



RANDON S.A. Implementos e Participações

CNPJ 89.086.144/0001-16

Publicly-Traded Company

MATERIAL FACT

Merger of Controlled Company

Randon S.A. Implementos e Participações ("Company"), a publicly-traded company with headquarters on Abramo Randon Ave, no. 770, Interlagos District, in the city of Caxias do Sul, RS, in compliance with the CVM Instruction No. 319, of December 3, 1999, and CVM Instruction 358, of January 3, 2002, informs its shareholders, other members of the securities market and the public in general that it has signed the preliminary documents required for the incorporation of the controlled company Suspensys Sistemas Automotivos Ltda. ("Suspensys").

The Proposal of the Executive Board to carry out the incorporation of Suspensys by the Company ("Incorporation") has been analyzed by the Board of Directors on this date, which has expressed its opinion in favor of such incorporation and has decided to convene an Extraordinary General Meeting ("EGM") at 9:00 am, on December 31, 2013, to discuss the matter. The Audit Board has also given its opinion in favor of the operation.

Prior to the incorporation, the Company had acquired a representative share of the capital stock of Suspensys from a third party shareholder, corresponding to 0.001%, thus remaining as the only partner, that is, holder of 100% of the share capital of Suspensys. Considering the savings of resources that this operation will bring, it seems appropriate to unify both legal entities, which has been recommended to be done through incorporation, which will result in the extinction of Suspensys as a legal entity of its own, with Randon becoming its successor of all rights and obligations.

The Incorporation will not bring any damage to the operations, which will continue with the same quality level, nor will bring any loss to shareholders, employees, creditors and customers, whose rights will be fully ensured.

The Incorporation will involve two companies belonging to the same economic group. The main reasons for it is convergence of social interests and redefining of the corporate structures of the companies involved so as to streamline social operations and reduce administrative and operating costs, seeking, as a result, economic, fiscal and financial benefits, among others.

Our cost estimate to implement the incorporation is approximately R\$ 2.500.000,00, which will be used to cover expenses related to technical professionals, employees and third parties, operational, consultancy and advisory services, including customization of the ERP system of the Company, as well as registration and publications of corporate acts.

On the other hand, the incorporation will bring annual cumulative gains around R\$ 1.500.000,00, as a result of the synergy from unifying the two units, both commercially (no more invoicing between two associated companies) and tax wise, in addition to the simplification in personnel structure.

Randon is also studying other positive effects, including tax considerations, such as the existence of goodwill to be amortized, whose detailed information will be announced in due course.

Corporate acts that have preceded the operation: (i) Protocol and Justification of Incorporation of Suspensys Sistemas Automotivos Ltda. by Randon S.A. Implementos e Participações; (ii) Executive Board's Proposal and respective Meeting minutes; (iii) Meeting Minutes of the Board of Directors; and, (iv) Meeting Minutes of the Audit Board with their opinion.

There will be no exchange between the quotas of Suspensys and the shares of Randon. The capital of Randon will not be increased either, since Randon has the ownership of the entire capital stock of Suspensys (the net equity of Suspensys will be compensated by a same-value amount from the investment account of Randon), without requiring any change in the By-Laws of Randon.

Also taking into account that the entire capital of Suspensys is owned solely by the Company, this means that (i) there will be no minority shareholders in Suspensys with protected rights (inapplicability of the withdrawal right); and (ii) the preparation of Appraisal Report of the net equity of both Companies at market price will not be required, as provided for in Article 264, of Law 6,404/76, and item VI of Paragraph 1 of Article 2 of CVM Instruction 319/99.

There are no composition of liabilities and contingent assets (that have not been recorded in accounting) to be assumed by the Incorporator as the legal successor of the incorporated party and risk factors were not detected.

The net equity of Suspensys was evaluated using the criterion of book equity value based on its balance sheet ended November 30, 2013, by the specialized company Deloitte Touche Tohmatsu Auditores Independentes, and the changes in assets to take place between the date of the Incorporation-balance and the effective date of Incorporation shall be the responsibility of Randon. The company responsible for the assessment stated that there is no conflict or communion of interests, either directly or indirectly, nor any other circumstance that represents a conflict of interest in relation to the services provided.

This operation is not subject to the approval of regulatory authorities or of Brazilian and foreign competition defense, as it consists of a mere question of corporate reorganization, without any market implications that would require control.



All the conditions under this operation are highlighted in this statement. There are no, at the moment, any specific corporate events that the Incorporator intends to promote.

The Executive Board`s Proposal; the minutes of the meetings held by the Executive Board, Board of Directors and Audit Board; the Justification and Protocol of Incorporation; the Appraisal Report; and the Notice of Call to the EGM Meeting are available at the headquarters of the Company and on the pages of the World Wide Web, www.randon.com.br/rj, of the Brazilian Securities Commission (CVM), www.cvm.gov.br and of BM&FBOVESPA S.A. Bolsa de Valores, Mercadorias e Futuros www.bmfbovespa.com.br

Caxias do Sul, December 13, 2013.

Geraldo Santa Catharina
Investor Relations Director