Operator:

Good morning, ladies and gentlemen. At this time, we would like to welcome everyone to GOL Airlines 1Q12 results conference call. Today with us we have Mr. Constantino de Oliveira Júnior, CEO, Mr. Leonardo Pereira, CFO and Vice-President, Mr. Adalberto Bogsan, Chief Operating Officer, and Mr. Edmar Lopes, Finance Director and IR Officer.

We would like to inform you that this event is recorded and all participants will be in listen-only mode during the Company's presentation. After GOL's remarks, there will be a question and answer session for analysts. At that time, further instructions will be given. Should any participant need assistance, please press *0 to reach the operator.

We would like to inform that questions can only be asked by telephone, so if you are connected through the webcast, you should email your questions directly to the IR team at ri@golnaweb.com.br.

Today's live webcast, including both audio and slideshow, may be accessed through GOL's website at www.voegol.com.br/ir, and the presentation is also available for download at the website.

Before proceeding, let me mention that forward-looking statements will be made under the Safe Harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of GOL's management and on information currently available to the Company. They involve risks, uncertainties, and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions, and other operating factors could also affect the future results of GOL and could cause results to differ materially from those expressed in such forward-looking statements.

Now I will turn the conference over to the CEO and Founder, Mr. Constantino Oliveira, who will begin the presentation. Mr. Oliveira, you may begin your conference.

Constantino de Oliveira Júnior:

Thank you. Hello everyone and thank you for joining our 1Q12 results conference call. Let us begin with slide number five, which shows the highlights of the quarter characterized by GOL's permanent pursuit of increased simplicity, efficiency, focus on cost control, and competitiveness. Our CASK ex-fuel of R$8.63 reflected the result of the Company's efforts to reduce operating costs as a result of the measures adopted in 2011, as well as they coordinate operation of the route network between GOL and Webjet, which only got effectively underway in the 1Q12. We believe we have already generated synergies and cost optimizations of around R$24 million from this joint coordination effort, R$20 million of which is in the 1Q alone.

On the next slide, we will talk about the new goal for domestic supply in 2012. Reinforcing the value of customers' focus, we will present GOL and Webjet's punctuality indicators. We will also go over our fleet plan and measures for the coordination of GOL and Webjet's operation.

Moving to slide seven. You can see a new pattern of capacity additions by the industry. GOL has been the most prudent airline in terms of adding domestic capacity in line with the Company's commitment to adding capacity in domestic markets in a responsible way. In this context, at the beginning of March GOL and Webjet announced a reduction of around 100 flights a day in order to keep domestic supply in 2012 flat in relation to the previous year, compatible with the new domestic demand scenario. However, I announced that GOL has now its target for 2012, which is to reduce domestic supply by up to 2% over 2011. This means that in 2012 we will produce a volume of 49 billion ASKs against more than 50 billion in 2011. With this cut, we expect improvement in load factors and in revenues per flight.

Moving on to slide eight. As you can see, GOL and Webjet had the best punctuality indicators of the domestic industry players in the four first months of 2012. These rates reflect on a synergy that optimizes the company's route network, benefiting as it lowers ground time, which reflects in higher reliability, comfort, and attractive fares, reinforcing the value of customer focus.

On slide ten, we note that among the measures to generate synergies between GOL and Webjet, there is the fleet negotiation. On this slide you can see the Company's fleet plan for next years. With 2012 aircraft reduction, GOL and Webjet are committed to the negotiation with lessors to return the Boeing 737-300 aircraft operated by Webjet without extra charge. In the following years, it has been more clear our commitment to a responsible supply growth.

Turning over to slide 12, we have been presented what we believe to be the scenario over the next months. Our challenge scenario for maintenance of costs, given a scenario characterized by the lower dilution of fixed cost by the reduction of ASKs, pressure from current oil prices, and a favorable Reais/USD exchange rate. Given this environment, the Company is continuing to implement a series of measures. Among the main one is GOL's adjustment of its cost structure in order to bring it into line with the new operational capacity and the Brazilian and global macroeconomy situation.

The focus is to maintain a business model that is competitive and sustainable in the long term. GOL and Webjet's results underline the Company's confidence in the low-cost model and open new opportunities for synergies and improved practice in both airlines. GOL's new target of reducing domestic supply by up to 2% over 2012, together with the industry adoption of a conservative approach to increase supply, are indicative of a market governed by rationality in order to resume profitability.

