

CALL TRANSCRIPT – 3Q07 RESULTS

Operator: Good morning, ladies and gentlemen. At this time we would like to welcome everyone to GOL Intelligent Airline's 3Q07 results conference call. Today with us we have Mr. Constantino de Oliveira Junior, President & CEO and Mr. 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.

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: Good Morning and welcome to GOL's third quarter 2007 results conference call.

In the third quarter of 2007 we made significant progress in implementing GOL's practices and proven low-cost strategies into VRG's operations. Our team is improving VRG's efficiency, modernizing and standardizing the VRG fleet, rejuvenating an 80 year old brand and improving revenue productivity.

During the quarter, we made changes to our route network to accommodate recent measures enacted by the government and regulators to improve traffic flow in the São Paulo airspace and improve operations at the Congonhas airport. We transferred connecting passenger traffic at Congonhas to other airports, offered more direct flights from Congonhas, limited flights from Congonhas to a 1000 kilometer range and reduced the number of take-offs during peak hours.

The flexibility of our hub network and the commonality of our all-Boeing fleet allowed us to efficiently re-route connecting passengers to other hubs throughout Brazil without significant disruption to our daily operations, growing the Company's capacity year-over-year by 46% on domestic routes and 312% on international routes.

The government's recent initiatives to better coordinate the air transportation system are proving effective and daily air traffic control operations throughout Brazil have improved.

Please move to slide #2, titled “Highlights.” Consolidated net income in the third quarter was affected by an improving yield environment, lower load factors, a reduction in CASK and the incorporation of VRG’s results.

Consolidated load factors, including VRG, decreased 18 percentage points and consolidated average passenger yields decreased 12% when compared to the third quarter of last year. Consolidated RPKs grew 33% year-over-year in 3Q07 and decreased 6% compared to 2Q07. Average fares improved 31% over 2Q07, at R\$220 (or US\$120) compared to R\$168 (or US\$85) in 2Q07. GTA’s load factor averaged 63% and VRG’s load factor averaged 52% for 3Q07. GTA and VRG’s domestic passenger market shares were 38% and 3%, respectively, during the quarter. Both GTA and VRG’s international passenger market shares were 13% during the same period.

Management reduced the Company’s consolidated cost per available seat kilometer to approximately 14.2 cents, a 13% reduction compared to the same period last year. Including VRG, the Company has maintained a strong cost advantage, but we still have room to improve.

Slide #3 shows recent additions to our fleet and base network. In 3Q07, we added five winglet-equipped 737-800s at GTA and one 767-300 at VRG, the fourth aircraft of this type in the fleet, to end the quarter with a consolidated fleet of 93 aircraft. We plan to end 4Q07 with 103 aircraft, comprised of 76 aircraft at GTA and 27 at VRG (including ten 767-300s).

During the third quarter, VRG launched two new international destinations: Paris, France and Rome, Italy. At the end of October, VRG launched daily flights to London. In the fourth quarter, VRG will also launch daily flights to Mexico City, Mexico; Santiago, Chile; Montevideo, Uruguay; and Madrid, Spain. To meet the capacity demands for these routes, VRG will add an additional six 767-300ER aircraft during the fourth quarter of 2007. Flights to New York and Miami are planned for the first half of 2008.

Slide #4 presents VARIG’s new visual identity, which was launched last month. As part of the Company’s strategy to use brand segmentation to better target all customer segments, the VARIG brand was officially re-launched on October 23rd. The new VARIG brand introduced a rational, value-oriented, differentiated service without excess costs. The new product rollout includes the renovation of VIP lounges in four major airports in Brazil (São Paulo, Rio de Janeiro, Curitiba and Porto Alegre), new uniforms and a new in-flight service offering.

For international routes, the “Espaço Vita” or “Well-being” concept was created for the business class, offering customers an enhanced flying experience through in-flight health and nutrition tips, alternative lighter, healthier meal options, jetleg reduction and more in-flight entertainment options. The new in-flight service on domestic flights is based on the “Tastes and Aromas of Brazil,” offering traditional Brazilian cuisine.

VARIG’s aircraft offer more space between seats, with a 32 inch pitch on coach class and will offer a new seat with a 60 inch pitch in business class. As part of the premium positioning of the VRG brand, VARIG’s new motto is “The pleasure is in flying,” while GOL’s motto remains “Here everyone can fly”.

Slide #5 details the significant progress made to reduce costs and improve VRG’s operating platform. Since the acquisition, we have adjusted VRG’s fuel contracts to GOL’s standards, resulting in a 4% reduction in fuel cost for VRG and a 1% reduction in fuel for GTA due to the higher overall volumes. We re-negotiated leasing contracts,

resulting in a 35% decrease in maintenance reserves and a 4% reduction in leasing expenses.

