

**Protocol and Justification of Incorporation of Suspensys Sistemas Automotivos Ltda. by
Randon S.A. Implementos e Participações**

This private instrument is signed by the administrators of the companies below, henceforth qualified and, which will be referred to as "Companies" when mentioned together.

RANDON S.A. IMPLEMENTOS E PARTICIPAÇÕES ("Randon"), a joint-stock company and publicly-traded company with headquarters on Abramo Randon Ave, no. 770, Interlagos District, CEP (ZIP CODE) 95055-010, Caxias do Sul (RS), enrolled with the General Taxpayers` Registry (CNPJ) under no. 89.086.144/0001-16, with their constitutive acts filed at the Board of Trade of the State of Rio Grande do Sul, NIRE 43300032680, hereby represented in the form of its Bylaws, by its Chief Executive Officer, **David Abramo Randon**, a Brazilian citizen, married, mechanical engineer, resident in São Paulo (SP), enrolled with the Private Taxpayers` Registry (CPF/MF) no. 277.049.120-20 and bearer of Identity Card RG no. 7001742126-SJS/RS; and, by its Director, **Geraldo Santa Catharina**, a Brazilian citizen, married, business administrator, resident and domiciled in Caxias do Sul (RS), enrolled with the private Taxpayers` Manager (CPF/MF) under no. 327.305.350-04, bearer of Identity Card RG no. 1009723501-SSP/RS; and,

SUSPENSYS SISTEMAS AUTOMOTIVOS LTDA. ("Suspensys"), a limited liability company with headquarters on Abramo Randon Ave, 1262, Interlagos District, CEP (ZIP CODE) 95055-010, in Caxias do Sul (RS), enrolled with the General Taxpayers` Registry (CNPJ) under no. 10.523.280/0001-76, with its constitutive acts filed at the Board of Trade of the State of Rio Grande do Sul, NIRE 43203253154, hereby represented by its Executive Director, **Alexandre Dorival Gazzi**, a Brazilian citizen, married, mechanical engineer, resident and domiciled in Caxias do Sul (RS), enrolled with the Private Taxpayers` Registry (CPF) under no. 198.611.760-04, bearer of Identity Card RG under no. 2000769162-SSP/RS; and its Commercial Director, **Everton Marcelo Kuver**, a Brazilian citizen, married, mechanical engineer, resident and domiciled in Caxias do Sul (RS), enrolled with the Private Taxpayers` Registry (CPF) under no. CPF/MF no. 456.931.450-34, bearer of Identity Card RG no. 1049474826-SSP/RS;

Whereas the administrators of the Companies have come to the conclusion that the integration of the activities that are currently developed by Randon and Suspensys will optimize their respective operations and provide them with greater synergy;

Whereas that the more efficient structure resulting from the integration of the activities of Randon and Suspensys will be the incorporation of Suspensys`s net assets by Randon ("Incorporation"), with the consequent extinction of Suspensys;

Whereas that Randon holds, on this date, 99.999% of the capital stock of Suspensys and, by the date of Incorporation, Randon will be the holder of 100% of the quotas representing the capital of Suspensys;

They have decided to sign, pursuant to the Law, this Protocol and Justification of Incorporation ("Protocol"), whose objective is to establish, in accordance with Articles 224, 225 and 227 of Law no. 6,404, of December 15, 1976, as amended ("LSA") and supplementary legislation, the conditions of the incorporation, which will be timely

submitted for deliberation of Randon's shareholders and Suspensys` partners.

1 - Justification

The incorporation of Suspensys by Randon is part of the corporate reorganization process of the Companies and will bring advantages to Randon, Suspensys and to all shareholders of Randon, resulting in greater synergy between the Companies and, therefore, providing financial, tax and operational benefits.

The Incorporation will also provide the Companies with a higher operating, administrative and financial efficiency, reducing operating costs for Suspensys.

The operation will not result in any damage to their business and operations, will not interfere with the continuity of their business (which will continue with the same level of quality) and will not incur in any damage to shareholders, employees, creditors and customers, whose rights will be fully ensured.