As discussed earlier, the fleet optimization is one of our main priorities. The Company is simpler, faster, and we with less layers, reflecting its low cost/low fare business model. GOL remains committed to its low cost/low fare strategy and we will continue to pursue the resumption of positive margins with confidence and determination.

Before handing over to Leonardo, I would like to thank our clients, our employees, the Team of Eagles, and our partners and suppliers for their effort and commitment with the Company. Leonardo, please.

Leonardo Pereira:

Thank you, Júnior. Good morning, everyone. I will start my remarks on page 14, where we show the results and the main indicators. I would like to highlight on page 14 again the CASK ex-fuel of R$8.63, and even if you consider the FX movements you will see that our CASK ex-fuel reacted much better than any FX movement. And that should not be a total surprise because, as we said last year, when we announced a cost plan program, we said that starting in January we would start seeing the benefits of this cost-cutting program.

Of course, we cannot stop where we are because we have a new level of oil price and we have a new FX scenario. But the Company is totally determined to go back to profitability on the operating level and, as a consequence, you will have the net income in a more attractive level.

And we will continue working on the cost reduction, and cost reduction means rationalization, as Júnior mentioned, cost discipline, faster decisions in the Company, but without paying attention to the passenger. We continue, as Júnior mentioned, putting efforts in our processes in everything that is related to the passenger. We have been the most punctual company in the domestic market.

If you look today, our Buy On Board program is reaching over 250 daily flights and we have close to 40% of our flights where we have our entertainment on board system that, as I would like to remind everyone, did not demand any cost from us, where we have built an intranet, already taking advantage of the existing systems that we have on board. So, we are determined to go back to profitability without jeopardizing, but on the contrary, giving more attention to our passengers.

On page 15, the financial highlights, which I will let for the Q&A, but again focusing on the positive EBIT margin. It is far from where we want it to be but it shows a trend and it shows that we are determined to go back to positive EBIT margins and to higher EBITDAR margins. I will comment about the debt later on the presentation.

On page 16, you can look at our consolidated CASK ex-fuel, which has decreased 3.9% over the 1Q11 and close to 9% vis-à-vis the 4Q11.

If you look at the different lines, you will see that all the lines where we have control are better. The landing fees is something that we do not control directly and there has been an increase, but most of the other lines we are tackling and tackling aggressively, and we will continue doing this.

On page 17, I would like to highlight the positive trend in EBITDAR. And I would like to say here that we are at the worst point in terms of ratios because from next quarter on, when we look at the last 12 months EBITDAR, we will start replacing a very poor 2Q11 with most likely a better 2Q12. So, our debt ratios this quarter are being strongly penalized because that is where we have all the bad quarters reflecting on those ratios.

On page 18, I would like to highlight again our cash position and our determination to show strong liquidity. And one thing that is important to highlight is that if you look at the Company today, in the 1Q12, vis-à-vis in the 1Q09, when we also had a scenario of a lot of volatility not only in the world but also in terms of FX and also in terms of fuel prices, the Company today has almost 9x more cash than it had in 2009, it has no short-term debt, and close to 30% of the debt now is in local currency vis-à-vis close to 100% in foreign currency in 2009.

On page 19, I would just like to show that despite the fact that when we calculate the total gross adjusted to debt, we calculate the operating leases by 7, following the standard calculations of the rating agencies, if you look at the actual numbers for operating leases, the gross debt is slightly lower because of the different tenure of those leases and the ratios then show an improvement. So, the real number in terms of gross adjusted debt to EBITDAR for the last 12 months, instead of being over 10, is less than 9.

On page 20, we show the evolution of our CASK ex-fuel in USD compared to other important players in the industry and show how strong and committed we are in terms of keeping this competitive advantage.

Moving to page 22, just to emphasize again the profile of the debt, we will continue working on our liability management, so it is natural that we, once in a while, tap the markets so we can prevent the fact that we have any refinancing risk within the next three years.

On page 23, also just emphasizing again the cash levels, which are at 27.6% of the last 12 months net revenue.

And on page 24, just to summarize, I would like to say that we are very confident that we have been doing the right thing. We have a very strong balance sheet today, much stronger than I would say in any point in the last three years.

The leverage ratio is a temporary bad news. The alliance with Delta is part of our international strategy of diversification without taking unnecessary risks, without diverting from our strategy of doing what we know how to do right. And the SMILES continues growing and generating recurring cash and has very attractive margins.

