

COURT-SUPERVISED REORGANIZATION PLAN
FILED BY
FXK ADMINISTRAÇÃO E PARTICIPAÇÕES S.A., ARTECOLA
PARTICIPAÇÕES S.A., ARTECOLA QUÍMICA S.A., ARTECOLA EXTRUSÃO
LTDA., ARTEFLEX MAXIMINAS EQUIPAMENTOS DE PROTEÇÃO
INDIVIDUAL LTDA. AND ARTECOLA NORDESTE S.A. – INDÚSTRIAS
QUÍMICAS– all under court-supervised reorganization

Court-supervised Reorganization Case filed by FXK Administração e Participações S.A., Artecola Participações S.A., Artecola Química S.A., Artecola Extrusão Ltda., Arteflex Maximinas Equipamentos de Proteção Individual Ltda. and Artecola Nordeste S.A. – Indústrias Químicas, pending before the Bankruptcy and Reorganization Court of the Judicial District of Novo Hamburgo, State of Rio Grande do Sul, under docket no. 0002843-89.2018.8.21.0019.

FXK ADMINISTRAÇÃO E PARTICIPAÇÕES S.A., a legal entity governed by private law, registered with CNPJ/MF under no. 91.669.135/0001-08 (“FXK”); **ARTECOLA PARTICIPAÇÕES S.A.**, a legal entity governed by private law, registered with CNPJ/MF under no. 21.315.899/0001-01 (“Artecola Participações”); **ARTECOLA QUÍMICA S.A.**, a legal entity governed by private law, registered with CNPJ/MF under no. 44.699.346/0001-03 (“Artecola Química”); **ARTECOLA EXTRUSÃO LTDA.**, a legal entity governed by private law, registered with CNPJ/MF under no. 10.439.439/0001-79 (“Artecola Extrusão”); **ARTEFLEX MAXIMINAS EQUIPAMENTOS DE PROTEÇÃO INDIVIDUAL LTDA.**, a legal entity governed by private law, registered with CNPJ/MF under no. 10.852.767/0001-00 (“Arteflex”); **ARTECOLA NORDESTE S.A. – INDÚSTRIAS QUÍMICAS**, a legal entity governed by private law, registered with CNPJ/MF under no. 08.567.190/0001-35 (“Artecola Nordeste” and, along with FXK, Artecola Participações, Artecola Química, Artecola Extrusão, and Arteflex, the “Debtors”), all duly identified in the record of the court-supervised reorganization mentioned above and with their principal place of business located at Rua Curitibanos, no. 133, Sala A, Canudos, Novo Hamburgo/RS, CEP 93542-130, are submitting this court-supervised Reorganization Plan (“RP”) for approval by the General Meeting of Creditors and confirmation by the court, pursuant to arts. 45 and 58 of Law no. 11101/2005, as amended (“LRF”):

- (i) Considering the Debtors have been facing economic, market-related, and financial difficulties;

- (ii) Considering that, in response to such difficulties, on February 5, 2018 the Debtors filed for court-supervised reorganization under the LRF and are required to submit a reorganization plan for approval by the General Meeting of Creditors and confirmation by the court, under art. 53 of the LRF;
- (iii) Considering this RP satisfies the requirements contained in art. 53 of the LRF, given that it: (a) details the Debtors' means for reorganization; (b) is economically viable; and (c) is submitted along with the Debtors' respective economic-financial and asset appraisal reports signed by experts;
- (iv) Considering that, via this RP the debtors are seeking to overcome their economic-financial crisis and restructure their business in order to: (a) preserve and adjust their business activities; (b) continue creating wealth, tax revenue, and jobs; and (c) renegotiate payments to their creditors;

The Debtors submit this RP for approval by the General Meeting of Creditors and confirmation by the court as follows:

PART I – INTRODUCTION

1. CONSTRUCTION AND DEFINITIONS

1.1. Rules of Construction. The terms defined in this Section 1 will be used, as appropriate, in their singular or plural form, all the while retaining the meaning assigned to them. Except as otherwise provided for, all sections and annexes mentioned in this RP refer to this RP's own sections and annexes. The titles of chapters and sections in this RP have been included solely for reference purposes and in no way should they impact the content of their provisions. The application of this RP must be construed according to art. 47 and following of the LRF.

1.2. Definitions. The terms used in this RP have the meanings defined below:

1.2.1. "FNDE Claim": its meaning is defined in Section 4.2 below.

1.2.2. "Trustee": trustee appointed by the Reorganization Court according to Chapter II, Part III of the LRF, namely firm *Medeiros & Medeiros Administração de Processos de Falência e Empresas em Recuperação Ltda.*, registered with CNPJ/MF under no. 24.593.890/0001-50, with its head office at Rua Júlio de Castilhos, 679, rooms 111 and 112, in the city of Novo Hamburgo, state of Rio Grande do Sul, CEP 93510130, represented by Mr. Laurence Bica Medeiros.

1.2.3. “GMC”: means the General Meeting of Creditors, according to Chapter II, Part IV of the LRF.

