
SHAREHOLDERS` AGREEMENT

Entered into

RANDON S.A. IMPLEMENTOS E PARTICIPAÇÕES

AND

GIF V PIPE FUNDO DE INVESTIMENTO EM PARTICIPAÇÕES

And, also as the Intervening Party , FRAS-LE S.A.

Caxias do Sul, April 25, 2016

SHAREHOLDERS` AGREEMENT

This private instrument is entered between:

- I. RANDON S.A. IMPLEMENTOS E PARTICIPAÇÕES,, a Publicly-Traded Company headquartered in the City of Caxias do Sul, State of Rio Grande do Sul, on Avenida Abramo Randon, 770, enrolled with the General Taxpayers` Registry ("CNPJ/MF") under no. 89.086.144/0011-98, herein represented pursuant the terms of its By-laws ("Randon");
- II. GIF V PIPE FUNDO DE INVESTIMENTO EM PARTICIPAÇÕES an equity investment fund organized and existing pursuant to the Securities and Exchange Commission instruction No. 391, of July 16, 2003 and to the subsequent amendments (ICVM No. 391"), enrolled with the General Taxpayers` Registry (CNPJ/MF) under no. 21.081.731/0001-89, herein represented by its management company GÁVEA INVESTIMENTOS LTDA., a limited liability company with headquarters in Rio de Janeiro, State of Rio de Janeiro, on Avenida Ataulfo de Paiva 1100, 7° floor, enrolled with the General Taxpayers` Registry (CNPJ/MF) under no. 05.669.128/0001-66, herein represented pursuant to its Articles of Association ("GIF").

And, as an intervening consenting party:

- III. FRAS-LE S.A., a publicly-traded company headquartered in the City of Caxias do Sul, State of Rio Grande do Sul, on Rodovia RS 122, km 66, no. 10.945, enrolled under the General Taxpayers` Registry (CNPJ/MF) under no. 88.610.126/0001-29, herein represented pursuant to the terms of its By-Laws ("Company").

(Randon and GIF, also jointly referred to as "Shareholders" and individually as "Shareholder" and the Shareholders and the Company, also jointly referred to as "Parties" and individually as "Party").

The Shareholders agree, pursuant to the provisions of Article 118, of the Law No. 6404, dated December 15, 1976, as amended (Brazilian Corporation Law) to sign this Shareholders` Agreement, hereinafter simply referred to "Agreement", not only agreeing and committing themselves to bind to it but also causing their heirs, successors and assignees to bind to it as well, being such Shareholders Agreement governed by the terms and conditions below:

1. DEFINITION

- 1.1. Definitions. Without affecting the other expressions defined throughout this Agreement, the following terms, when starting with a capital letter, will have the meanings defined below. applying to both their singular and plural forms:

"Shareholder" or "Shareholders" will have the meaning ascribed to it in the Preamble.

“Outstanding Shares”; means all shares issued by the Company, except for the shares held by the shareholder or group of shareholders holding the Shareholding Control of the Company, by persons linked thereto, by the administrators of the Company and those in Treasury.

“Bound Shares”: has the meaning ascribed to it in Clause 2;

“Investment Agreement”; means the Investment Agreement signed between the Shareholders and the Company on April 8, 2016;

“Affiliate Company”: means, with respect to any person or investment fund, any other person or investment fund that is directly or indirectly, a controlling company, controlled company, or company under common control.

“Transfer of Shares” means disposition of, sale, transfer, exchange, donation, assignment, capital divestiture, constitution of liens, collateral, right or lien of any nature and/or in-depth analysis of all remedies, chattel mortgage, usufruct or trust, disposition, cancellation or replacement of Bound Shares, in any way, directly or indirectly, free-of-charge or against payment, or any other act or legal business resulting in the direct or indirect transfer of ownership and/or rights relating to the Bound Shares, including, but not limited to, those performed by merger, spin-off or consolidation, as well as through exchange of shares or quotas.

“BM&FBOVESPA” means BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros.

“Code of Civil Procedure” means the Law no. 13105, of March 12, 2015.

“Committee of Related Parties” has the meaning ascribed thereto in Clause 4.4.

“Company” has the meaning ascribed thereto in the preamble.

“Conflict” has the meaning ascribed thereto in Clause 15.2.

“Control” and “Controlled Company”: has the meaning ascribed to it in articles 116 and 243 of the Brazilian Corporation Law.

“CVM” means Comissão de Valores Mobiliários (Brazilian Securities Commission).

“GIF” has the meaning ascribed thereto in the preamble.

“ICVM no. 391” has the meaning ascribed thereto in the preamble.

“Qualified Public Offering” has the meaning ascribed thereto in Clause 10.1.2.

“Corporation Law” has the meaning ascribed thereto in the preamble;

“Budget” has the meaning ascribed thereto in Clause 5.1.1.

“Party” or “Parties” has the meaning ascribed thereto in the preamble.

“Related Party” means (i) the natural persons or legal entities who/which hold, directly or indirectly, a stake in the capital stock of the Company and/or Subsidiaries; (ii) the spouse and/or any ascendant, descendant or collateral up to the third degree of the natural persons referred to in subsection “i”; (iii) any company in which the people mentioned in items “i” and/or “ii” exercise control or have,

directly or indirectly, equity interest exceeding 10% (ten percent) of the capital stock; and (iv) any company in which the people mentioned in items “i” and/or “ii” work as employee, manager, administrator, consultant, service provider or as independent contractor.

"Concerned Parties" has the meaning ascribed thereto in Clause 15.2.

"Equity Security" means any share issued by a joint-stock company, any quota issued by a limited liability company, any securities or securities convertible into or exchangeable for shares and/or quotas, as well as any interests in other types of companies, consortia, investment funds and associations of any kind.

"Business Plan" has the meaning ascribed thereto in Clause 5.

"Randon" has the meaning ascribed to it in the preamble.

"Regulation" has the meaning ascribed thereto in Clause 15.2.1.

"Subsidiaries" means any and all companies in which the Company holds or will hold, in any capacity, Equity Securities.