GOL and Webjet are in progress in terms of generating synergies, as Júnior mentioned. Our goal of having R$100 million of synergies by yearend is right on target. The CASK ex-fuel is being attacked with a very solid plan, as we have demonstrated since we are announced the R$600 million cost plan last year. And the capacity decision is unique in the Brazilian history. And I think everyone is targeting at profitability, and at the same time this is going to be good for the passenger, because if we have a viable and sustainable domestic airline industry, it is going to be good for the economy and for the Country.

Thank you.

Richa Talwar, Deutsche Bank:

Hi, everyone. Just hoping we could get some color on yield trend as we get into the June quarter. I believe, Júnior, you indicated on your last call that April would be the month where we would finally start to see an improvement in pricing trends, reflecting all this work you have been doing on cutting capacity and such. I just wanted to see if that was still accurate and if you are beginning to see the benefits of all the efforts you have done?

Constantino de Oliveira Júnior:

Yeah, I think that there are some results from these efforts, especially when we see the CASK ex-fuel where we had this improvement. But I can tell you that the large portion of this movement, or the large portion of the result of this movement will come from the 3Q, because we are really rationalizing our network and right sizing the Company during the 2Q. That means we are doing the large portion of this movement of adjusting the network for the new reality in terms of variable cost in terms of fuel and landing fees and others. So, I think that we captured a small portion of this movement, but the large portion will come from the 3Q ahead.

Richa Talwar:

OK.

Constantino de Oliveira Júnior:

But again, we have been doing the bigger effort during March, April, and May in terms of reducing the number of flights per day and right sizing in the Company to this new reality.

Richa Talwar:

OK, great. And then just a second question. On your cost reduction efforts, it says that you are working on additional cost optimization projects, and I was hoping you could be more specific as to where you see maybe some more low-hanging fruit for the reduced costs, and if you could give an update on your R$650 million cost reduction program, where that stands and how much more there is to go on that.

Leonardo Pereira:

Look, on that plan, as we announced last year, it would be done by December and was done, and that is one of the reasons why the CASK ex-fuel is down. Having said that, we will continue tackling opportunities. We will continue reviewing the process internally. We have a leaner organization and we will have all 737-700s with three crewmembers, and these are just examples of things that we will continue doing.

Richa Talwar:

All right. And then one final one, if I may, just on a clarification point. Just curious, in your press release in the way it was phrased on the call, it indicates that you will be reducing domestic supply by up to 2%. But on your last earnings call, I think you indicated a similar range. I just wanted to clarify if there was any change. Are you going to move now more closer to down 2% than you would thought on your last earnings call, when you filed your December quarter release, or is that pretty much it?

Leonardo Pereira:

No. That is very much what you are saying. We are just reaffirming that we are going to the low end of the range. In other words, we said between 0 and -2%. We are now saying that most likely we are going to be very close to -2%, if not, on the -2% itself.

Richa Talwar:

OK, great. Thank you, guys. Great quarter.

Eduardo Couto, Goldman Sachs:

Hi. Good morning, Leo. Good morning, Constantino. I have two questions, guys. The first one is regarding, or getting back to the CASK ex-fuel that, in my view, was a positive surprise in the quarter at R$8.63. Does it make sense to expect, Leo, an increase in the CASK ex-fuel in the coming quarters due to the lower fixed cost dilution as you get capacity, the continuous depreciation of the Real, the lay-off charges that you had in April or may still have in the coming months. So, in other words, do you think this R$8.63 is sustainable, or should we see something higher closer to R$9 or even higher than that? What is your view on the CASK ex-fuel for the coming quarters? That is the first question.

Leonardo Pereira:

Eduardo, the CASK ex-fuel of R$8.63 shows our determination to have it below R$9, as we said last year. There will be hiccups; they may be temporary. As you said, there will be extraordinary non-recurring costs. We are reducing capacity. But on the other hand, we have demonstrated very clearly that we understand that if we reduce capacity, we have to reduce fixed costs otherwise it does not make any sense.

So, I think what is important is that the Company is totally aware that, in order to have a long-term sustainable business and successful business for shareholders, for passengers, and for employees, we need to continue addressing that issue. So, I would rather than say we are going to have R$8.70 or R$9.20 in the 2Q, I would like to stress our determination and give the market the comfort that this is top priority inside the Company, because if we want to have a company that is passenger-oriented, you have to have a company that is sustainable. And in order to be sustainable, you have to have a low CASK ex-fuel.

