

GRENDENE S.A.

Publicly Held Company

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

Company's Register: NIRE Nº 23300021118-CE

NOTICE TO SHAREHOLDERS

2nd Interim dividends of 2016

We are writing to inform shareholders that, the Board of Directors at the meeting held on July 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 2nd distribution of interim dividends **in the amount of R\$45,505,162.63** (forty-five million, five hundred and five thousand, one hundred sixty-two reais and sixty-three cents), referring to the period up to June 30, 2016. The shareholders of common shares will receive an **interim dividend of R\$0.151320706 per share**. **The dividends will be paid from August 17, 2016**, without remuneration or monetary restatement and no withdrawal tax will be imposed on the dividend.

Shareholders whose names were registered with the Company on August 2nd, 2016 will have the right to receive the interim dividends. The Company's shares will be traded ex-dividend from August 3rd, 2016 on the BM&FBOVESPA.

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

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

Sobral (CE), July 28, 2016.

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Francisco Olinto Velo Schmitt
Investor Relations Officer