PATH TO GROWTH

ANNUAL REPORT **2007**

VARIG

GOL
Linhas aéreas inteligentes

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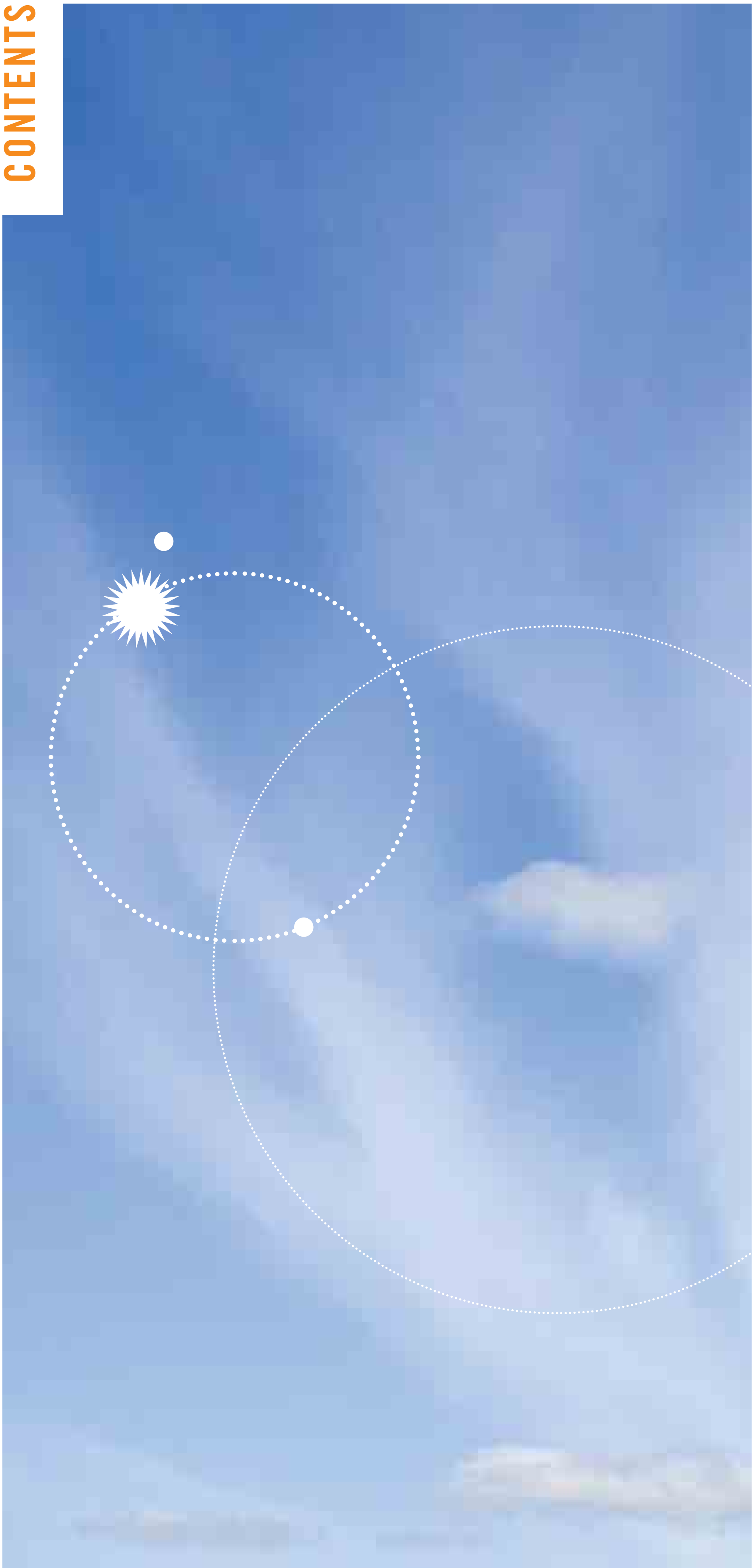


GOL
Linhas aéreas inteligentes

THE COMPANY

CORPORATE PROFILE

GOL Linhas Aéreas Inteligentes S.A. is the parent company of GOL Transportes Aéreos S.A. ("GTA", the company that operates the GOL brand) and VRG Linhas Aéreas S.A. ("VRG", which operates the VARIG brand). GTA and VRG offer daily flights to more destinations in Brazil than any other airline, while providing the most convenient flight schedule in Brazil. They operate a young, modern fleet of Boeing aircraft, the safest and most comfortable aircraft of its class, with low maintenance, fuel and training costs, and high aircraft utilization and efficiency ratios. Through safe and reliable services and high levels of customer satisfaction, the Company has the best cost-benefit ratio in the market, enhancing its brand recognition.

Through its GTI S.A. subsidiary, GOL Linhas Aéreas Inteligentes S.A. acquired 100% of VRG Linhas Aéreas S.A. in 2007 to expand its position in the market and follow differentiated performance strategies. GOL will continue to invest in its low cost model, with services in Brazil and South America. VRG, through the VARIG brand, offers differentiated services coupled with a low cost operating model.

The Company's business model is based on structures, systems and controls that give priority to service quality, high technology, safety and fleet standardization, as well as team motivation and productivity. Constantly focusing on reducing cost, the Company's strategy is focused on profitable growth through a low cost structure and high quality customer service.

With shares listed on the São Paulo Stock Exchange and the New York Stock Exchange since 2004, the Company adheres to BOVESPA's Level 2 Corporate Governance Standards.

MISSION, VISION AND VALUES

GOL

Mission

Provide safe transportation of passengers and cargo, sustained by a triad of low cost, low fares and excellence in quality with innovative solutions, seeking to maximize results for customers, shareholders, collaborators and society.

Vision

Excel and be recognized, by 2010, as the company that popularized quality and low cost air transportation in South America.

Values

Develop the Company's business based on original, creative, ethical and fair actions, focused on sustainable results, resulting in high quality and low cost services for customers. For collaborators, respect, professional growth, incentive to the practice of solidarity and compliance with social and environmental responsibility.

VARIG

Mission

Provide safe transportation of passengers and cargo, with differentiated and innovative services, providing customers with the best travel experience, for a fair price, seeking to maximize results for customers, shareholders, collaborators and society.

Vision

Excel and be recognized, by 2012, as the Brazilian airline that provides high value-added services to customers.

Values

Develop the Company's business based on original, creative, ethical and fair actions, focused on sustained and lasting results, resulting in high added value services at a fair price for the customer. For collaborators, respect, professional growth, incentive to the practice of solidarity and compliance with social and environmental responsibility.

OPERATING AND FINANCIAL HIGHLIGHTS

- More than 23 million passengers transported in 2007; over 77 million in six years
- 44% seat share in Brazilian domestic market (ASKs) and 32% seat share Brazilian carrier international flights (ASKs).
- 43% market share of Brazilian domestic passengers (RPK) and 28% market share of Brazilian carried international passengers (RPK).
- 810 daily flights to 66 destinations (53 national and 13 international).
- 69% average domestic load factor.
- Leadership in e-commerce with 80% of tickets sold on the Internet.
- 70% Increase in capacity (ASK) and 53% increase in the number of revenue passenger–kilometers transported (RPK) over 2006.
- 36% increase in cargo revenue (GOLLOG).
- 46 additional aircraft incorporated into fleet, ending the year with a total fleet of 111 Boeing aircraft.
- R$77 million invested in Information Technology and systems.
- R$303 million distributed to shareholders, equal to paid dividends of R$1.40 per share (US$0.79 per ADS) representing a dividend yield of 3.2%.
- 4,788 jobs created in 2007.
- Value Added Distributed (DVA) to employees of R$659 million.

HIGHLIGHTS

Results (R$ 000)	2003	2004	2005	2006	2007
Net revenue	1,400,590	1,960,886	2,669,090	3,802,017	4,938,331
Operating Income	341,726	576,301	621,351	701,457	(22,973)
Earnings before Income Tax	264,135	587,280	717,522	798,962	99,711
Net Income	175,459	384,710	513,230	569,137	102,513
Margins (%)					
EBITDAR Margin	38.9%	40.4%	33.6%	28.0%	12.4%
Operating Margin	24.4%	29.4%	23.3%	18.4%	-0.5%
Pre-tax Margin	18.9%	29.9%	26.9%	21.0%	2.0%
Net Margin	12.5%	19.6%	19.2%	15.0%	2.1%
Operating indicators					
Revenue passengers transported (000)	7,324	9,247	13,039	17,447	23,690
RPKs (million)	4,831	6,331	9,740	14,819	22,670
ASKs (million)	7,530	8,903	13,246	20,261	34,349
Load factor	64.2%	71.1%	73.5%	73.1%	66.0%
Break-even load factor (BELF)	50.8%	50.2%	56.4%	59.6%	66.3%
Average fare (R$)	195.49	210.77	200.92	205.3	198.2
Yield (R$ cents)	27.7	29.6	26.1	24.2	20.1
Flight hours	78,728	92,656	138,764	209,267	337,893
Kilometers flown per aircraft (000)	2,294	2,531	2,545	2,734	2,572
Liters of fuel consumed (000)	264	317	477	713	1,177
Aircraft utilization (block hours per day)	12.8	13.8	13.8	14.2	13.8
Stage length (km)	654	671	722	832	960
No. of employees	2,381	3,303	5,456	8,840	15,722
Passenger revenue per ASK (R$ cents)	17.78	21.07	19.17	17.67	13.30
Operating revenue per ASK (R$ cents) – RASK	18.60	22.02	20.15	18.77	14.38
Operating expenses per ASK (R$ cents) – CASK	14.06	15.55	15.46	15.30	14.44
Operating expenses Ex-fuel/ASK (R$ cents)	9.97	10.39	9.36	9.25	8.92
Financial indicators (R$ 000)					
Total assets	685,019	1,734,284	2,555,843	4,258,454	7,002,421
Shareholders' equity	314,739	1,148,453	1,822,331	2,205,158	2,375,263
Investments	68,208	142,004	581,857	810,926	2,160,732
Total debt	227,747	313,853	294,892	1,411,156	2,387,072
Net debt	81,456	(535,238)	(574,143)	(295,190)	954,271
Market indicators					
Number of shares outstanding (000)	60,283	187,543	195,451	196,206	202,300
Net profit per share (R$/000 shares)	1.07	2.14	2.66	2.90	0.52
Market value (R$ 000)	-	7,923,702	12,981,855	13,086,940	8,852,659
Net Dividends (R$ million)	-	26.5	100.8	162.6	281.1
Corporate Responsibility indicators (R$ 000)					
Net Added Value Generated	793,607	1,093,876	1,330,877	1,544,519	1,564,255
Total Added Value to be Distributed	820,184	1,165,092	1,516,607	1,752,116	2,221,858
Added Value to Employees	137,638	172,979	252,057	410,820	659,244
Added Value to Government	201,282	303,968	367,687	439,080	469,839
Added Value to Shareholders	26,502	60,676	117,870	181,145	302,775

EFFICIENCY:

WITH A YOUNG AND MODERN FLEET, COMPRISED OF THE SAFEST AND MOST COMFORTABLE AIRCRAFT IN THEIR CLASS, GOL'S OPERATIONS ARE DIFFERENTIATED BY LOW MAINTENANCE AND FUEL CONSUMPTION, WHICH PERMITS THE COMPANY ACHIEVE HIGH UTILIZATION AND EFFICIENCY RATES.

MESSAGE FROM THE ADMINISTRATION

. EXPANSION THE ACQUISITION OF VRG ALLOWED GOL TO EXPAND ITS MARKET COVERAGE AND OPERATIONAL CAPILARITY.

In line with its business vision, GOL Linhas Aéreas Inteligentes S.A. acquired VRG Linhas Aéreas S.A. (VRG) in April 2007. The acquisition was more than a major event for the industry; it was one of the most important steps in our history. With the purchase of VRG, we expanded our market coverage and operational capacity, offering differentiated services to strategic destinations with high flows of business passengers. Additionally, GOL Transportes Aéreos S.A. (GTA) maintains its strong focus on popularizing air transportation in Brazil and South America, and remains committed to its low-cost, low-fare business model.

As a result of our expansion in the domestic and international markets, we have become one of the largest airlines in South America.

The fact that VRG was acquired during a difficult year for the aviation industry proves that we are prepared to manage despite adversity, never allowing occasional setbacks to affect our strategic plan for long-term growth.

At the end of the year, we announced the expansion of our fleet renewal plan and signed a contract for the acquisition of 40 new aircraft, scheduled for delivery between 2012 and 2014. This contract will further reduce our costs and allow the Company to continue to modernize its fleet. The agreement, which increases the number of aircraft on order from 121 to 161, is part of our policy to reduce costs by operating a standardized fleet while also improving the quality of our services.

Despite facing challenges in 2007, the number of revenue passenger kilometers (RPK) in the Brazilian domestic market rose by 11% and our subsidiary GOL once again exceeded the industry by growing 30%. In the international market, demand fell by 6%, while GOL grew by 83% over 2006. Air passengers in Brazil became very sensitive with the inconveniences resulting from the continuation of the crisis that began in 2006, which was reflected by the Company's results. Due in part to this situation and by the incorporation of VRG's results, operating income was negative by R$23.0 million in 2007, compared to a positive R$701.5 million posted in 2006.

However, even with these challenges, 2007 was a period of transition and learning from the sector's problems including the slowdown by air traffic controllers and worsening airport conditions. Government authorities learned from these issues as well, and worked to restore credibility.

We have also improved and are doing our part, focusing efforts on measures to minimize inconveniences caused to passengers. We believe this concentrated effort will result – in both the medium and long term – in effective and necessary improvements.

Aware that a lack of information contributes to passenger discomfort, we redoubled our commitment in serving our passengers' and employees' needs. To that end, we created a target communication program – the SERVIR Project ("to serve") – which began in 2006 and extended into 2007 and included investments in information systems that benefited passengers and staff.

We invested heavily in Information Technology (IT) and in enhancing our governance model, through revision of operating processes, maintenance, planning and cargo areas. These improvements will return better results for the Company in terms of services, speed and costs. Another important project was the restructuring of VRG's IT area and renovation of infrastructure through virtualization of servers, the integration of telecommunication networks and implementation of information security projects, leading to higher service levels and greater infrastructure availability as well as a 10% reduction in its operating cost.

In 2007, we redesigned and internalized our call center, hiring approximately 1,000 new employees, representing a significant reduction in costs and improved customer service.

A number of significant investments were made in 2007, including the acquisition of VRG, fleet expansion, personnel training, maintenance and institutional reinforcement of the GOL and VARIG brands, among others. We also invested in technology to upgrade the information systems that support operations.The Company will continue to invest in the growth and future of air transportation in Brazil.

Looking ahead to 2008, our main challenge will be to integrate the GOL and VARIG systems to produce gains in efficiency and quality.

We understand the complexity of our business: the cyclical demand of the industry and the detours that are imposed by external factors outside of our control. This is why, more than ever, we are aware that we need the strength and commitment of our "Team of Eagles" to overcome difficulties and continue to expand our horizons.

This Annual Report is a summary of 2007's events. More information is available on our website: www.voegol.com.br.

Constantino de Oliveira Júnior
President and CEO

. PERFORMANCE *GOL'S VOLUME TRANSPORTED ROSE BY 30% IN THE DOMESTIC MARKET AND 83% IN THE INTERNATIONAL MARKET.*

OBJECTIVES AND STRATEGIES

GOL Linhas Aéreas Inteligentes S.A.'s main objective is to maintain its leadership as one of the lowest cost airlines in the world. To this end, the Company invests in a standardized fleet and intelligent use of its assets, which include modern aircraft and a rigorous maintenance program marked by excellence and implementing operating procedures aimed at more efficient route network based on marked demand.

With the acquisition of VRG Linhas Aéreas S.A. in 2007, the Company began operations to several new destinations. VARIG's strategy is to continue to offer a network of direct domestic and international flights, with differentiated services and a mileage rewards program tailored to business and leisure passengers. Through interline and code-share agreements, customers can travel from Brazil to many international destinations.

GOL's strategy is based on the expansion and popularization of air transportation in South America, through its low-cost, low-fare strategy, without compromising quality and safety. With this guideline, GOL has revolutionized the Brazilian airline industry and is a benchmark in the international market, contributing to the creation of the so-called "GOL Effect."

Additionally, the acquisition of VARIG, a world-renowned brand, adds positive values to the Company, such as synergy, efficiency and competitiveness. Among the benefits of this acquisition are increased route and slot operating rights, productivity gains and lower administrative costs. Together, GOL and VRG form a Brazilian air group with more than 24 million passengers annually, with co-leadership in the domestic market and the ability to compete in the South American and international markets with other large airlines.

The Boeing 737-800 NG, with its low operating costs, is a key part of GOL's strategy to popularize air transportation in South America. The 737-800s are equipped with winglets, a technology that provides better performance during takeoffs, permits longer non-stop flights and saves up to 3% in fuel consumption.

GOL's integrated network offers daily flights to more destinations in Brazil than any other airline, while providing the most convenient flight schedules. Combined with more than 30 distribution partnerships, the Group's network is today among the networks that best serve passengers traveling to, from or within Brazil. Our growth plans includes increased flight frequencies in existing markets and the addition of new destinations in Brazil and in other high traffic countries.

INVESTMENTS AND OUTLOOK

In 2007, we created a solid infrastructure through significant investments in fleet expansion and the acquisition of VRG and technology to support the Company's future growth.

The Company's investments in 2007 totaled R$2.2 billion, of which R$1.5 billion was allocated to the acquisition of aircraft and flight equipment, R$558 million went for the acquisition of VARIG, R$43 million was invested in brands and R$77 million was earmarked for Information Technology (IT). The IT investments focused mainly on improvement of the transparency and safety of the administrative process to support operations, a new system for departments that manage engineering, aircraft maintenance, crew and operational controls and an online check-in system to serve passengers with luggage.

In 2007, the Company announced its plan to modernize and renew the GOL and VRG fleets. The plan includes replacing all 737-300 aircraft with Next Generation models, which will reduce the average age of the fleet and fuel consumption, while increasing productivity. The VRG and GOL's entire narrow-body fleets will be comprised of Next Generation aircraft by the beginning of 2009.

The modernization plan ensures that GOL's fleet will maintain its position as one of the youngest and most modern in the world. By the end of 2009, almost 50% of the narrow-body fleet will consist of 737-800 SFP (Short Field Performance) aircraft, reducing the average age of the combined fleet to 5.5 years. By the end of 2012, over 70% of the narrow-body fleet will consist of 737-800 SFPs, maintaining the average age of the combined fleet at 5.5 years. The Company will continue to apply its successful low cost business model, focusing on quality service and developing the GOL and VRG route network.

RESULTS:

THE COMPANY REMAINED FIRM IN COMPLYING WITH ITS DIRECTIVES OF SUSTAINABLE GROWTH,REGISTERING GROWTH OF 69.5%, MEASURED BY THE GROWTH OF AVAILABLE SEATS–KILOMETER (ASK).

OPERATING PERFORMANCE

The parent company of GOL Transportes Aéreos S.A. (GTA), GOL Linhas Aéreas Inteligentes S.A., through its subsidiary GTI S.A., acquired 100% of VRG Linhas Aéreas S.A. (VARIG) in 2007. Both companies are managed with the same low-cost philosophy that established GOL as one of the most successful low-cost airlines in the world.

GOL Transportes Aéreos S.A. operated a young and modern fleet of 78 aircraft, including 36 Boeing 737-800, 30 Boeing 737-700 and 12 Boeing 737-300.As of December 31, 2007 GOL offered more than 590 flights to 59 destinations: 51 in Brazil, three in Argentina, one in Bolivia, one in Paraguay, one in Uruguay, one in Chile and one in Peru. At the end of 2007, GOL had a 41% market share of passengers transported (RPKs) in the Brazilian market and an 11% share of revenues per passenger kilometer (RPK) by Brazilian airlines in the international market.

At year end 2007, VRG Linhas Aéreas offered 116 flights to 23 destinations, including 14 of Brazil's major economic centers, and nine international destinations. On December 31, 2007, its fleet consisted of 33 aircraft: seven Boeing 737-800s, one Boeing 737-700, 16 Boeing 737-300s and nine Boeing 767-300s. VARIG ended 2007 with market share of 3% and 18% of the domestic and international markets, respectively.

. DIFFERENTIALS *WITH SPECIFIC OPERATING CHARACTERISTICS, GOL AND VARIG MAINTAIN THE SAME LOW COST PHILOSOPHY.*

EXCELLENCE

THE NUMBER OF TRANSPORTED PASSENGERS IN THE DOMESTIC MARKET ***INCREASED*** *11% AND THE GOL SUBSIDIARY ONCE AGAIN SURPASSED THE INDUSTRY, WITH GROWTH OF 30%.*

SECTOR ANALYSIS

Affected by lower demand growth caused by the prolongation of an industry crisis that began in 2006, and which was subsequently aggravated by a crash of a competitor's aircraft at Congonhas Airport (SP) in July, the Brazilian sector experienced growth in demand (RPK) of 11% in 2007 and a 16% increase in supply (ASK) in the same period.

The industry's load factor in 2007 fell almost three percentage points, to 69%, compared to 71% in 2006. In the domestic market, once again GOL surpassed the airline industry and increased 30% in RPKs.

The temporary prohibition of connections at Congonhas Airport and the requirement to decrease the number of landings and takeoffs per hour, which required diversion to other airports, not only negatively impacted the quality of services provided to users, but also inhibited the growth of demand, frustrating the expectations announced in 2006.

Passengers became very sensitive to the inconveniences caused by the extension of the crisis that began in 2006.

International market demand, considering only domestic carriers, declined 6% during the year, but GOL grew its international volumes, as measured by RPKs, by 83% over 2006.

OPERATIONS

The Company maintained high aircraft utilization rates, at 14.2 block hours per day for GOL, among the highest in the world. VRG registered 11.7 block hours per day.

The VRG acquisition in 2007 opened new fronts. VARIG's strategy is to continue to offer a network of direct domestic flights between Brazil's main cities along with international flights, operating with low cost management concepts and offering differentiated services and a mileage program for the segment of passengers who travel for business or leisure. The acquisition permits expansion of the number of available seats in the domestic and international markets.

The Company firmly complied with its sustainable growth guidelines. Through its GOL and the newly acquired VRG subsidiaries, it posted 69.5% growth, measured by the increase in available seats kilometers (ASK), with a 44.1% increase at GOL. More domestic and international destinations, discounts and promotions and low fare policies in our GOL subsidiary, coupled with market growth, enabled the Company to achieve this growth.

At the end of 2007, GOL Linhas Aéreas Inteligentes S.A. signed a contract for the acquisition of 40 new aircraft, with delivery between 2012 and 2014.

In 2007, GOL expanded its domestic network to four new destinations: Marabá (PA), Cruzeiro do Sul (AC), São José dos Campos (SP) and Presidente Prudente (SP) and to an international destination: Lima (Peru).

By acquiring VRG, the Company entered new international destinations and increased flight options to existing destinations. Moreover, VRG entered into interlines agreements with international carriers.

For 2008, the Company plans renewal of VARIG's domestic fleet, with substitution of Boeings 737-300 by Next Generation aircraft, with 737-700 and 737-800.

Based on the difficult operating environment for intercontinental flights, in 2008 VRG is focused on increasing its presence in the domestic and South American markets and concentrating on routes where it maintains competitive advantages. In the first half of 2008, the Company will cease operations of its European and North American flights.

Fleet

Our standardized fleet, consisting of Boeing 737s, is one of the largest and youngest in Latin America. In 2007, our consolidated fleet grew from 65 aircraft at the end of 2006 to 111 aircraft in December 31, 2007. Operating a young and modern fleet reduces maintenance and training costs and permits one of the highest aircraft utilization rates in the world — 14 hours per day.

In accordance with the strategy of operating a standardized fleet, the Company ended the year with 106 aircraft in operation, composed of 99 Boeing 737s, including the 300, 700 NG and 800 NG models and seven Boeing 767-300s, used on long haul routes.

In December 2007, the Company confirmed new firm orders for 34 Boeings 737-800 NGs, completing the purchase option of 121 planes negotiated in October 2006, and signed a new contract for acquisition of 40 aircraft for delivery between 2012 and 2014. The Company ended 2007 with a firm order for 101 Boeing 737 NGs aircraft and purchased options for 34 aircraft of the same model.

The first 737-800 SFP aircraft, joined GOL's fleet on July 30, 2006. Boeing developed the 737-800 SFP for landings and take-offs on short runways, according to the Company's specifications. The 737-800s are equipped with winglets, a technology that provides better takeoff performance, permits longer non-stop flights and saves up to 3% in fuel consumption.

