

GRENDENE S.A. – LISTED COMPANY

Corporate Taxpayers ID – CNPJ/MF nº 89,850,341/0001-60

Company's Register: NIRE Nº 23300021118-CE

Notice to Shareholders - Dividends and Interest on Equity

We are writing to inform shareholders that, the Board of Directors at the meeting held on April 28, 2016, decided “ad referendum” that it will propose to the Ordinary General Meeting that will examine the balance sheet and financial statements for the 2016 financial year, **the 1st distribution of interim interest on equity and dividends** in the amount of **R\$ 81,190,824.65** (eighty-one million, one hundred and ninety thousand, eight hundred twenty-four reais and sixty-five cents) referring to the period up to March 31, 2016, that will be paid from May 18, 2016 and distributed as follows:

a) In the form of Interest on Equity – calculated as part of the total value of dividends, subject to the limits in Article 9, §7, of Law 9249/95, the gross amount of R\$30,000,000.00 (thirty million reais), corresponding to gross value per share of R\$0.099760575, resulting in net payment, after deduction of 15% withholding income tax at source, of **R\$ 25,500,000.00** (twenty-five million, five hundred thousand reais), this net amount represents net value **per share of R\$0.084796488**.

The Company requests that shareholders, companies and/or entities not subject to withholding income tax submit the documentation to the Company located at Av. Pedro Grendene, 131, Bairro Volta Grande, Farroupilha, RS, CEP 95180-000, care the Investor Relations Department, by May 09, 2016.

b) In the form of interim dividends in the amount of **R\$51,190,824.65** (fifty-one million, one hundred ninety thousand eight hundred and twenty-four reais and sixty-five cents). The shareholders of common shares will receive an interim dividend of **R\$0,170227536 per share**. This amount will not be subject to any remuneration or monetary updating, nor any withholding tax.

The Interest on Equity and interim dividends will be payable to stockholders in the Company's books of record on May 03, 2016 (the cut-off date). Thus Grendene's shares will trade ex-dividend and ex-Interest on Equity on May 04, 2016, on the BM&FBovespa.

The payment of the amounts to be distributed will be undertaken as follows:

- a)** Shareholders who have already provided details of their bank account to Banco Itaú Unibanco S.A. will have the credit made available through their current account;
- b)** For shareholders who have not provided details of their bank account, Banco Itaú Unibanco S.A., as the Depository Financial Institution, will send information on the payment to the shareholders. This information should be presented at one of its branches with the instructions for processing the respective bank account credit.

Shareholders will have their credits available on the date of the start of the payment of this right, in accordance with their current account and bank domicile supplied to Banco Itaú Unibanco S. A.

Sobral, April 28, 2016.

Francisco Olinto Velo Schmitt
Investor Relations Officer