



RELEASE

1Q14



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**Porto Alegre, May 15, 2014** - Forjas Taurus S.A. (**BM&FBOVESPA: FJTA3, FJTA4**), which operates in the **(i) Defense and Security** industry – as the largest weapons manufacturer in Latin America and one of the largest in the world; and in the **(ii) Metallurgy and Plastics** industry – as a market leader in the production of motorcycle helmets, and also manufactures bullet proof vests, antiriot shields, plastic containers and forged and injected parts (M.I.M – Metal Injection Molding), reports hereby its results for the **1st quarter of 2014 (1Q14)** in comparison with the **4th quarter of 2013 (4Q13)** and the **first quarter of 2013 (1Q13)**. The Company's operating and financial information was consolidated in accordance with International Financial Reporting Standards – IRFS and amounts are expressed in millions of reais, unless otherwise stated.

## HIGHLIGHTS FOR THE 1st QUARTER OF 2014 (1Q14)

- ✓ **Approval of capitalization of the Company in the Extraordinary General Meeting of April 29, 2014**, with capital increase through subscription of shares of up to R\$ 201 million, in the proportion of 1/3rd ON and 2/3rd PN, with partial subscription of at least R\$ 50 million;
- ✓ **Communication to Shareholders disclosed on May 6, 2014** about capital increase of up to R\$ 201 million, through issue of up to 48,528,020 common and 97,056,038 preferred shares, at issue price of R\$1.38 per share. Shareholders trading on stock exchange will still have right of first refusal until May 27, 2014 (cut-off date); the shares will be traded without right of first refusal (ex-subscription) as from May 28, 2014, with 2 apportionments of remaining shares, after exercise of right of first refusal until June 27, 2014;
- ✓ **Approval of the Financial Statements of 2013 and also for 2012**, due to the voluntary restatement thereof in the Common General Meeting/Extraordinary General Meeting of April 30, 2014;
- ✓ **Election of Supervisory Board members** in the Ordinary General Meeting/Extraordinary General Meeting of 04/30/14;
- ✓ **Resignation of Board of Directors member** Fernando José Soares Estima on 04/25/14, determining election of the whole Board since its members were elected by multiple voting (art. 141 of Brazilian Corporation Law);
- ✓ **Obtaining of waiver of accelerated maturity enforcement on 04/30/14** by Banco Itaú Unibanco S.A., related to the total Bank Credit Bill of R\$ 93 million at 03/31/2014. This waiver is granted due to the noncompliance with the covenants related to financial indices at 12/31/13. In view of this, approximately R\$ 49.5 million currently stated under the short term portion will be stated under the long term portion in 2Q14;
- ✓ **Obtaining of waiver of accelerated maturity enforcement on 05/14/14** by Banco Citibank S.A., related to the total Export Credit Bill (NCE) of R\$ 20.3 million at 03/31/2014. This waiver is granted due to the noncompliance with the covenants related to financial indices at 12/31/13. In view of this, approximately R\$ 6.8 million currently stated under the short term portion will be stated under the long term portion in 2Q14;
- ✓ **General Debenture Holders Meeting convened for 06/03/2014** to address non-enforcement of accelerated maturity of 2<sup>nd</sup> issue debentures. Upon obtaining of waiver, considering the position at 03/31/2014, approximately R\$23.1 million will be transferred to long-term portion in 2Q14;



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- ✓ **Settlement of 1<sup>st</sup> series debentures on 04/15/14**, in the amount of R\$15 million;
- ✓ **Working capital stability compared to Dec/13**, of approximately R\$290 million, with 1% decrease in inventories, especially of products in process, which decreased 4%;
- ✓ **Gradual operating improvements**, resulting in increase in sales in the domestic market by 11% compared to 1Q13, both in Brazil and abroad in relation to 4Q13;
- ✓ **Recovery of margins** of helmets compared to 1Q13 and 4Q13;
- ✓ **Decrease in the number of portfolio products** (SKUs) from 5,000 in December/13 to approximately 800 in March/14, with the target of reduction to 400 until the end of 2Q14, focusing on products with higher margins and cost adjustments;
- ✓ **Speeding up the manufacture management process** (implementation of lean manufacturing), hiring a specialized consulting firm;
- ✓ **Consolidated net revenue amounted to R\$ 168.1 million, up 7.7%** compared to R\$ 156.1 million in 4Q13, thanks to an increase in the foreign market, even though there was a 26.5% decrease when compared to 1Q13, explained by the decrease in exports, especially to the USA due to more aggressive operation of competitors (promotions, price discounts) in a less kindled market when compared to 1Q13;
- ✓ **Net revenue in the foreign market of R\$ 105.8 million**, up 8.9% compared to 4Q13 and down 38.7% compared to 1Q13, when there was high demand in the USA;
- ✓ **The share of revenue from sales to other countries** doubled, from 4% (1Q13) to 8% in 1Q14;
- ✓ **Total net revenue in the domestic market of R\$ 62.4 million, increased 11% compared to 1Q13 and 5.8% compared to 4Q13**, with increased demand in the public security and private sectors in the period;
- ✓ **Revenue from the weapons segment reaches R\$124 million in 1Q14**, up 5.2% compared to 4Q13, accounting for 73.8% of net revenue;
- ✓ **Revenue from the helmets segment reaches R\$32.6 million in 1Q14**, up 9.1% compared to 1Q13 and up 7.6% compared to 4Q13, accounting for 19.4% of net revenue;
- ✓ **Gross profit amounted to R\$ 45.7 million, up 28.8% compared to 4Q13**, with gross margin increase from 22.7% to 27.2% in 1Q14, with a reduced portfolio focused on products with higher margin; and down 41.4% compared to 1Q13, when production and sales were above historical average for the period due to high demand in the USA market;
- ✓ **Stable operating expenses** in 1Q14 compared to 1Q13 and down 53.1% compared to 4Q13, due to non-recurring expenses;
- ✓ **Gross profit for the weapons segment** amounted to R\$ 30.2 million, up 0.5% compared to 4Q13, with gross margin of 24.3%;
- ✓ **Gross profit for the helmets segment** totaled R\$ 11.6 million, up 32.4% compared to 4Q13 and up 12.7% compared to 1Q13, with gross margin of 35.6%, higher than the 28.9% margin for 4Q13;
- ✓ **Adjusted EBITDA of R\$ 14.3 million**, a recovery in relation to negative adjusted EBITDA of R\$ 12.6 million in 4Q13;