In 2008, the Company plans to return its 737-300s and replace them with 737-700 and 800 NG aircraft.

The fleet modernization plan guarantees that GOL's fleet maintains its position among the youngest and most modern in the world. By the end of 2009, the average age of the combined fleet should decline to 5.5 years.

Fleet Plan	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
B737-300	28	0	0	0	0	0	0	0
B737-700 NG	31	40	40	40	40	40	40	40
B737-800 NG	19	31	4	15	11	4	0	0
B737-800 NG SFP	24	37	52	68	80	95	106	110
B767-300 ER	9	0	0	0	0	0	0	0
Total	**111**	**108**	**113**	**123**	**131**	**139**	**146**	**150**

STANDARD-IZATION

ACCORDING TO THE STRATEGY OF OPERATING A STANDARDIZED FLEET, THE COMPANY ENDED THE YEAR WITH A FLEET OF 106 AIRCRAFT IN ***OPERATION.***

COST CONTROL

The negative impact of the Brazilian industry environment was mitigated by our strong policy of operating with low costs, which distinguishes the Company's operations and maintained its position as the airline with lowest operating costs in the sector (CASK of R$14.4), attaining in 2007 a total reduction of 6% over 2006. With the acquisition of VARIG, the GOL technical area started to provide overall support for maintenance, flight safety, security, fleet and suppliers. A project is being implemented for suppliers, which will unify all purchases in 2008, and is expected to represent significant cost reductions.

Maintenance

In 2007, the Aircraft Maintenance Center in Confins (MG) entered into operation with capacity to provide the necessary support allowing the Company to maintain excellence in operations, reinforcing the cost factor as the primary competitive advantage.

Built to the most modern technological standards, the Maintenance Center occupies 79,100 m2, operates 24 hours per day, seven days a week and has the capacity to service four planes simultaneously inside the hangar plus two on the patio.

Anticipating future needs outlined in the expansion plan of its fleet, in 2008, the Company will begin, an expansion of its Maintenance Center. Scheduled for completion in December 2009, the project will double current maintenance capacity.

Through this initiative, aligned with the concept of fleet standardization, GOL expects to obtain better performance of its pilots and increase the level of safety, quality and efficiency of its aircraft, in addition to decreasing parts inventory costs.

MARKETING AND SERVICES

During the year, the Company focused its marketing efforts on repositioning and re-launching the VARIG brand. A new visual identity and brand logo were created. The "Brazil" element was represented by the Brazilian flag and orange permeated the colors of the star, a reference to GOL's efficient administration. The purpose of this new concept was to position VARIG as a company that offers differentiated services, including direct flights and Smiles, the largest mileage program in Latin America.

Working with a wider concept of quality than found in traditional companies, VARIG is based on the concept of rational, distinctive services, offering 100% care and 0% excess.

The Company works to provide quality service and aims to be the preferred company of Brazilians traveling for business and leisure. For international routes, it developed the Espaço Vita concept, which includes a special menu prepared with balanced meals, a guide with relaxation instructions and guidelines for a healthy life. The VIP lounges, which are being refurbished, will also incorporate the Espaço Vita concept.

In November 2007, to celebrate its sixth years of operations, GOL launched a publicity campaign: "GOL. Such a major revolution that almost nobody remembers that it is only six years old". The campaign recalled that, with its innovative way of thinking, GOL revolutionized Brazilian aviation, allowing more than 70 million people to fly with the Company.

In addition to passenger revenues, we also generate revenues from our mileage program, our installment payment program, and our cargo business.

Smiles

Present in more than 200 countries, Smiles is the largest mileage program in Latin America, with more than 5 million members. Through Smiles, it is possible to accumulate miles both in the purchase of VARIG tickets as well as the use of services and purchases from partnership companies' products. Miles can be exchanged for trips to the destinations operated by the airline. Smiles maintains partnerships with major hotel chains, car rental companies, restaurants, insurers, publishers and teaching establishments, among others. It also has partnerships with the key banking institutions and credit card administrators in Brazil, Argentina, Bolivia, Paraguay and Uruguay.

Fly Easy ("Voe Fácil")

As a low-cost, low-fare innovative company, GOL is always seeking to stimulate the market and create opportunities so that more and more Brazilians may benefit from the convenience of air transportation. The "Voe Fácil" ("Fly Easy") program, launched in 2005, which permits GOL's customers to pay for their tickets in up to 36 installments, without having a credit card, reached almost 1 million members in 2007. GOL maintains its commitment to popularizing air transportation and offering the market's most competitive fares and the most convenient means of payment for customers. In 2007, 226,000 tickets were sold using the "Voe Fácil" program.

GOLLOG

The Company's cargo transport service, GOLLOG, offers convenient services to its customers. GOLLOG has two storage facilities in the state of São Paulo, located in the airports of Congonhas and Cumbica. Additionaly it has 49 franchised units throughout Brazil.

In 2007 GOLLOG recorded an increase of 37.1% in transported volume – which increased from 41,200 tons in 2006 to 56,500 tons in 2007 – and 36.4% increase in gross revenue, which rose from R$126 million to R$172 million over the same period. GOLLOG's strong performance is the result of its low-cost, low-fare model, differentiated attention to each client's profile and of the use of GOL's network. In 2007, GOLLOG started to transport on VRG's aircraft, thus expanding its network to additional domestic and international markets.

. REPOSITIONING IN 2007, THE COMPANY'S MARKETING EFFORTS WERE CONCENTRATED IN RE-LAUCHING THE VARIG BRAND, WITH THE **CREATION** OF A NEW VISUAL IDENTITY AND LOGO.

DISTRIBUTION AND COMMUNICATION CHANNELS

The sale of tickets on the Internet is another competitive advantage that has been developed by the Company from the start of operations in 2001. The ample use of the Internet enables the Company to save over 75% per ticket on average in relation to other sales channels, in addition to providing ease of sales processing, elimination of physical ticket offices and, consequently, reduction in costs.

In 2007, GOL Transportes Aéreos sold approximately R$4.3 billion in passenger tickets through its website (www.voegol.com.br), which corresponded to 80% of gross sales (tickets sold) in 2007, totaling R$5.4 billion.

VRG also posted a growth in sales. Internet sales increased from 2% to 12% of the Company's total sales. During the period, VRG set up an online chat platform to speed up service to customers in Brazil and launched versions of its website in six languages (German, Spanish, French, English, Italian and Portuguese) and nine countries (Germany, Argentina, Brazil, Colombia, France, Italy, Mexico, United Kingdom and Venezuela). VRG also strengthened its relationship with travel agencies by setting up a B2T web environment, which allows agents to access VRG's system and sell tickets direct to their customers. VRG is committed to providing to partners and customers greater flexibility and convenience in air travel through its B2T services, which offers easy access to information and allows web check-in on all domestic routes.

The Company's online ticket sales simplify passenger access to services offered and provide travel agencies with productivity gains, new markets and cost reductions. The growth of online sales demonstrates that clients and travel agencies are working to simplify the purchase process and to reduce costs.

In the last quarter of 2007, GOL's website registered an average of 4.4 million visitors per month, a 23% increase over the same period of 2006. Through the GOL web services platform, customers with or without luggage can use GOL's site (www.voegol.com.br) to buy tickets, perform check-in up to 90 minutes before the flight, make online changes with 24 hours notice and check-in and purchase tickets by cell phone. The Company offers web services at all stages of the trip – from purchase of ticket to departure – offering customers the most advanced technological resources available in the market.

The Company believes in the use of mobile technologies to facilitate contact with passengers. In 2007, a communication system via SMS that enables users to receive information on flights in their cell phones was implemented. In the event of flight changes or cancellations, the passenger receives a message and, upon answering, if the passenger accepts the proposed change, the system automatically updates the reservation.

Alliances

The Company increased its Alliance management activities in 2007, to provide support to the Company's international operations, increase passenger safety and reliability by flying with companies of a high quality standard. Between September and December 2007, 40 commercial agreements were signed with international companies, among them, Continental Air Lines, Delta Air Lines, Aerolineas Argentinas and Air France.

ECONOMIC AND FINANCIAL PERFORMANCE (MD&A)

The following table summarizes the Company's main financial statement items in US GAAP for the fiscal years ended December 31, 2006 and 2007.

CONSOLIDATED STATEMENT OF OPERATIONS

US GAAP - Audited R$ 000

	Year 2007	Year 2006	% Change
Net operating revenues			
Passenger	R$4,566,691	R$3,580,919	27.5%
Cargo and other	371,640	221,098	68.1%
Total net operating revenues	**4,938,331**	**3,802,017**	**29.9%**
Operating expenses			
Aircraft fuel	1,898,840	1,227,001	54.8%
Salaries, wages and benefits	798,141	413,977	92.8%
Aircraft rent	515,897	292,548	76.3%
Sales and marketing	367,866	414,597	-11.3%
Landing fees	273,655	157,695	73.5%
Aircraft and traffic servicing	348,732	199,430	74.9%
Maintenance materials and repairs	318,917	146,505	117.7%
Depreciation	121,570	69,313	75.4%
Other	317,686	179,494	77.0%
Total operating expenses	**4,961,304**	**3,100,560**	**60.0%**
Operating income (loss)	**(22,973)**	**701,457**	**nm**
Other income (expense)			
Interest expenses	(142,390)	(66,378)	114.5%
Capitalized interest	38,918	16,733	132.6%
Interest and investment income	290,247	174,354	66.5%
Other, net	(64,091)	(27,204)	135.6%
Total other income (expense)	**122,684**	**97,505**	**25.8%**
Income (loss) before income taxes	**99,711**	**798,962**	**-87.5%**
Income taxes (benefit)	2,802	(229,825)	nm
Net income (loss)	**102,513**	**569,137**	**-82.0%**
Earnings (loss) per share, basic	R$0.52	R$2.90	-82.1%
Earnings (loss) per share, diluted	R$0.52	R$2.90	-82.1%
Earnings (loss) per ADS, basic - U.S. Dollar	US$0.26	US$1.33	-80.5%
Earnings (loss) per ADS, diluted - U.S. Dollar	US$0.26	US$1.33	-80.5%
Basic weighted average shares outstanding (000)	198,609	196,103	1.3%
Diluted weighted average shares outstanding (000)	198,657	196,221	1.2%

REVENUE

NET OPERATING REVENUE, PRIMARILY THE REVENUE ACHIEVED FROM PASSENGER TRANSPORTATION, GREW BY 29.9% IN THE YEAR, AS A RESULT OF THE 53.0% INCREASE IN PASSENGER–KILOMETER TRANSPORTED (RPK). THE 69,5%

INCREASE,

IN DEPARTURES FACILITATED THE ADDITON OF 102 NEW DAILY FLIGHT FREQUENCIES FOR GOL AND 48 NEW FREQUENCIES FOR VARIG

The analysis below is in US GAAP and the Company's 2007 consolidated results include the results of VARIG since April 9, 2007.

The continuation industry-wide bottlenecks caused by problems with the Brazilian air traffic control since the last quarter of 2006, which extended to the first half of 2007, and was aggravated by a accident of a competitor's aircraft at São Paulo Congonhas airport, affected negatively the Company results. VARIG results were particulary affected due to its high concentration of its network of flights in Congonhas airport. The Company had operating losses of R$23.0 million in 2007, compared to operating income of R$701.5 million in 2006, and its operating margin in 2007 was a negative 0.5%, compared to a positive 18.4% in 2006. The reported net income for the year 2007 was of R$102.5 million, with a net margin of 2.1% compared to net income of R$569.1 million for 2006 and a net margin of 14.9%.

NET OPERATING REVENUES

Net operating revenues, increased 29.9%, or R$1,136.3 million, due primarily to a 27.5% increase in passenger revenues to R$4,566.691 million. Increased passenger revenues resulted primarily from a 53% increase in revenue passenger – kilometers, which was due to a 69.5% increase in departures, a 3.4% decrease in average fares and an increase in the average number of aircraft in service from 50.1 to 88.6. The increase in revenue passenger – kilometers was partially offset by a 16.6% decrease in our yield mainly due to a 15.4% increase in average stage length, a competitive pricing environment and a 7.1 point decrease in our load factor from 73.1% to 66.0% in 2007. Net operating revenues excluding VARIG increased 15.3% to R$4,383.6 million. VARIG's revenues, which were consolidated into our results of operations as from April 9, 2007, totaled R$554.7 million. In 2007, our cargo and other operating revenue increased 68.1% to R$371.6 million. In 2007, GOLLOG transported 56.5 million tons compared to 41.2 tons transported in 2006.

Revenue passenger – kilometer increased 53.0% from 14,819 million in 2006 to 22,670 million in 2007. GOL's revenue passenger – kilometer increased 34.7% from 14,819 million in 2006 to 19,966 million in 2007. VARIG revenue passenger–kilometers totaled 2,704 million from April 9, 2007 to December 31, 2007. Our consolidated revenue passenger – kilometer growth in 2007 was driven by a 44.1% increase in departures and a 15.4% increase in stage length. The increase in consolidated revenue passenger – kilometer was partially offset by a 7.1 percentage point decrease in our consolidated load factor to 66.0%, primarily due to the regulatory restrictions placed on São Paulo's Congonhas airport, which required network adjustments that reduced load factors, and the launch of new international flights to Europe.

Average fares decreased 3.4% from R$205 to R$198 and yields decreased 16.6% to R$20.14 cents per passenger–kilometer, mainly due to a 15.4% increase in aircraft stage length and a competitive pricing environment. Consequently, consolidated operating revenues per available seat–kilometer decreased 23.4% to R$14.38 cents in 2007, compared to R$18.77 cents in 2006.

Operating capacity, or consolidated available seat–kilometer, increased 69.5% from 20,261 million in 2006 to 34,348 million in 2007. GOL's available seat kilometers increased 44.1% from 20,261 million in 2006 to 29,198 million in 2007 and VARIG had 5,150 available seat–kilometer from April 9, 2007 to December 31, 2007. Operating capacity increased due to scheduled capacity increases, represented by the addition of 38.5 average consolidated aircraft in 2007 (from 50.1 to 88.6 average aircraft) and high aircraft utilization at 14.2 block hours per day for GOL and 11.7 block hours per day for VARIG.

The 69.5% increase in consolidated capacity, represented by available seat–kilometer, facilitated the addition of 102 new daily flight frequencies (including 12 night flights), 4 new domestic destinations and 1 international destination for GOL in 2007, as well as 48 new daily flight frequencies for VARIG.

During 2007, total consolidated seat and market share average 43.6% and 43.1%, respectively. GOL's domestic seat and market share averaged 39.1% and 39.6%, respectively. VARIG's domestic seat and market share averaged 4.5% and 3.5%, respectively. Through its regular international flights to destinations in South America, GOL achieved an increase in year over year international market share to 14.3% (share of Brazilian airlines flying to international destinations) in the same period. VARIG's international market share through its regular flights to destinations in South America and Europe was 13.1%. In 2007 18.1% of our consolidated revenue passenger – kilometer were related to international passenger traffic.

OPERATING EXPENSES

Total consolidated cost per available seat–kilometer, in 2007, decreased 5.6% to R$14.44 cents, primarily due to the use of additional larger, more fuel efficient and winglet equipped aircraft, lower sales and marketing expenses, an 9.1% decrease in average fuel expenses per available seat kilometer and lower aircraft rent expenses per available seat–kilometer, partially offset by lower productivity in the period due to increased flight times and ground times related to delays and bottlenecks caused by problems with Brazilian air traffic control in the first half of the year and by regulating restrictions placed on São Paulo's Congonhas airport. Consolidated operating expenses per available seat–kilometer, excluding fuel, decreased by 3.6% to R$8.92 cents.

Total consolidated operating expenses increased 60.0%, reaching R$4.9 billion. Operating expenses excluding VARIG were R$4.1 billion, representing an increase of 31.2%, due primarily to the operation of an average 38.5 additional aircraft during 2007, leading to an increase in flight departures during the period and an increase in the average number of liters of jet fuel consumed, an increase in salaries expenses, increased air traffic servicing expenses, higher maintenance expenses, expenses related to fleet modernization, and the expansion of our operations. The R$671.8 million increase in fuel expenses was due to a 65.1% increase in fuel consumption resulting from an expansion of operations, partially offset by the addition of larger, more fuel efficient and winglet equipped aircraft to the fleet, a reduction of 3.5% in average fuel prices per liter in 2007 which benefited from 10.5% appreciation of the real against the U.S. dollar during 2007.

Aircraft utilization, a key factor in keeping our operation costs low, was affected negatively in 2007 by the low utilization of VARIG's fleet. VARIG's fleet had low utilitization, at 11.7 block hours per day, due to its older fleet, the start-up of its operations, and the restrictions placed on flight operations from Congonhas airport after the accident of a competitor's aircraft, which particularly affected VARIG's domestic operations, given the high concentration of flights at this airport. GOL's aircraft utilization was maintained at 14.2 block hours per day in 2007.

Our breakeven load factor increased 6.7 percentage points to 66.3% in 2007 compared to 59.6% in the 2006, mainly due to lower yields and higher consolidated operating cost.

	Year Ended December 31,		Change	Percentage of Net Revenues
	2006	2007		2007
Operating expenses:				
Salaries, wages and benefits	2.04	2.32	13.7%	16.1%
Aircraft fuel	6.06	5.51	(9.1)%	38.5%
Aircraft rent	1.44	1.50	4.2%	10.4%
Sales and marketing	2.05	1.07	(47.8)%	7.4%
Landing fees	0.78	0.79	1.3%	5.5%
Aircraft and traffic servicing	0.98	1.01	3.1%	7.0%
Maintenance materials and repairs	0.72	0.93	29.2%	6.5%
Depreciation	0.34	0.35	2.9%	2.4%
Other operating expenses	0.89	0.92	3.4%	6.4%
Total operating expenses	**15.30**	**14.39**	**(5.9)%**	**100.1%**
Cost per flight hour	14.8	14.7	(0.9)%	-
Break-even load factor	59.6%	66.3%	6.7p.p.	-

Salaries, wages and benefits increased 92.8%, or R$384.2 million, due to (i) a 77.9% increase in the number of full-time equivalent employees which increased from 8,840 at December 31, 2006 to 15,722 (of which 3,298 were VARIG's employees), the internalization of our call center services and a 5% cost of living increase in salaries in December 2006. Salaries, wages and benefits per available seat kilometer increased 13.7% due to a 4.1% increase in headcount on a per seat–kilometer basis, and lower productivity due to increased flight times, ground time and man hours related to the bottlenecks caused by problems with Brazilian air traffic control in the first half of 2007 and regulatory restrictions planed on Congonhas airport.

Aircraft fuel expense increased 54.8%, or R$671.8 million, primarily due to a 65.1% increase in the liters of fuel consumed, or 464 million liters, partially off set by a decrease in average fuel price per liter of 3.8% and by an improvement in fuel efficiency of the fleet due to additional larger, more fuel efficient winglet equipped 737-800 SFP aircraft. Aircraft fuel consumed per available seat–kilometer decreased 9.1% due primarily to the use of more fuel efficient aircraft partially offset by the effect of an increase in flight hours related to airport bottlenecks. The decrease in average fuel price per liter in 2007 was primarily due to the 10.5% appreciation of the real against the U.S. dollar, partially offset by the effect of a 9.3% increase in international crude oil (WTI) prices and a 9.8% increase in Gulf Coast jet fuel prices. As of December 31, 2007, the Company had hedged 29% and 7% of its projected fuel requirements for 1Q08 and 2Q08, respectively.

Aircraft rent, which are incurred in U.S. dollars, increased 76.3%, or R$223.3 million, due to an increase in the average size of the fleet from 50.1 aircraft to 88.6, partially offset by the 10.5% appreciation of the real versus the U.S. Dollar during the year and amortized net gains of R$23.2 million on sale-leaseback transactions for seven 737-800 aircraft during 2006 and 2007 (amortized over the term of the leases). Aircraft rent per available seat kilometer increased 4.2% due to a lower aircraft utilization rate, which decreased to 13.8 block hours per day compared to 14.2 block hours in 2006, partially offset by 69.5% more available seat–kilometers and the 10.5% appreciation of the real versus the U.S. Dollar during the year. Aircraft rent per available seat–kilometer excluding VARIG decreased 7.3%.

Sales and marketing expense decreased 11.3%, or R$46.7 million, primarily due a reduction in sales commissions resulting from the reduction in travel agency commissions and a reduction in publicity and advertising expenses, especially in the period after the events that happened in Congonhas airport in July 2007. In 2007, the majority of GOL ticket sales were booked through the website (80.3%) and its call center (10.1%). Travel agents accounted for 67.4% of total sales in 2007, 69.0% of which were made through the Internet. Sales and marketing per available seat–kilometer decreased 47.8%, primarily due to a reduction of marketing activities in the first nine months of 2007, and, to a lesser extent, an increase in direct non-commissioned ticket sales to 32.6% of our total ticket sales.

Landing fees increased 74.9%, or R$116.0 million, due to a 21% increase in the domestic landing tariffs effected in June 2006, a 51.1% increase in the number of departures and an increase in landings at international airports (which have higher tariffs). Landing fees per available seat kilometer increased 2.4% due to the increase in landing fee rates and an increase in landings at international airports (which have higher tariffs), partially offset by increased average stage length of 15.4%, and a higher aircraft utilization rate (9.6% more available seat–kilometers per aircraft).

EXPENSES

CONSOLIDATED COST PER AVAILABLE SEAT–KILOMETER (CASK) DECREASED 5.6% LAST YEAR, DUE TO A LOWER SELLING AND PUBLICITY EXPENSES, AND ***LOWER*** *AIRCRAFT RENT EXPENSES.*

Aircraft and traffic servicing expense increased 74.9%, or R$149.3 million, primarily due to an increase in our operations from 55 to 66 airports served, an increase in third party services in the amount of R$149.0 million and a 44.1% increase in departures. Aircraft and traffic servicing per available seat kilometer increased 3.1%, mainly due to the increase in consulting and third party services related to technology and systems implementation and higher ground handling services expenses, mainly due to the increase in international destinations (with relatively higher ground handling costs), partially offset by a 15.4% increased average stage length.

Maintenance, materials and repairs increased to R$318.9 million in 2007 compared to R$146.5 million in 2006, due to an additional 38.5 average aircraft in operation; R$122.0 million in scheduled maintenance on 39 engines mainly on our Boeing 737-300 aircraft; repair of rotable parts, in the amount of R$48.4 million; and the use of spare parts inventory, in the amount of R$53.8 million. Maintenance, materials and repairs per available seat kilometer increased 29.2% primarily due to a higher number of scheduled maintenance events, partially offset by a 10.5% appreciation of the real against the U.S. dollar.

Depreciation increased 75.4%, or R$52.3 million, due primarily to an increase in inventory of aircraft spare parts and, to a lesser extent, an increase in technology equipment resulting from the expansion of the Company's operations. It was also impacted by the addition of 13 new 737-800 NG aircraft which entered the fleet between the fourth quarter 2006 and the second quarter 2007, and two 737-700 plus four 767-300 aircraft classified as capital leases. Depreciation per available seat kilometer increased 2.9% due to an increase to R$1.7 billion in fixed assets subject to depreciation and an increase of R$31.3 million related to depreciation of the new aircraft.

Other operating expenses increased 77.0%, or R$138.2 million, due to an increase in travel expenses and lodging for flight crews due to cancelled flights, direct passenger expenses and allowance for doubtful accounts. Other operating expenses per available seat kilometer increased 3.4% due to a 10.4% increase in direct passenger expenses, cancelled flights and flight crew lodging per available seat kilometer, partially offset by a decreases in insurance expenses. In 2007, insurance expenses, were R$0.13 cents per available seat kilometer or R$44.4 million, decreased 12.7%, due to a reduction in average premium rates and a 10.5% appreciation of the real against the U.S. Dollar.

OTHER INCOME (EXPENSE).

In 2007 interest income totaled R$290.2 million increasing 66.5% primarily due to higher average cash and short-term investments available during 2007, and was partially offset by a 3.3 percentage point reduction in average interest rates in Brazil (as measured by the CDI rate). Interest expense increased R$76.0 million primarily due to an increase in long-term debt and a higher amount of short-term working capital debt related to increased operations. Therefore, net financial income increased R$25.2 million.