We made adjustments to the sales commission structure, restructuring sales contracts and reducing distribution expenses by 3%. We were also able to improve employee productivity while increasing headcount by redesigning VRG's organizational structure. Finally, service outsourcing increased internet ticket sales, and contract renegotiation resulted in a 9% decrease in IT costs.

These initiatives reduced VRG's CASK ex-fuel by 29 percent in 3Q07 as compared to 2Q07 and decreased overall CASK by 21% during the same period.

Slide #6 outlines our current revenue and cost initiatives. By the end of 2007 we will have added over 330 new daily flight frequencies, begun re-activating clients of VRG's Smiles program, increased sales to mid- and low-income customers through GOL's "Voe Facil" program, and increased penetration of the small and medium corporate sales channel with the GOL Corporate Card in partnership with Banco do Brasil. On the cost side, we will have rolled-out 13 larger, more fuel efficient SFP aircraft, standardizing the fleet with the short-haul Boeing 737 aircrafts and the long-haul 767 aircraft. We will have reduced the age of the fleet, expanded our in-house aircraft maintenance services and reduced aircraft financing costs.

Slide #7 highlights our current and expanding network of interline agreements. These agreements will permit us to capture additional traffic at lower costs.

In September of 2007 GTA was permitted by the aviation authorities to enter into an important interline agreement with VRG, allowing VARIG to distribute international passengers throughout GTA's extensive network in Brazil and South America.

During the quarter, GTA also finalized an interline agreement with Aerolíneas Argentinas and in October, GTA signed another agreement with Air France. Also in October, VRG finalized interline agreements with Air France and with an additional six airlines, including Hahn Air, from Germany; Malev, from Hungary; El Al, from Israel; Air One, from Italy; Mexicana; and Qatar Airways. GOL and VARIG offer the most comprehensive route network of South America.

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 #8 in the presentation.

This slide presents our capacity and network expansion in more detail. During the quarter, the consolidated company operated an average of 91 aircraft, an increase of 77% over 3Q06, and 4% over 2Q07.

During the third quarter, GTA added 14 new daily flight frequencies and now serves 58 destinations. VRG added 4 new daily flight frequencies to Paris and Rome, bringing its total destinations served to sixteen.

When compared to the same quarter of the previous year, our capacity expanded 72% in terms of ASK volume to almost nine billion, and RPKs increased 33% to 5.5 billion: 4.6 billion at GTA and 0.9 billion at VRG. This capacity expansion permitted the consolidated

company to reach 770 flights per day at the end of September 2007. When compared to 2Q07, ASKs increased 1.3%, while RPKs decreased 5.7%.

Moving to slide #9, we can see that our consolidated net revenues in 3Q07 grew by 20% to approximately R\$1.3 billion, when compared to the same period in the previous year. GTA's net revenues increased 14.2% to R\$ 1.1 billion. VRG's revenue totaled R\$ 202.1MM. Higher capacity and productivity were offset by sub-optimal yields and load factors. Although there was a reduction in aircraft utilization comparing with the same period last year, GOL achieved high aircraft utilization of 13.4 block hours per day consolidated during the quarter, while consolidated RASK decreased 30%, mainly due to a 12% decrease in yields and a 17.6 percentage point decrease in load factors. Breakeven load factor reduced two percentage points year-over-year. Ancillary revenues also contributed to results, growing almost 60% to R\$115 million.

Difficulties facing the Brazilian air transportation industry, especially in the São Paulo area, suppressed yields and load factors in the quarter.

Please turn to Slide #10. The greater São Paulo region is responsible for between 20% and 25% of Brazil's total demand for air transportation. To improve passenger flow regulators imposed changes to Congonhas airport's operations in the beginning of October. These changes were: limiting operations to direct flights with a maximum stage length of 1000 kilometers, reduction in slots per hour from 44 to 34 for regular flights, and an operational reduction in runway length. The main impacts on this airport were a reduction in load factor and a 5-10% reduction in ASKs. By the end of the third quarter, Congonhas airport represented 8.6% of total consolidated system revenue, versus 8.9% at the end of 2Q07, and ranked fourth after the São Paulo Guarulhos, Rio de Janeiro Galeão and Brasília airports.

In August, GOL transferred connecting passenger traffic to five other airports while VRG suffered a substantial load factor reduction due to its higher concentration of flights operating out of Congonhas, and that reflected in a lower consolidated load factor. The third quarter ended with a load factor of 61% and in October, according to the information released yesterday, we achieved a 71% load factor, a figure that represents an improvement of ten percentage points over 3Q07.

