activities:					
Net income for the year		**410,589**	**384,344**	**410,589**	**384,344**
Adjustments to reconcile net income and cash and cash equivalents provided by operating activities:					
Depreciation and amortization	*8 and 9*	111,606	119,487	243,181	264,459
Net book value of vehicles written off		1,481,904	1,314,255	1,777,015	1,543,312
Deferred income tax and social contribution	*15(a)*	13,971	4,000	25,506	27,139
Equity in the earnings of subsidiaries	*7(a)*	(231,856)	(220,883)	-	-
Other		25,231	28,692	32,038	34,204
(Increase) decrease in assets:					
Trade receivables		(37,534)	(43,988)	(49,865)	(54,736)
Purchases of cars (see supplemental disclosure below)		(1,610,052)	(1,563,028)	(2,150,200)	(1,939,543)
Escrow deposits		(1,522)	(4,442)	(5,679)	(15,034)
Taxes recoverable		(17,458)	(4,058)	(43,414)	(20,308)
Other assets		12,070	4,155	(5,661)	6,211
Increase (decrease) in liabilities:					
Accounts payable (except car manufacturers)	*10*	26,184	10,846	33,556	14,631
Social and labor obligations		9,625	15,447	12,370	20,691
Income tax and social contribution		44,575	50,708	139,493	130,020
Interest on loans, financing, debentures and swaps of fixed rates	*12*	233,904	163,108	281,668	181,594
Insurance premiums		(649)	4,010	(650)	4,010
Other liabilities		(4,847)	(13,171)	(5,434)	1,141
Cash provided by operating activities		**465,741**	**249,482**	**694,513**	**582,135**
Income tax and social contribution paid		(40,749)	(32,364)	(113,148)	(108,468)
Interest on loans, financing and debentures paid	*12*	(284,840)	(129,123)	(327,978)	(152,047)
Net cash provided by operating activities		**140,152**	**87,995**	**253,387**	**321,620**
Cash flows from investing activities:					
Investments in marketable securities	*6*	-	-	(92,552)	-
Payment of capital to subsidiaries	*7(a)*	(109,078)	(100,000)	-	-
Acquisition of investment, goodwill and fair value surplus	*7(a)*	(15,895)	(15,567)	(14,453)	(12,556)
Dividends from subsidiaries	*7(a) (iii)*	203,883	68,653	-	-
Purchases of other property and equipment	*8*	(8,797)	(17,675)	(67,652)	(24,399)
Additions to intangible assets	*9*	(17,734)	(15,623)	(19,663)	(17,098)
Other		4,523	-	-	-
Net cash provided by (used in) investing activities		**56,902**	**(80,212)**	**(194,320)**	**(54,053)**

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

LOCALIZA RENT A CAR S.A.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands of Brazilian reais - R$) (continued)

Cash flows from financing activities:					
Loans and financing:	*12*				
- Proceeds		2,777	2,253	499,128	112,565
- Repayments		(322,084)	(37,618)	(490,392)	(129,341)
Debentures:	*12*				
- Proceeds		497,301	496,277	497,301	496,277
- Repayments		(90,800)	(220,600)	(90,800)	(220,600)
Treasury shares acquired	*16(c)*	-	(36,782)	-	(36,782)
Exercise of stock options with treasury shares, net		5,450	12,770	5,450	12,770
Dividends paid		(38,612)	(255,143)	(38,612)	(255,143)
Interest on capital		(61,693)	(60,439)	(61,693)	(60,439)
Net cash provided by (used in) financing activities		**(7,661)**	**(99,282)**	**320,382**	**(80,693)**
Net cash flow provided (used) in the year		**189,393**	**(91,499)**	**379,449**	**186,874**
Cash and cash equivalents:					
At the beginning of the year	*4*	621,518	713,017	1,010,740	823,866
At the end of the year	*4*	810,911	621,518	1,390,189	1,010,740
Increase (decrease) in cash and cash equivalents		**189,393**	**(91,499)**	**379,449**	**186,874**

Supplemental disclosure of cash flow information:

		Parent company		Consolidated	
	Note	**2014**	**2013**	**2014**	**2013**
Cash paid for purchases of cars:					
For fleet renewal		(1,693,479)	(1,465,956)	(2,197,739)	(1,819,872)
For fleet increase		(215,589)	(168,579)	(286,844)	(209,370)
Total car acquisitions	*8*	**(1,909,068)**	**(1,634,535)**	**(2,484,583)**	**(2,029,242)**
Trade accounts payable - car manufacturers:	*10*				
Balance at the end of the year		617,248	318,232	712,485	378,102
Balance at the beginning of the year		(318,232)	(246,725)	(378,102)	(288,403)
		299,016	71,507	334,383	89,699
Cash paid for cars purchased		**(1,610,052)**	**(1,563,028)**	**(2,150,200)**	**(1,939,543)**
Revenue from the sale of cars, net of taxes	*19*	1,650,134	1,464,727	2,018,187	1,747,368
Net cash inflows (outflows) for investment in the fleet		**40,082**	**(98,301)**	**(132,013)**	**(192,175)**

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

LOCALIZA RENT A CAR S.A.

STATEMENT OF VALUE ADDED
YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands of Brazilian reais - R$) (A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		2014	2013	2014	2013
Revenues:					
Gross revenue net of discounts	*19*	2,945,228	2,617,498	3,982,519	3,572,540
Revenues related to the construction of own assets and leasehold improvements		4,176	10,665	4,176	10,665
Recording of provision for impairment of trade receivables, net of reversals	*5*	(1,325)	(2,171)	(2,518)	(4,469)
Total revenue		**2,948,079**	**2,625,992**	**3,984,177**	**3,578,736**
Costs and expenses acquired from third parties:					
Materials, energy, third party services and other		(136,710)	(116,184)	(156,793)	(132,892)
Costs of car and fleet rental and cars sold		(1,712,430)	(1,533,353)	(2,108,326)	(1,852,671)
Total costs and expenses acquired from third parties		**(1,849,140)**	**(1,649,537)**	**(2,265,119)**	**(1,985,563)**
Gross wealth added		**1,098,939**	**976,455**	**1,719,058**	**1,593,173**
Depreciation and amortization	*20*	(111,606)	(119,487)	(243,181)	(264,459)
Net wealth created		**987,333**	**856,968**	**1,475,877**	**1,328,714**
Wealth received in transfer:					
Financial income	*21*	74,289	58,260	125,328	76,530
Equity in the earnings of subsidiaries	*7*	231,856	220,883	-	-
Wealth for distribution		**1,293,478**	**1,136,111**	**1,601,205**	**1,405,244**
Wealth distributed					
Taxes and contributions					
Federal		163,149	139,961	314,626	281,563
State		39,869	36,031	57,633	51,942
Municipal		10,666	9,583	14,312	12,941
Personnel					
Salaries and wages		242,041	219,729	322,114	290,523
Benefits		39,947	43,685	49,021	54,881
F.G.T.S. (severance pay fund)		14,832	14,099	20,177	18,822
Stock option plan	*16(b) (i)*	4,798	6,125	4,798	6,125
Third parties					
Interest	*21*	238,121	166,946	276,377	187,094
Lease of properties and other		129,466	115,608	131,558	117,009
Shareholders					
Interest on capital	*16(b)*	61,881	61,390	61,881	61,390
Dividends	*16(b)*	44,660	38,612	44,660	38,612
Retained earnings		304,048	284,342	304,048	284,342
Wealth distributed and retained		**1,293,478**	**1,136,111**	**1,601,205**	**1,405,244**

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

1. OPERATIONS

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

The main activities of Localiza and its subsidiaries ("Company") comprise car rental, fleet rental and franchising. As part of its fleet renewal program, Localiza and its wholly-owned subsidiary Localiza Fleet S.A. – "Localiza Fleet" sell their cars that are no longer used in rental operations. The Company's direct and indirect subsidiaries are summarized in note 7(a).

As of December 31, 2014, the Localiza Integrated Business Platform, including franchisees in Brazil and abroad, consisted of 540 car rental branches, of which: (i) 476 branches are located in 348 Brazilian cities, 304 operated by Localiza and the remainder by franchisees; and (ii) 64 branches are located in 38 cities in 8 South American countries, all operated by franchisees.

As of December 31, 2014, the fleet of the Localiza Integrated Business Platform comprised 125,224 cars, of which: (i) 111,885 belonged to the Company, including 34,312 of the Fleet Rental Division; (ii) 9,383 belonged to franchisees in Brazil; and (iii) 3,956 belonged to franchisees abroad. After being used in the rental activity, the cars are sold to generate cash for fleet renewal. Decommissioned cars are sold substantially to final consumers in 75 points of sale, located in 45 cities throughout Brazil, thus avoiding intermediation costs.

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

2.1. Declaration of conformity

The Company's financial statements comprise the parent company and consolidated financial statements and were prepared and presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil, identified as "Parent company" and "Consolidated".

The accounting practices adopted in Brazil include those established in Brazilian corporate legislation as well as the Technical Pronouncements, Instructions, and Interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Commission (CVM).

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

2.2. Basis of preparation

The financial statements have been prepared based on historical cost, normally on the fair value of consideration paid in exchange for an asset, except for the following:

- Remuneration costs relating to the Stock Option Plan measured at fair value; and

- Derivative financial instruments.

2.3. Consolidation basis and investments in subsidiaries

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

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

2.4. Key sources of estimation uncertainties

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

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

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

2.5. Functional and reporting currency

The Brazilian real is the functional currency of Company and the reporting currency of the parent company and consolidated financial statements. Financial information is presented in thousands of Brazilian reais, unless otherwise indicated, and is rounded to the nearest thousand. The financial statements of dormant foreign subsidiaries are translated into Brazilian reais at the exchange rates prevailing on the balance sheet dates. The effects of such translation on net income (R$ 114 in 2014 and R$ 80 in 2013) and shareholders' equity are immaterial.

2.6. Summary of significant accounting practices

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

2.6.1 Revenue (expenses) - net revenue is measured by the value of the consideration received or receivable, net of deductions, discounts and sales taxes, recognized to the extent the generation of economic benefits to the Company is probable and may be reliably measured. Each of the Company's revenue categories is detailed as follows:

(i) Car rental: revenues are recognized on a daily basis according to the rental contracts entered into with customers. The revenues from the management of rented cars insurance claims, recognized when the service is provided, as well as the revenues from insurance intermediation, on the account and discretion of customers when cars are rented, recognized on a monthly basis, are reported together in the caption "revenue from car rental";

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

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

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

(v) Interest: interest income from financial assets is recognized based on the time and effective interest rate on the outstanding principal amount on the balance sheet dates.

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

2.6.2 Adjustment to present value - long and short-term monetary assets and liabilities are calculated and adjusted to present value only when the effect is considered material in relation to the consolidated financial statements taken as a whole. For accounting purposes and significance determination, the adjustments to present value are calculated taking into account contractual cash flows and the effective average cost of the Company's debt. As of December 31, 2014 and 2013, the Company concluded that it was not necessary to make adjustments to present value since its non-current assets and liabilities are not liable to adjustments and current accounts do not show significant effects when adjusted to present value.

2.6.3 Impairment of non-financial assets - the Company evaluates at least annually if there is any indication of extraordinary impairment of (i) property and equipment, and (ii) intangible assets - software. If there is any indication of impairment, the recoverable amount of the asset is estimated to measure the impairment loss. In 2014 and 2013 no impairment losses were recognized.

In addition, Localiza tests for impairment, at least annually, the goodwill on acquisition of an investment. No impairment losses were recorded in 2014 and 2013 as the tests did not indicate losses.

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

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

3. ACCOUNTING PRONOUNCEMENTS AND INTERPRETATIONS RECENTLY ISSUED

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

The amendments to CPC 01/IAS 36 – “Impairment of Assets", CPC 38/IAS 39 - "Financial Instruments: Recognition and Measurement", CPC 39/IAS 32 - "Financial Instruments: Presentation", ICPC 19/IFRIC 21 – “Taxes”, OCPC 07 - "Disclosures of General-purpose Financial Reports" and CPC 07 - "Equity Method in Separate Financial Statements" became effective in the year beginning January 1, 2014 and, when

applicable, were adopted by the Company in its financial statements for the year ended December 31, 2014. Such standards did not significantly affect these financial statements.

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

IFRS 15 – "Revenue from Contracts with Customers" and IFRS 9 – "Financial Instruments" were issued by IASB, but did not become effective in 2014. The early adoption of standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC). Management is studying the full impact of its adoption.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

	Parent company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Cash and banks	7,905	7,511	23,249	22,307
Bank Deposit Certificates (CDBs)	59,731	164,957	68,603	240,479
Financial investments with guarantee of repurchase	178,975	449,050	445,204	747,954
Fixed-income investment funds	564,300	-	853,133	-
Total	**810,911**	**621,518**	**1,390,189**	**1,010,740**

As of December 31, 2014, investments in Bank Deposit Certificates (CDB), financial investments and financial investment quotas yielded 103.6% of the Interbank Deposit Certificate (CDI) interest rate (101.9% as of December 31, 2013) and have immediate liquidity (guarantee of repurchase).