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- ✓ **Net financial expenses** were down 24.1% compared to 1Q13 and down 51% compared to 4Q13;
- ✓ **Significant decrease in loss** of R\$ 4.5 million in 1Q14, compared to loss of R\$ 70.2 million in 4Q13;
- ✓ **Investments (CAPEX)** of R\$ 3.1 million in 1Q14, compared to R\$ 10.9 million in 1Q13 and R\$ 7.6 million in 4Q13, also CAPEX of R\$55.2 million for 2014 was approved in the Ordinary General Meeting of 04/30/14;
- ✓ **Equity** of R\$135 million; and
- ✓ **Total assets** of R\$ 1,089 million at 03/31/14.

## 1– Economic and Financial Performance

### 1.1 - Main Economic and Financial Indicators

Consolidated amounts in millions of Brazilian reais, except where otherwise indicated

Ratios	1Q14	4Q13	1Q13	Variation %	
				1Q14/1Q13	1Q14/4Q13
<b>Net revenue</b>	<b>168.1</b>	<b>156.1</b>	<b>228.7</b>	<b>-26.5%</b>	<b>7.7%</b>
Domestic market	62.4	59.0	56.2	11.0%	5.8%
Foreign market	105.8	97.1	172.5	-38.7%	8.9%
COGS	122.4	120.6	150.7	-18.8%	1.5%
Gross Profit	45.7	35.5	78.0	-41.4%	28.8%
<b>Gross Margin - %</b>	<b>27.2%</b>	<b>22.7%</b>	<b>34.1%</b>	<b>-6.9 p.p.</b>	<b>4.4 p.p.</b>
Operating Expenses	-41.2	-87.8	-40.9	0.6%	-53.1%
Operating Profit (EBIT)	4.5	-52.3	37.0	-87.7%	-108.7%
<b>EBIT Margin - %</b>	<b>2.7%</b>	<b>-33.5%</b>	<b>16.2%</b>	<b>-13.5 p.p.</b>	<b>36.2 p.p.</b>
Net Financial Income	-9.9	-20.2	-13.0	-24.1%	-51.0%
Depreciation and amortization (1)	8.1	9.1	8.1	0.0%	-11.3%
Net Income - Continuing Operations	-4.5	-70.2	9.2	-149.4%	-93.5%
<b>Net Income Margin - Cont. Operations</b>	<b>-2.7%</b>	<b>-45.0%</b>	<b>4.0%</b>	<b>-6.7 p.p.</b>	<b>42.3 p.p.</b>
Net Income - Discontinuing Operations	0.0	0.0	0.0	-	-
Net Income - Consolidated	-4.5	-70.2	9.2	-149.4%	-93.5%
<b>Net Income Margin - Consolidated</b>	<b>-2.7%</b>	<b>-45.0%</b>	<b>4.0%</b>	<b>-6.7 p.p.</b>	<b>42.3 p.p.</b>
Adjusted EBITDA (2)	14.3	-12.6	47.0	-69.5%	-213.8%
<b>Adjusted EBITDA Margin - %</b>	<b>8.5%</b>	<b>-8.1%</b>	<b>20.5%</b>	<b>-12.0 p.p.</b>	<b>16.6 p.p.</b>
Total Assets	1,089.2	1,184.1	1,150.9	-5.4%	-8.0%
Equity	134.7	146.0	209.9	-35.8%	-7.7%
Investments (CAPEX)	3.1	7.6	10.9	-71.7%	-59.4%

(1) Depreciation and amortization: these amounts include total depreciation and amortization based on cash flow for ITR

(2) Adjusted EBITDA: Earnings before interest, tax, depreciation and amortization and net earnings from non-recurring operations. The computing process was developed according the CVM nº 527 instruction of October 04, 2012.

### 1.2 – Consolidated net revenue



Total consolidated net revenue for 1Q14 totaled R\$ 168.1 million, up 7.7% compared to R\$ 156.1 million in 4Q13 and down 26.5% compared to R\$ 228.7 million in 1Q13. This increase compared to prior quarter is mainly due to 5.8% increase in sales in the domestic market and 8.9% increase in exports, which accounted for 37.1% and 62.9%, respectively of net revenue in 1Q14.