Eduardo Couto:

OK. It is very clear, Leo.

Leonardo Pereira:

Just to remind everyone, when we said last year that we would do, some people doubted it. So, I am glad that you are saying that is a positive surprise, but I remember well in July, when we announced the R$600 million plan, not everyone said that we would do. And what this R$8.60 demonstrates is that we are really determined to do it.

Eduardo Couto:

OK. Very clear, Leo. And just a second question regarding capacity, you closed the 1Q with around 150 aircraft but you expect to end this year with 138, if I am not wrong, and next year below that. So, looking at this significant capacity reduction that you expect, I would just like to know what is the timing for the return of the 737-300s to the lessors, and even to sell the 737-300s that are owned by Webjet today, if you could give us some color on timing for that?

And the other point is if it makes sense looking t your fleet plan to assume that your capacity should also go down next year versus this year. Those are the two points on capacity. Thank you.

Leonardo Pereira:

OK. Let us go to the first point. Remember that one of the positive things of Webjet is that Webjet has a lot of flexibility in terms of fleet. Their contracts were already contemplating that all 18 737s would be returned within the next 24-month period. What we are working very hard with Webjet is that they can go to the lessors and show the benefits of having these returns even earlier.

So, when we are giving the number for 138, we are assuming an internal goal that Webjet has set to itself to return more planes this year. And I am sure they will be right on track. And that also applies to the planes that they own. Webjet understands also that their success means that they have a fleet that is more concise and more in line with the energy fleet that we have.

So, rather than give a number of how it is going to be done, Webjet's team agrees with us with the 138 number by year end. And then this is a result of the return of the 737-300s, our higher number.

The second thing, about 2013, although it is a bit early, we have to assume that the world economy would still be under a lot of volatiles and we will still be working on keeping profitability moving to an even higher level. So, as we know, having a disciplined capacity is the secret behind this potential result.

So, we are saying that we will continue flying more hours. We can be more productive, but we have no ambitions in terms of having a bigger fleet. What we want to say is that we are back to profitability and not that we are going to be buying more planes.

I think all the successful airlines in the world today, if you look at them, the long-term winners are the ones that have the courage of not saying that they are buying a lot of planes in the short run, but that they are working on sliding deliveries, on stretching out their purchase orders, but focusing on profitability.

Constantino de Oliveira Júnior:

Just to complete that, we built a fleet plan for the future to face a very challenging environment in terms of economic growth and costs related to fuels and FX. Again, if we reach a reasonable load factor, high growth rates, and if the trends in terms of economic growth and others become much better than what we are expecting, to grow capacity is something much less painful, or there is no pain in growth. But we prepared our fleet plan for a very challenging environment.

Eduardo Couto:

OK. It is clear.

Leonardo Pereira:

As we always said, it is easy to get planes in but very difficult to get planes out.

Eduardo Couto:

OK. And Leo, does it makes sense so to think about maybe a flat or even some reduction next year or not?

Leonardo Pereira:

No. As we are giving this plan, that is the plan at this stage.

Eduardo Couto:

OK.

Constantino de Oliveira Júnior:

And again, when we moved the 300s or the 800s, they produce much more. They fly more with 25% more seats than the 300s, so in terms of capacity, if this plan is very, I can say, disciplined, we will still have room, if that is the case, a slight reduction or even a slight increase in capacity with the same fleet.

Eduardo Couto:

OK. Very clear, guys. Thanks for the answers, and congratulations especially on the cost side.

Nicolai Sebrell, Morgan Stanley:

Hi. Good morning, Júnior and Leo. If I could ask another question on the CASK side, related to airlines, other airlines in other regions, I think your employees per aircraft are a little bit higher, which is consistent with history in Brazil. If I am right, you have got about 149 employees per aircraft and in other regions it is well below 100, even for full-service airlines. And I was wondering, what might the reason be for that difference, and do you see a possibility of reducing that delta overtime to further improve your CASK performance? That is the first part of the question.

Then just the last 767 you have that is grounded, when does the lease end on that? And then I have a follow-up question on the balance sheet.

Leonardo Pereira:

Yeah. Nick, you are totally right. There is an issue that we have a higher percentage of process in-house vis-à-vis other airlines, and this is taken into account. Having said that, we agree that we may have a slightly higher number, and that is why we have been working so hard in adapting the process and making sure that, as we have process that can be streamlined, we reduce that number. But we will never go back down to numbers as low as the ones as you are saying, because, as we said, we have a couple of decisions that we have made so far. We still have a lot of processes that are done in-house.