5. TRADE RECEIVABLES

The breakdown of trade receivables from customers is as follows:

	Parent company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Car rental	295,384	259,732	290,773	258,720
Fleet rental	-	-	67,429	53,938
Sale of decommissioned cars	91,130	85,123	117,411	107,538
Franchising	1,441	1,374	9,405	14,957
	387,955	**346,229**	**485,018**	**435,153**
Provision for impairment of trade receivables	(14,323)	(12,998)	(22,266)	(19,748)
Total	**373,632**	**333,231**	**462,752**	**415,405**
Current	**373,632**	**333,231**	**459,576**	**408,262**
Non-current	**-**	**-**	**3,176**	**7,143**

The aging list of trade receivables is as follows:

	Parent company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Current	321,161	301,044	383,271	361,502
Up to 30 days overdue	13,202	16,748	27,710	28,565
31 to 60 days overdue	11,284	8,441	13,939	12,690
61 to 90 days overdue	14,886	2,936	16,591	5,116
91 to 180 days overdue	12,966	5,486	15,952	8,002
Over 181 days overdue	14,456	11,574	27,555	19,278
Total	**387,955**	**346,229**	**485,018**	**435,153**

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

	Parent company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Up to 60 days overdue	20,479	24,630	37,370	40,493
61 to 180 days overdue	27,750	6,638	31,931	10,949
Over 181 days overdue	5,325	1,249	11,362	3,130
Total	**53,554**	**32,517**	**80,663**	**54,572**

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

	Parent company	Consolidated
Balance as of December 31, 2013	**(12,998)**	**(19,748)**
New provision	(4,825)	(6,143)
Reversal	3,500	3,625
Balance as of December 31, 2014	**(14,323)**	**(22,266)**

The aging list of past-due amounts included in the provision for impairment of trade receivables is as follows:

	Parent company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Current (*)	(1,083)	(330)	(1,182)	(669)
Up to 60 days past-due	(4,007)	(559)	(4,279)	(762)
61 to 180 days past-due	(102)	(1,784)	(612)	(2,169)
Over 181 days past-due	(9,131)	(10,325)	(16,193)	(16,148)
Total	**(14,323)**	**(12,998)**	**(22,266)**	**(19,748)**

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

6. OTHER CURRENT AND NON-CURRENT ASSETS

Other current and non-current assets are broken down as follows:

	Parent company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Balances recorded in a separate line of current assets:				
Prepayments	213	244	276	244
Taxes recoverable (*)	7,410	6,372	17,599	9,544
	7,623	6,616	17,875	9,788
Other current assets:				
Amounts receivable from the insurance company (**)	34,054	29,819	64,663	42,915
Other receivables - subsidiaries (note 7 (b) (item i))	1,273	4,933	-	-
Other	6,395	3,317	12,049	5,195
	41,722	38,069	76,712	48,110
Total other current assets	**49,345**	**44,685**	**94,587**	**57,898**
Balances recorded in a separate line of non-current assets:				
Other receivables - subsidiaries (note 7 (b) (item i))	603	487	-	-
Investments in marketable securities (***)	-	-	92,552	-
Other non-current assets	83	83	83	83
Total other non-current assets	**686**	**570**	**92,635**	**83**
Total other current and non-current assets	**50,031**	**45,255**	**187,222**	**57,981**

(*) The increase arises basically due to the taxes withheld from financial investments and prepayments of income tax and social contribution in the consolidated statements of R$ 3,319 and R$ 4,194, respectively.
(**) Costs incurred on claims, cost of stolen cars and amounts receivable from the insurance company due to insurance intermediation services (note 2.6.5).
(***) Refers to marketable securities of the wholly-owned subsidiary Rental Brasil, of R$ 92,552, invested in Financial Bills on June 25, 2014. This amount corresponds to a portion of the Real Estate Credit note loan contracted of R$ 190,000 (see note 12 b (ii)). This investment is remunerated at 103.5% of the CDI interest rate, has final maturity in two years and is invested in an escrow account which will be released as the construction work of the Company's new headquarters is carried out.

7. INVESTMENTS IN SUBSIDIARIES AND RELATED-PARTY TRANSACTIONS

Investments in subsidiaries are stated on the equity method of accounting in the parent company financial statements.

(a) Information on subsidiaries

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

The operations of the principal subsidiaries are as follows:

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

Localiza Franchising Brasil S.A.: privately-held corporation engaged in franchising the "Localiza" brand in Brazil. It is also authorized to invest in other companies and to carry out car rental activities.

Localiza Serviços Prime S.A. ("Prime"): privately-owned corporation operating in the intermediation of sales of decommissioned cars, previously used by Localiza and Localiza Fleet, whose objectives are: (i) intermediation of business and services in general; (ii) preparation of projects, technical support, consultancy and development of systems; (iii) outsourcing of labor; and (iv) rendering of services and negotiation with repair shops and other suppliers, regulation of claims, approval of budgets and

services carried out, management of information and claims evidencing documents.

Localiza Cuiabá Aluguel de Carros Ltda.: limited liability partnership, former franchisee of the Localiza brand, which conducted car rental in the cities of Cuiabá, Várzea Grande, Cáceres and Tangará da Serra in the state of Mato Grosso. On April 30, 2014, a contract for purchase and sale totaling R$ 15,895 was signed, generating an investment of R$ 4,730, a goodwill of R$ 9,723 due to the projected future profitability allocated to the Car Rental Division and a fair value adjustment of cars in the amount of R$ 1,442.

The other subsidiaries of the Company, Rental Brasil Administração e Participação S.A., Rental International LLC, Car Assistance Serviços de Administração de Sinistros S.A., Localiza Franchising International SRL and FR Assistance Serviços de Administração de Sinistros S.A. are wholly-owned subsidiaries.

The Annual and Extraordinary General Meetings of stockholders held on April 29, 2014 approved the merger of the companies Localiza Car Rental S.A. and Localiza JF Aluguel de Carros Ltda., wholly-owned subsidiaries of the Company, with transfer of all the assets, liabilities and equity to the Company. This merger is justified by meeting the strategic guidelines of Localiza for administrative and financial simplification and streamlining, as well as carrying out all the car rental activities in one company. The total assets of the companies at April 30, 2014 was R$ 9,899 and R$ 6,011, respectively, and the total equity on the same date was R$ 6,988 and R$ 4,653, respectively.

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

			Interest					
	Number of shares		In capital (%)		In shareholders' equity		In net income/(loss)	
	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13	2014	2013
Direct subsidiaries:								
Localiza Fleet	103,280,354	103,280,354	100.0	100.0	801,409	793,564	183,056	184,892
Rental Brasil	15,000,000	15,000,000	100.0	100.0	150,196	40,922	3,925	-
Localiza Serviços Prime	15,000	15,000	100.0	100.0	106,666	89,742	16,924	(3,442)
Localiza Cuiabá	4,730,000	-	100.0	-	4,748	-	365	-
Localiza Franchising Brasil	399,069	399,069	100.0	100.0	604	604	12,751	14,106
Localiza Car Rental	-	1,339,961	-	100.0	-	4,165	2,823	9,001
Rental International (*)	1,000	1,000	100.0	100.0	-	-	(114)	(81)
Car Assistance	200,000	200,000	100.0	100.0	240	240	12,200	16,370
LFI SRL	23,750	23,750	95.0	95.0	52	68	(16)	(8)
Localiza JF	-	4,709,202	-	100.0	-	4,711	(58)	45
					1,063,915	**934,016**	**231,856**	**220,883**
Goodwill and surplus on acquisition of investments								
Fair value adjustments of property and equipment, net of realizations					380	2,479		
Goodwill					22,077	12,354		
Total					**1,086,372**	**948,849**		
Indirect subsidiary:								
FR Assistance	150,000	150,000	100.0	100.0	150	150	-	-
Indirect interest:								
LFI SRL	1,250	1,250	5.0	5.0	4	4	-	-

(*) On December 31, 2014, Localiza recorded in its liabilities a provision for net capital deficiency of the subsidiary Rental International.

Change in investments in subsidiaries, including goodwill, are as follows:

Balance as of December 31, 2013	**948,849**
Capital contribution in subsidiary (*)	109,078
Acquisition of franchisee, goodwill and fair value increment of assets (**)	12,354
Merger of subsidiaries	(11,641)
Equity in the earnings of subsidiaries	231,856
Dividends from subsidiaries (item (iii) below)	(204,238)
Provision for net capital deficiency of the subsidiary Rental International	114
Balance as of December 31, 2014	**1,086,372**

(*) On March 7, 2014, a capital increase of R$ 109,078, up to R$ 150,000, was contributed in cash to the wholly-owned subsidiary Rental Brasil Administração e Participação S.A., as approved in a meeting of the Board of Directors.
(**) Refers to the investment, appreciation in fair value of property and equipment items, net of realizations, and goodwill on the acquisition in April 2014 of Localiza Cuiabá (see note 7 (a)).

A summary of the financial information of the main elements of the balance sheets and income statements of the direct and indirect subsidiaries is as follows:

(i) Balance sheets

12/31/14	Localiza Fleet	Localiza Franchising Brazil	Localiza Serviços Prime	Rental International	Car Assistance	Rental Brazil	LFI SRL	Localiza Cuiabá
Assets								
Current assets	413,776	14,934	137,045	17	2,417	167,954	103	3,842
Non-current assets:								
Long-term assets	17,046	2,484	3,686	-	-	92,552	-	-
Investment	4	-	-	-	-	-	-	-
Property and equipment	1,034,105	77	-	-	-	87,264 (*)	-	1,425
Intangible assets	2,903	1,268	-	-	-	-	-	-
Total	**1,467,834**	**18,763**	**140,731**	**17**	**2,417**	**347,770**	**103**	**5,267**
Liabilities								
Current liabilities	383,349	7,654	22,840	-	2,177	12,118	3	519
Non-current liabilities	283,076	10,505	11,225	603	-	185,456	44	-
Shareholders' equity	801,409	604	106,666	(586)	240	150,196	56	4,748
Total	**1,467,834**	**18,763**	**140,731**	**17**	**2,417**	**347,770**	**103**	**5,267**

12/31/13	Localiza Fleet	Localiza Franchising Brasil	Localiza Serviços Prime	Localiza Car Rental	Rental International	Car Assistance	Rental Brasil	LFI SRL	Localiza JF
Assets									
Current assets	351,831	22,193	110,209	15,301	15	5,357	12,709	116	538
Non-current: assets									
Long-term assets	13,718	2,123	2,453	16	-	-	-	-	-
Investment	4	-	-	-	-	-	-	-	-
Property and equipment	884,046	124	-	-	-	-	28,612 (*)	-	8,844
Intangible assets	1,764	1,172	-	-	-	-	-	-	-
Total	**1,251,363**	**25,612**	**112,662**	**15,317**	**15**	**5,357**	**41,321**	**116**	**9,382**
Liabilities									
Current liabilities	256,347	10,346	12,888	11,152	-	5,117	399	-	3,402
Non-current liabilities	201,452	14,662	10,032	-	487	-	-	44	1,269
Shareholders' equity	793,564	604	89,742	4,165	(472)	240	40,922	72	4,711
Total	**1,251,363**	**25,612**	**112,662**	**15,317**	**15**	**5,357**	**41,321**	**116**	**9,382**

(*) Includes the amount of land transferred by Localiza to Rental Brasil S.A. as capital increase, and expenditures incurred on buildings.

