PROPOSAL FROM THE EXECUTIVE BOARD FOR THE ALLOCATION OF NET REVENUE VERIFIED IN THE FINANCIAL YEAR 2018 AND FOR PAYMENT OF PARTICIPATION REGARDING THE INTEGRATION BETWEEN CAPITAL AND LABOR AND INCENTIVE TO PRODUCTIVITY

Mr. Chairman of the Board of Directors:

In compliance with the provisions of article 192 of Law 6404, dated 12.15.1976, as well as other legal and statutory provisions in force, we have presented to this Board, in order to be taken to the deliberation of the Annual General Meeting - The propositions specified below.

I. ALLOCATION OF NET REVENUE: From the net income for the fiscal year 2018, calculated in accordance with the Brazilian Corporation Law, in the amount of **R$1,407,062,821.84** (one billion, four hundred and seven million, sixty-two thousand, eight hundred and twenty-one reais and eighty-four cents), the Board of Executive Officers proposes the following appropriations:

a) R$70,353,141.09 (seventy million, three hundred and fifty-three thousand, one hundred and forty-one reais and nine cents), equivalent to 5% of the net income, to create the Legal Reserve, in accordance with Law no. 6,404, of December 15, 1976, and with Article 72, paragraph 2, item II, of the Company's Bylaws;

b) R$280,000,000.00 (two hundred and eighty million reais) to pay for interest on shareholders' equity, in partial replacement of compulsory minimum dividends, in compliance with article 202 of Law no. 6,404, of December 15, 1976 - the Brazilian Corporation Law; article 9, paragraph 7, of Law no. 9,249, of December 26, 1995, and article 73 and its paragraphs of the Company's Bylaws;

c) R$98,541,673.23 (ninety-eight million, five hundred and forty-one thousand, six hundred and seventy-three reais and twenty-three cents) to pay for complementary dividends, in addition to the compulsory minimum, pursuant to article 202 of Law no. 6,404, of December 15, 1976; article 9, paragraph 7, of Law no. 9,249, of December 26, 1995; and article 73 and its paragraphs of the Company's Bylaws; and in compliance with CVM Resolution no. 683, of August 30, 2012, which approved Technical Pronouncement CPC - ICPC no. 08 (R1), issued by the Brazilian Accounting Practice Committee (CPC), which governs accounting procedures for the proposal of dividends payment;

- Pursuant to the provisions set forth by the law and the Company's Bylaws, shareholders have the right to receive the dividends on capital in a sum not lower than 25% of the adjusted net income of the fiscal year, which is calculated based on the net income less the allocation to the legal reserve. Nevertheless, this calculation basis is added by the realization of equity valuation adjustments, which is addressed by item 28 of ICPC no. 10, so as to offset the impacts on the income from higher expenses with depreciation, resulting from the adoption of accounting standards established by it, as well as by the CPC Accounting Standard no. 27 – Fixed Assets – which in 2018 amounted to net value of **R$67,085,974.60** (sixty-seven million, seven hundred and eighty-five thousand, nine hundred and seventy-four reais and sixty cents). This procedure reflects the Company's policy for remuneration of shareholders, proposed by the 1943rd Board of Executive Officers' Meeting held on March 21, 2011, ratified by the 132nd Annual Board of Directors' Meeting held on March 23, 2011, and approved by the 56th Annual General Meeting held on April 28, 2011. Therefore, this policy will be adopted during the realization of the equity valuation adjustments reserve. The amounts of the calculation basis and of the compulsory minimum dividends are, respectively, R$1,403,795,655.35 (one billion, four hundred and three million, seven hundred and ninety-five thousand, six hundred and fifty-five reais and thirty-five cents) and R$350,948,913.84

(three hundred and fifty million, nine hundred and forty-eight thousand, nine hundred and thirteen reais and eighty-four cents).

