

Grendene S.A.

Listed Company - CNPJ Nº. 89.850.341/0001-60 - NIRE Nº. 23300021118-CE

MATERIAL ANNOUNCEMENT

GRENDENE S.A. (**Grendene**) (GRND3), in compliance with CVM Instruction 358/02 as amended, in particular §1, Sub-item III, of Article 2, informs its stockholders and the market in general as follows:

As detailed in the Market Announcement published today, certain shares in Grendene have been transferred from ownership by **Verona Negócios e Participações S.A.** (**Verona**) to ownership by its stockholders, following the reduction of the share capital of **Verona**. As a result, the following stockholders have today, with **Grendene** as consenting party, signed the **Fourth Amendment to the Stockholders' Agreement** initially signed on October 6, 2004: Alexandre G. Bartelle Participações S.A. (**AGBPar**), **Verona**, Alexandre Grendene Bartelle (**Alexandre**), Pedro Grendene Bartelle (**Pedro**), Maria Cristina Nunes de Camargo (**Maria Cristina**), Pedro Bartelle (**Pedro Filho**), Giovana Bartelle Velloso (**Giovana**), André de Camargo Bartelle (**André**) and Gabriella de Camargo Bartelle (**Gabriella**).

By this amendment, **VERONA** ceased to be a party to the Stockholders' Agreement, and the entry of **ANDRÉ** and **GABRIELLA** as parties to the Stockholders' Agreement was formalized. Jointly with the new signatories **André** and **Gabriella**, the other previous signatories – **AGBPar**, **Alexandre**, **Pedro**, **Maria Cristina**, **Pedro Filho**, and **Giovana** – remain as parties to the Stockholders' Agreement of Grendene. Small changes have been made to the drafting to maintain the same terms and conditions of the original Agreement, which are all ratified and remain in full force and effect. The amendment has been filed at the Company's head office. The three prior amendments to the stockholders' agreement were signed on June 15, 2011, July 30, 2013 and July 29, 2016.

The above stockholders have advised Grendene that the transfers of stockholding interests referred to above do not change (and are not intended to change) the administrative or management structure, or control, of Grendene, which continues to

be held by the same group of persons who in aggregate directly or indirectly hold the same percentage as before, namely 71.4996%, of the total stock of Grendene – as per the attached demonstrative table.

The shares bound by the Stockholders' Agreement, reflecting the transfers referred to above, are show in the table below. The group that holds direct and indirect stockholding control of Grendene remains unchanged.

Stockholder	Number of bound shares	Percentage of the share capital
Alexandre G. Bartelle Participações S.A.	93,300,012	31.0255%
Pedro Grendene Bartelle	41,770,792	13.8903%
Alexandre Grendene Bartelle	30,597,257	10.1747%
Giovana Bartelle Velloso	12,377,599	4.1160%
Pedro Bartelle	12,155,199	4.0420%
André de Camargo Bartelle	9,733,759	3.2368%
Gabriella de Camargo Bartelle	9,637,559	3.2048%
Maria Cristina Nunes de Camargo	5,441,280	1.8094%

Copies of the Fourth Amendment to the Stockholders' Agreement, the Market Announcement, and the notice from the stockholders informing the Company of the transfers, are available for consultation on the sites of: the CVM: <http://www.cvm.gov.br>, the São Paulo stock exchange ('B3'): <http://www.bmfbovespa.com.br> and Grendene S.A.: <http://ri.grendene.com.br>.

Sobral, Ceará, December 18, 2017.

Francisco Olinto Velo Schmitt

Investor Relations Officer

Grendene S.A.