1.2.4. “RP approval”: means approval of this RP under art. 45 or art. 58 of the LRF, in keeping with the provisions in arts. 55 and 56 of the LRF.

1.2.5. “Cash Sweep”: its meaning is defined in Chapter 10 of this RP.

1.2.6. “Claims”: all employee claims, secured claims, unsecured claims, and micro and small company claims, as well as the corresponding outstanding liabilities on the Date of Filing.

1.2.7. “Secured Claims”: mean the claims held by Secured Creditors.

1.2.8. “Micro and Small Company Claims”: mean the claims held by Micro and Small Company Creditors.

1.2.9. “Unsecured Claims”: mean the claims held by Unsecured Creditors.

1.2.10. “Employee Claims”: mean the claims held by Employee Creditors.

1.2.11. “Creditors”: mean the individual and legal entities included in the list of creditors made by the Trustee, along with changes deriving from settlements reached by the parties or court decisions, and which are subject to the effects from the reorganization.

1.2.12. “Secured Creditors”: mean the creditors holding secured claims backed by security interest (including pledge and/or mortgage), as provided for in article 41, II, of the LRF, whose interest will be protected unless it is expressly discharged by the respective Secured Creditor holding such interest.

1.2.13. “Micro and Small Company Creditors”: mean the creditors organized as micro or small companies, according to art. 41, IV, of the LRF.

1.2.14. “Unsecured Creditors”: mean creditors holding unsecured claims, with general lien, especially privileged and subordinated, according to art. 41, III, of the LRF.

1.2.15. “Employee Creditors”: mean creditors holding claims under employment laws or related to workplace accidents, according to art. 41, I, of the LRF, including claims related to employee contract termination letters sent before the Date of Filing, regardless of how the notice period was served.

1.2.16. “Date of Filing”: means the date on which the court-supervised petition was filed by the Debtors, that is, February 5, 2018.

1.2.17. “Business Day”: means any and all days other than Saturday, Sunday, or any day banks are closed or authorized to remain closed, according to calendars in the states of São Paulo and Rio Grande do Sul and/or at the debtors’ principal place of business.

1.2.18. “Restructured Debt”: means the new terms of the Debtors’ total debt to Creditors after the RP is confirmed, including Employee Claims, Secured Claims, Unsecured Claims, and Micro and Small Company Claims, contained in the List of Creditors and as they may be determined when the final list of creditors is made, to which the conditions and forms of payment hereunder will apply.

1.2.19. “RP Confirmation”: means the lower court’s decision confirming the RP under arts. 45 and 58, caption, or art. 58, paragraph 1, of the LRF, as the case may be.

1.2.20. “Real Estate”: means the real estate items listed in **Annex 6.3**.

1.2.21. “Reorganization Court”: means the Bankruptcy and Reorganization Court of the Judicial District of Novo Hamburgo, state of Rio Grande do Sul.

1.2.22. “List of Creditors”: means the final list entered by the Debtors in the reorganization record, as replaced by the list to be released by the Trustee, according to article 7, paragraph 2, of the LRF, and amended by the decisions regarding the respective objections and/or belated proofs of claim filed.

1.2.23. “LRF”: means Brazilian Law no. 11101 of February 9, 2005, as amended.

1.2.24. “RP”: means the debtors' court-supervised reorganization plan as it is hereby submitted and, as the case may be, as it is confirmed by the court.

1.2.25. “FNDE Claim Granted”: means the decision in favor of the plaintiff of the FNDE Claim has become final and unappealable.

1.2.26. “Court-Supervised Reorganization”: means court-supervised reorganization case no. 0002843-89.2018.8.21.0019, filed by the Debtors before the Reorganization Court.

1.2.27. “Debtors” or “Artecola Group”: collectively mean companies FXK Administração e Participações S.A., Artecola Participações S.A. Artecola Química S.A., Artecola Extrusão Ltda., Arteflex Maximinas Equipamentos de Proteção Individual Ltda., and Artecola Nordeste S.A. – Indústrias Químicas, as identified in the Reorganization Court’s record.

PART II – OBJECTIVE OF THE RP

2. OBJECTIVE OF THE RP

2.1. Objective. Given the Debtors are having difficulties to honor their current financial liabilities, this RP sets out steps to reprofile the Debtors' debt, generate the operating cash flow required for paying off said debt, and generate working capital and funds necessary to keep the Debtors' activities going, now duly adjusted to the Debtors' new circumstances.

2.2. Reasons for Court-Supervised Reorganization The Debtors' financial crisis is the product of an unfortunate combination of negative events that began when the Artecola Group stepped into the construction market upon acquiring ownership interest in company Gatron Inovação em Compósitos S.A. and signing up to Brazil's National Program for the Refurbishment and Purchase of Equipment for Public Preschools (*Programa Nacional de Reestruturação e Aquisição de Equipamentos para a Rede Escolar Pública de Educação Infantil - Proinfância*). Because of the crisis Brazil has been facing in the past decade, from 2014 onward governmental agencies have been significantly and repeatedly failing to disburse the agreed-upon funds, thereby "depleting" the Artecola Group's cash position. Incidentally, such situation has led the Debtors and others to resort to the courts and file the FNDE Claim, as described in this RP. Added to that, the crisis has prompted abrupt credit cutbacks among suppliers and financial institutions, which has hurt the business even further. The above mentioned facts, as already duly stated in the reorganization petition, have created the Debtors' economic-financial and liquidity crisis leading them to file for reorganization.

