



AZUL S.A.

Publicly-held Company
CNPJ/MF nº 09.305.994/0001-29
NIRE 35.300.361.130

NOTICE TO SHAREHOLDERS

INFORMATION ON CAPITAL INCREASE DUE TO THE STOCK OPTIONS PLAN OF AZUL S.A. APPROVED BY THE BOARD OF DIRECTORS IN MEETING HELD ON JANUARY 10, 2019

In compliance with article 30, XXXII, of CVM Instruction No. 480, as of December 7, 2009, as amended ("CVM Instruction 480"), Azul S.A. ("Company") hereby provides the information required in the Exhibit 30-XXXII of such rule, regarding the capital increase approved by the Board of Directors of the Company in meeting held on January 10th, 2019, as follows:

DATE OF THE SHAREHOLDERS MEETING IN WHICH THE STOCK OPTION PLAN WAS APPROVED

The Stock Options Plan of Azul S.A. was approved at the General Shareholders' Meeting held on December 11, 2009, and amended on July 1, 2013 ("First Plan").

The Second Stock Options Plan of Azul S.A. was approved at the General Shareholders' Meeting held on July 30, 2014, and amended on October 3, 2017 ("Second Plan").

AMOUNT OF THE CAPITAL INCREASE AND NEW CAPITAL STOCK

The approved capital increase amounts of two four million, two hundred and fifty-two thousand, nine hundred and thirty-two Brazilian Reais and fifty-seven cents (R\$4,252,932.57).

Consequently, the Company's capital stock shall raise from the current two billion, two hundred and five million, one hundred and sixty-two thousand, one hundred and forty-five Reais and fifty-nine cents (R\$ 2,205,162,145.59) to two billion, two hundred and nine million, four hundred and fifteen thousand, seventy-eight Reais and sixteen cents (R\$ 2,209,415,078,16).

NUMBER OF SHARES ISSUED OF EACH TYPE AND CLASS

The capital increase comprises the issuance of five hundred and sixty-seven thousand, four hundred and forty-nine (567,449) preferred shares, which shall have the same characteristics and conditions, and will enjoy the same rights and advantages of the preferred shares which are already in existence.

ISSUANCE PRICE OF THE NEW SHARES

The new preferred shares were issued at the following prices per share:

First Plan:

(i) 340,590 preferred shares were issued at a price of R\$3.42 per share, pursuant to the First Program of the First Plan; and

(ii) 71,600 preferred shares were issued at a price of R\$6.44 per share, pursuant to the Second and Third Programs of the First Plan.

Second Plan:

(i) 94,586 preferred shares were issued at a price of R\$15.16 per share, pursuant to the Second Plan;

(ii) 20,490 preferred shares were issued at a price of R\$17.27 per share, pursuant to the Second Plan;

(iii) 21,158 preferred shares were issued at a price of R\$19.37 per share, pursuant to the Second Plan.

(iv) 19,025 preferred shares were issued at a price of R\$22.57 per share, pursuant to the Second Plan.

PRICE OF EACH TYPE AND CLASS OF THE ISSUER'S SHARES IN THE MARKETS IN WHICH THEY ARE TRADED

Preferred Shares¹

a) minimum, average and maximum price in each year for the last three (3) years:

	2017²	2018
Minimum	R\$ 21.00	R\$ 20,43
Average	R\$ 26.29	R\$ 28,94
Maximum	R\$ 30.40	R\$ 38,69

b) minimum, average and maximum price in each quarter of the year for the last two (2) years:

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Minimum	-	R\$ 21.00	R\$ 23.76	R\$ 25.60	R\$ 26.40	R\$ 21.33	R\$ 20.43	R\$22,92
Average	-	R\$ 23.87	R\$ 27.04	R\$ 27.77	R\$ 31.88	R\$ 29.83	R\$ 23.25	R\$ 31,10
Maximum	-	R\$ 26.60	R\$ 30.39	R\$ 30.40	R\$ 38.20	R\$ 38.69	R\$ 25.76	R\$ 36,00

c) minimum, average and maximum price in each month for the last six (6) months:

¹ Only preferred shares of the Company (AZUL4) are traded on the stock market.

² Since April 11, 2017, date of the first day of trading of the preferred shares of the Company on the stock market.

	July	August	September	October	November	December
Minimum	R\$ 20.43	R\$ 22.00	R\$ 21.90	R\$ 22.92	R\$ 30.45	R\$ 30.86
Average	R\$ 22.93	R\$ 23.50	R\$ 23.30	R\$ 27.34	R\$ 33.43	R\$ 33.25
Maximum	R\$ 28.70	R\$ 24.87	R\$ 25.30	R\$ 30.96	R\$ 36.00	R\$ 36.00

d) average price for the last ninety (90) days: R\$ 28.39

PERCENTAGE OF DILUTION RESULTING FROM THE ISSUANCE

The percentage of dilution resulting from the capital increase is 0.1674%³.

³ Percentage of dilution based on the hypothetical conversion of all common shares into preferred shares at a 75:1 ratio.