Operator:

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to GOL Airline's 4Q06 results conference call. Today with us we have Constantino de Oliveira Junior, President & CEO; and Richard Lark, Executive Vice-President & CFO.

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

Today's live webcast, including both audio and slide show, may be accessed through GOL's website at www.voegol.com.br/ir. The slide show presented by management today is available on the website, in the Investor Relations section.

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 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 President and CEO Mr. Oliveira, who will begin the presentation. Mr. Oliveira, you may begin your conference.

Constantino de Oliveira Junior:

Good Morning. First of all, I would like to welcome you to GOL's 4Q06 results conference call.

In the 4Q, we relied on our "virtuous cycle," as exhibited on slide #2, to continue to grow the size of the air transportation market in South America during a period that presented operational challenges for the airline industry in Brazil. The resilience of our business model was tested by the operational difficulties experienced by air traffic control during the months of October, November and December. Significant delays and flight cancellations caused slowdowns and congestions at major airports and had significant adverse effects on flight and airport operations, while inconveniencing passengers. Our CFO, Richard Lark, will guide you through the impact of our 4Q results in more detail later in this call.

However challenging the recent environment was, I would like to emphasize that it is due to the hard work of our dedicated employees that GOL was able to minimize the impact of the crisis on our passenger transportation operations. Our single fleet type, agile operations, no overbooking policy and fast turnaround times helped us to partially mitigate flight delays and cancellations. We have a no overbooking policy as part of our service offering to our customers. In December, during the peak of the crisis, our load factor may have suffered temporarily due to this policy; however our focus is on gaining the long-term confidence and loyalty of our customers. The result of our operational excellence is reflected in our monthly punctuality data. While punctuality was lower in the month of December, it remained on average the highest in the industry during the year. GOL is not facing any government imposed changes to its operations thanks to its track record of operational excellence.

The Air Traffic Control bottleneck is being resolved through a variety of measures, including the hiring and training of air traffic controllers and government investments in infrastructure and systems. As Brazil has few high-speed long-distance passenger transportation alternatives, a smoothly functioning air transportation system is important to the overall functioning of the Brazilian economy. The Brazilian government is taking steps to ensure that Air Traffic Control and airport infrastructure keeps up with the sector's development.

While we expect the industry environment to remain difficult in the short-term, we have seen a recovery in January. We are seeing strong underlying demand for our service as daily ticket sales have increased over 40% in January as compared to December figures, and we are experiencing load factors above 75%. We recently hit a January daily sales record of more than 100,000 tickets per day in a period without sales promotions. Forward bookings are strong.

Our mission is to continue to popularize air travel in Brazil and South America. In 2006 we had our largest annual fleet expansion since beginning operations, six years ago. Our ability to add more aircraft and increase of the number of low fare seats has stimulated and ensured a continuous growth in demand resulting in high load factors for GOL. The healthy maintenance of this "virtuous cycle" has permitted us to offer new products for different customer segments, such as the flexible installment payment program, the small-business corporate credit card, and our Night Flights, as well as increasing our offering of seats at low fares.

In 2006, over 17 million passengers chose to fly GOL. We experienced a 53% increase in our domestic demand (as measured by RPKs) over 2005, contributing strongly to the development of the domestic airline industry, which grew at an average of 12% during the year. GOL experienced a 141% increase in international demand (as measured by RPKs) over 2005. Almost 10% of our customers are traveling by air for the first time.

Now, please move to slide #3, entitled "Highlights." The 4Q06 results were impacted by the short-term operational difficulties confronting the airline industry. GOL remains the lowest-cost provider in the Brazilian air travel market, and is a global leader in terms of growth and profitability. Our work contributed to a domestic industry growth of 11% year-over-year in the 4Q06.

During the quarter, capacity grew by 57% and 102 new daily flight frequencies were added. During the fourth quarter, GOL suspended advertising activities out of respect for the families of the victims of the accident of Flight 1907. The lack of regular marketing activities, especially in the launch of new international destinations, contributed to the six percentage point decrease in load factor, to 68%, resulting in a lower than expected 44% year-over-year growth in RPKs in the 4Q. Domestic market share reached approximately 37% at the end of 2006, and international market share grew to 13%, up 10 percentage points during the year. We are focused on continuing to reduce our costs, so that we can offer more low-fare seats and further increase demand for our services.

Slide #4 shows the recent additions to our fleet and base network. We added seven 737-800s and four 737-700s in the 4Q06, ending the quarter with a fleet of 65 aircraft. We plan to finish the 1Q07 with 68 737 aircraft in the fleet. We also plan to expand our network with new markets in Brazil and South America, and additional flight frequencies, supported by our fleet expansion of new Boeing 737-800NG SFPs. During the fourth quarter of 2006, we added two new destinations, bringing the total number of airports served to 55. In the 1Q, we started ticket sales to Lima, Peru, and we plan to start new flight operations to the cities of Cabo Frio and Marabá in Brazil. While we manage our network on an integrated basis, around 10% of our current traffic volume is on international flights, and connecting traffic to international flights contributes approximately 1 percentage point to our domestic load factors.

I will now turn the call over to our CFO, Richard Lark, who will discuss financial and operating performance for the quarter in more detail. Please, Richard.

Richard Lark:

Thanks, Junior, and good morning, everyone. Please move to slide #5 in the presentation.

On this slide, you can observe our capacity and network expansion in more detail. During the quarter, GOL operated an average of 59 aircraft, an increase of 48% over 4Q05, and 16% over 3Q06.