2.3. RP Economic Viability and Appraisal of the Debtors' Assets In compliance with the provisions in items II and III of art. 53 of the LRF, the Economic-Financial and Asset Appraisal Report and the Economic Viability Report of this RP, both signed by experts, can be found on pgs. 2802-3290 and pgs. 3295/3395 as **Annexes 2.3-A** and **2.3-B**, respectively, incorporated herein by reference.

PART III – REORGANIZATION STEPS

3. KEEPING ACTIVITIES GOING AND NEED FOR NEW SUPPLIES

3.1. Keeping Supply Activities Going. Subject to statutory limitations, the Debtors reserve the right and the ability to carry out their activities and take all steps consistent with their company purpose, within the regular course of their business, including with respect to the renewal, payment or purchase of new supplies, both with new and current partners/suppliers, as long as under usual business conditions, without the need for prior authorization from the GMC or the Reorganization Court.

3.1.1. The Debtors run their activities in an integrated manner in order to streamline their operations and management, reason why the funds of one of the Debtors may be transferred to another in the regular course of the Debtors' business.

3.2. Securing Funds. The Debtors may secure new loans and supplies without the need for prior authorization from the GMC or the Reorganization Court. The Debtors may sign loan agreements to ensure their activities are viable. However, the Debtors must notify the Reorganization Court about occasional new loans and notify the Trustee about new supplies according to practices from the Date of Filing when providing monthly information for the Trustee's Monthly Reports.

PART IV – PAYMENT TO CREDITORS

4. NOVATION

4.1. Novation. Under art. 59 of the LRF, all Creditor Claims are novated as provided for in this RP. The claims novated after the application of the conditions and forms contained in this RP will make up the Restructured Debt, as stated in this RP.

4.2. Origin of Funds for Payment to Creditors. The funds for payment to Creditors will come from (i) operating profits occasionally generated by the Debtors' continuing business activities, (ii) the sale of assets listed in this RP and annexes hereto, (iii) amounts occasionally received by the Debtor or the Debtor's shareholders from the action for damages filed by Artecola Participações S.A. and others against Brazil's National Education Development Fund (*Fundo Nacional de Desenvolvimento da Educação – FNDE*), currently pending before the 1st Federal Court of Novo Hamburgo, RS, case no. 5001395-76.2018.4.04.7108) ("FNDE Claim"), and (iv) dividends occasionally received by the Debtors as a result of Debtors' ownership interest in companies headquartered above.

5. PAYMENT OF EMPLOYEE CREDITORS

5.1. Employee Claims. Employee Creditors will be paid their Employee Claims capped at the amount corresponding to 100 (one hundred) minimum monthly salaries per Employee Claim up to the 5th (fifth) Business Day of the 12th (twelfth) month after RP Confirmation or definitive proof of the respective claim is filed, in the event it is filed after RP Confirmation, duly adjusted for inflation at the Reference Rate from the Date of Filing to the date of the actual payment. Such global manner for Employee Claim payment as provided for in this Chapter 5 of the RP is according to the ruling by the

Superior Court of Justice (*Superior Tribunal de Justiça* – STJ), in Appeal to the STJ no. 1649.774/SP, Reporting Appellate Judge Marco Aurélio Bellizze.

5.2. Employee Claims above 100 minimum monthly salaries. The amount of Employee Claims exceeding the amount corresponding to 100 (one hundred) minimum monthly salaries will be paid upon the application of an 80% (eighty percent) discount in 28 (twenty-eight) equal and consecutive twice-yearly payments, the first one owed by the 15th (fifteenth) day of the 18th (eighteenth) month after RP Confirmation and the others in the subsequent semesters.

5.3. Earlier Payments. The Debtors may, at the Debtors' sole discretion, dispose of the real estate listed in **Annex 5.3**. To that end, the Debtors may develop, sell, assign it or conduct any other real estate or corporate transactions, provided such is done solely between the Debtors, in an effort to maximize the potential disposal value. Such disposal may be carried out by setting up a separate production facility, according to art. 60 of the LRF, to pay Employee Claims worth below 100 (one hundred) minimum monthly salaries earlier, while taking into account the occasional payments already made under Section 5.1 above.

5.3.1. From among Employee Claims worth less than 100 (one hundred) minimum monthly salaries, Employee Claims worth equal to or less than 5 (five) minimum monthly salaries will have priority in the earlier payments allowed by the sale of real estate described in **Annex 5.3**. Therefore, Employee Creditors holding Employee Claims worth more than 5 (five) minimum monthly salaries will only be entitled to earlier payments after Employee Claims worth less than 5 (five) minimum monthly salaries have been fully paid off.

5.4. Release. The payments made as provided for in this Section 5 will fully and irrevocably release the Debtors from Employee Claims.