Nicolai Sebrell:

OK. That makes sense. And on the 767, when does that lease end?

Leonardo Pereira:

The existing lease, the one...?

Nicolai Sebrell:

Yeah, the last.

Leonardo Pereira:

In 2014.

Nicolai Sebrell:

OK. On the balance sheet and the recent credit downgrade, I was just wondering if you could talk about in a scenario where the FX remains weak and traffic continues to be a little bit weaker than we had originally expected in the face of rising yields, etc., how do you expect your net debt position to change over the year? And does the credit downgrade have any real effect on the loans and bonds that you have right now?

Constantino de Oliveira Júnior:

No, it does not. As I said, we respect the downgrade and the current view of the rating agency, but I ask everyone to think of what was our credit rate three years ago and what was the Company's profile of those three years ago. Today it is much better. We have close to 10x more cash than we had three years ago, we have no short-term debt coming up, and we are continuing to manage our liability profile.

In other words, we want to continue not having refinancing risk within the next three years. So, I do not suppose that you will see growth in our net debt, a substantial growth in our net adjusted debt for the remainder of the year, and we will continue working on stretching out liabilities.

Nicolai Sebrell:

Excellent. Do you have an update on the Caracas to Miami route? Have you gotten permission to do that and when might you start?

Constantino de Oliveira Júnior:

We are waiting for the government approvals of Venezuela and the final approval from the United States. It may take a while, but we are working on it.

Nicolai Sebrell:

Excellent. Thank you very much.

Bruno Amorim, Santander:

Yes, good morning. I have two questions, if possible. The first one, on the costs front. In maintenance and other costs per ASK went down by 33% and 30% year on year, respectively. How much of this improvement can be considered recurring?

And the second question, could you please tell us if and when you expect to go ahead with the IPO of the SMILES program? Thank you.

Leonardo Pereira:

OK. On the maintenance cost, I would encourage you also to look it in combination to the depreciation line, because you have to combine because some of the maintenance is capitalized. But if you combine the two lines, you will see that we still have an improvement in those two lines combined. And there are a couple of reasons; first, as we said last year, this year we have full impact of the Delta Tech Ops agreement. And second, we continue upgrading the process in the maintenance area.

So, if you combine those two lines, you can assume that we will continue seeing a good performance.

On SMILES, there is nothing new. We continue to work on having the SMILES as a separate business unit by the end of the year, and then we will have the ability to make an assessment of whether we should do an IPO or not by the mid of next year.

Again, I do not think the important thing is the IPO, but the decision that we have made in terms of treating the loyalty program as a separate business. The requirements are different, the skills are different, so although you have the frequent flyer as being the most important customer of GOL and vice-versa, we all understand that this is a global trend and if you look at the Qantas model, it is very much what we are trying to do at this stage.

Bruno Amorim:

OK. Thank you very much. And what about the other cost line? Is this level recurring or?

Leonardo Pereira:

The other cost line is a direct implication of the number of hours that we fly. And of course, as we continue working on having optimization internally, such as, for example, the three crew members in the 737-700s, a better control of our IT processes, and how we accommodate passengers when we have weather problems, this line is going to be more predictable. I suppose that this line is a reflection of all the efforts that we are doing throughout the Company, across the board. So, I do not expect this line to bring much surprise going forward.

Bruno Amorim:

Thank you very much.

Savi Syth, Raymond James:

Hi. Good morning. There was some kind of news about potentially the Government deciding stepping in and cutting payroll taxes and then possibly another kind of fuel tax relief. I was wondering if you had any thoughts on that or any update on what the likely probability would be of any such relief.

Constantino de Oliveira Júnior:

Yeah. The association of the companies, we call it SNEA, *Sindicato Nacional das Empresas Aeroviárias*, is in contact with the Government to show the numbers of the industry, including the airline industry as part of the *Brasil Maior* program. And we have been working in these initiatives. It is too early to predict something, but I think that we have a reasonable view in terms of going forward with this.

That means reducing the INSS, or the social security from 20% of the labor cost to something like 1% from the revenue, which will help the industry also to reflect the seasonality in terms of revenue and on the costs too, but also incentivizing the industry to even keep the competitiveness and increasing the number of people flying in Brazil.