2. EXERCISE OF THE VOTING RIGHT AND BOUND SHARES

- 2.1. Exercise of the Voting Right. The Shareholders hereby agree to (a) exercise their voting rights in the shareholders general meetings of the Company; (b) determine that the Company will vote in all its general meetings and shareholders` meetings of its Subsidiaries; as well as (b) instruct and determine that their respective representatives in the management bodies of the Company and its Subsidiaries will act in all cases, always in accordance with the provisions of this Agreement.
- 2.2. Bound Shares. This Agreement binds (a) the Parties; and (b) any Person who is part of a voting or shareholders` agreement in relation to the Company with Randon or any of its affiliates ("Bound Shares"), in relation to any and all common or preferred shares, or to other securities or securities convertible into or exchangeable for shares of the Company (and their resulting shares) of their ownership, on this date or thereafter subscribed and/or acquired by such Related Parties in any capacity, including but not limited to, as a result of purchase, subscription, splits, distribution of bonuses and dividends with payment in goods, or that will be held by any of the Related Parties as a result of mergers (also of shares), consolidation, spin-offs or other corporate restructuring or as a result of the exercise of call options, subscription bonuses, or securities convertible into or exchangeable for, as well as all rights and prerogatives inherent thereto (Bound Shares"). For the purposes of this Clause, "Bound Shares" will also include equity securities subscribed, acquired, with bonus, exchanged, including those issued by other companies to replace the Bound Shares.
- 2.3. Binding of Subsidiaries. Shareholders hereby agree and acknowledge that the purpose of this Agreement is to govern their relationship, as shareholders of the Company and its Subsidiaries, directly and indirectly. Thus, all provisions of this Agreement shall be applied mutatis mutandis to the Subsidiaries of the Company and, consequently, the shares and/or quotas representing its capital, which will also

be considered “Bound Shares” for all purposes of this Agreement.

3. SHAREHOLDERS’ VOTING RIGHT

3.1. GIF’s Right of Veto in Matters Subject to the General Meeting. Pursuant to the procedures set out in Clause 4.4 below, before any of the matters listed below are submitted to a vote by the General Meeting, Randon shall send an Prior Notice to GIF, according to Clause 4.4 below, and GIF will have the right to veto them, according to the terms of Clause 4.5 below.

- (i) substantial changes in the Company's corporate purpose that change significantly its main activity or any changes in the Company's corporate purpose which will allow the development, by the Company, of any of the restricted activities listed in Attachment I to this Agreement;
- (ii) any consolidation, spin-off or merger, of shares included, or any form of corporate restructuring involving the Company and/or its Subsidiaries;
- (iii) dissolution, liquidation and closing or termination of the Company and/or its Subsidiaries, election of liquidators, judgment/audit of its accounts, termination of the state of liquidation of the Company and/or its Subsidiaries, as well as authorization for administrators to confess bankruptcy or require judicial or extrajudicial recovery of the Company or any of its Subsidiaries;
- (iv) increase or reduction of the capital stock of the Company and/or its Subsidiaries, either with or without the issuance of new shares;
- (v) issue of subscription bonus or securities convertible into shares issued by the Company and/or by its Subsidiaries, creation of new classes/types of shares issued by the Company and/or by its Subsidiaries,
- (vi) changes in the rights, preferences, advantages and conditions of redemption or amortization of the shares issued by the Company;
- (vii) redemption, repurchase or amortization of the shares by the Company, in compliance with the Law;
- (viii) creation, amendment or cancellation of stock-based compensation plans issued by the Company and/or by its Subsidiaries to officials or members of the Board of Directors or of the Executive Board of the Company or its Subsidiaries;
- (ix) Declaration of dividends, interest on own capital or any proceeds, of any nature, to any book heading, provided that, when added to other declarations of dividends, interest on own capital, and any proceeds of any nature, to any book heading, approved within the same fiscal period, they exceed 40% (forty percent) of the distributable net income determined by the Company in the immediately-preceding fiscal year; and;
- (x) Approval for the withdrawal of the Company from the special listing segment of BM&FBOVESPA..

4. BOARD OF DIRECTORS AND COMMITTEE OF RELATED PARTIES

- 4.1. Composition of the Board of Directors. While Randon, its Affiliates and/or any Person who is part of an agreement to vote or of a shareholders ' agreement with Randon or any of its Affiliates with respect to the Company, control the company, Randon shall exercise its voting rights at the General Meeting of the Company to elect 1 (one) member of the Board of Directors, appointed by GIF.
- 4.2. Replacement of the Member of the Board of Directors appointed by GIF. GIF may, at any time, request Randon to remove a member of the Board of Directors that has been appointed by GIF, as well as to elect the member to replace him/her, due to the resignation or vacancy of the position, pursuant to this Agreement, upon prior notification to Randon. Up to 5 (five) days from the date of receipt of the notification, Randon will summon the General Meeting or meeting of the Board of Directors (as applicable) to resolve on the dismissal of that Member and election of the new Board of Directors member.
- 4.3. GIF's Right of Veto in Matters subject to the Meeting of the Board of Directors. In compliance with the procedures established in Clause 4.4 below, before any of the matters listed below are submitted to the vote by the Board of Directors of the Company, Randon shall send a Prior Notice to GIF, under Clause 4.4 below, and GIF shall have the right to veto them, under Clause 4.5 below.
- (i) Approval of the Business Plan and the Budget, as well as their possible amendments;
 - (ii) Acquisition, sale, or transfer of any asset or right of the Company or of its Subsidiaries involving, in one or more related operations, an amount exceeding R\$ 30,000,000 (thirty million Reais);
 - (iii) Any transaction involving the acquisition, encumbrance and disposal of any interest in any other society, the acquisition, by the Company or by any of its Subsidiaries, of its own shares/quotas or other securities and investments in new businesses or the establishment of any partnership, joint venture or association with third parties;
 - (iv) Signing, by the Company or by Subsidiaries, of one or more related operations, whose principal amount or exposure value exceeds R\$ 50,000,000 (Fifty million Reais), concerning (i) financial contracts including the opening of credit lines, loans, financing, leasing, compror, vendor and discount of receivables, promissory notes, commercial non-convertible debentures or other debt securities or (ii) derivative transactions, as well as the grant or creation of guarantees;
 - (v) Approval of public distribution offering of securities issued by the Company and/or by its Subsidiaries;
 - (vi) Approval of capital increases by the Company and/or its Subsidiaries within the limit of authorized capital, as well as the establishment of the issue price of the shares in compliance with the provisions of this Agreement and of the Brazilian Corporation Law;
 - (vii) Issuance or cancellation of compensation plans based on the shares of the Company and/or its Subsidiaries, within the framework of plans duly approved by the General