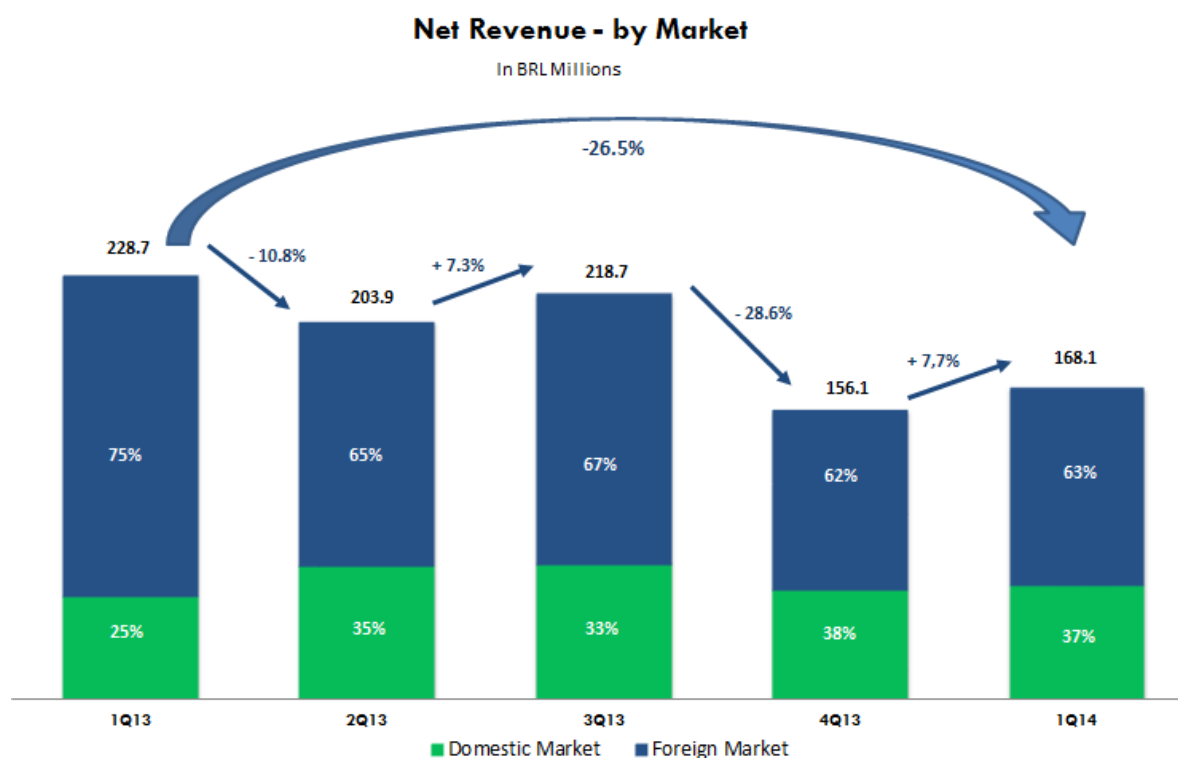
Demand in the North American market was well below that in 1Q13, when it accounted for 72% of net revenue, compared to 55% in 1Q14.

Demand in 1Q13 was quite high due to the reaction of US consumers to the 23 measures restricting use of special and non-automatic guns for civilians announced by President Barack Obama in early 2013, which led to increase in weapon sales to this market. Although the measures have not been approved by the US Congress, the fear of new restrictions against use of weapons as well as other events that took place at the end of 2012 and 2013, such as the massacre at the elementary school in Newtown, the bomb scares in Boston and Washington, among others, generated fear and uncertainties in the population, thus increasing demand for weapons and ammunitions in that period.

This phenomenon was not recurrent in 1Q14, leading to a quite fierce competition, with promotions and price discounts among the main competitors in the consumer market.

However, this decrease in consumption in the US was offset by increase in the share in the domestic market from 24% in 1Q13 to 37% in 1Q14, besides the positive factor of increase in the share of exports to other countries to 8% of revenue in 1Q14 (4% in 1Q13).

We illustrate below the Company's net revenue, by market, in millions of Brazilian reais, of the quarters under analysis:



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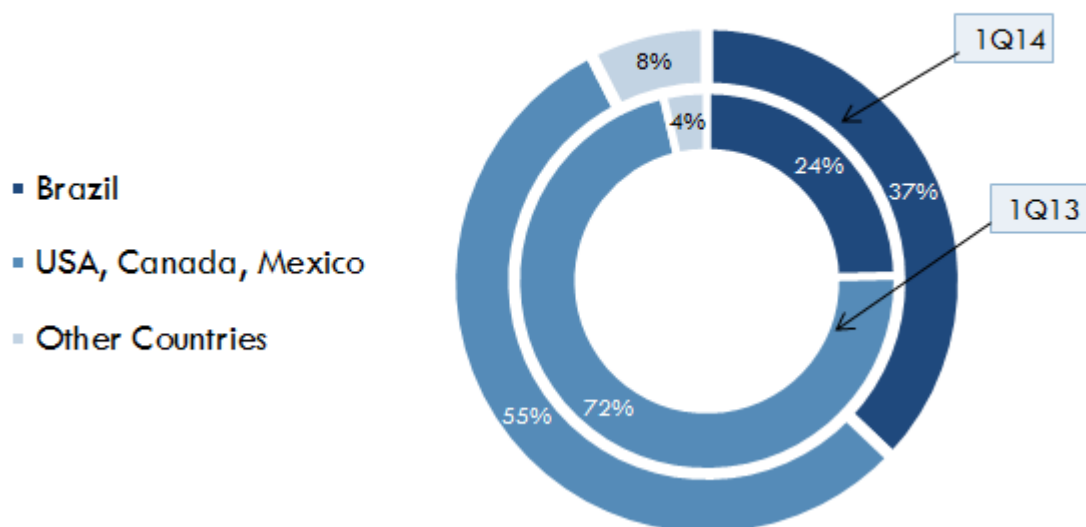
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## Net Sales - By Geography



### 1.3 - Segment information

#### I. Defense and Security Segment

##### (i) Weapons

This segment includes handguns (revolvers and pistols for military and civil use), long guns (rifles and carbines) and submachine guns. The table below sets out consolidated financial highlights by segment:

RESULTS BY BUSINESS SEGMENT  
Consolidated amount in millions of reais

##### Comparative Quarter - Year over Year

	Net Revenue					Gross Income			Gross Margin			Income before taxes		
	1Q14	Part. %	1Q13	Part. %	Var.	1Q14	1Q13	Var.	1Q14	1Q13	Var.p.p	1Q14	1Q13	Var.
Firearms	124.0	73.8%	181.4	79.3%	-31.6%	30.2	63.8	-52.6%	24.3%	35.1%	-10.8	(12.3)	20.6	NS
Helmets	32.6	19.4%	29.9	13.1%	9.1%	11.6	10.3	12.7%	35.6%	34.5%	1.1	7.3	5.9	23%
Others	11.5	6.8%	17.4	7.6%	-33.9%	3.9	3.9	0.0%	34.0%	22.4%	11.5	(0.3)	(2.4)	-89%
<b>Total</b>	<b>168.1</b>	<b>100.0%</b>	<b>228.7</b>	<b>100.0%</b>	<b>-26.5%</b>	<b>45.7</b>	<b>78.0</b>	<b>-41.4%</b>	<b>27.2%</b>	<b>34.1%</b>	<b>-6.9</b>	<b>(5.3)</b>	<b>24.0</b>	<b>-122%</b>

