

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 inform all shareholders that an Ordinary General Meeting of this Company, held on April 10, 2017, approved the ratification of the distribution of dividends of the year ended December 31, 2016 amounting to **R\$148,593,857.91** (one hundred and forty-eight million, five hundred and ninety-three thousand, eight hundred and fifty-seven reais and ninety-one cents). The dividends will be paid from April 26, 2017, without remuneration or monetary restatement without withholding tax and distributed as follows:

i) 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\$130,000,000.00 (one hundred and thirty million reais), corresponding to gross value per share of R\$0.432306667 (excluding 7,543 treasury shares as legislation), resulting in net payment, after deduction of 15% withholding income tax at source, of R\$ 110,500,000.00, this net amount represents net value per share of R\$0.367460667, except for shareholders who are proven to be immune or exempt under current legislation.

The Company requests that shareholders, companies and/or entities not subject to withholding income tax as legislation 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 April 17, 2017.

ii) In the form of dividends - complementary dividend of R\$18,593,857.91, or R\$0.061832683 per share excluding treasury shares as legislation. This amount will not be subject to any remuneration or monetary updating, nor any withholding tax.

The Interest on Equity and complementary dividends will be payable to stockholders in the Company's books of record on April 12, 2017 (the cut-off date). Thus Grendene's shares will trade ex-dividend and ex-Interest on Equity on April 13, 2017, on the BM&FBovespa.

This complementary distribution of Dividends and Interest on Equity (R\$148,593,857.91), plus the amount of R\$202,789,040.29, paid in advance in 2016, totaling a gross amount of R\$351,382,898.20 (three hundred and fifty-one million, three hundred and eighty-two thousand, eight hundred and ninety-eight reais and twenty cents) (net R\$327,382,898.20), for the fiscal year 2016.

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 10, 2017.

Francisco Olinto Velo Schmitt
Investor Relations Officer