(ii) Income statements

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

2013	Localiza Fleet	Localiza Franchising Brazil	Localiza Serviços Prime	Localiza Car Rental	Rental International	Car Assistance	LFI SRL	Localiza JF
Net revenue	838,008	18,788	52,777	23,643	-	18,609	-	1,435
Gross profit	320,033	15,354	45,381	11,667	-	18,242	-	84
Result before income tax and social contribution	279,427	16,718	(3,281)	11,769	(81)	18,730	(8)	60
Net income (loss)	**184,892**	**14,106**	**(3,442)**	**9,001**	**(81)**	**16,370**	**(8)**	**45**

(iii) Dividends from subsidiaries

In 2014, the following amounts were distributed or proposed as dividends by the subsidiaries:

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

(b) Balances and transactions with related parties

(i) Balances and transactions with subsidiaries

	Localiza Fleet		Other		Total	
	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13
Balances:						
Trade receivables	6,507	2,966	55	7,882	6,562	10,848
Dividends receivable	43,476	43,912	8,825	10,584	52,301	54,496
Other receivables (current and non-current) (note 6)	490	1,213	1,386	4,206	1,876	5,420
Trade accounts payable	1,293	-	-	-	1,293	-
Other payables (note 13)	-	-	4,323	772	4,323	772

	Localiza Fleet		Other		Total	
	2014	2013	2014	2013	2014	2013
Transactions:						
Expenses and costs	-	-	(6,012)	-	(6,012)	-
Recovery of expenses and costs	19,661	12,706	4,496	6,149	24,157	18,855
Revenues from car rentals	20,914	13,510	3,160	10,465	24,074	23,975

As of December 31, 2014, there was collateral related to guarantees for loans and financing amounting to R$ 1,227,687 (R$ 651,322 on December 31, 2013), between Localiza and Localiza Fleet. There was also collateral between companies when bank guarantees and insurance were contracted for lawsuits totaling R$ 17,401 (R$ 11,443 as of December 31, 2013). This increase in the amount of guarantees arose from the inclusion of approximately 60 new guarantees, especially the processes of tax foreclosure referring to tax debt disputes, see note 14. Additionally, the Company has insurance guarantee with Pottencial Seguradora,

an insurance company in which Salim Mattar and Eugenio Mattar, founders of Localiza, have a stake of 40% of its share capital. In the transactions, made under normal market conditions, the premium paid in 2014 was R$ 269 related to surety guarantee of an insured amount of R$ 14,023.

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

(ii) Other related-party transactions

Remuneration of key management personnel

	Parent company		Consolidated	
	2014	**2013**	**2014**	**2013**
Remuneration of the Board of Directors	11,732 (*)	7,930	11,732 (*)	7,930
Management and the Executive Board:				
Fees and remuneration	10,957	12,971	16,556	22,912
Payroll taxes	3,447	3,465	5,198	5,733
Options granted	3,675	4,288	3,675	4,288
Pension plan (note 25)	1,525	1,920	2,688	3,183
Total	**31,336**	**30,574**	**39,849**	**44,046**

(*) The members of the Board of Directors who are also Executive Officers do not receive the remuneration of the Board of Directors. In the first quarter of 2013, the Chairman of the Board of Directors also occupied the position of CEO of the Company and, therefore, did not receive remuneration as Chairman of the Board of Directors. In 2014, the Chairman of the Board of Directors was no longer the CEO (as from April 2013) and, therefore, only received fees as Chairman of the Board of Directors, which explains the increase in the remuneration of the Board of Directors in that year.

The Company offers a Pension Plan to management (see details in note 25). Except for this plan, the Company does not offer other severance benefits to management.

8. PROPERTY AND EQUIPMENT

Company's accounting practice

Cars, land, buildings, leasehold improvements, construction in progress, furniture and fixtures and equipment are stated at cost, net of accumulated depreciation and impairment, when applicable.

The depreciable amount corresponds to the positive difference between the acquisition cost and the estimated residual value, net of estimated sale costs. In the Car Rental Division, depreciation is recognized based on the estimated useful life of each asset on the straight-line basis. In the Fleet Rental Division, cars are depreciated under the sum of digits or exponential methods, because these are the methods that best reflect the pattern of consumption of the economic benefits that decrease during the useful lives of the cars: depreciation is recorded so that the amount to be depreciated is fully written off up to the end of the useful life.

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

Constructions and leasehold improvements are amortized over the rental contract term and, also considering their renewal when management intends to exercise this right, in accordance with the

contracts. Assets acquired under finance leases are depreciated over their expected useful lives in the same manner as own assets. Land and construction in progress are not depreciated or amortized.

Localiza and Localiza Fleet review the estimated useful lives and residual values of the fleet cars at least once a year. For all other property and equipment items of Localiza and its subsidiaries, these reviews are also carried out at least annually. The impact of any changes in estimates is accounted for prospectively.

A property and equipment item is written-off after disposal or when there are no future economic benefits resulting from the continuous use of the asset. Any gains or losses on sale or write-off of a property and equipment item are determined by the difference between the amounts received on sale and the carrying amount of the asset, and are recognized in profit and loss.

Cars in operation, either in car or fleet rental, are classified in property and equipment. Decommissioning cars, after being used in car and fleet rental, are presented as "decommissioning cars for fleet renewal" in current assets.

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

	2014	2013
Cars:		
Car Rental Division	3.6%	4.5%
Fleet Rental Division	10.3%	12.1%
Other property and equipment:		
Leasehold improvements	19%	16%
Furniture and fixtures	10%	10%
IT equipment	20%	20%
Construction in the Company's own properties	4%	4%
Other	10%	10%

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

The gross carrying amount, the accumulated depreciation and the net book values of property and equipment in each of the years are as follows:

	Parent company			Consolidated		
	Cars	Other property and equipment	Total	Cars	Other property and equipment	Total
Cost:						
As of December 31, 2013	1,952,104	229,044	2,181,148	3,152,469	260,313	3,412,782
Additions	1,909,068	8,797	1,917,865	2,484,583	67,652	2,552,235
Write offs/transf. (*)	(1,558,455)	(4,194)	(1,562,649)	(2,017,026)	(4,726)	(2,021,752)
As of December 31, 2014	**2,302,717**	**233,647**	**2,536,364**	**3,620,026**	**323,239**	**3,943,265**
Accumulated depreciation:						
As of December 31, 2013	(64,863)	(92,916)	(157,779)	(371,078)	(94,230)	(465,308)
Additions	(76,866)	(29,000)	(105,866)	(207,474)	(29,273)	(236,747)
Write offs/transf. (*)	81,857	4,031	85,888	236,567	4,081	240,648
As of December 31, 2014	**(59,872)**	**(117,885)**	**(177,757)**	**(341,985)**	**(119,422)**	**(461,407)**
Net book value:						
As of December 31, 2013	**1,887,241**	**136,128**	**2,023,369**	**2,781,391**	**166,083**	**2,947,474**
As of December 31, 2014	**2,242,845**	**115,762**	**2,358,607**	**3,278,041**	**203,817**	**3,481,858**

(*) Include write-offs due to sales, theft, damage and transfer of decommissioned cars for fleet renewal to current assets, and the property and equipment balances referring to the acquisition of the franchisee in Cuiabá (further details in note 7 (a)).

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

	Parent company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Leasehold improvements	69,820	86,538	69,820	86,574
Furniture and fixtures	18,397	21,666	18,973	22,380
IT equipment	9,344	10,660	9,415	10,800
Property and equipment in progress	3,432	2,043	71,874	15,074
Land	681	681	19,503	16,503
Other	14,088	14,540	14,232	14,752
Total	**115,762**	**136,128**	**203,817**	**166,083**

As of December 31, 2014, the captions "cars" and "other property and equipment" include net book values of property and equipment items acquired under finance leases in the amount of R$ 470,219 (R$ 223,131 as of December 31, 2013). For further details on finance leases, see note 23.

Decommissioned cars for fleet renewal

Decommissioned cars for fleet renewal are presented at the lower of fair value less costs to sell and net book value, which considers the acquisition cost net of accumulated depreciation through the date in which cars are classified as "decommissioned cars for fleet renewal". Cars whose book values will be recovered through sale rather than through continuing use are classified as "decommissioned cars for fleet renewal". This condition is satisfied when: (i) cars are available for immediate sale under current conditions, and their sale is highly probable; (ii) Management is committed to sell the decommissioned cars from property and equipment (iii) cars are effectively available for sale at a reasonable price in relation to their current fair values; and (iv) the sale is expected to be completed within one year from the date of classification.

All cars of the Car Rental Division are considered by management as cars available for rental, even if they have been transferred for renewal, and may be rented during demand peaks. The Car Rental Division considers "decommissioned cars for fleet renewal" those that already have a purchase proposal signed with the customer. In the Fleet Rental Division, all the cars returned by customers are classified as "decommissioned cars for fleet renewal", as management does not expect to rent them again.

The balances for each year are as follows:

	Parent company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Cost	3,589	135	25,547	25,636
Accumulated depreciation	(212)	(16)	(7,241)	(9,116)
Net book value	**3,377**	**119**	**18,306**	**16,520**

Effect of the IPI tax for new cars

In January 2015, the Excise Tax (IPI) rate was reinstated to its original level for the sale of new cars by the manufacturers, which may reduce depreciation per car in 2015.

Construction of the new Company headquarters

At a meeting held on June 20, 2013, the Board of Directors approved the construction of the new Company headquarters. The investment is estimated at approximately R$ 210,000 at current prices. This investment will allow: (i) a reduction of the costs of property rentals in the future; (ii) a productivity gain with the

centralization of administration and support, which are currently located in four buildings; and (iii) support for the growth of the Company with the integration and same location of the central management. Up to December 31, 2014, R$ 62,177 of the total investment approved had been spent.

9. INTANGIBLE ASSETS

The accounting practice adopted by the Company is to record intangible assets with defined useful lives and acquired separately at cost, less accumulated amortization and impairment, when applicable. Amortization is recorded on the straight-line basis over the estimated five-year useful life (except for the SAP software implemented in October 2014, whose useful life was evaluated at 10 years by internal experts). The estimated useful life and the amortization method are reviewed at the end of each year and the effect of any changes in estimates is accounted for on a prospective basis. The Company does not have significant intangible assets generated internally. Software implementation expenses are recorded as intangible assets when incurred.

(a) Software

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

	Parent company	Consolidated
Cost:		
As of December 31, 2013	57,941	61,824
Additions	17,734	19,663
Write offs/transf.	(5,123)	(5,123)
As of December 31, 2014	**70,552**	**76,364**
Accumulated amortization:		
As of December 31, 2013	(13,586)	(14,533)
Additions	(5,740)	(6,434)
Write offs/transf.	4,860	4,860
As of December 31, 2014	**(14,466)**	**(16,107)**
Net book value of software:		
As of December 31, 2013	**44,355**	**47,291**
As of December 31, 2014	**56,086**	**60,257**

As of December 31, 2014, the estimated amortization expenses for the next years were as follows:

	Parent company	Consolidated
2015	8,751	9,511
2016	7,981	8,672
2017	6,352	6,858
2018	4,254	4,588
2019 and subsequent years	18,390	18,467
Net book value of unamortized software already implemented	**45,728**	**48,096**
Software in the implementation stage (*)	10,358	12,161
Net book value of software	**56,086**	**60,257**

(*) Corresponds to the unamortized costs of software in the implementation stage.

Expenses on amortization of software are allocated under the captions "Cost", "Selling expenses" and "General, administrative and other expenses", in the income statement, according to their nature and

allocation. No intangible assets were pledged as collateral for liabilities. There are no fully amortized significant intangible assets still in use by the Company.

(b) Goodwill on acquisition of investments

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

	Consolidated	
	12/31/14	12/31/13
Goodwill on acquisition of non-controlling interest in subsidiaries, net of amortization	4,508	4,508
Goodwill on acquisition of investments in franchisees (note 7 (a))	17,569	7,846
Net book value	**22,077**	**12,354**

10. TRADE ACCOUNTS PAYABLE

Trade accounts payable are comprised as follows:

	Parent company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Car manufacturers	617,248	318,232	712,485	378,102
Maintenance services and parts	25,914	22,897	39,945	35,949
Rentals	6,759	6,727	6,759	6,727
Insurance premiums	52,083	12,561	52,141	12,540
Other	10,150	26,537	17,091	27,164
Total	**712,154**	**386,954**	**828,421**	**460,482**

The increase in trade accounts payable is mainly in the balance payable to car manufacturers, which are payable on an average of 60 days, as a result of the advance purchase of some 7,600 cars in the fourth quarter of 2014. The purchase was expected to take place in the first quarter of 2015 and was made in advance to avoid the increases in prices of new cars due to the reinstatement of the IPI, which occurred on January 1, 2015.

11. SOCIAL AND LABOR OBLIGATIONS

Social and labor obligations are broken down as follows:

	Parent company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Board of Directors' fees	3,400	1,572	4,984	3,144
Accrued vacation pay	21,268	19,066	28,431	24,994
Provision for employee profit sharing	30,775	26,142	41,914	36,366
National Institute of Social Security Fund (INSS)	5,078	4,393	7,232	5,992
Government Severance Indemnity Fund for Employees (FGTS)	1,045	918	1,433	1,249
Other	1,533	1,468	2,280	2,159
Total	**63,099**	**53,559**	**86,274**	**73,904**

The Company has a profit sharing program established as required by Law 10,101/2000, based on the results of operations achieved in each year. The annual amount payable is determined through the combination of the results of operations and the Company's performance indicators, which establish the

maximum amount of the profit sharing. Also, the individual performance of each employee is considered, which is calculated based on objective indicators and goals included in the management contract and the annual budget approved by the Board of Directors.