6. PAYMENT OF SECURED CREDITORS

6.1. Payment of Secured Creditors. Secured Creditors will be paid the stated value of the claims novated according to this RP, as set down in the List of Creditors.

6.2. Funds for the Payment of Secured Claims. Secured Creditors will be paid primarily (i) using funds obtained from the sale of the real estate put up as collateral and listed in **Annex 6.3** ("Real Estate"), or by giving said real estate in payment according to the conditions described in Section 6.3 below; and/or (ii) according to the payment flow set forth in Section 6.4.

6.2.1. Secured Claims will be adjusted for inflation based on the changes in the Reference Rate from the Date of Filing to the actual sale or giving in payment.

6.2.2. Real estate owned by third parties other than the Debtors and which had been put up as collateral will be disposed of or given in payment as provided for in this section, under conditions to be negotiated between the owners of said real estate and the respective Secured Creditors.

6.2.3. Secured Fiduciary Sale. In the event creditors secured by mortgage state their interest in this option and agree to bear the deed transfer costs, and as guarantee of the full payment of Secured Claims the Debtors will give the mortgaged real estate to the respective Creditors secured by the mortgage of each one of the properties so said properties may be disposed of via a secured fiduciary sale.

6.3. Sale of Real Estate. For 2 (two) years counted from RP Confirmation, the Debtors will put in their best efforts to sell the real estate listed in **Annex 6.3**, which properties may (or may not) be set up as a separate production facility, under art. 60 of the LRF, either directly to buyers or via a court-supervised auction, to pay Secured Creditors according to the provisions below and taking into account the possibility mentioned in section 6.3.2.

6.3.1. Secured Creditors have the ability to, for the 2 (two) year period mentioned in Section 6.3 above, appoint realtors or agents meant to help sell the real estate.

6.3.2. Within 90 (ninety) days after RP Confirmation, the Debtors must engage realtors or auctioneers with expertise in selling real estate, and properties are to be sold for at least the minimum price stated in **Annex 6.3**.

6.3.3. The amounts obtained from the sale of each piece of real estate will be used to pay creditors secured by the respective property up to the limit of the Secured Claim and taking into account occasional payments made under Section 6.4.

6.3.3.1 From RP Confirmation and regardless of signing any separate documents, Secured Creditors whose claims are backed by the real estate to be sold authorize the sale and transfer of the property, whose funds will be used to pay their Secured Claims up to the limit of such Secured Claims, as long as such is done in strict compliance with the provisions of this RP.

6.3.3.2 In case the real properties are not sold within 2 (two) years counted from RP Confirmation, the Debtors undertake to hold a public auction sale within 6 (six) months after the end of the 2 (two) year timeframe, which may be extended for an equal 6 (six) month period at the sole discretion of the Secured Creditors whose real properties are to be sold at said public auction. Guide prices must be at least the appraisal value listed in the Court-Supervised Reorganization's asset appraisal report or, alternatively, the value mutually agreed upon between the Secured Creditor whose real property is to be sold and the Debtors.

6.3.3.3 In the event the real estate sale price is below the amount of the Secured Claim backed by the real property, the remaining balance will be paid according to Section 6.4 below.

6.3.4. Notwithstanding the foregoing, via a petition filed in the Court-Supervised Reorganization record or written notice to the Debtors and at any time within the 2 (two) year timeframe mentioned in Section 6.3 or before the public auction sale notice is published, Secured Creditors may elect to receive their Secured Claims by being given the real estate listed in **Annex 6.3** and encumbered to them as payment, according to the reference values stated therein.

6.3.4.1 Real estate will be given in payment according to the reference value stated in **Annex 6.3**, considering: (i) in the event the value of a Secured Claim is higher than the reference value, the difference will be deemed paid in full and the Secured Creditors will fully and irrevocably release the Debtors; and (ii) in case the reference value is higher than the amount of a Secured Claim, the difference must be paid by the Secured Creditor and will be used to keep the Debtors' activities up and running.

6.4. Subsidiary Payment of Secured Claims. In case, for any reason, the real estate given as collateral and listed in **Annex 6.3** could not be sold or given in payment under Section 6.3. above, or the respective Secured Claims could not be paid under this RP, Secured Claims will be paid as follows:

- (i) **Adjustment for Inflation and Remuneration.** Adjustment for inflation according to the changes in the Reference Rate added 4% (four percent) a year interest from the Date of Filing until the actual payment. The amounts owed as adjustment for inflation and remuneration will be capitalized to the principal amount while the real properties remain for sale and, after such period, said amounts will be paid along with the amortization payments provided for in item (ii) below.
- (ii) **Amortization.** Payments in 40 (forty) quarterly consecutive installments, the first of which is due in the month immediately following the end of the final deadline for the sale of the real properties.

6.5. Early FNDE Payment. After Unsecured Creditors are paid, in case there is a surplus amount of funds from the FNDE Claim, such surplus funds must be used to pay the occasionally remaining balance owed to Secured Creditors included in the extended Subsidiary Payment flow described in Section 6.4. up to the limit of such remaining balance.