2-Conditions Prior to Incorporation

Prior to Incorporation, Randon will acquire, at the equity book value effective on November 30, 2013, corresponding to R\$ 3.029,00, the only quota of the capital of Suspensys, corresponding to 0.001% of the total capital stock, owned by Dramd Participações e Administração Ltda., a limited liability company, with headquarters on Paulista Avenue no. 1,294, 8th floor, CEP (Zip Code) 01310-100, in São Paulo (SP), enrolled with the General Taxpayers` Registry (CNPJ/MF) under no. 94.800.018/0001-11, which will withdraw itself from it, as per Private Agreement of Purchase and Sale of Quotas of Suspensys, signed on this date, resulting in Randon becoming the sole partner, holder of 100% of the capital of Suspensys.

3-Objectives of the Incorporation

The Incorporation will produce the extinction of Suspensys and succession, by Randon, of all their rights and obligations. As a result of the Incorporation, the capital stock of Randon will not be increased, since the totality of shares representing the capital stock of Suspensys is held by Randon.

4 – Approval of the Incorporation

The incorporation shall be submitted to the deliberation of Randon's shareholders and Suspensys` partners at the Extraordinary General Meeting and Meeting of Partners, , respectively, in compliance with the applicable legislation.

5 – Capital Stock and Net Equity of the Companies

On that date, (i) the capital stock of Suspensys, fully paid-up and subscribed, is R\$ 228.000,000,00, represented by 100,000 quotas, without par value; and, (ii) the capital stock of Randon, fully subscribed and paid, is \$\$ 730.000.000,00, represented by 243,785,452 shares, of which 81,888,294 are common shares and 161,897,158 are preferred shares, all registered, book-entry shares with no par value.

On November 30, 2013, the net equity shown in the financial statements of the same date is of (i) R\$ 302.914,197,66 in Suspensys and (ii) R\$ 1.278,766,909,54 in Randon.

6 – Appraisal

For the purposes of the herein Incorporation, the company **Deloitte Touche Tohmatsu Auditores Independentes** was hired, a civil society based in the city of São Paulo, Capital, at Rua Alexandre Dumas 1981, registered in the Regional Accounting Council of the State of São Paulo under no. 2SP011609/O-8, enrolled with the General Taxpayers` Registry (CNPJ/MF) under no. 49.928.567/0001-11, with its consolidated articles of association registered in the *3º Cartório de Registro Civil das Pessoas Jurídicas de São Paulo* (3rd Civil Register Office of Legal Persons of Sao Paulo) on December 28, 1977, and subsequent alterations registered in the same Register, the last one of which being registered under No. 661130, on September 30, 2013, as a specialized company ("Specialized Company") to appraise the net assets of Suspensys to be transferred to Randon as a result of the Incorporation, prepared and based on the audited financial statements of Suspensys on November 30, 2013 ("Base Date"), whose calculation resulted in the total value of R\$ 302,914,197,66 ("Appraisal Report").

The appointment and hiring of the Specialized Company, as well as the content of the Appraisal Report, shall be ratified and approved by the shareholders of Randon in an Extraordinary General Meeting, and also deliberated by the Partners of Suspensys, as indicated on item 4 of this Protocol.

The Specialized Company stated that (i) in accordance with the professional standards established by *Conselho Federal de Contabilidade* (CFC) (Federal Accounting Council), it has no knowledge of any conflict of interest, either direct or indirect, nor of any other circumstance representing a conflict of interest in connection with the services that have been provided, which are described above; and, (ii) it is not aware of any action by the controlling party or by the administrators of the Company intending to guide, limit, obstruct or perform any acts that have or may have compromised the access, use or knowledge of information, goods, documents or working methodologies that are relevant to the quality of their conclusions.

Taking into account that the entire capital of Suspensys is owned exclusively by Randon, this implies, therefore (i) that there are no minority shareholders in Suspensys with protected rights (inapplicability of the withdrawal right); and, (ii) there is no need to prepare an appraisal report of the net assets of the Companies at market price, 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.

7 – No Capital Increase and Changes in the Bylaws of Randon

No change in the By-Laws of Randon will be required, since: (i) the capital stock of Randon will not be increased, nor new shares will be issued, on the grounds that the entire capital of Suspensys is fully held by Randon; and, (ii) the activities foreseen in the corporate purpose of Suspensys are included in the corporate purpose of Randon, when describing the industry, trade, import and export of mechanical devices, equipment, machinery, parts, parts and components, related to the field of motor vehicles and towed vehicles, for the transport of materials, as well as in the branch of roadway and railway equipment.

