

GRENDENE S.A.

Listed company – CNPJ n. 89.850.341/0001-60 – NIRE n. 23300021118-CE

MATERIAL ANNOUNCEMENT

New buyback program for Grendene's common shares (GRND3)

In accordance with CVM Instruction 358 of January 3, 2002, GRENDENE S.A. (Bovespa: GRND3; "Grendene" or "the Company"), hereby informs its Stockholders that at a meeting held on July 27, 2017 the Board of Directors approved, under the provisions of Clause 21, and subclause "i" of the Bylaws, and CVM Instruction 567, of 09/17/2015, a new program to buy back the Company's shares, to be held in treasury for subsequent sale, without reduction in the share capital, and to comply with future exercises of options granted and exercisable by its executives under the Stock Options programs, subject to the conditions in the Regulations of the Stock Options Plan. The Board believes that acquisition of the Company's shares in the market is the best method for satisfying this requirement. On today's date the Company has 7,543 nominal common shares in treasury, for subsequent disposal, in compliance with the accumulated options subject to exercise. The new program has the following characteristics:

- a. Limit of acquisition, under Article 8 of CVM Instruction 567/2015, and based on the stockholding structure at July 27, 2017: Up to 2,000,000 shares, corresponding to 2.38% of the shares in circulation.
- b. Maximum period for acquisition: 545 days.
Start: August 25, 2017.
End: February 21, 2019.
- c. The total number of Grendene' shares is 300,720,000, of which 83,872,464 are shares in circulation, 7,543 are shares held in treasury, and 216,839,993 are shares held by the controlling stockholders and the Company's managers.
- d. The acquisitions will be made at market price exclusively in the stock market in which the Company's shares are traded, with intermediation by the following financial institution: Bradesco S.A. Corretora de Títulos e Valores Mobiliários, with head office at Av. Paulista 1,450, 7 andar, São Paulo, São Paulo State, registered in the CNPJ/MF under No. 61.855.045/0001-32.

The information on the new share acquisition program that has been approved, including the information required by CVM Instructions 567/15 and 480/09, as amended, is available to stockholders at the Company's head office, and on the websites of: the Company (<http://ri.grendene.com.br>), the CVM (Brazilian Securities Commission) – <http://www.cvm.gov.br>, and BM&FBovespa (<http://www.bmfbovespa.com.br>).

Farroupilha, Rio Grande do Sul, Brazil, July 27, 2017.

Francisco Olinto Velo Schmitt.
Investor Relations Officer