6.6. Release. The payments made as provided for in this Section 6 will fully and irrevocably release the Debtors from Secured Claims.

7. PAYMENT OF UNSECURED CREDITORS

7.1. Payment of Unsecured Creditors. Unsecured Creditors will be paid the stated value of the claims novated according to this RP, as set down in the List of Creditors, and receive their claims according to the conditions provided for in this Chapter 7 of the RP:

- (i) **Extended Flow.** The Debtors undertake to pay 20% (twenty percent) of the stated value of each Unsecured Claim according to the List of Creditors, and the remaining 80% (eighty percent) will be paid provided the FNDE Claim is granted.
- (ii) **Grace Period.** With respect to the 20% (twenty percent) payment corresponding to the extended flow, there will be a 24 (twenty-four) month grace period counted from RP Confirmation. The first payment will be made 6 (six) months counted from the end of the 24 (twenty-four) month grace period, that is, 30 (thirty) months after RP Confirmation.
- (iii) **Adjustment for Inflation and Interest.** Adjustment for inflation according to the changes in the Reference Rate and applicable from the Date of Filing until the actual payment. During the grace period, the amounts owed as adjustment for inflation and interest will be capitalized to the principal amount of the Unsecured Claim.
- (iv) **Amortization.** Unsecured Claims will be paid in 52 (fifty-two) quarterly consecutive installments, the first of which is due 6 (six) months after the end of the grace period provided for in item “(i)” above. The amortization percentages in each year payments are made are given in the following table.

Unsecured Claim Amortization Flow	
Year	%
Year 1	0.00%
Year 2	0.00%
Year 3	0.90%
Year 4	1.40%
Year 5	2.40%
Year 6	3.30%
Year 7	3.70%
Year 8	4.00%
Year 9	6.40%
Year 10	8.70%
Year 11	10.00%
Year 12	13.30%
Year 13	14.50%

Year 14	15.70%
Year 15	15.70%

- (v) **FNDE Claim Granted.** After a decision on the merits of the FNDE Claim has become final and unappealable ordering the defendants in that suit to make any payments to the Debtors (“FNDE Claim Granted”), the Unsecured Creditors’ Claims will be restated so that each Unsecured Creditor receives their respective claim under the conditions provided for below solely through the FNDE Claim funds and up to their limit:
- a. **Adjustment for Inflation and Interest.** Adjustment for inflation according to the CDI (interbank deposit certificate) and applicable from the Date of Filing until the actual payment.
 - b. **Use of the FNDE Flow.** Payments owed as a result of the FNDE Claim will be owed in the event of any payments to the Debtors on account of said FNDE Claim up to the limit of the amount received for such claim. Such amounts will be used to pay Unsecured Creditors and, in the event there is a surplus balance after Unsecured Creditors are paid, to pay Secured Creditors included in the Subsidiary Payment Flow. Also, the FNDE Claim amounts will be deducted the taxes owed on them, as well as the costs and expenses related to the FNDE Claim, including attorneys’ fees.
 - c. **Allocation of Amounts.** The amounts received from the FNDE Claim will be used to pay Unsecured Creditors on a *pro rata* basis according to the List of Creditors and will be allocated to payments in the following order: (1) payments of interest on this FNDE Payment; (2) payment of the principal amount of Unsecured Claims up to the limit of the respective Unsecured Claims according to the List of Creditors.
 - d. **Release.** The amount of Unsecured Creditors’ Claim will be deemed fully paid off when these creditors receive all amounts owed to the Debtors from the FNDE Claim, provided such claim is granted. In the event there is a surplus balance from the FNDE Claim after the Unsecured Creditors are paid, as well as the Secured Creditors as the case may be, under this RP such remaining balance will be used to keep the Debtors’ activities in operation.
- (vi) **Fiduciary Assignment of FNDE Claim Credit Rights.** Through this RP and upon a decision to be issued by the Reorganization Court, the Debtors agree to the fiduciary assignment of their respective credit rights related to the FNDE Claim, under article 66-B of Law no. 4728/1965 and according to arts. 1361 and following of the Brazilian Civil Code, as applicable, in order to guarantee the

allocation of FNDE Claim funds and payments to this Court-Supervised Reorganization's Creditors while a final ruling is not reached with respect to the FNDE Claim. In order to set up this fiduciary ownership of credit rights, under art. 1362 of the Brazilian Civil Code, it is hereby agreed that (I) the amount secured corresponds to the amount given in the List of Creditors and will be distributed among the Creditors on a pro rata basis; (II) the time of payment corresponds to the time the FNDE Claim award is paid; (III) the interest rate is described in line (a) of item (v) of this Section, and (IV) the thing to be transferred corresponds to the entirety of the credit rights deriving from the FNDE Claim held by the Debtors, as well as those third-party rights assigned to the Debtors according to item (vii) of this Section.