Meeting;

- (viii) Transactions with Related Parties by the Company or any of its Subsidiaries, except for those described in Clause 4.5.1 below;
 - (ix) Voluntary granting, by the Company or any of its Subsidiaries, of any collateral, real or surety, to guarantee obligations of third parties that are not Controlled Companies of the Company, excluding seizures or constrictions performed against the will or control of the Company;
 - (x) Declaration of dividends, interest on own capital or any proceeds of any nature, to the account of any book heading, provided that, when added to the other declarations of dividends, interest on own capital, and any proceeds of any nature, to any book heading, approved within the same fiscal period, they exceed 40% (Forty percent) of the distributable net income determined by the Company in the immediately-preceding fiscal year; and;
 - (xi) Any matter related to the cancellation of the Company`s registration as a publicly-held company; and
 - (xii) Decide the Company`s vote in any General Meeting or partners` meeting/Assembly, or meetings of the management bodies of the Subsidiaries, provided that and only if related to the matters contained in this Clause 4.3 or, as the case may be, the list in Clause 3.1 above.
- 4.4. Prior Notice. Randon shall, upon prior notice in writing, inform GIF on (i) its intention to submit any of the matters contained in Clauses 3.1. and 4.3 to the General Meeting or Board of Directors and (ii) its intention to vote in the General Meeting or in the Board of Directors` meeting with respect to such matters, upon a notice at least 30 (thirty) business days prior to the respective General Meeting or 15 (fifteen) working days prior to the respective Board of Directors` meeting (“Prior Notice”). The Prior Notice shall contain all relevant information required for the decision-making process by GIF and GIF shall have the right to request clarification or additional meetings with the representatives of Randon and/or the Board of Directors of the Company, which shall be promptly fulfilled by Randon and/or by the Company, in order to facilitate decision-making by GIF on the subject to be deliberated.
- 4.5. Exercise of Veto Power. The veto mentioned in Clauses 3.1. and 4.3 will be expressed in writing by GIF, at least 2 (two) business days before the respective General Meeting or Board of Directors` meeting, indicating the reasons for the veto (“Veto Notice”). If GIF sends the Veto Communication, manifesting its veto to any of the matters in Clauses 3.1 and 4.5 above, Randon shall (a) in the case of the resolutions in the General Meeting, remove them from the vote matters or vote for their rejection, choosing between such actions in its sole discretion, or (b) or in the case of the deliberations by the Board of Directors, determine that such matters be removed from the voting agenda or rejected by the Board of Directors members voting for it. If GIF has not sent the Veto Communication within the time limit established in this clause, the object matter of the Prior Notice shall be removed from the agenda for further discussion.

- 4.5.1. All communications provided for in Clauses 4.4. and 4.5 above shall be sent, with a copy, to the Investor Relations Director of the Company.
- 4.6. Related-Parties Committee. The Parties undertake to establish a related-parties committee to operate permanently and with an advisory character, consisting of 3 (three) members, elected for a term matching the term of office of the members of the Board of Directors, which shall analyze the transactions between the Related Parties (including the renewal of those already existing on the date of signature of this Agreement, even if these latter have the same terms and conditions) , including its terms and conditions, and make recommendations to the Board of Directors (“Related-Parties Committee”). The duties of the Related-Parties Committee will be established in greater detail by the board of directors and formalized by means of the internal regulations of the Related-Parties Committee. The Related-Parties Committee shall meet every quarter, preferably on the same date of the Board of Directors` meeting, and extraordinarily whenever it is requested by the board of directors. GIF shall have the right to appoint 1 (one) member to be part of the Related-Parties Committee. If the member appointed by GIF is not present at any meeting of the Related-Parties Committee, the chairman of the meeting shall cancel the meeting and summon it to a new date.
- 4.6.2. The transactions between the Related Parties, whose object is only the purchase and/or sale of goods, will only be submitted to the Related-Parties Committee if they involve an amount equal to or greater than R\$ 20.000.000,00 (twenty million Reais) per transaction or contract, or the sum of similar transactions and contracts within a period of 12 (twelve) months. Although a given transaction between Related Parties, whose object is the purchase and sale of goods, does not exceed the amount established in this Clause, such transaction shall always be carried out under market conditions and shall be informed to the Related-Parties Committee at the time of its signing.
- 4.7. Other Committees. GIF will always have the right to appoint at least 1 (one) member to integrate any other advisory committees of the Board of Directors, already existing or to be created.
- 4.8. Insurance for Administrators (D&O). The Company shall have in force, throughout the term of this Agreement, an insurance policy for the benefit of the members of the Board of Directors of the Company, under customary terms and conditions, against any and all damages (including fines, penalties, expenses, interest, monetary correction, reasonable attorneys' fees, court costs, losses or pecuniary responsibilities or convertible into money), which may be incurred by such beneficiaries for being members of the Company`s and its Controlled Companies` management. In this regards, GIF agrees and accepts that the insurance policy no. 108,434,293 taken on by Randon with Chubb do Brazil Cia. De Seguros, currently in force, meets the requirements of this Clause.

5. BUSINESS PLAN AND BUDGET

- 5.1. The company will have a business plan that will contain the company's strategy and

financial projections, as well as investments to be made by the company and by each of the Subsidiaries, in annual amounts for the 5 (five) next years (“Business Plan”). The Shareholders will cause the Business Plan to be carried out by the Company and by its Subsidiaries and their respective administrators. The Business Plan and its reviews shall be approved by the Board of Directors, which shall update it annually.