8 – Property Consequences on Randon from Incorporation Procedure

In compliance with the provisions of Article 224, item III of LSA, the appraisal criteria of the net assets of Suspensys, for the purposes of the incorporation, will be the book value of its assets and liabilities, as determined in the Appraisal Report.

The net equity value of Randon will not undergo any changes as a result of the Incorporation, since the capital of Suspensys is held entirely by Randon, nor there will be any exchange between the quotas of Suspensys and the shares of Randon, and the net equity of Suspensys will be compensated by a same-value amount from the investment account of Randon.

Equity variations of Suspensys following the Base-Date will be properly recorded in its books, and its respective balances will be shown on the balance sheet of Randon after Incorporation is approved.

9-Succession and Measures following Incorporation

Randon will receive the totality of the assets and liabilities of Suspensys, thus succeeding seamless it in all its rights and obligations and fully assuming its net assets, including its debts.

Following the incorporation, the headquarters of Suspensys and its respective branches shall be succeeded by Randon`s subsidiaries, opened and located in the same addresses, as shown in Attachment I to this Protocol.

The administrators of Randon shall take the necessary measures to:

- (a) file, with the Board of Trade of the State of Rio Grande do Sul, the disclosure and publication of the acts relating to the Incorporation.
- (b) legalize the property registries of Suspensys described in Attachment II, thus recording the transfer of ownership to Randon on the grounds of the Incorporation, pursuant to paragraphs 2 and 3 of Article 98, of the LSA, and Article 64 of the Law No. 8.934, of November 18, 1994.
- (c) transfer the ownership of all other assets and rights to Randon, including, without limitation, vehicles, trademarks and patents, before the competent authorities.
- (d) transfer all Suspensys` employees, so that their contracts of employment do not suffer any interruption.
- (e) update or write-off all records/registrations of Suspensys, so as to reflect the referred Incorporation.

10 – General Provisions

The Incorporation will not be submitted to *Sistema Brasileiro de Defesa da Concorrência* (SBDC) (Brazilian Competition Defense System), since it is not an act of concentration in the form provided for in the applicable legislation, merely consisting of a corporate reorganization.

The 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.

Considering all the elements above, which include all the requirements laid down in Articles 224 and 224 of the LSA, the administrators of the Companies, who are the signatories of this Protocol, understand that the operation meets the interests of the Companies, reason for which they recommend its implementation.

And, for being thus agreed and contracted, they sign this Protocol in six counterparts of equal content and form, for its legal effects, before the witnesses below.

Caxias do Sul, December 12, 2013.

Randon S.A. Implementos e Participações

David Abramo Randon
CEO

Geraldo Santa Catharina
Director

Suspensys Sistemas Automotivos Ltda.

Alexandre Dorival Gazzi
Executive Director

Everton Marcelo Kuver
Commercial Director

Witnesses:

Claudia Onzi Ide
RG 7035603534-SSP/RS

Eduardo Frederico Willrich
RG 1075567279-SSP/RS

Attachment I to Protocol – Lists of Establishments/Addresses

Nº	Suspensys	Randon
01	Head Office: Av. Abramo Randon, no. 1262, Bairro Interlagos, CEP 95055-010, Caxias do Sul, RS, CNPJ 10.523.280/0001-76.	Branch: Av. Abramo Randon, nº 1262, Anexo B, Bairro Interlagos, CEP 95055-010, Caxias do Sul, RS, CNPJ 89.086.144/0006-20.
02	Branch: Av. Adolfo Randazzo, nº 10, Pavilhão 02, Sala 02, Bairro Santa Fé, CEP 94046-800, Caxias do Sul, RS, CNPJ 10.523.280/0005-08.	Branch: Av. Adolfo Randazzo, nº 10, Pavilhão 02, Sala 04, Bairro Santa Fé, CEP 94046-800, Caxias do Sul, RS, CNPJ 90.852.914/0002-54.
03	Branch: Rua Engenheiro Alan da Costa Batista, nº 100, entre as colunas W14 e V14, Pedra Selada, CEP 27511-970, Resende, RJ, CNPJ 10.523.280/0007-61.	Branch: Rua Engenheiro Alan da Costa Batista, nº 100, entre as colunas W14 e V14, Anexo A, Pedra Selada, CEP 27511-970, Resende, RJ, CNPJ 89.086.144/0008-92.
04	Branch: Rua Projetada, nº 715, Polo Industrial, CEP 27511-970, Resende, RJ, CNPJ 10.523.280/0008-42.	Branch: Rua Projetada, nº 715, Anexo A, Polo Industrial, CEP 27511-970, Resende, RJ, CNPJ 89.086.144/0009-73.