- (vii) **Assignment from Third Parties to the Debtors.** The Debtors undertake to sign a deed of assignment of credit rights held by the Debtors with respect to the portion of credit rights belonging to Mr. Eduardo Kunst, the plaintiff identified in the FNDE Claim lawsuit. Additionally, under this RP the aforementioned fiduciary assignment of credit rights will also apply to this portion of the credit rights.
- (viii) **FNDE Claim Denied.** In case the Debtors' FNDE Claim is denied, meaning that the decision finding against the Debtors in said case has become final and unappealable, Unsecured Claims will be deemed released after the installments provided for in item (iv) above are paid.

8. PAYMENT OF MICRO AND SMALL COMPANY CREDITORS

8.1. Payment of Micro and Small Company Creditors. Micro and Small Company Creditors will be paid the stated value of the claims novated according to this RP, minus any amounts owed as interest, pecuniary penalties, and other charges.

8.2. Payment of Micro and Small Company Claims. Micro and Small Company Claims will be paid under the conditions below.

- (i) **Payment of the Principal Amount.** The Debtors will pay the amount corresponding to 15% (fifteen percent) of the face value of each Micro and Small Company Claim, as stated in the List of Creditors.
- (ii) **Grace Period.** 24 (twenty-four) months counted from RP Confirmation.
- (iii) **Adjustment for Inflation.** Adjustment for inflation calculated based on the changes in the Reference Rate.
- (iv) **Amortization.** Payment in 26 (twenty-six) twice-yearly consecutive installments,

the first of which due 6 (six) months after the end of the grace period mentioned in item (ii) above. The amortization percentages in each year payments are made are given in the following table:

Micro and Small Company Claim Amortization Flow	
Year	%
Year 1	0.00%
Year 2	0.00%
Year 3	0.90%
Year 4	1.40%
Year 5	2.40%
Year 6	3.30%
Year 7	3.70%
Year 8	4.00%
Year 9	6.40%
Year 10	8.70%
Year 11	10.00%
Year 12	13.30%
Year 13	14.50%
Year 14	15.70%
Year 15	15.70%

8.3. Release. The payments made as provided for in this Section 8 will fully and irrevocably release the Debtors from Micro and Small Company Claims.

9. PAYMENT OF PARTNER CREDITORS

9.1. Partner Creditors. Unsecured Creditors and Micro and Small Company Creditors that continue supplying inputs or providing services to the Debtors will be considered Partner Creditors and may receive their Claims in full according to the List of Creditors and in an accelerated manner, prorated to the payment timeframe granted, without interest, for payment by the Debtors.

9.1.1. The amortization of Partner Creditors' Claims will be accelerated at the rate of 0.07% (point zero seven percent) of the net amount of the sales invoice or service bill, per day of extra time granted and increase in the existing credit limit.

9.1.2. For Creditors to be considered Partner Creditors, the minimum timeframe for payment without interest granted to the Debtors will be 15 (fifteen) days on each sales invoice or service bill.

9.1.3. The acceleration is capped at a total of 4% (four percent) of the net amount of the sales invoice or service bill.

9.2. Date of Payment. The payment referred to in this Section 9 will be owed in the month following the issuance of the sales invoice or service bill which led to the accelerated payment to the Partner Creditor.

9.3. Contracting with Partner Creditors. The purchase of inputs and raw materials, as well as the engagement of services, will be connected to the Debtors' purchasing needs and working capital, and business conditions must be consistent with market practices. Therefore, the Debtors will in no way be obligated to make purchases or engage services.

10. EXTRAORDINARY AMORTIZATION IN CASE OF "EXCESS CASH" (CASH SWEEP)

10.1. Cash Sweep. The Debtors undertake to share any and all excess funds in their cash, i.e. the balance of available cash found in the annual balance sheet audited by an independent auditing firm and which exceeds the cash balanced estimated in the economic viability report, with Creditors at the rate of 50% (fifty percent) for early payments and 50% (fifty percent) to keep the debtors' activities up and running ("Cash Sweep").

10.1.1. Via Cash Sweep, the Debtors undertake to make a partial or total earlier payment of the Unsecured Claims' balance which is outstanding at the time of such event, prorated to the amount of each Creditor's respective claim. Such payment will be due by the end of the sixth month following the end of the business year yielding funds for payment via Cash Sweep.

11. COMMON PROVISIONS ON PAYMENT OF CREDITORS

11.1. Form of Payment. The amounts owed to Creditors under this RP will be wire transferred to each creditor's bank account to be individually provided by the Creditors.

11.1.1. The documents related to the actual transfer of funds will supply proof of payment of the respective amounts actually paid by the Debtors, and will therefore grant the Debtors full and irrevocable release with respect to the amounts then paid.

11.1.2. Payments which are not made because of Creditors' failure to provide a bank account will not be considered a breach of this RP. No interest or late charges will apply in case payments are not made because of Creditors' failure to provide a bank account.

11.1.3. All amounts owed hereunder will be payable on the 15th (fifteenth) day of the

month they are due or, in case the 15th (fifteenth) day of the month is not a Business Day, they will be payable on the subsequent Business Day.

11.2. Payment Flow Percentages. In the event a Creditor's disagreement or objection is ruled on by the court after RP Confirmation and such ruling changes the percentage owed to a given Creditor, such disagreement or objection will only impact this RP from the date said decision becomes final and unappealable. Also, any and all payments made before based on the former percentages will remain valid and intact.