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

12. LOANS, FINANCING AND DEBENTURES

Loans, financing and debentures are broken down as follows:

	Parent company		Consolidated			
	12/31/14	12/31/13	12/31/14	12/31/13	Maturity	Effective interest rate
In local currency						
Debentures - 2nd issue (a)	-	66,707	-	66,707	7/2/14	CDI + 0.6% p.a.
Debentures - 4th issue (a)	170,749	194,432	170,749	194,432	5/5/14 to 5/5/17	114.2% of CDI
Debentures - 5th issue (a)	503,496	501,859	503,496	501,859	5/30/16 to 5/30/17	114.5% of CDI
Debentures - 6th issue (a)	306,833	305,583	306,833	305,583	10/15/16 to 10/15/19	CDI + 1.07% p.a.
Debentures - 7th issue (a)	512,384	509,249	512,384	509,249	3/30/16 to 9/30/21	113.6% of CDI
Debentures - 8th issue (a)	515,777	-	515,777	-	9/10/19 and 9/10/20	110.9% of CDI
Working capital, swap fixed and other (b)	(795)	149,445	578,542	396,113	1/2/15 to 6/15/21	Equivalent to CDI + 1.5% p.a. and swap – CDI at fixed rate
In foreign currency						
Foreign currency loans U.S. dollar (c)	124,685	369,596	124,685	369,596	8/17/15 to 8/16/17	108.4% and 114.7% of the CDI
Total	**2,133,129**	**2,096,871**	**2,712,466**	**2,343,539**		
Current liabilities	**114,150**	**172,514**	**300,891**	**275,394**		
Non-current liabilities	**2,018,979**	**1,924,357**	**2,411,575**	**2,068,145**		

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

	Parent company		Consolidated	
	2014	2013	2014	2013
Opening balance	**2,096,871**	**1,822,574**	**2,343,539**	**2,055,091**
Proceeds	500,078	498,530	996,429	608,842
Interest and financial charges (*)	235,569	166,192	280,967	187,044
Repayment of principal	(412,884)	(258,218)	(581,192)	(349,941)
Interest paid	(284,840)	(129,123)	(327,978)	(152,047)
Swap fixed	(1,665)	(3,084)	701	(5,450)
Closing balance	**2,133,129**	**2,096,871**	**2,712,466**	**2,343,539**

(*) The consolidated balance includes R$ 10,966 of interest on loans from the subsidiary Rental Brazil capitalized as per CPC 20.

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

(a) Debentures

As of December 31, 2014, Localiza Rent a Car S.A. had five outstanding debentures issued, all non-convertible into shares. Localiza's debentures are subject to certain restrictive covenants, as follows: (i) request or declaration of bankruptcy by the issuer or third parties that is not duly resolved within the legal term; (ii) default of individual or aggregate amount equal to or higher than R$ 25,000; (iii) Localiza capital reduction and/or repurchase of its own shares for cancellation, except if previously

authorized by the debenture holders; (iv) amalgamation, merger or spin-off of Localiza, except if under the terms of Article 231 of the Brazilian Corporate Law or if the spun-off portion or the company resulting from the amalgamation or merger remain within the current Controlling Group of the issuer; and (v) non-maintenance of quarterly financial ratios, based on the Company's consolidated financial statements, as follows: (i) 4.0 the upper limit for net debt/adjusted EBITDA (*) and (ii) 1.5 the minimum limit for adjusted EBITDA/Net Financial Expenses for all debenture issues and downgrading of the Company's rating, as follows:

Issue	Downgrading of the rating, on the national scale (***)
4th issue	In two levels or more in relation to the rating brAA- (BR, double A, negative) by Standard & Poor´s (**)
5th issue	In two levels or more in relation to the rating brAA (BR, double A) by Standard & Poor´s (**)
6th issue	If the rating is downgraded to brA+ (BR,A,positive) by Standard & Poor´s (**)
7th issue	Corporate granted by Moody´s, Standard & Poor´s or Fitch Ratings to the Issuer for the following levels of classification of risk or less, on the national scale: Aa3, AA- and AA- respectively.
8th issue	In two levels or more in relation to the rating brAAA (BR, triple A) by Standard & Poor´s (**)

(*) Adjusted EBITDA corresponds to the issuer's net income or loss, on a consolidated basis, for the last 12-month period, before (i) financial expenses (income), net; (ii) income tax and social contribution; (iii) depreciation and amortization expenses for the 4th issue. For the 5th issue, EBITDA is also adjusted for (i) stock option costs and (ii) non-recurring expenses. For the 6th, 7th and 8th issues, EBITDA is also adjusted by impairment.
(**) Due to any change in the shareholding structure that results in the loss, transfer or disposal of the Company's controlling power by the current controlling shareholders, and the fourth issue includes the direct downgrading.
(***) Ratings of corporate credit on the national scale in force on September 30, 2014: Standard &Poor's (br.AAA/stable); Moody's (Aa1.br/stable); Fitch Ratings (AAA(bra)/stable).

Expenses incurred on the issue of Localiza's debentures, including taxes, commissions and other costs, totaled R$ 13,320, and are recorded in the same account as the respective debentures and are recognized over the total debt period. As of December 31, 2014, the amount to be recognized was R$ 8,343, and was presented net in each respective debenture.

Additionally, the Company has loans and financing that include certain accelerated maturity events under conditions similar to those applicable to the debentures. The Company's management understands that the restrictive clauses applicable to loans, financing and debentures were being complied with on December 31, 2014.

The other characteristics of each issue are as follows:

- Second issue

On July 10, 2007, the Company issued 20,000 debentures with financial settlement of R$ 200,000. The funds were used for debt rescheduling. In July 2014, Localiza paid the third and last installment of the first series of this issue of debentures, in the principal amount of R$ 66,800.

- Fourth issue

  On May 11, 2010, the Company issued 370 debentures with financial settlement of R$ 370,000. The funds were used for investment in the fleet and to improve Localiza's working capital. Their term is seven years, with amortization in six installments for the first series and four installments for the second series. The debentures pay interest semiannually. No guarantee and/or collateral are pledged for this debenture issue. It is subject to optional early redemption, at the sole discretion of Localiza, at any time as of the issue date, pursuant to conditions established in the indenture. Expenses incurred on the issue, including taxes, commissions and other costs, totaled R$ 2,375.

  In May 2014, Localiza paid the third installment of the first series of this issue of debentures, in the principal amount of R$ 24,000.

- Fifth issue

  On May 30, 2011, the Company issued 50,000 debentures with a par value of R$ 10 each, totaling R$ 500,000, for financial settlement on June 10, 2011. Some R$ 300,000 of the funds raised were used to settle in advance debt maturing in 2011, as well as a portion of the debt maturing in 2012 and 2013. The remaining funds were used for investments in the fleet and for working capital purposes. The debentures mature within six years, with repayment in two equal installments: the first on May 30, 2016 and the second on May 30, 2017. Expenses incurred on the issue, including taxes, commissions and other costs, totaled R$ 3,415.

  This issue is subject to optional early redemption, wholly or partially, beginning May 29, 2013, at the sole discretion of Localiza, pursuant to conditions established in the indenture.

- Sixth issue

  On October 15, 2012, the Company issued 30,000 debentures with a par value of R$ 10 each, totaling R$ 300,000, for financial settlement on October 31, 2012. The funds raised were used to settle in advance debt of the Company and of its subsidiaries and for investment in the fleet. The debentures mature within seven years, with repayment in four installments, at the following maturities and amounts: 10% on October 15, 2016, 10% on October 15, 2017, 40% on October 15, 2018 and 40% on October 15, 2019. No guarantee and/or collateral are pledged for this debenture issue. Expenses incurred on the issue, including taxes, commissions and other costs, totaled R$ 1,107.

  This issue is subject to optional early redemption, wholly or partially, beginning October 15, 2014, at the sole discretion of Localiza, pursuant to conditions established in the indenture.

- Seventh issue

  On September 10, 2013, the Board of Directors approved the 7th issue of debentures. The 50,000 debentures have a par value of R$ 10 each on the issue date, totaling R$ 500,000. This issue pays semiannual interest and will be repaid according to the following schedule: R$ 37,500 semiannually from April 30, 2016 to October 30, 2019; and R$ 50,000 semiannually from April 2020 to October 2021. The funds were released on October 9, 2013 and used to reinforce cash and settle debt in advance. Expenses incurred on the issue, including taxes, commissions and other costs, totaled R$ 3,724.

- Eighth issue

  On September 10, 2014, Localiza completed the 8th issue of debentures totaling R$ 500,000 for the final term of six years. On the same date, the Company prepaid working capital loans in the principal amount of R$ 173,000, maturing in 2014, 2015 and 2016. Expenses incurred on the issue, including taxes, commissions and other costs, totaled R$ 2,699.

(b) Working capital and other

(i) Working capital

On December 29, 2011, Localiza Fleet contracted a loan of R$ 130,000, with final maturity on December 15, 2019. The principal will be repaid in six installments, with maturities from 2014 to 2019. On September 10, 2014, the amount of R$ 33,000 of principal was paid in advance, maturing in 2014, 2015 and 2016. This transaction is collateralized by a Localiza surety. On December 31, 2014, the outstanding balance totaled R$ 99,897.

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

Transactions settled in 2014

- On December 15, 2009, Localiza contracted a loan of R$ 150,000, with final maturity on November 23, 2015. On September 10, 2014, the contract's remaining amount of R$ 105,000 was paid in advance. This transaction is collateralized by a Localiza Fleet surety.

- On June 21, 2010, Localiza contracted R$ 50,000, with final maturity on June 18, 2016. In June 2014, the amount of R$ 10,000 was paid and on September 10, 2014, the contract's remaining amount of R$ 35,000 was paid in advance. This contract is collateralized by a Localiza Fleet surety.

(ii) CCBI - Real Estate Bank Credit note

On June 25, 2014, Rental Brasil, a wholly-owned subsidiary of Localiza, contracted a Real Estate Bank Credit note loan of R$ 190,000 to finance the construction of the Company’s new headquarters. The maturity term is seven years, with monthly repayments as from the 61st month. The transaction will incur interest of 9.5% p.a. and restatement of the debt balance by the Reference Rate (TR). Simultaneously, beginning on the same date as the release of funds, a swap transaction (plain vanilla) was contracted to eliminate the foreign currency exposure risk, under identical conditions of amounts, term and payment, exchanging the exposure of the Reference Rate variation plus interest (TR + 9.5% p.a.) for 98.75% of the CDI interest rate. The loan is subject to certain covenants which include compliance by the Company with financial ratios calculated on a quarterly basis, based on the consolidated financial statements, identical to the ratios required on the 6th and 7th issue of the debentures. On December 31, 2014, the outstanding balance totaled R$ 185,786.

Expenses incurred to raise the loan, including taxes, commissions and other costs, totaled R$ 6,448.

(iii) Finance lease

On December 31, 2014, Localiza and Localiza Fleet had finance leases amounting to R$ 297,608, which were contracted by the wholly-owned subsidiary Localiza Fleet, with an average interest rate of 13.48% p.a. (R$ 93,712, at the average rate of 10.28% p.a., on December 31, 2013). See details of these leasing transactions in note 23.

(iv) Swap fixed

On July 1 and July 30, 2014, the Company entered into swap transactions with a notional amount of R$ 375,000, exchanging the CDI rate for a fixed rate, with maturities between July 2015 and January 2016.

				Parent company and Consolidated			
						12/31/14	
				Rates		Notional amount	(Payable) receivable
Swap transaction	Contract date	Maturity	Counterparty	Assets	Liabilities	R$ thousand	R$ thousand
CDI x Fixed rate	7/1/14 and 7/30/14	7/1/15 and 1/5/16	Various banks	111.4% to 112.0% of the variation of the CDI	12.1% p.a. to 12.4% p.a.	375,000 (*)	4,749

(*) The swaps short-position (fixed rate) corresponds to R$ 395,440 at December 31, 2014.

Transactions settled in 2014

- On June 15, 2012, Localiza Fleet contracted a swap (plain vanilla) transaction. The contract establishes exchange between the counterparties of different interest payments, semiannually. The base amount used is R$ 130,000, the settlement amount guaranteed by the bank is 109.7% of the CDI rate and the settlement amount guaranteed by Localiza Fleet is 9.6% p.a..

  On November 5, 2012, Localiza executed swap (plain vanilla) contracts establishing exchange between the counterparties of different interest payments, in which Localiza is creditor for 113.8% of the CDI rate and debtor for the related rates.

  On May 15, 2014, the Company settled in advance three swap-fixed contracts with maturities in 2014, totaling the notional amount of R$ 217,240. The settlement in advance generated an additional credit of R$ 4,944, equivalent to the adjustment of the swap to market.