5.1.1. In addition to the Business Plan, it will be approved by the Board of Directors of the Company an annual budget, on a monthly basis, which shall be fulfilled and implemented by the Company and its officers (“Budget”);

5.1.2. The Parties acknowledge and agree that the Business Plan and the Budget are based on projections, intentions and proposals, whose compliance will be subject to macroeconomic conditions, market and factors outside the control of the Company. In this sense, any temporary failures, specific adaptations or adjustments resulting from changes in the assumptions and circumstances, on which the Business Plan and/or Budget were based, will not be considered as non-compliance with the provisions of this Agreement.

6. HIRING OF THE COMPANY CONTROL TRANSFER

6.1. The Company's Bylaws will be changed in accordance with the provisions of Clause 11.1, to provide that the Transfer of Control of the Company, both by means of a single operation, or by means of successive operations, can only be contracted under the condition, either suspensive or resolute, that the Acquirer shall have to make a public offering in order to buy the shares from the other shareholders of the Company while following the conditions and time limits laid down in the current legislation and in the regulation of special listing segment, if applicable, in order to assure equal treatment to that given to the Selling Controlling Shareholder. Such public offering will be required: (i) when there is any assignment for consideration of stock subscription rights and other titles or rights related to securities convertible into shares, which will result in the transfer of control of the Company; or (ii) in the event of the Transfer of Control of the Company holding the controlling power of the Company, and, in this case, the Selling Controlling Shareholder shall be obliged to declare to BM&FBOVESPA the value assigned to the Company in this disposal/transfer, as well as attach documentation attesting to this value.

6.1.1. The By-Laws of the Company must also provide that one who acquiring the Controlling Power of the Company, on the grounds of a private share purchase agreement entered into with the Controlling Shareholder, involving any amount of shares, will be required to: (i) conduct the public offering referred to in Clause 6.1 above; and (ii) pay in the terms following below an amount equivalent to the difference between the public offering price and the amount paid per share eventually acquired on the stock exchange in the 6 (six) months prior to the date of acquisition of the Controlling Power, duly

updated. Such an amount shall be distributed among all people who sold shares of the Company in the trading sessions in which the Acquirer made the acquisitions, in proportion to the daily net sales balance of each one, being up to BM&FBOVESPA operationalize the distribution according to tis regulations.

- 6.1.2. Solely for the purposes of this Clause 6, (i) “Controlling Shareholder” means the controlling shareholder(s) who, alone or together, exercise the Controlling Power of the Company; (ii) “Selling Controlling Shareholder” means the Controlling Shareholder when it promotes the Transfer of Control of the Company; (iii) “Controlling Shares” means the block of shares that ensures, directly or indirectly, to its holder (s), the individual and/or shared exercise of the Controlling Power of the Company; (iv) “Acquirer” means the one to whom the Selling Controlling Shareholders transfer the Controlling Shares in a Transfer of Control of the Company; (v) “Transfer of Control of the Company” means the transfer to third parties, for consideration, of the Controlling Shares; (vi) “Controlling Power” means the power effectively used to direct the corporate activities and guide the functioning of the bodies of the Company, directly or indirectly, in fact or in law, regardless of the equity interest held, noticing that there is relative presumption of control ownership in relation to the person or Group of Shareholders holding shares which have secured an absolute majority of votes of the shareholders participating in the 3 (three) last general meetings of the Company, even if it does not hold shares securing them the absolute majority of the voting capital.

7. SALE /TRANSFER OF SHARES

- 7.1. General Principles. Shareholders may freely dispose of their Bound Shares during the term of this Agreement, provided that they comply with the rules below and with the provisions of Clause 10 below. Any Sale of Bound Shares that does not follow the rules laid down in this Clause will be void and ineffective in relation to the Company, to the Shareholders and to any third parties.
- 7.2. Public Sale. Regardless of the provisions of Clause 10 below, at any time the Shareholders may ask the Company's bookkeeping agent to unbind part or all of their Bound Shares and Sell them by means of a Secondary-Distribution Public Offering or in the stock market, or even through an auction (block trade), remaining such shares, however, subject to the terms of this Agreement until the time of their effective Transfer. The release will be automatic and will not require prior approval of the other Shareholder, who shall, nevertheless, be concurrently notified about it as provided by Clause 14.1 below. If such Transfer does not take place within 30 (thirty) days, the Unbound Shares shall be bound again to the bookkeeping agent, and the Company`s Management and said Shareholder shall adopt all necessary measures to this end.
- 7.3. Private Sale by GIF.

- 7.3.1. If the GIF wishes to Sell its Bound Shares privately (i.e., by any means other than a Secondary-Distribution Public Offering or in the stock market, including stock auction (block trade)), the one receiving the Bound Shares, if is so determined under Clause 7.3.3 below, will succeed GIF in all rights and obligations from or relating to this Agreement, through the signing of a term of unconditional acceptance of the terms and conditions of this Agreement.
- 7.3.2. If GIF chooses to Sell to a third party, only part of its Bound Shares, and if it is so determined by Clause 7.3.3 below, such third acquiring party must also sign a term of unconditional acceptance of the terms and conditions of this Agreement, and GIF's rights under this Agreement shall be exercised in conjunction with such acquiring third party (whose interest/stakes in the Company shall be summed in order to ensure that the minimum percentages required by this Agreement, for the exercise of certain rights, has been achieved), in the form to be established by both, even through a shareholders' agreement specific for this purpose, being, however, established that GIF will continue to perform all the interface with Randon under this Agreement, acting as a representative of the third acquiring party.
- 7.3.3. In any case (except for that provided for in Clause 10.1.1), the third acquiring party of GIF's Bound Shares will only have the right to succeed GIF under this Agreement (or share with GIF the rights assigned by means of this Agreement, as applicable), if Randon previously accepts such third acquiring party to enter into the Agreement.
- 7.3.4. It is here expressly provided to GIF the right to, at any time, choose to Sell part or all its Shares privately, regardless of Randon's acceptance, in which case the Bound Shares shall be previously unbound from this Agreement and the third acquiring party will not succeed GIF in its rights and obligations from or relating to this Agreement.