Slide #11 highlights the flexibility of our network model. GOL's network is a combination of a point-to-point network and multi-directional hubs. This permits substantial flexibility to alter the network in the face of changing demand patterns. Additionally, as GOL has a high percentage of connecting passengers, this structure allows for added flexibility to move passengers through alternative hubs.

Slide #12, shows the year-over-year comparison of our operating results, including the incorporation of VRG's results. Load factors were significantly impacted by events at the Congonhas airport. Compared to 3Q06, RASK decreased by 30%, due to 19% increase in average stage length and a 18 p.p. decrease in load factor, and resulted in a 39% decrease in EBITDAR, which amounted to R\$193.4 million in the quarter. EBITDAR is an indicator of operating results before accounting for aircraft ownership expenses, such as aircraft rent.

Total CASK, at 14.2 cents of real, including VRG's results, decreased 2.08 cents of real per ASK, or a 12.7% year-over-year reduction, due to lower selling expenses, a reduction in fuel costs and lower landing fee expense per ASK. This was partially offset by increased maintenance, materials and repairs expenses, as well as increased aircraft rent.

Jet fuel expenses per ASK decreased 19% over the same quarter last year, due to a decrease in average fuel price per liter, a proportionally more fuel efficient fleet, an 11.5% Brazilian Real appreciation against the U.S. Dollar and an increase in international flights that have lower taxes on fuel.

Our consolidated non-fuel CASK, including VRG's results, decreased 8% to 8.69 cents of real.

On the next slide, Slide #13, we show our net financial results. Financial income in the quarter increased from R\$43 million to R\$62 million. We have invested approximately R\$1.5 billion of cash earning on average 11% per annum in Reais. Our financial expenses increased R\$9 million due to increased long-term debt financing during the year. We have approximately R\$1.6 billion of long-term financing with an average maturity of six years at an average rate of 7% in U.S. Dollars. Our net financial results for the quarter were R\$31.6 million.

Slide #14 shows a comparison of the effects on net income compared to 3Q06. Running through the main differences, net revenues increased R\$221 million. Jet fuel costs increased by R\$138 million due to an increase of 119 million more liters consumed, which was partially offset by a decrease in fuel cost per liter due to an increase in international long-haul flights and an appreciation of 11.5% in the Brazilian Real while WTI increased 6.8% and Gulf Coast Jet Fuel increased 5.6%. Jet fuel expenses decreased 19% per ASK.

Commercial expenses decreased by R\$27 million overall and 54% per ASK, due to changes in the sales commission structure at the beginning of the year and reduction in marketing activities during 3Q07. Ticket sales on GOL's website accounted for almost 79% of total sales during the quarter. Since the re-launch of its website on October 23rd, Varig has sold 8% of total tickets over the web.

Labor expenses increased R\$89 million overall and 5% per ASK, due to a 5% cost of living increase on salaries in December 2006, an increase of 79% in the number of full-time equivalent employees partially offset by higher productivity per ASK in the quarter.

Other operating expenses increased by a total of R\$224 million, principally due to a 20% increase per ASK in aircraft rent as a result of lower aircraft utilization and a 79% increase in maintenance, material and repairs due to the scheduled maintenance of 11 aircraft engines, the use of spare parts inventory and repair of rotatable materials, offset principally by an appreciation of the Brazilian Real. Net financial results increased R\$10 million in the quarter, year-over-year.

As previously highlighted, revenues in the quarter were impacted in an amount we estimate to be approximately R\$70 million. The net impact to costs due to flight delays, higher cancelled flight expenses and employee costs, and increased fuel consumption was estimated to be approximately R\$40 million.

In 3Q07, reported consolidated earnings were 0.22 cents of real per share, or US\$0.12 per ADS and reported net income was R\$45.5 million, representing a net income margin of 3.5%.

A net quarterly interest on shareholders equity and dividend payment of R\$76.5 million (R\$0.35 per share and US\$0.18 net per ADS) was approved at the September 25, 2007,

Board Meeting, and paid on November 5, 2007, to shareholders of record as of September 27, 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 #15 we show our cash flow for 3Q07. At the end of the quarter our cash balance was approximately R\$1.5 billion. During the quarter, cash balances decreased by R\$217 million.

Cash generated in operating activities was R\$75.4mm, mainly due to earnings from operations (R\$45.5mm) and an increase in accounts payable (R\$54.6mm), partially offset by an increase in inventories (R\$71.8mm), accounts receivable (R\$ 62.0mm) and an decrease in air traffic liability (R\$ 27.2mm).