When compared to the same quarter of the previous year, our capacity expanded 57% in terms of ASK volume, to six billion, and RPKs increased 44%, to 4.1 billion. Such capacity expansion permitted GOL to reach 600 flights per day at the end of December 2006. When compared to 3Q06, ASKs increased 17%, while RPK growth was flat due to the exogenous factors affecting the industry, which were especially aggravated in the month of December, one of the seasonally highest travel months in Brazil. For the full year 2006, GOL expanded its fleet from 42 to 65 aircraft, had RPK growth of 53%, ASK growth of 53%, and strong load factors of 73%.

Moving on to slide #6, we discuss some of the trends affecting revenues in the 4Q. We experienced a sharp downturn in load factors and flat RPK growth in the 4Q. An increase of 15% in stage length during 2006 is partially reflected in the 7%

decrease in yields year over year. In the 4Q, and especially in the month of December, we did not see the expected seasonal increase associated with peak holiday travel, but rather saw a 15% decline over the same period last year. Going into the 4Q06, we were expecting yields in the range of 25 cents of real and load factors of 72%. Although October and November were below expectations, December significantly underperformed. December sales declined 30% compared to November, and we had a yield decline of 16% below our expectation. Overall industry on-time rates were below 50% in the month of December. We estimate the impact of the slowdown in the quarter to be approximately 2.50 cents of real reduction in RASK, or R$150 million of reduced revenues.

Slide #7 shows that our net revenues in 4Q06 grew by 23% to R$1 billion, when compared to the same period in the previous year. Higher capacity and productivity were offset by the lower than expected load factors and yields in 4Q06. The slowdown effect on demand was partially mitigated by our low fares. We achieved high productivity as a result of higher aircraft utilization, at 14.2 block hours per day during the quarter. GOL stimulates demand and has increased the number of passengers traveling by air. Boeing estimates traffic growth in South America at over 7% annually over the next five years, which is the second highest passenger growth rate in any region in the world after China.

Revenues per available seat kilometer, or RASK, of 16.7 cents of real, represent a 22% decrease vs. 4Q05. Compared to 3Q06, RASK decreased 20%.

Slide #8 shows recent trends for the 1Q07. In January we are seeing load factors around 75%, with punctuality rates remaining below normal. Forward bookings are strong, and sales are up 24% over December, with average fares of R$213. We had 800 cancelled flights during the month, which represents 5% of total flights, which is approximately two times our normal rate of cancellations. So far this year, in January, ASKs are up 65% over January 2006, with RPKs increase of 70% over the same period.

The next slide, slide #9, lays out the path to recovery for the current challenges facing the industry. In response to the recent Air Traffic Control problems, the government has hired approximately 60 new controllers in December and January, and will hire and train more this year. Today there are more controllers on duty in Brazil than in the 3Q06, which was before the reported difficulties began. The government is also investing additional resources in systems. To reach the projected capacity growth of the industry, Infraero, Brazil's airport operator, and the government announced this month that they are planning on investing R$6 billion through 2010 as part of the "Accelerated Growth Program." Investments in airports will total approximately R$1.8 billion. GOL will invest to increase its fleet by 15 aircraft in 2007, permitting a 50% ASK increase over 2006.

After 2007, our capacity will grow at a slower pace, with a 9% seat CAGR thru 2012. 2007 growth will be driven by continued demand stimulation in high demand markets, new routes to under-served destinations, and connecting traffic between outlying destinations. The aviation market in Brazil remains heavily under-penetrated relative to the industry worldwide. Nine million passengers traveled by air in 2006, and GOL is focused on tapping into the economic potential of the South-American population through the use of innovative payment mechanisms, marketing tools, and low fares.

On slide #10, we show that despite the temporary impacts on revenue that GOL suffered in 4Q06, our high aircraft productivity combined with the highest load factors in the domestic market make GOL the world leader in revenue production per aircraft at US$35 million per aircraft. Our high productivity will continue to translate into greater top-line growth as our fleet continues to grow. Even with one of the highest fleet growth rates in the world in 2006, GOL was able to maintain an industry-leading low cost structure.

The next slide, slide #11, shows GOL's substantial fixed cost leverage. One third of our US$7 cent total CASK is represented by fixed costs. We expect to reduce and leverage our fixed costs further in 2007 as we continue to grow. As our cost structure is relatively fuel heavy, with fuel at almost 40% of total costs in 2006, we expect to continue to see the benefit of more new, larger fuel-efficient aircraft entering the fleet in 2007. We expect to consume a little over 1 billion liters or 265 million gallons of jet fuel in 2007. An average price of US$50 per barrel for 2007 for oil would mean almost R$450 million of annual savings net of hedging for GOL, as compared to average fuel prices in the 4Q06.

The year-over-year comparison of our operating results is on slide #12. Due to the strong industry-related pressures on both yields and load factors as compared to the 4Q05, our RASK decreased by 22%, resulting in a 12% decrease in EBITDAR, amounting to R$223 million. EBITDAR is an indicator of operating results before accounting for aircraft ownership expenses, such as aircraft rent.

Total CASK (at 14.8 cents of real) decreased 1.85 cents of real per ASK, or 11% reduction year over year, due to lower sales and marketing expenses, a reduction in fuel prices, lower aircraft rent expenses and a 4% appreciation of the Brazilian real against the US dollar, partially offset by increased aircraft and traffic servicing expenses and maintenance, materials and repairs.

Jet fuel expenses per ASK decreased 19% over the previous year's quarter, due to a flat international crude oil prices, as measured by WTI, and a 5% decrease in Gulf Coast jet fuel prices, combined with a proportionately more fuel-efficient fleet, which incorporated larger, winglet-equipped aircraft.

GOL's non-fuel CASK decreased approximately 6% to 9.36 cents of real. The strength of the Brazilian real helped reduce our other US dollar-denominated expenses, such as aircraft rent and insurance; as well as US dollar-denominated disbursements, such as advances for aircraft acquisition.

Summing up the main impacts on operating margins: demand de-stimulation resulted in lower than expected load factors and yields, which were only partially compensated by expected lower costs during the quarter.

On the next slide, slide #13, we show our net financial results. Financial income in the quarter increased R$5 million to R$43 million, principally due to higher investment income on our cash balances. Our financial expenses increased to R$15 million, due to increased low-cost, long-term debt financing in the 4Q. Our net financial results for the quarter were R$23 million.

The next slide, slide #14, presents our full year BR GAAP and US GAAP net income. Net income for 2006 in BR GAAP was R$685 million, or US$1.63 per ADS. Net income in US GAAP was US$569 million, or US$1.36 per ADS. The main accounting differences related to gains on sale-leaseback transactions, and recovery of maintenance reserve deposits, which are fully recognized as income in BR GAAP, and either deferred or not recognized as income in US GAAP.

The next slide, slide #15, shows a comparison of the effects of net income compared to 4Q05. Running through the main differences, as already highlighted, net revenues increased R$191 million. Jet fuel costs increased by R$70 million due to an increase of 70 million more liters consumed, partially offset by a reduction in fuel cost per liter and an appreciation of 4.4% in the Brazilian real. Jet fuel expenses decreased 19% per ASK.

Commercial expenses decreased by R$19 million overall and 48% per ASK, due to lower sales commissions and the reduction of marketing activities during the quarter. Ticket sales on GOL's website were 80% during the quarter.

Labor expenses increased R$48 million overall and 0.5% per ASK, due to a 6% cost of living increase on salaries and an increase of 62% in the number of full-time equivalent employees, related to planned capacity expansion in the 1Q07, partially offset by productivity improvements.

Other operating expenses increased by a total of R$155 million, principally due to an 85% increase per ASK in aircraft and traffic servicing due to higher ground handling services expenses, a 36% increase in depreciation per ASK, primarily due to the addition of three new owned aircraft to the fleet in the quarter. Also, contributing to the increase in other operating expenses, maintenance expenses increased 37% per ASK due to the scheduled maintenance of eight aircraft engines and the use of spare parts inventory and repair of rotable materials. Landing fees increased 4% per ASK. The increase in landing fees was due to a 21% increase in rates and an increase in landings at international airports, which have higher rates, offset principally by a 16% reduction in aircraft rent per ASK and a 2% reduction in other operating expenses per ASK. As mentioned, net financial results increased R$2 million in the quarter, year-over-year.

As previously highlighted, revenues in the quarter were impacted by the industry slowdown in an amount we estimate to be approximately R$150 million. The net impact to costs due to flight delays, higher cancelled flight expenses, and increased fuel consumption was estimated to be approximately R$41 million.

In 4Q06, reported earnings were 0.47 cents of real per share, or US$0.22 per ADS, reported net income was R$93 million, representing a net income margin of 9%.

These were the main impacts on net income. A more comprehensive breakdown and explanation of our expenses can be found in our earnings release that you have already received and that you may access to on our website at www.voegol.com.br/ir.

On slide #16 we show our cash flow for the 4Q06. At the end of 4Q06, our cash balance was R$1.7 billion. During the quarter, cash balances increased by R$100 million.

Operating cash flow for 4Q06 was a positive R$90 million, mainly due to increase in earnings from operation and a reduction in accounts receivable, offset by an increase in deposits with lessors. Even with all the operational challenges in the 4Q06, GOL generated R$2 million of operating cash flow per aircraft. For every R$1 of revenue, we generated R$9 cents of real of operating cash flow. GOL currently has US$125 million on deposit with lessors for future aircraft maintenance.

Investing activities used R$285 million of cash, consisting primarily of acquisition of aircraft of R$218 million, property and equipment acquisition of R$60 million and offset by R$79 million of returns and advances for aircraft acquisitions for five aircraft during the quarter. GOL currently has US$204 million in pre-delivery deposits with Boeing for future aircraft acquisitions. Cash provided by financing activities during the quarter was R$296 million, consisting primarily of an R$275 million increase in long-term financing.

On slide #17, if you could look at that slide in our webcast presentation, we review our Dividend Policy in 2006 and 2007. A net 4Q dividend payment of R$42 million, representing approximately 22 cents of real per PN, net of taxes, or US$0.10 per ADR, was approved at the December 13th, 2006 and January 29th, 2007 Board Meetings as interest on equity to shareholders of record on December 19th, 2006 and as complementary dividends to shareholders of record on February 15th, 2007. The interest on shareholders' equity will be paid on February 10th, 2007, and dividends will be paid on March 26th, 2007. The dividend payout ratio for the year was approximately 25%. In order to give greater visibility and predictability to shareholders in 2007, GOL will implement a policy of fixed quarterly dividends. As approved at yesterday's Board Meeting, for 2007 quarterly dividends are fixed at R$0.35 per share, which is expected to represent a payout ratio in the range of 26% to 29%, or representing a dividend yield of approximately 2%.

On slide #18 we show the relative performance of GOL in the US and Brazilian stock markets. From the beginning of the 4Q06 through January 26th, our ADS' have underperformed the American Stock Exchange Airline Index by 28% and underperformed the Tier 1 LCCs by 33%. Our PN shares have underperformed the Bovespa Index by 30% in the same period. Our average daily trading volume in 2006 has been approximately US$37 million on the NYSE and R$30 million on the Bovespa. GOL is one of the most liquid airline stocks and one of the most liquid Brazilian stocks, included also on the IBrX-50 and Ibovespa indexes.

On slide #19, we show that our industry-leading growth and profit margins continue to be a benchmark for the global airline industry. Our P/E multiple is at a significant discount to the other leading low-cost airlines, despite our superior earnings growth rate and profit margins, which are among the highest in the industry worldwide. Even in a demanding, competitive environment, our net income margin remains two times higher than the average of the leading low cost carriers.

As you can see on slide #20, GOL provides the highest returns on asset and capital. High productivity coupled with one of the lowest cost structures translates into high return on invested capital and return on equity of 17% and 25%, respectively, in 2006. We are returning over twice our cost of capital with a conservative capital structure. We expect that the combination of low cost assets and high margins will continue to produce great returns for long-term shareholders.

Moving on to slide #21, we show our current fleet plan for the next six years. A 23% increase in fleet, represented by the addition of 15 Boeing 737 aircraft to our fleet in 2007, will allow an approximate 50% expansion in seat capacity for the full year.

We have 87 firm orders for Boeing 737-800 NGs and total orders for 121 737-800 NGs. This is one of the largest contracts in the world for Boeing 737-800 aircraft and guarantees GOL’s expansion and position as one of the largest LCCs in the world.

The company’s fleet plan is projected to meet increased traffic demand in Brazil and South America. By the end of 2007 we expect to have 80 fully-operational 737 aircraft. By the end of 2012, we plan to have a fleet of 101 aircraft, primarily 737-800s, representing a 12% compound average growth rate in seats over the next six years.

Planned capacity growth rates after 2007 are significantly lower. We have maintained flexibility to adjust our capacity growth within a fairly broad range if future market conditions make this appropriate.

The incorporation of new 737-800s into the fleet is projected to produce substantial cost savings. The new aircraft are equipped with fuel economizing winglets, which reduce up to 3% to 4% in fuel consumption per year, and enable better flight performance and increased stage lengths on non-stop flights. The new 737-800s are larger than the 737-700s and carry up to 30% more passengers. We estimate that the 737-800 will reduce direct operating costs per ASK by 15% compared to our 737-700s.

Slide #22 has GOL’s financial guidance, which is one of the key elements of GOL’s disclosure process. In the 1Q07, the scheduled addition of 3 new aircraft to our fleet will allow a 60% increase in available seat capacity over the same period of 2006. For the 1Q, we expect a load factor in the range of 72%, with yields in the range of 22 cents of real. For the 1Q07, we expect non-fuel CASK to be in the range of 9 cents of real. We expect that a stable foreign exchange rate environment for near-term and lower oil prices will benefit our fuel cost in the quarter. We expect that the incorporation of larger, more fuel-efficient aircraft and reductions in jet fuel prices will reduce our fuel cost per ASK by over 10% in the 1Q07.

Financial guidance for the full year 2007 is based on GOL's planned capacity expansion and the expected high demand for our passenger transportation services, driven by strong Brazilian economic fundamentals and GOL's demand-stimulating low fares. For 2007, we expect to add 15 aircraft to the fleet and expand capacity by approximately 50% to adequately serve expected passenger demand and add new routes and markets in Brazil and South America. Our projections are for a 2007 full-year EPS in the range of R$5.20 to R$5.65 per share. Full-year non-fuel CASK is expected to be in the range of 8.5 cents of real, representing an 8%-reduction over 2006. Fuel costs per ASK are expected to reduce approximately 10% due to larger, more fuel-efficient aircraft and lower fuel prices. Full-year operating margins are expected to be in the 23% range.

We plan to continue to popularize air travel in South America through expansion, technological innovation, improved operating efficiency, strict cost management, and the lowest prices. Our cost leadership will permit us to offer the lowest fares, generating high load factors and high profitability, so that we can invest in more seat capacity and further stimulate demand, what we call the GOL effect.

I will now turn the call back over to our CEO to talk a little bit more about some of our 2007 initiatives. Please, Junior.

Constantino de Oliveira Junior:

Thanks, Richard. On slide #23 we review our 2007 initiatives. We plan to increase revenues by over 45% in 2007, while reducing unit costs by over 9%. We plan to launch flights to five domestic and three international markets while adding over 130 new daily flight frequencies to our highly-integrated network. We plan to create more air travel demand in the middle and lower income consumer segments in Brazil through our innovative payment mechanisms such as our Voe Fácil/Easy Fly installment payment program. We also recently launched a corporate credit card to service the needs of the small to medium size business market, a growing travel market in Brazil.

We will also continue to benefit from economies of scale as we leverage our fixed costs to continue to stimulate demand. As we incorporate the delivery of 13 new and larger 737-800 NG aircraft into our fleet in 2007, we will reduce the age of our fleet. We are confident that 2007 will be another record year as we continue to popularize air transportation in South America and double our international flight operations. As we are already operating at over 14 block hours per day, we are excited about the continued roll-out of our new larger, more fuel-efficient aircraft to meet this growth.

Please move to slide #24. GOL has been growing consistently and has been a key driver of the growth of the Brazilian market. Since we began operations, GOL's volumes have grown at an average of over 40% per year, while the industry grew around 10% per year. We believe that, although the competitive landscape in Brazil remains robust, we will be facing a more stable industry environment going forward. With just 9 million consumers of air travel, in a population of nearly 190 million people, Brazil is still one of the most under-penetrated markets in the world. Our mission remains to popularize air transportation in South America.

On slide #25 in the webcast presentation we show a brief summary of several of our corporate responsibility programs. During 4Q06, GOL supported social and cultural activities, investing R$1 million in the period.

I will finish with slide #26, where we highlight our competitive strengths, which are essential to our successful business model and the “virtuous cycle”. We count on our highly productive workforce and proven management to always deliver quality customer service with low fares and the lowest cost in the market to keep our strong brand and high profitability.

Thank you for your attention. Having now concluded this brief presentation, I would like to turn the floor over for Q&A, during which we will be happy to respond to any questions you may have.

Bill Green, Morgan Stanley:

Hey, Rich. I am just wondering if you can talk a little bit about what your assumption is in your net revenues, in your guidance for 2007, for the congestion. How much do you think that will impact the 2007 revenue?

Richard Lark:

Well, we are seeing, as we expected, aspects of bottlenecks in the air traffic control in January; punctuality rates were low, a large amount of cancelled flights. Our expectation is that this will not affect Carnival, which is the third week of February. So, our expectations that this will kind of last for another couple of weeks here; and then, as business in Brazil comes back from Carnival, we will start the year from an operational perspective, functioning smoothly. Right now, we are in the January and February summer vacation months in Brazil, where leisure travel tends to increase proportionally versus business travel. Then after Carnival, as people like to say in Brazil, the year really starts, and then the business market takes off again.

So our expectations are that it will not have a big effect beyond January, beginning of February.

Bill Green:

Is it safe to say that the R$100 million change in your guidance from your prior guidance is really for the congestion, is that what that is?

Richard Lark:

This relates to assumptions related to yields. One of the reasons is, as December was so negatively affected we did not get the increase in December yields that we usually see. So in January we are starting from a much lower base, which we have to work from. The reference for yields is not January of 2006, but December of 2006, so we are starting from a lower than expected base on yields as we start 2007.

Bill Green:

OK. And then, on sales and marketing, that dropped quite a bit, but that was because of the advertising, I think. How much of that advertising will start to come back? I mean, what is the right run rate we should use for sales and marketing?

Richard Lark:

Keep in mind that half of the sales in the marketing cost line are commissions on commission sales, and we just did on January 1st a 30% reduction in that component. The other side of the marketing activity is related heavily to launches of new routes and new bases. So we are launching new markets this year, but to answer your question, we do not see that coming back but we see sales and marketing expenses per ASK reducing 8% to 10% in 2007, versus what we saw in 2006.

Bill Green:

OK, thanks for your help.

Jim Parker, Raymond James:

One is, just regarding capacity growth in the 4Q and 1Q, 1Q looks like 60% for GOL, and TAM looks like it is going to be up about 30%. My question is what is the endgame in all of this? Because the market just cannot grow that fast, and I know that some of the problems are related to ATC, but what is the logic of growing capacity 60%? And you had huge capacity growth in 2006 and 2005, and of course 2007 looks like about 46%. So a lot of this margin pressure on the downside appears to be self-inflected. What do you expect to achieve with that?

Constantino de Oliveira Junior:

That is true, we are growing over 60% year-over-year, when comparing January 2007 with January 2006. And we are stimulating demand with our business model. As we said, we still have a very under-penetrated market in Brazil, and we experienced a load factor of over 75%, for example, in January, with this growth in RPKs, and also launching new markets or flying the new markets where we just started on the 4Q; that means we still have some growths. Not maturity yet, but we are facing a good experience of market growth, and also we are gaining confidence from our customers, that is shown in our growth and load factors. So we are sustaining our growth with good load factor and a very good perspective in terms of reducing costs while stimulating demand.

Richard Lark:

Yes, one of the comments also to remember is that we are getting to our capacity growth also with a combination of larger aircraft, increasing stage length. In 2007, the number of aircraft, the fleet is getting an increase of around 23%. But with that increase in 15 aircraft, which is a 23% increase in fleet, we are going to be able to produce a 50% increase in ASK, just because of more productive aircraft. You know, 9% increase in stage length, those aircraft are producing more ASK because we are adding relatively longer… We still have a very short stage length compared to what we see in other airlines but we are adding longer haul flights both to the North and Northeast of Brazil, as well as the markets from South America, such as Lima and Santiago. We are also increasing aircraft utilization, 3% or 4%, and we are getting a better productivity in terms of block hours per day; and also, because of the larger 737- 800 aircraft, we are going to get as much as a 4% increase in available seats per aircraft.

And this is very important for our business, for this is structural, it relates to the work we have done over the last four years, negotiating and buying and incorporating the 737-800 SFP aircraft. . It is the industry standard to look at GOL on a “per ASK” basis, but another interesting way to look at GOL is on a “per aircraft” basis, both revenues and cost, and we are actually expecting to get an increase in revenues generation per aircraft in 2007, a decrease in cost per seat, cost per aircraft, actually.

The big driver of the expansion in our operating margins are factors that are related to the larger, more economical, more fuel-efficient aircraft. If you look at it on a “per seat” basis, which is another way of taking out the effect of the stage length, which is in the math in the yield calculations, we are expecting a 20% to 25% increase in operating profit per seat in 2007.

I just want to mention that, as you analyze capacity growth and its effect on profitability, we actually expect increasing profitability from our particular 2007 capacity plan.

Michael Linenberg, Merrill Lynch:

Good morning, guys, I have two questions. I noticed that earlier in the quarter, or earlier this year, you brought down your travel agent commissions from 10% to 7%. I know that, initially, there was a boycott by the agents. Ultimately, what impact do you think this had on the revenue side, you probably saw on January? Is that over now, or are there still some lingering effects of that?

Constantino de Oliveira Junior:

Hey, Michael. Good morning, thanks for your question. Actually, we announced our reduction in the travel agents commissions in December, and some of them programmed a kind of boycott, if we can use this term. But, unfortunately, we believe in the “virtuous cycle” and we are passing this through to the travel agents; that means we are reducing our costs, we are reducing our fares to stimulate demand, and for them, also they can be part of this ”virtuous cycle” and sell more, and keep their profitability or keep their business working, but with a little bit of a different model.

In this sense, answering your question directly, in terms of January sales, I can tell you that our sales recovered from December. We had record sales in one day, just in the beginning of January, where we sold more than 100,000 tickets in just one day, and we hit a record of more than 2 million tickets sold in one month yesterday, at 19h41 (7:41 p.m.) of yesterday. That means we are selling more tickets than ever. We still have the travel agents as partners in our mission, and we are facing a very good moment in terms of sales and also in terms of our relations with travel agents.

Michael Linenberg:

OK, good. That is helpful. My next question would be, when you took your capacity guidance a little bit higher in 2007, in today’s announcement versus where it was previously. I also know that there has been some talk about maybe establishing a local Argentinean carrier – call it GOL Argentina, if you will. Is that, at all, incorporated into this revised capacity guidance? Is that in this earnings plan or does this earnings plan not include ramp up costs associated with starting up a separate stand-alone company?

Richard Lark:

It does not include that nor do we have any plans to be doing that in 2007. We always study new markets, but right now our plans are just focused on expanding internationally, under the current bilateral agreement rights, expanding our integrated network. What we do have as a strategic direction of the potential application of the GOL operating model inside the domestic markets, and we do study markets where that could be applied. But we do not have any specific concrete plans to be launching a domestic carrier in Argentina any time soon.

Michael Linenberg:

OK, very good. Thanks Rich, Junior.

Steve Trent, Citigroup:

Good morning, gentlemen. Just one or two questions from me. We are hearing from the local newswires that the ANAC has seized some of Varig’s former domestic slots.

I was wondering if you could kind of give us sort of your brief view on what you are seeing from some of these other airlines, like Varig and BRA.

Constantino de Oliveira Junior:

In terms of the Varig slots and how they are treating that, they are trying to discuss with the government to keep those slots for sure, and they are doing that through the Justice. Actually, yesterday they had a Justice reconsideration to keep 22 of the total of 23 slots they lost two weeks ago; that means today they still have the right to fly the 22 slots from these 23, that means they leave just one slot.

In terms of BRA, they received new investors; they did not disclose their plans for the future, so we do not how it will be, or what will be their attitudes to compete in the Brazilian market. So, I can tell you that GOL still believes strongly in our plans, we still believe in our plans, and we are the first line, but we are attentive to our competitors' plans to really understand better and adapt, or to be more competitive in our objectives.

So, I guess that has answered your question, if you have another one, please, go ahead.

Steve Trent:

Thank you, Junior, just one more. Looking at your development and your stimulation of demand, in 2005 you have mentioned that roughly 8% of your passengers were first-time flyers, and now I believe you said something like it is close to 10%, so it is heading in the right direction in terms of explaining where your capacity expansion is going. As you get to 2010, what is your view as to what we will see in terms of Brazil's enplanements per capita by 2010, let us say, versus where enplanements are today?

Constantino de Oliveira Junior:

We understand that in the Brazilian market we have just around 9 or 10 million people flying, and this number could be more than doubled, to 20 to 25 million people flying in Brazil. That means our per capita enplanements could be more than double than what we have right now. If we are going to reach that before 2010, the challenge is to understand when we will reach that, but the potential of the market is already there.

Richard Lark:

If you look at our typical customer today, our typical customer is basically a lot of the people that are listening to this call. Our typical customer is a male in his 30s or 40s, highly educated, higher income, executive, business traveler, who travels four or five times a year if you think about it, it represents the majority of our customers today, is that customer profile. About 10% of our passengers, since the beginning, are for the first time in their lives on an aircraft, traveling by air traveling on GOL.

That has been a function of the available capacity to price those seats to stimulate that passenger. But we still have a way to go in doing that, and there is also another element that happens within the existing customer base, is increasing in the frequency of travel. A lot of the demand that was incremental to growth in the last couple of years; has just simply been increased travel by people who are already flying, because of more availability of service, cheaper fares and so on. So, there still is development that is happening within the current customer base, at the same time that the extra seat capacity that is being put on is allowing us to pursuit this demand creation strategy, which is still very much insipient. But, in terms of things like enplanements per capita that is hard to say, but if you are looking at, lets say, two to three years, you will be forced to see a market of 60 billion RPKs per year, versus the roughly 40 billion that we are doing right now. The question is: how fast do we get to that 20 million adjustable market? It is really more of a question of how fast we can grow seat capacity.

Steve Trent:

Great, that was very helpful.

Travis Anderson, Gilder Gagnon & Howe:

Good morning. I was wondering if you could talk about what effect, if any, is lingering over from TAM's Christmas problems. Was that something that just helped you out that week, or is that something that continued to have an impact in January and going forward?

Constantino de Oliveira Junior:

Regarding the problems that our competitor had between Christmas and New Year, that affects the image of the industry for sure, because that was a big problem in the airports in terms of confusion, people were very hungry, and trying to travel or to fly in another period, as GOL, but at that time we had our load factors very high, and that makes more evident that we are adding, or we are facing the right model in terms of respect to our customers, not doing overbooking, for example, and this kind of position helped us a lot to reduce the impact of the negative trend in that period to our customers.

I believe that we were able to really show that we can offer a good service, a good quality of service, and that is reflecting in today's sales, we are selling a record number of tickets, we are facing a very good load factor, it could be better, but higher than 75%, even growing 6% year over year. That means we still have the confidence of our passengers, we are still a good choice for them, even passing through difficulties in the industry.

Travis Anderson:

Is there any timing for the government to announce the results of the investigation of those issues?

Constantino de Oliveira Junior:

No, there is no timing, for this ruling over confidential reports, so I cannot tell you the right time to know that.

Travis Anderson:

You say that will be a confidential report, it will not be released?

Constantino de Oliveira Junior:

No. It is going in that direction today. Probably they will make that clear and public in some time, but today it is confidential.

Travis Anderson:

OK. Thank you.

Constantino de Oliveira Junior:

We do not know when they will make that public.

Raymond Neidl, Calyon Securities:

Good morning. Basically, it looks like you guys are doing such a good job expanding and providing a good service in Brazil for passengers and putting together a good product that you might be outgrowing, the government's facilities and the air traffic control system to keep up with you.

I was just wondering if that is the case, if maybe you have to slow down growth and let the government catch up, and with the night flying that you are doing, are you further structuring the government's ability to meet the air traffic control needs by going to a third shift?

Constantino de Oliveira Junior:

We believe that the government is working to fix the problems with the air traffic control and with the infrastructure. The aviation sector included on the plan, the accelerate growth plan from the government, and that will compensate R$1.8 billion for the airports plus something like R$4 billion for the industry. That means we are facing challenging moments, that were critical in December, but also we are seeing that the government is working hard to fix this problem in a short-term period.

Richard Lark:

In terms of air traffic control, there is more air traffic controllers working today than working in the month of September, which was before the slow downs happened. You have mentioned our Night Flights – there is really no congestion or capacity issues in the airports with night flights. They are generally in the less congested airports. The Congonhas Airport, which is the most important airport, in the city of São Paulo, of course, does not operate from 11 p.m. to 6 a.m.

But as Junior mentioned, this accelerated growth plan was a very major initiative announced this month by the Brazilian government, and it has a lot of implications for increase in infrastructure investment and focus in a variety of sectors, including ours, which is the public transportation sector.

Raymond Neidl:

Now, could there be, with the air traffic control system, even though they are putting all this investment into the system, and improving it; it is going to take probably some time to make all these improvements. Is it being slowed down by the political process? In other words, is there a political argument going on over who should be running it, the military or the civilian component of the Brazilian government?

Constantino de Oliveira Junior:

I think that probably the government is negotiating with the air traffic controllers, and really trying their policies for this sector, but I am confident and I am sure that they are working hard to fix the problems and find the right solution. We are engaged in that, I can assure you that, and I am confident they will be able to find the right policy, military or not, and also they have, they are doing their best , they are working hard to invest and fix their institutional problems, if that is the right word to use. The government is engaged to that.

Raymond Neidl:

OK. And finally, I do not know if you want to comment on this or not, but to some of the problems that we had in the past quarter - has TAM been adding to those problems, through their maintenance problems and their delays? Have they been a contributor to the problems?

Richard Lark:

What exacerbated things in the Wednesday and Thursday before Christmas was the capacity that came down into the market in terms of cancelled flights as related to those issues and combined with a massive amount of over bookings. This created a huge trauma on the flows of the entire sector in that week before Christmas. But I think it is hard for us to speculate on what they are doing specifically to deal with those issues.

Raymond Neidl:

OK, great. Thank you very much.

Daniela Bretthauer, Santander Bank:

Good afternoon. A couple of questions on… I am sorry if this has been asked already, because I was late joining the call. There has been a lot of noise in the local press regarding a potential strike of the ATCO by Carnival, basically because several of their demands, as far as career and wage increases have not been met yet; the government has basically added more air traffic controllers, but has not really solved some of the issues that they raised since the first problems.

Is that true? Have you guys been hearing that? I even heard that some of the pilots, not GOL pilots, but some of the TAM pilots have been making an announcement that they were afraid of potential air traffic control issues during the Carnival season. Has GOL heard anything about that? Is that noise true at all?

Constantino de Oliveira Junior:

Daniela, thanks. The government and the air traffic controllers are dealing, they are negotiating their issues. We are not part of this negotiation, we are following their conversation. The government is attentive to these issues, and also the air traffic controllers have indicated their needs, and they are negotiating that.

So it is too early to say that we will have problems in the Carnival time. We have to be prepared for everything, but we are confident that Carnival will be normal, we will keep 100% of our fleet and our work force available to offer a good service to our customers, so that is what we can say.

Daniela Bretthauer:

Regarding your bookings, and I spoke to Rich, earlier today, but I was reading again your press release, and your bookings were down towards the end of December because of another problem that went on, and they have peaked up already in January, and this is more a question for Rich, I guess. Rich, do you think that the increase that you have experienced in January for bookings more than compensates the drop that you saw in December, or it is basically back to the level that you were?

Richard Lark:

Sorry, you are talking about for forward bookings?

Daniela Bretthauer:

Yes, because you said that you had problems in sales towards the end of the quarter because of what went on with air traffic control and other issues. But that has already showed a recovery in January. I am wondering, is that just seasonal or is that GOL stimulating demand?

Richard Lark:

It is very dynamic, most passengers buy to travel in sort of the next 30 to 60 days, so with all the negative publicity about how hard it was to travel in October-November, and people were just not buying tickets because they did not want the hassle. In January that was the case, but yes, January is a very seasonal month for leisure travel. But if you look at, you know… you are talking about February-March?

Daniela Bretthauer:

Yes, exactly.

Richard Lark:

We were probably slightly higher than we were presenting in the last year period.

Daniela Bretthauer:

So, you are still up year-on-year?

Richard Lark:

That is correct, yes, with seat capacity as much as with a record level of… Yesterday we had a record level of tickets sold.

Daniela Bretthauer:

And two quick questions now on your cost front, the first one is: in your release, you mentioned there was an R$41 million increase because of more fuel consumption and higher cancelled flights. Are you seeing some sort of impact in the 1Q related to those two issues? Is the impact relevant?

Richard Lark:

No, no.

Daniela Bretthauer:

OK. And the second question is, and sorry if this question has already been asked, on the cost front, third-party services have gone up, and you mentioned that it is because of increases in counseling and tax services. Can you quantify how much we are talking about there – has that line changed to a new level or should we expect it to go back to normal? We are talking about an R$40 million to R$60 million range.

Richard Lark:

We did not mention that it is because of counseling and tax services, but those are effects related to what we are doing in the… investment in the infrastructure of our business technology, investments for selling for 2007. Other operating expenses will reduce in general, say, 15 to 20% per ASK, and air traffic should be as much as 5% versus 2006.

Daniela Bretthauer:

So, sorry, I could not hear you very well. So, you think it is going to go back to… Will it stay above R$1 or will it go down to about R$0.90? Above or below R$1 per ASK?

Richard Lark:

In 2007, other operating expenses would reduce 15% to 20% per ASK versus 2006, and we expect air traffic servicing would reduce 3% to 5% per ASK versus the full year of 2006.

Daniela Bretthauer:

OK, thank you.

Bernardo Carneiro, Deutsche Bank:

Hi, Junior; hi, Richard. Basically, I have one follow-up question on the travel agencies, how much of total sales are accounted by travel agencies alone, or the amount of sales that are indirect sales. And the other question relates to… It seems to be a jurisdiction conflict between ANAC and the Court of Rio de Janeiro. We never know what the final solution is, what the final decision on that is, on the slot that Varig was supposed to loose. How do you view this conflict of power between ANAC and the Court in Rio de Janeiro? Thanks.

Richard Lark:

Well, as we said before, roughly 70% of our sales are done with commissions, and 30% are customers coming directly to GOL's sales channels, principally our website, to buy tickets directly. We have a variety of initiatives that are designed to stimulate sales overall, including more purchases by customers directly through our website, with a lower overall cost gross. We offer the same fares; the same fares are available, for anybody who wants to go through our website can do it individually, directly, or through a commission agent.

Constantino de Oliveira Junior:

And regarding the conflict between the ANAC and the Court in Rio de Janeiro... We would say that the bankruptcy law in Brazil is bad news, it comes from last year, and Varig is the first big case for this law, and I think that this conflict is normal when you think that ANAC is trying to protect the sector, or is trying to stimulate the development of the airline sector in Brazil, and the Court is trying to protect Varig under the bankruptcy law. So, we are looking at these discussions, we believe that they will understand both needs, and we will see a solution in the near time. It is difficult to say exactly when, but we believe that this kind of conflict is normal when you have different interests, sometimes.

Bernardo Carneiro:

In your view, who should prevail? Who should have the final decision, Rio de Janeiro's Court, or ANAC?

Constantino de Oliveira Junior:

It is difficult for us to say, because both of them have their convictions, and for sure, for the industry it is better to see the development of the sector. And for GOL, for our growth plan, it is not bad to see more slots available, more areas in the airport, even if Varig is not using them. But we have to understand the Court's vision, the Court's side of this problem.

Bernardo Carneiro:

OK. Just a final question, what is your WTI assumptions for 2007, and if you do think that the oil prices will continue to go down. What is your view on that?

Richard Lark:

Our view is that we will establish a short-term bottom here at the US$51 to US$52 range. We still have very steep contango, in the range of US$4 to 5, and it looks like it will stay that way. Obviously, the formation of our local fuel prices is based on what is happening in the international market, so we should expect that… if this stays in the short-term at US$51 to US$52, that level will end up getting reflected in the actual fuel prices for us in 2007.

…operating with this US$50 level, it is possible that there is a further reduction. It makes less interesting, medium term hedging, with such a steep contango in the curve. What we can see is a high level of short-term hedging, projecting against other short-term movements. But until there is a clear direction on what is going to happen with fuel here, whether it is going to break to the US$50, go down to US$40, or if it is kind of going to stay where it is, our expectation is that the local fuel prices are going to be determined by this US$50 to US$51 barrel of WTI. But keep in mind that prices are not just based on WTI; they are also based on what goes on with go jet fuel. You have to look at that also, which are affected by other things other than just what is going on with WTI.

Bernardo Carneiro:

OK, thank you.

Travis Anderson, Gilder, Gagnon and Howe:

Hi, I am just looking at your numbers for the 1Q versus what you showed last year. Obviously, your yield has improved. Your average ticket prices have gone up basically from December, but the number versus last year is still sharply lower. I was wondering if that is going to be typical for the quarter, or if January is just much lower than the average quarter. I think last year you showed your average about R$233 fare in the 1Q, something close to R$0.29 per ASK. And revenue per ASK… Then you predicted about 0.22 for this quarter, is that correct?

Richard Lark:

Fares right now are up in January a little bit up than where they were in December, close to R$215 average fare. We were kind of expecting something kind of between where we are now and R$220 per share, so R$215 is probably a good number. The increase in stage length is going to drive reductions in yields and RASKs, that being a structural situation for us; and we will see an increase stage length in the 1Q07, something around the order 8% in the year-over-year comparison.

Travis Anderson:

OK. But last… I think it is correct, your average… about R$233 the average fare for the 1Q05.

Richard Lark:

R$232, I believe. We have average fares down for 1Q, down 5 percentage points…

Travis Anderson:

Right. Looks like your fuel bills should be fairly down, at least 10% year-over-year also.

Richard Lark:

Yes, yes. That is correct.

Travis Anderson:

Thanks.

Operator:

There appear to be no further questions at this time. I will turn the floor back over to Mr. de Oliveira for any closing remarks.

Constantino de Oliveira Junior:

Once again, thank you very much for your interest in GOL. We remain committed to our goal of making air travel simpler, more convenient and an accessible option for everyone, while creating value for our shareholders and employees. GOL is popularizing air travel in South America through the expansion of our business, innovation in our quality services, operating efficiency, cost management and competitive low prices. At GOL, our slogan is: “Here, everyone can fly.” If you have any additional questions, feel free to contact our Investor Relations department. You can also visit the Investor Relations section in our website at www.voegol.com.br/ir. Thank you very much, and have a nice day.

Operator:

This concludes today’s GOL conference call. You may now disconnect.