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

  On September 29, 2014, the Company settled in advance six swap-fixed contracts with maturities in 2016, totaling the notional amount of R$ 330,000. These transactions resulted in a reduction in short position equivalent to 1% per year.

(c) Foreign currency loans

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

On December 31, 2014, there was an outstanding balance of R$ 124,685 referring to the loan agreement signed on August 24, 2011, of US$ 75,000, equivalent to R$ 123,000, with settlement within six years; the related funds were released to Localiza in November 2011. Simultaneously, beginning on the same date as the release of the funds, a swap transaction (plain vanilla) was contracted to eliminate the foreign currency exposure risk, under identical conditions of amounts, term and rate, exchanging foreign exchange rate changes plus interest (three-month LIBOR + 1.6% per annum) for 102.5% of the CDI rate.

This transaction is matched, and formally consists of a loan agreement and a swap transaction contract, with the same maturity and counterparty and that should be simultaneously settled by the same account. This transaction has a Localiza Fleet surety and certain covenants similar to the 4th and 5th debenture issues of Localiza.

Considering the above information, the Company and its subsidiaries are not subject to risk of changes in foreign exchange rates. Accordingly, there are no risks of changes in foreign exchange rates to be measured by a sensitivity analysis, as its indebtedness is only exposed to the CDI interest rate changes.

Transactions settled in 2014

On May 8, 2014, the Company settled in advance the swap contract with notional value of R$ 170,000 (total paid amount of R$ 258,776 – principal and final interest), contracted on June 29, 2010, which exchanged the US dollar rate changes plus coupon of 6.44% for 114.7% of the CDI, with original maturity on May 25, 2016. Simultaneously, on the same date, the Company settled in advance the foreign currency loan hedged by the swap transaction.

13. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities are broken down as follows:

	Parent company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Other accounts payable (note 7 (b) (item i))	4,323	772	-	-
Other federal taxes	5,748	8,750	9,629	11,644
Municipal tax obligations	775	1,009	2,737	1,879
Advances from decommissioned car rental and sale customers	27,809	19,601	28,976	21,539
Insurance premiums for transfer (*)	33,517	34,166	33,803	34,344
Deferred revenues (**)	35	36	5,522	6,840
Other	1,853	2,166	1,619	2,318
Total other current liabilities	**74,060**	**66,500**	**82,286**	**78,564**
Deferred revenues (**)	55	82	9,485	15,346
Other	7,092	10,171	13,766	14,115
Total other non-current liabilities	**7,147**	**10,253**	**23,251**	**29,461**
Total current and non-current liabilities	**81,207**	**76,753**	**105,537**	**108,025**

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

14. PROVISIONS AND ESCROW DEPOSITS

The Company adopts the practice of recognizing provisions for present obligations (legal or constructive) as a result of past events, when the amount of the obligation can be reliably estimated and its settlement is probable. The amount recorded as a provision is the best estimate of the consideration required to settle the obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Actual results could differ from those estimated. Localiza and Localiza Fleet record a provision for possible indemnities payable to third parties, at amounts in excess of the amounts insured by the insurance company, arising from accidents caused by rented cars, based on its legal counsel opinion.

(a) Provisions and contingent liabilities

(i) Judicial provisions recorded

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

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

	Parent company				
	Tax	Social security	Labor	Civil	Total
As of December 31, 2013	**3,526**	**7,109**	**21,037**	**7,939**	**39,611**
Recording of provisions, net of reversals	678	2,017	13,890	1,135	17,720
Payments	(1,246)	-	(1,555)	(159)	(2,960)
Inflation adjustment, net	323	768	-	-	1,091
Transfers (*)	(856)	90	478	-	(288)
As of December 31, 2014	**2,425**	**9,984**	**33,850**	**8,915**	**55,174**

	Consolidated				
	Tax	Social security	Labor	Civil	Total
As of December 31, 2013	**5,675**	**7,841**	**26,901**	**10,516**	**50,933**
Recording of provisions, net of reversals	1,456	2,108	18,977	751	23,292
Payments	(1,720)	-	(1,984)	(373)	(4,077)
Inflation adjustment, net	326	801	-	-	1,127
Transfers (*)	(803)	93	(691)	-	(1,401)
As of December 31, 2014	**4,934**	**10,843**	**43,203**	**10,894**	**69,874**

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

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

Labor:

- Localiza and its subsidiaries are parties to several labor claims mainly related to the payment of overtime and related charges, pain and suffering, and the possible recognition of an employment relationship of service providers, contractors and similar workers. The court decisions on these matters are not consistent. The increase in the provisions for labor claims is mainly due to: (i) increase of some 300 claims; and (ii) new public civil suits mainly discussing the working hours of employees, pain and suffering, and hiring of independent contractors, which required a provision of R$ 580.

Civil:

- As of December 31, 2014, Localiza and its subsidiaries are parties to civil claims related to: (i) indemnity claims arising from damages to third parties in traffic accidents caused by customers driving cars rented from the Company. Although not being responsible for the accidents, the Company is frequently sued for being the owner of the car; and (ii) indemnity claims arising from the relations between the Company and the consumers.

  The consolidated amount of R$ 10,894 accrued as of December 31, 2014 refers to 789 lawsuits whose likelihood of loss the Company assesses as probable, including situations in which the likelihood of refund is remote due to the contractual right of recourse. There are also 52 claims, whose original amounts total R$ 3,774, which were not provided for since the risk of an unfavorable outcome is possible.

Social security:

- Localiza and its subsidiaries are parties to several social security lawsuits, mainly related to: (i) indemnity amounts; ii) education allowance, and National Institute of Colonization and Agrarian Reform (INCRA) on the payment of independent contractors, and labor claims; and iii) Social Security Adjustment Factor (FAP). There are law abridgements and court decisions that support the Company's position. These lawsuits are

collateralized by bank guarantees totaling R$ 6,446 and escrow deposits totaling R$ 1,426 as of December 31, 2014.

(ii) Contingent liabilities in process - no provision has been recorded, as the likelihood of loss is possible or remote

At the federal level, Localiza and its subsidiaries are parties to several administrative and legal claims relating to social security debts and to the non-approval of requests for offset (DCOMPs).

Part of these tax debts on December 31, 2014 is guaranteed by bank guarantees, totaling R$29,483, or by escrow deposits, totaling R$ 3,886.

Legal counsel, based on case law and prior favorable decisions, assesses the likelihood of loss in discussions involving these processes as possible or remote, which is why no provision has been recorded.

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

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

Legal counsel, based on case law, and especially in view of the terms of Abstract 166 of the High Court of Justice (TSJ), believe that the likelihood of loss in this discussion of ICMS as remote, which is why no provision was recorded.

Certain ICMS debts on December 31, 2014 are guaranteed by bank guarantees, totaling R$33,986, or by escrow deposits, totaling R$ 161.

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

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

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

A large part of the IPVA debt on December 31, 2014 is guaranteed by bank guarantees, totaling R$ 12,762, or by escrow deposits, totaling R$ 15,877.

ISS: Localiza and its wholly-owned subsidiary Localiza Fleet are involved in several administrative and legal claims relating to the payment of Services Tax (ISSQN) on the leasing of motor vehicles, as well as on amounts received related to car rentals, such as the reimbursement of fuel received from customers and unconditional discounts granted to them.

No provision has been recorded for the amounts involved since the likelihood of loss in these claims is classified as remote by the Company's legal counsel, based on case law, more specifically, in the text of Binding Decision 31 of the Federal Supreme Court, which rules out the incidence of ISS on such leasing transactions.

Certain lawsuits on December 31, 2014 are guaranteed by bank guarantees, totaling R$ 8,168, or by escrow deposits, totaling R$ 6,426.

(b) Escrow deposits

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

	Parent company				
	Tax	**Social security**	**Labor**	**Civil**	**Total**
As of December 31, 2013	**15,180**	**1,138**	**5,349**	**2,425**	**24,092**
Escrow deposits made, net of write-offs	(3,206)	(38)	4,364	(140)	980
Inflation adjustments, net	779	30	-	(267)	542
Transfers (*)	(1,109)	-	(299)	-	(1,408)
As of December 31, 2014	**11,644**	**1,130**	**9,414**	**2,018**	**24,206**

	Consolidated				
	Tax	**Social security**	**Labor**	**Civil**	**Total**
As of December 31, 2013	**26,500**	**1,138**	**7,876**	**2,562**	**38,076**
Escrow deposits made, net of write-offs	(1,209)	(38)	5,785	(147)	4,391
Inflation adjustments, net	1,546	30	-	(288)	1,288
Transfers (*)	(1,109)	-	(696)	(12)	(1,817)
As of December 31, 2014	**25,728**	**1,130**	**12,965**	**2,115**	**41,938**

(*) Refer mainly to amounts that have been offset against the "Provision" account on the final decision of the lawsuits.

15. TAXES ON PROFITS - INCOME TAX AND SOCIAL CONTRIBUTION

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

On May 15, 2014, Law 12,973 was enacted, effective as from January 1, 2015, but the taxpayer may choose for early adoption of its effects as from January 1, 2014. The Company concluded that the enactment of the Law has no material impact. Initially, it elected to adopt the Law for 2014, however, due to the issue of Normative Instruction (IN) 1515, of November 24, 2014, which established the procedures for adoption of Law 12,973/14, the Company and its subsidiaries rectified their option and, accordingly, became subject to the effects of the new controls and adjustments provided in that Normative Instruction, as of January 1, 2015.

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

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

The breakdown of deferred income tax and social contribution as of December 31, 2014 and 2013, is as follows:

	Parent company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Temporary differences in the deductibility of provisions:				
Provisions for payables to suppliers and others	5,064	1,776	8,104	2,198
Provisions for litigation	18,781	12,893	20,090	13,974
Provision for impairment of trade receivables	3,526	2,688	4,632	5,482
Swap transactions with payments on a cash basis	-	10,676	-	10,676
Other	-	-	29	29
Total deferred income tax and social contribution assets - non-current	**27,371**	**28,033**	**32,855**	**32,359**
Depreciation of cars (*)	69,309	57,232	92,607	86,969
Finance leases of property and equipment	1,500	1,423	45,108	24,826
Swap transactions with payments on a cash basis	1,155	-	1,155	-
Total deferred income tax and social contribution liabilities - non-current	**71,964**	**58,655**	**138,870**	**111,795**

(*) Refers to the temporary difference in the calculation of depreciation and net residual value, introduced by the new accounting practices (adoption of IFRS). Localiza and its subsidiary Localiza Fleet calculate, for tax purposes, car depreciation expense using the depreciation criteria used on December 31, 2007, pursuant to Law 12,973/14. Temporary differences are realized at the end of the useful lives of the cars, when they are sold.

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

(b) Reconciliation of income tax and social contribution expenses at the standard and effective rates

The Company calculates the provision for income tax and social contribution based on taxable income for the year. Taxable income differs from net income recorded in the income statements because it excludes income or expenses that are taxable or deductible in other years, in addition to excluding items that are not taxable or deductible on a permanent basis. The provision for income tax and social contribution is calculated individually by each company under the actual taxable income or deemed income regime, at the current rates of tax.

The reconciliations between the standard and effective rates of tax for the years ended December 31, 2014 and 2013 are as follows:

	Parent company		Consolidated	
	2014	2013	2014	2013
Pre-tax income	469,135	439,052	575,588	541,503
Standard rates	34%	34%	34%	34%
Standard expense	**(159,506)**	**(149,278)**	**(195,700)**	**(184,111)**
Adjustments to the standard expense:				
Equity in the earnings of subsidiaries	78,831	75,100	-	-
Effect of the deduction of interest on capital	21,039	20,873	21,039	20,873
Income tax and social contribution due by subsidiaries (deemed income regime)	-	-	5,251	8,313
Other, net	1,090	(1,403)	4,411	(2,234)
Effective expense	**(58,546)**	**(54,708)**	**(164,999)**	**(157,159)**
Current income tax and social contribution	**(44,575)**	**(50,708)**	**(139,493)**	**(130,020)**
Deferred income tax and social contribution	**(13,971)**	**(4,000)**	**(25,506)**	**(27,139)**

(c) Income tax and social contribution payable

Localiza, Localiza Fleet, Localiza JF and Localiza Cuiabá calculated income tax and social contribution under the taxable income method and the quarterly taxation regime as of December 31, 2014 and 2013. Localiza Serviços Prime computed income tax and social contribution by the annual regime in 2014 and quarterly regime in 2013.

Franchising Brasil, Car Rental, Car Assistance and Rental Brasil calculated, through 2014, income tax and social contribution under the deemed income regime in the amounts of R$ 2,524 (R$ 2,612 as of December 31, 2013), R$ 1,169 (R$ 2,768 as of December 31, 2013) and R$ 1,823 (R$ 2,360 as of December 31, 2013) and R$ 2,861, respectively.

