

GRENDENE S.A.

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

MARKET ANNOUNCEMENT

Grendene S.A. (“the Company”) (GRND3) informs its stockholders and the market that it has received from the stockholders Alexandre Grendene Bartelle (“Alexandre”) and Alexandre G. Bartelle Participações S.A. (“AGBPar”) statements of acquisition/transfer of stockholding interest as per the documents attached (Appendix I), in which the stockholders report to the Company the transfer, due to the reduction of the share capital of AGBPar on today’s date, of all the **279,900,036** shares in the Company owned by AGBPar – representing **31.0255%** of the share capital – to its stockholder Alexandre.

As a result of the above mentioned reduction in capital and transfer of shares:

- i. AGBPar, which directly held **279,900,036** nominal common shares in the Company, representing **31.0255%** of the Company’s share capital, now no longer owns any shares – i.e. ceases to be a stockholder in the Company; and
- ii. Alexandre, who previously held **91,791,771** nominal common shares in the Company, representing **10.1747%** of the share capital, now holds **371,691,807** nominal common shares in the Company, representing **41.2002%** of the share capital.

Due to the transfers of stockholdings stated above and to reflect them, on today’s date the Fifth Amendment to and Consolidation of the Company’s Stockholders’ Agreement (“the Stockholders’ Agreement”) was signed and filed at Grendene’s head office, by the following signatories: 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”), with the Company as consenting party.

Under this amendment:

- i. Alexandre, already a signatory of the Stockholders’ Agreement, has succeeded AGBPar in all its rights and obligation specified in the Agreement.
- ii. Maria Cristina ceases to be a party to the Agreement, while the other signatories continue to be parties to it – namely: Alexandre, Pedro, Pedro Filho, Giovana, André and Gabriella, representing **55.4225%** of the Company’s share capital.
- iii. The period of validity of the Agreement is extended to November 5, 2043.

- iv. New provisions have been added governing transfer of, or placement of any lien, charge or other encumbrance upon, the bound shares.
- v. **128,716,531** common shares in Grendene (the Company has only common shares), owned by the remaining signatories, from within their aggregate total of 628,716,531 shares bound by the Agreement, were released from being bound by the Agreement. As a result there remain bound by the Stockholders' Agreement **500,000,000** (five hundred million) common shares in the Company, representing **55.4225%** of its share capital.

The table below shows the distribution of unbound shares and shares bound by the Stockholders' Agreement, reflecting the transfers referred to above. The controlling stockholding group in the company's share capital is unchanged.

Stockholder	Bound shares	% of Total shares	Unbound shares	Total shares	% of Total shares
Alexandre	270,000,000	29.9282%	101,691,807	371,691,807	41.2002%
Pedro	116,000,000	12.8580%	9,312,376	125,312,376	13.8903%
Pedro Filho	32,000,000	3.5470%	4,465,597	36,465,597	4.0420%
Giovana	32,000,000	3.5470%	5,132,797	37,132,797	4.1160%
André	25,000,000	2.7711%	4,201,277	29,201,277	3.2368%
Gabriella	25,000,000	2.7711%	3,912,677	28,912,677	3.2048%
TOTAL	500,000,000	55.4225%	128,716,531	628,716,531	69.6901%

As the said stockholders have further stated, the above-mentioned transfers of stockholding interests do not change (and were not made for the purpose of changing) the control or administrative structure of the Company, which continues to be held by the group of remaining signatories to the Agreement. As shown in the table above, this group directly holds **69.6901%** of the Company's share capital, and the shares bound by the Stockholders' Agreement are **500,000,000** shares, representing **55.4225%** of its share capital.

These stockholders have also stated that the transfers that have resulted in acquisition or disposal of stockholding interests are part of the internal restructuring process taking place between stockholders in the controlling stockholding block, and there is not at this time any quantity of shares envisaged for acquisition/disposal.

Sobral – Ceará, November 12, 2018.

Francisco Olinto Velo Schmitt
 Investor Relations Officer
 Grendene S.A.