7.4. Private Sale by Randon.

- 7.4.1. In case Randon wishes to Transfer part or all of its Bound Shares privately (i.e., by any means other than a Secondary-Distribution Public Offering or in the stock market, including stock auction (block trade)), the acquirer receiving the Bound Shares shall sign its unconditional acceptance of the terms and conditions of this Agreement, without any restriction, by signing the Term of Acceptance substantially according to the terms of Attachment II of this Agreement;
- 7.4.2. In the event that all Randon's Bound Shares are sold, the third acquiring party will succeed Randon in all rights and obligations from or relating to this Agreement;

7.4.3. In case of the sale of part of Randon`s Bound Shares, the remainder stake owned by Randon will be added to the interest/stake acquired by the third party, and both will respond together for the obligations currently assigned to Randon under this Agreement, being, however, established that Randon will continue to perform all the interface with GIF under this Agreement, acting as the representative of the third acquiring party.

8. TERM

8.1. This agreement is effective as of this date and will remain in force for a period of 10 (ten) years.

8.2. Without prejudice to the foregoing, this Agreement shall be automatically terminated if GIF no longer holds, at any time during its Term, an equity security of at least 5% (five percent) of the Company's capital.

9. SPECIFIC PERFORMANCE AND DEFAULT

9.1. The Shareholders acknowledge that the payment of losses and damages will not be a proper or enough remedy to repair the breach of the obligations laid down in this Agreement, and any Shareholder may judicially require the compliance with specific defaulted legal obligation, through jurisdictional provision, in the form of article 118, *caput* and paragraphs of the Brazilian Corporation Law, as well as of articles 497, 498, 501, and from article 815 to 823 of the Code of Civil Procedure. This Agreement, signed by two witnesses, constitutes an extrajudicial enforcement order, for all purposes and effects of article 784, paragraph III, of the Code of Civil Procedure.

9.2. In the form of article 118 of Brazilian Corporation Law, and without prejudice to the other provisions herein agreed, the President of the General Meeting or of any meeting of the management bodies of the Company shall refrain from registering any decision made in violation of any provisions of this Agreement. In addition, any of the Shareholders shall be entitled to (i) ask the President of the General Meeting or the Chairman of the Board of Directors of the Company to declare the invalidity of the vote cast against the express provision of this Agreement; and/or (ii) judicially demand the annulment of the General Meeting or of the Board of Directors` meeting that has accepted as valid the vote delivered against the express provision of this Agreement.

9.3. It will be considered as defaulting either party failing to comply with any obligation under this Agreement and failing to remedy such breach and fulfilling the obligation failed within 30 (thirty) days after receiving a written notice from the other Shareholder demanding the remediation and fulfillment of the failed obligation within such period of 30 (thirty) days. If either party defaults pursuant to law or this Agreement, the other Shareholder shall have the right to have the specific performance of the defaulted obligation under this Clause and/or to demand the repaired in all the losses and damages it has incurred.

10. PROVISION ON LIQUIDITY

10.1 QUALIFIED PUBLIC OFFERING OR SALE OF A RELEVANT PORTION.

From the 42nd month of the signature of this Agreement, GIF shall have the right, in its sole discretion, to demand the launch of a Qualified Public Offering, for the sale/ disposal of all or part of its Bound Shares, in compliance with the rules below.

10.1.1 From the sixtieth (60th) month of the signature of this Agreement, GIF will have the right, in its sole discretion, to sell all of its stake or portion not inferior to 7.41% (seven integers and 41 hundredths by 100) of the total capital stock (including treasury shares) of the Company to a third acquiring party, which will automatically succeed GIF under this Agreement (or will share with GIF the rights assigned by means of this Agreement, as applicable), provided that such third acquiring party is not (a) a direct competitor of the Company and/or of Randon; or (b) a company Controlled by a direct competitor of the Company and/or of Randon; or (c) a company exercising Control over any direct competitor of the Company and/or of Randon.

10.1.2 in the event contemplated in Clause 10.1 above, the Shareholders undertake to perform all the required acts to (including by means of convening and holding general meetings and meetings of the Board of Directors, as well as by exercising the right to vote, if applicable), make the Company, at any time and from such date on, and within a maximum period of 4 (four) months counted from the date of GIF's request in this regards, approve the holding of the offering and, if applicable, request the registration of a public offering of distribution of shares, according to the term below, as decided by GIF ("Qualified Public Offering").

10.1.3 GIF will select 3 (three) options of institutions to act as leading coordinator of the Qualified Public Offering among the 10 (ten) first-placed institutions in the consolidated ranking of variable income, without related parties of 12 (twelve) months, as disclosed by ANBIMA (Brazilian Association of Financial and Capital Markets), and Randon will choose, necessarily, an institution among the 3 (three) options indicated by GIF to act as the leading coordinator of the Qualified Public Offering.

10.1.4 The Shareholders shall make their best efforts to ensure that the Company will adjust to the rules of the *Novo Mercado of BM&FBOVESPA* and that the Company requires BM&FBOVESPA, up to the date of approval of the Qualified Public Offering, that their shares, currently traded at the Level 1 of the BM&FBOVESPA, will be traded on the *Novo Mercado of BM&FBOVESPA*, after the pricing of the Qualified Public Offering. In case it is not possible to adhere to the Novo Mercado of BM&FBOVESPA, Shareholders shall make their best

efforts to ensure that the Company adjusts to the rules of the Level 2 of BM&FBOVESPA and to the largest possible number of requirements of Novo Mercado of BM&FBOVESPA, as well as that the Company requires BM&FBOVESPA, up to the date of approval of the Qualified Public Offering, that their shares will be traded at the Level 2 of BM&FBOVESPA after pricing the Qualified Public Offering qualified. If it is not possible to migrate to the Novo Mercado and to the listing segment of Level 2 of BM&FBOVESPA, the Company shall remain listed in the segment of Level 1 of BM&FBOVESPA, and Shareholders shall make their best efforts to ensure that the Company adjusts to the largest possible number of requirements provided for in the Novo Mercado Listing Regulations of BM&FBOVESPA.