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

16. SHAREHOLDERS' EQUITY

(a) Capital

On December 31, 2014 and 2013, the Company's share capital was R$ 976,708 divided into 211,793,400 common shares. The ownership of capital and the related reconciliation of the number of outstanding shares were as follows:

	Management				
	Founder-partners	Board of Directors and Board of Executive Officers	Treasury shares	Outstanding shares	Number of shares - ON
Balance as of December 31, 2013	**61,874,593**	**243,070**	**3,758,577**	**145,917,160**	**211,793,400**
Purchase (sale) of shares, net	(2,999,997)	(12,577)	-	3,012,574	-
Stock options exercised using treasury shares	-	43,963	(263,148)	219,185	-
Balance as of December 31, 2014	**58,874,596**	**274,456**	**3,495,429**	**149,148,919**	**211,793,400**

The Company participates in the Level I American Depositary Receipts (ADR Program) following approval by the Brazilian Securities Commission (CVM) on May 22, 2012 and start of trading on June 5, 2012. As of

December 31, 2014, the Company's position was 6,260,819 ADRs in the United States (881,087 as of December 31, 2013).

(b) Interest on capital and dividends

The Company adopts the procedures of recording interest credited to shareholders, calculated under Law 9,249/95, in the income statement under "financial expenses", as required by tax legislation. However, for financial statement purposes, interest on capital is presented as a charge to retained earnings, the same treatment as given to dividends. The amounts paid to shareholders as interest on capital, net of withholding income tax, are deducted from the minimum mandatory dividend, under Article 9, paragraph 7, of Law 9,249/95 and based on paragraph 5 of Article 24 of Localiza's bylaws.

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

Interest on capital and dividends were calculated as follows:

	Parent company	
	2014	**2013**
Net income	410,589	384,344
Legal reserve (5%)	(20,529)	(19,215)
Adjusted net income - basis for dividend proposal	390,060	365,129
Minimum dividend (25%)	**97,515**	**91,282**
Proposed/distributed dividends and interest on capital:		
Dividends	44,660	38,612
Interest on capital	61,881	61,390
Subtotal	**106,541**	**100,002**
Withholding income tax on interest on capital	(9,026)	(8,720)
Total	**97,515**	**91,282**
Percentage on adjusted net income for the year	25.0%	25.0%
Dividends and interest on capital per share, net of treasury shares at the end of the year	**R$ 0.468**	**R$ 0.439**

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

	2013			
Date of approval	**Total amount paid**	**Amount per share (in R$)**	**Shareholding position date**	**Date of payment**
3/8/2013	14,567	0.07336	3/20/2013	5/3/2013
6/20/2013	15,468	0.07441	6/28/2013	8/14/2013
9/30/2013	14,552	0.06997	9/30/2013	11/14/2013
12/18/2013	16,803	0.08077	12/30/2013	2/10/2014
Total 2013	**61,390**			

2014				
Date of approval	Total amount paid	Amount per share (in R$)	Shareholding position date	Date of payment
3/19/2014	13,934	0.06690	3/31/2014	5/14/2014
6/30/2014	14,997	0.07200	7/1/2014	8/28/2014
9/25/2014	15,959	0.07661	9/30/2014	11/19/2014
12/11/2014	16,991 (*)	0.08157	12/30/2014	1/30/2015
Total 2014	**61,881**			

(*) As of December 31, 2014 this interest on capital had not been paid to shareholders.

As of December 31, 2014, Management proposed for approval at the Annual General Meeting of Shareholders the allocation of R$ 44,660 for payment of dividends to shareholders to total the minimum mandatory dividend of 25% of net income after payment of interest on capital, net of withholding income tax.

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

	Parent company and Consolidated	
	12/31/14	12/31/13
Dividends proposed on net income for the year	44,660	38,612
Interest on own capital proposed on the net income of 4Q of 2014	16,991	16,803
Withholding income tax on interest on capital	(2,422)	(2,339)
Total dividends and interest on capital payable	**59,229**	**53,076**

(i) Options granted

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

Stock Option Plan - Consolidated Information

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

The Company currently maintains six Stock Option Plans within the scope of the Second Plan (2007 to 2011 Programs) and Third Plan (2012 and 2013 Programs) of the Company's Repurchase Program, which grant common share subscription options to certain (eligible) executives and employees. For the six programs, the fair value of shares is estimated on the grant date, based on the Black & Scholes options valuation model, applied separately to each tranche of each program.

The 2007 program, under the 2nd Plan, was finalized in April 2014 with the option to exercise the 4th tranche.

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

The characteristics of the six Share Purchase Options programs have not suffered significant changes beyond those previously disclosed.

On February 13, 2014, the Board of Directors approved the 2014 Stock Option Plan - "2014 Program" in the 3rd Share Purchase Option. Four options will be granted under this program for each share invested. The options may be exercised 100% as from May 2017, and the maximum period is three years for the exercise of all or part of the right to purchase options. Up to December 31, 2014, there had been no claims by employees under this program.

The changes in the seven Stock Option Plans (including the 2007 program terminated in 2014) through December 31, 2014, are as follows:

	Beginning of the period		Granting/Approvals				Terminations		Years		End of the period	
Year	Eligible	Options	Eligible	Granted / approved options	Options from leaving employees with the right to exercise options	Exercise price	Eligible/ Leaving	Options returned	Options exercised	Bonus shares	Eligible	Outstanding options
2007 Program												
12/31/13	185	254,176	-	-	-	(*)	3	3,162	152,810	6,477	182	104,681
12/31/14	182	104,681	-	-	4,684	-	2	756	91,151	-	180	12,774
2008 Program												
12/31/13	224	443,526	-	-	-	(*)	10	10,326	154,245	14,825	214	293,780
12/31/14	214	293,780	-	-	3,401	(*)	15	1,004	52,519	-	199	243,658
2009 Program												
12/31/13	280	699,867	-	-	-	(*)	18	19,092	174,200	25,975	262	532,550
12/31/14	262	532,550	-	-	1,869	(*)	20	4,171	63,607	-	242	466,641
2010 Program												
12/31/13	330	834,094	-	-	-	(*)	32	29,088	148,457	33,498	298	690,047
12/31/14	298	690,047	-	-	5,469	(*)	19	5,828	48,819	-	279	640,869
2011 Program												
12/31/13	430	979,666	-	-	-	(*)	44	27,893	-	46,158	386	997,931
12/31/14	386	997,931	-	-	-	(*)	25	50,963	2,368	-	361	944,600
2012 Program												
12/31/13	18	616,484	-	-	-	-	-	6,228	-	30,788	18	641,044
12/31/14	18	641,044	-	-	-	-	1	-	-	-	17	641,044
2013 Program												
12/31/13	-	-	16	412,228	-	32.59	-	-	-	-	16	-
12/31/14	16	412,228	-	-	-	-	-	-	-	-	16	412,228

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

Program	2010	2011	2012	2013	2014	2015	2016	2017
2007	23.76	24.71	25.70	25.46	-	-	-	-
2008	-	22.77	23.74	23.58	24.59	-	-	-
2009	-	-	8.35	8.30	8.69	9.08	-	-
2010	-	-	-	22.05	23.04	24.05	25.16	-
2011	-	-	-	-	32.62	34.09	35.62	37.22
2012	-	-	-	-	-	31.70	-	-
2013	-	-	-	-	-	-	32.59	-

The options from the first, second, third and fourth lots of the 2007 Program have been released since April 1, 2010, 2011, 2012 and 2013, respectively, and may be exercised through March 30, 2014. The options from the first, second and third lots of the 2008 Program have been released since April 1, 2011, 2012 and 2013, respectively, and may be exercised through March 30, 2015. The options from the first and second lots of the 2009 Program have been released since April 1, 2012 and 2013, and may be exercised through March 30, 2016. The options from the first lot of the 2010 Program have been released since April 1, 2013 and may be exercised through March 30, 2017. All other options had not vested as of December 31, 2014.

In 2014, the consolidated cost from these programs was R$ 4,798 (R $ 6,125 in 2013).

Considering the exercise of the options existing as of December 31, 2014, the interest dilution percentage to which current shareholders may be subject is 1.6%.

(ii) Options exercised in 2014

In 2014, 263,148 stock options in relation to the 2007 to 2011 Stock Option Plans were exercised. The weighted average strike prices of options exercised, as well as the weighted average fair value of Localiza's shares on the vesting date, were as follows:

Program	Number of options exercised	Fair value	Calculation by the fair value (R$)	Weighted average exercise price	Weighted average market price
2007 Program	95,835	R$ 7.09	714	R$ 25.24	R$ 31.57
2008 Program	52,519	R$ 0.88	63	R$ 24.59	R$ 36.92
2009 Program	63,607	R$ 12.21	787	R$ 8.69	R$ 37.97
2010 Program	48,819	R$ 12.10	558	R$ 25.44	R$ 37.88
2011 Program	2,368	R$ 11.12	21	R$ 32.62	R$ 34.06
Total	**263,148**		**2,143**		

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

(iii) Goodwill on share subscription

This reserve relates to the remaining balance of goodwill from the primary 2006 offering of Localiza shares in the amount of R$ 48,174. In addition, on the exercise of 263,148 stock options during 2014, relating to the 2007 to 2011 programs, goodwill of R$ 4,877 (R$ 29,462 from 2011 to 2013) was recorded, resulting in the balance of R$ 82,513 as of December 31, 2014.

(c) Treasury shares

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

As of December 31, 2014, the market value of the 3,495,429 treasury shares was R$ 124,822 (R$ 35.71 per share as of December 31, 2014). The cost of purchase of the treasury shares, including related costs, was as follows:

- First Share Buyback Program: Acquisition costs totaling R$ 23,386, net of realizations in 2014 of R$ 2,716. The average unit cost of the acquisition was R$ 10.32 (minimum of R$ 5.15 to a maximum of R$ 16.55).

- Fourth Share Buyback Program: Under this program, 1,072,200 shares were purchased (1,093,310 shares including bonus shares), totaling a cost of R$ 36,782. The average unit cost of purchase was R$ 33.64 (minimum of R$ 33.52 and maximum of R$ 33.78).

- The Board of Director’s meeting held on July 25, 2014 approved the Sixth Share Buyback Program and the purchase of up to 10,000,000 shares. This transaction has a maximum term of 365 days from the date of its approval up to July 24, 2015. Up to December 31, 2014, no shares had been purchased under this program.

(d) Revenue reserves

(i) Legal reserve

This reserve is recorded as prescribed by Brazilian corporate legislation, through the allocation of 5% of the net income, limited to: i) 20% of the capital or ii) when the balance of such reserve plus the capital reserves reach 30% of the capital. The objective of the legal reserve is to ensure the integrity of capital and can only be utilized to offset losses or increase capital. As of December 31, 2014 and 2013, R$ 20,529 and R$ 19,215 were recorded as legal reserve, respectively.

(ii) Statutory reserve

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

On December 31, 2014, management proposed for approval at the Annual General Meeting, the allocation of 100% of the balance of the 2014 net income of R$ 283,519 (R$ 265,127 on December 31, 2013) to this statutory reserve.

17. EARNINGS PER SHARE

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

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

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

	Parent company and Consolidated	
	2014	**2013**
Net income for the year	**410,589**	**384,344**
Basic earnings per share (*):		
Weighted average number of outstanding shares	208,205,108	201,979,765
Basic earnings per share (in R$)	**1.97204**	**1.90288**
Diluted earnings per share (*):		
Weighted average number of outstanding shares	208,205,108	201,979,765
Dilutive effect of number of share purchase options	1,760,979	773,452
Total number of shares applicable to dilution	209,966,087	202,753,217
Diluted earnings per share (in R$)	**1.95550**	**1.89562**

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

18. SEGMENT REPORTING

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

The Company defined the operating segments based on reports used by the Board of Directors to make strategic decisions.

Three operating segments subject to information disclosure were identified, which are separately managed through reports that support the decision-making process. The accounting policies of these operating segments are the same as those described in note 2 or in the detailed notes to the respective accounts.

- Car rental division: responsible for car rentals in branches located inside and outside airports.

  Cars are rented to individuals for business or leisure travel and to companies, including insurance companies and car manufacturers. The cars are standardized and purchased to meet the expected demand. As part of its fleet renewal program, the Car Rental Division decommissions its cars after 12 months of rental. The major portion of decommissioned cars is sold directly to the final consumer by means of a proprietary network of points for sale, since this is the less expensive alternative in relation to the discounts requested by other sales intermediation channels.