##### Comparative Quarter - Current Quarter x Previous Quarter

	Net Revenue					Gross Income			Gross Margin			Income before taxes		
	1Q14	Part. %	4Q13	Part. %	Var.	1Q14	4Q13	Var.	1Q14	4Q13	Var.p.p	1Q14	4Q13	Var.
Firearms	124.0	73.8%	117.9	75.5%	5.2%	30.2	30.0	0.5%	24.3%	25.5%	-1.1	(12.3)	(50.0)	-75%
Helmets	32.6	19.4%	30.3	19.4%	7.6%	11.6	8.8	32.4%	35.6%	28.9%	6.7	7.3	1.4	NS
Others	11.5	6.8%	7.9	5.0%	46.0%	3.9	(3.3)	NS	34.0%	-42.1%	76.1	(0.3)	(23.9)	-99%
<b>Total</b>	<b>168.1</b>	<b>100.0%</b>	<b>156.1</b>	<b>100.0%</b>	<b>7.7%</b>	<b>45.7</b>	<b>35.5</b>	<b>28.8%</b>	<b>27.2%</b>	<b>22.7%</b>	<b>4.4</b>	<b>(5.3)</b>	<b>(72.5)</b>	<b>-93%</b>

- (i) Weapons – operations conducted by Forjas Taurus S.A. and Taurus Holdings, Inc. (USA);
- (ii) Helmets for motorcyclists – operations conducted by Taurus Blindagens Ltda., Taurus Helmets Indústria Plástica Ltda. and Taurus Blindagens Nordeste Ltda.;
- (iii) Others- segments of forging (until 2013),MIM, containers, anti-riot shields, motorcycle trucks, boiler making, bulletproof vests and plastic products.



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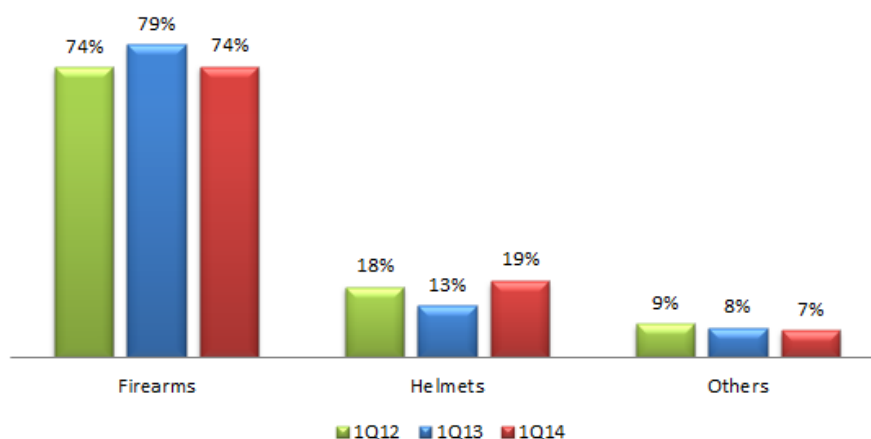
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## Net Revenue by Segment



The Company's main segment is that of Defense & Security, accounting for 74% of consolidated net revenue. Weapon sales in 1Q14 totaled R\$124 million, up 5.2% compared to 4Q13 (R\$ 117.9 million, equivalent to 73.8% of total consolidated net revenue) and down 31.6% compared to 1Q13, in which export sales were atypical, as explained heretofore.

Gross profit amounted to R\$ 30.2 million, up 0.5% compared to 4Q13 with gross margin of 24.3% due to increase in sales in the domestic market and in exports to other countries, although lower than in 1Q13, but slightly higher than in 4Q13.

The performance of the weapons segment is mainly due to the following: (i) change in products mix; (ii) decrease in inventories was not significant due to slowdown in consumption in the US market, however, with increase in export to other countries; and (iii) without significant changes in industrial labor and raw materials.

## II. Metallurgy and Plastics Segment

This segment accounts for 26.2% of net revenue, including the operations of Polimetal in the São Leopoldo unit (in the Rio Grande do Sul state) of forging and M.I.M.- *Metal Injection Molding*, as well as the activities of the helmet for motorcyclists plants (in the Paraná and Bahia states) and production of bulletproof vests and plastic containers (in the Paraná state).