Net cash used in investing activities was R\$268.2mm, consisting primarily of an increase in R\$ 209.3mm in acquisition of property and equipment and of R\$144.1mm in deposits for aircraft leasing contracts and IATA.

Net cash used in financing activities during 3Q07 was R\$24.2mm, mainly due R\$ 76.5mm in dividends paid, partially offset by an increase in short-term borrowings of R\$ 48.9mm.

On slide # 16 we show the combined fleet plan to meet projected growth needs over the next six years. The fleet is projected to grow to 111 aircraft by the end of 2008, 118 by 2009, 126 by 2010, 132 by 2011 and 143 by 2012, representing a 9% compound average growth rate in seats from 2007 to 2012.

Incorporating new 737-800s into the fleet is projected to produce substantial cost savings, as 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 also larger than our 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 #17 we show GOL's relative performance in the U.S. and Brazilian stock markets. In 2007 through November 5th, our ADS' have outperformed the American Stock Exchange Airline Index by 21% and underperformed the Tier 1 LCCs by 20%. Our PN shares have underperformed the Bovespa Index by 48% in the same period. Our average daily trading volume in the third quarter of 2007 has been approximately US\$24 million on the NYSE and R\$37 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.

Slide #18 shows GOL's financial guidance. All of the guidance figures provided are on a consolidated basis, which is how we report our earnings. In 4Q07, the addition of 10 new aircraft to our consolidated fleet will allow an 80% increase in available seat capacity over the same period of 2006. For 4Q07, we expect a load factor in the range of 64 to 66%, representing a 3 to 5 percentage point increase over 3Q07 with yields in the range of 22 to 24 cents of real. For 4Q07, we expect non-fuel CASK to be in the range of 8.4 cents of real. We expect that a stable foreign exchange rate environment in the near-term will mitigate higher oil prices in the quarter.

Financial guidance for the full year 2007 is based on GOL's planned capacity expansion and the expected demand for our passenger transportation services, driven by strong Brazilian economic fundamentals and our demand-stimulating low fares. We expect to end 2007 with 103 aircraft and expand consolidated capacity by approximately 76% to adequately serve expected passenger demand, adding new routes and markets in Brazil and abroad. Average load factors for the year are expected to be in the 64-66% range.

Passenger yields are expected to decrease approximately 13% in the full year 2007 and RASK in the full-year comparison is expected to decrease approximately 21%. Our projections are for a 2007 full-year EPS in the range of R\$1.40 to R\$1.80 per share. Full-year non-fuel CASK is expected to be in the range of 8.4 cents of real, representing a 10% reduction over 2006. Fuel costs per ASK are expected to decrease approximately 10% 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 5 to 8%.

We plan to continue popularizing air travel in our markets 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 additional 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: Thanks, Richard.

I will finish with slide #19, 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.

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

Jim Parker, Raymond James:

Good morning. A couple of questions. One: Junior, you provided guidance on Varig's long haul, I believe suggesting that in the 3Q08 it would break even. What is your thinking regarding when Varig overall, VRG overall, will reach profitability?

Richard Lark:

Good morning, Jim. We are currently in the re-launch of Varig's international operations, which will take us to the 2Q08, so we will have investments and expenses related to that, both from marketing as well as the base re-launch perspective.

We also recently re-launched the Varig brand, in the month of October across the board. But overall, Varig's international business, as we look at it, as the 3Q08 – overall it is possible that in the December-January period, we start to see some positive contribution out of VRG, but then we have seasonality post carnival until the end of the 2Q, and then a positive contribution starting in the May-June period.

In terms of the quarter overall, it is possible that that could happen between the 1Q and the 2Q of next year.

Jim Parker:

OK. And the second question: would you provide us with your assessment of the air traffic control system, about the problems that are inherent there? Are they getting resolved? Where is that currently?

And also, just about Congonhas, is it back to... maybe not back to normal, but after all the changes and so forth, is it operating according to the regulatory plans?

Constantino de Oliveira Junior:

OK, Jim. The plan here is that we are seeing that the air traffic control is coming to a normal situation, but at the same time we have important airports where the runway has been renewed.

The Santos Dumont airport is one where the Infraero people are working on the runway to fix that, and probably will keep this runway out of 100% of the capacity until the end of February, so we will still have some problems related to this specific airport.

When we talk about Congonhas, the authorities suggested a reduction in the airport utilization; that means it will reduce operations to 33 slots per hour, which I think is OK; that works very well in normal conditions.