- Resolution 683, as of August 30, 2012, of the Securities and Exchange Commission (CVM), made the application of the Technical Pronouncement CPC no. 08 (R1), issued by the Brazilian Accounting Practice Committee (CPC), compulsory for publicly-held companies. According to the aforementioned legal basis, the proposed payment of interest on shareholders' equity can only be allotted to the minimum mandatory dividends, by the net value of income tax withheld at source, which is levied at the rate of 15% (fifteen percent) on this type of income. No such deduction occurs, however, from the amount of interest on shareholders' equity distributed to exempt shareholders. The value of income tax withheld at source on the remaining shareholders' interest, subject to taxation, amounted to R$27,592,759.39 (twenty-seven million, five hundred and ninety-two thousand, seven hundred and fifty-nine reais and ninety cents), resulting in the effective rate of 9.85% (nine and eighty-five hundredths per cent) for the 2018 fiscal year.

  The gross payment made to shareholdres of the interest on shareholders' equity in the amount of R$280,000,000.00 (two hundred and eighty million reais) is equivalent to a net payment of R$252,407,240.61 (two hundred and fifty-two million, four hundred and seven thousand, two hundred and forty reais and sixty-one cents), which, added to the amount of R$98,541,673.23 (ninety-eight million, five hundred and forty-one thousand, six hundred and seventy-three reais and twenty-three cents), proposed as complementary dividends to be distributed to the shareholders, result in a total dividend, net of income tax withheld at source, of R$350,948,913.84 (three hundred and fifty million, nine hundred and forty-eight thousand, nine hundred and thirteen reais and eighty-four cents).

d) R$1,025,253,982.12 (one billion, twenty-five million, two hundred and fifty-three thousand, nine hundred and eighty-two reais and twelve cents), corresponding to profit retention reserve, aiming to ensure the Company’s investment program, pursuant to Article 196 of the Brazilian Corporation Law no. 6,404/1976, of December 15, 1976, and article 72, paragraph 2, item IV, of the Company's Bylaws;

- The amount of the profit retention reserve corresponds to the balance of net income for the year (after legal reserve, interest on equity and dividends) and to the realization of equity valuation adjustments and was calculated according to item 28 of ICPC no. 10 and to the Technical Pronouncement CPC no. 27.

Below is a breakdown of the allocations proposed herein:

Changes in equity: Net income for fiscal year 2018: R$1,407,062,821.84; (-) Legal Reserve (5% of the net income of the year) R$70,353,141.09 = adjusted net income: R$1,336,709,680.75; (+) Equity valuation adjustments - net of tax: R$67,085,974.60 = Calculation basis for allocation of compulsory minimum dividends: R$1,403,795,655.35; (-) Interest on shareholders' equity – gross amount R$280,000,000.00; (-) Dividends: R$98,541,673.23; (-) Profit retention reserve: R$1,025,253,982.12.

The Company’s financial statements of 2018 reflect the accounting recordings of the specific allocations based on the assumption of their approval by the 64th Annual General Shareholders’ Meeting, as established in paragraph 3 of article 176 of the Brazilian Corporation Law no. 6,404, of December 15, 1976.

Payment of profit sharing and productivity incentives:

Federal Law no. 10,101, as of December 19, 2000, State Law no. 16,560/2010 and State Decree no. 1978, of December 20, 2007, regulate profit sharing as a tool to integrate capital and labor and stimulate productivity, pursuant to Article 7, item XI, of the Brazilian Constitution. Pursuant to the above-mentioned legislation, the Board of Executive Officers proposes the payment, as profit sharing, of **R$87,737,228.46** (eighty-seven million, seven hundred and thirty-seven thousand, two hundred and twenty-eight reais and forty-six cents), to be paid to the Company's employees by the Holding Company and the wholly-owned subsidiaries, provided that the goals set forth in the Collective Bargaining Agreement are fulfilled. This amount is recorded in the 2018 Financial Statements under the "Personnel expenses" line, pursuant to item 26.2 of CVM/SNC/SEP Letter no. 1 of February 14, 2007.

We are of the opinion that the foregoing proposals comply with the legal and statutory provisions in force and the interests of the Company and, therefore, merit the full reception of this Board, the Fiscal Council and the General Meeting.

Curitiba, March 28, 2019

DANIEL PIMENTEL SLAVIERO
Chief Executive Officer

ANA LETÍCIA FELLER
Chief Corporate Management Officer

ADRIANO RUDEK DE MOURA
Chief Financial and Investor Relations Officer

VICENTE LOIÁCONO NETO
Director of Governance, Risk and Compliance

EDUARDO VIEIRA DE SOUZA BARBOSA
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