Attachment II to Protocol - Properties

1) An URBAN PLOT, consisting of Lot 07, in Block no. 2587, originating from the breaking-up of part of the old lot 07 and agglutination of lot 11, both in Block 2587, and part of Lot 02, in Block 2663, located in the City of Caxias do Sul, with front facing Abramo Randon Ave, on the odd side, distant 26,00 meters from the corner formed by João Meneghini Street, in the block formed by the referred streets and Francisco Paglioli and Ângelo de Carli streets, which also face and border blocks numbers 2579, 2583, 2663 and 2672, formerly a block formed by Abramo Randon Ave, João Meneghini St, Ângelo de Carli St. and boundary of blocks, 2579 2583, 2663 and 2672, containing an industrial building in masonry, with one floor of building area of 21,527.93m², located on Abramo Randon Ave., number 1,262, the plot having an area of 68,852.02 m², with the following measurements and boundaries: on the North, by three lines, being the first of 52,00 m, with lot number 03, owned by Alfredo Tatto, lots numbers 05 and 06, owned by Rudimar Nicoletto; the second one of 26,00 m, with Ângelo de Carli St; and the third one of 374,11 m, bordering block 2672; on South by two lines, the first of 347, 13 m with Abramo Randon Ave, and second one of 100, 74 m with lot number 02 in Block 2663, owned by *Castertech Fundação e Tecnologia Ltda.*; on the East by two lines, the first one of 102,11 m and the second one of 103.76, both bordering lot number 02, Block 2663, owned by *Castertech Fundação e Tecnologia Ltda.*; and on the West, by three lines, the first one of 27,80 m, bordering lot no. 09, owned by *Randon S.A. Implementos e Participações*, the second one of 27,80 m, bordering lot no. 06, owned by Rudimar Nicoletto, and the third one of 149, 54 m, bordering the streets Ângelo de Carli, Francisco Paglioli and boundary of blocks numbers 2583 and 2579.

REGISTRY: Registration No. 129,612, sheet 01, Book 2 – *Serviço Registral de Imóveis – 1a. Zona* (Property Register Office) - Caxias do Sul-RJ.

2) An URBAN PLOT described as area A, with 39,996,000 m², facing Projetada Street (derived from the breaking-up of the area measuring 110,000,00 m², named Piquete 6 and 8), in the urban area of the Municipality of Resende, measuring 144,801 m, facing Projetada St; 145, 221m in the back part, bordering the area V2 of *Porto Real Empreendimentos Imobiliários Transportes Ltda.*, 277, 480m on the left side, bordering the remaining area of Fazenda Piquete; and 274,22 m on the right side, bordering Area B. Registry Reference: 25.3.08.01.09.000.

REGISTRY: Registration 36.178 – Sheet 01 – Book no. 2 – General Register – *Cartório do 2º Ofício do Serviço Notarial e Registral de Resende* (Notary's Office) – RJ.

OCCUPANCY PERMIT: improvement with total area of 22,233,65 m², as per Occupancy Permit No. 345/2013, issued by *Secretaria de Obras da Prefeitura Municipal de Resende* on July 25, 2013.

3) an URBAN PLOT described as Area B, measuring 30,008,00 m², facing Projetada St (derived from the breaking-up of the area measuring 110,000,00 m², named Piquete 6 and 8), in the urban area of the Municipality of Resende, measuring 109,93 m, facing Projetada St; 109,93 m in the back part, bordering the area V2 of *Porto Real Empreendimentos Imobiliários Transportes Ltda.*; 274,22 m on the left side, bordering Area A; and, 271,740 m on the right side, bordering Area C. Registry Reference: 25.3.08.01.10.000.

REGISTRY: Registration 36.179 – Sheet 01 – Book no. 2 – General Register - *Cartório do 2º Ofício do Serviço Notarial e Registral de Resende* (Notary's Office) – RJ.

OCCUPANCY PERMIT: improvement with total area of 11.299,39m² as per Occupancy Permit no. 346/2013, issued by *Secretaria de Obras da Prefeitura Municipal de Resende*, on July 25, 2013.