11.3. Amounts. The amounts considered for the payment of the Claims are those included in the List of Creditors and its subsequent amendments stemming from agreements between the parties or court decisions, which will become payable as novated by this RP.

11.3.1. In order to make the payments viable, as well as to cut costs with bank transfer fees and expedite administrative procedures, the Debtors will make all payments owed hereunder once the minimum amount of BRL 500.00 (five hundred reais) per Creditor, in keeping with each Creditor's balance and according to the manner, deadline, and addition of payment charges related to each class of Creditors, until the Claims are respectively paid in full. In case at each one of the payment installments the amounts assessed are below the minimum amount set in this RP, the Debtors will pay the Creditor as soon as the minimum amount of BRL 500.00 (five hundred reais) described herein is reached.

11.3.2. In case the amount of the respective Claim is below the minimum amount for the payment installments as provided for in this RP with respect to the List of Creditors, the respective payment will be made up to the limit of the amount owed according to the List of Creditors in order to achieve the actual release of the respective Claims.

11.4. Allocation of Payments between the Principal Amount and Charges. All payments hereunder are to be first allocated to pay the amount of the charges on the Claims and, after that and as provided for herein, the principal amount.

11.5. Offsetting. The Debtors may obtain release from any Claims or Creditors, as applicable and at the Debtors' discretion, by offsetting (i) credits of any kind the Debtors may have against the Creditors; and (ii) credits owed by the Creditors, as applicable and as modified by this RP, duly identified in the Debtors' financial statements and/or occasionally provisioned as a result of lawsuits, including as identified in the Trustee's Monthly Reports. In this case, the offsetting will extinguish both liabilities up to the limit of the amount actually offset. The failure to conduct the offsets provided for herein may not be construed as a waiver or discharge by the Debtors of any credits they may hold against such Creditors.

11.5.1. Offsetting for fiduciary creditors. The Debtors' creditors that had received a fiduciary assignment of credit rights to secure the actual payment of their claims before

the court-supervised reorganization petition was filed may use their secured claims to offset the amounts they have received as a result of said fiduciary security. In case the fiduciary security funds are not sufficient to cover the full payment of their claim, the remainder will be paid as provided for in this RP.

11.6. Claims in Foreign Currency. For voting purposes, claims in foreign currency which are yet to be converted into Brazilian currency will be converted into said national currency according to the foreign exchange sale rate published by the Brazilian Central Bank on the eve of the GMC on the bank's internet page on exchange rates (<http://www.bcb.gov.br/?txcambio>), "*Cotações e Boletins*" (rates and bulletins) menu, "*Cotações de fechamento de todas as moedas em uma data*" (closing rates of all currencies on a date) option.

11.7. Payments by Co-Debtors. In case there are third-party co-debtors of the Claims other than the Debtors, Creditors may exercise their rights against such third-party co-debtors, as long as the total payment received by such Creditors is deducted from the payments owed according to the List of Creditors. In the event a Creditor receives the entirety of their Claim based on the List of Creditors, the payments provided for hereunder to such Creditor will no longer be owed.

11.8. Release. The payments and distributions made as provided for herein will entail the full and irrevocable release of all Claims novated hereunder, regardless of their kind, against the Debtors, including interest, adjustment for inflation, charges, pecuniary penalties, and damages, when applicable. Upon release, the Creditors will be deemed to have been fully paid off, discharged and/or waived any and all Claims, and such Creditors will no longer be able to pursue such Claims against the Debtors.

11.9. Distribution of dividends. Until the Claims have been fully paid off, the Debtors will not be allowed to distribute any amounts as dividends and/or interest on their own capital, reduce capital, buy back, redeem or amortize stock or shares, or make any other sort of distribution to their current shareholders or any related parties, under arts. 1097 and following of the Brazilian Civil Code and also arts. 243 and following of Law no. 6404/1976, as amended.

PART V – POST-CONFIRMATION

12. RP EFFECTS

12.1. Binding RP. This RP's provisions are binding upon the Debtors and the Debtors' Creditors, their respective assigns and successors, from RP Confirmation.

12.2. Conflict with Contractual Provisions. In the event of conflicts between the provisions in this RP and those contained in agreements signed with any Creditors, with

respect to any of the Debtors' obligations to give, do or not do, the provisions contained in this RP will prevail.

12.3. Dismissal of Lawsuits. Save for Creditors that expressly object to the applicability of this Section 12.3. until the RP Confirmation date and relative to whom the effects of this Section will not apply, from RP Confirmation all enforcements of Claims then in course against the Debtors are to be considered dismissed as a result of the novation hereunder, according to art. 59 of the LRF.