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

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

(a) Financial information by operating segment

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

	Car rental		Fleet rental		Franchising		Unallocated balances		Eliminations/Reclassifications		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13
Assets												
Cash and cash equivalents	-	-	-	-	-	-	1,390,189	1,010,740	-	-	1,390,189	1,010,740
Trade receivables	378,434	346,312	82,861	65,661	8,019	13,644	-	-	(6,562)	(10,212)	462,752	415,405
Decommissioning cars for fleet renewal	3,377	119	14,929	16,401	-	-	-	-	-	-	18,306	16,520
Property and equipment	2,447,676	2,063,304	1,034,105	884,046	77	124	-	-	-	-	3,481,858	2,947,474
Other assets	342,713	224,781	33,140	21,242	4,280	4,069	-	-	(35,784)	(62,031)	344,349	188,061
Total assets	**3,172,200**	**2,634,516**	**1,165,035**	**987,350**	**12,376**	**17,837**	**1,390,189**	**1,010,740**	**(42,346)**	**(72,243)**	**5,697,454**	**4,578,200**
Liabilities												
Trade accounts payable	716,198	392,268	118,486	77,712	246	415	-	-	(6,509)	(9,913)	828,421	460,482
Loans, financing and debentures	-	-	-	-	-	-	2,712,466	2,343,539	-	-	2,712,466	2,343,539
Other liabilities	380,146	334,099	161,457	137,036	17,960	24,636	-	-	(58,500)	(62,800)	501,063	432,971
Total liabilities	**1,096,344**	**726,367**	**279,943**	**214,748**	**18,206**	**25,051**	**2,712,466**	**2,343,539**	**(65,009)**	**(72,713)**	**4,041,950**	**3,236,992**
Shareholders' equity	-	-	-	-	-	-	**1,655,504**	**1,341,208**	-	-	**1,655,504**	**1,341,208**
Total liabilities and equity	**1,096,344**	**726,367**	**279,943**	**214,748**	**18,206**	**25,051**	**4,367,970**	**3,684,747**	**(65,009)**	**(72,713)**	**5,697,454**	**4,578,200**

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

	Car rental		Fleet rental		Franchising		Eliminations/Reclassifications		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net revenue	2,952,322	2,646,587	922,144	840,167	17,750	19,481	-	-	3,892,216	3,506,235
Costs	(2,101,554)	(1,910,984)	(597,193)	(519,036)	(8,307)	(8,578)	(3,494)	(5,566)	(2,710,548)	(2,444,164)
Gross profit	**850,768**	**735,603**	**324,951**	**321,131**	**9,443**	**10,903**	**(3,494)**	**(5,566)**	**1,181,668**	**1,062,071**
Operating expenses:										
Selling	(273,652)	(253,977)	(43,485)	(37,837)	(790)	(83)	2,942	2,603	(314,985)	(289,294)
General, administrative and other	(112,656)	(100,079)	(27,942)	(23,594)	-	-	552	2,963	(140,046)	(120,710)
Result before financial expenses, net	**464,460**	**381,547**	**253,524**	**259,700**	**8,653**	**10,820**	**-**	**-**	**726,637**	**652,067**
Financial expenses, net									(151,049)	(110,564)
Result before taxes									**575,588**	**541,503**
Income tax and social contribution									(164,999)	(157,159)
Net income									**410,589**	**384,344**

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

	Consolidated	
	2014	2013
Brazilian operations	3,875,217	3,495,736
Export revenue (*)	16,003	9,811
Royalties abroad	996	688
Net revenue	**3,892,216**	**3,506,235**

(*) Revenue from car rentals arising as a result of rental from customers resident and domiciled abroad. The increase in this income in 2014 arose from the World Cup event in Brazil.

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

	2014	2013
Car rental:		
Car depreciation	78,140	85,826
Depreciation of other property and equipment and amortization of intangible assets	33,567	33,871
Fleet rental:		
Car depreciation	129,334	143,222
Depreciation of other property and equipment and amortization of intangible assets	1,637	1,097
Franchising:		
Depreciation of other property and equipment and amortization of intangible assets	503	443
Total depreciation and amortization expenses	**243,181**	**264,459**

19. NET REVENUE

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

	Parent company		Consolidated	
	2014	2013	2014	2013
Gross revenue	2,957,232	2,628,694	4,012,805	3,595,086
Deductions:				
Discounts	(12,004)	(11,196)	(30,286)	(22,546)
Taxes on sales (*)	(59,026)	(38,524)	(90,303)	(66,305)
Net revenue	**2,886,202**	**2,578,974**	**3,892,216**	**3,506,235**

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

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

	Parent company		Consolidated	
	2014	2013	2014	2013
Revenue from car rentals	1,235,072	1,113,559	1,284,386	1,163,504
Revenue from fleet rentals	-	-	571,893	575,882
Franchising	996	688	17,750	19,481
Cars sold for fleet renewal	1,650,134	1,464,727	2,018,187	1,747,368
Net revenue	**2,886,202**	**2,578,974**	**3,892,216**	**3,506,235**

20. INFORMATION ON THE NATURE OF COSTS AND OPERATING EXPENSES RECORDED IN THE INCOME STATEMENT

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

	Costs				Selling, general and administrative and other			
	Parent company		Consolidated		Parent company		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
Cost of cars sold	(1,428,411)	(1,271,874)	(1,704,677)	(1,486,019)	-	-	-	-
Car depreciation	(76,866)	(84,791)	(207,474)	(229,048)	-	-	-	-
Car maintenance, car tax (IPVA) and other	(209,290)	(191,423)	(333,735)	(295,749)	-	-	-	-
Depreciation and amortization of other property and equipment and intangible assets	(18,030)	(16,805)	(18,993)	(17,520)	(16,710)	(17,891)	(16,714)	(17,891)
Payroll and related changes	(171,585)	(166,573)	(201,350)	(195,404)	(134,118)	(123,747)	(199,844)	(182,825)
Profit sharing	(22,477)	(19,531)	(28,139)	(24,524)	(20,686)	(17,665)	(29,330)	(25,477)
Third party services	(24,765)	(19,960)	(30,705)	(23,498)	(58,648)	(39,386)	(55,914)	(40,417)
Rental of properties and other	(175,494)	(156,711)	(185,475)	(172,402)	(71,816)	(68,467)	(95,878)	(85,322)
Commissions	-	-	-	-	(26,558)	(26,470)	(27,410)	(27,233)
Advertising	-	-	-	-	(29,637)	(30,825)	(29,941)	(30,839)
Total	**(2,126,918)**	**(1,927,668)**	**(2,710,548)**	**(2,444,164)**	**(358,173)**	**(324,451)**	**(455,031)**	**(410,004)**

21. FINANCIAL INCOME (EXPENSES)

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

	Parent company		Consolidated	
	2014	2013	2014	2013
Financial income				
Interest income from short-term investments	64,775	52,319	113,853	68,747
Other interest income	9,514	5,941	11,475	7,783
	74,289	**58,260**	**125,328**	**76,530**
Financial expenses				
Interest expense on loans, financing, debentures and swap	(233,904)	(163,108)	(270,702)	(181,594)
Other interest expenses	(4,217)	(3,838)	(5,675)	(5,500)
	(238,121)	**(166,946)**	**(276,377)**	**(187,094)**
Financial expenses, net	**(163,832)**	**(108,686)**	**(151,049)**	**(110,564)**

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Financial assets - financial assets are classified upon initial recognition, when the Company becomes a party to the underlying contract, into one of the four categories below, according to their nature and purpose: i) financial assets at fair value through profit or loss; ii) loans and receivables; iii) investments held-to-maturity; and iv) financial instruments available for sale. Financial assets are subsequently measured based on their classification into one of the four categories mentioned.

Cash and cash equivalents - include cash amounts, bank deposit accounts, financial investments with repurchase guarantee and fixed-income investments. Cash and cash equivalents are classified as "loans and receivables" and are stated at cost after initial recognition, plus income earned through the balance sheet date, when applicable, which do not exceed their fair or realizable value.

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

Financial liabilities - financial liabilities are classified upon initial recognition, when the Company becomes a party to the underlying contract, into one of the two categories: i) financial liabilities at fair value through profit or loss; and ii) other financial liabilities.

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

	Parent company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Financial assets				
Loans and receivables at amortized cost				
Cash and cash equivalents (note 4)	810,911	621,518	1,390,189	1,010,740
Trade receivables (note 5)	373,632	333,231	462,752	415,405
Escrow deposits (note 14(b))	24,206	24,092	41,938	38,076
Financial liabilities				
Other financial liabilities at amortized cost				
Trade accounts payable (note 10)	712,154	386,954	828,421	460,482
Loans, financing and debentures (note 12)	2,133,129	2,096,871	2,712,466	2,343,539

(a) Risk management

In the normal course of its operations, the Company is exposed to the following risks related to its financial instruments: (i) market risk; (ii) credit risk, and (iii) liquidity risk.

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

(i) Market risk

The market risk is the risk that the fair value or future cash flows of a certain financial instrument fluctuates due to variations in interest rates. Market risk management is carried out in order to ensure that the Company is exposed only to risk levels considered acceptable in the context of its operations.
The Company's financial instruments that are affected by market risk include: (i) cash and cash equivalents and (ii) loans, financing, debentures and swaps fixed.

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

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

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

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

- On December 31, 2014, the Company's net debt totaled R$ 1,322,277, of which R$ 693,687, with a fixed cost of an average of 12.75% per annum, is excluded, as it refers to the transactions contracted at a fixed rate and the amounts corresponding to the hedge realized in the contracting of swap transactions, changing the rates indexed to the CDI for fixed rates. The net debt subject to the CDI rate totals R$ 628,590 on December 31, 2014.

- Market expectation as of December 31, 2014, according to data from the Focus Bulletin issued by the Brazilian Central Bank, is an estimated average effective CDI rate of 12.47%, considered as the probable scenario for 2015, against the effective rate of 10.81% in 2014.

	Consolidated		
Description	**Probable scenario (*)**	**Scenario I - 25% stress**	**Scenario II - 50% stress**
Net debt as of December 31, 2014	**1,322,277**	**1,322,277**	**1,322,277**
(-) Fixed rate and amounts hedged with leasing swap fixed	(693,687)	(693,687)	(693,687)
Net debt subject to the CDI variation	**628,590**	**628,590**	**628,590**
Effective CDI rate for the twelve-month period ended 12/31/14	10.81%	10.81%	10.81%
Estimated annual CDI rate, according to stress scenarios	12.47%	15.59%	18.71%
Effect on financial expenses:			
- according to the effective rate	(67,951)	(67,951)	(67,951)
- according to the scenarios	(78,385)	(97,997)	(117,609)
(Increase) in financial costs for 12 months	**(10,434)**	**(30,046)**	**(49,658)**

(*) As required by IFRS 7, Management believes that the 12.47% rate is the fairly possible scenario for 2015, according to Focus Bulletin of the Brazilian Central Bank, issued on December 31, 2014

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

(ii) Credit risk

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

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

	Parent company		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Loans and receivables				
Cash and cash equivalents:				
Financial investments				
Aaa.br (Moody´s scale)	803,006	614,007	1,366,940	988,433
Cash and banks	7,905	7,511	23,249	22,307
Total cash and cash equivalents	**810,911**	**621,518**	**1,390,189**	**1,010,740**
Trade receivables - customers	223,766	196,904	305,631	271,831
Accounts receivable - credit card:				
- Aaa in the Fitch Ratings scale	61,488	56,458	64,991	59,724
- Baa2 (Moody´s scale)	75,969	69,229	80,024	72,467
- Sundry	12,409	10,640	12,106	11,383
Total trade receivables	**373,632**	**333,231**	**462,752**	**415,405**
	1,184,543	**954,749**	**1,852,941**	**1,426,145**

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

The limits established by the Board of Directors determine that financial investments exceeding 20% of the available funds can only be made with financial institutions with equity higher than R$ 10 billion, and the maximum investment limit by bank is 40% of the total funds available for investment.

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

  The Company reduces its credit risk by operating significantly with credit cards for car rentals, mainly in transactions with individuals. As of December 31, 2014, two of the largest credit card companies represented 17.3% and 14.0%, individually, of the Company's receivables. The credit risk in transactions with companies for car and fleet rentals is reduced by a credit limit granting policy, based on the analysis of the financial position of the customer and on past experience. The financial position of customers is continuously monitored in order to evaluate and adjust, if necessary, the credit limit previously granted. The credit risk in the sale of decommissioned cars is reduced through the utilization of finance and/or leasing companies with well-known financial and liquidity capacities.

  Moreover, the management of credit risk also includes a periodic analysis of the recoverability of accounts receivable, when the need to record a provision for impairment is analyzed in order to adjust the receivables to their probable realizable values. This analysis, whose purpose is to assign a risk classification to the customer according to internal criteria defined by management, takes into consideration the current financial position of the customer, past experience and the position of overdue bills. Therefore, based on the customer risk, the receivables are adjusted to their likely realizable value through a provision for impairment, which may be applied both to overdue bills and current bills, depending on the risk classification assigned to the customer.