### (ii) Helmets for motorcyclists

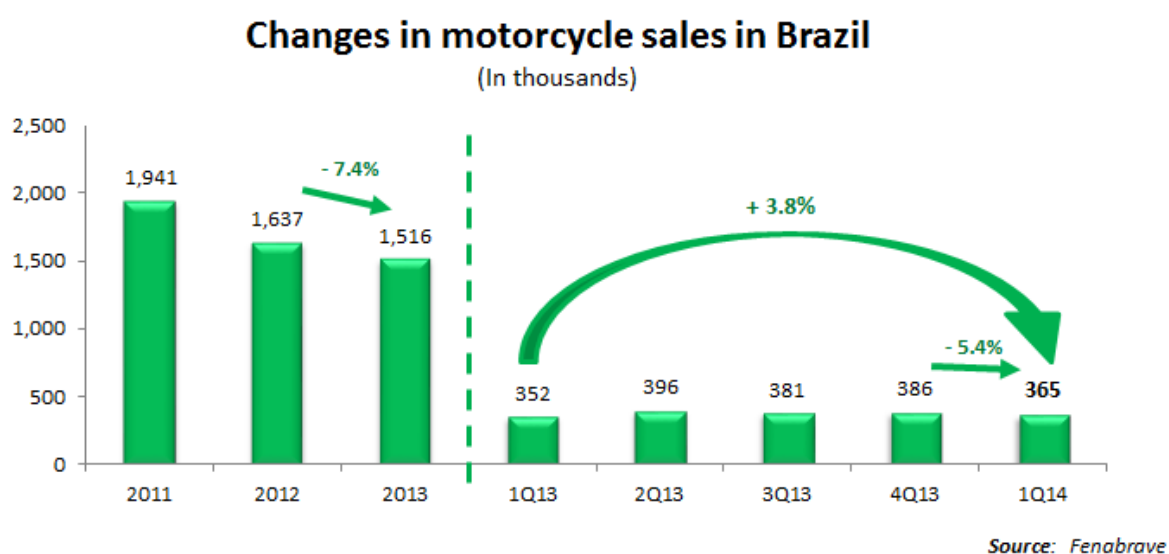
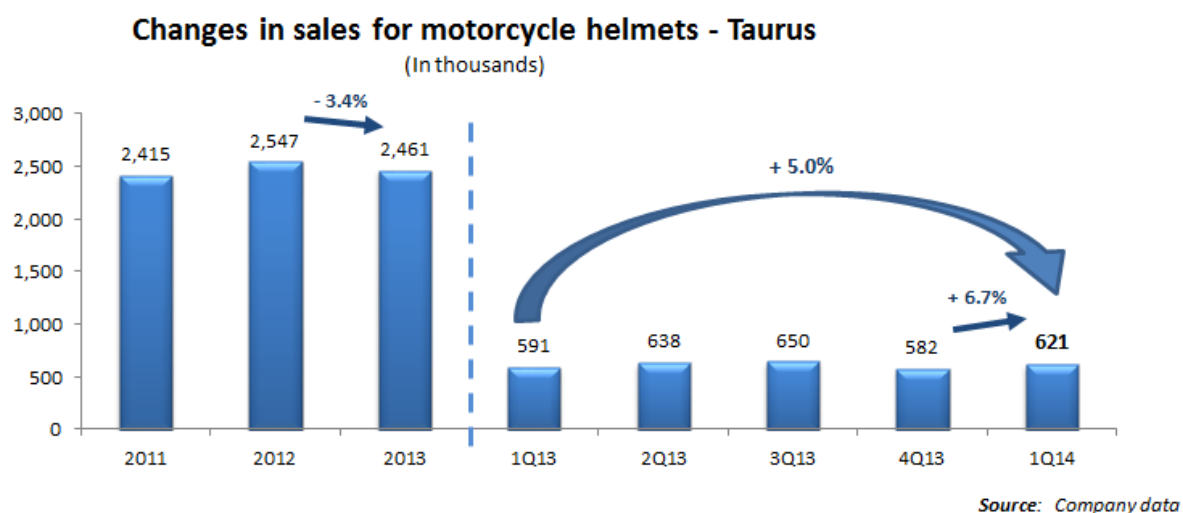
Sales of motorcyclist helmets accounted for 19.4% of net revenue, totaling R\$ 32.6 million in 1Q14, up 9.1% compared to 1Q13 (R\$ 29.9 million and 13.1% of net revenue), due to the 5% increase in sales of TAURUS helmets in 1Q14 compared to 1Q13 and up 6.7% compared to 4Q13.

Motorcycle sales in Brazil, according to FENABRAVE, increased 3.8% in 1Q14 compared to 1Q13, but decreased 5.4% compared to 4Q13. Since there was increase in the Company's helmet sales in both periods, there was increase in market share to approximately 58%.

We illustrate below evolution of motorcycle sales and helmet for motorcyclists sales in Brazil by Taurus:







### (iii) Other products from the Metallurgy and Plastics segment

Consolidated net revenue from other products totaled R\$ 11.5 million, accounting for 6.8% of net revenue in 1Q14, up 46% compared to R\$ 7.9 million and 5% of net revenue in 4Q13, however down 33.9% compared to 7.6% in 1Q13.

Gross profit amounted to R\$ 3.9 million, stable in relation to 1Q13, with margin of 34%, an increase in relation to 22.4% margin of the same prior year period, due to the performance of products of this segment, which includes bullet-proof vests, anti-riot shields, plastic containers and M.I.M. parts sold to third parties. It should be highlighted that decommissioning of the forging activity was concluded in November/13, being present in P&L for 1Q13 but no longer in 1Q14.

## 1.4 – Gross profit and gross margin

Consolidated gross profit increased 28.8%, having reached R\$ 45.7 million in 1Q14 compared to R\$ 35.5 million in 4Q13) (compared to R\$78 million in atypical 1Q13), with gross margin increase to 27.2% (compared to 22.7% in 4Q13), but still lower than margin of 34.1% in 1Q13. Gross profit and gross margin were mainly affected by the following factors: (i) increase in sales in the domestic market and other countries; (ii) change in the products portfolio; and (iii) adjustment of costs and industrial labor to low production levels.



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## 1.5 - Operating Expenses

### Administrative and selling expenses

Selling and administrative expenses in 1Q14 were down 47.1% compared to 4Q13 and down 1.4% compared to 1Q13, since non-recurrent expenses were recorded in 4Q13 which did not repeat in 1Q14. Administrative expenses were down 4.6% in 1Q14 compared to prior year due to necessary adjustment to labor related to production capacity and due to decommissioning of forging to third parties.

Other net operating expenses were down 82.5% in 1Q14 compared to 4Q13 due to non-recurrent entries in the last quarter of the year, which did not repeat in 1Q14.

Total operating expenses were up 0.6% in 1Q14 compared to 1Q13, despite the 53.1% decrease compared to 4Q13.

## 1.6 – Adjusted EBITDA and adjusted EBITDA Margin

Adjusted EBITDA in 1Q14 amounted to 14.3 million, an increase in relation to negative EBITDA of R\$ 12.6 million in 4Q13, but lower than that in 1Q13 of R\$ 47 million. Adjusted EBITDA margin was of 8.5% in 1Q14 (20.5% in 1Q13), a significant improvement compared to negative margin of 8.1% margin in 4Q13.