So, when we look for the fuel taxes, that is something that could take more time because we are talking about a deal with the state governments, because all the taxes are state-related. So, it is something that we have to coordinate and will take much more time to deal with.

Savi Syth:

All right, great. And just a follow-up question, could you give us some color on how the navigation fee, the landing fee increases will trend through the year, and maybe if there is any development in the connecting passenger fee, and if that will have an impact?

Constantino de Oliveira Júnior:

No, nothing changed from last quarter. There are no landing fee increases planned for this year. But there is some landing fee increase possibility for the beginning of 2013. And related to the connection fees, there is no substantial movement or improvement at this time.

Savi Syth:

All right. Thank you.

Stephen Trent, Citi:

Hi, guys. Good morning, gentlemen, and thanks for the time. Just a few questions for me. The first, I could appreciate it if you are not allowed to tell us but as you think about the synergies you mentioned coming from Webjet, can you tell us what might be your underlying assumptions as to whether the CADE forces the combined Company to give up some slots or no slots? And what is the timing, or any update on the timing as to when you would expect the CADE to rule on that? Those are my first two questions.

Constantino de Oliveira Júnior:

OK. Regarding the CADE, or the antitrust, we are following the process. It is difficult for us to predict exactly when we will finalize this process, but probably that is going to happen between the 2Q12 and 3Q12.

You asked about the synergies between the two companies?

Stephen Trent:

Yes.

Constantino de Oliveira Júnior:

I did not understand well. Sorry, Steve, could you repeat, please?

Stephen Trent:

No problem. Just looking through your release, I believe you mentioned eventually R$100 million recurrent...

Leonardo Pereira:

Yeah, Steve, you are right. Just to complement, we have the R$100 million target, and as we have achieved 25% of that number we are very comfortable that we will be able to continue doing.

And let me just give you some insight here. The agreement with CADE, which is what we call APRO, which is the potential reversibility agreement, entitles us to do a lot of things even before CADE gives the final approval. So, as Júnior said, we are very much coordinated with CADE and we are not expecting surprises.

And a lot of things that we are already doing in terms of integrating the network, coordinating the fleet activity in terms of redelivering and so forth, we have been getting approval from CADE. So, CADE has been very positive and supportive of all things that we have been doing so far. This is very important, and I know how skeptical you people may eventually be about the issue about the slots. But, as I was reading your report this morning, I want to emphasize that this process is not something isolated that there is just the end moment a few months from now. It is a continuous dialogue with CADE that has been occurring.

Stephen Trent:

OK, Leo, I appreciate that. And just one other small point, I believe Bruno may have mentioned it earlier. When we look at your SMILES program, can you give us sort of a broad view to what extent SMILES membership has grown in the past few years in relation to your passenger traffic growth? Has it been about in line or maybe lower or maybe at a higher rate than underlying traffic? Just curious.

Leonardo Pereira:

Let me give you a number. When the SMILES program was at the end of 2009, if I recall well the SMILES had approximately 5.5 million members, and now it has over 8.4 million subscribers. So, if you make the calculation, in around three years this number went from 5.5 million to 8.4 million, and then you can see and make the comparison vis-à-vis the number of passengers that have been traveling.

I can assure you that the moment that we have the SMILES program ongoing, as we have now for two years, the recurring business of SMILES, the ongoing business is to sell miles in advance. So, SMILES generates cash strongly because it is natural that it has to sell miles in advance to the partners, like credit cards, hotel chains, and so forth. So, these people can give miles to their customers.

So, SMILES is doing much better than I would expect two years go. And we have concrete numbers, when we showed in 2009 the deal with Banco do Brasil and Bradesco, this type of deal is now recurring and is part of the business. We are not announcing every time we sell miles in advance, but this is something that goes on.

Stephen Trent:

Great. Thanks, Leo. And just finally, and I will let someone else ask a question, those SMILES program sales, I am guessing, are booked as ancillary revenue as they occur.

Leonardo Pereira:

Yeah. Part of that is ancillary revenues and part, when the passenger actually flies, goes to the passenger revenue line.

Stephen Trent:

Thank you.

Leonardo Pereira:

You are right. It is an important component of the ancillary block.

Stephen Trent:

OK. Well, I appreciate it, Leo. I will let somebody else ask a question. Thanks for the time.