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

(iii) Liquidity risk

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

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

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

Rating agency	National scale (Brazil)	Global scale
Standard & Poor's	brAAA / Stable	BBB- / Stable
Fitch Ratings	AAA(bra) / Stable	BBB / Stable
Moody's	Aa1.br / Stable	Baa3 / Stable

Localiza is assigned an investment grade by three rating agencies, Standard & Poor's, Fitch Ratings and Moody's.

The analysis of the undiscounted consolidated contractual cash flows of loans, financing and debentures, using the interest rate contracted for each transaction and a SELIC rate of 11.57% as of December 31, 2014, is as follows:

	Consolidated							
	2015	2016	2017	2018	2019	2020	2021	Total
Debentures - 4th issue	43,844	63,429	102,040	-	-	-	-	**209,313**
Debentures - 5th issue	62,982	297,329	265,689	-	-	-	-	**626,000**
Debentures - 6th issue	36,431	66,821	62,868	149,096	134,728	-	-	**449,944**
Debentures - 7th issue	62,102	135,313	125,724	115,996	106,844	121,927	109,306	**777,212**
Debentures - 8th Issue	61,043	61,878	61,372	61,119	307,400	296,829	-	**849,641**
NCC - Commercial Credit Note	12,369	12,001	30,978	35,592	58,421	-	-	**149,361**
Swap Localiza	(2,002)	(2,747)	-	-	-	-	-	**(4,749)**
Leases	227,691	135,912	2,162	-	-	-	-	**365,765**
Foreign currency loans/with swap	53,672	49,161	44,506	-	-	-	-	**147,339**
Real Estate Bank Credit Notes - new headquarters/ with swap	20,503	20,586	20,587	20,504	67,069	105,645	48,973	**303,867**
Total	**578,635**	**839,683**	**715,926**	**382,307**	**674,462**	**524,401**	**158,279**	**3,873,693**

(b) Capital management

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

The Company's management continuously monitors capital management, adjusting its capital structure to the economic conditions.
The Company is subject to external capital requirements, according to covenants relating to its debenture issues that require the maintenance of certain financial ratios, see note 12(a).

(i) Debt ratio

Capital is monitored based on the Company's debt ratio, which corresponds to the net debt divided by equity. Net debt, in turn, is defined by the Company as short and long-term debt less cash and cash equivalents. The Company's overall capital management strategy has remained unchanged over the last two years.

The table below provides the Company's debt ratios as of December 31, 2014 and 2013:

	Consolidated	
	12/31/14	12/31/13
Short and long-term indebtedness (note 12)	2,712,466	2,343,539
Cash and cash equivalents (note 4)	(1,390,189)	(1,010,740)
Net debt	**1,322,277**	**1,332,799**
Shareholders' equity	1,655,504	1,341,208
Debt ratio	**0.80**	**0.99**
Value of the fleet (*)	**3,296,347**	**2,797,911**
Net debt / value of the fleet	**0.40**	**0.48**

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

(c) Fair value of the financial instruments

In transactions involving financial instruments, differences were identified between the carrying amounts and the fair values of loans, financing and debentures, as these instruments have extended payment terms and differentiated costs in relation to the rates practiced for similar contracts at the reporting dates.

The summary of the fair values of the swap transactions is as follows.

	Level 2 (*)
Swap fixed (classified in loans and financing) note 12(b) (iv)	4,749
U.S. dollar swap (classified in loans and financing) letter (d) (i)	74,976
Referential Rate (TR) swap (classified in loans and financing) letter (d) (ii)	(778)
	78,947

(*) The fair values were calculated based on models that use observable inputs and assumptions about future interest rates, among other applicable variables, by the counterparty financial institutions in the respective transactions. The Company makes a reasonableness analysis of the calculations presented by these financial institutions by comparing them with similar calculations made by other parties for the same applicable period. There are no financial instruments measured at fair value in levels 1 and 3.

The table below shows the financial liabilities measured at fair value in the Company's balance sheet as of December 31, 2014 and the categories of the data related to the respective liabilities.

The carrying amounts and fair values of loans, financing and debentures are calculated based on models that use observable inputs and assumptions about future interest rates, among other variables. The rates used are obtained from financial institutions for transactions with similar conditions or based on market information, when available. Fair values are calculated by projecting the future flows of transactions based on the projection of the interest rate curves, discounted to present value utilizing indicative data on prices and benchmark rates available in the market or based on payment conditions in the case of early optional redemption established in the debenture deed of each issue. Estimated fair values are as follows:

	Parent company				Consolidated			
	Carrying amount		Fair value		Carrying amount		Fair value	
	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13
Financial liabilities - other financial liabilities:								
Loans, financing and debentures	2,133,129	2,096,871	2,145,689	2,112,509	2,712,466	2,343,539	2,722,463	2,361,215
Swap transactions	79,725	81,485	77,709	93,263	78,947	86,935	76,931	93,263

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

(d) Derivatives

(i) US dollar x Reais

As of December 31, 2014, the Company was party to a swap transaction (plain vanilla) for purposes of protection against the respective foreign loan, which was entered into with a major financial institution.

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

				Parent company and Consolidated				
						12/31/14		
				Rates		Notional amount		(Payable)/ receivable
Swap transaction	Contract date	Maturity	Counterparty	Assets	Liabilities	R$ thousand	US$ thousand	R$ thousand
US dollar x Reais	11/16/11	8/16/17	Bank of America	US dollar exchange variation + coupon of 1.60% p.a. + LIBOR 3M	102.5% of the CDI rate	123,000	75,000	74,976

(ii) Referential Rate (TR) x CDI

As of December 31, 2014, the Company was party to a swap transaction (plain vanilla) for purposes of protection against the respective CCBI (Real Estate Bank Credit note) loan, which was entered into with a major financial institution.

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

				Parent company and Consolidated			
					12/31/14		
				Rates		Notional amount	(Payable)/ receivable
Swap transaction	Contract date	Maturity	Counterparty	Assets	Liabilities	R$ thousand	R$ thousand
Referential Rate (TR) x CDI	6/25/14	6/15/21	Itaú Unibanco	TR variation + coupon of 9.5% p.a.	98.8% of the CDI variation	190,000	(778)

The amounts payable/receivable are presented together with the balances of the respective loans (note 12).

(iii) CDI X Fixed rate

Fleet rental contracts vary from 24 to 36 months and include an annual adjustment clause based on the inflation rate. As the rental contracts cannot be adjusted based on the basic interest rate variation, Localiza Fleet contracted swap operations exchanging the CDI rate for a fixed rate in order to protect itself from the risk of losing profitability on rental contracts and maintain its competitiveness. See details of the transactions in note 12 (b) (iv).

23. FINANCE LEASES

On December 31, 2014, the Company had finance leases as follows:

(i) Cars

The wholly-owned subsidiary Localiza Fleet owns 14,560 fleet cars acquired under finance leases. These cars were accounted for as part of its property and equipment and are depreciated at an average rate of 12.4% per year. The contracts have a 24-month term as from the delivery of the asset, a purchase option of the asset at the end of the lease term, incur interest at the CDI rate plus a spread from 1.63% p.a. to 1.77% p.a., and in, the event of fixed rates, from 9.33% p.a. to 14.74% p.a. The guaranteed net residual value will be paid after the end of the lease term.

The net book values by category of asset acquired under finance leases are as follows:

	Parent company		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Property and equipment				
Cars	-	-	465,168	215,468
Aircraft	-	3,922	-	3,922
Hardware	5,051	3,741	5,051	3,741
Total property and equipment	**5,051**	**7,663**	**470,219**	**223,131**
Intangible assets				
Software	530	491	530	491
Total property and equipment and intangible assets	**5,581**	**8,154**	**470,749**	**223,622**

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

Certain covenants similar to those set forth in the fourth issue of debentures apply to these transactions, except for the financial ratios, which are not applicable to these transactions.

24. RENTAL COMMITMENTS

(a) Property rentals

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

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

In the year ended December 31, 2014, these rental expenses totaled R$ 120,528 (R$ 107,455 as of December 31, 2013).

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

Years	Concessions in airports	Downtown branches, stores and parking lots	Total
2015	22,335	81,398	103,733
2016	15,411	71,196	86,607
2017	11,800	58,932	70,732
2018	8,316	48,650	56,966
2019	4,826	35,109	39,935
2020 and onwards	16,386	91,214	107,600
Total	**79,074**	**386,499**	**465,573**

(b) Minimum guaranteed revenue from fleet rental

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

Years	Revenue
2015	405,424
2016	233,650
2017	89,140
2018	5,886
Total	**734,100**

25. PENSION PLAN

Since August 2011, the Company has had a Pension Plan to supplement official social security benefits. This plan is established as a "defined contribution" and is managed by a major independent pension fund manager. There are no actuarial and investment risks to be assumed by the Company as its sponsor. Consequently, no actuarial valuation is required and there is no possibility of recognizing actuarial gains or losses.

As of December 31, 2014, contributions made by the Company totaled R$ 2,177 in the parent company and R$ 3,344 in the consolidated financial statements, which were allocated to "Cost", "Selling expenses" and "General, administrative and other expenses" in the income statement.

26. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for disclosure by the Executive Board on March 18, 2015.

MANAGEMENT'S STATEMENT ON THE FINANCIAL STATEMENTS

STATEMENT

The CEO, CFO and Investor Relations Officer and other Statutory Executive Officers of Localiza Rent a Car S.A. ("Localiza"), a publicly-held company headquartered at Avenida Bernardo Monteiro, 1563, Corporate Taxpayer No. 16.670.085/0001-55, in conformity with subsection VI, article 25 of CVM Instruction 480, of December 7, 2009, hereby declare that they have:

i. reviewed, discussed and approved Localiza's financial statements for the year ended December 31, 2014.

Belo Horizonte, March 18, 2015.

Eugênio Pacelli Mattar
CEO

Roberto Antônio Mendes
CFO and Investor Relations Officer

Eugênia Maria Rafael de Oliveira
Statutory Executive Officer

Marco Antônio Martins Guimarães
Statutory Executive Officer

Bruno Moreira de Andrade
Statutory Executive Officer

Edmar Vidigal Paiva
Statutory Executive Officer

MANAGEMENT'S STATEMENT ON THE INDEPENDENT AUDITOR'S REPORT

STATEMENT

The CEO, CFO and Investor Relations Officer and other Statutory Executive Officers of Localiza Rent a Car S.A. ("Localiza"), a publicly-held company headquartered at Avenida Bernardo Monteiro, 1563, Corporate Taxpayer No. 16.670.085/0001-55, in conformity with subsection V, article 25 of CVM Instruction 480, of December 7, 2009, hereby declare that they have:

i. reviewed, discussed and agreed with the opinions expressed in the Independent Auditor's Report of PricewaterhouseCoopers Auditores Independentes on Localiza's financial statements for the year ended December 31, 2014.

Belo Horizonte, March 18, 2015.

Eugênio Pacelli Mattar
CEO

Roberto Antônio Mendes
CFO and Investor Relations Officer

Eugênia Maria Rafael de Oliveira
Statutory Executive Officer

Marco Antônio Martins Guimarães
Statutory Executive Officer

Bruno Moreira de Andrade
Statutory Executive Officer

Edmar Vidigal Paiva
Statutory Executive Officer

SUMMARY OF THE MINUTES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE HELD ON MARCH 18, 2015 AT 3PM IN THE COMPANY'S HEADQUARTERS

LOCALIZA RENT A CAR S.A.
Publicly-held Company
Corporate Taxpayer's ID (CNPJ) 16.670.085/0001-55
Corporate Registry ID (NIRE) 3130001144-5

Attendance: The following members attended the meeting: Oscar de Paula Bernardes Neto, Coordenador, Flávio Brandão Resende and Walmir Bolgheroni, Partner of Deloitte Touche Tohmatsu Auditores Independentes and accounting advisory of the Committee. Stefano Bonfiglio participated on the meeting through conference call. Invited participants: Salim Mattar, Chairman of the Board of Directors and Roberto Mendes, CFO and IRO.

Matters discussed and Committee's manifestation:

1. The Management Report for the year of 2014 was appraised and supported by the committee.

2. The Committee apprised and supported: i) Financial statements for the years ended December 31, 2014 and 2013 in accordance with the International Financial Reporting Standards and in accordance with accounting practices adopted in Brazil; and ii) Independent auditor's report without qualifications

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

The full minutes of the Audit and Risk Management Committee held on March 18, 2015 is filed in the Company's headquarters.

Edmar Vidigal Paiva
Secretary of the Audit and Risk Management Committee

PROPOSED CAPITAL BUDGET

The Company did not disclose any capital budget.


Localiza