

FRAS-LE'S SHAREHOLDERS' AGREEMENT

By this particular instrument, the below-qualified parties:

(I) RANDON S.A. IMPLEMENTOS E PARTICIPAÇÕES, a publicly-held company with headquarters on Abramo Randon Ave, 770, in Caxias do Sul, RS, enrolled with the General Taxpayers' Registry under no. (CNPJ/MF) under no. 89.086.144/0001-16, herein represented pursuant to its Bylaws, and hereinafter referred to as "Randon";

(II) JOSÉ MARIA PEDROSA GOMES, Brazilian, unmarried, engineer, enrolled with the Private Taxpayers' Registry under no. 005.477.518-34, resident and domiciled in the city of São Paulo, SP, hereinafter referred to as "Gomes";

(III) ERINO TONON, Brazilian, married, a mechanical engineer, enrolled with the Private Taxpayers' Registry under no. 057.383.420-20, resident and domiciled in the city of Caxias do Sul, RS, hereinafter referred to as "Tonon";

(IV) OTTOMAR VONTOBEL, Brazilian, married, businessman, enrolled with the Private Taxpayers' Registry under no. 007.843.200-63, resident and domiciled in the city of Porto Alegre, RS, hereinafter referred to as "Vontobel";

(V) NORIO SUZAKI, Japanese, a widower, retired, enrolled with the Private Taxpayers' Registry under no. 056.348.498-53, resident and domiciled in the city of São Paulo, SP, hereinafter referred to as "Suzaki";

(VI) DRAMD PARTICIPAÇÕES E ADMINISTRAÇÃO LTDA., a private limited company headquartered on Paulista Ave, 1294, 8th floor, in the city of São Paulo, SP, enrolled with the General Taxpayers' Registry (CNPJ/MF) under no. 94.800.018/0001-11, herein represented pursuant to its Articles of Association, hereinafter referred to as "DRAMD";

The above-qualified parties are hereinafter referred to, collectively, as "Shareholders" or "Parties", or individually and indistinctly as "Shareholder" or "Party";

And, as Consenting Intervening Party:

(VII) FRAS-LE S.A., a publicly-traded company headquartered on Rodovia RS 122, km 66, no. 10.945, in the city of Caxias do Sul, RS, enrolled with the General Taxpayers' Registry under no. 88.610.126/0001-29, herein represented pursuant to its Bylaws, and hereinafter referred to as "Company".

WHEREAS:

(i) Randon is the holder of 35,162,772 (thirty-five million, one hundred and sixty two thousand, seven hundred and seventy-two) common shares and 11,136,067 (eleven million, one hundred and thirty-six thousand and sixty-seven) preferred shares issued by the Company, representing 53.14% (fifty-three comma fourteen percent) of the common shares and 30.76% (thirty comma seventy-six per cent) of the preferred shares issued by the Company;

(ii)Gomes is the holder of 1,524,774 (one million, five hundred and twenty-four thousand, seven hundred and seventy-four) preferred shares issued by the Company;

(iii)Tonon is the holder of 852,490 (eight hundred and fifty-two thousand, four hundred and ninety) preferred shares issued by the Company;

(iv)Vontobel is the holder of 700,000 (seven hundred thousand) preferred shares issued by the Company;

(v)Suzaki is the holder of 576,600 (five hundred and seventy-six thousand and six hundred) referred shares issued by the Company;

(vi)DRAMD is the holder of 181,500 (one hundred and eighty-one thousand and five hundred) preferred shares issued by the Company;

(vii) The Company intends to convert all of its preferred shares into common shares, issued at a rate of 1 (one) common share per preferred share ("conversion"), within a period of 90 (ninety) days from the date of signing of this Agreement and subject to approval at the Extraordinary General Meeting;

(viii)Each of the Parties has already expressed to the other Parties its intention of voting in favor of the conversion at its Extraordinary General Meeting and Preferred Shareholders` Meeting of the Company, which is expected to take place within 90 (ninety) days from the date of signing of this Agreement, with which the Shareholders commit and agree;

(ix)The Company holds 2,400,000 (two million, four hundred thousand) preferred shares of its own issuance, currently held as Treasury Shares ("Treasury Shares");

(x)The Company is considering to cancel the Treasury shares ("Cancellation");

(xi) Following such conversion and cancellation, Randon`s participation in the Company`s voting-right shares will be diluted, and will then hold common shares representing 46.27% (forty-six point twenty-seven percent) of the voting share capital of the Company;

(xii) Gomes, Tonon, Vontobel, Suzaki and DRAMD would like to make such conversion feasible and be bound by this Agreement referring 3,835,364 (three million, eight hundred and thirty-five thousand, three hundred and sixty-four) preferred shares issued by the Company, representing the sum of all of their shares held in the capital of the Company ("Tied Shares"), which will be converted into common shares at Conversion time, so as to preserve the current control position by an absolute majority of Randon in the Company.

