



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 AUGUST 05, 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 Augusto 05, 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").

The Third Stock Options Plan of Azul S.A. was approved at the General Shareholders' Meeting held on March 10, 2017 ("Third Plan").

AMOUNT OF THE CAPITAL INCREASE AND NEW CAPITAL STOCK

The approved capital increase amounts of twenty-one million, eight hundred and sixty-three thousand, seven hundred and fifteen Brazilian Reais and thirteen centavos (R\$21,863,715.13).

Consequently, the Company's capital stock shall raise from the current two billion, two hundred and fourteen million, seven hundred and fifty-seven thousand, two hundred and seven Brazilian Reais and four centavos (R\$ 2,214,757,207,04) to two billion, two hundred and thirty-six million, six hundred and twenty thousand, nine hundred and twenty-two Brazilian Reais and seventeen centavos (R\$2,236,620,922.17).

NUMBER OF SHARES ISSUED OF EACH TYPE AND CLASS

The capital increase comprises the issuance of one million, nine hundred and forty thousand, two hundred and thirty-seven (1,940,237) 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) 153,260 preferred shares were issued at a price of R\$3.42 per share, pursuant to the First Program of the First Plan; and

(ii) 5,600 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) 35,000 preferred shares were issued at a price of R\$15.16 per share, pursuant to the Second Plan;

(ii) 1,484 preferred shares were issued at a price of R\$17.27 per share, pursuant to the Second Plan;

(iii) 1,484 preferred shares were issued at a price of R\$19.37 per share, pursuant to the Second Plan.

(iv) 5,516 preferred shares were issued at a price of R\$22.57 per share, pursuant to the Second Plan.

Third Plan:

(i) 1,737,893 preferred shares were issued at a price of R\$11.85 per share, pursuant to the Third 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

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.

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

	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Minimum	21.00	23.76	25.60	26.40	21.33	20.43	22.92	34.72	31.70
Average	23.87	27.04	27.77	31.88	29.83	23.25	31.10	37.75	37.90
Maximum	26.60	30.39	30.40	38.20	38.69	25.76	36.00	42.22	45.40

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

	February	March	April	May	June	July
Minimum	R\$ 36.18	R\$ 36.40	R\$ 31.70	R\$ 32.66	R\$ 39.69	R\$ 42.09
Average	R\$ 37.93	R\$ 39.35	R\$ 35.08	R\$ 36.04	R\$ 43.17	R\$ 49.03
Maximum	R\$ 38.88	R\$ 42.22	R\$ 38.96	R\$ 39.30	R\$ 45.40	R\$ 53.01

d) average price for the last ninety (90) days: R\$ 41.83

PERCENTAGE OF DILUTION RESULTING FROM THE ISSUANCE

The percentage of dilution resulting from the capital increase is 0.5681%³.

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