PROFITABILITY AND RETURNS

For the same reasons that the Company's results were affected by the industry crisis that began at the end of 2006, its profitability and return indicators were negatively impacted as demonstrated below:

Returns	2007	2006	% Change
(US GAAP)			
Net Revenues / Aircraft (US$000)	29,300	34,874	-16.0%
Net Revenues / ASK (US$ cents)	7.4	8.6	-14.8%
Operating Profit / ASK (US$ cents)	0.0	1.6	-102.1%
ROE (1)	4.3%	25.8%	-21.5 pp
ROA (2)	1.5%	13.4%	-11.9 pp
Net Dividend Yield	3.2%	1.3%	+1.9 pp

(1) Net Income / Total Equity
(2) Net Income / Total Assets

LIQUIDITY AND CAPITAL RESOURCES

In managing its liquidity, the Company take into account its cash and cash equivalents and short-term investments as well as its accounts receivable balances. The accounts receivable balance is affected by the payment terms of the credit card receivables. Customers can purchase seats on our flights using a credit card and pay in installments, typically creating a one-or two-month lag between the time that the Company pays its suppliers and expenses and the time that it receives payment for its services. When necessary, the Company obtains working capital loans, which can be secured by its receivables, to finance the sale-to-cash collection cycle. At December 31, 2007, cash and cash equivalents totaled R$574.4 million, short-term investments were R$858.4 million and accounts receivable reached R$916.1 million, as compared to cash and cash equivalents of R$281.0 million, short-term investments of R$1,425.4 million and accounts receivable of R$659.3 million at December 31, 2006.

Total liquidity was R$2,348.9 million (cash, short-term investments and accounts receivable) at December 31, 2007. The Company had R$589.7 million on deposit with lessors, of which R$322.4 million were deposits for future maintenance expenses. It also had R$543.9 million deposited with Boeing as advances for aircraft acquisitions.

At December 31, 2007, the Company had revolving lines of credit with three financial institutions, which allowed for total borrowings of up to R$577.0 million. As of December 31, 2007 and 2006, there were R$496.8 million (US$280.5 million) and R$128.3 million (US$60.0 million) outstanding under these facilities, respectively.

OPERATING ACTIVITIES

The Company relies primarily on cash flows from operations to provide working capital for current and future operations. In 2007, the Company used cash of R$154.3 million in its operating activities due to net operating losses as explained above. In 2006 and 2005 net cash provided by operating activities was R$547.2 million and R$370.9 million respectively. The decrease of its operating cash flow in 2007 was mainly due to lower net income, a R$232.5 million increase in accounts receivable and a R$129.3 million increase in inventories, partially offset by a R$98.8 million increase in air traffic liability and R$68.3 million increase in deposit with lessors.

Consolidated accounts receivables increased R$256.8 million from December 31, 2006 to December 31, 2007, of which R$146.7 million were receivables generated by GOL and the remaining R$110.1 million by VARIG. Consolidated inventories increased from 2006 to 2007 mainly due to the increase in parts and maintenance material and advances from supplier as part of our fleet expansion. In 2007, a total of 46 aircraft were incorporated into the consolidated fleet, of which 19 were in connection with the VARIG acquisition and of 27 remaining, 13 were added to GOL's fleet and 14 to VARIG's fleet.

INVESTING ACTIVITIES

During 2007, capital expenditures were R$762.1 million, which included expenditures of R$201.0 million for the VRG acquisition (net of cash acquired), R$454.0 million related to acquisitions of property and equipment, R$107.0 million of pre-delivery deposits for aircraft acquisitions and R$40.1 million related to aircraft leasing (VARIG deposited R$103.5 million for its aircraft leasing while GOL received R$63.4 million from its previous deposits). Cash used in our investing activities totaled R$235.2 million, which included the capital expenditures described before and R$566.9 million related to the net proceeds from the disposition of available for sale securities, sold during 2007 in order to support the cash outlays necessitated by VARIG.

On April 9, 2007, we acquired VARIG. As of the acquisition date, VARIG provided service to 15 destinations (11 in Brazil, and 1 each in Argentina, Colombia, Venezuela and Germany) and operated a fleet of 19 aircraft, comprised of 16 Boeing 737-300 and 3 Boeing 767-300 aircraft. The total purchase price was R$558.7 million (US$290.1 million) of which R$194.1 million (US$100.1 million) was paid in cash, net of cash acquired, R$357.2 million (US$185.5 million) was paid in non-voting preferred shares. The value of the preferred shares issued as consideration to the shareholders of VARIG was determined based on the average market price at the date the transaction was agreed to and announced.

FINANCING ACTIVITIES.

Financing activities during 2007 consisted primarily of:

- An issuance, in March 2007, of US$225 million 7.50% senior notes due in 2017;
- A R$14.0 million five year financing from the Development Bank of Minas Gerais (BDMG) secured by our accounts receivable with an interest rate of IPCA plus 6%, which was at December 31, 2007 9.45% p.a. in reais;
- A US$310 million pre-delivery payments ("PDP") loan facility guaranteed by the purchase contract of 21 Boeing 737-800 Next Generation aircraft to be delivered in 2008 and 2009, with a term of 1.6 years and interest of LIBOR plus 0.5% p.a for all of its 21 Boeing 737-800 Next Generation aircraft to be delivered in 2008 and 2009. At December 31, 2007 we had borrowed R$343.6 million from this facility.

In addition, in order to support the cash outlays generated by VARIG during 2007, the short term borrowings increased from R$128.3 million in December 31, 2006 to R$496.8 million in December 2007. The average financing term for these real denominated short-term borrowing is 56 days with interest of 10.8% p.a.

CREDIT RATINGS

The following table shows the Company ratings as of December 31, 2007:

Agency	Rating	Type
Fitch	AA- (bra), Stable Outlook	National Scale
	BB+ (IDR), Stable Outlook	Local Currency
	BB+ (IDR), Stable Outlook	Foreign Currency
	BB+ (IDR), Stable Outlook	US$225mm 7.50% Senior Notes
	BB+ (IDR), Stable Outlook	US$200mm 8.75% Perpetual Notes
Moody's	A3.br, Stable Outlook	National Scale
	Ba2, Stable Outlook	Global Scale Local Currency
	Ba2, Stable Outlook	Foreign Currency
	Ba2, Stable Outlook	US$225mm 7.50% Senior Notes
	Ba2, Stable Outlook	US$200mm 8.75% Perpetual Notes

. **INVESTMENTS** DURING 2007, INVESTMENTS TOTALED **R$2.2 BILLION**, R$558 MILLION RELATED TO THE ACQUISITION OF VARIG, R$77 MILLION TO TECHNOLOGY, R$43 MILLION IN BRANDS.

DIFFERENTIALS:

THE COMPANY COMBINES A SET OF ATTRIBUTES THAT, REPRESENT IMPORTANT COMPETITIVE DIFFERENTIALS, WHICH HIGHLIGHT THE BUSINESS'S INNOVATION AND GROWTH CAPACITY, ENABLE THE COMPANY TO ASSUME A DIFFERENTIATED POSITION IN THE MARKET, DRIVING RESULTS AND THE CREATION OF VALUE FOR SHAREHOLDERS, CUSTOMERS, COLLABORATORS AND SUPPLIERS.

INTANGIBLE ASSETS

BRANDS

The Company has important, prominent brands in the Brazilian aviation industry: GOL, VARIG, GOLLOG, SMILES and VOE FÁCIL. Recognized for popularizing air transportation in Brazil, the GOL brand is synonymous with innovation and modernity thanks to the variety of initiatives designed to offer a simplified, safe and efficient service to a specific public seeking low prices.

VARIG is a traditional brand with more than 80 years of activities in the domestic market and nearly 55 years in the international market. In 2007, the brand was focused on business travelers, offering direct flights between the main Brazilian cities and international destinations.

The largest loyalty program in Latin America, SMILES, has a base of over 5.0 million members.

GOLLOG is the Company's cargo transport service, which also incorporates facilities and innovations within the prepaid cargo service, allowing the shipment of up to one kilo of cargo at a single rate. Its modern systems gives customers online access to documents and tracking of cargo delivery through any computer connected to the Internet, generated by filling out an AWB (Airway Bill) form via the Web.

VOE FÁCIL is another example of the Company's innovations, which at the end of 2007 had more than 1 million registrations since its launch in 2005. The card was introduced to stimulate demand, and enable GOL's customers to pay their fares in installments. Cardholders may acquire tickets on the Internet, even if they do not hold a credit card.

OPERATING RIGHTS

The Company has concessions to operate regular air passenger, cargo and postal transportation services in the domestic market.

The Company has important rights to operate routes and slots in airports in the domestic market.

On December 31, 2007, the Company was authorized to fly 855 flights on 163 routes in 232 slots in the domestic market. GOL and VARIG are also certified to operate international routes.

ROUTE MAP: GOL AND VARIG

PERSONNEL

Our professionals represent one of the Company's primary competitive advantages. Through a distinctive corporate culture, which encourages and rewards constant innovation and customer satisfaction we rely on a team of managers who are aligned with the business's growth strategy and controlling shareholders with more than 50 years experience in passenger transportation.

The Company believes that growth potential and achievement of corporate goals are directly related to recruiting and retaining the best professionals available in the market. Therefore, it encourages and recognizes competence, invests in training, education and development of its workforce and qualifications, as part of its commitment to providing quality transportation.

INNOVATION

The Company has a reputation as a young and dynamic business, with strong discipline in cost controls and reductions – characteristics that enable it to adapt to adverse market conditions, maintaining quality of services, productivity and profitability.

Among our competitive advantages that contribute to revolutionizing the Brazilian aviation industry, the following are worthy of mention: our modern fleet of Boeing 737s, simplified services, intensive use of technology, paperless tickets, low operating costs, constant search for innovation and maintaining the lowest fares.

As a result of these attributes, in 2007 the Company was elected as a World Class High Performance Company, a prize awarded by Forbes magazine, which places it among the international elite of companies with rapid growth and are the pace setters of their respective sectors.

THE GOL EFFECT

The business model implemented by the Company in Brazil generated a cascade effect in the air transportation industry. With accessible fares many travelers migrated from road to air transportation, which tripled the number of passengers at airports. This is the so-called "GOL effect," which is characterized by the supply of the lowest fares to destinations with growth potential. Our current goal is to disseminate the "GOL effect" across South America.

SERVICES

.ATTRIBUTES

A YOUNG AND DYNAMIC COMPANY, WITH STRONG DISCIPLINE IN COST CONTROLS, THE COMPANY SUCCEEDS IN ADAPTING TO ADVERSE MARKET CONDITIONS, MAINTAINING ***QUALITY*** *OF SERVICES, AND PRODUCTIVITY.*

PAYMENT MECANISMS

With the objective of supporting the largest number of customers and reinforcing its innovative model, further increasing demand, GOL offers innovative forms of payment, with more than 12 options for online purchases, via credit and debit card and by installments. Some of our ticket initiatives include:

- Voe Fácil (Fly Easy), a card that permits payment in up to 36 installments;
- Cartão GOL Negócios (GOL Business Card), a credit card designed for small and medium-sized companies that transforms 1.9% of purchases into credits for the purchase of tickets;
- Ticket auctions on the Internet to groups traveling together;
- Frequent website promotions.

E-COMMERCE

The Internet is our main sales channel, which permits average distribution cost savings of 75% per ticket, in comparison to other sales channels, in addition to providing easy processing of sales, elimination of physical sales tools and consequent reduction of costs to the Company.

PUNCTUALITY

GOL's completion rates in the domestic and international markets were 87% and 86% respectively. VRG, achieved 64% completion in the domestic market and 22% in the international market. In 2007, according to ANAC figures, which are not adjusted for delays caused by factors not controlled by the Company or pre-addressed schedule changes, GOL and VRG presented average rates of punctuality of 50% and 77% in the domestic market, respectively, with a performance well below expected when compared to previous performances. This was a result of the crisis in the management and coordination of air traffic control experienced in the Brazilian aviation system, from the fourth quarter of 2006 through the first half of 2007, and the restrictions placed on Congonhas airport following the crash of a competitor's aircraft in July 2007.

TECHNOLOGY

To maintain the Company at the leading edge in the use of low cost operating and management systems, a detailed technological revamping of GOL's software platform was conducted in 2007. Three new systems were defined and initiated in the year:

- An integrated operations system – Optima – handling activities including booking and planning networking operation, scheduling, and management of crews and maintenance;
- A new version of our ERP, which will permit control of administrative process in the standard of transparency and safety required by best corporate governance practices; and
- A new system of planning and management of cargo, able to provide the necessary support to the operations of GOLLOG in the international market.

AWARDS

The market's recognition for GOL's performance is exemplified by with the following awards during the year:

- Elected, by Aviation Week & Space Technology (AWST), as the best performing airline company in the world among companies of the same category (with revenue of US$1 billion to US$4 billion).
- Top of Mind Internet 2007, awarded by Datafolha Research Institute and UOL for the first place in the Airline category, as the most remembered brand by internet users.
- No. 1 in Latin America, in the category of Disclosure Procedures of the "9th edition of IR Global Rankings". For two consecutive years, GOL has ranked first in the sector and is among the 5 best investor relations websites in Latin America.
- Top Sector Prize in the category "IR Websites"(IR Sites), among the five best companies of Latin America. The Annual Online Report (RAO) was also considered the best in Latin America.
- The Aircraft Pre-Delivery Payment (PDP) loan facility was awarded by the British publication Jane's Transport Finance, as the "Loan of the Year" in South America.
- Recognized by Brazil's Institutional Investor as one of the most transparent public companies in the aerospace, transportation and industrial sectors.
- GOL's Chief Executive Officer (CEO) was classified by the Brazil's Institutional Investor as The Top CEO in the aerospace, transportation and industrial sectors.

TRANSPARENCY:

IN SEARCH FOR CONSOLIDATION OF GOVERNANCE PRACTICES, GOL'S BUSINESS MANAGEMENT IS MARKED BY ETHICS AND TRANSPARENCY.

CORPORATE GOVERNANCE

The Company conducts its business in line with the best corporate governance practices. It adheres to the BOVESPA's Level 2 Corporate Governance standards since the simultaneous listing of its shares in the São Paulo and New York stock exchanges in 2004.

To ensure the transparency of its business for the benefit of shareholders, GOL has an Insider Trading Policy, which sets rules and procedures to persons linked to the Company (executives and employees) with access to relevant information.

It also has a Disclosure Policy Manual, which defines the criteria, moment and person in charge of disclosure of such information to investors, guaranteeing that the information to the market is distributed widely, transparently and homogeneously, also in accordance with applicable regulation. The Company maintains a Disclosure Committee, composed by professionals from a number of departments who do not participate directly in the process of preparation of financial reports. They are responsible for checking, consistency and data crossing of the report, when applicable.

SARBANES-OXLEY CERTIFICATION

The Company was one of the first in Latin America to implement internal procedures and controls according to the recommendations of the Sarbanes-Oxley Act (SOX). In 2006, a year before required by SEC, it completed certification in connection with the controls required by section 404 of the U.S. law.

With the participation of professionals from all areas, the work of diagnosing internal risks and controls is accompanied directly by the Audit Committee. In addition to evidencing the high level of internal control of the financial reports, this activity contributes to the improvement of the processes of management of risks and operational and financial controls.

SHAREHOLDER CONTROL

The major shareholder of GOL Linhas Aéreas Inteligentes is Fundo de Investimentos em Participações Asas, which held, at the end of 2007, 70.9% of the Company's total capital.

Shareholder	Common Shares		Preferred Shares		Total Capital	
	No.	%	No.	%	No.	%
Inv. Fund. in Part. Asas	107,590,772	100%	35,837,938	38%	143,428,710	71%
Management (1)	20	(*)	2,591,017	3%	2,591,037	1%
Market (Free float)	-	-	56,280,508	59%	56,280,508	28%
Total	**107,590,792**	**100%**	**94,709,463**	**100%**	**202,300,255**	**100%**

(*) Less than 1%

(1) Board of Directors, Officers and Fiscal Committee

INVESTOR RELATIONS

The Company's relationship with the financial market and investors is based on transparency and characterized by the respect for legal and ethical principles. The Investor Relations department makes contacts with investors and analysts, organizing events to update information about the Company's performance and respond to their questions during the year.

In 2007, 75 individual meetings were held, as well as 4 conference calls, three sellside analysts breakfasts and one event of the Brazilian Association of Capital Market Investment Analysts and Professionals (Apimec). The Company also participated in 14 investor conferences and meetings in Boston, New York, Orlando, Paris, London, Acapulco, São Paulo and Rio de Janeiro organized by investment banks.

The highlights of the year were two GOL DAY events, directed at investors and securities analysts, whose objective was to present the Company's main results, perspectives and facts during 2007; GOL DAY at the NYSE, was held in June to celebrate the three years of the simultaneous listing on the BOVESPA and in the New York Stock Exchange; and GOL DAY Europe, held in Paris, in December, together with the beginning of operation of the new VARIG routes to Europe.

To facilitate access to information, the Company maintains an exclusive IR site, which, at the end of year gained a new tool dedicated to fixed income investors, which contains credit rating and reports, description of instruments of the outstanding debt, financial indicators, information on the composition and cost of indebtedness of the Company, financial policies and FAQ (Frequently Asked Questions) exclusive to this specific audience.

The Company is covered by 21 securities analysts for both equity and fixed income.

EXEMPLARY DISCLOSURE PRACTICES

Since its initial listing on the BOVESPA and the NYSE, GOL has built its Investor Relations (IR) program around three core principles: transparency, equal access to information, and equality of treatment. Highlighted among the Company´s fair disclosure polices and procedures are several initiatives:

Disclosure Policy Manual

Prior to going public in 2004, GOL's Board of Directors approved a Disclosure Policy and procedures Manual which follows CVM Regulation 358/2002, as amended (related to disclosure and use of information about relevant acts or facts), SEC Regulation Fair Disclosure (Reg FD), and Mandated Edgar Filing for Foreign Issuers Rule. GOL's Disclosure Policy Manual is available on its IR website.

Multi-lingual IR Website

GOL continuously updates its IR website, which has been recognized for many years as one of the best IR websites in Brazi by IR Global Ranking . At www.voegol.com.br, investors and analysts can find a wealth of information, including financial statements, press and earnings releases, stock quotes, analyst coverage and recommendations, and market earnings estimates.

Global Webcasts

GOL's quarterly earnings announcements are webcast live to investors, analysts and the press once per quarter. Presentations at investor conferences are webcast live on the Internet and made available on the Company's IR website. Local market public meetings with analysts and investors are broadcast live in Portuguese with a simultaneous English translation.

Quartely Financial Statements in BR GAAP and US GAAP

In addition to quarterly limited reviews, annual audits and full disclosure of its financial statements in Brazilian GAAP, GOL also provides quarterly limited reviews and annual audits of its financial statements in US GAAP. Both BR GAAP and US GAAP financial reports are disclosure to the market simultaneously each quarter.

Earnings Guidance

GOL provides guidance for the current year's results. Guidance reduces earnings volatility and allows the Company to more freely discuss industry trends and expectations in line with Reg FD.

Disclosure Committee

With the creation of its Disclosure Committee in 2005, GOL is compliant with Section 302 of the Sarbanes-Oxley Act of 2002.

GOL ensures consistency and ongoing improvement of its disclosure controls and performance. The Company is committed to corporate governance and compliance with the basic principles of disclosure best practices.

GOL's corporate governance structure is formed by:

Board of Directors

Composed by eight members, three being independent, according to the BOVESPA and NYSE definitions, elected at a General Shareholders' Meeting for one year, with the possibility of reelection. Dedicated to providing overall strategic guidelines and for electing the Company's executive officers and supervising their management. In 2007, the Board met 14 times.

Fiscal Committee

Installed and elected for the first time in April 2007, with three effective members, with annual mandate. Integrated to the policy of transparency and corporate governance, the Fiscal Committee meets every quarter to follow upon on administrative acts, review the Company's financial statements and report its conclusion to shareholders.

Executive Officers

Responsible for the the Company's day to day management, it is formed by a CEO and four Executive Vice-presidents, elected by the Board of Directors with mandate of one year, which may be renewed.

Audit Committee

Provides assistance to the Company`s Board of Directors in matters involving accounting, internal controls, financial reporting and compliance. It also evaluates the effectiveness of the Company`s internal financial and legal compliance controls. All members satisfy the audit committee membership independence requirements of the SEC and the independence and other standards of the NYSE.

The Company has also four committees (non-statutory) composed of members of the Board of Directors and outside members:

Corporate Governance and Nomination Committee

Responsible for the coordination, implementation and periodic review of "best practices" of corporate governance and for monitoring and keeping the Board of Directors informed about legislation and market recommendations addressing corporate governance. The committee also proposes individuals for consideration for election to the Board of Directors.

Risk Policies Committee

Reviews and approves the risk managent policies of the Company and the measures adopted in protection against foreign exchange variations, changes in the price of fuel and interest rates, as well as the effects of these changes on revenue, cash flow and balance sheet. It also assesses the effectiveness of hedge measures adopted, approves recommendations for future changes, conducts reviews of cash management activity and makes recomendations to the Board of Directors

Financial Policy Committee

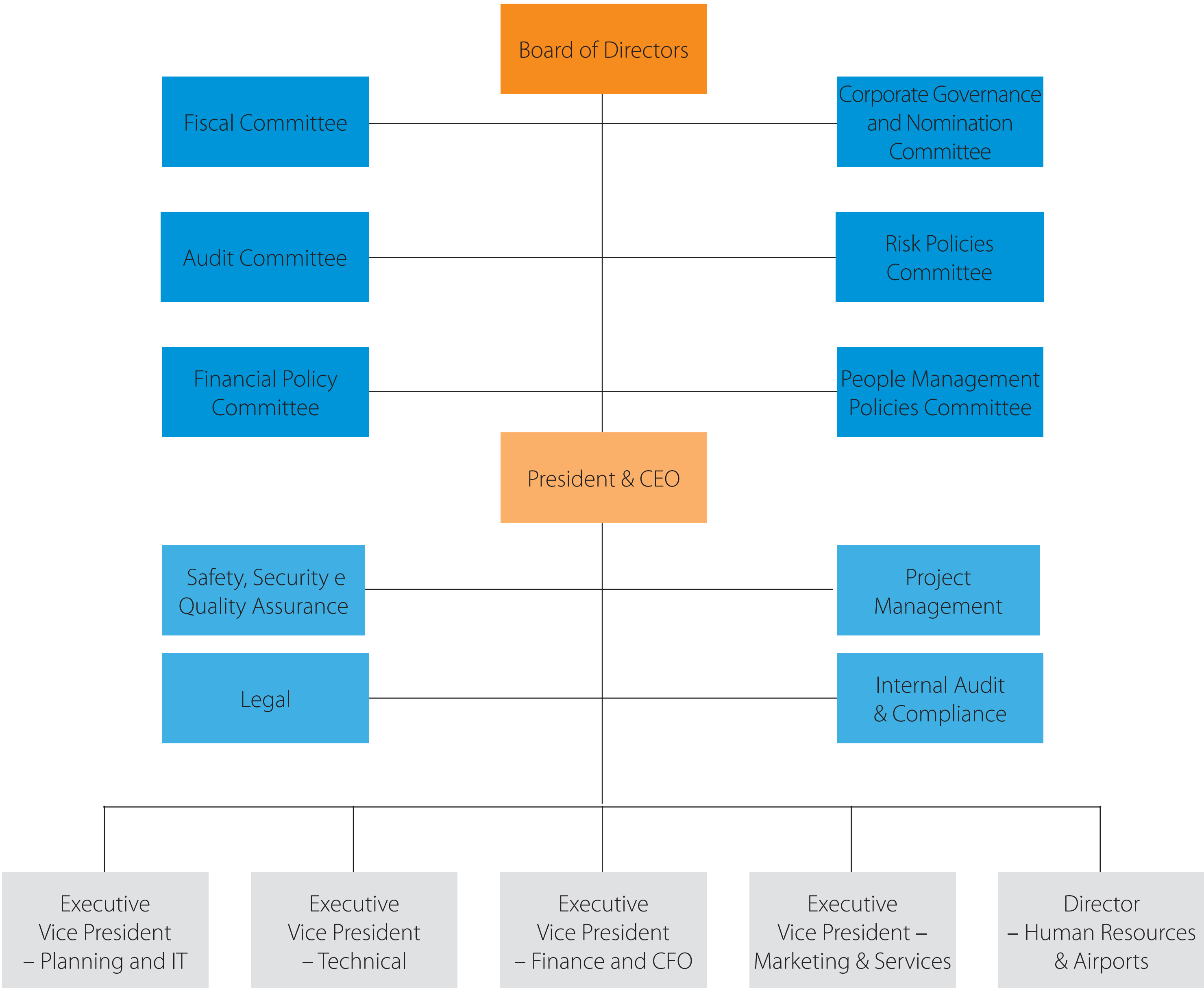
Reviews and approves the corporate finance policies of the Company, follows up on their effectiveness and implementation, periodically examines investment and financial plans and makes recommendations to the Board of Directors. It is also responsible for periodically analyzing the impact of investment and financial plans on the Company's capital structure; determining parameters for maintenance of the liquidity and capital structures desired, and monitoring the execution and approval of policies to be used in the following quarter.