Related to restrictions on the runway and the safety area in the Congonhas airport, the runway was reduced in approximately 300 meters, but we have all our fleet of Boeings 737-700 and the SFPs flying to the Congonhas airport, and these restrictions really do not mean that we have or will have big problems related to the Congonhas airport.

We are seeing that the air traffic control is coming to a normal condition and we are still facing some problems related to some specific airports, and now we are working to plan a new route network, even for the high season, where we will be able to provide a better service to our customers.

So, if you see the aircraft utilization on the 3Q, you can see that we had a slight reduction in aircraft utilization. That comes from the normality of the Agency of air traffic control; we are not flying more to do the same flights.

But we still have room to improve that, and we had a slight reduction in the aircraft utilization, but providing a better quality of service to our customers in terms of punctuality

– specifically in terms of punctuality, as we are still facing some problems related to certain airports.

We are doing that to pass through this difficult environment, this challenging environment, with a good perception from our customers. So, I think that we are passing through the storm, and we can see better conditions for the near future.

And specifically talking about the medium and long term, we can see that the Government and the authorities are working hard to fix all the infra-structure problems related to the airports and also to bring new air traffic controllers, and it will allow us to keep growing as we will be able to stimulate demand with lower fares.

Jim Parker:

OK. Thank you.

Michael Linenberg, Merrill Lynch:

Good morning. I guess a couple of questions. First, can you comment on some of the press reports where there has been talk about potentially taking the Company private? That was something that came out a couple of months ago, and then more recently there were some press reports where GOL was in talk with private equity investors.

And we think about it, from our side; is that new money coming into the Company, by way of a primary share investment? Or is that maybe, Junior, your family selling shares to private equity investors?

I mean, is there anything you can say on that? Because there has been a lot of confusion on that front.

Richard Lark:

Good morning, Michael. On the news, in the press regarding taking the Company private, which is what has been publicly disclosed, means that they are constantly analyzing possibilities, but no decision has been made, and they look at a lot of different opportunities, as we disclosed, to increase their participation in the Company. That is really all that we can comment on that point.

In terms of why they are analyzing, they are looking at purchase of shares in the market, as well as a public tender offer for the entire float. This was disclosed on the 19th of September.

Of course, if any decision was made, they Company would make the relevant communications. But our focus here today is to comment on the 3Q results.

Michael Linenberg:

OK. And a second question on a separate topic it was reported in Aviation Daily, I think it was last week, that the Company was considering floating VRG shares. Is there any sense to that? That does not seem right.

Constantino de Oliveira Junior:

No, Michael, we are not thinking about that.

Michael Linenberg:

OK. I was just confused as much as you with that one.

I guess the last one, if I can just ask: if we look at your fleet in 2008, it is going from 103 to 111 airplanes. At this point, what should we be looking at on an ASK basis for 2008? And if you could split that out –consolidated is fine –, if you could split that out with your consolidated ASK growth as by domestic and international, if you have that.

Richard Lark:

No, I do not have that with me. We have not yet provided any specific guidance for 2008.

Michael Linenberg:

OK. Thank you very much.

Ray Neidl, Calyon Securities:

Hi. Is there any causative effect at all with what happened yesterday with the number-three airline in Brazil shutting down, at least temporarily? I know they are not really in the big cities in Brazil, but what effect, if any, would that have on GOL, going forward?

Constantino de Oliveira Junior:

Thank you for the question. Related to the third airline, we know that the aviation sector is very challenging, and when you do not come with any new attribute, it is very difficult to establish an airline in the market.

As they were representing almost 4% to 5% of market share, unfortunately, for them it is a big crisis, but for us it is a great opportunity to grow our business with the right product, and keep giving a slightly better load factor than we expected in the 4Q.

But the point here is that we see that, in terms of competition environment, it will probably not change a lot of things, because even with a 4% to 5% market share, the BRA commercial policies did not affect us so much in the past, so we do not think there will be major changes in the competitive environment.

Ray Neidl:

OK, great. On the other side of the equation, it seems like TAM and LAN are doing more things together, more marketing, more code-sharing. I am just wondering: is that going to make them a tougher competitor with what GOL is trying to do in Brazil and South America?

Constantino de Oliveira Junior:

Yes, they are joining powerful forces, but again, if we look at our route network, when we do a consolidated route network, GOL and Varig together are offering the better distribution network in South America, that allows us to rapidly negotiate new interline agreements with the major carriers in Europe, for example.

So, we strongly believe that we are still a very strong competitor, even with TAM and LAN doing something together.

