

GRENDENE S.A.

Listed Company – CNPJ: 89.850.341/0001-60 – NIRE: 23300021118-CE

MATERIAL ANNOUNCEMENT

Licensing agreement with Vulcabras|azaleia

Grendene S.A. (BM&FBOVESPA: GRND3) ('Grendene' or 'the Company') hereby informs its stockholders – in accordance with Article 157, §4º, of Law 6404/76 and CVM Instruction 358/2002 – as follows:

At its meeting of today's date, the Executive Board of Grendene approved signature of a Licensing Agreement with the brands "Azaleia" and "Dijean" ('the Brands'), property of **Vulcabras|azaleia – CE**, Calçados e Artigos Esportivos S.A. and **Vulcabras|azaleia – RS**, Calçados e Artigos Esportivos S.A., both being subsidiaries of **Vulcabras|azaleia S.A.**, registered in the CNPJ/MF under Nº 50.926.955/0001-42 ("**Vulcabras|azaleia**"), and related parties of Grendene, for production and sale of feminine footwear in thermoplastic materials ('the Products'), for a period of 3 (three) years, able to be renewed for an additional period of 3 (three) years.

Under the agreement Grendene will be able to use the Brands in thermoplastic Products in to be produced and sold by Grendene, and will create designs for them; Vulcabras|azaleia will be responsible for the institutional management of the Brands and for management of the distribution network of the Products through commercial representatives. In relation to their activities with any third parties, Vulcabras|azaleia and Grendene do not have, and will not have, any joint obligations or liabilities.

For the license to use the Brands, their institutional management, and the management of the distribution network of the Products, Grendene will pay remuneration to Vulcabras|azaleia based on a percentage of the sales of the Products in Brazil, on equitable terms in accordance with the standards at present practiced by the market and by Grendene with other licensors.

Sobral – Ceará, Brazil, October 23, 2014.

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