Victor Mizusaki, UBS:

Hi, good morning. Just a quick question on Webjet. In the 4Q11 the Company reported an EBIT margin of 6.2%m and now in the 1Q the Company said that the Company reported double-digit margins. I would like to know if you can disclose a little bit about this number, because it was a very big growth. And second, if you can talk a little bit more about maybe 2013, 2014, how much Webjet can represent for the entire group?

Leonardo Pereira:

Look, the reason why we have not disclosed in the press release is because Webjet is part of GOL. But we can give you a number, it was over 13%. But what is important here is, the moment that we put the coordination between Webjet and GOL, Webjet is maximizing its results because of the coordination of GOL. So, we are not taking the merit away from Webjet. On the contrary, they are doing a tremendous job because you could have GOL together and not be generating these good results.

But they have a good cost structure, and the moment that you coordinate with GOL's network it allows Webjet to maximize its results. So, I think that is why we are not emphasizing very good results from Webjet, because Webjet is part of GOL. So, if Webjet is performing well, it is because there is strong coordination with GOL and because both sides have the benefit and both sides have the merit.

Victor Mizusaki:

OK. Thank you. And with regard to the signs that maybe Webjet can represent like in two years?

Constantino de Oliveira Júnior:

Again, Victor, I think the important thing is that Webjet has a model that shows that things can be done. They have a very simple operation, and we have been even using Webjet's best practice to replicate them in GOL. More and more, we want to have GOL and Webjet very similar in terms of results and in terms of performance.

So, rather than answering directly your question, I would like to emphasize the importance of having GOL and Webjet working in coordination, as we have done in the past and in the last quarter. And what you are going to see from now on is more and more the two companies working together, reaping out the synergies and respecting the agreement that we have with this antitrust regulator.

Victor Mizusaki:

OK. And, Leo, just a last question about the synergies of R$24 million, I remember that when the Company announced the acquisition, the guidance was around R$100 million and around 6% would come from revenues. When we break this R$24 million down, can we say that this is more related to revenues at this moment or more related to costs?

Leonardo Pereira:

It is related to both. I would still keep the 60/40. There is a good chunk of revenues because of the coordination, the integration. Webjet has also done a very good job in terms of lowering their interest expenses. They have also a few agreements that fall into the umbrella of the GLAI, the *GOL Linhas Aéreas Inteligentes* holding. So, I think what we have had said in the past remains valid.

Victor Mizusaki:

OK. Thank you and congratulations.

Augusto Ensiki, Morgan Stanley:

Hi. Good morning. Just two really quick questions. First, if you could give a little more detail, you mentioned the one-time expense in the other line for the covenant waiver negotiations, how much was that one-time?

And secondly, we were looking at some of your other releases and the value for ASKs in the 1Q11, we have three different numbers, one from the release last year, one from the March 2012 traffic report and then now in the 1Q12 release. What is changing in between them and which one should we be looking at? Thank you.

Edmar Lopes:

OK. Augusto, first I will address the covenants question. We paid 1.35% for both debentures and altogether it means roughly R$16 million. A part of that came in the 1Q, a second part will come in the 2Q.

Augusto Ensiki:

I am sorry. How much was the total? You said R$16 million?

Edmar Lopes:

Roughly R$16 million. 1.35% of the total outstanding debentures with the accrued interest.

Augusto Ensiki:

OK. And so, R$16 million in the 1Q and then another part in the 2Q?

Edmar Lopes:

Half of that in the 1Q, half in the 2Q.

Augusto Ensiki:

OK. Thank you.

Leonardo Pereira:

On your question about having different numbers, let me...

Edmar Lopes:

What is happening, Augusto, is that ANAC is going over all its database. So, some months we see some minor changes in the numbers published before, so taking into account the numbers that we are publishing now.

Leonardo Pereira:

Yeah, because those are the final numbers published by ANAC.

Augusto Ensiki:

OK. So for the 1Q11, that is 12.2?

Edmar Lopes:

Yes. Just to remind you, they changed their methodology back in 2010 and then they are recalculating all the months from then on.

Augusto Ensiki:

Right. OK. Thank you.

Operator:

This concludes the question and answer session. At this time I would like to turn the floor back to Mr. Constantino de Oliveira Júnior for any closing remarks.

Constantino de Oliveira Júnior:

OK. Once again I would like to thank you for your kind attention this conference call. And I hope to see you on the next quarter's conference call results. Once again, thank you very much and have a nice day.

Operator:

Thank you. This concludes today's GOL Linhas Aéreas Inteligentes 1Q12 results conference call. You may disconnect your lines at this time.