Ray Neidl:

OK, great. And lastly, with Varig with the Boeing 767s, is that pretty much all set now, do you have all the aircraft identified that you are going to be operating in finance?

Richard Lark:

You are talking specifically about the wide-bodies?

Ray Neidl:

Yes.

Richard Lark:

We have all of our needs with respect to re-launch of VRG's international operations – Peru, Miami and New York – to the 2Q08. We have all those 767s lined up, they arrive between now and June of next year.

Ray Neidl:

Great. Thank you guys.

Richard Lark:

We will finish this year with ten 767s in the fleet, versus three to four today.

Constantino de Oliveira Junior:

Today, we have four. We are going to five. All of them are operational leased.

Richard Lark:

All of them are operational leased.

Steve Trent, Citigroup:

Good morning. Just a quick question. We noticed as well that you guys looked like you had a very good load factor for October, the 69% figure. Yet, for the 4Q itself you are still only guiding to 64% to 66%. I was wondering if there is something involved there regarding a lower November/December load, because of the airport repairs in some places. If you would not mind just giving a little color on that, that would be great.

Richard Lark:

Actually, there's an issue of how much of suppressed demand, there is. I would say in October, GOL reached a 73% load factor, domestically, and Varig 50%. Internationally, both companies were in a 61% to 63% range. As it's intervention is still in a transition

phase, still recovering, but we think that that 64% to 66% range reflects reasonable expectations for the quarter.

Also, what we plan on doing to help the congestion that has been taking place due to weather and other effects that have created delays in the airports and in transporting passengers, we do plan to create a little bit more space between flights in our network between now and January, December and January being the high season for summer vacation travel and of the air travel here in Brazil, which will result in slightly lower aircraft utilization.

That also could produce slightly higher load factors versus what we were expecting. So it is important to keep that in mind, we plan on doing that to make sure that the holiday season goes smoothly, and people get to where they need to go.

Steve Trent:

OK. Thanks for that, Richard.

Nick Sebrell, Morgan Stanley:

Good morning. A follow-on question for the BRA news. What do you think will happen with the slots that they have in Congonhas? Assuming that BRA stays out of the picture and the slots become available, are those likely to be re-auctioned or portioned to new players, or existing players? That is my first question.

The second question is, although I know it is not the primary purpose of the call: does the rights offering, in the 2Q, set a minimum price for any potential tender? Thanks.

Constantino de Oliveira Junior:

I will answer the first part, and pass the other one to Richard.

Regarding the BRA operations and slots in the Congonhas airport, my impression... It is an impression, because there is a rule for slots distribution in constraint airports, and there is a specific rule for the Congonhas airport, where the slots available will go to a kind of – it is not a bid, because you do not have to pay for that – but a kind of...

Richard Lark:

Lottery.

It is a lottery on a rotational basis based on companies that would be requesting those slots, then they would just do a lottery on a rotational basis, among the Companies requesting.

Nick Sebrell:

And I guess I could assume that the companies are the usual, so it would be you, TAM and Ocean Air?

Constantino de Oliveira Junior:

Probably. And almost 20% or 25% of these slots, if I am not wrong, will be reserved to a newcomer in the airport.

My impression is that the authorities will keep these slots as a slot reduction in Congonhas, and give us more room to improve the quality of service during this transition phase. That is my impression.

We are not talking about a huge number of slots in Congonhas; if I am not wrong, BRA was occupying almost 10 to 12 slots per day. It is not something really expressive.

Richard Lark:

In terms of my understanding of tender offer rules in Brazil, the answer to your question would be no, there will not be a minimum price, based on the rules that apply to tender offers under the Brazilian law.

Nick Sebrell:

OK. And just a follow-on to the BRA: given that the capacity is probably not coming back next year, what is your outlook for market growth, domestically, on the supply side? Do you have a view?

Richard Lark:

For 2008?

Nick Sebrell:

Yes, 2008.

Richard Lark:

We expect, basically, as we said, load factors for the industry, for next year, to be in the low 60s most likely in the new environment, with supply kind of growing in the low-teens and demand growing in the high single digits.

So, a kind of an 8% to 10% demand growth on top of the supply growth of something in the range of 10% to 14%.

Nick Sebrell:

Perfect, thanks.

Richard Lark:

This would result in industry load factors for next year being in a sort of 61% range for the Brazilian domestic industry, versus what should probably turn out to be around 66%, 67% for this year.

Frank Boroch, Bear Stearns:

Hi, good morning. Richard, I was wondering if you could update us on what you guys are paying for jet fuel today, and whether the fleet plan for 2008 assumes oil prices and FX remaining at current levels?