10.1.5 It shall be ensured to GIF priority in the allocation of its shares issued by the Company, held at the time of the Qualified Public Offering (either the whole or part, at the discretion of GIF) for sale/disposal on the Qualified Public Offering, in a secondary offering. Randon shall take all appropriate measures to ensure that after holding the Qualified Initial Public Offering (IPO), at least 25% (twenty-five percent) of the total capital stock of the Company is considered as Outstanding Shares, as required by the Level I Listing Regulation of BM&FBOVESPA, Level 2 of BM&FBOVESPA or Novo Mercado, as the case may be. For the purposes of implementing the Qualified Public Offering, the Bound Shares to be sold within the Qualified Public Offering will be unbound from this Agreement and blocked for sale at the time of fulfilling the requirements of the request for registration of the Qualified Public Offering (when it is subject to registration) or until the date of the Qualified Public Offering pricing (when it is not subject to registration) (remaining the Shareholders, nevertheless, subject to the terms of this Agreement until the time of their effective Divestment) upon mere notice to the Company and to the bookkeeping agent of the Bound Shares, and without the expression of Randon. The shares that are disposed of/sold in the context of the Public Offer shall no longer be deemed “Bound Shares” for the purposes of this Agreement. If the Qualified Public Offering is not completed, such shares shall be again bound to this Agreement, and the Company's management shall adopt all the required measures to comply with the provisions of this Clause.

10.1.6 Randon shall make its best efforts, and cause the administrators of the Company to make their best efforts to comply with the provisions of this Clause 10.1 and its sub-items.

11. BY-LAWS

11.1. Randon hereby undertakes to perform all required acts to hold an Extraordinary General Meeting of the Company within 30 (thirty) days from this date, in order to (A) approve the election of the member of the Board of Directors of the Company

appointed by GIF, as well as (B) approve the required statutory changes to include (i) in the matters of the competence of the General Meeting of the Company the matters provided for in the items of Clause 3.1 of this Agreement; (ii) in the matters of the competence of the Board of Directors of the Company matters provided for in the items of Clause 4.3 of this Agreement; (iii) the obligation of the Acquirer of the Shareholding Control of the Company to hold a public offering for the acquisition of the shares from the shareholders of the Company, under the conditions laid down in Clause 6 of this Agreement; and (iv) expressly mention the existence of this Agreement. Such above provisions shall reflect in the Company's Bylaws, during the entire period of validity of this Agreement. Any changes to the provisions contained in the Company's Bylaws, which violate the provisions of this Agreement, shall be void, will not be recognized or shall not take effect vis-à-vis the Shareholders or the Company and will be understood as a breach of this Agreement, subjecting the defaulting Shareholder to the legal and contractual penalties applicable.

12. INDEPENDENT AUDITORS

12.1. Independent Auditors. The Company's financial statements shall be audited by one of the following auditing companies: (i) Deloitte Touche Tohmatsu independent auditors; (ii) Ernst & Young Third independent auditors; (iii) KPMG independent auditors; or (iv) PricewaterhouseCoopers Auditores Independentes.

13. FILING AND REGISTRATION

13.1. A copy of this Agreement will be immediately filed at the headquarters of the Company and its subsidiaries in order to be legally effective, as provided by article 118 of the Corporation Law, and the administrators of the Company and its Subsidiaries shall obtain the respective and required authorizations, pursuant to paragraph 1 of that article, as needed to ensure compliance with the provisions of this Agreement. Said registration will be recorded at the margin of the registry of the respective Bound Shares and in the certificates representing such shares, if issued.

14. FINAL DISPOSTIONS

14.1. Notices. Any and all communications to be sent to the Parties under this Agreement shall be delivered in writing and either in person, by means of registered letter (with acknowledgement of receipt), or by mail or respectable courier service to the following addresses:

To Randon:

RANDON S.A. IMPLEMENTOS E PARTICIPAÇÕES
A/C: Geraldo Santa Catharina
Avenida Abramo Randon, 770
Caxias do Sul , RS, Brasil
E-mail: ri@randon.com.br

With copy to:

MATTOS FILHO, VEIGA FILHO, MARREY JR. E
QUIROGA ADVOGADOS

A/C: Jean Marcel Arakawa

Vanessa Fiusa

Alameda Joaquim Eugenio de Lima 447

01403-001, São Paulo, SP

E-mail: jarakawa@mattosfilho.com.br

vfiusa@mattosfilho.com.br

To the Company:

FRAS-LE S.A.

A/C: Ricardo Reimer

Rodovia RS 122, km 66, nº 10.945, Caxias do Sul,

RS, Brasil

E-mail: ri@fras-le.com

To GIF:

GIF V PIPE FUNDO DE INVESTIMENTO EM
PARTICIPAÇÕES

A/C: Gávea Investimentos Ltda.

At: Amaury Bier

Bruno Chamas Alves

Rua Jerônimo da Veiga 384, 11º andar, Itaim Bibi

04536-001, São Paulo, SP, Brasil

E-mail: abier@gaveainvest.com.br

balves@gaveainvest.com.br

with copy to:

PINHEIRO GUIMARÃES - ADVOGADOS

A/C: Francisco José Pinheiro Guimarães

Mauricio Negri Paschoal

Av. Brigadeiro Faria Lima 3064, 14º andar

01451-000, São Paulo, SP

E-mail: fjpg@pinheiroguimaraes.com.br

mpaschoal@pinheiroguimaraes.com.br

14.1.1. The notices delivered in accordance with Clause 14.1 will be deemed effective: (i) when delivered, if delivered in person; and, (ii) at the time they are received, if sent by mail, e-mail or by courier service.