The table below sets out the calculation methodology for adjusted EBITDA, in accordance with CVM Rule No. 527/12 and the reconciliation with adjusted EBITDA adopted by us:

### CONSOLIDATED EBITDA

In thousands of BRL

PERIOD	1Q13	1Q14
= NET PROFIT	9,194	(4,540)
(+) IR/CSLL	14,813	(807)
(+) Net Financial Expenses	26,867	46,965
(-) Net Interest Income	(13,841)	(37,081)
(+) Depreciation/Amortization	8,083	8,078
= EBITDA CVM Reg. 527/12	45,116	12,615
(+) Loss of Taurus Máquinas-Ferramenta Ltda. <sup>(1)</sup>	1,850	1,702
= ADJUSTED EBITDA	46,966	14,317

<sup>(1)</sup> Loss of Taurus Máquinas-Ferramenta Ltda., since in these periods the operation was not discontinued.

## 1.7 – Financial income (expenses)

Net financial expenses in 1Q14 totaled R\$ 9.9 million, 51% down compared to net financial expenses of R\$ 20.2 million in 4Q13, and 24.1% down compared to net financial expenses in 1Q13 of R\$ 13 million. This



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decrease in net financial expenses is mainly due to net exchange gains, net positive interest income and the net positive swap result in financial transactions in 1Q14 compared to 1Q13.

## 1.8 – Net income (loss)

Loss in 1Q14 amounted to R\$4.5 million, an improvement in relation to loss of R\$ 70.2 million in 4Q13. Net income in 1Q13 amounted to R\$9.2 million, with net margin of 4%.

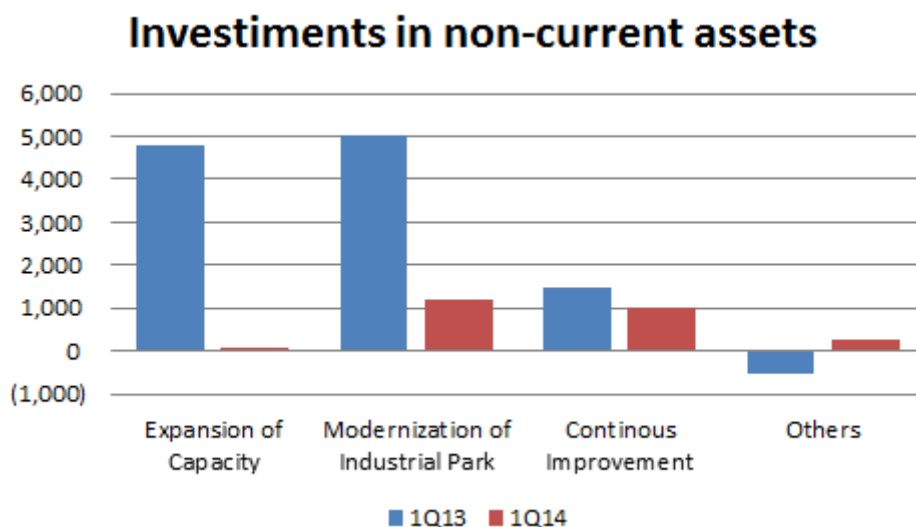
Loss for the period is due to the following: (a) 26.5% decrease in revenue; (b) 41.4% decrease in gross profit; and (c) 0.6% increase in operating expenses.

## 1.9 Consolidated investments

Consolidated investments in property, plant and equipment in 1Q14 totaled R\$ 3.1 million (R\$ 10.9 million in 1Q13). Depreciation and amortization totaled R\$ 8.1 million in the quarter, equal to those in 1Q13.

The Company's capital budget of R\$ 55.2 million proposed by management for 2014 was approved by the Ordinary and Extraordinary Shareholders' Meeting of April 30, 2014. These amounts did not consider any opportunities for acquisitions.

The graphs below illustrate investments in property, plant and equipment in 1Q14 and 1Q13, with the following distribution:



## 1.10 – Financial position

**Cash and short-term investments** totaled R\$ 232.8 million at Mar/31/14, down 17% compared to R\$281.1 million at Dec/31/13 and down 6% compared to R\$ 247.3 million at March /31/13. Short-term investments earn interest at rates varying from 98% to 103% of CDI at Mar/31/14, and are made with first tier financial institutions.

Taurus' **consolidated gross indebtedness** totaled R\$ 777.1 million at Mar/31/14, down 5% compared to R\$ 819.2 million at Dec/31/13. The funds are destined mainly to finance: (i) working capital; (ii) investments for modernization of industrial premises; and (iii) exports.

**Long-term loans and financing** totaled R\$250.5 million at Mar/31/14, down 8% compared to Dec/31/13 and up 9% compared to Mar/31/13.



Despite higher pressure of short-term debt to carry operations, **net debt** at Mar/31/14 totaled R\$ 544.3 million, practically stable compared to net debt of R\$ 538.1 million at Dec/31/13.