Richard Lark:

Well, keep in mind that there are several things going on in our business as related to jet fuel. Number one is: the Brazilian formula for pricing jet fuel includes the exchange rate effects, so we have had a mitigating effect on fuel prices in Brazil given what has been going on with the appreciating Real.

The other effect we also have is that Brazilian domestic jet fuel has a very high incidence of value-added factors which can increase the cost of jet fuel by a little over 1/3, and as we increase international flights to international markets, we don't have that tax. So those are factors that reduce our jet fuel per liter costs, this to what you might expect and what you might be seeing in other markets.

Our expectation is about R\$1,80 per liter for the 4Q07, which is a peak, substantially up, about 15% up over the per liter cost of last year. We've got a little under 40% of our consumption hedge for the 4Q of this year, at around US\$76 a barrel.

We expect a decrease in jet fuel prices in our projections for 2008. We have small hedge positions in 1Q and 2Q of next year, about 6% to 7% of our exposure for 1Q and 2Q, at prices around US\$63.

So, the thing is to apply our hedging strategy, which is a disciplined trigger program setting price targets volumes and instruments. I think our 3Q showed the effect of that disciplined strategy. We had around R\$16 million of gains in our 3Q results, about R\$10 million in operating results and R\$6 million in financial results, and we're a little over 50% hedged in the quarter.

But our own view today is that we are not doing a high-level hedging at these levels, we think there is more downside risk than upside risk.

What mitigated this best for us was the strength of the Brazilian Real, as well as the increase in proportion of international flights, without the incidence of the 35% jet fuel tax, and also the increase in stage length with the international flights, plus all the positive effect on mitigating and even reducing our fuel cost per ASK. What you saw in the 3Q was a substantial reduction in fuel cost per ASK, despite the current fuel price environment.

Frank Boroch:

As a quick follow-up, do you expect to see stage length increases in 2008, similar to 2007, in a 19%, 20% range?

And what do you think Varig will account for consolidated ASKs at the end of 2008? Are we talking 35% of consolidated ASKs?

Richard Lark:

On consolidated ASKs, it should not be more than 25%, and the stage length increase next year overall, on a consolidated basis, will be lower than it was this year.

Frank Boroch:

OK, great. Thank you.

Daniela Bretthauer, Goldman Sachs:

Hi, good morning everyone. I just want to go back to the BRA question and ask you this: if the lessors decide to repossess the plane, which I think is what going to happen anyway, would you be interested in some of those planes?

Constantino de Oliveira Jr.:

Daniela, today we have all the airplanes we need for our initial plans in terms of long haul for VRG. And related to the domestic market, our plan is to grow and renew our fleet, so probably not. But I am talking about something preliminary, because no one has talked to us regarding these aircraft. But I do not think so.

Richard Lark:

We are re-fleeting 300s with 700s and 800s, including some of our 800-SFPs of our purchase order at VRG, so we are actually in the process of returning the 300s aircraft, which is what the BRA domestic fleet is.

Daniela Bretthauer:

What about their pilots? Do you think that could be useful for GOL? Because GOL flies Boeing, and TAM does not. Like, if they go ahead and lay off all of those people.

Constantino de Oliveira Jr.:

I think there are good technical people flying on BRA, and we will submit them to our selective process. We are considering that possibility, for sure, and it is one source of work for us. But remember that we still have a lot of people from old Varig available, and we have an agreement with them to give priority to these old employees of Varig.

But yes, we are considering this possibility from BRA, especially if they have something from Varig flying there.

Daniela Bretthauer:

OK, great. And the second question is related to your new guidance. Basically, the way I see it – correct me if I am wrong – I think GOL needs to reach a 13% operating margin in the 4Q, or better, to get the low-end of your new guidance. So, the risk to the upside I think is the load factor, right? Because you have already provided guidance that you think yields are going to be between R\$0.23 and R\$0.24, but I think the risk to the upside, meaning this margin being even better than we expected, is the load factor continuing in the 70% range. Rich, can you comment on that, please?

Richard Lark:

What was your question, again?

Daniela Bretthauer:

The question is: to get to the guidance, it looks like you are going to have to reach a 13% operating margin, or better, in the 4Q.

Richard Lark:

But is your question on load factor?

Daniela Bretthauer:

No, I mean, that is the risk to the upside. Because you need to reach at least that to get to the low-end of your guidance, to get to 5%, right? You are guiding 64% to 65% load factor for the 4Q, but if indeed it comes up to be in the high 60% or 70%, even, then I think that is how you get there. I just wanted some color...