Therefore, the Parties agree to sign this Shareholders` Agreement of Fras-le S.A. ("Agreement") pursuant to Art. 118 of the Corporate Law, which shall be governed by the following terms and conditions:

CLAUSE 1 – CAPITAL STOCK AND SHARES TIED TO THE AGREEMENT

1.1. Composition of the Capital Stock of the company. On this date, the capital of the Company consists of 102,381,000 (one hundred and two million, three hundred and eighty-one thousand) shares, of which 66,174,350 (sixty-six million, one hundred and seventy-four thousand, three hundred and fifty) are common shares and 36,206,650 (thirty-six million, two hundred and six thousand, six hundred and fifty) are preferred shares, all registered and uncertificated. The preferred shares issued by the Company will be converted into common shares upon their conversion.

1.1. Shares Tied to the Agreement. The following shares will remain tied to this Agreement: **(a)** all of the common and preferred shares issued by the Company, either currently held by Randon or which may be held by Randon during the term of this Agreement; and **(b)** 3,835,364 (three million, eight hundred and thirty-five thousand, three hundred and sixty-four) preferred shares issued by the Company held by Gomes, Tonon, Vontobel, Suzaki and DRAMD (to be converted into common shares upon Conversion`s completion).

1.1. Shares` Ownership and No Encumbrances. Each of the Shareholders declares: (i) to be the holder and legitimate owner of his/her share of the Tied Shares, as described above; (ii) that the Tied Shares are free and clear of any liens; and (iii) that there is no any proceeding or lawsuit, either relating to arbitration or administrative, which may, in any way, directly or indirectly, affect or restrict the free exercise of rights and prerogatives inherent to their Tied Shares.

CLAUSE 2 - EXERCISE OF VOTING RIGHTS AND SHARE CONTROL OF THE COMPANY

2.1. By signing this agreement, the holders of the Tied Shares undertake to vote at the General Meetings of the Company, in strict conformity with voting instructions by Randon, with respect to any and all matters, including mandate and granting of specific powers to Randon, if necessary, so as to make this commitment feasible.

2.1.1. Randon`s voting instructions shall be informed by it, in writing, to the other Shareholders on 48-hour (forty-eight) notice, prior to the respective General Meeting, or else Shareholders will be released from their obligation to vote in line with Randon`s instructions.

2.1.2. An electronic mail will suffice to formalize the immediately preceding item above. Such electronic mail shall be sent to the electronic address of the Shareholders registered with the Investor Relations Department of the Company.

2.1. By signing this Agreement, the exercise of the voting rights of the Tied Shares will be bound to the provisions herein contained, such that the absolute shareholding control of the Company remains being exercised exclusively by Randon.

2.2. Randon shall hold the holders of the Tied Shares harmless, defend and protect them, keeping them free from any liability with respect to any and all liabilities, charges, losses, claims, liens, damages, lawsuits or proceedings, charges, fines, penalties, infractions (collectively, "Claims"), as well as from costs and expenses resulting in defending the Claims, including, but not limited to, court costs, bonds, attorneys' fees and experts' fees incurred or paid by the other Shareholders as a result

of the exercise, under the conditions laid down in this Agreement, of the voting rights of the Tied Shares which may cause any loss and/or damage to any third party or to the Company.

CLAUSE 3 – ASSIGNMENT OF THE TIED SHARES

3.1. None of the holders of the Tied Shares may assign their ownership of the Tied Shares, in any form, without the prior written consent of Randon ("Assignment"), and shall inform Randon, when requesting for approval on a possible assignment, the amount and payment conditions of the shares to be assigned.

3.2. In addition to the right of vetoing such assignment, Randon has the preemptive right to purchase the shares under the Assignment Request.

3.3. Within 3 (three) days from the date of receipt of the request mentioned in Clause 3.1. above, Randon shall send, by a written notice, a reply informing if (i) it does not approve the Assignment; (ii) if it approves the Assignment; or (iii) if it will exercise its preemptive right to purchase the Assigned Shares. If no reply is sent by Randon within the mentioned term, it will be tacitly implied by the Parties that the Assignment has not been approved.

3.4. If case Randon approves the Assignment, the third purchaser shall expressly abide by this Agreement with no restrictions and shall comply, in writing, unconditionally and unreservedly, with the obligations under this Agreement.

CLAUSE 4 – LIEN ON THE TIED SHARES

4.1. Liens on the Tied Shares. The Shareholders holding the Tied Shares may not create any liens or guarantee, either directly or indirectly, on part or on all the Tied Shares held by them without the express prior written approval of Randon. The granting of liens on the Tied Shares in violation of this Clause shall be deemed void and of no effect. This restriction extends to rent or to an option to buy or sell the Tied Shares.

4.2. Liens in Disagreement of this Agreement. Liens granted on the Tied Shares in disagreement with the provisions of this Agreement will not be valid and the Company shall refrain from registering them.