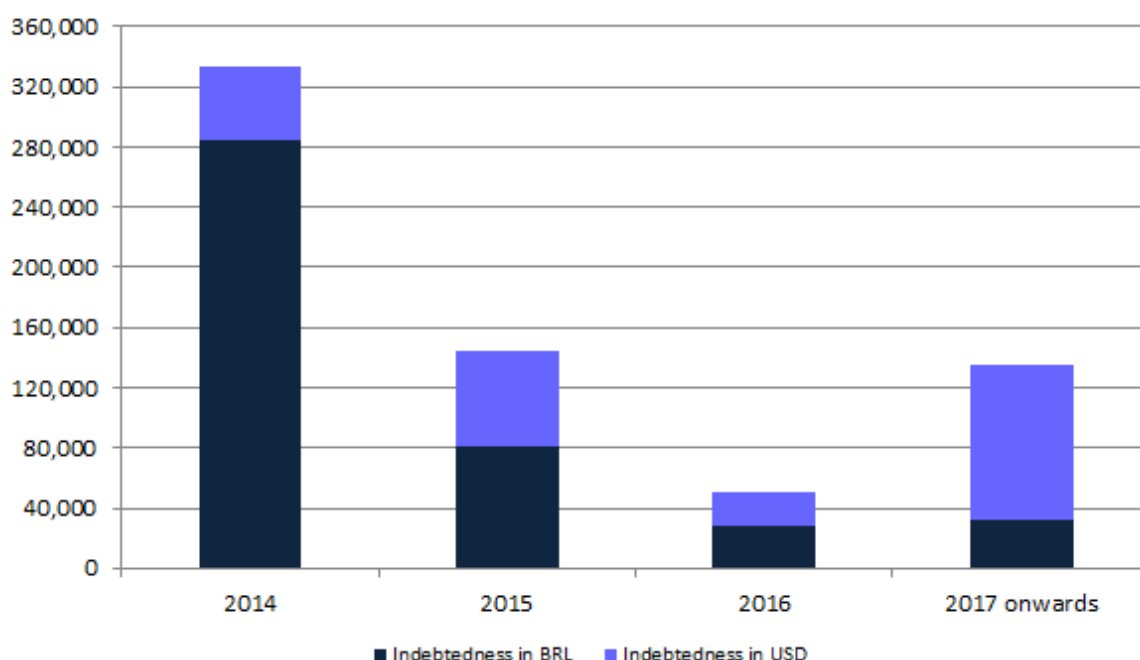
The Company continues endeavoring to **extend payment terms** and reduce financial costs as well as to optimize working capital.

In addition, debt from advances on receivables started to be considered, even without right of refund for damages.

**Loans and financing maturing in 2013**, both in local currency and US dollar, are part of the Company's structural working capital, with lines renewed on a routine basis. We highlight that the 1st debenture issue was settled on April 15, 2014, with payment of the last installment.

In relation to 2<sup>nd</sup> issue debentures, a General Debenture Holders Meeting was convened for 06/03/2014 to address the non-enforcement of accelerated maturity. In obtaining a related waiver of such, considering the position at 03/31/2014, approximately R\$23.1 million will be transferred to long-term portion in 2Q14, with final maturity in 2016 and quarterly payments of R\$ 3.8 million.

#### Maturity of consolidated debt – In thousands of reais



We set out below the changes at Mar/31/14 compared to Dec/31/13 and Mar/31/13 and the main accounts related to the Company's financial position, as well as the main related indicators for certain contracts, which will require new waiver negotiations:



In millions BRL

	<u>03/31/2014</u>	<u>12/31/2013</u>	<u>03/31/2013</u>	<u>Var. Mar/14 x Dec/13</u>	<u>Var. Mar/14 x Mar/13</u>
Short term indebtedness	358.6	388.5	341.5	-8%	5%
Long term indebtedness	250.5	273.2	228.8	-8%	9%
Exchange Serves	62.3	0.0	5.1	N/A	1125%
Debentures	54.4	57.6	95.9	-6%	-43%
Anticipation Mortgages	17.0	19.6	26.6	-13%	-36%
Advance on Receivables	53.9	116.0	60.3	-54%	-11%
Derivatives	-19.7	-35.6	-29.8	-45%	-34%
Gross Indetbetedness	777.1	819.2	728.4	-5%	7%
(-) Cash available and financial investments	232.8	281.1	247.3	-17%	-6%
Net Indebtedness	544.3	538.1	481.1	1%	13%
Adjusted EBITDA	67.4	100.0	141.0	-33%	-52%
Net Indebtedness/Adjusted EBITDA	8.08x	5.38x	3.41x		
Adjusted EBITDA/Financial Expenses Net	0.96x	1.36x	2.58x		

Waiver from Banco Itaú Unibanco S.A. was obtained on 04/30/14, for the Bank Credit Bill, in order to avoid enforcement of accelerated maturity thereof due to noncompliance by Taurus with the obligation in clause 13, item (i) and (ii), exclusively in relation to compliance with obligations at 12/31/13.

## 2 – Capital market

### Performance of shares of Forjas Taurus S.A. - Bovespa

The Company has been listed at Level 2 of BM&FBovespa since Jul/07/11 and as a listed company for more than 30 years. The Company's articles of incorporation have been fully amended and consolidated addressing adoption of differentiated corporate governance practices provided for this corporate governance level and the Ordinary and Extraordinary Meeting of 04/26/13 approved amendment to article 56 of the articles of incorporation in order to include the updating occurred in Level 2 related regulations, referring to the Arbitration Chamber.

The Company's capital comprises the following number of shares at Mar/31/14:

**Common shares:** 47,137,539 representing **33.3%** of capital

**Preferred shares:** 94,275,078 representing **66.7%** of capital

**Total issued shares:** 141,412,617 representing **100%** of capital



BM&FBovespa  
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**FJTA4  
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The table below shows the recent evolution of the main aspects related to liquidity, such as number of trades, financial volume and quantity of traded shares, as well as the market value, based on certain information about Taurus shares on BM&FBovespa in 1Q14 and at the end of 2013 and 2012:



	1Q14	2013	2012	1Q14 x 2013	1Q14 x 2012	2013 x 2012
<b>1. Stock Price</b>						
ON - FJTA3*	R\$ 2.10	R\$ 2.66	R\$ 3.25	-21%	-35%	-18%
PN - FJTA4*	R\$ 1.51	R\$ 2.28	R\$ 2.90	-34%	-48%	-21%
IBOVESPA*	50,415	51,507	60,952	-2%	-17%	-15%
* last quotation						
<b>2. Market Cap - in thousands of BRL</b>						
ON - FJTA3	R\$ 98,989	R\$ 125,386	R\$ 153,197	-21%	-35%	-18%
PN - FJTA4	R\$ 142,355	R\$ 214,947	R\$ 273,398	-34%	-48%	-21%
TOTAL	R\$ 241,344	R\$ 340,333	R\$ 426,595	-29%	-43%	-20%
<b>3. Liquidity Indicators</b>						
<b>ON - FJTA3</b>						
Trades*	7	9	12	-28%	-43%	-21%
Financial Volume*	13,319	29,640	26,004	-55%	-49%	14%
Shares traded*	6,367	10,067	10,931	-37%	-42%	-8%
* period average						
<b>PN - FJTA4</b>						
Trades*	162	233	163	-30%	-1%	42%
Financial Volume*	379,379	540,736	639,017	-30%	-41%	-15%
Shares traded*	218,308	220,992	274,407	-1%	-20%	-19%
* period average						