Richard Lark:

Those are our expectations, you can factor in your own views, but if there is a change in that, we will probably be more likely to have a little bit higher load factor and a little bit lower yields, if there was a change versus that.

Daniela Bretthauer:

Right, but 13%, assuming that that is the number, 13% is better year on year, and that is like a major improvement. And that puts you back to where you were, basically, in the 4Q06, and it is a good start for 2008. Is that the trend?

Richard Lark:

Keep in mind also that we are in a transition period here, so that is still not necessarily a normalized level in terms of what our business model produces. So, in the 4Q we are still on the transition phase from some of the events and elements and the acquisition we made, events over the last 12 months, so we are still in transition, we are still waiting.

Daniela Bretthauer:

But it looks like that is probably your new level, given the recovery that we have seen on yields. You know, people still want to fly, you have got a pretty good growth. I mean, it is not the high-teens that we have seen in the past, but it is around 10%, and that is good enough. Right?

Richard Lark:

Keep in mind that we bought VRG in April, so we are still in the process of increasing the productivity in VRG's operations, and we are on the re-launch, a restart-up of Varig's international flights in the international market, and very few start-ups that I know of make very high margins on day one of operations.

In the 4Q07, based on all the work we have done in the last six months to clean up operations and get the Company poised for transporting passengers to Europe and North America... Also, as Junior highlighted, the new product and the new image that we are launching, that is all launching now, that is also going to require investments in marketing and commercial activities to re-launch that, which underway right now, starting in October.

Also the re-launch of the bases, only for the re-launch of Varig's operations internationally, which is a complete focus of ours over the last six months. So that is present. Restructuring activities have been present in the 2Q and 3Q results, and the re-launching

activities are going to be present in the 4Q and 1Q08 results, when you are looking at consolidated results.

Do not discount that when you are looking at our Company versus historical levels; you should factor that into your analysis.

Daniela Bretthauer:

And should we think that Varig can do a CASK of R\$0.12 on their long-haul flights in the future?

Richard Lark:

Yes, once we establish through the 2Q08, we are still in the re-launch of these operations; but yes, it is possible that Varig... If you look at the international long haul business, we will be able to achieve a CASK of those levels.

Daniela Bretthauer:

OK. Thanks a lot.

Jamie Baker, JPMorgan:

Hey, good morning, everybody. Richard, I am curious what your average length of haul change was in the month of October and what you think it might be in November and December, given some of the new route-adds.

I am just trying to reconcile RASK as the quarter progresses; I would normally assume November and December RASK would be better than October, but I am not quite sure that that is what your yield and load factor guidance implies.

Richard Lark:

October average stage length was just under 900 km overall in a consolidated basis.

Jamie Baker:

But how does that compare to last year?

Richard Lark:

That is a 7% increase.

Jamie Baker:

I guess that is going to rise by December, given some of the new routes, to 9%?

Richard Lark:

For the 4Q we should be doing around 920 km stage lengths, so that will be up around 20 km to 30 km versus October. That would be up around 3% or 4% over the 4Q06.

Jamie Baker:

OK, so the 4Q length of haul up only 3% to 4% year on year.

Richard Lark:

Just to give you a frame of reference GOL had kind of a 850 km stage length, and Varig was what's increased – Varig in the 3Q was around 1000 km stage length, that would be like 1200 km in the 4Q. The real change there is Varig.

Jamie Baker:

And secondly, you talked before in response to an earlier question about demand growth in the low-teens and supply growth in the high-teens. To my ear that implies negative RASK in 2008, but perhaps your definition of demand that you were using was like a load factor measure, or something like that.

Would you care to comment on the potential for year-on-year RASK improvement for the industry? I think that is how you were framing your answer.

Richard Lark:

We expect industry yields, year-over-year, to be up next year, in excess of 9% to 10% in the year-over-year comparison.

Jamie Baker:

That is very helpful. Thanks.

Operator:

Thank you. This concludes the Q&A session. At this time I would like to turn the floor back to Mr. Constantino de Oliveira Junior for any closing remarks.

Constantino de Oliveira Junior:

Once again, thank you very much for your interest in GOL. We remain committed to making air travel simple, more convenient and accessible option for everyone by 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 we can fly"; and at VRG, "The pleasure is in flight".

If you have any additional questions, feel free to contact our Investor Relation Department. You can also visit the Investor Relation section on our website, at www.voegol.com.br/ir. Thank you very much, and have a nice day.

Operator:

Thank you. This concludes today's GOL Intelligent Airlines 3Q07 results conference call. You may disconnect your lines at this time.