People Management Policies Committee

Reviews and recommends to the Board of Directors the forms of compensation, including salary, bonus and stock options, to be paid to the Company`s employees. It also reviews and recommends revisions to the compensation policies applicable to employees and reviews management's career and succession plans.

Attributions of the Board of Directors, Board of Executive Officers and Committees of GOL, as well as the qualifications of their members and the description of its Corporate Governance practices are available at the Investor Relations website: www.voegol.com.br/ir

ORGANIZATIONAL CHART



OUR SHARES AS INVESTMENT

GOL's capital is comprised by 202.3 million common and preferred shares. The preferred shares have been listed since 2004 on the São Paulo Stock Exchange (symbol GOLL4) and in the New York Stock Exchange (through the program of ADR – American Depositary Receipts, traded under the ticker symbol GOL).

The free float is comprised of 28% of the total shares and 59% of the preferred shares. Of the total preferred shares that compose the Company's capital, at the end of 2007, 51% were traded on the BOVESPA and the remaining 49% were traded as American Depositary Shares (ADS) on the NYSE.

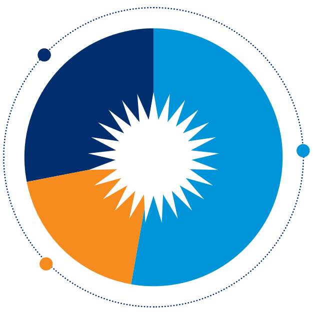
As a result of its high liquidity, the Company's shares also are part of the Ibovespa and IBRX-50 indices in the Brazilian market, and its ADSs are included in the MSCI indices, calculated by Morgan Stanley International. GOL's shares are also included as in the IGC and ITAG, indices created by the BOVESPA to differentiate companies following corporate governance best practices.

Distribution [1]

Free Float (PN) 28%

Other PN 19%

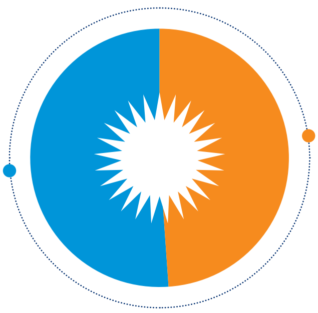
ON 53%



Free Float [1]

GOLL4 51%

GOL (ADS) 49%



[1] At December 31, 2007

PERFORMANCE

GOL'S SHARES RECORDED A DAILY TRADING VOLUME OF R$83 MILLION, WHICH RANKS THEM AS ONE OF THE MOST LIQUID ***SHARES*** *AMONG AIRLINES AND BRAZILIAN PUBLICLY LISTED COMPANIES.*

CAPITAL MARKETS

At the end of 2007, the market capitalization of GOL was US$5.0 billion, compared to US$5.6 billion recorded on December 31 of the previous year.

The ADSs listed on the NYSE were quoted at US$24.82 on the last trading session of the year, rising 172% in value since the IPO in 2004. Over the same period, the Dow Jones rose 27% and the XAL indices (New York Exchange Airlines Index – the index that measures the performance of the shares of U.S. airlines) declined 37%. In 2007, the ADSs was off 13% in relation to the closing price of the previous year and, in the same period, the XAL was down by 41%, as a result, primarily, of the increase in oil prices during the year, a key factor in the formation of airline operating costs.

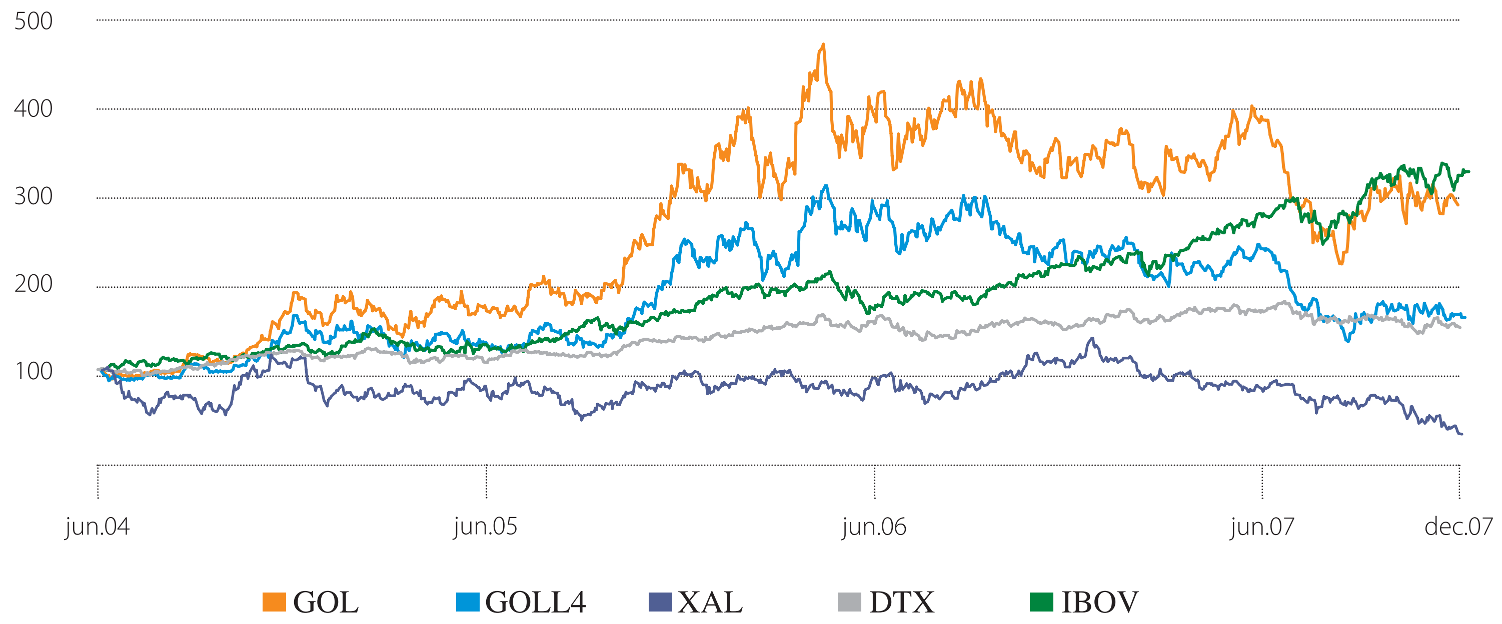
While the Ibovespa (São Paulo Stock Exchange Index) appreciated 44% in 2007, GOL's preferred shares fell 31% in reais, closing the year at R$43.76. This performance was a reflection primarily of high oil prices and difficulties related to the coordination and management of the Brazilian air system, which had an impact across the Brazilian air transportation sector and affected the Company's operating performance and financial results.

The shares of GOL recorded an average daily trading volume of R$83 million, equivalent to US$42 million for the year, as one of the most liquid shares among the world's airlines and among Brazilian publicly listed companies.

On the Brazilian stock exchange, GOLL4 shares presented average daily volumes of 748,7 thousand shares, with a turnover of R$38.8 million on average per day. In 2006 average daily volume was 226,6 thousand shares, equivalent to R$15.2 million.

The GOL ADSs, in 2007 had an average daily trading volume of 809,2 thousand shares, for a turnover of US$22.1 million, compared to an average daily volume of 735,1 thousand ADSs and turnover of US$22.8 million daily average, in 2006.

SHARES PERFORMANCE - FROM IPO TO DECEMBER 31, 2007

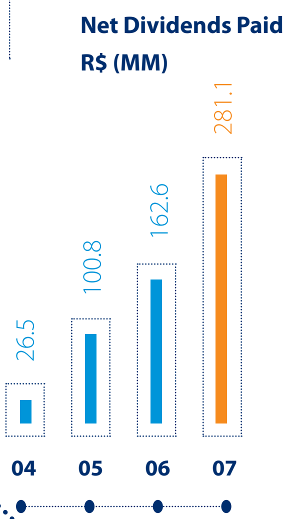


DISTRIBUTION OF DIVIDENDS

From the consolidated 2007 net income of R$268.5 million in BR GAAP, GOL distributed to its shareholders, in the form of interest on shareholders' equity and dividends a net amount of R$281.1 million, 67% higher than 2006, and representing 110% of adjusted net income in BR GAAP and a dividend yield of 3.2% [1].

To assure predictability of shareholder compensation and complying at the same time with the provisions of Brazilian Corporate Law, the Company's Board of Directors approves, at the beginning of each year, the distribution of interim dividends, to be paid in the fiscal year. And, if necessary, at the end of the fiscal year, the Company pays out complementary dividends, thus assuring the distribution of the minimum dividend of 25% of the fiscal year's net income. In January 2007, the Board of Directors approved the distribution of quarterly interim dividends of R$0.35 per share for the year.

[1] Using the December 31, 2007 closing share price of R$43.76.



RISK MANAGEMENT

At GOL, risk management has always been incorporated to strategic and operational planning processes, aimed at protection and sustainability of the business as well as of material and financial resources used in its operation.

The Company was one of the first Latin American issuers to perform the Sarbanes-Oxley Act 302 and 404 certifications, which proves the high degree of internal control over financial reports, and provides several benefits such as improvement in risk management and financial controls.

ECONOMIC AND FINANCIAL RISKS

The main risks inherent to its operations refer to expenses with fuel and those tied to interest and foreign exchange rates. In order to reduce earnings volatility, GOL actively monitors such movements.

Expenses with fuel, in addition to being subject to price variations, are subject to foreign exchange variations, as prices in the international market are stipulated in U.S. dollars.

To protect itself from the effect of fluctuations in the prices of fuel or of the foreign exchange market, GOL maintains a hedge program of fuel and foreign exchange variation, according to which signed contracts with various counterparties. Hedge operations provide short-term foreign exchange coverage to the Company and are adjusted weekly or more frequently, as circumstances may require.

As part of its risk management program, the Company also establishes exposure limits, hedge indices and scheduled instruments and price triggers. For this, it uses a series of financial instruments, including crude oil purchase options, fixed price crude swap agreements and foreign currency future contracts.

Moreover, the Company uses financial derivatives instruments for cash management purpose. The Company uses synthetic fixed income options, registered at CETIP and made with first tiers banks, as well as swaps to obtain the CDI (Interbank Deposit Certificates) from fixed rate of dollar denominated investments.

The Company´s hedging practices are executed by its internal risk management committee and overseen by the Risk Policies Committee of the Board of Directors. The Risk Policies Committee of the Board of Directors meets quarterly to assess the effectiveness of the hedging policies and recommends amendments where appropriate. The Company requires that all of its risk management instruments be liquid so as to allow the Company to make position adjustments and have prices that are widely disclosed. The Company also avoids concentration of credit and product risk.

OPERATIONAL

To protect its assets, GOL isures adequate limits for protection of risks inherent to its business. It also carries aircraft insurance, which guarantees coverage for hull, war (seizure and confiscation), civil liability, replacement parts and civil liability of vehicles.

FINANCIAL STATEMENTS

Seeking compliance with sections 302 and 404 of the Sarbanes-Oxley Act, the internal controls structure of relevant processes involving risks to financial statements is evaluated, documented and tested, according to the requirements of the Public Companies Audit Oversight Board (PCAOB), using internationally recognized methodologies and criteria.

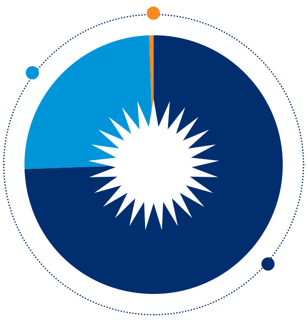
SUSTAINABILITY:

AWARE OF THE IMPORTANCE OF ITS PERFORMANCE AS A DOMESTIC COMPANY, GOL SEEKS TO MAINTAIN IN ITS RELATIONS WITH ALL PUBLICS OF INTEREST: EMPLOYEES, ENVIRONMENT AND SOCIETY.

PEOPLE MANAGEMENT

Employee by age group

From 18 to 35 years	69.4%
From 36 to 60 years	23.2%
Above 60 years	0.3%



Adjusting to basic requirements in companies with a high level of corporate governance, without losing sight of the friendliness and dynamism that characterize its staff, the Company invests in continuous improvement of its organizational structure and personnel administration.

Giving priority to experience in technical areas – composed of pilots, co-pilots and maintenance specialists – and valuing the creativity and energy of young people in functions of administration and passenger services, the Company has maintained its competitive advantage in selection, recruitment and retention of talents.

We closed the year with 15,722 employees, among whom 51% are allocated to functions at airports and in-flight operations, 33% working as pilots, co-pilots and flight attendants, and another 15% in administrative and customer service areas.

DEVELOPMENT OF COMPETENCIES

Striving to promote the professional development of its team in line with the Company's philosophy of performance, the first phase of a process that seeks to outline the detailed profile of active employees was concluded in 2007, contemplating the skills and competencies necessary for them to evolve hierarchically.

In this first phase, the process contemplated the functions of crew, airport and maintenance operations staff. In 2008, the Company will apply the same process of assessment and recognition of its administrative teams.

The program's distinguishing characteristic is that the teams are trained internally by its own employees, qualified to assume the role of managers of each team. This strategy was defined based on the principle of autonomy, cultivated by the Company since the beginning of its operations.

4.788 JOBS CREATED IN **2007.**

In addition to achieving the goals of alignment of those already working in the Company, the process will enable recruitment that takes place as of 2008 to be more in step with the Company's values and principles, so as to give sustainability to its growth plans.

CAREER PLAN

Divided into 800 UGBs (Basic Management Units), employees are evaluated by profile and results, which permits them to move inside the organizational structure, in addition to using and improving their most relevant competencies.

This management policy, which contemplates all titles and functions, allows the Company to exercise its principle of internal employment of talents with greater safety and assertion. The premise is to offer promotion opportunities first to the internal public, so as to retain motivated personnel who are committed to achieving results. Based on this principle, in 2007, the Company promoted 3,009 employees.

LEADERSHIP DEVELOPMENT

In tandem with the action plan for technical and administrative teams, in 2007 the Company implemented a structured leadership development program. With the support of outside consultants, we are assessing the technical and behavioral profile of leaders to identify the strengths and weaknesses of our professionals. Subsequently, an improvement plan will be developed to enable them to achieve the required level not only for their current functions but also to move on in the future to a higher threshold than the position they presently hold. In the first phase implemented in 2007, 53 offices and managers participated. A new group, encompassing coordinators and analysts, will participate in 2008.

COMPENSATION

GOL Linhas Aéreas Inteligentes S.A. offers a profit sharing program, structured on compliance with established targets in strategic planning, both in terms of budget and quality. A portion of the Company's earnings is distributed among employees. In 2007, R$45 million was provisioned for distribution. Moreover, the Company has a stock option plan for top managers.

DIVERSITY

Based on the slogan "At GOL everybody can work," the Company has an affirmative action policy regarding age, gender, ethnic, social, political and ideological diversity. Moreover, it invests in diversity as a competitive advantage, fostering the exchange of persons with different cultures, in Brazil and in the world.

The program of inclusion of persons with special needs is one initiative through which the Company demonstrates a commitment to promote diversity. In addition to complying with the law, the Company has decided to put these employees on the front lines, working in customer service at airports, which enhances their possibilities of insertion into society. Overall, the Company employs 344 individuals with special needs. In 2008, the goal is that each of the UGBs will have at least one challenged person on its team.

CORPORATE RESPONSIBILITY

GOL was created at a time of intense concern by society over environmental issues. Hence, it did not have to undergo any adaptations to the new requirements. By its very nature, GOL is a company that belongs to the new era. Concern with the environment and with every strategic stakeholder permeates the Company's day-to-day activities. This level of awareness is involved in the selection of its staff members and suppliers, with the adoption of practices based on ethics and respect for human beings. As an airline in a country of continental dimensions with striking geographical and social contrasts, GOL extends its wings over a number of entities committed to hand out, share, and sow, each one in its area of activity, the seeds of development and inclusion. The Company also discloses its 2007 Social Balance Sheet – a separate document that sets out in detail its commitment and the material actions aimed at contributing towards a more socially and environmentally fair and equal country.

SOCIAL PERFORMANCE

Staff Members

The Company's Human Resources Policy is based on total respect for the diversity and individuality of people. Hence, GOL encourages the admission and promotion of staff members who form part of the labor market's less favored groups, such as young people, senior citizens, and the handicapped. The Company's Code of Ethics and its Conduct Manual bar any kind of distinction or prejudice among staff members.

The Human Resources department is strategic, as the Company's profit figures necessarily arise from each staff member's work, regardless of rank or position. All of the over 15,000 staff members are committed to the development of projects, with clearly defined goals. The heads of each management unit encourage their staff members to feel at ease in overtly creating and putting forth suggestions. Involvement and commitment in materializing projects do in fact take place.

GOL also develops the PNE Project (Persons with Special Needs), which since its implementation in 2005 has already admitted 200 persons. In addition, the Company makes a point of employing these persons in occupations directly in contact with the public, mainly at airports. The project also prepares its other staff members by means of courses and presentations, to deal correctly with their new workmates.

In 2006 GOL created its Better Age Project, intended to provide work opportunities for persons over 50 years old. This project is a result of the conviction that these staff members, with their ample professional experience, will consistently contribute to the Company's progress. GOL currently has roughly 600 staff members over 50 years old.

Acknowledgment of employees' efforts takes place in accordance with the Company's Profit Sharing Plan (PPR), which exists since 2004. Promotions are another means of recognizing staff members' talents.

Nine out of ten new jobs created are filled by GOL's own employees.

The Company offers all the benefits provided for by law, having in the course of 2007 extended psychological assistance to its staff members, either over the telephone or through personal attendance, in order to help them deal with pressure at work. Furthermore, staff members have available a number of communications channels, such as the Intranet, newsletters, and organizational climate surveys, regularly undertaken and with broadly disclosed results.

Customers

In 2007 GOL surpassed its own record for carrying passengers. Almost 24 million Brazilians were carried, nearly half of all the passengers carried during the six previous years of the Company's existence. Roughly 10% of this total had never traveled by air.

Accessible fares, promotions, and airfare payments in as many as 36 installments, through the Voe Fácil program, have allowed a much greater number of people to exchange buses for seats in aircraft, saving time and adding comfort and safety to their travels.

The Community

In order to benefit needy segments of society, GOL supports a portfolio of projects in a number of areas. This incentive is only possible through the contribution by our business' key objective, which is to carry people with quality and safety to their destinations. GOL believes that companies have an essential role in the reduction of social problems, and hence it proposes that each agent of change should contribute in order to ensure a sustainable environment for everyone, with no financial or corporate image intentions. The following are the projects supported in 2007.

AACD – GOL supports and is a partner of AACD (– Association for the Care of Disabled Children), an institution founded in 1950 to provide treatment, rehabilitation and integration of handicapped children into society. Last year 100 air tickets were donated, in addition to the collection of funds and assistance in creating awareness in society. The Company contributed R$2 million in 2007.

Abrinq Foundation – founded in 1990 by a group of businessmen in the toy industry, its mission is to encourage the defense and exercise of citizens' rights by children and teenagers throughout the country. The Company has donated air tickets totaling R$19,292.00. This sum was R$2,774.00 in 2007.

Canto Cidadão – Canto Cidadão em Todos os Cantos is an entity dedicated to promoting citizenship and hospital relief. This social action is accomplished by means of the so-called Citizen Doctors – clowns who jointly with doctors, but with no activities in a hospital's routine – seek to bring joy and encouragement to the sick.

CARE Brasil – GOL was an important partner of CARE Brasil in 2007, with the donation of airfares for 170 seats, from Rio de Janeiro to Piauí. With a presence in 123 countries, this NGO's mission is to fight poverty.

Eu Quero Ajudar ("I want to help") – an organization with the mission of promoting social and economic development, assisting families in very poor regions to acquire a sustainable and worthy standard of survival and education. In the course of the year, seven projects were given support in the form of air tickets.

Gol de Letra Foundation – acknowledged by UNESCO as a world model of assistance to socially excluded children, by means of cultural and educational training. Organized by the Brazilian national soccer team players, Raí and Leonardo, this institution develops programs that assist 1,000 young people in São Paulo and Rio de Janeiro. To this end, last year GOL cooperated with 200 air tickets.

Futebol dos Atores – organized by actor Fábio Villaverde, the group consists of 40 actors who change places in the course of the year in lively soccer matches held in a number of the country's regions. This partnership with the Company dates back to 2003, and last year the sportsmen-actors received 40 air tickets.

Instituto Criar de TV e Cinema – Voe Alto is the name of the project that GOL supports in the Instituto Criar de TV e Cinema, an entity dedicated to the supplementary educational area, encouraging professional growth and entrepreneurship. The Company is this project's sole sponsor and since 2004 has contributed with air tickets for speakers in presentations, of an approximate monthly sum of R$5,000. In addition, it donated 30 air tickets to the Institute.

Pastoral da Criança – a community organization acting at the domestic and international level, with activities based on human solidarity and the sharing of knowledge. Its purpose is to fully develop children, from birth to six years of age, in the family and community environment. Since entering into this partnership, GOL has invested R$2 million, an average of R$500,000 annualy.

Projeto Felicidade – an institution from the state of São Paulo which devotes itself to creating self-respect in needy children with cancer. This project provides weekly assistance to 14 families selected in 32 accredited hospitals from different regions in the country. Until last year there were 7,951 participants, 304 of which flew with GOL. In 2007, 96 air tickets were issued for 14 of the country's states.

Expedicionários da Saúde – an NGO created in 2003 with the mission of providing medical assistance – surgeries in particular – to native populations in Brazil's remotest regions. GOL has been carrying physicians, nurses, and technicians since 2004 to the closest possible location, in addition to all the required equipment to assemble a real hospital in the midst of the Amazon forest.

Vaga Lume – a non-profit organization devoted to providing culture and education in the Amazon region. Since its creation in 2001, this entity has organized 82 libraries in rural communities, making literature accessible to them. Last year GOL provided air tickets enabling 79 persons from 19 municipalities in the Amazon region to come to São Paulo and attend the 2nd Vaga Lume Congress, in addition to donating seats to 150 project participants.

Ashoka – an institution dedicated to the encouragement of social entrepreneurship. With a presence in 63 countries, it supports actions with a potential to change the reality of the locations and people involved. GOL contributed to the selection of 19 new social entrepreneurs in 2007 in Brazil and Paraguay, and indirectly assisted over 56,000 children, young people, and adults by means of organizations and networks run by these entrepreneurs.

Escola do Teatro Bolshoi no Brasil – Instituto Escola do Teatro Bolshoi no Brasil is the only school of the world-renowned ballet outside of Russia. Those interested in being admitted to the School, from any social background, are subject to an extensive and detailed selection process. GOL donated 75 air tickets in 2007, providing these young people with access to a course held by a specialized professional staff, both Brazilian and Russian, contributing to disseminate culture.

Centro Infantil Boldrini – provides medical and hospital assistance to children and teenagers with blood diseases and cancer, providing full-time care to patients and family members. This project has had GOL's support since 2006, and to date 6,000 patients and 40 employees have been benefited. In 2006 R$10,000 was invested, the same amount as in 2007.

Espaço Criança Lagoa Santa – an effort developed jointly with the NGO Conviver and the public authorities, the facilities welcome children sent by the juvenile court and social assistance agencies. GOL assists by transferring its management experience, with improvements to facilities' infrastructure and the maintenance of buildings, furniture, and equipment. Family members and other volunteer groups run workshops, organize refurbishings and regular maintenance, hold commemorations, and manage the facilities.

Caravana do Esporte – organized since 2005 by ESPN Brasil, a sporting cable TV channel, jointly with UNICEF and Instituto Esporte e Educação, uses sports as an instrument to educate children and young people in needy communities located in rural areas and in the surrounding areas of the country's large cities. Support by GOL began in 2007, with the donation of air tickets to the entire team. Hence, the project was able to allocate a portion of its funds for the increase of assistance to children and young people.

