



CIELO S.A.

Corporate Taxpayer's ID – CNPJ/MF 01.027.058/0001-91

**Notice to Shareholders
Distribution of Dividends and Interest on Equity**

CIELO S.A. (“Company”) (BOVESPA: CIEL3 / OTCQX: CIOXY) hereby informs its shareholders that the Company’s Board of Directors during a meeting held on August 1, 2016 approved the distribution of dividends based on the results of the first half ended June 30, 2016.

The proceeds will be distributed as interim dividends and interest on equity, in the total amount of six hundred, twelve million, three hundred, sixty-five thousand, three hundred, twenty-two Reais and ninety centavos (R\$612,365,322.90), of which two hundred, thirty-eight million Reais (R\$238,000,000.00) will be distributed as interest on equity, subject to withholding tax at the appropriate tax rate, and the amount of three hundred, seventy-four million, three hundred sixty-five thousand, three hundred twenty-two Reais and ninety centavos (R\$374,365,322.90) as interim dividends, which will be paid to the shareholders proportionally to their interest in the Company’s capital stock, with shares held in treasury not entitled to remuneration. The estimated amounts per share are the following:

- a) Dividends per share: R\$ 0.165725803
- b) Gross amount of interest on equity per share: R\$ 0.105358960

The proceeds will be paid to the shareholders on September 30, 2016, based on the shareholding position of September 16, 2016, with the Company’s shares trading “ex-rights” as from September 19, 2016, inclusive. Payment will be made through the shares depository institution– Banco Bradesco S.A. (“Banco Bradesco”) through automatic credit to shareholders who are accountholders and shareholders who have informed their Individual or Corporate Taxpayer ID number, and respective bank account, to Banco Bradesco. Shareholders who have not yet provided this information should go to a Bradesco Branch in order to update their registration data. Please be advised that the shareholders whose shares are held in custody on BM&F BOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros, will receive the proceeds through their custody agents, and holders of American Depositary Receipts (ADRs) will receive the proceeds through Deutsche Bank Trust Company Americas, the depository institution contracted.

Barueri, August 1, 2016

CLOVIS POGGETTI JUNIOR

Chief Financial and Investor Relations Officer