14.1.2. Any contracting party may change the address to which the notification should be sent by written notice to the other Parties of the Agreement, in accordance with Clause 14.1, and, regarding this provision, the notification shall be deemed as have been received only upon acknowledgment of such receipt by all other parties.

- 14.2. The provisions of this Agreement shall prevail over any other agreements, in any form, by the Parties, whether written or oral, including any shareholders' agreement, agreement of partners, voting agreement, or any other contract or agreement related to governance, sharing, or the exercise of any rights attached to the shares or quotas of the Company, or of any Subsidiaries (including voting rights), or that otherwise link, directly or indirectly, the shares or quotas of any of the Companies. Shareholders shall not enter into any other shareholders' agreement(s) whose subject matter is Bound Shares or involving the Company. In the event of a conflict between this Agreement and the Investment Agreement, the provisions of this Agreement shall prevail.
- 14.3. If any provision of this Agreement becomes void or ineffective, the validity or effectiveness of the remaining provisions will not be affected, remaining in full force and effect and, in such a case, the Parties shall enter into negotiations, in good faith, in order to replace the ineffective provision by another which, as much as possible and in a reasonable way, reaches the desired purpose and effects.
- 14.4. This Agreement may be amended only in writing, and such amendments shall be effective upon the signature of both Parties and the Company, in its capacity as intervening party.
- 14.5. In the event of merger, consolidation or spin-off of the Company, the Shareholders agree to establish, prior to such event, a shareholders' agreement of the successor company of the Company, which will contain all the provisions of this Agreement that are applicable. If the Company ceases to exist as a result of its termination, liquidation or any other operation, the company succeeding it will not be considered a Shareholder for the purpose of this Agreement.
- 14.6. This agreement and/or the rights and obligations arising therefrom may not be object of assignment or subrogation, in whole or in part, for any of the Shareholders, without the prior written consent of the other Shareholder, except in accordance with the provisions of Clause 7.3.
- 14.7. The Company's Bylaws and the bylaws and articles of association of the Subsidiaries will follow the provisions of this Agreement. In the event, however, of conflict or divergence between the provisions of this Agreement and the laws and bylaws and articles of association referred above, the provisions of this Agreement shall prevail.
- 14.8. The administrators of the Company and Subsidiaries will receive copy of this Agreement, and their respective terms of office will mention that they are aware of the full text of this Agreement and that they agree to abide by and comply with all its provisions, under the penalties of the law.
- 14.9. This Agreement is entered into an irrevocable way, binding the respective Parties and their respective heirs and successors, in any capacity.
- 14.10. The Company declares to be aware of all the terms and conditions of this Agreement, with which it agrees, expressly and irrevocably.

14.11. The Shareholders and the Company recognize that the Company's bylaws (as well as the bylaws of any successor to the Company of which GIF may participate) shall comply with the provisions of CVM INSTRUCTION No. 391.

15. GOVERNING LAW AND ARBITRATION

15.1. Applicable Law. This Agreement will be governed by the laws of the Federative Republic of Brazil.

15.2. Arbitration. Any dispute, controversy, question, doubt or divergence arising directly or indirectly out of this Agreement, also in regard of its existence, validity, effectiveness, interpretation, performance and/or termination ("Conflict"), involving any of the Parties ("Concerned Parties") will be resolved by arbitration in accordance with the provisions below.

15.2.1. The arbitration shall be instituted and held by the Arbitration Chamber of BM&F BOVESPA Market ("Arbitration Chamber") in accordance with its rules of Arbitration in force at the time of arbitration ("Regulation") and with Law 9.307/96.

15.2.2. The Conflict will be resolved by an Arbitral Tribunal composed of 3 (three) arbitrators, of whom one shall be appointed by the applicant (s) and one by the defendant (s), pursuant to Regulation. The third arbitrator, who shall preside over the Arbitral Tribunal, will be chosen by common agreement between the arbitrators appointed by the Concerned Parties within the time limit established by the Arbitration Chamber. If the Concerned Parties do not appoint their respective arbitrators, or if the arbitrators appointed by the arbitration parties do not appoint the third arbitrator pursuant to Regulation, the lacking appointments will be made by the President of the Arbitration Chamber, pursuant to Regulation;

15.2.3. If there is more than one applicant, they shall all appoint, by common agreement, a sole arbitrator; if there is more than one defendant, they all will appoint, by common agreement, a sole arbitrator. If they fail to reach consensus, the President of the Arbitration Chamber shall indicate all arbitrators, pursuant to the Regulation.

15.2.4. As the consenting-intervening party, the Company will not appoint arbitrators, but will participate in the arbitration proceedings as needed, to ensure that the decisions of the arbitral tribunal can be implemented and enforced.

15.2.5. In the event of arbitration proceedings involving 3 (three) or more parties, which cannot be assembled into blocks of applicants and defendants, all parties shall jointly appoint two arbitrators within 15 (fifteen) days from the receipt, by the parties of the last notification from the Arbitration Chamber in this regard. The third arbitrator, who will act as President of the Arbitral Tribunal, shall be chosen by the arbitrators appointed by the parties within 15 (fifteen) days from the acceptance of the position by the last arbitrator or, if this is not possible for any reason, then the arbitrator shall be chosen by the Arbitration Chamber, pursuant to Regulation. If the parties do not appoint jointly the two arbitrators, all members of

the Arbitral Tribunal shall be appointed by the Arbitration Chamber in accordance with the Regulation, which shall designate one of them to act as President.