APAE – carries out an important function by encouraging the inclusion of the handicapped into society, in addition to providing support to their families and the upholding of their rights. GOL believes that this initiative is an important path to develop less favored persons in the labor market, and consequently since 2005 it seeks to encourage integration, qualifying its staff members to receive and work side by side with these new workmates. In 2006 GOL had 299 handicapped employees or those with special needs. This number rose to 344 in 2007.

ENVIRONMENTAL PERFORMANCE

Environmental efficiency

Environmental care is an ongoing concern for GOL. The Company's Maintenance Center located in Confins, in the state of Minas Gerais, has been approved by the Ministry of the Environment and is one of Latin America's most modern facilities. The hangar is able to receive four aircraft at the same time and is equipped with a unit for the processing of chemical effluents, which are treated in accordance with the best world practices for environmental protection. The water used to wash items, for example, is processed and re-used in the aircrafts' on-board toilets. The different types of oils as well as the chemicals employed in painting the aircraft are disposed of under strict environmental standards.

Permanently expanding and renewing its fleet, GOL flies the 737-800 SFP (Short Field Performance) model, developed by Boeing in order to meet the Company's specific needs. These aircraft, which make up almost one-third of GOL's fleet, are able to take off and land on short runways, producing less noise and using 4% less fuel, and as a result reducing the dispersion of polluting gases into the atmosphere.

In addition to protecting the environment, the measures adopted by GOL are planned to be economically feasible. In 2003, for example, the Company created its Passando a Limpo project, which consists of intelligent methods for cleansing aircraft. Previously, washing an airplane used on average 1,000 liters of water. The dry cleaning method adopted reduced this to 100 liters only, reducing use and with less waste water going into the sewage network. GOL also uses industrial towels in aircraft maintenance, washed by specialized companies that do not create residues. Moreover, solid wastes from the galley (food and passengers' used objects) are incinerated.

The Company also runs the GOL Recycling Program, which encourages staff members to separate recyclable materials such as plastic and paper items. The revenues obtained from the sale of materials reverts to the employees' Quality of Life Program and to charitable institutions selected by them. In the maintenance area, paper and metal packaging is sent to a cooperative of recyclable materials collectors, which shares with the latter the revenues obtained from sales. Any excess lubricants found in this packaging are first removed, gathered in special containers, and collected by a firm specialized in refining petroleum derivatives.

GOL adopts Environmental Management System (EMS) procedures with its suppliers and provides detailed technical audits to inspect them, which may disapprove and reject goods from companies that do not meet environmental protection parameters. Moreover, GOL supports a number of initiatives for environmental protection and awareness. During the Environment Week commemorated in June last year, the Company participated in the Limpando & Reciclando 2007 event ("Cleaning and Recycling"), held in the city of Rio de Janeiro. With the attendance of 957 volunteers, four tons of refuse were collected from the beaches of Copacabana, Ipanema, Leblon, Barra da Tijuca, and Recreio dos Bandeirantes, among others. Explanatory folders, biodegradable plastic bags, and gloves were handed out to stallholders, street sellers, and bathers, in order to call the population's attention. That same week the Company sponsored the Vamos Limpar o Brasil event ("Lets Clean Up Brazil"), also on the Rio de Janeiro beaches. Both initiatives were organized by Instituto Ecológico Aqualung, which sponsors preservation and environmental education actions.

GOL has provided support since 2005 to the Programa Floresta do Futuro (Future's Forest Program), a development program developed by Fundação SOS Mata Atlântica, a non-profit entity dedicated to encourage the preservation of biological diversity and cultural identity of this vegetation, of which a mere 7% remains of its original area. Last year the Company supported a specific initiative, the Viva a Mata event, by contributing a total of R$10,000.00 plus 20 air tickets. The former project seeks out partnerships with companies in order to reforest and recover areas with native species, which are essential to preserve water sources. These actions are related to environmental education plans in the benefited regions, which cover close to 700 municipalities and 36 million inhabitants. Viva a Mata, which was held in São Paulo's Ibirapuera Park, consisted of exhibiting Mata Atlântica (Atlântica Forest) preservation projects. In 2007 there were 200 exhibitors with a turnout of 75,000 people.

USGAAP GOL LINHAS AÉREAS INTELIGENTES S.A.

CONTENTS

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of GOL Linhas Aéreas Inteligentes S.A. is responsible for establishing and maintaining adequate internal control over financial reporting for the Company.

The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may became inadequate because of changes in conditions.

As disclosed in the notes 1 and 4 of its consolidated financial statements, during the second quarter of 2007, the Company acquired VRG Linhas Aéreas S.A. (VRG). As provided under the Sarbanes Oxley Act of 2002 and the applicable rules and regulations of the Securities and Exchange Commission, management has elected to exclude VRG from this evaluation. VRG is a wholly-owned company whose total assets and total revenues represented 19.6% and 11.7%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2007.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007, based on the criteria set forth by the COSO – Committee of Sponsoring Organization of the Treadway Commission in Internal Control – Integrated Framework. Based on that assessment management has concluded that as of December 31, 2007 the Company's internal control over financial reporting is effective.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2007 has been audited by Ernst & Young Auditores Independentes S.S., the company's independent registered public accounting firm. Ernst & Young's attestation report on management's assessment of the Company's internal controls dated February 12, 2008 is included herein.

Constantino de Oliveira Junior
Chief Executive Officer
Date: February 12, 2008

Richard Freeman Lark, Jr.
Chief Financial Officer
Date: February 12, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Shareholders
Gol Linhas Aéreas Inteligentes S.A.

We have audited Gol Linhas Aéreas Inteligentes S.A.'s internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Comission (the COSO criteria). Gol Linhas Aéreas Inteligentes S.A.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on International Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of VRG Linhas Aéreas S.A., which is included in the 2007 consolidated financial statements of Gol Linhas Aéreas Inteligentes S.A. and constituted R$1,372,898 and R$312,060 of total and net assets, respectively, as of December 31, 2007 and R$581,401 and R$164,987 of revenues and net loss, respectively, for the year then ended. Our audit of internal control over financial reporting of Gol Linhas Aéreas Inteligentes S.A. also did not include an evaluation of the internal control over financial reporting of VRG Linhas Aéreas S.A.

In our opinion, Gol Linhas Aéreas Inteligentes S.A. maintained effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Gol Linhas Aéreas Inteligentes S.A. as of December 31, 2007 and 2006, and related consolidated statements of income, shareholder's equity, and cash flows for each of the three years in the period ended December 31, 2007 of Gol Linhas Aéreas Inteligentes S.A. and our report dated February 12, 2008 expressed an unqualified opinion thereon.

ERNST & YOUNG
Auditores Independentes S.S.
CRC–2SP015199/O–6

Maria Helena Pettersson
Partner

São Paulo, Brazil,
February 12, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Gol Linhas Aéreas Inteligentes S.A.

We have audited the accompanying consolidated balance sheets of Gol Linhas Aéreas Inteligentes S.A. and subsidiaries as of December 31, 2007 and 2006 and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gol Linhas Aéreas Inteligentes S.A. and subsidiaries at December 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Gol Linhas Aéreas Inteligentes S.A.'s internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 12, 2008 expressed an unqualified opinion thereon.

ERNST & YOUNG
Auditores Independentes S.S.
CRC–2SP015199/O–1

Maria Helena Pettersson
Partner

São Paulo, Brazil
February 12, 2008

GOL LINHAS AÉREAS INTELIGENTES S.A.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2007 AND 2006
(IN THOUSANDS OF BRAZILIAN REAIS)

	2006	2007	Translation into thousands of US$ 2007
Assets			
Current assets			
Cash and cash equivalents	R$280,977	**R$574,363**	**US$324,261**
Short-term investments	1,425,369	**858,438**	**484,637**
Receivables, less allowance (2006 – R$10,366; 2007 – R$23,297, US$13,152)	659,306	**916,133**	**517,209**
Inventories of parts and supplies	75,165	**209,926**	**118,515**
Deposits	232,960	**192,357**	**108,597**
Recoverable and deferred taxes	60,396	**90,090**	**50,861**
Prepaid expenses	64,496	**143,756**	**81,158**
Other	12,654	**144,484**	**81,569**
Total current assets	**2,811,323**	**3,129,547**	**1,766,807**
Property and equipment			
Pre-delivery deposits	436,911	**543,906**	**307,066**
Flight equipment	660,861	**1,690,903**	**954,611**
Other	129,260	**179,709**	**101,456**
	1,227,032	**2,414,518**	**1,363,133**
Accumulated depreciation	(147,809)	**(269,633)**	**(152,223)**
Property and equipment, net	**1,079,223**	**2,144,885**	**1,210,910**
Other assets			
Deposits	304,875	**397,308**	**224,303**
Deferred income taxes	-	**47,121**	**26,602**
Goodwill	-	**272,975**	**154,110**
Tradenames	-	**124,883**	**70,504**
Routes	-	**746,734**	**421,574**
Other	63,033	**138,968**	**78,456**
Total other assets	**367,908**	**1,727,989**	**975,549**
Total assets	**R$4,258,454**	**R$7,002,421**	**US$3,953,266**

	2006	2007	Translation into thousands of US$ 2007
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings	R$128,304	**R$496,788**	**US$280,465**
Current portion of long-term debt	12,384	**308,285**	**174,044**
Current obligations under capital leases	33,112	**93,020**	**52,515**
Accounts payable	124,110	**326,364**	**184,251**
Salaries, wages and benefits	87,821	**163,437**	**92,270**
Sales tax and landing fees	139,394	**152,332**	**86,000**
Air traffic liability	335,268	**472,860**	**266,956**
Insurance premium payable	44,897	**44,150**	**24,925**
Dividends payable	42,961	**75,610**	**42,686**
Deferred revenue	-	**90,843**	**51,286**
Other	52,095	**63,653**	**35,936**
Total current liabilities	**1,000,346**	**2,287,342**	**1,291,334**
Non-current liabilities			
Long-term debt	726,982	**1,066,102**	**601,875**
Obligations under capital leases	222,024	**776,578**	**438,423**
Deferred income taxes, net	28,064	**-**	**-**
Deferred gains on sale and leaseback transactions	48,219	**-**	**-**
Deferred revenue	-	**287,191**	**162,136**
Estimated civil and labor liabilities	-	**32,075**	**18,108**
Other	27,661	**177,870**	**100,418**
	1,052,950	**2,339,816**	**1,320,960**
Shareholders' equity			
Preferred shares, no par value; 94,709,463 and 88,615,674 issued and outstanding in 2007 and 2006, respectively	846,125	**1,205,801**	**680,744**
Common shares, no par value; 107,590,792 issued and outstanding in 2007 and 2006	41,500	**41,500**	**23,429**
Additional paid-in capital	35,430	**39,132**	**22,092**
Appropriated retained earnings	39,577	**87,227**	**49,245**
Unappropriated retained earnings	1,246,848	**998,936**	**563,956**
Accumulated other comprehensive income	(4,322)	**2,667**	**1,506**
Total shareholders' equity	**2,205,158**	**2,375,263**	**1,340,972**
Total liabilities and shareholders' equity	**R$4,258,454**	**R$7,002,421**	**US$3,953,266**

See accompanying notes.

GOL LINHAS AÉREAS INTELIGENTES S.A.
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005
(IN THOUSANDS OF BRAZILIAN REAIS, EXCEPT PER SHARE AMOUNTS)

	2005	2006	2007	Translation into thousands of US$ 2007
Net operating revenues				
Passenger	R$2,539,016	R$3,580,919	**R$4,566,691**	**US$2,578,158**
Cargo and Other	130,074	221,098	**371,640**	**209,812**
Total net operating revenues	**2,669,090**	**3,802,017**	**4,938,331**	**2,787,970**
Operating expenses				
Salaries, wages and benefits	260,183	413,977	**798,141**	**450,596**
Aircraft fuel	808,268	1,227,001	**1,898,840**	**1,072,004**
Aircraft rent	240,876	292,548	**515,897**	**291,253**
Sales and marketing	335,722	414,597	**367,866**	**207,681**
Landing fees	92,404	157,695	**273,655**	**154,494**
Aircraft and traffic servicing	91,599	199,430	**348,732**	**196,879**
Maintenance materials and repairs	55,373	146,505	**318,917**	**180,047**
Depreciation	35,014	69,313	**121,570**	**68,633**
Other	128,300	179,494	**317,686**	**179,352**
Total operating expenses	**2,047,739**	**3,100,560**	**4,961,304**	**2,800,939**
Operating income	621,351	701,457	**(22,973)**	**(12,969)**
Other income (expense)				
Interest expense	(19,383)	(66,378)	**(142,390)**	**(80,387)**
Capitalized interest	17,113	16,733	**38,918**	**21,971**
Interest and investment income	140,204	174,354	**290,247**	**163,861**
Other expenses, net	(41,763)	(27,204)	**(64,091)**	**(36,183)**
Total other income	**96,171**	**97,505**	**122,684**	**69,262**
Income before income taxes	717,522	798,962	**99,711**	**56,293**
Income taxes (expense) benefit	(204,292)	(229,825)	**2,802**	**1,582**
Net income	R$513,230	R$569,137	**R$102,513**	**US$57,875**
Earnings per common and preferred share:				
Basic	R$2.66	R$2.90	**R$0.52**	**US$0.29**
Diluted	R$2.65	R$2.90	**R$0.52**	**US$0.29**

See accompanying notes.

GOL LINHAS AÉREAS INTELIGENTES S.A.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005
(IN THOUSANDS OF BRAZILIAN REAIS, EXCEPT FOR SHARE INFORMATION)

	Common Shares		Preferred Shares		Additional	Deferred	Retained Earnings		Accumulated other compre-	Total
	Shares	Amount	Shares	Amount	paid-in capital	compensation	Appropriated	Unapropriated	hensive income	
Balance at December 31, 2004	109,448,497	R$41,500	78,094,746	R$564,634	R$49,305	R$(10,059)	R$18,352	R$484,721	-	R$1,148,453
Comprehensive income:										
Net income	-	-	-	-	-	-	-	513,230	-	513,230
Unrealized gain on derivative instruments, net of taxes	-	-	-	-	-	-	-	-	6,411	6,411
Total Comprehensive income										519,641
Proceeds from public offering, net	-	-	7,725,811	258,123	-	-	-	-	-	258,123
Issuance of preferred shares pursuant to employee stock option plan	-	-	703,579	17,238	(15,099)	-	-	-	-	2,139
Unpaid subscribed capital	-	-	(572,000)	(1,739)	-	-	-	-	-	(1,739)
Deferred income taxes on public offering issuance costs, net	-	-	-	5,458	-	-	-	-	-	5,458
Deferred compensation	-	-	-	-	428	(428)	-	-	-	-
Amortization of deferred compensation	-	-	-	-	-	8,126	-	-	-	8,126
Dividends payable and interest on shareholders' equity	-	-	-	-	-	-	-	(117,870)	-	(117,870)
Transfer to appropriated retained earnings	-	-	-	-	-	-	21,225	(21,225)	-	-
Balance at December 31, 2005	109,448,497	R$41,500	85,952,136	R$843,714	R$34,634	R$(2,361)	R$39,577	R$858,856	R$6,411	R$1,822,331
Comprehensive income:										
Net income	-	-	-	-	-	-	-	569,137	-	569,137
Change in fair value of derivative instruments, net of taxes	-	-	-	-	-	-	-	-	(10,733)	(10,733)
Total Comprehensive income										558,404
Paid-in subscribed capital	(1,857,705)		2,663,538	2,411	-	-	-	-	-	2,411
Deferred compensation	-	-	-	-	4,641	(4,641)	-	-	-	-
Amortization of deferred compensation	-	-	-	-	-	3,157	-	-	-	3,157
Dividends payable and interest on shareholders' equity	-	-	-	-	-	-	-	(181,145)	-	(181,145)
Balance at December 31, 2006	**107,590,792**	**R$41,500**	**88,615,674**	**R$846,125**	**R$39,275**	**R$(3,845)**	**R$39,577**	**R$1,246,848**	**R$(4,322)**	**R$2,205,158**
Transfer to appropriated retained earnings							34,224	(34,224)		-
Comprehensive income:										
Net income	-	-	-	-	-	-	-	**102,513**	-	**102,513**
Change in fair value of derivative instruments, net of taxes	-	-	-	-	-	-	-	-	**6,989**	**6,989**
Total Comprehensive income										**109,502**
Paid-in subscribed capital	-	-	**11,569**	**432**	-	-	-	-	-	**432**
Deferred compensation	-	-	-	-	**1,290**	-	-	-	-	**1,290**
Amortization of deferred compensation	-	-	-	-	-	**2,412**	-	-	-	**2,412**
Capital increase	-	-	**6,082,220**	**359,244**	-	-	-	-	-	**359,244**
Transfer to appropriated retained earnings	-	-	-	-	-	-	**13,426**	**(13,426)**	-	-
Dividends payable and interest on shareholders' equity	-	-	-	-	-	-	-	**(302,775)**	-	**(302,775)**
Balance at December 31, 2007	**107,590,792**	**R$41,500**	**94,709,463**	**R$1,205,801**	**R$40,565**	**R$(1,433)**	**R$87,227**	**R$998,936**	**R$2,667**	**R$2,375,263**

See accompanying notes.

GOL LINHAS AÉREAS INTELIGENTES S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005
(IN THOUSANDS OF BRAZILIAN REAIS)

	2005	2006	2007	Translation into thousands of US$ 2007
Cash flows from operating activities				
Net income	R$513,230	R$569,137	**R$102,513**	**US$57,875**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	35,519	69,313	**121,570**	**68,633**
Deferred income taxes	20,926	(27,882)	**(113,930)**	**(64,320)**
Allowance for doubtful accounts receivable	1,343	5,476	**12,931**	**7,300**
Amortization of sale-leaseback gains	-	58,347	**(23,170)**	**(13,081)**
Other, net	-	-	**3,702**	**2,090**
Changes in operating assets and liabilities:				
Receivables	(178,931)	(100,824)	**(232,533)**	**(131,278)**
Inventories	(19,645)	(34,482)	**(129,319)**	**(73,008)**
Accounts payable and other accrued liabilities	37,488	50,186	**(18,608)**	**(10,505)**
Deposits with lessors	(119,661)	(110,858)	**68,333**	**38,578**
Air traffic liability	57,909	117,468	**98,800**	**55,778**
Dividends payable	40,806	(58,521)	**(19,420)**	**(10,964)**
Deferred revenues	-	-	**8,121**	**4,585**
Other, net	(18,126)	9,809	**(33,268)**	**(18,782)**
Net cash provided (used) by operating activities	370,858	547,169	**(154,278)**	**(87,102)**
Cash flows from investing activities				
Deposits for aircraft leasing contracts	301	(18,204)	**(40,075)**	**(22,625)**
Acquisition of VRG, net of cash acquired	-	-	**(201,029)**	**(113,492)**
Acquisition of property and equipment	(169,443)	(489,790)	**(454,036)**	**(256,329)**
Pre-delivery deposits	(330,431)	(80,146)	**(106,995)**	**(60,405)**
Purchase of available-for-sale securities	(456,418)	(2,021,593)	**(858,438)**	**(484,637)**
Sale of available-for-sale securities	137,091	1,358,912	**1,425,369**	**804,702**
Net cash used in investing activities	(818,900)	(1,250,821)	**(235,204)**	**(132,786)**
Cash flows from financing activities				
Short-term borrowings	(64,333)	74,288	**360,298**	**203,409**
Proceeds from issuance of long-term debt	-	990,304	**559,529**	**315,886**
Issuance of preferred shares	279,080	-	**-**	**-**
Paid-in subscribed capital	-	-	**432**	**244**
Dividends paid	(60,676)	(181,145)	**(250,705)**	**(141,536)**
Exercise of stock options	2,139	711	**420**	**237**
Other, net	(7,551)	(5,876)	**12,894**	**7,279**
Net cash provided by financing activities	148,659	878,282	**682,868**	**385,520**
Net increase (decrease) in cash and cash equivalents	(299,383)	174,630	**293,386**	**165,633**
Cash and cash equivalents at beginning of the year	405,730	106,347	**280,977**	**158,628**
Cash and cash equivalents at end of the year	R$106,347	R$280,977	**R$574,363**	**US$324,261**
Supplemental disclosure of cash flow information				
Interest paid	R$19,383	R$65,207	**R$163,764**	**US$92,454**
Income taxes paid	R$168,975	R$257,706	**R$85,070**	**US$48,027**
Non cash investing activities				
Accrued capitalized interest	R$17,113	R$16,733	**R$38,393**	**US$21,675**
Shares issued as consideration for the acquisition of VRG	R$ -	R$ -	**R$357,235**	**US$201,680**
Capital leases	R$ -	R$264,629	**R$854,093**	**US$442,002**

See accompanying notes.

1. BUSINESS OVERVIEW

Gol Linhas Aéreas Inteligentes S.A. (Company or GLAI) is the parent company of Gol Transportes Aéreos S.A. (GOL), a low-cost low-fare airline and VRG Linhas Aéreas S.A. (VRG), a premium service airline. The Company's strategy is to grow and increase results of its businesses, popularizing and stimulating demand for safe and high quality air transportation for business and leisure passengers, keeping its costs among the lowest in the industry worldwide.

On April 9, 2007, the Company acquired 100% of VRG Linhas Aéreas S.A. (VRG). VRG operates domestic and international flights with its own brand (VARIG) offering differentiated services, incorporating an operating model based on high efficiency and best management practices. The acquisition of VRG is conditional upon the approval from the Brazilian Antitrust Agency (CADE).

As of December 31, 2007, GOL operated a 78 – aircraft fleet, comprised of 36 Boeing 737 – 800, 30 Boeing 737 – 700 and 12 Boeing 737 – 300 aircraft. During 2007, GOL maintained flights to 59 destinations (51 in Brazil, 3 in Argentina, and 1 each in Bolivia, Paraguay, Uruguay, Chile and Peru). As of December 31, 2007, VRG (see Note 4) operated a 33-aircraft fleet, comprised of 7 Boeing 737-800, 1 Boeing 737-700, 16 Boeing 737-300 and 9 Boeing 767-300 aircraft. VRG serves 23 destinations (14 in Brazil, and 1 each in Argentina, Colombia, Venezuela, France, Germany, Italy, England, Mexico and Chile).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These financial statements were prepared in accordance with accounting principles generally accepted in the United States (US GAAP), using Brazilian Reais as the functional and reporting currency. The exchange rate at December 31, 2007 was R$1.7713 and R$2.1380 at December 31, 2006 (the December 31, 2007 rate is used for convenience translation). The average exchange rates for 2007 and 2006 were R$1.9483 and R$2.1771, respectively, per U.S. dollar (these rates are provided for reference purposes). The accounting principles adopted under USGAAP differ in certain respects from accounting principles generally accepted in Brazil ("Brazilian GAAP"), which the Company uses to prepare its statutory financial statements.

The consolidated financial statements include accounts of Gol Linhas Aéreas Inteligentes S.A. and of its wholly-owned subsidiaries Gol Transportes Aéreos S.A. (GTA), GTI S.A., GAC Inc. and Gol Finance and indirect ownership of VRG S.A. and SKY Finance. Results of VRG are consolidated from April 9, 2007, the date the Company assumed control over operations of VRG. All significant intercompany balances have been eliminated.

b) Use of estimates

The preparation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the accompanying notes. Actual results could differ from these estimates.

c) Cash and cash equivalents

Cash in excess of that necessary for operating requirements is invested in short-term, highly liquid, income-producing investments. Investments with maturities of three months or less are classified as cash and cash equivalents, which primarily consist of certificates of deposit, money market funds, and investment grade commercial paper issued by major financial institutions.

d) Securities available-for-sale

The Company's short-term investment portfolio consists of traditional fixed maturities securities, which are readily convertible into cash and are primarily highly liquid in nature. Management determines the appropriate classification of debt securities at the time of purchase and reevaluates such designation as of each balance sheet date. As defined by SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities", the Company's short-term investments are classified as available-for-sale securities. Available-for-sale securities are carried at fair value, with the unrealized gains and losses, net of tax, reported in other comprehensive income. Realized gains and losses and declines in value judged to be other-than-temporary on available-for-sale securities are included in investment income. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in investment income.

e) Provision for doubtful accounts

Provision for doubtful accounts is constituted in an amount sufficient to cover possible losses in the realization of accounts receivable.

f) Inventories

Inventories consist of expendable aircraft spare parts and supplies. These items are stated at average acquisition cost and are charged to expense when used. Allowance for obsolescence is based on management estimates, which are subject to change.

g) Aircraft and engine maintenance deposits

Our aircraft lease agreements specifically provide that we, as lessee, are responsible for maintenance of the leased aircraft. Under certain of our existing lease agreements, we pay maintenance deposits to aircraft and engine lessors that are to be applied to future maintenance events. These deposits are calculated based on a performance measure, such as flight hours or cycles, and are available for reimbursement to us upon the completion of the maintenance of the leased aircraft. If there are sufficient funds on deposit to reimburse us for our maintenance costs, such funds are returned to us. The maintenance deposits paid under our lease agreements do not transfer either the obligation to maintain the aircraft or the cost risk associated with the maintenance activities to the aircraft lessor. In addition, we maintain the right to select any third-party maintenance provider or to perform such services in-house. Therefore, we record these amounts as a deposit on our balance sheet and recognize maintenance expense when the underlying maintenance is performed, in accordance with our maintenance accounting policy. The amount of aircraft and engine maintenance deposits expected to be utilized in the next twelve months is classified in Current Assets. Certain of our lease agreements provide that excess deposits are not refundable to us. Such excess could occur if the amounts ultimately expended for the maintenance events were less than the amounts on deposit. Any excess amounts held by the lessor or retained by the lessor upon the expiration of the lease, which are not expected to be significant, would be recognized as additional aircraft rental expense at the time it is no longer probable that such amounts will be used for maintenance for which they were deposited.

In determining whether it is probable maintenance deposits will be used to fund the cost of maintenance events, the Company conducts the following analysis at the inception of the lease, on an annual and quarterly basis and whenever events or changes in circumstances indicate that amounts may not be recoverable, to evaluate potential impairment of this balance:

1) At the time of delivery of each aircraft under lease, the Company evaluates the aircraft's condition, including the airframe, the engines, the auxiliary power unit and the landing gear.

2) The Company projects future usage of the aircraft during the term of the lease based on its business and fleet plan.

3) The Company estimates the cost of performing all required maintenance during the lease term. These estimates are based on the extensive experience of the Company's Management and industry available data, including historical fleet operating statistic reports published by the Company's engine manufacturer, CFM.

At the inception of the leases, our initial estimates of the maintenance expenses are equal to or in excess of the amounts required to be deposited. This demonstrates it is probable the amounts will be utilized for the maintenance for which they are to be deposited and the likelihood of an impairment of the balance is remote. Additionally, we have reached agreements with certain lessors to replace the deposits with letters of credit and amend the lease terms to enable us to utilize the deposited funds to settle other amounts owed under the lease. Upon this amendment of the lease we reevaluate the appropriateness of the lease accounting and reclassify the affected deposits as Other Deposits. Many of our new aircraft leases do not require maintenance deposits.

Based on the foregoing analysis, Management believes that the amounts reflected on the consolidated balance sheet as Aircraft and Engine Maintenance Deposits are probable of recovery. There has been no impairment of our maintenance deposits.

h) Property and equipment

Property and equipment are recorded at cost and are depreciated to estimated residual values over their estimated useful lives using the straight-line method and rotables are depreciated on a group basis. Interest related to pre-delivery deposits to acquire new aircraft is capitalized. The estimated useful lives for property and equipment are as follows:

	Estimated Useful Life
Leasehold improvements to flight equipment	Lower of lease term or useful life
Aircraft under capital leases	20 years
Engines	20 years
Maintenance and engineering equipment	10 years
Rotables	20 years
Communication and meteorological equipment	5 years
Computer hardware and software	5 years

Residual values for aircraft, engines and major rotable parts are 5%. Equipment under capital leases are amortized over the term at the leases or over their expected useful lives.

i) Goodwill and Intangible Assets

The Company accounts for goodwill and other intangible assets using SFAS No. 142 (SFAS 142), "Goodwill and Other Intangible Assets." Under this standard, goodwill is tested for impairment annually by comparing the book value to the fair value at the reporting unit level and indefinite-lived intangibles are tested individually, at least annually, by reviewing the individual book values compared to the fair value. Considerable judgement is necessary to evaluate the impact of operating and macroeconomic changes to estimate future cash flows and to measure fair value. Assumptions in the Company's impairment evaluations are consistent with internal projections and operating plans.

j) Measurement of asset impairments

In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144), the Company records impairment charges on long-lived assets used in operations when events and circumstances indicate that the assets may be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Impairment losses, when determined, are measured by comparing the fair value of the asset to its net book value, and recognized directly in the statement of income.

k) Maintenance and repair costs

The Company accounts for maintenance activities under the direct expense method. Under this method, regular aircraft and engine maintenance and repair costs, including the overhaul of aircraft components, for owned and leased flight equipment, are charged to operating expenses as incurred.

l) Lease accounting

SFAS No. 28, "Accounting for Sales with Leaseback", defines a sale-leaseback as a financing transaction in which any income or loss on the sale shall be deferred and amortized by the seller, who becomes the lessee, in proportion to rental payments over the period of time the asset is expected to be used for leases classified as operating leases. We amortize deferred gains on the sale and leaseback of equipment over the lives of these leases. The amortization of these gains is recorded as a reduction to rent expense. Under our operating lease agreements the Company is responsible for all maintenance costs on aircraft and engines, and they must meet specified airframe and engine return conditions upon lease expiration. If these return conditions are not met, the leases require financial compensation to the lessor. The Company accrues ratably, if estimable, the total costs that will be incurred by the Company to return the aircraft to the condition specified in the contract.

m) Revenue recognition

Passenger revenue is recognized either when transportation is provided or when the ticket expires unused. Tickets sold but not yet used are recorded as air traffic liability. Air traffic liability primarily represents tickets sold for future travel dates and estimated refunds and exchanges of tickets sold for past travel dates. A small percentage of tickets (or partial tickets) expire unused. The Company estimates the amount of future refunds and exchanges, net of forfeitures, for all unused tickets once the flight date has passed. These estimates are based on historical data and experience. Estimated future refunds and exchanges included in the air traffic liability account are constantly compared with actual refund and exchange activities to ensure the accuracy of the Company's revenue recognition method with respect to forfeited tickets.

Revenue from cargo shipment is recognized when transportation is provided. Other revenue includes charter services, ticket change fees and other incidental services, and is recognized when the service is performed. The Company's revenues are net of certain taxes, including state value-added and other state and federal taxes that are collected from customers and transferred to the appropriate government entities. Such taxes in 2007, 2006 and 2005 were R$191,164, R$149,841 and R$108,994, respectively.

n) Mileage program

The acquired company VRG (see Note 4) operates a frequent flyer program, Smiles ("Mileage Program") that provides travel and other awards to members based on accumulated mileage credits. The obligations assumed under the Mileage Program were valued at the acquisition date at estimated fair value that represents the estimated price the Company would pay to a third party to assume the obligation for miles expected to be redeemed under the Mileage Program. Outstanding miles earned by flying VRG or distributed by its non-airline partners (such as banks, credit card issuers and e-commerce companies) were revalued using a weighted-average per-mile equivalent ticket value, taking into account such factors as differing classes of service and domestic and international ticket itineraries, which can be reflected in awards chosen by Mileage Program members.

The sale of passenger tickets by VRG includes air transportation and mileage credits. The VRG's sales of miles to business partners include marketing and mileage credits. The Company uses the deferred revenue model to account for its obligation for miles to be redeemed based upon VRG's equivalent ticket value of similar fares. The Company accounts for all miles earned and sold as separate deliverables in a multiple element revenue arrangement as prescribed by FASB Emerging Issues Task Force Issue No. 00 – 21 ("EITF 00 – 21"), "Revenue Arrangements with Multiple Deliverables." The Company uses the residual method and defers the portion of the sales proceeds that represents the estimated fair value of the award and recognizes that amount as revenue when the award is provided. The excess of sale proceeds over the fair value of the award is recognized as air transportation revenue or mileage program marketing revenue, as applicable.

For miles that are inactive for a period of 36 consecutive months, it is the Company's policy to cancel all miles contained in those accounts at the end of the 36 month period of inactivity. The value associated with mileage credits that are estimated to be cancelled based upon inactivity is recognized as passenger revenue in proportion to actual mileage award redemptions over the period in which the expired miles ocurred.

o) Advertising

Advertising costs, which are included in sales and marketing expenses, are expensed as incurred. Advertising expense in 2007, 2006 and 2005 was R$66,964, R$37,240 and R$32,720, respectively.

p) Income Taxes

Deferred income taxes are provided using the liability method and reflect the net tax effects of temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. A valuation allowance for net deferred tax assets is provided unless realizability is judged to be more likely than not. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income.

q) Financial Derivative Instruments

The Company accounts for financial derivative instruments utilizing Statement of Financial Accounting Standards No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities", as amended. As part of the Company's risk management program, the Company uses a variety of financial instruments, including petroleum call options, petroleum collar structures, petroleum fixed-price swap agreements, and foreign currency forward contracts. The Company does not hold or issue derivative financial instruments for trading purposes.

As there is not a futures market for jet fuel in Brazil, the Company uses international crude oil derivatives to hedge its exposure to increases in fuel price. Historically, there has been a high correlation between international crude oil prices and Brazilian jet fuel prices, making crude oil derivatives effective at offsetting jet fuel prices to provide some short-term protection against a sharp increase in average fuel prices. The Company measures the effectiveness of the hedging instruments in offsetting changes to those prices, as required by SFAS 133. Since the majority of the Company's financial derivative instruments for fuel are not traded on a market exchange, the Company estimates their fair values. The fair value of fuel derivative instruments, depending on the type of instrument, is determined by the use of present value methods or standard option value models with assumptions about commodity prices based on those observed in underlying markets. Also, since there is not a reliable forward market for jet fuel, the Company must estimate the future prices of jet fuel in order to measure the effectiveness of the hedging instruments in offsetting changes to those prices, as required by SFAS 133.

The Company's outstanding derivative contracts are designated as cash flow hedges for accounting purposes. While outstanding, these contracts are recorded at fair value on the balance sheet with the effective portion of the change in their fair value being recorded in other comprehensive income. All changes in fair value that are considered to be effective, as defined, are recorded in "Accumulated other comprehensive income" until the underlying exchange exposure is realized and fuel is consumed. Changes in fair value that are not considered to be effective are recorded to "other gains and losses" in the statement of income. See Note 13 for further information on SFAS 133 and financial derivative instruments.

r) Foreign currency transactions

Transactions in foreign currency are recorded at the prevailing exchange rate at the time of the related transactions. Exchange gains and losses are recognized in the statements of income as they occur and are recorded in financial expense.

s) Stock options

The Company accounts for stock-based compensation under the fair value method in accordance with SFAS 123 (R), "Share-Based Payment", which superseded APB Opinion No. 25, "Accounting for Stock Issued to Employees," after December 2005. However, SFAS 123 (R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. The Company has adopted SFAS 123 (R) in the first quarter of 2006 using the modified prospective method, which provides that compensation cost is recognized in the financial statements for new awards and to awards modified, repurchased, or cancelled after the required effective date. Additionally, compensation cost for the portion of awards for which the requisite service has not been rendered that are outstanding as of the required effective date is recognized as the requisite service is rendered on or after the required effective date.

The following table illustrates the effect on net income and earnings per common and preferred share as if the fair value method to measure stock-based compensation had been applied as required under the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", as amended for the years of 2005:

	2005
Net income, as reported	R$513,230
Add: Stock-based employee compensation using intrinsic value	8,126
Deduct: Stock-based employee compensation expense determined under the fair value method	(8,632)
***Pro forma* net income**	R$512,724
Earnings per common and preferred shares:	
Basic as reported and *pro forma*	R$2.66
Diluted as reported and *pro forma*	R$2.65

t) U.S. dollar amounts

The U.S. dollar amounts are included solely for the convenience of the reader and have been translated at the rate of R$1.7713 = US$1.00, the official exchange rate issued by the Brazilian Central Bank as of December 31, 2007. This translation should not be construed to imply that the Brazilian reais amounts represent, or have been or could be converted into, equivalent amounts in U.S. dollars.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS 157. This statement, among other things, defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements. SFAS 157 intends to eliminate the diversity in practice associated with measuring fair value as caused by the application of existing accounting pronouncements. SFAS 157 emphasizes that fair value is a market-based measurement and thus, should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, SFAS has established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (1) observable inputs such as quoted prices in active markets, (2) inputs other than the quoted prices noted above that are observable either directly or indirectly and (3) unobservable inputs in which there is little or no market data and requires the reporting entity to develop its own assumptions. SFAS 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Upon adoption, the provisions of SFAS 157 are to be applied prospectively with limited exceptions. The Company is currently finalizing the evaluation of the potential impact the adoption of SFAS 157 will have on the consolidated financial position and results of operations. Based on its preliminary analysis management does not expect any significant impact.

In February 2007, the FASB issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities". SFAS 159 allows entities the option to measure eligible financial instruments at fair value as of specified dates. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent period. SFAS 159 is effective for fiscal years beginning after November 15, 2007. If the fair value option is elected for an instrument, the Statement specifies that all subsequent changes in fair value for that instrument shall be reported in earnings. The Company is currently evaluating the potential impact, if any, that the adoption of SFAS 159 will have on its results of operations or consolidated financial position.

In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141 (revised 2007), "Business Combination", which replaces FASB Statement No. 141, Business Combinations. This Statement retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the purchase method) be used for all business combinations, but is broader in scope. It also provides, among other things, new guidance in defining the acquirer in a business combination, determination of the acquisition date, recording a step acquisition, and measurement of value of a non-controlling interest in the acquiree company. This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The effective date of this Statement is the same as that of the related FASB Statement No. 160, "Non-controlling Interests in Consolidated Financial Statements". The Company will apply such pronouncement on a prospective basis for each new business combination.

In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements – an amendment of ARB No. 51", which clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This Statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). Earlier adoption is prohibited. The effective date of this Statement is the same as that of the related Statement 141 (R). This Statement shall be applied prospectively as of the beginning of the fiscal year in which this Statement is initially applied, except for the presentation and disclosure requirements. The presentation and disclosure requirements shall be applied retrospectively for all periods presented. The Company is currently evaluating the impact of such new pronouncement in its consolidated financial statements.

4. BUSINESS COMBINATION

On April 9, 2007, the Company acquired VRG. As of the acquisition date, VRG provided service to 15 destinations (11 in Brazil, and 1 each in Argentina, Colombia, Venezuela and Germany) and operated a fleet of 19 aircraft, comprised of 16 Boeing 737-300 and 3 Boeing 767-300 aircraft.

The total purchase price was R$558,744 (US$290,076) of which R$194,087 (US$100,762) was paid in cash, net of cash acquired, R$357,235 (US$185,461) was paid in non-voting preferred shares and R$7,422 (US$3,853) was acquisition cost. The value of Company's preferred shares issued as consideration to the shareholders of VRG was determined based on the average market price at the date the transaction was agreed to and announced. The purchase contract includes provisions for a post-closing purchase price adjustment based on an audit of specific assets and liabilities. Disputed items involved in the arbitration process pursuant to this contract provision could result in a reduction of the purchase price of up to R$153,000. The results of VRG's operations have been consolidated since April 9, 2007, the acquisition date.

Under the purchase method of accounting, the total purchase price is allocated to the net tangible and intangible assets acquired and liabilities assumed based on their fair values as of the date of acquisition.

The valuation of the assets acquired and liabilities assumed was based on management's best available estimate of fair value for the assets and liabilities of VRG considering the prevailing market conditions at the date of acquisition. The purchase price allocation remains subject to revision.

The following table summarizes the preliminary estimate of the fair value of assets acquired and liabilities assumed:

Assets acquired	
Accounts receivable	37,225
Inventories	5,442
Deferred income tax assets	224,155
Fixed assets	11,740
Intangible assets	871,617
Other assets	101,206
Total assets acquired	**1,251,385**
Liabilities assumed	
Accounts payable	(220,862)
Air traffic liability	(38,792)
Deferred revenue	(369,913)
Debentures	(87,876)
Deferred income taxes	(194,894)
Other liabilities	(53,279)
Total liabilities assumed	**(965,616)**
Net assets acquired	285,769
Purchase price, net of cash acquired	558,744
Goodwill	272,975

Goodwill represents the excess of the purchase price of the acquired business over the fair value of the net assets acquired and is tax-deductible. Intangible assets with indefinite lives consist of the fair value allocated to routes and tradenames, valued at R$746,734 and R$124,883, respectively.

VRG's route network in Brazil was determined to have an indefinite useful life due to several factors and considerations, including requirements for necessary permits to operate within Brazil and limited slot availability in the most important airports in terms of traffic volume. The VRG tradenames were determined to have indefinite useful lives due to several factors and considerations, including the brand awareness and market position, customer recognition and loyalty and the continued use of the VARIG tradenames. In the event the Company determines that the value of goodwill or intangible assets with indefinite lives has become impaired, the Company will recognize a charge for the amount of impairment during the period in which the determination is made.

As a result of changes in estimates of the preliminary fair value of miles and preliminary estimate of miles expected to expire unused applied to determine the fair value of the mileage program liability assumed, the initial balance of deferred revenue was reduced by R$295,716 against goodwill. This change in estimate resulted in a reduction of revenues of R$14,779 for the three-month period ended December 31, 2007. The effect on net income was a reduction of R$9,754 (R$0.05 per common and preferred share (basic and diluted) for the three months ended December 31, 2007.

5. SHORT-TERM INVESTMENTS

	2006	2007	Translation into thousands of US$ 2007
Investments			
Bank Deposit Certificates – CDB	R$552,546	**R$150,066**	**US$84,721**
Public Securities	219,745	**111,951**	**63,202**
Fixed Income Securities	653,078	**596,421**	**336,714**
	R$1,425,369	**R$858,438**	**US$484,637**

The following is a summary of available-for-sale securities:

	December 31, 2007		
	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value (Net Carrying Amount)
Public Securities and Fixed Income Securities	**R$141**	**R$(74)**	**R$708,372**
Bank Deposit Certificates – CDB	**3**	**(309)**	**150,066**
	R$144	**R$(383)**	**R$858,438**

	December 31, 2006		
	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value (Net Carrying Amount)
Public Securities and Fixed Income Securities	R$17	R$(55)	R$872,823
Bank Deposit Certificates – CDB	16	(22)	552,546
	R$33	R$(77)	R$1,425,369

The gross realized gains on sales of available-for-sale securities totaled R$102,246 and R$114,028 (US$57,723 and US$53,334), in 2007 and 2006, respectively, and there were no losses in those years.

The net carrying value and estimated fair value of debt and marketable equity securities available for sale at December 31, 2007, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

	Estimated Fair Value
Due in one year or less	**R$484,527**
Due after one year through three years	**341,535**
Due after three years	**32,376**
	R$858,438

6. INVENTORIES

	2006	2007	Translation into thousands of US$ 2007
Consumable material	4,701	**12,107**	**6,835**
Parts and maintenance material	45,763	**103,833**	**58,619**
Advances to suppliers	20,024	**44,492**	**25,118**
Parts import assets in progress	-	**44,528**	**25,139**
Other	4,677	**4,966**	**2,804**
	75,165	**209,926**	**118,515**

7. DEPOSITS

Deposits with lessors include aircraft and engine maintenance deposits, security deposits for aircraft leasing contracts and other deposits which will be used to compensate the lessors for other lease related costs when due. Following is the composition of the balance:

	2006	2007	Translation into thousands of US$ 2007
Aircraft and engine maintenance deposits	263,647	**322,354**	**181,987**
Security deposits	40,787	**117,582**	**66,382**
Other deposits	233,401	**149,729**	**84,530**
	537,835	**589,665**	**332,900**
Short-term	(232,960)	**(192,357)**	**(108,597)**
Long-term	304,875	**397,308**	**224,303**

Maintenance deposits made in 2007 and 2006 were R$66,505 and R$62,060, respectively. Maintenance deposit reimbursements amounted to R$7,801 and R$48,665 during 2007 and 2006, respectively.

The Company maintained available facilities for letters of credit pledged for aircraft maintenance guarantees with outstanding balances at December 31, 2007 and 2006 of R$205,573 and 151,555, respectively.

8. SHORT-TERM BORROWINGS

At December 31, 2007, the Company had five revolving lines of credit with three financial institutions allowing for combined borrowings up to R$577,000. At December 31, 2007 and 2006, there was R$496,788 and R$128,304 outstanding borrowings under these facilities, respectively.

The weighted average annual interest rate for these Reais-based short-term borrowings at December 31, 2007 and 2006 was 10.8% and 15.5%, respectively.

	Effective rate	2006	2007	Translation into thousands of US$ 2007
Local currency:				
Secured floating rate BNDES loan	9.15%	64,274	**65,775**	37,134
Secured floating rate BDMG loan	9.45%	-	**14,315**	8,082
		64,274	**80,090**	45,216
Foreign currency:				
Secured floating rate Bank loan	4.50%	128,304	**106,278**	60,000
Secured floating rate IFC loan	7.26%	109,886	**91,604**	51,714
Unsecured floating rate PDP loan facility	6.73%	-	**343,612**	193,989
Unsecured fixed rate Senior notes	7.50%	-	**398,543**	225,000
Unsecured fixed rate Perpetual notes	8.75%	436,902	**354,260**	200,000
		675,092	**1,294,297**	730,703
		739,366	**1,374,387**	775,919
Short-term debt		(12,384)	**(308,285)**	(174,044)
Long-term debt		726,982	**1,066,102**	601,875

9. DEBT

In April 2006, the Company, through its subsidiary Gol Finance, issued fixed rate perpetual notes guaranteed by the Company and GOL. The notes are denominated in U.S. Dollars, have no fixed final maturity date, are callable at par by the Company after five years from the issuance date, bear interest at 8.75% and are guaranteed by the Company. The Company is using the proceeds to finance the pre-delivery deposits made for the acquisition of aircraft, supplementing its own funds and bank financings guaranteed by assets obtained with the U.S. Exim Bank. At December 31, 2007, the fair value of this borrowing was R$336,658 (US$190,063).

In May 2006, GOL closed a secured floating rate loan in the amount of R$75,700 with the BNDES (the Brazilian Development Bank). The proceeds financed a major portion of the construction and expansion of the Gol Aircraft Maintenance Center at the International Airport of Confins, in the state of Minas Gerais, Brazil. The borrowing has a term of five years, an interest rate of 2.65% over the long-term borrowing rate –TJLP (6.85% p.a. during the fourth quarter) and is collateralized by accounts receivable in the amount of R$17,930. The principal is amortized in monthly payments of R$1,192 with a grace period of 12 months.

In June 2006, GOL closed a secured floating rate borrowing agreement in the amount of R$107,100 (US$50,000) with the International Finance Corporation (IFC). This financing is being used to acquire spare parts inventories and working capital. The loan has a term of six years with interest of LIBOR plus 1.875% p.a. and is collateralized by spare parts costing the amount of R$91,395 (US$51,598). The principal is amortized in semi-annually payments of R$7,380, with a grace period of 18 months.

In March 2007, the Company, through its subsidiary Gol Finance, issued fixed rate senior notes in the amount of R$463,545 (US$225,000) guaranteed by the Company and GOL. The notes are senior unsecured debt obligations, denominated in U.S. dollars, which mature in 2017, and bear interest at 7.50% p.a. The Company is using the proceeds to finance the pre-delivery deposits made for the acquisition of aircraft, supplementing its own funds and the bank financings guaranteed by assets obtained with the U.S. Exim Bank. At December 31, 2007, the fair value of this borrowing was R$363,421 (US$205,172).

In July 2007, GOL closed a secured floating rate loan in the amount of R$14,000 (US$7,613) with the Development Bank of Minas Gerais (BDMG). This credit line will be used to finance a portion of the investments and operating expenses of the Gol Aircraft Maintenance Center at the International Airport of Confins, in the state of Minas Gerais. The loan has a term of five years with an annual interest rate of IPCA plus 6%. The principal is amortized in monthly payments of R$237 with a grace period of 18 months.

In October 2007, GOL closed a committed aircraft pre-delivery payment ("PDP") loan facility in the amount of R$560,418 (US$310,000) for all of its 21 Boeing 737-800 Next Generation aircraft to be delivered in 2008 and 2009. The loan has a term of 1.6 years with interest of LIBOR plus 0.5% p.a. and is guaranteed by the right to take delivery of the 21 aircraft and by GOL.