## 3- Subsequent Events

### 3.1. Creation of Special Committee

**04/10/14:** Communication to Market about full organization of independent committee ("Independent Committee" or "Committee"), not statutory, approved by the Board of Directors in the meeting of 03/28/2014, with the mission of recommending to the Board of Directors, after hearing the Supervisory Board, the measures deemed by it to be necessary and in the interest of the Company and its shareholders, subsequently to the republication of the financial statements for 2012 and 2013 and the reissue of the report of independent auditor and the Supervisory Board, disclosed on March 28, 2014, in CVM systems. It comprises 3 (three) members, without any link with the Company or its shareholders or other stakeholders, with duration of up to 90 days, with the possibility of being extended for the same period, at the discretion of the Board of Directors, as from April 9, 2014, date of the Board of Directors 'meeting that elected the Special Committee members.

**Special Committee Members:** José Estevam de Almeida Prado, as Coordinator, Iran Siqueira Lima and Luíz Spínola.

### 3.2. Election of Supervisory Board Members



The Supervisory Board members elected in the Ordinary and Extraordinary General Meeting of 04/30/14 were inaugurated in the first Board meeting held on 05/15/2014, with the election of a new chairman, Mr. Amoreti Franco Gibbon. The Supervisory Board composition is as follows:

**Effective Members:** Amoreti Franco Gibbon; Marcelo de Deus Saweryn; Mauro César Medeiros de Mello; Juliano Puchalski Teixeira; and Reinaldo Fujimoto

**Alternate Members:** Carlos Eduardo Bandeira de Mello Franscesconi; Edgar Panceri; José Airton Veras Carvalho; Lisiane Miguel Wilke; and Roberto Hesketh.

### **3.3. Resignation of board of directors member, election of new members and statutory reform**

**04/25/14:** member Fernando José Soares Estima resigned and since he was elected through multiple voting on April 26, 2013, a new election of all board members is necessary, under article 141 of Brazilian Corporation Law.

**05/02/14:** Board of Director's meeting decides by majority to convene the Extraordinary General Meeting for 06/27/14 to address resignation of shareholder Luis Fernando Costa Estima, on 04/25/14, statutory reform and election of new board of directors member.

**05/21/14:** Extraordinary General Meeting convened by shareholders Luis Fernando Costa Estima and Estimapar Investimentos e Participações Ltda. with 16.05%, due to the aforementioned resignation, on the terms of article 123, sole paragraph, letter "c", of Law No. 6404/1976, with the following agenda: (i) examine, discuss and vote the proposal of amendment to articles 20 and 29, paragraph 3, of the Company's articles of incorporation, in order to increase the number of board of directors members from 7 (seven) to 9 (nine); and (ii) elect the Company's board of directors members, with the following candidates: Luis Fernando Costa Estima, Fernando José Soares Estima, Eduardo Caldas Bianchessi, Jorio Dauster, Carlos Eduardo Franceschini Lobato, Ruy Lopes Filho and André Ricardo Balbi Cerviño.

**27/06/14:** Extraordinary General Meeting convened by the majority of Board Members (Danilo Angst, Manuel Jeremias Leite Caldas, Carlos Augusto Leite Junqueira de Siqueira and Marcos Tadeu de Siqueira) with the following agenda: **I – Items proposed by the Company's Board of Directors, by majority voting, according to the minutes of the Board of Directors meeting held on May 2, 2014:** (i) Become aware of the recommendations, to be presented by the Independent Special Committee to the Board of Directors, as defined in the Company's Board of Directors meeting held on March 28, 2014, in the year of its attributions; and (ii) Examine, discuss and vote management accounts for the years ended December 31, 2012 and 2013.

**II – Items proposed in reply to the request by shareholder Mr. Luis Fernando Costa Estima, on April 25, 2014, on the terms of article 123, sole paragraph, letter "c", of Law No. 6404/1976:** (iii) Examine, discuss and vote the proposal of amendment to articles 20 and 29, paragraph 3, of the Company's articles of incorporation, in order to increase the number of board of directors members from 7 (seven) to 9 (nine); and (ii) elect the Company's board of directors members.

### **3.4. Ordinary General Meeting/Extraordinary General Meeting Held / Communication to Shareholders**

**04/29/14:** Extraordinary General Meeting convened by shareholders Luis Fernando Costa Estima and Estimapar Investimentos e Participações Ltda. with 16.05%, on the terms of article 123, sole paragraph, letter "c", of Law No. 6404/1976, approving (i) capital increase by up to R\$ 200,906,000.04, through issue of up to 48,528,020 common shares and 97,056,038 preferred shares, all registered book entry shares with no par value, for issue price of R\$1.38, for private subscription of shares; and (ii) reduction of board of directors



members remuneration to R\$ 5,000.00 per month each.

**04/30/14: Ordinary General Meeting:** (i) approved the Complete Annual Financial Statements for the year ended December 31, 2013 as well as the restated Complete Annual Financial Statements for the year ended December 31, 2012; (ii) suspended for 90 days the approval of management accounts; (iii) approved Capex of R\$ 55 million for 2014; (iv) approved the overall remuneration of management for 2014, of up to R\$ 10,333,521.65; (v) elected supervisory board members and their remuneration for 2014.

**04/30/14: Extraordinary General Meeting:** Approved, by majority voting, the proposed amendment to article 37 of the Company's articles of incorporation in order to clarify the lack of limitation of annual remuneration, when the participation results from remuneration to be paid under incentive or participation plans.

**05/06/14:** Communication to shareholders about capital increase decided by the Extraordinary General Meeting of 04/29/14.