- 15.2.6. Any omissions, disputes, doubts and lack of agreement on the appointment of the arbitrators by the Concerned Parties, or on the election of the third arbitrator, shall be settled by the Arbitration Chamber, pursuant to the Regulation.
- 15.2.7. The seat and place of the arbitration shall be the city of Caxias do Sul, State of Rio Grande do Sul, Brazil, and the parties agree that, if they reach mutual agreement, the arbitral proceedings may be carried out in other locations. The language to be used in the arbitral proceedings shall be Portuguese, and the arbitration shall be governed by the rule of law, by applying the rules and principles of the legal system of the Federative Republic of Brazil. Arbitration in equity is prohibited.
- 15.2.8. Before the establishment of the Arbitral Tribunal, any of the Concerned Parties may submit, to the Judiciary, requests for temporary emergency guardianship, and such eventual request shall not affect the existence, validity and effectiveness of the arbitration agreement or the jurisdiction of arbitrators. After the establishment of the Arbitral Tribunal, the requests for temporary emergency guardianship shall be applied to the Arbitral Tribunal, and the arbitrators may review, keep or modify the decisions eventually awarded by the Judiciary before the establishment of the Arbitral Tribunal.
- 15.2.9. Emergency guardianship requests, submitted to the Judiciary, as well as the filing of compliance actions of arbitral award or enforcement actions, when applicable, can be claimed, at the choice of the person concerned, (i) in the region of domicile or place where the assets of any of the parties are located, or (ii) in the District of Caxias do Sul, State of Rio Grande do Sul. For any other legal action allowed by Law. 9.307/96, it is elected the District of Caxias do Sul, State of Rio Grande do Sul.
- 15.2.10. The Arbitral Tribunal shall issue its final award in Brazil within the time limit established pursuant to Regulation.
- 15.2.11. The arbitration awards will be final and binding upon the Concerned Parties and their successors, at any title, being no longer subject to appeal, except for requests for correction and clarification, as provided for in article 30, of Law No. 9.307/96.

- 15.2.12. Before the signing of the arbitration term, the Arbitration Chamber shall have competence to decide on the consolidation (joining) of simultaneous arbitral proceedings, based on this or on any other instrument, pursuant to the Regulation. After the signing of the arbitration term, such competence will be of the arbitral tribunal, which may join simultaneous arbitral proceedings based on this or on any other instrument signed by the parties, provided that (i) such proceedings are related to the same legal relationship; (ii) the arbitration clauses are compatible; and (iii) the consolidation does not result in damage to one of the Concerned Parties. The arbitral tribunal will be the one to have competence for consolidation and its award will be binding on all the parties of the proceeding.
- 15.2.13. Each of the Concerned Parties will bear, without any right to compensation or reimbursement by the opposing Concerned Party, the contractual fees of their respective attorneys.
- 15.2.14. Subject to the foregoing, the arbitral award shall establish the attorneys' fees to be borne by the defeated party and will determine the responsibility for the payment of the arbitrators' fees and costs of the arbitral proceedings, in conformity with the principles of defeat (either total or partial), proportionality and reasonableness.
- 15.2.15. The Parties shall keep confidential any and all information related to the arbitration, even after arbitration proceedings have been finished.

And for being thus agreed and contracted, the Parties sign this Agreement in three (3) counterparts of the same form and content, before the two witnesses below.

Caxias do Sul, April 25, 2016

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(Signatures are in the following pages.)

(

The Shareholders 'Agreement of Fras-Le S.A., signed on April 25, 2016 between Randon S.A. Implementos e Participações and GIF V PIPE Fundo de Investimento em Participações, with Fras-le S.A. as the intervening party.

– Page of Signatures –

RANDON S.A. IMPLEMENTOS E PARTICIPAÇÕES

GIF V PIPE FUNDO DE INVESTIMENTO EM
PARTICIPAÇÕES

FRAS-LE S.A.

Witnesses:

Name:
Id.:
Private Txpayer`s Registry (CPF/MF):

Name:
Id.:
CPF/MF:

ATTACHMENT I
TO THE SHAREHOLDERS` AGREEMENT OF
FRAS-LE S.A.

RESTRICTED ACTIVITIES

- i. Activities considered to be illegal in Brazil, or using techniques, practices or forms of work considered illegal in Brazil;
- ii. Production or trade of any product considered illegal in Brazil, or subject to restrictions or international bans, such as radioactive materials, substances that deplete the ozone layer, Askarel-PCBs (polychlorinated biphenyls) and other specific compounds, asbestos fibers (excluding the purchase and use of asbestos cement boards in which the asbestos content is less than 20%) hazardous pharmaceuticals, pesticides/herbicides or chemicals and wild animals or products regulated under the Convention on International Trade in Species of Wild Flora and Fauna in Danger of Extinction – CITES, weapons, weapons of mass destruction, ammunition or custom components for the production of weapons, or any other product or service that can promote the death of human beings;
- iii. Activities related to the tobacco industry, including the production of products that are an integral part of tobacco products (such as, for example, cigarette papers or flavors for tobacco products), excluding companies whose ancillary revenues arise from the sale or export of tobacco products (such as supermarkets);
- iv. Business related to pornography or related markets;
- v. Production and trade of alcoholic beverages (except beer and wine);
- vi. Fishing using non-sustainable methods (such as fishing with explosives, and derived from fishing net in marine environment);
- vii. Production and trade of timber or other forest products, except for those that are managed in a sustainable way;
- viii. Cross-border trade of waste and residual products, except for those compatible with the Basel Convention and underlying regulations; and
- ix. Activities involving the destruction of areas of environmental preservation.

ATTACHMENT II
TO THE SHAREHOLDERS` AGREEMENT OF
FRAS-LE S.A.

TERM OF ADHESION

[name/title and qualification of the new shareholder], hereby accepts all the terms and conditions of the Shareholders' Agreement signed on April 25, 2016, with respect to the shares of FRAS-LE S.A., a publicly-traded company with headquarters in Caxias do Sul, State of Rio Grande do Sul, Rodovia RS 122 km 66, no. 10945, enrolled with the General Taxpayers` Registry (CNPJ/MF) under no. 88.610.126/0001-29, herein represented in terms of its Bylaws ("Company"), thus agreeing and accepting being subject to all the terms of this Agreement, and also undertaking to comply with all the obligations imposed upon it as a shareholder of the Company and signatory of the Shareholders' Agreement, [as successor of [•] in conjunction with [•]], according to the terms and conditions of such Shareholders` Agreement and other corporate documents in force.

[•], [•] of [•] de [•].

[name /complete title]

Company:

FRAS-LE S.A.

By:

Title: