CALL TRANSCRIPT – 2Q07 RESULTS

Operator: Good morning, ladies and gentlemen. At this time we would like to welcome everyone to GOL Intelligent Airline's 2Q07 results conference call. Today with us we have Constantino de Oliveira Junior, President & CEO; Richard Lark, Executive Vice-President, CFO & Investor Relations Director and David Barioni, Executive Vice-President-Technical.

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 a slide show, may be accessed through GOL's website at voegol.com.br/ir. The slide show presented by management today is available on the website in the IR 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'll turn the conference over to the President and CEO Mr. Constantino Oliveira, who will begin the presentation. Mr. Oliveira, you may begin your conference.

Junior: Thank you. Good Morning and welcome to GOL's second quarter 2007 results conference call.

The second quarter of 2007 presented many opportunities and challenges, which we expect will result in positive changes to the structure of Brazil's air transportation industry. This quarter also presented GOL with accelerated growth opportunities, principally through the acquisition of VRG, the Company that operates the Varig brand. Our team is working to implement GOL's best management practices and proven low-cost strategies, improving VRG's efficiency, modernizing and standardizing VRG's fleet, rejuvenating an 80 year old brand and improving revenue productivity.

Temporary problems with the coordination of Brazil's air transportation system combined with inclement weather generated unacceptable flight delays and cancellations for customers. The Congonhas airport, GOL's third-busiest airport, was the most affected, as runways were temporarily closed for maintenance work during the quarter. The flexibility of our point-to-point and multi-directional hub network and the commonality of our all-Boeing fleet allowed us to adjust our operations and maintain our cost leadership. In light of these challenges, we were able to grow the Company's capacity year-over-year by 45% on domestic routes and 185% on South American routes and the beginning of intercontinental operations with VRG.

In June 2007, GOL finalized agreements with two of North America's most important airlines: Delta and Continental Airlines. Passengers flying with the two airlines are now able to purchase tickets on all routes served by GOL for connections in Brazil and South America.

Looking beyond the short-term, we believe that the current focus on the Brazilian airline industry will bring much needed changes and investments to the sector. GOL, with the lowest-cost operating platform in the industry, is best positioned to grow both its South American and intercontinental networks in the coming years.

Now, please move to slide #2, entitled "Highlights." Consolidated losses in the second quarter were driven by the incorporation of VRG as of April 9th, combined with sub-optimal yields in the domestic market and demand-suppressing cancellations, and intense news coverage, which contributed to suppressed load factors.

Including VRG and usual seasonal patterns, consolidated load factors decreased 4 percentage points to 66% compared to the first quarter of the year, down 9 percentage points compared to the second quarter of last year. Consolidated RPKs grew 65% year-over-year in 2Q07 and 19% compared to 1Q07. GTA's load factor averaged 69% and VRG's load factor averaged 52% for 2Q07. VRG's domestic load factor in April was 60% and improved 5.5 percentage points to over 65% at the end of the quarter. GTA and VRG domestic passenger market share was 40% and 4%, respectively, in the 2Q07. GTA and VRG international passenger market share was 14% and 11%, respectively, during the same period.

We reduced our consolidated cost per available seat kilometer to approximately 14.1 cents, a 6% reduction compared to the same period last year. Costs were negatively affected by an increase in the amount of flight hours required to complete scheduled flights and increased salary and fuel costs associated with abnormal delays and cancellations. The additional costs were approximately R$ 5MM and R$ 20MM, respectively. Including VRG, the Company has maintained a very strong cost advantage, but we also have room to improve.

Slide #3 shows the recent additions to our fleet and base network. In 2Q07, we added two winglet equipped 737-800s at GTA and one 767-300 at VRG, the third aircraft of this type in the fleet, to end the quarter with a consolidated fleet of 88 aircraft. We plan to end the 3Q07 with 97 aircraft in the fleet and finish the year with a fleet of 79 aircraft at GTA and 24 aircraft at VRG (including 10 767-300s). During the second quarter, GTA launched two new domestic destinations: Marabá in the state of Pará and Cruzeiro do Sul in the state of Acre.

This year, we plan to add more frequencies in existing markets and expand our network with newly-served markets in Brazil, South America, North America and Europe.

Moving to slide #4, we show some of the aspects of the VRG acquisition. We assumed management of VRG on April 9th. The total acquisition cost was R$558MM, consisting of R$194MM in cash and R$357MM in newly-issued non-voting shares. We acquired the VARIG brand, important spaces in airports, maintenance areas, the Smiles mileage program and its almost 6MM flyers, over 2,000 weekly slots in Brazil's major airports, and operating routes and route rights that will allow us to serve already existing destinations in Brazil and South America, as well as grow intercontinental operations to Europe and North America.

The acquisition will help facilitate our brand segmentation strategy to better serve the air transportation market. The GOL brand will continue to popularize air travel in Brazil and South America with a highly integrated network, low fares, reliable and simplified service, and a young, modern fleet of Boeing aircraft. GOL continues to be a compelling value proposition with 10% of its passengers flying for the first time, while the VARIG brand is targeting premium customers who value differentiated service in the domestic market and price-sensitive intercontinental customers through innovative dual class service and a loyalty program.

The acquisition of VRG is exceeding expectations, with a focused team working to gain efficiencies and empower the VARIG brand we expect to breakeven in the third quarter.

Slide #5 highlights initiatives taken to improve VRG's operating platform over the first several months after the acquisition. VRG sourced 12 aircraft (737s and 767s) for deliveries this year and, in August, began maintenance on all of VRG's 737s in GOL's hangars. We renegotiated VRG's contracts, including fuel and leasing agreements, to match GOL's cost standards.

The IT cost reductions include increasing internet ticket sales, outsourcing services, renegotiating contracts and updating key systems.

VRG has reduced sales and marketing costs, adjusting sales commissions to GOL's standards. GOL is also developing its culture and cost ethics within VRG's operations, an integral part of the VRG acquisition's success.

Due to the implementation of these initiatives, intra-quarter (between April and June) VRG reduced CASK by 17 percent.

In the next few months, we will re-launch the VARIG brand and begin operations to several international destinations. In September, we plan to launch daily flights to Paris and Rome. In October, we will launch daily flights to Mexico City. By November, we will launch daily flights to London, Madrid, Santiago and Montevideo. To meet the capacity needs of these routes, VRG has sourced an additional seven 767-300 aircraft to be delivered in the second half of 2007.

Flights to New York and Miami are planned for the first quarter of 2008. 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: Thanks, Junior. Good morning, everyone. Please move to slide #6 in the webcast presentation.

This slide presents our capacity and network expansion in more detail. During the quarter, the consolidated company operated an average of 87 aircraft, an increase of 85% over the 2Q06, and 33% over the 1Q07.

During the second quarter, GTA added 32 new daily flight frequencies, expanding GTA's total destinations served to 58. VRG added 16 new daily flight frequencies, including one daily flight from Rio de Janeiro to Frankfurt, and serves a total of 16 destinations.

When compared to the same quarter of the previous year, our capacity expanded 86% in terms of ASK volume to almost nine billion, and RPKs increased 65% to 5.8 billion; 5

billion at GTA and 0.8 billion at VRG. This capacity expansion permitted the consolidated company to reach 750 flights per day at the end of the quarter. When compared to the 1Q07, ASKs increased 26%, while RPKs increased 19%.

Moving to slide #7, we can see that our consolidated net revenues in the 2Q07 grew by 36% to approximately R$1.2 billion, when compared to the same period in the previous year. GTA's net revenues increased 14.2% to R$ 1.0 billion of GTA. VRG's revenue totaled R$ 191.5MM. Higher capacity and productivity were offset by sub-optimal yields and load factors due to delays and cancellations in Brazil's main airports. GOL achieved a consolidated aircraft utilization of 14.1 block hours per day during the quarter. Consolidated RASK decreased 27%, mainly due to a 19% decrease in yields and an 8.6 percentage point decrease in load factors. Ancillary revenues also contributed, growing almost 85% to R$106 million, representing an ancillary contribution margin of over 80%.

In addition to seasonality, the decrease in yields and load factors were due to the difficulties and challenges affecting Brazil's air transportation industry, especially in the São Paulo area. The next few slides will try to provide an overview regarding São Paulo's airport infrastructure.

To better explain the available alternatives and solutions for improving passenger flows in Brazil, I would like to turn the presentation over to Captain David Barioni, GOL's Executive Vice President-Technical, who is responsible for our Flight Operations, Maintenance Operations and Flight Safety. Please, David.

Barioni: Thanks, Richard. Please turn to slide #8. First, a few comments on the concentration and density of demand in the greater São Paulo area and its airport infrastructure. With a population of over 11 million people, the city of São Paulo is the largest city in South America and the business capital of Brazil, with a GDP per capita of R$15,000 per year. The State of São Paulo has a population of over 40 million and an economy equivalent to that of Argentina.

The greater São Paulo region is responsible for between 20% and 25% of Brazil's total demand for air transportation, and, therefore, the region has the heaviest air traffic in the country.

On slide #9, we highlight the nine airports that comprise the São Paulo Air Terminal. The State of São Paulo has several airports that could more efficiently distribute air traffic in the São Paulo region. For example, the Viracopos airport in Campinas could serve as an alternative destination for cargo transportation, which would free up slots at the Guarulhos airport for passenger traffic. The São José dos Campos Airport has available capacity to absorb part of the traffic from both Congonhas and Guarulhos, while Jundiaí and Sorocaba airports have the capacity to absorb additional traffic from Congonhas.

There are 11 runway options within 50km (on average) from downtown São Paulo. While the length of these runways ranges from 1,370 to 3,500 meters, technical data proves that there is no correlation between an increase in runway length and a reduction in the number of accidents or incidents. Since the Boeing 737 began operations at Santos Dumont in 1989, there have been no accidents at Santos Dumont, despite having the shortest operational commercial runway in the world at 1,300 meters.

On shorter runways, such as Santos Dumont, GOL operates with standards that exceed international safety standards, and all GOL pilots receive specialized training that includes customized approach techniques to ensure greater operational safety on short runways. While the final decision to land is always left to each captain's discretion, GOL company policy states that during heavy rain, with no exception, pilots should land at an alternate airport.

Slide #10 highlights current and planned improvements to flight networks in the São Paulo Air Terminal space, to better use the existing airport infrastructure. The Brazilian authorities have reduced daily operations and traffic at Congonhas and announced that only flights to major cities in Brazil within a two hour flight time from São Paulo will be able to operate from Congonhas. Guarulhos and Campinas will absorb excess traffic from Congonhas, which should help to improve on-time arrivals. Plans for a third runway and new terminal space in Guarulhos are already underway.

Moving to slide #11, we show that recent changes in the São Paulo terminal area are similar to those implemented in 2004 and 2005 in both Rio and Belo Horizonte. In 2004, all non-shuttle traffic was redirected from the city airport of Santos Dumont to the international airport of Galeão, and in 2005 connecting traffic in Belo Horizonte was redirected from the city airport of Pampulha to the international airport of Confins. Both changes were the result of capacity limitations at the city airport. The net result of these structural shifts was a yield increase at the capacity-constrained city airports and a gradual shift in importance of overall revenues to the international airport.

At the end of the first half of 2007, 25% of Congonhas passengers were connecting or passing through the airport. This traffic can be reallocated to nearby "hub" airports. Guarulhos and Congonhas have already converged in importance for GOL, each representing approximately 9% of GOL's total revenues in the first half of 2007.

Slide #12 highlights the flexibility of GOL's network model. GOL's network is designed as a combination of a point-to-point network and multi-directional hubs. This permits substantial flexibility to alter the network to meet changing demand patterns. Additionally, as GOL has a high percentage of connecting passengers, this allows for added flexibility to move passengers through alternative hubs. This operational agility is proving to be a competitive advantage as GOL is able to quickly adapt to the changing landscape.

On slide #13 we discuss what the implications of announced changes are for GOL. As previously mentioned, the flexibility of GOL's route network enables us to effectively work with the authorities to resolve industry-wide problems and quickly return the Brazilian air transportation industry to regular and efficient standards of operation with minimal impact to GOL's operations.

In August, authorities announced reductions in landings and take-offs at the Congonhas airport. GOL quickly responded, permanently shifting 11 flights to Guarulhos and temporarily suspending 12 additional flights in an effort to alleviate the delays and cancellations at Congonhas and ensure safe passenger transportation. GOL is working with authorities on a 60 day plan to alter its route network and shift all connecting passengers from Congonhas and a portion of connecting passengers from Guarulhos to other airports with available capacity, such as the Galeão, Confins and Brasilia airports. We do not expect these changes to have a significant impact on revenues in the medium term, as all airlines will be affected by the same changes.

I will now turn the presentation back over to Richard, please Richard.

Richard: Thanks for that review of some relevant aspects of the Brazilian air transportation system, Barioni.

We estimate the impact of external factors in the second quarter to be approximately R$185 million in lost revenue and R$25 million in increased employee and fuel cost expenses.

Slide #14, shows the year-over-year comparison of our operating results, including the incorporation of VRG's results as of April 9th. Yields and load factors were significantly impacted by demand-suppressing delays, cancellations and wide media exposure. Compared to 2Q06, RASK decreased by 27%, incorporating a 19% increase in average stage length, and resulted in a 67% decrease in EBITDAR, which amounted to R$72 million in the quarter. EBITDAR is an indicator of operating results before accounting for aircraft ownership expenses, such as aircraft rent.

Total CASK, at 14.1 cents of real, including VRG's results, decreased 0.93 cents of real per ASK, or a 6% year- over-year reduction, due to lower sales and marketing expenses, a reduction in fuel costs, lower aircraft rent expenses and a 9.6% appreciation of the Brazilian real against the U.S. dollar. This was partially offset by increased aircraft and traffic servicing expenses, maintenance, materials and repairs and depreciation, as well as increased fuel consumption and employee costs due to flight delays.

Jet fuel expenses per ASK decreased 6% over the same quarter last year, due to a decrease in fuel prices, deriving from a 8% decrease in international crude oil prices, as measured by WTI, a 2% decrease in Gulf Coast jet fuel prices, and an increase in international flights, combined with a proportionately more fuel-efficient fleet, which incorporated larger, winglet-equipped aircraft.

Our consolidated non-fuel CASK, including VRG's results, decreased 6% to 8.48 cents of real. The strength of the Brazilian real helped reduce other US dollar-denominated expenses, such as aircraft rent and insurance; as well as US dollar-denominated disbursements, such as aircraft pre-delivery payments.

On the next slide, slide #15, we show our net financial results. Financial income in the quarter increased R$37 million to R$73 million, principally due to higher investment income on our cash balances. We have invested approximately R$1.8 billion of cash earning on average 12% per annum in Reais. Our financial expenses increased R$17 million, due to increased long-term debt financing during the year. We have approximately R$1.4 billion of long-term financing with an average maturity of 6.3 years at an average rate of 7.3% in US Dollars. Our net financial results for the quarter were R$45 million.

Slide #16 shows a comparison of the effects on net income compared to 2Q06. Running through the main differences, net revenues increased R$308 million. Jet fuel costs increased by R$212 million due to an increase of 135 million more liters consumed, partially offset by a reduction in fuel cost per liter (WTI decreased 8% and Gulf Coast Jet Fuel decreased 2%) and an appreciation of 10% in the Brazilian Real. Jet fuel expenses decreased 6% per ASK.

Commercial expenses decreased by R$18 million overall and 56% per ASK, due to changes in the sales commission structure at the beginning of the first quarter of this year and efficient marketing activities during the quarter. Ticket sales on GOL's website accounted for over 80% of total sales during the quarter.

Labor expenses increased R$88 million overall and 6% per ASK, due to a 5% cost of living increase on salaries, an increase of 84% in the number of full-time equivalent employees and additional employee expenses related to flight delays in the quarter.

Other operating expenses increased by a total of R$265 million, principally due to a 31% increase per ASK in aircraft and traffic servicing due to higher ground handling services expenses, and a 19% increase in landing fees per ASK, based on increases in landing tariffs effective in June 2006. Also contributing to the increase in other operating expenses were maintenance expenses, which increased 21% per ASK due to the scheduled maintenance of nine aircraft engines and the use of spare parts inventory, offset principally by an appreciation of the Brazilian Real. Net financial results increased R$16 million in the quarter, year-over-year.

As previously highlighted, revenues in the quarter were impacted by the demand-suppressing environment faced by the entire industry in an amount we estimate to be approximately R$185 million. The net impact to costs due to flight delays, higher cancelled flight expenses due to cancellations and employee costs, and increased fuel consumption was estimated to be approximately R$25 million in the quarter.

In 2Q07, reported consolidated losses were 18 cents of real per share, or US$0.09 per ADS and reported net loss was R$35 million on a consolidated basis, representing a net loss margin on a consolidated basis of 3%.

A net quarterly interest on shareholders equity and dividend payment of R$70.8 million (R$0.35 net per share and US$0.18 net per ADS) was approved at the June 14, 2007 Board Meeting, both to be paid on August 3, 2007, to shareholders of record as of June 25, 2007.

These were the main impacts on net income. A more comprehensive breakdown and explanation of our expenses can be found in our earnings release, available on our website at www.voegol.com.br/ir.

On slide #17 we show our cash flow for 2Q07. At the end of 2Q07, our cash balance was approximately R$1.8 billion. During the quarter, cash balances decreased by R$203 million, mainly due to the cash used for the acquisition of VRG.

Cash used in operating activities was R$23.0mm, mainly due to an increase in accounts receivable (R$70.5mm), an increase in deposits with lessors (R$59.5mm), partially offset by an increase in air traffic liability (R$86.5mm) and an increase in accounts payable (R$76.6mm).

Net cash used in investing activities was R$253.0mm, consisting primarily of R$194.1mm used in the VRG acquisition (net of cash acquired) and R$118.5mm in the acquisition of property and equipment, partially offset by returns of pre-delivery deposits in the amount of R$80.0mm.

Net cash provided by financing activities during the quarter was R$72.8mm, mainly due an increase in short-term borrowings of R$206.6 million partially offset by R$76.2mm in gross dividends paid.

Moving on to slide # 18, we show the combined fleet plan to meet the projected growth needs over the next six years. The fleet is projected to grow to 112 aircraft by the end of

2008 on a consolidated basis, 118 by 2009, 126 by 2010, 132 by 2011 and 143 in 2012, representing a 9% compound annual average growth rate in seats from 2007 to 2012.

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 approximately 3%-4% in fuel consumption per year, enable better flight performance and increase 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.

On slide #19 we show GOL's relative performance in the US and Brazilian stock markets. In 2007 through August 6th, our ADS' have outperformed the American Stock Exchange Airline Index by 13% and underperformed the Tier 1 LCCs by 13%. Our PN shares have underperformed the Bovespa Index by 38% in the same period. Our average daily trading volume in the first half of 2007 has been approximately US$27 million on the NYSE and R$36 million on the Bovespa. GOL is one of the most liquid airline stocks in the world and one of the most liquid Brazilian stocks, included on both the IBrX-50 and Ibovespa indices.

On the next slide, slide # 20 we highlight that, even though GOL has one of the lowest cost structures in the world, a strong balance sheet, the highest liquidity in the sector and some of the most attractive growth prospects in the airline industry worldwide, GOL's P/E is not only trading at a discount to other leading LCCs but there is a divergence between GOL's P/E multiple and the average P/E multiple of the Tier 1 LCC comps and the Brazilian infrastructure and consumer sectors. GOL is trading at a large discount to both its LCC comps and the market in Brazil.

Slide #21 shows GOL's financial guidance, which is one of the key elements of GOL's disclosure process. All of the guidance figures provided are on a consolidated basis, which is how we report our earnings. In 3Q07, the addition of 9 new aircraft to our consolidated fleet, post-acquisition, will allow an 85% increase in available seat capacity over the same period of 2006. For 3Q07, we expect a load factor in the range of 67 to 69%, representing a 2 to 3 point increase over 2Q07 with yields in the range of 21 to 22 cents of real, representing a 19% increase over 2Q07). For 3Q07, we expect non-fuel CASK to be in the range of 8.0 cents of real. We expect that a stable foreign exchange rate environment in the 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 15% in 3Q07.

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 the strong Brazilian economic fundamentals and the group's demand-stimulating low fares. We expect to end 2007 with 103 aircraft in the fleet and expand our consolidated capacity by approximately 80% to adequately serve expected passenger demand, adding new routes and markets in Brazil, South and Central America, Europe and North America. Average load factors for the year are expected to be in the 68-70% range.

Passenger yields are expected to decrease approximately 12% in the full year 2007, primarily due to an increased stage length, and RASK in the full-year comparison is expected to decrease approximately 18%. Our projections are for a 2007 full-year EPS in the range of R$3.00 to R$3.50 per share. Full-year non-fuel CASK is expected to be in the range of 8.0 cents of real, representing a 13% reduction over 2006. Fuel costs per ASK are expected to be reduced by approximately 12% year over year due to larger, more fuel-efficient aircraft and lower fuel prices. We expect consolidated operating margins to be in the range of approximately 12 to 15%.

We plan to continue popularizing air travel in South America and in Europe and North America as well through expansion, technological innovation, improved operating efficiency, strict cost management, and the lowest fares. 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 conclude our presentation. Please, Junior.

Junior: Thank you, Richard.

I will finish with slide #22, where we highlight our competitive strengths, which are essential to our successful business model. We count on our highly productive workforce and experienced management team to quickly adapt to new market conditions, deliver safe and quality customer service, offer the lowest fares in the market, and maintain the lowest costs in the industry to ensure a strong brand and high profitability.

Although the Brazilian aviation industry has faced challenging times recently, we strongly believe that Brazil presents a promising environment, with an underserved market for low fare air transportation. We are confident that the necessary measures are being taken and that the current changes to and evolution of Brazil's airport and airway infrastructure will help us grow our business in the medium and long-term. We believe in the fundamentals of the Brazilian air transportation industry.

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.

Q&A

Mike Linenberg, Merrill Lynch:

Good morning, gentlemen. I have a few questions. First, looking through the operating statistics, I was curious why the completion factor was so low for Varig during the quarter, I think it was a 91% completion factor. I understand why GOL's completion factor came in at 97%, given some of the cancellations.

Why was that so low, and how is that completion factor trending into July and August?

Constantino de Oliveira Jr.:

Thank you for your question. In terms of VRG, we have to see that as Congonhas airport, the runway, was under construction. Varig's operation, most part, is based on the Congonhas airport. So, considering that, the number of flights in Congonhas was reduced, this affected our regularity. That is the major reason that Varig offered a lower number of flights during this period.

Mike Linenberg:

OK. And how is that number now? Is that number looking a little bit better, as you have reallocated capacity throughout the domestic market?

Constantino de Oliveira Jr.:

Yes, that is true. And another thing that we have to consider is that transferred some flights to the Guarulhos airport, where we were flying in the domestic market, to restart flights to Buenos Aires. That means the range between São Paulo and Buenos Aires is higher than the domestic flights we were doing, meaning that we had to cancel some domestic flights and some international flights, also affecting the domestic regularity.

To answer your question, yes – we are currently expecting better numbers.

Mike Linenberg:

OK. Good. And then just my second question, I do not know if it is Junior or Rich, but when I look at your delivery schedule, you definitely slowed down growth over the past couple of months, the number of airplanes that you are taking delivery of.

How much flexibility do you have over the next couple of years to turn back some of those 737-300s early? Is that swing capacity? And if you had the chance, or as you incorporate this new schedule that you are putting in place over the next 60 days or so, do you have the option to turn those back much sooner?

Richard Lark:

Yes, Mike, we have a lot of flexibility, both at GOL, as well as Varig. All the operating leases are in very short terms. If you look at our current portfolio of remaining 737-300s, terms are from a couple of months to two years.

Both GOL and Varig have a lot of flexibility to restructure, we definitely want to accelerate the return of 737-300s.

What we have been doing in more recent years, back in 2004, when we put the 737-300s in the fleet, they were used as a bridging strategy for capacity needs until the arrival of the 737-800s from our purchase order.

We are starting to get these aircraft from our purchase order now, so we basically completed the bridge. And recently, last year, we had gone out and extended terms on some of the 737-300s at GOL, but we have flexibility to accelerate returns of those, if we choose.

And also at the Varig level, we are in the process of re-fleeting Varig, transitioning from 737-300s, principally to 737-800s. So we have the flexibility also to, with a couple of months notice, return the 737-300s at Varig, which are all under maximum 24-month operating leases.

Mike Linenberg:

Very good. Thanks. I appreciate that.

Jim Parker, Raymond James:

Good morning Junior, Rich and David. On page 13 of your slides, you show the impacts in the 2Q of cost, due to delays, and also the lost revenue. What would you estimate these impacts to be in the 3Q?

Richard Lark:

We do not see any big impacts in the 3Q. One of the big impacts is related to delays which will have some effect in July. The amount of flight time required to complete a scheduled flight, or the amount of flight time to produce the same amount of ASK has increased, so that resulted in increased cost, the variable cost related to the operation in the aircraft, be it fuel and to some extent employee cost also. That did extend a little bit into July, so there could be a small impact of that in July.

But things have been pretty normal in the month of August.

Jim Parker:

OK. And with regard to the TAM accident that took place in July, are you able to utilize all of the Varig slots at Congonhas? Would you be able to utilize all of them that you have acquired?

David Barioni:

Good morning. We are able to utilize all these slots designated for Varig. There is no constraint in Varig's slots due to the accident.

Jim Parker:

OK. And, Richard, are you suggesting that things have returned to normal after the accident, that the traveling public for air travel is not negatively impacted?

Ray Neidl, Calyon Securities:

Just a more general type of question on developments in Brazil and in the aviation sector. There is a Government study, I guess, going on, that is supposed to be completed over a 60 to 90-day period from July. I am assuming that study will be done sometime in September, October.

And I am just wondering if that is the correct assumption, if you think that the Government will stay on schedule for this study, and exactly what do you think will come out of this study.

I know we are getting a lot of talk of the changes that you mentioned on your conference call, and TAM has been talking about, but do you think there will be any further major changes beyond what we are hearing? Possibly even a further downsizing of CGH or some other rules and regulations that they may impose upon the industry?

Richard Lark:

Hi, again. We are back in the call, I am sorry we got the cut-off.

Ray Neidl:

OK. Can you hear me?

Richard Lark:

Yes. I am not sure if… I think we finished the last question we had from Jim Parker, which was regarding if Varig is fully operating its slots, and the answer is: yes, Varig is fully operating its slots.

Sorry, it looks like we did not get your question, Ray. We cut off. So, you might have to repeat your question for us.

Ray Neidl:

Fine. It is just a very general type of question, concerning the aviation industry in Brazil and what is going on. It is my understanding that the Government is doing a study for which they said they would release the results after 60 or 90 days which will be, I guess, sometime in September or October.

I am just wondering if that is correct, if the Government can stay on schedule, and what you think may come out of the study. Will there be any further changes than what we are hearing now, from you and from TAM, regarding CGH, and other changes in the Brazilian aviation industry.

And I guess there are some lawsuits going on now about the closing of CGH. So I am just wondering if you could give some general comments on the macro environment down there.

Constantino de Oliveira Jr.:

Thanks, Ray. Regarding CGH, as I said, the Government has established a timeframe for the companies and ANAC to develop a fleet network that tries to avoid connections at this airport. That means we will have to transfer connections to the Guarulhos airport, for example, or Galeão, in Rio de Janeiro, or other airports in Brazil, like Brasilia and Belo Horizonte, the Confins airport.

We are now developing our plans and our network, but we are not expecting to see a negative impact, in the medium term, regarding these changes.

Ray Neidl:

OK. So you are pretty confident that you know what will come out of this Government study, and you are starting to take actions already to address that. Is that a good assumption to make?

Constantino de Oliveira Jr.:

Yes, we have these 60 days to work together and develop what will best attend customers' necessities. In terms of how that will impact demand, we do not think that will have a negative impact and, at the end, we will probably end up with better operations, as we will go from the Congonhas airport to larger airports.

Ray Neidl:

OK. So you are very much part of the study, then. OK, that is what I wanted to make sure.

Also, aircraft utilization will probably go down, going forward, not only because of the changes at the airports, but from what I understand, you are looking at maybe cutting back on your night-flying, because of the low yields. Is that something that you are looking at?

Constantino de Oliveira Jr.:

We have to always be attentive to all of these changes, always. And we have to look closely at the demand reaction, as we had a kind of perfect storm in the last 10 months. If the demand reacts in a negative way, we have this option to reduce the flight time, aircraft utilization, as we still have one of the highest aircraft utilization in the world, with 14 block hours per day per aircraft.

And, yes – we have these options, and we have to look at these changes. If that happens, we have this flexibility.

Ray Neidl:

OK. And starting up new Varig routes this fall, will there be a gap, or lag, after you start up the routes to building up load factor? How do you tend to compete in these markets? Are you going to offer large scale discounts to get people to fly right away, or will you be willing to live with lower load factors as you ramp up the service?

Constantino de Oliveira Jr.:

Regarding the international flights, we are working hard to develop interline agreements with the major airlines in Europe, to help us establish and accelerate our load factor.

One example is that out of the interline agreements, we established a route between Galeão and Frankfurt in the beginning of June, and we are looking now at load factors of 65%. That means that, in less than two months, we can say that this route is becoming mature, and this is without any interline agreement which we are developing now.

So, with that, and regarding that we are negotiating a better schedule, in terms of arrival times in these markets, and also in terms of the flight time, we strongly believe that we will offer a good product, and we also expect to be able to offer lower fares than what the market is working with right now.

Ray Neidl:

OK. And finally, in the future, at some point, will you breakdown Varig and GOL separately, financials or operational statistics?

Richard Lark:

On a monthly basis, you will see traffic statistics reported for GOL and Varig, domestic and international. So, on a revenue basis, you will have some of that data broken up, but for the rest of them we do not present separate results, we present the results on a consolidated basis.

Ray Neidl:

OK, great. Thank you, guys.

Steve Trent, Citigroup:

Good morning, guys. Most of my questions have been answered, just one or two follow-ups for me. Looking at the cargo and ancillary revenues, that did look like it provided a boost, from a margin standpoint. And I was wondering what your broad expectations are for growing that business going forward, and will the Continental and other code-shares give you some help on that?

And my second question is: you mentioned international routes that Varig is going to launch over the medium term. Are you now in a position that you are fully capable of using those routes without any challenge, from a regularity standpoint? Thanks a lot.

Richard Lark:

In terms of the ancillary revenues, I would say that the effect of the interlines and the code-shares that we have, will increase passenger revenues, not ancillary revenue.

What we do have in ancillary revenues is the cargo business, which continues to grow; and accompany the growth of our passenger business, that is non-priority cargo traffic. We also have sales on installment payments, where we generate interest revenues through Voe Fácil, which is also growing – we have almost 800,000 customers that are registered for purchases using Voe Fácil, through which you can pay in installments of up to 36 months.

And then we also have today, in the portfolio of ancillary revenues, on the Varig side, the Smiles program, which is the largest database of any loyalty program for airlines in Latin America, which in addition to helping generate passenger revenues, also will help us to generate other types of revenues, such as fees from partnerships, as well as use of airport lounges.

We do expect those to continue to grow and contribute, going forward.

I am sorry, your second question… Could you repeat it, please?

Steve Trent:

Sure, Richard. I was curious about the international destinations that you plan to launch through Varig. Are you guys now in the clear in terms of being able to utilize those international slots without any challenge, from a regulatory standpoint?

Constantino de Oliveira Jr.:

At this time, we have confidence that our plans will go forward. We have nothing that makes us change anything in our plans.

And also, just to complete the first answer, in the cargo business we are developing a system to start working with Hora Certa, which is a trademark of Varig's, a very well-known brand in Brazil for express cargo. We expect to start that in the beginning of next year, as we are developing systems to do that.

Richard Lark:

Yes. What we have in the GOL side is a really non-priority, very low-yielding cargo traffic. We do not prioritize cargo traffic over passengers. We basically take advantage of the extra space in the cargo hold of the aircraft, and on the Varig side, we have a more express product, which will be high-yielding.

Steve Trent:

OK. Very clear, thanks guys.

Frank Boroch, Bear Stearns:

Hi, good morning. I just wanted to do a reality check. Looking at the full-year guidance for 2007, if my math is correct, it implies an operating margin in the 4Q that looks to be the highest of any quarter over the last nine quarters. I am just trying to figure out if I am missing something, or what sort of synergy impact is kicking-in in a big way in the 4Q, implied in your guidance.

Richard Lark:

I am sorry, could you be a little more specific?

Frank Boroch:

It seems as though if you back into it, you are getting a 12% to 15% operating margin for 2007, suggesting about a 27% operating margin in the 4Q, and I am trying to figure out if that is more cost or revenue driven, and with the utilization impact likely to be negative, yet the improvement in the Varig cost run rate…

I am just trying to think through. I guess that that sort of operating margin in the 4Q, you know, is my math right or is there something wrong with my model?

Richard Lark:

We do not have that math, I guess that we would have to start to look in what you are assuming for 3Q, but in terms of the rest of the year, we do see yields improving. We are also expecting to see the VRG business, which was a big drain in the 2Q, to be at the breakeven level in the 3Q, and potentially have a positive contribution in the 4Q.

Perhaps the difference in your model is cost, we are looking at a non-fuel CASK pretty much near the 8 cent range in the 3Q, and perhaps a little bit lower than that in 4Q. We are also seeing a reduction in the fuel CASK.

So perhaps the answer there is on the cost side of the equation.

Frank Boroch:

And I know with the tax credits you had a big benefit in BR GAAP. Is that something you expect to kick in on the US GAAP side?

Richard Lark:

There are accounting differences there, we have with the acquisition. NOLs that we benefit from in the transaction are in excess of R$200 million, which we can use in the future. This is a net operating loss carryforward, which more than pays for the cash we used in the transaction.

We also highlighted this in the call when we announced the Varig acquisition. And then we have goodwill benefits there, which can be amortized, potentially used against future profits at Varig.

So, the use of these credits depends on the earnings generated in the Varig operations. The NOL is part of net assets in US GAAP, and in BR GAAP it was actually recognized in BR GAAP earnings in the quarter. 2Q earnings in BR GAAP were R$157 million positive.

And we also registered a net goodwill of almost R$800 million in BR GAAP, and that is the deductible against future earnings. But when they actually start affecting on a significant cash flow basis is 2009 and beyond, in terms of the major impacts.

These are basically credits, if you will, that we can use to deduct against future taxes. They are large, and they more than pay for the value that we paid in the acquisition.

Frank Boroch:

All right. And lastly, does the start of new international flights outside of São Paulo negatively impact, what is your thinking about those routes, whether you want to continue introducing them?

Richard Lark:

What do you mean by launching international flights outside of São Paulo?

Frank Boroch:

You know, the new VRG flights. It is my understanding that the movement is to encourage those flights to have to be launched outside of São Paulo.

Richard Lark:

The plans we are launching with Varig, the international flights we are launching, those plans really have not changed. They are a combination of Guarulhos in São Paulo and Galeão on Rio. With Frankfurt, for example, we have flights from both those markets, so it is a combination of the use of both those airports. Our plans do not change vis-à-vis any potential shift in where new international flights can be launched from.

That would really depend on demand for those flights, whether we would see international service being launched to markets outside of Brazil, from places like Belo Horizonte, which has happened in the past, or perhaps the Northeast of Brazil. From our perspective, that would depend on our own supply and demand there.

We do not have any plans to launch international flights from airports outside of Guarulhos or Galeão. And as you know, also, we were allowed to transfer passengers between Varig flights arriving internationally, in both Galeão and Guarulhos, onto GOL flights in the domestic market, and we have a code-share between the two companies.

That is something that we are going to explore as we launch these flights over the next six to nine months, with flights in Europe, North America and South America.

Frank Boroch:

Great, thanks.

Travis Anderson, Gilder Gagnon Howe & Co.:

Good morning. I was wondering if it is possible to pull out a little bit what Varig's loss was for the quarter. I know it is probably not entirely possible to give the exact number, but would it be correct to guess that it accounted for more than half of the loss for the quarter, perhaps R$79 million of the quarter's loss?

Richard Lark:

Yes, that is basically a good guess, Travis. VRG went through a full audit process. During the quarter, we integrated the company on an accounting basis; we also, as you see in the US GAAP financial statements, did the goodwill and intangible calculations, and allocated the values and the purchase price to specific intangibles. We also adopted a modern accounting treatment for the Smiles mileage program in our US GAAP accounting.

And if you take VRG in the 2Q, from the 9th of April until de 30th of June, it had an operating loss of R$94 million, and then it did a net income in the period of R$141 million. The numbers I am telling you are in BR GAAP. There is also a footnote in our BR GAAP financial statements, where those values are disclosed, because when you do an acquisition in BR GAAP you have to report the balance sheet and the income statement during the period which you acquired.

So, the numbers I am telling you there are public information in the BR GAAP financial statements. We will not be reporting those on a going forward basis. On an annual basis, we already do this with our GTA subsidiary, we would provide a full-year balance sheet.

VRG would have to publish a full-year balance sheet. But it will not be relevant for the investors, because that balance sheet would basically have to reflect 12 months of operations for 2007. What will go in there from January until March, most likely, will also be unaudited, as it is just an obligation to provide those financial statements.

So, it is really not relevant for us, and I think for our investors it is irrelevant going forward. I hope that is helpful.

Travis Anderson:

Yes, thank you. And the assumption in your guidance is that VRG in the 4Q is nicely positive?

Richard Lark:

As Junior mentioned, we have the international routes which are launching, which will take a while to build load factors in those markets. But we expect that VRG, on a pre-tax income basis, we actually expect it to be slightly positive in the 4Q07.

And on a net income basis would be positive. So, in terms of bottom-line earnings, in the 4Q we expect it to make a positive contribution. And this is based on our assumptions for the launch of the international routes, which we are really launching on heavy basis in November. So we will have an impact in December, basically. We may have marketing costs in the 4Q, as related to the re-launch of these markets, and also a re-launch of the Varig brand.

Travis Anderson:

OK. And then, only to cover Jim's question that you missed, it sounds like business has returned pretty much to normal and the prices increases that you put through are so far, at least, sticking?

Constantino de Oliveira Jr.:

Yes. In terms of yields, we are confident that the yield is recovering at this time, and sure, we are suffering some impacts from the negative news we faced, especially in the last month, but we are confident that the market is going to a normal way and the system is working right now and we are working with a better yield today than on the last quarter, for sure.

Travis Anderson:

Thank you.

Nick Sebrell, Morgan Stanley:

Good morning guys. A few questions. First, if you could discuss how things are going on your short-haul international operations within South America? How are you seeing load factors change, how do you expect it to change over the next quarter and how are you facing competition with LAN and others? First question.

Then the second is a follow-up on the flexibility in your fleet plan. Apparently you have a lot of flexibility with the -300, but I was wondering whether that extends to the wide-bodies and your -700 and -800?

And the last question, just more of an accounting clean-up question: the interest on capital that you announced, what impact do you think it will have to your tax rate in the 2H07?

Richard Lark:

Let me just kill that question first: we are still working with an effective tax rate, in our tax planning for this year of 27%, in US GAAP. The potential utilization of the tax credits realized in [inaudible] and that could be lower, but right now we are still working with a 27% estimated tax rate for 2007.

In terms of the improvements in the South American network, Junior.

Constantino de Oliveira Jr.:

Thank you, Rich. In terms of the South American network, it is important to say that we suffered in terms of load factors in the last quarter, basically regarding some new flights that we started at the end of the last year.

For some of these routes, like Lima in Peru, we were not offering the right product for that route, because we planned flights during the night and the punctuality of these flights was really bad because we were suffering the consequences of the issues that we were facing in the systems.

Now, we redefined this fleet plan for South America, especially for Lima, for example, and for Santiago, as well as we developed a marketing attitude that helped us in terms of sales. We developed new systems to make things easy in terms of Internet sales, or travel agencies, and for direct customers in Chile, Paraguay and Peru.

And that is helping us to really recover our load factor, we faced a good load factor during the month of July, and we are still confident that with this new flight time, or with this new schedule plus the solutions we developed in terms of systems for sales, we are very confident that we will place our load factor on the right position in the near future.

In terms of flexibility towards the 767 fleet, up or down, it is important to say that we are just bringing the number of aircraft that will allow us to serve the markets that we are expecting to serve.

We are talking about the five main destinations in Europe, plus the main destinations in the United States, like New York and Miami, and also to Mexico City with these aircraft. So, we do not have extents of aircraft now for these routes and, as I said, we are talking about the most important routes or the most important destinations in these continents.

So, we are really confident that we will be able to explore this number of aircraft that we are bringing to VRG, and that it will be enough to attend these flights in the minimum level.

Nick Sebrell:

Excellent. And with respects to the load factor on the international flights, just for GOL, for your GTA division, do you think that we will be able to see a continuation of the low 70% load factors that we saw in July, or do you think we will have some seasonality and then we will see it fall? What do you think the dominating effect might be?

Constantino de Oliveira Jr.:

We probably will see some seasonal effect in these routes but, as I said, we are changing the schedule, we developed some new software or systems to support sales, so we are confident that in these routes, as the routes become mature and these facilities are in place, we expect to see the load factors in a very good level, probably lower than in July, because July is a high season for these routes, but much better than what we saw in the 2Q.

Nick Sebrell:

Great. Thank you.

Jaime Nicholson, Credit Suisse:

Thanks for the call. Richard, I was just wondering if you could give a brief update on your financing strategy, specifically whether you plan to maintain your high cash balances in liquidity, as you expand the fleet?

And then secondly, I am wondering if you have had any recent conversation with the rating agencies, and whether they are expressing any concern about the challenges in the airline industry or whether they are comfortable or even favorable of your outlook? Thanks.

Richard Lark:

Yes, we do plan to maintain our current cash balances. The current corporate finance policy of the Company is to maintain Investment Grade credit ratios subject to minimizing the cost of capital within Investment Grade credit ratios.

We are a BB rated Company on a foreign currency basis, we basically have a sovereign cap, a ceiling. And yes, we have had many conversations in recent periods with the rating agencies that rate GOL, and they have also published some reports, they spent a lot of time talking to us about the impacts of the crisis on our current and future results.

We did show a deterioration in credit ratios that involve margins, because of the margin erosion.

In terms of activity from the rating agencies, Fitch recently, I think it was last week, if I am not mistaken, reaffirmed their credit rating on GOL.

Jaime Nicholson:

Thank you very much for the color.

Daniela Bretthauer, Goldman Sachs:

Hello, everyone. Three quick questions on your cost breakdown. You mentioned that you have been putting hedges in place for the 2Q08. Can you tell us at what price you are hedged?

Richard Lark:

Generally, we manage our hedging format with very defined, price targets, instruments as well as volumes, and we have in our current hedging program defined targets, all the way out until the end of 2008, based on our own particular view.

If you are asking specifically for the 2Q08, it is around US$62 to US$63 a barrel.

Daniela Bretthauer:

Did you make money or lose money in the 2Q07?

Richard Lark:

On hedges?

Daniela Bretthauer:

Yes.

Richard Lark:

In terms of fuel hedges, there is a small portion of gains recognized in financial income, and we have around R$20 million or so of unrealized gains, that is based on the market-to-market of the portfolio at the end of the quarter.

All this shows up in the financial statements, and you have a lot of disclosure in footnote 11 of the financial statement, and where you see the unrealized gains and losses in other comprehensive income, which shows on a net of taxes basis the gains.

In terms of the hedges that were accrued in the quarter, it was around R$2 million of gains on hedges in financial income. And then on the USD exchange rate hedges, we had around R$8 million of losses recognized in operating expenses.

Daniela Bretthauer:

OK. And for aircraft rent, you mentioned that you are amortizing the gains on eight sale and leaseback for aircraft. How many more are you planning to do going forward, and how much exactly are we talking about, this amortization that was put at the aircraft rent level?

Richard Lark:

It is not significant. Going forward, we have a defined policy to sale leaseback around 20% of our order with Boeing. I would say, going forward, for the end of 2008 we have about another nine sale leasebacks that we will do. These are positive for us, because they generate some nice cash back to us, we generally generate around US$7 million to US$9 million of cash based on the sale leasebacks we are doing.

Daniela Bretthauer:

Per plane?

Richard Lark:

Yes, per sale leaseback, based on the pre-delivery deposits returns, and other financing sources. We have an internal policy based on our own risk analysis, that could be up to 20% of the order in sale leasebacks.

Daniela Bretthauer:

So another nine, in addition the eight?

Richard Lark:

Between now and the end of 2008, yes.

Daniela Bretthauer:

Oh, end of 2008.

Richard Lark:

Yes.

Daniela Bretthauer:

And a final question on the cost breakdown, then, I want to change to the scheduling. Your sales and marketing, it was as pretty impressive decline in the 2Q. Is that like the new level, meaning 7.5 of net sales, the new level that we should work with going forward for sales and marketing?

Richard Lark:

A couple of points: The quick answer is "no", it should be hard going forward. The big reduction in that line item, you now, about half that line item is commissions that we pay to travel agents to sell our tickets, and they went through about a 1/3 reduction in January this year. So, in the year-over-year comparison, that is the biggest impact.

The other impact is: since October of last year, we have been in a very low burn rate on marketing expenses, for a lot of reasons we have not been doing marketing in this environment. There is a very strong correlation between marketing spend and the sale of tickets, and there is a very strong correlation between marketing spend and revenues, and yields. So, going forward in a more stable environment, that number should increase.

By half of that being commissions, and the other half being other marketing activities, the other piece of marketing activities should go back to a more normal level. Plus, we also have… Starting pretty much in September through March of next year, we are going to be launching new routes in international markets, so we will have a lot of marketing spent related to the launch of Varig routes in Europe, Mexico, Santiago, so we will have marketing spend related to that.

So, those will… The numbers we are giving you on cost guidance for this year include what we are expecting to spend in marketing through the rest of 2007.

Daniela Bretthauer:

Yes, I know, I was just thinking longer-term, if I should adjust for a lower level, but you just mentioned the other component, which...

Richard Lark:

Half of that should go back to the seasonality that happens between now and the 2Q08, it should start to go back to historical levels. It really depends. If you are looking on an ASK basis, also, those marketing dollars are being amortized over a much larger ASK production on international flights, so… It is not going to have a huge impact, it will creep up a little bit, in terms of a percentage of revenues and on an ASK basis.

Daniela Bretthauer:

OK. And moving to the question on your new scheduling and changes, can you comment anything on future bookings? I mean, you already said that you think things are back to normal, but what sort of future bookings are you seeing, let us say, in the month of August, or looking forward to September, for example?

Constantino de Oliveira Jr.:

We see some reduction at the end of July and beginning of August. That is normal considering the seasonality, but we are looking at a slightly higher reduction or lower level of sales during these last two weeks, but looking at the sales during this week, specifically from Monday to yesterday, I can tell you that things are becoming normal, as the customers are becoming more confident that things are working and normality is coming back.

So, we are confident we that we will have a good August, and for the near future we will cover the level of sales and load factor.

Richard Lark:

During this period, what we saw was pretty much that future bookings continued good, in the excess of 1 million tickets level, the difference being with the events that happened, we lose a lot of the last-minute travelers, and also people postponing their spending because of what was happening.

So, the base in terms of future bookings for us always continued to be pretty normal. The expectation is that the last-minute travelers, particularly business and so on, comes back, we see that happening, and then also the price demand, the money that was not spent in recent times is… Those budgets are going to be spent on air travel at some point on the near term.

Daniela Bretthauer:

OK. Last question, perhaps for Barioni. The government already revised, and is allowing the private jets to fly out of Congonhas, although they only have three slots per hour, down from six. The question is: the new schedule for the entire GOL network, what sort of changes did you have to do?

Because you obviously used Congonhas for a lot of your connectivity, and you were kind enough to show those very interesting charts, what happened in the other airports, but we all know that those other airports have very low utilization anyway, and both Guarulhos and Congonhas are fairly congested. So, what sort of adaptations did GOL have to do in its scheduling to rework and fit to the government's new rules?

Constantino de Oliveira Jr.:

I will answer the question. We are right now discussing that and developing this network. It is too early to predict exactly what is going to happen, but looking at the connections at the Congonhas airport, that represents almost 4% of the connections at GOL operations. For Varig, there would be no connections at Congonhas; we are offering direct flights to all the major destinations in Brazil.

So, taking this into consideration, I do not think that we will have major problems in transferring these connections to Guarulhos. We are already doing something similar for some of the destinations that we serve at GOL, because we have a lot of flights from the Guarulhos airport.

Right now, passengers who usually make connections at Congonhas are already making connections at the Guarulhos airport. Also, we have the expectation to transfer some of the flights to Galeão.

I have to tell you that we grew out of Congonhas during the last two or three years, and we implemented a lot of flights at the Guarulhos airport, and GOL is the largest airline in number of enplanements at the Galeão airport, for example. So, we have a very strong network in this airport also, in the Brasilia airport. Considering that, I do not think that we can expect a big change in terms of passenger trend, and that will not affect dramatically our projections or our flights.

Daniela Bretthauer:

OK, very good. Thank you.

Rodrigo Góes, UBS:

Thank you very much, but actually all my questions have been answered.

Operator:

Thank you. I would now like to turn the floor back over to management for any final considerations.

Constantino de Oliveira Jr.:

Once again, thank you very much for your interest in GOL. We remain committed to making air travel more simpler, more convenient and accessible option for everyone, while creating value for our shareholders and employees.

GOL is popularizing air travel in Brazil, South America and the world 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 IR department. You can also visit the IR section in our website, at www.voegol.com.br/ir. Thank you very much, and have a nice day.

Operator:

Thank you. This does conclude today’s GOL Intelligent Airlines 2Q07 results conference call. You may disconnect your lines at this time, and have a wonderful day.