12.4. Lawsuits. Save for Creditors that expressly object to the applicability of this Section 12.3. until the RP Confirmation date and relative to whom the effects of this Section will not apply, in order to allow this court-supervised reorganization filed by the Debtors to be successful, except as otherwise provided for herein the Creditors included in the List of Creditors will no longer be able to, from RP Confirmation and as the case may be: (i) file or pursue any action or lawsuit of any kind related to any Claims against the Debtors; (ii) enforce any court ruling, court decision, or arbitration decision against the Debtors related to any Claims; (iii) levy on any of the Debtors' property to satisfy their Claims; (iv) create, perfect, or enforce any security interest over the Debtors' assets and rights to ensure the payment of their Claims; (v) pursue any offsetting rights against any credits owed to the Debtors using the Creditors' Claims; and (vi) file or pursue any action or lawsuit of any kind related to any Claims.

13. BREACH OF THIS RP

13.1. RP Breach Event. This RP may only be deemed breached, in any event, during the timeframe mentioned in art. 61 of the LRF and, also, with respect to payment liabilities, as long as payment default is not remedied within 5 (five) days counted from the respective maturity of the payment as provided for in this RP.

13.2. Cure Period after Court Supervision. After the end of the timeframe mentioned in the section above, this RP may not be deemed breached unless the Debtors cure the default within 5 (five) days counted from the maturity date of the liability provided for in this RP. In this case, this RP will not be deemed breached in case the default is cured within the 5 (five) day timeframe.

PART VI – COMMON PROVISIONS

14. MISCELLANEOUS PROVISIONS

14.1. Annexes. All Annexes to this RP are incorporated hereto and are an integral part hereof. In case of any discrepancies between this RP and any of the Annexes, this RP will prevail.

14.2. Severability of Provisions. In the event any of the provisions hereof, for any reason, is considered to be not valid, illegal or unenforceable in any way in any jurisdiction, such lack of validity, illegality or unenforceability will not impact any other provisions of this RP, which will remain in full force and effect.

14.3. End of the Court-Supervised Reorganization. The court-supervised reorganization may end at any time after RP Confirmation at the Debtors' request as long as (i) such ending is approved by the majority of Creditors attending the GMC, according to art. 42 of the LRF; and (ii) all liabilities under this RP payable by the date of such termination GMC have been met in the form of a procedural legal transaction under arts. 190 and following of the Brazilian Civil Procedural Code.

14.4. Communications. All notices, requirements, requests, and other communications to and from the Debtors as required or allowed under this RP must be made in writing and will be considered delivered when sent via registered mail against receipt or by courier, and actually handed over.

15. ASSIGNMENTS

15.1. Credit Assignment. Creditors may assign their Claims to other Creditors or third parties, and such assignment will be valid as long as (i) the Debtors and the Reorganization Court are notified, and (ii) the assigns receive and confirm the receipt of a copy of this RP, thereby acknowledging the assigned claim is subject to the provisions hereof upon RP Confirmation.

16. LAW AND JURISDICTION

16.1. Applicable Law. The rights, duties, and liabilities arising out of this RP will be governed, construed, and performed according to the laws in effect in the Federative Republic of Brazil, even though there may be Claims originating under laws of other

jurisdictions. Additionally, no private international law regulations or principles will apply hereto.

16.2. Jurisdiction. Any and all controversies or disputes arising out of or related to this RP will be settled by the Reorganization Court.

Novo Hamburgo, February 19, 2019.

FXK ADMINISTRAÇÃO E PARTICIPAÇÕES S.A.

ARTECOLA PARTICIPAÇÕES S.A.

ARTECOLA QUÍMICA S.A.

ARTECOLA EXTRUSÃO LTDA.

**ARTEFLEX MAXIMINAS EQUIPAMENTOS DE PROTEÇÃO INDIVIDUAL
LTDA.**

ARTECOLA NORDESTE S.A. – INDÚSTRIAS QUÍMICAS

**ANNEX 5.3 – REAL ESTATE SUBJECT TO BE SOLD TO ACCELERATE THE
PAYMENT OF EMPLOYEE CLAIMS**

2.342	Planta Dias D'Avila - Loteamento Vila do Imbassay com área de 3.000 m ²	8.579 m ² - 1819,42 área construída - lote 5 e 6 da quadra 12 - loteamento vila do Imbassay	R\$	4.692.339,70
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ANNEX 6.3 – REAL ESTATE ENCUMBERED WITH SECURITY INTEREST

Real property encumbered to Banco Bannrisul S.A.

94.702	Rua Curitibaanos bairro Canudos	um terreno situado no bairro canudos no município de Novo Hamburgo/RS	R\$	14.400.000,00
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Real property encumbered to Pentágono Distribuidora de Títulos e Valores Mobiliários S.A., as the fiduciary agent for holders of the 1st public issuance of debentures of Arteccla Química S.A.

26.356	Rua Rio de Janeiro Bairro Piraporinha - Diadema	um terreno situado no Piraporinha município de São Paulo	R\$	6.363.000,00
12.679	Rua Espírito Santo Bairro Jardim Ruyce - Diadema	um terreno situado no Bairro Jardim Ruyce município de São Paulo com área de 390,00 m ²	R\$	332.000,00
33.639	Rua Espírito Santo Bairro Jardim Ruyce - Diadema	um terreno situado no Bairro Jardim Ruyce município de São Paulo com área de 250,00 m ²	R\$	213.000,00
			R\$	6.908.000,00