CLAUSE 5 – TERM

5.1. This Agreement will become effective on this date ("Date of Signature").

5.2. This Agreement shall remain in force until the occurrence of any of the events below:

(i) if the Conversion is not performed within 120 (one hundred and twenty) days from the Date of Signature, in its final term;

(ii) if Randon purchases, following the Conversion, the ownership of common shares issued by the Company, resulting in an increase of its stake in the voting capital of the Company, such that it ensures to the Company the uninterrupted exercise of the shareholding control of the Company as a result of its absolute majority of total voting rights;

(iii) if the period of 5 (five) years elapses from the Date of Signature and Randon has not been able to recover its stake in the voting capital of the Company, as described in the item above. Additionally, after 2 (two) years from the Date of Signature, the Shareholders holding the Tied Shares are authorized to reduce their respective stakes in the Tied Shares at the rate of 15% (fifteen per cent) every period of 6 (six) months, until their bond with the Company ends at the end of the 5-year Term;

5.1. Irrespective of the above provisions, this Agreement may be unilaterally terminated by Randon at any time by written notice to the other Shareholders. The effects of such termination will be immediate from the receipt of the notice.

CLAUSE 6 – NOTICES

6.1. Except for the above-referred voting instructions by Randon, all other notifications or communications concerning this Agreement shall be in writing and delivered by hand (upon Protocol), by registered mail, by courier service (upon acknowledgement of receipt). For the holders of the Tied Shares, notifications shall be forwarded to their respective addresses, as recorded in the Investor Relations Department of the Company.

CLAUSE 7 – GENERAL PROVISIONS

7.1. This Agreement contains the entire understanding of the Parties and supersedes all prior agreements and understandings among the Parties with respect thereto;

7.2. The obligations contained in this Agreement are assumed by the Parties irrevocably and irreversibly;

7.3. This Agreement is binding on the Parties and their successors in any title. Successors who may become part of this Agreement shall likewise comply with all provisions contained herein.

7.4. This Agreement, or the rights and obligations deriving therefrom, cannot be the object of assignment or subrogation, either in whole or in part, by either Party, without the prior written consent of the other Party.

7.5. If one of the Parties tolerates any infringement concerning any provision of this Agreement, or fails to require performance by the other party of any provision of this Agreement, this does not mean that such Party has released the other Party from its obligations under this Agreement, or that such provision has been cancelled, such waiver not constituting a waiver of any succeeding breach of the obligations under this Agreement, or a waiver of its rights, which may be exercised at any time.

7.6. Any change in this Agreement will be valid only upon a written instrument signed by the Parties, which will become an integral part of this Agreement in the form of an amendment.

7.7. The unenforceability or invalidity of any clause or provision of this Agreement shall not affect the enforceability or validity of the remaining clauses and provisions, except if, from the combination of their provisions, it results that the will of the Parties would not have been that of entering into this Agreement without the unenforceable or invalid provisions.

7.8. The Shareholders acknowledge that the award of punitive damages, although being due and ascertained in accordance with the law, shall not be appropriate or sufficient repair to the breach of the obligations under this Agreement, and any Shareholder may judicially require compliance with the specific legal obligation in default through jurisdictional provision, in the form of Article 118 and its paragraphs of the Corporate Law, and of Articles 461 and 632 of the Code of Civil Procedure.

7.9. This Agreement and any subsequent amendments shall be filed at the Company's headquarters and registered in competent registry, concerning the Parties and Third Parties` compulsory compliance.

CLÁUSE 9 - APPLICABLE LAW AND COURT

9.1. This Agreement shall be governed by and construed in accordance with the laws of the Federative Republic of Brazil.

9.2. It is elected the Court of the District of Caxias do Sul, RS, excluding its choice of law rules, to resolve any disputes arising out of this Agreement.

And being thus agreed and contracted, the Parties have executed this Agreement in 3 (three) equal counterparts, before the undersigned witnesses.

Caxias do Sul, November 12, 2013.

((The rest of this page has been left intentionally blank. Signatures have been appended in the following page.)

(This page is an integral part of Fras-le`s Shareholders` Agreement signed on November 12, 2013)

RANDON S.A. IMPLEMENTOS E PARTICIPAÇÕES

Alexandre Randon
Vice-President Director

Geraldo Santa Catharina
Investor Relations Director

JOSÉ MARIA PEDROSA GOMES

ERINO TONON

OTTOMAR VONTOBEL

NORIO SUZAKI

DRAMD PARTICIPAÇÕES E ADMINISTRAÇÃO LTDA.

Raul Anselmo Randon
President Director

Nilva Therezinha Randon
Vice-President Director

FRAS-LE S.A.

Daniel Raul Randon
CEO and Investor Relations Director

Rogério Luiz Ragazzon
Director

Witnesses:

1. _____
Name:
ID:
Private Taxpayer`s Registry (CPF):

2. _____
Name: Claudia Onzi Ide
ID: 7035603564-SSP/RS
CPF (Private T. Registry): 456.089.030-72