The following table provides a summary of our principal payments of long-term debt obligations at December 31, excluding the perpetual notes:

(in R$000)	2009	2010	2011	2012	Beyond 2012	Total
Long-term debt obligations	**206,228**	**31,790**	**31,791**	**25,880**	**416,153**	**711,842**

Loan agreements with certain financial institutions, representing R$157,379 at December 31, 2007, contain, customary covenants and restrictions, including but not limited to those that require the Company to maintain defined debt liquidity and interest expense coverage ratios. At December 31, 2007 the Company was not in compliance with two of the financial ratios related to two specific loans in the total amount of R$124,617 and a waiver has been obtained from its lenders. As of December 31, 2006, the Company was compliant with all restrictive covenants.

10. LEASES

The company leases its entire fleet under a combination of operating and capital leases.

At December 31, 2007, the fleet total of GOL was 78 aircraft, of which 63 were operating leases and 15 were capital leases. During 2007, GOL took delivery of 15 new aircraft, of which 5 were under operating leases and 10 were under capital leases. At December 31, 2006, the fleet total was 65 aircraft, of which 60 were operating leases and 5 were capital leases. During 2006, GOL took delivery of 18 new aircraft, of which 15 were under operating leases and 3 were under capital leases.

In connection with the VARIG acquisition, the Company acquired 19 aircraft under operating leases. Since the acquisition, VRG took delivery of 14 aircraft, of which 10 were under operating leases and 4 were under capital leases.

a) Capital leases

Future minimum lease payments under capital leases with initial or remaining terms in excess of one year at December 31, 2007 were as follows:

	Thousands of R$	Thousands of US$
2008	135,733	76,629
2009	135,733	76,629
2010	135,733	76,629
2011	135,733	76,629
2012	135,733	76,629
After 2012	615,789	347,648
Total minimum lease payments	1,294,454	730,793
Less: Amount representing interest	424,856	239,855
Present value of net minimum lease payments	869,598	490,938
Less current portion	93,020	52,515
Long-term portion	776,578	438,423

At December 31, 2007, the Company had 18 aircraft classified as capital leases. The capital lease agreements have terms ranging from 6 to 12 years. 13 of the Company's aircraft leases, contain bargain purchase options.

The Company extends the maturity of the financing of certain of its leased aircraft to 15 years through the use of a "Stretched Overall Amortization and Repayment", or SOAR, structure which provides serial drawdowns calculated to result in a 100% loan accreting to a recourse balloon at the end of the contractual lease term. The scheduled amount of this recourse balloon at the end of the contractual lease term is R$115,551 (US$65,235) as of December 31, 2007

The amounts applicable to these aircraft included in property and equipment were:

	2006	2007	Translation into thousands of US$ 2007
Flight equipment	264,629	**1,081,885**	**610,786**
Less accumulated depreciation	(10,401)	**(36,791)**	**(20,771)**
	254,228	**1,045,094**	**590,015**

b) Operating leases

The Company leases aircraft in operation, airport terminal space, other airport facilities, office space and other equipment. At December 31, 2007, GOL leased 63 aircraft under operating leases (as compared to 60 aircraft at December 31, 2006), with initial lease term expiration dates ranging from 2007 to 2014 and VRG leased 29 aircraft under operating leases, with initial term expiration dates ranging from 2008 to 2019.

Future minimum lease payments under non-cancelable operating leases are denominated in U.S. dollars. Such leases with initial or remaining terms in excess of one year at December 31, 2007 were as follows:

	Thousands of R$			Thousands of R$		
	Aircraft	**Other**	**Total**	**Aircraft**	**Other**	**Total**
2008	451,765	33,277	485,042	255,047	18,787	273,834
2009	411,323	8,148	419,471	232,215	4,600	236,815
2010	336,371	5,689	342,060	189,901	3,212	193,113
2011	316,402	3,159	319,561	178,627	1,783	180,410
2012	250,097	1,559	251,656	141,194	880	142,074
After 2012	322,140	0	322,140	181,866	0	181,866
Total minimum Lease payments	**2,088,098**	**51,832**	**2,139,930**	**1,178,850**	**29,262**	**1,208,112**

11. TRANSACTIONS WITH RELATED PARTIES

The Company has a bus transportation agreement with related companies Breda Transportes e Serviços S.A. and Expresso União Ltda. During 2007 and 2006, the Company paid R$6,470 and R$416 (R$3,109 and R$413) to these companies, respectively.

The Company also has a five-year office space lease agreement with Áurea Administração e Participações S.A. (expiring on March 31, 2008) for the lease of headquarters located at Rua Tamoios, 246 in São Paulo. The lease agreement provides for monthly payments, adjusted by the IGP – M inflation index. During 2007 and 2006, the Company paid R$276 and R$362 to this company, respectively.

The payments to and from the related parties in the normal course of business were based on prevailing market rates.

12. SHAREHOLDERS' EQUITY

The following table sets forth the ownership and the percentages of the Company's voting (common) and non-voting (preferred) shares as at December 31, 2007 and December 31, 2006:

	2007			2006		
	Common	**Preferred**	**Total**	**Common**	**Preferred**	**Total**
ASAS Investment Fund	**100.00%**	**37.84%**	**70.90%**	100.00%	35.79%	71.00%
Others	**-**	**2.74%**	**1.28%**	-	3.04%	1.37%
Public Market (Free Float)	**-**	**59.42%**	**27.82%**	-	61.17%	27.63%
	100.00%	**100.00%**	**100.00%**	100.00%	100.00%	100.00%

The Company is a stock corporation (*sociedade anônima*) incorporated under Brazilian's laws. As of December 31, 2007, the Company had 107,590,792 shares of common stock and 94,709,463 shares of preferred stock authorized, issued and outstanding. According to the Company's bylaws, the capital can be increased up to R$2,000,000 through the issuance of common or preferred shares.

Each common share entitles its holder to one vote at the Company's shareholder meetings. The preferred shares outstanding have no class designation, are not convertible into any other security and are non-voting, except under the limited circumstances provided under Brazilian law. Upon liquidation, holders of preferred shares are entitled to receive distributions prior to the holders of our common shares. In addition, the São Paulo Stock Exchange – Bovespa Level 2 of Differentiated Corporate Governance Practices, which we will comply with, provides for the granting of voting rights to holders of preferred shares in connection with certain matters, including corporate restructurings, mergers and related party transactions.

On June 14, 2007, the Company increased its capital by 6,082,220 preferred shares, of which 6,049,185, amounting to R$367,851, were used to increase capital in the subsidiary GTI S.A., and later transferred to third parties in connection with the acquisition of VRG Linhas Aéreas S.A.

On March 17, 2006, the Company's then controlling shareholder, Aeropar Participações S.A. concluded a restructuring of its corporate shareholdings, by means of which 31,493,863 preferred shares of the Company, held by Aeropar, were transferred to the Fundo de Investimento em Participações Asas (a fund controlled by the shareholders of Aeropar Participações S.A.). Comporte Participações S.A. also transferred its 3,351,775 preferred shares of GOL to the same fund.

On April 27, 2005 the Company concluded a public offering on the New York Stock Exchange (NYSE) and the São Paulo Stock Exchange (BOVESPA) of 14,700,000 preferred shares (5,520,811 offered by the Company, representing proceeds in the amount of R$184,454, net of issuance costs of R$8,723, and 9,179,189 by a selling shareholder, BSSF Air Holdings LLC) at a price of R$35.12 per share (US$27.88 per American Depositary Share). On May 2, 2005 the Company issued an additional of 2,205,000 preferred shares, related to the exercise of the underwriter's over-allotment option on the April 27, 2005 public offering, representing proceeds in the amount of R$73,669, net of issuance costs of R$3,484.

Appropriated retained earnings

Under Brazilian corporation law and according to its bylaws, the Company is required to maintain a "legal reserve" to which it must allocate 5% of its net income, less accumulated losses as determined on the basis of the statutory financial statements for each fiscal year until the amount of the reserve equals 20% of paid-in capital. Accumulated losses, if any, may be charged against the legal reserve. The legal reserve can only be used to increase the capital of the Company. The legal reserve is subject to approval by the shareholders voting at the annual shareholders meeting and may be transferred to capital but is not available for the payment of dividends in subsequent years. The shareholders meeting held on April 27, 2007 approved the allocation of R$34,224. At December 31, 2007, the allocation of retained earnings to the legal reserve was R$13,426.

Unappropriated retained earnings

The unappropriated earnings of R$998,936 is maintained to support the ongoing operations of the Company and to fund planned growth and expansion of the business.

Dividends

The Company's bylaws provide for a mandatory minimum dividend to common and preferred shareholders, in the aggregate of at least 25% of annual net distributable income determined in accordance with Brazilian corporation law.

Brazilian law permits the payment of cash dividends only from unappropriated retained earnings and certain reserves registered in the Company's statutory accounting records. On December 31, 2007, after considering appropriated retained earnings which can be transferred to unappropriated retained earnings, the earnings and reserves available for distribution as dividends, upon approval by the Company's shareholders at the annual shareholder's meeting, amounted to R$1,171,258.

Brazilian corporations are allowed to attribute interest on shareholders' equity. The calculation is based on the shareholders' equity amounts as stated in the statutory accounting records and the interest rate applied may not exceed the long term interest rate ("TJLP") determined by the Brazilian Central Bank (approximately 9.75%, 7.88% and 6.38% for years 2005, 2006 and 2007, respectively). Also, such interest may not exceed the greater of 50% of net income for the year or 50% of retained earnings plus revenue reserves, determined in each case on the basis of the statutory financial statements. The amount of interest attributed to shareholders is deductible for corporate income tax purposes, and applied towards the mandatory minimum dividend.

During 2007, the Company distributed interim dividends in the total amount of R$302,775, of which R$144,592 as tax deductible interest on own capital.

For the year ended December 31, 2007, the Company's statutory consolidated financial statements presented net income of R$268,527 (R$684,472 in 2006).

13. STOCK OPTION PLANS

On December 9, 2004, the Company's shareholders approved a stock option plan for employees. Under this plan the stock options granted to employees cannot exceed 5% of total outstanding shares. On January 19, 2005, the Company issued stock options to key employees to purchase up to 87,418 of its preferred shares at an exercise price of R$33.06 per share. The options vest at a rate of 1/5 per year, and can be exercised up to 10 years after the grant date. The fair value of each share at the date of the grant was R$37.96. In connection with this grant of preferred stock options, the Company recorded deferred stock compensation of R$428, representing the difference between the exercise price of the options and the deemed fair value of the preferred stock.

On January 2, 2006, the Compensation Committee approved the granting of 99,816 options for the purchase of the Company's preferred shares at the price of R$47.30 per share. The options vest at a rate of 1/5 per year, and can be exercised up to 10 years after the grant date. The fair value of each share at the date of the grant was R$64.70. In connection with this grant of preferred stock options, the Company recorded deferred stock compensation of R$1,737, representing the difference between the exercise price of the options and the deemed fair value of the preferred stock.

At its December 31, 2006 meeting, the Board of Directors approved the granting of 113,379 options for the purchase of the Company's preferred shares at the price of R$65.85 per share. The options vest at a rate of 1/5 per year, and can be exercised up to 10 years after the grant date. The fair value of each share at the date of the grant was R$65.72. In connection with this grant of preferred stock options, the Company recorded stock compensation of R$657, representing the difference between the exercise price of the options and the deemed fair value of the preferred stock.

At its December 20, 2007 meeting, the Board of Directors approved the granting of 190,296 options for the purchase of the Company's preferred shares at the price of R$45.46 per share.

Transactions are summarized as follows:

	Stock Options	Weighted-average Exercise Price
Outstanding at December 31, 2004	937,412	3.04
Granted	87,418	33.06
Exercised	(703,579)	3.04
Outstanding at December 31, 2005	321,251	11.21
Granted	99,816	47.30
Exercised	(233,833)	3.04
Outstanding at December 31, 2006	187,234	40.65
Granted	113,379	65.85
Exercised	(11,569)	33,06
Forfeited	(12,135)	50.52
Outstanding at December 31, 2007	276,909	50.78
Aggregate intrinsic value of options outstanding in thousands of R$	1,971	7.12
Options exercisable at December 31, 2005	158,353	6.50
Options exercisable at December 31, 2006	17,484	33.06
Options exercisable at December 31, 2007	91,350	44.92

The weighted-average fair values of options outstanding, as of December 31, 2007 and December 31, 2006, were R$25.93 and R$27.20, respectively, and were estimated using the Black-Scholes option-pricing model assuming an expected dividend yield of 2.60%, expected volatility of approximately 49.88%, weighted average risk-free interest rate of 11.25%, and an expected average life of 3.13 years.

The range of exercise prices and the weighted-average remaining contractual life of the options outstanding and the range of exercise prices for the options exercisable at December 31, 2007 are summarized as follows:

	Options Outstanding				Options Exercisable
Range of Exercise Prices	Options Outstanding at 12/31/2007	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable at 12/31/2007	Weighted Average Exercise Price
33.06	74,463	2.00	33.06	39,496	33.06
47.30	93,130	3.00	47.30	33,241	47.30
65.85	109,316	4.00	65.85	18,613	65.85
33.06 – 65.85	279,909	3.13	50.79	91,350	44.92

The total intrinsic value of options exercised during 2007, 2006 and 2005 was R$71, R$5,018 and R$15,099, respectively. The total fair value of stock options vested during the years ended December 31, 2007, 2006 and 2005 was R$2,366, R$476 and R$3,159, respectively.

As of December 31, 2007, there was R$8,331 of total unrecognized compensation cost related to non-vested stock option granted under the Company's Stock Option Plan that is expected to be recognized over a weighted-average period of 3.29 years.

Cash received from exercise of stock options for the years ended December 31, 2007, 2006 and 2005 was R$420, R$711 and R$2,139, respectively. No tax benefit was realized as a result of stock options exercised in 2007 due to the tax valuation allowance.

14. COMMITMENTS

The following table provides a summary of our principal payments under aircraft purchase commitments and other obligations at December 31:

(in R$000)	2008	2009	2010	2011	2012	Total
Pre-delivery deposits for flight equipment	**145,128**	**161,478**	**141,191**	**65,472**	**1,529**	**514,798**
Aircraft purchase commitments	**1,435,924**	**1,874,464**	**2,048,875**	**1,578,907**	**1,217,067**	**8,155,237**
Total	**1,581,052**	**2,035,942**	**2,190,066**	**1,644,379**	**1,218,596**	**8,670,035**

The Company makes payments for aircraft acquisitions utilizing the proceeds from equity and debt financings, cash flow from operations, short and medium-term credit lines and supplier financing. Pre-delivery deposits refer to prepayments made based on the agreements entered into with Boeing Company for the purchase of Boeing 737-800 Next Generation aircraft.

At December 31, 2007, the Company has a purchase contract with Boeing for 102 Boeing 737-800 Next Generation aircraft (76 Boeing 737-800 Next Generation aircraft in 2006), under which the Company currently has 38 firm orders and 64 purchase options. The firm orders have an approximate value of R$8,155,000 (corresponding to US$4,604,000) based on the aircraft list price (excluding contractual manufacturer's discounts), including estimated amounts for contractual price escalations and pre-delivery deposits. Aircraft purchase commitments can be financed with long-term financing guaranteed by the U.S. Exim Bank (for approximately 85% of the total acquisition cost). At December 31, 2007, the Company has exercised the option under this facility for US$193,989.

15. ESTIMATED CIVIL AND LABOR LIABILITIES

The Company is part to legal proceedings and claims that arise during the ordinary course of business. While the outcome of these lawsuits and proceedings cannot be predicted with certainty and could have a material adverse effect on the Company's financial position, results of operations and cash flows, it is the Company's opinion, after consulting with its outside counsel, that the ultimate disposition on such lawsuits will not have a material adverse effect on its financial position, results of operation or cash flows.

16. FINANCIAL INSTRUMENTS AND CONCENTRATION OF RISK

At December 31, 2007 and December 31, 2006, the Company's primary monetary assets were cash equivalents, short-term investments and assets related to aircraft leasing transactions. The Company's primary monetary liabilities are related to aircraft leasing operations. All monetary assets other than those related to aircraft leasing operations included in the balance sheet are stated at amounts that approximate their fair values.

Financial instruments that expose the Company to credit risk involve mainly cash equivalents, short-term investments and accounts receivable. Credit risk on cash equivalents and short-term investments relates to amounts invested with major financial institutions. Credit risk on accounts receivable relates to amounts receivable from the major international credit card companies. These receivables are short-term and the majority of them settle within 30 days.

The Company's revenue is generated in Brazilian Reais (except for a small portion in Argentine Pesos, Bolivian Bolivianos, Chilean Pesos, Colombian Pesos, Euros, Paraguay Guaranis, Peru Nuevos Soles, Uruguayan Pesos and Venezuelan Bolivares from flights between Brazil, Argentina, Bolivia, Chile, Colombia, Germany, France, Italy, Paraguay, Peru, Uruguay and Venezuela). However, its liabilities, particularly those related to aircraft leasing and acquisition, are U.S. dollar-denominated. The Company's currency exchange exposure at December 31, 2007 is as set forth below:

	2006	2007	Translation into thousands of US$ 2007
Assets			
Cash and cash equivalents	788,136	**1,170,526**	**660,829**
Deposits with lessors	273,031	**163,973**	**92,572**
Aircraft and engine maintenance deposits	20,223	**31,928**	**18,025**
Other	15,405	**55,032**	**31,069**
Total assets	1,096,795	**1,421,459**	**802,495**
Liabilities			
Foreign suppliers	25,249	**42,341**	**23,904**
Leases payable	18,270	**17,169**	**9,693**
Insurance premium payable	44,897	**44,150**	**24,925**
Total liabilities	88,416	**103,660**	**58,522**
Exchange exposure	1,008,379	**1,317,799**	**743,973**
Off-balance sheet transactions exposure			
Operating leases	1,948,607	**2,201,973**	**1,243,140**
Aircraft commitments	11,549,004	**8,155,237**	**4,604,097**
Total exchange exposure	13,497,611	**11,675,009**	**6,591,409**

The Company's off-balance sheet exposure represents the future obligations related to operating lease contracts and aircraft purchase contracts.

The Company utilizes derivative financial instruments with first-tier banks for cash management purposes. The Company currently has synthetic fixed income options and swap agreements to obtain the Brazilian overnight deposit rate from fixed-rate or dollar-denominated investments.

a) Fuel

Airline operations are exposed to the effects of changes in the price of aircraft fuel. Aircraft fuel consumed in 2007, 2006 and 2005 represented 38.43%, 39.6% and 39.5% of the Company's operating expenses, respectively. To manage this risk, the Company periodically enters into crude oil option contracts and swap agreements. Because jet fuel is not traded on an organized futures exchange, liquidity for hedging is limited. However, the Company has found commodities for effective hedging of jet fuel costs. Historically, prices for crude oil are highly correlated to Brazilian jet fuel, making crude oil derivatives effective at offsetting jet fuel prices to provide short-term protection against a sharp increase in average fuel prices.

The following is a summary of the company's fuel derivative contracts (in thousands, except as otherwise indicated):

	2007	2006
At December 31:		
Fair value of derivative instruments at year end	**R$23,302**	R$(4,573)
Average remaining term (months)	**2**	3
Hedged volume (barrels)	**1,388,000**	1,804,000

	2007	2006	2005
Year ended December 31:			
Hedge effectiveness gains (losses) recognized in aircraft fuel expense	**R$33,167**	R$(8,665)	R$5,246
Hedge ineffectiveness gains (losses) recognized in other income (expense)	**R$12,182**	R$(1,125)	R$397
Percentage of actual consumption hedged (during year)	**56%**	77%	55%

The Company utilizes financial derivative instruments as hedges to decrease its exposure to jet fuel price increases for short-term time frames. The Company currently has a combination of purchased call options, collar structures, and fixed price swap agreements in place to hedge approximately 29% and 7% of its jet fuel requirements at average crude equivalent prices of approximately US$86.48 and US$62.88 per barrel for the first and second quarters of 2008, respectively.

The Company accounts for its fuel hedge derivative instruments as cash flow hedges under SFAS 133. Under SFAS 133, all derivatives designated as hedges that meet certain requirements are granted special hedge accounting treatment. Generally, utilizing the special hedge accounting, all periodic changes in fair value of the derivatives designated as hedges that are considered to be effective, as defined, are recorded in "Accumulated other comprehensive income" until the underlying jet fuel is consumed. When the aircraft fuel is consumed and the related derivative contract settles, any gains or losses previously deferred in other comprehensive income are recognized as aircraft fuel expense. The Company is exposed to the risk that periodic changes will not be effective, as defined, or that the derivatives will no longer qualify for special hedge accounting. Ineffectiveness, as defined, results when the change in the total fair value of the derivative instrument does not equal 80 – 125% of the change in the value of the aircraft fuel being hedged or the change in value of the Company's expected future cash outlay to purchase and consume jet fuel. To the extent that the periodic changes in the fair value of the derivatives are not effective, that ineffectiveness is recorded to "Other gains and losses" in the income statement. Likewise, if a hedge ceases to qualify for hedge accounting, those periodic changes in the fair value of derivative instruments are recorded to "Other gains and losses" in the income statement in the period of the change.

Ineffectiveness is inherent in hedging jet fuel with derivative positions based in other crude oil related commodities, especially given the recent volatility in the prices of refined products. Due to the volatility in markets for crude oil and related products, the Company is unable to predict the amount of ineffectiveness each period, including the loss of hedge accounting, which could be determined on a derivative by derivative basis or in the aggregate. In specific instances, the Company has determined that specific hedges will not regain effectiveness in the time period remaining until settlement and therefore must discontinue special hedge accounting, as defined by SFAS 133. When this happens, any changes in fair value of the derivative instruments are marked to market through earnings in the period of change.

The Company continually looks for better and more accurate methodologies in forecasting and estimating future cash flows relating to its jet fuel hedging program. These estimates are used in the measurement of effectiveness for the Company's fuel hedges, as required by SFAS 133. During second quarter 2006, the Company revised its method for forecasting future cash flows. Previously, the Company had estimated future cash flows using actual market forward prices of like commodities and adjusting for historical differences from the Company's actual jet fuel purchase prices. The Company's new methodology utilizes a statistical-based regression equation with data from market forward prices of like commodities, and will not have a material impact on the financial statements.

During 2007, the Company recognized R$12,182 (R$1,125 in 2006) of additional net gains in Other expenses, net related to the ineffectiveness of its hedges and the loss of hedge accounting for certain hedges. Of this net total, R$16,395 R$(42) in 2006 was ineffectiveness gain and mark-to-market gain related to contracts that will be settled in future periods. As of December 31, 2007 there was R$5,051 (R$3,018 in 2006), net of taxes, on unrealized gains with jet fuel hedges recorded in "comprehensive income". During the period, all fuel derivative transactions were designated as hedges.

Outstanding financial derivative instruments expose the Company to credit loss in the event of non-performance by the counterparties to the agreements. However, the Company does not expect any of its seven counterparties to fail to meet their obligations. The amount of such credit exposure is generally the unrealized gain, if any, in such contracts. To manage credit risk, the Company selects counterparties based on credit assessments, limits overall exposure to any single counterparty and monitors the market position with each counterparty. The Company does not purchase or hold financial derivative instruments for trading purposes.

b) Exchange rates

The Company is exposed to the effects of changes in the U.S. dollar exchange rate. Exchange exposure relates to amounts payable arising from U.S. dollar – denominated and U.S. dollar – linked expenses and payments. To manage this risk, the Company uses US options and futures contracts.

The following is a summary of our foreign currency derivative contracts (in thousands, except as otherwise indicated):

	2007	2006
At December 31:		
Fair value of derivative instruments at year end	R$1,049	R$(275)
Longest remaining term (months)	3	2
Hedged volume	202,250	180,127

	2007	2006	2005
Year ended December 31:			
Hedge effectiveness losses recognized in operating expenses	R$(14,935)	R$(2,868)	R$(24,236)
Hedge ineffectiveness losses recognized in other income (expense)	R$(12,280)	R$(1,269)	R$(10,921)
Percentage of expenses hedged (during year)	47%	51%	60%

The Company utilizes financial derivative instruments as hedges to decrease its exposure to increases in the U.S. dollar exchange rate. The Company has utilized derivative financial instruments for short-term time frames. The Company accounts for its foreign currency futures derivative instruments as cash flow hedges under SFAS 133. As of December 31, 2007 the unrealized loss with exchange rates recorded in "comprehensive income" was R$872 (R$1,275 in 2006), net of taxes.

