

## GRENDENE S.A.

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

### MATERIAL ANNOUNCEMENT

As per CVM Instruction 358/02 as amended, in particular Article 2, Paragraph 1, Item III, **Grendene S.A.** (‘the Company’) (GRND3), **hereby informs** its stockholders and the market **as follows:**

Due to a transfer of shares in the Company, from Alexandre G. Bartelle Participações S.A. (‘AGBPar’) to its stockholder Alexandre Grendene Bartelle (‘Alexandre’), by reduction of the share capital of AGBPar, as reported in detail in the Market Announcement published on today’s date, the Fifth Amendment to and Consolidation of the Company’s Stockholders’ Agreement (‘the Stockholders’ Agreement’ – first signed on October 6, 2004 and subsequently amended on June 15, 2011, July 30, 2013, July 29, 2016 and December 18, 2017) was today signed and filed at Grendene’s head office, to reflect that transfer.

Today’s amendment was signed by AGBPar, 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 Grendene as consenting party.

By the amendment signed today:

- i. Alexandre, already a signatory of the Stockholders’ Agreement, succeeds 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, namely: Alexandre, Pedro, Pedro Filho, Giovana, André and Gabriella, holders in aggregate of **55.4225%** of the total stock of the Company.
- iii. The period of validity of the Agreement is extended to November 12, 2043.
- iv. New provisions have been added governing transfer of the bound shares, or placement of any lien, charge or other encumbrance upon them.
- v. The following shares have been removed from being bound by the Stockholders’ Agreement:  
**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 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 under 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%
<b>TOTAL</b>	<b>500,000,000</b>	<b>55.4225%</b>	<b>128,716,531</b>	<b>628,716,532</b>	<b>69.6901%</b>

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. (The Company has only common shares.)

Copies of the following documents –

- the Fifth Amendment to the Stockholders' Agreement,
- the Market Announcement, and
- the notice given by the stockholders to the Company informing it of the transfers

– are available for consultation on the websites of:

the CVM ..... (<http://www.cvm.gov.br>),  
the São Paulo stock exchange ('B3') ... (<http://www.b3.com.br>), and  
the Company ..... (<http://ri.grendene.com.br>).

Sobral – Ceará, November 12, 2018.

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