While outstanding, these contracts are recorded at fair value on the balance sheet with the effective portion of the change in their fair value being reflected in other comprehensive income. Ineffectiveness, the extent to which the change in fair value of the financial derivatives exceeds the change in the fair value of the operating expenses being hedged, is recognized in other income (expense) immediately. When operating expenses are incurred and the related derivative contract settles, any gain or loss previously deferred in other comprehensive income is recognized in operating expenses.

c) Interest rates

The Company's results are affected by fluctuations in international interest rates due to the impact of such changes on expenses of operating lease agreements. On December 31, 2007, the Company contracted derivatives through swap-lock contracts to protect itself from interest rate oscillations of its aircraft leasing contracts. On December 31, 2007, the Company recognized R$2,640 (US$1,490) of net losses in financial income. The fair value changes are recognized in the period as financial income (expense). These financial instruments were not considered hedges.

The Company's results are affected by changes in the interest rates prevailing in Brazil, incidents on financial investments, short-term investments, local currency liabilities, and assets and liabilities indexed to U.S. dollars. Such variations affect the market value of prefixed securities denominated in reais and the remuneration of cash and financial investments balance. The Company uses Interbank Deposit futures of the Brazilian Mercantile and Futures Exchange (BM&F) solely to protect itself against domestic interest rate impacts on the prefixed portion of its investments. On December 31, 2007, the nominal value of Interbank Deposit futures contracts with the Brazilian

Mercantile and Futures Exchange (BM&F) totaled R$71,400 (R$68,500 in 2006) with periods of up to 22 months, with a fair market value of R$ (6) (R$ (24) in 2006), corresponding to the last owed or receivable adjustment, already determined and not yet settled. The total variations in market value, payments and receivables related to the DI futures are recognized as increase or decrease in financial income in the same period they occur.

d) Cash management

The Company utilizes financial derivative instruments for cash management purposes. The Company utilizes synthetic fixed income options and swaps to obtain the Brazilian overnight deposit rate from fixed-rate or dollar-denominated investments. The Company enters into synthetic fixed income option contracts with first-tier banks registered in the Brazilian CETIP clearing house. As of December 31, 2007, the total amount invested in synthetic fixed-income option contracts was R$66,845 with average term of 225 days. The Company utilizes swap agreements to change the remuneration of a portion of its short term investments to the Brazilian overnight deposit rate ("CDI"). As of December 31, 2007, the notional amount of fixed-rate swaps to CDI was R$61,200 with a fair value of R$379, and the notional amount of dollar-denominated swaps to CDI was R$132,848 with a fair value of R$28,089. The change in fair value of these swaps is recognized in interest income in the period of change.

17. INSURANCE COVERAGE

Management holds insurance coverage in amounts that it deems necessary to cover possible accidents, due to the nature of its assets and the risks inherent to its activity, observing the limits established in lease agreements. On December 31, 2007 the insurance coverage, by nature, considering GOL's and VRG's aircraft fleet and in relation to the maximum indemnifiable amounts, is the following:

	Unaudited	
Aeronautic Type	**R$**	**US$**
Warranty – Hull	6,064,211	3,423,593
Civil Liability per occurrence/aircraft	3,099,775	1,750,000
Warranty – Hull/War	6,064,211	3,423,593
Inventories	380,930	215,056

By means of Law 10.744, as of October 9, 2003, the Brazilian government undertook to supplement any civil liability expenses against third parties caused by acts of war or terrorist attacks, occurred in Brazil or abroad, for which GOL may be demanded, for the amounts that exceed the insurance policy limit effective on September 10, 2001, limited to the equivalent in reais to one billion U.S. dollars.

On September 29, 2006, an aircraft performing Gol Airlines Flight 1907 from Manaus enroute to Rio with a stop in Brasilia, was involved in a mid-air collision with a aircraft of ExcelAir. The Gol aircraft, a new Boeing 737-800 Next Generation, went down in the Amazon forest and there were no survivor among the 148 passengers and six crew members. The ExcelAir aircraft, a new Embraer Legacy 135 BJ, performed an emergency landing and all of its seven occupants were unharmed. The Company continues to cooperate fully with all regulatory and investigatory agencies to determine the cause of this accident. The Company maintains insurance for the coverage of these risks and liabilities. The payments for the hull to the lessor were made by the insurance maintained. The Company does not expect any exposure to arise from the accident involving Flight 1907 to have a material adverse effect on the financial position or results of operation of the Company. During the fourth quarter of 2006, we recorded a long term liability with a corresponding long term receivable from our insurance carriers in other non-current liabilities and assets, respectively, on our Consolidated Balance Sheet relating to the Flight 1907 accident. These estimates may be revised as additional information becomes available. We carry aviation risk liability insurance and believe this insurance is sufficient to cover any liability likely to arise from this accident.

18. INCOME TAXES

The Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes", on January 1, 2007. As a result of implementing Interpretation 48, there have not been any unrecognized benefits and there was no impact on the liability for unrecognized tax benefits or results of operations. Accordingly, as of the date of the adoption of FIN 48 the Company did not have any accrued interest and penalties related to unrecognized tax benefits. Management does not believe there will be any material changes related to unrecognized tax positions over the next 12 months. The Company will recognize penalties and interest accrued on any unrecognized tax benefits as a component of income tax expenses. The Company files its tax returns in Brazil and in foreign jurisdictions as prescribed by the tax laws of the jurisdictions in which it operates.

a) Deferred income taxes

The deferred income taxes are summarized as follows:

	2005	2006	2007	Translation into thousands of US$ 2007
Deferred tax assets				
Loss carryforward	R$8,762	R$7,218	**R$193,642**	**109,322**
Interest on shareholders' equity	36,748	-	**-**	**-**
Provisions for losses on acquired assets			**132,554**	**74,834**
Deferred tax on sale leasebacks	-	19,838	**-**	**-**
Deferred tax benefit contributed by shareholders	19,458	13,621	**-**	**-**
Estimated civil and labor liabilities	964	9,931	**-**	**-**
Allowance for doubtful accounts	1,663	3,524	**24,843**	**14,025**
Other	4,059	7,445	**35,727**	**20,170**
Total deferred tax assets	71,654	61,577	**386,766**	**218,351**
Deferred tax liabilities				
Property and equipment	(5,818)	-	**-**	**-**
Tax effects of differences in purchase price allocation	-	-	**(194,894)**	**(110,029)**
Deposits with lessors	(128,914)	(89,641)	**(109,600)**	**(61,875)**
Other	(616)	-	**9,370**	**5,290**
Total deferred tax liabilities	**(135,348)**	**(89,641)**	**(295,124)**	**(166,614)**
Net deferred tax assets (liabilities)	(63,694)	(28,064)	**91,642**	**51,737**
Short-term	1,663	3,524	**(44,521)**	**(25,134)**
Long-term	(62,031)	(24,540)	**47,121**	**26,603**

The following current and deferred income tax amounts were recorded in the statements of income:

Income tax expense (credit)	2005	2006	2007	Translation into thousands of US$ 2007
Current	189,576	257,707	**111,128**	**62,738**
Deferred	14,716	(27,882)	**(113,930)**	**(64,320)**
Total	204,292	229,825	**(2,802)**	**(1,582)**

The tax loss carryforwards are not subject to expiration. However, there is a limitation of 30% of utilization on each year's taxable profit.

b) Income statement

The reconciliation of the reported income tax and social contribution tax and the amount determined by applying the composite fiscal rate at December 31, 2007, December 31, 2006 and December 31, 2005, is as follows:

	2005	2006	2007	Translation into thousands of US$ 2007
Income before income taxes	R$717,522	R$798,962	**R$99,711**	**US$56,293**
Nominal composite rate	34%	34%	**34%**	**34%**
Income tax by the nominal rate	243,957	271,647	**33,901**	**19,140**
Interest on shareholders' equity	(38,716)	(42,122)	**(49,161)**	**(27,754)**
Other permanent differences	(949)	300	**12,458**	**7,032**
Income tax expense (benefit)	204,292	229,825	**(2,802)**	**(1,582)**
Effective rate	28,5%	28,7%	-	-

The tax years and corresponding tax returns for 2002, 2003, 2004, 2005 and 2006 are subject to examination. The company is currently under audit by Federal authorities for its 2004 tax year.

The Company believes that the tax positions taken are reasonable. However, various taxing authorities may challenge the positions taken resulting in additional liabilities for taxes and interest that may become payable in future years as a result of audits by tax authorities. The tax positions involve considerable judgment on the part of management and tax positions are reviewed and adjusted to account for changes in circumstances, such as lapsing of applicable statutes of limitations, conclusions of tax audits, additional exposures based on identification of new issues or court decisions affecting a particular tax issue. Actual results could differ from estimates.

19. EARNINGS PER SHARE

The Company's preferred shares are not entitled to receive any fixed dividends. Rather, the preferred shareholders are entitled to receive dividends per share in the same amount of the dividends per share paid to holders of the common shares. However, our preferred shares are entitled to receive distributions prior to holders of the common shares. Consequently, basic earnings per share are computed by dividing income by the weighted-average number of all classes of shares outstanding during the year. Preferred shares are excluded during any loss period. The diluted preferred shares are computed including the executive employee stock options calculated using the treasury-stock method as they were granted at an exercise price less that the market price of the shares.

	R$			US$
	2005	2006	2007	2007
Numerator				
Net income applicable to common and preferred shareholders for basic and diluted earnings per share	513,230	569,137	**102,513**	**57,874**
Denominator				
Weighted-average shares outstanding for basic earnings per share (in thousands)	192,828	196,103	**198,609**	**198,609**
Effect of dilutive securities:				
Executive stock options (in thousands)	776	117	**48**	**27**
Adjusted weighted-average shares outstanding and assumed conversions for diluted earnings per shares (in thousands)	193,604	196,210	**198,657**	**198,657**
Basic earnings (loss) per share	2.66	2.90	**0.52**	**0.29**
Diluted earnings (loss) per share	2.65	2.90	**0.52**	**0.29**

20. REVENUE INFORMATION

The company operates domestic and international flights. Geographic information for net operating revenues by market, presented below, was compiled based on passenger and cargo transportation provided by origin to final destination for GTA and origin to first destination for VRG:

	2005	%	2006	%	2007	%	Translation into thousands of US$ 2007	%
Domestic	2,586,348	96.9	3,684,154	96.9	**4,518,573**	**91.5**	**2,550,992**	**91.5**
International	82,742	3.1	117,863	3.1	**419,758**	**8.5**	**236,978**	**8.5**
Total	2,669,090	100.0	3,802,017	100.0	**4,938,331**	**100.0**	**2,787,970**	**100.0**

21. QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly results of operations for the years ended December 31, 2007 and 2006 are summarized below (in thousands, except per share amounts).

2007	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net operating revenues	1,041,272	1,046,066	1,303,544	1,441,983
Operating income (loss)	125,060	(93,414)	30,757	(85,376)
Net income (loss)	116,582	(48,454)	45,513	(13,730)
Earnings per share, basic	0.59	(0.25)	0.22	(0.07)
Earnings per share, diluted	0.59	(0.25)	0.22	(0.07)

2006	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net operating revenues	R$863,016	R$844,028	R$1,082,971	R$1,012,002
Operating income	223,835	132,258	233,063	112,301
Net income	179,790	106,685	190,006	92,656
Earnings per share, basic	0.92	0.54	0.97	0.47
Earnings per share, diluted	0.92	0.54	0.97	0.47

The sum of the quarterly earnings per share amounts may not equal the annual amount reported because per share amounts are computed independently for each quarter and for the full year based on respective weighted-average common shares outstanding and other dilutive potential common shares.

BRGAAP GOL LINHAS AÉREAS INTELIGENTES S.A.

CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
GOL Linhas Aéreas Inteligentes S.A.

1. We have audited the accompanying balance sheets of GOL Linhas Aéreas Inteligentes as of December 31, 2007 and 2006, and the related statements of operations, shareholders' equity and changes in financial position, corresponding to the year ended on those dates. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements.

2. We conducted our audits in accordance with generally accepted auditing standards in Brazil, which comprised: (a) the planning of our work, taking into consideration the materiality of balances, the volume of transactions and the accounting and internal control systems of the Company; (b) the examination, on a test basis, of the documentary evidence and accounting records supporting the amounts and disclosures in the financial statements; and (c) an assessment of the accounting practices used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation.

3. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GOL Linhas Aéreas Inteligentes at December 31, 2007 and 2006, and its results of its operations, changes in its shareholders' equity and changes in its financial position for the year ended December 31, 2007, in conformity with accounting practices adopted in Brazil.

4. We conducted our audits with the purpose of issuing an opinion about the financial statements referred to in the first paragraph. The consolidated social balance sheet and the statements of cash flow and of the value added of the parent company and consolidated prepared according to the accounting practices adopted in Brazil are being presented to provide additional information on the Company, although they are not required as part of the financial statements. These statements have been submitted to audit procedures described in the second paragraph and, in our opinion, are fairly presented in all material aspects concerning the financial statements taken as a whole.

5. The accounting practices adopted in Brazil differ in some significant aspects from the generally accepted accounting principles in the United States of America. The information relative to the nature and effect of such differences are presented in the Note 2 to the financial statements.

São Paulo, February 12, 2008.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-1

Maria Helena Pettersson
CRC-1SP119891/O-0

GOL LINHAS AÉREAS INTELIGENTES S.A.
BALANCE SHEETS
DECEMBER 31, 2007 AND 2006
(IN THOUSANDS OF REAIS)

		Parent Company		Consolidated	
	Note	2007	2006	2007	2006
Assets					
Current assets					
Cash and cash equivalents		**98,656**	136,332	**916,164**	699,990
Short-term investments	3	**169,485**	473,166	**516,637**	1,006,356
Accounts receivable	4	**-**	-	**916,133**	659,306
Inventories	5	**-**	-	**215,777**	75,165
Deferred taxes and carryforwards	6	**36,139**	13,467	**65,247**	73,451
Dividends receivable		**138,049**	173,372	**-**	-
Prepaid expenses		**2,323**	464	**143,756**	64,496
Credits with leasing companies		**142,098**	86,047	**149,729**	87,808
Other credits		**30**	265	**144,484**	58,009
Total current assets		**586,780**	883,113	**3,067,927**	2,724,581
Non-current assets					
Long-term receivables					
Escrow deposits	7	**-**	-	**163,480**	72,709
Deferred taxes and carryforwards	6	**40,725**	-	**367,088**	23,466
Credits with leasing companies		**-**	130,068	**-**	145,593
Credits with related companies	16	**90,832**	-	**-**	-
Other credits		**740**	-	**5,601**	2,893
Total long-term receivables		**132,297**	130,068	**536,169**	244,661
Permanent assets					
Investments	8	**1,784,827**	1,179,229	**884,847**	2,281
Property, plant and equipment (including advances for aircraft acquisition of R$695,538 in 2007 and R$436,911 in 2006)	9	**-**	-	**1,251,423**	795,393
Deferred charges	10	**274**	-	**24,462**	13,252
Total permanent assets		**1,785,101**	1,179,229	**2,160,732**	810,926
Total non-current assets		**1,917,398**	1,309,297	**2,696,901**	1,055,587
Total assets		**2,504,178**	2,192,410	**5,764,828**	3,780,168

See accompanying notes to financial statements.

GOL LINHAS AÉREAS INTELIGENTES S.A.
BALANCE SHEETS
DECEMBER 31, 2007 AND 2006
(IN THOUSANDS OF REAIS)

	Note	Parent Company		Consolidated	
		2007	2006	2007	2006
Liabilities					
Current liabilities					
Short-term borrowings	11	-	-	824,132	140,688
Suppliers		597	185	326,364	124,110
Operating leases payable		-	-	35,982	18,250
Payroll and related charges		-	-	163,437	87,821
Tax obligations		1,592	44,478	68,013	100,177
Landing fees and duties		-	-	84,319	39,217
Air traffic liability	2a and 12	-	-	472,860	335,268
Dividends and interest on shareholders' equity		75,610	42,961	75,610	42,961
Mileage program	13	-	-	50,080	-
Other obligations		561	36,827	91,727	67,023
Total current liabilities		78,360	124,451	2,192,524	955,515
Non-current liabilities					
Long-term borrowings	11	-	-	1,066,102	726,981
Provision for contingencies	14	-	-	32,075	5,715
Accounts payable to related companies		7,926	-	-	-
Other obligations		6,900	-	63,135	23,998
Total non-current liabilities		14,826	-	1,161,312	756,694
Shareholders' equity					
Capital stock		1,363,946	993,654	1,363,946	993,654
Capital reserves		89,556	89,556	89,556	89,556
Income reserves		954,823	989,071	954,823	989,071
Monetary adjustment of capital	2r	2,667	(4,322)	2,667	(4,322)
Total shareholders' equity		2,410,992	2,067,959	2,410,992	2,067,959
Total liabilities and shareholders' equity		2,504,178	2,192,410	5,764,828	3,780,168

See accompanying notes to financial statements.

GOL LINHAS AÉREAS INTELIGENTES S.A.
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2007 AND 2006
(IN THOUSANDS OF REAIS, EXCEPT EARNINGS PER SHARE)

		Parent Company		Consolidated	
	Note	2007	2006	2007	2006
Gross operating revenue					
Passenger	2	**-**	-	**4,742,439**	3,722,046
Cargo	2	**-**	-	**171,968**	126,096
Others	2	**-**	-	**244,019**	103,716
		-	-	**5,158,426**	3,951,858
Income taxes and contributions		**-**	-	**(191,164)**	(149,841)
Net operating revenues		**-**	-	**4,967,262**	3,802,017
Cost of services rendered	19	**-**	-	**(4,403,438)**	(2,577,111)
Gross profit		**-**	-	**563,824**	1,224,906
Operating expenses (income)					
Commercial expenses	19	**-**	-	**(367,866)**	(414,597)
Administrative expenses	19	**(8,436)**	(8,664)	**(256,182)**	(201,367)
Financial expenses	20	**(131,821)**	(11,241)	**(407,415)**	(132,678)
Financial income	20	**136,509**	238,201	**513,613**	399,376
Other income		**-**	48,665	**-**	-
		(3,748)	266,961	**(517,850)**	(349,266)
Results of equity pickup					
Equity accounting		**227,133**	536,315	**-**	-
Non-operating results	9	**-**	-	**(34,354)**	98,071
Income before income tax and social contribution		**223,385**	803,276	**11,620**	973,711
Income tax and social contribution	6	**45,142**	(118,804)	**256,907**	(289,239)
Net income		**268,527**	684,472	**268,527**	684,472
Number of outstanding shares at the balance sheet date		**202,300,255**	196,206,466	**202,300,255**	196,206,466
Earnings per share (R$)		**1.33**	3.49	**1.33**	3.49

See accompanying notes to financial statements.

GOL LINHAS AÉREAS INTELIGENTES S.A.

STATEMENTS OF SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2007 AND 2006
(IN THOUSANDS OF REAIS)

	Capital stock		Capital reserves		Income reserves				
	Subscribed capital	Unrealized capital	Tax incentives	Subsidiary's special goodwill reserve	Legal reserve	Reinvestment reserve	Adjustments to asset valuation	Retained earnings	Total
Balance at December 31, 2005	992,943	(1,739)	60,369	29,187	33,215	452,529	6,411	-	1,572,915
Realized capital increase	711	1,739	-	-	-	-	-	-	2,450
Total comprehensive income, net of taxes	-	-	-	-	-	-	(10,733)	-	(10,733)
Net income for the year	-	-	-	-	-	-	-	684,472	684,472
Proposed profit allocation:									
Legal reserve	-	-	-	-	34,224	-	-	(34,224)	-
Dividends and interest on shareholders' capital	-	-	-	-	-	-	-	(181,145)	(181,145)
Reinvestment reserve	-	-	-	-	-	469,103	-	(469,103)	-
Balance at December 31, 2006	**993,654**	**-**	**60,369**	**29,187**	**67,439**	**921,632**	**(4,322)**	**-**	**2,067,959**
Capital increase on April 9, 2007	**369,860**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**369,860**
Capital increase by means of stock options exercised	**432**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**432**
Total comprehensive income, net of taxes	**-**	**-**	**-**	**-**	**-**	**-**	**6,989**	**-**	**6,989**
Net income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**268,527**	**268,527**
Reversal of reinvestment reserve parcel	**-**	**-**	**-**	**-**	**-**	**(47,674)**	**-**	**47,674**	**-**
Proposed profit allocation:									
Legal reserve	**-**	**-**	**-**	**-**	**13,426**	**-**	**-**	**(13,426)**	**-**
Dividends and interest on shareholders' capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(302,775)**	**(302,775)**
Balance at December 31, 2007	**1,363,946**	**-**	**60,369**	**29,187**	**80,865**	**873,958**	**2,667**	**-**	**2,410,992**

See accompanying notes to financial statements.

GOL LINHAS AÉREAS INTELIGENTES S.A.
STATEMENTS OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2007 AND 2006
(IN THOUSANDS OF REAIS)

		Parent Company		Consolidated	
	Note	2007	2006	2007	2006
Financial resources					
Resources generated by (used in) operations					
Net income for the period		**268,527**	684,472	**268,527**	684,472
From operations:					
Items that not affect working capital:					
Equity accounting		**(227,133)**	(536,315)	**-**	-
Exchange rate variation on investments		**30,688**	-	**-**	-
Total unrealized hedge result, net of taxes, on invested companies		**(6,821)**	-	**-**	-
Depreciation and amortization	19	**-**	-	**101,741**	58,252
Deferred taxes	5	**(40,725)**	(37,782)	**(343,622)**	(31,533)
		24,535	110,375	**26,646**	711,191
From shareholders:					
Capital increase	17a	**370,292**	2,450	**370,292**	2,450
		370,292	2,450	**370,292**	2,450
From third-parties:					
Effect of non-current items on VRG acquisition, net		**-**	-	**27,116**	-
Increase in non-current liabilities		**7,926**	-	**64,336**	727,279
Reclassification from current to non-current assets		**130,068**	-	**-**	-
Transfer of credits with leasing companies from current to non-current assets		**-**	-	**175,163**	-
Borrowings		**-**	-	**465,635**	-
Dividends received		**173,717**	-	**-**	-
Decrease in investments		**-**	395,763	**-**	-
Total comprehensive income, net of taxes	23	**6,989**	-	**6,989**	-
Total resources		**713,527**	508,588	**1,136,177**	1,440,920
Use of resources					
In operations:					
Proposed dividends and interest on shareholders' equity		**302,775**	181,145	**302,775**	181,145
Investments in subsidiaries		**569,148**	-	**883,296**	452
Acquisition of property, plant and equipment, including pre-delivery deposits		**-**	-	**564,564**	273,654
Total comprehensive income, net of taxes		**-**	10,733	**-**	10,733
Investments on deferred assets		**-**	-	**16,157**	-
Reclassifications to current liabilities		**-**	-	**132,116**	-
Increase in credits with related companies		**91,846**	47,191	**130,932**	99,051
Total investments		**963,769**	239,069	**2,029,840**	565,035
Increase (decrease) in other non-current assets		**(250,242)**	269,519	**(893,663)**	875,885
Change in net working capital					
Current assets:					
At end of the period		**586,780**	883,113	**3,067,927**	2,724,581
At beginning of the period		**883,113**	608,447	**2,724,581**	1,546,707
		(296,333)	274,666	**343,346**	1,177,874
Current liabilities:					
At end of the period		**78,360**	124,451	**2,192,524**	955,515
At beginning of the period		**124,451**	119,304	**955,515**	653,526
		(46,091)	5,147	**1,237,009**	301,989
Increase in net working capital		**(250,242)**	269,519	**(893,633)**	875,885

See accompanying notes to financial statements.

GOL LINHAS AÉREAS INTELIGENTES S.A.
CASH FLOW STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(IN THOUSANDS OF REAIS)

	Parent Company		Consolidated	
	2007	2006	2007	2006
Net income for the period	268,527	684,472	268,527	684,472
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	-	-	101,741	58,252
Allowance for doubtful accounts	-	-	12,931	5,476
Deferred income taxes	(45,142)	(37,782)	(368,035)	(31,533)
Equity accounting	(227,133)	(536,315)	-	-
Exchange rate variation of investments	30,688	-	-	-
Exchange rate variation of borrowings	-	-	(137,114)	-
Total comprehensive income, net of taxes	(6,821)	-	-	-
Changes in operating assets and liabilities:				
Receivables	-	-	(232,533)	(100,824)
Inventories	-	-	(129,319)	(34,482)
Prepaid expenses, taxes recoverable and other receivables	53,398	(135,533)	(50,904)	(298,615)
Suppliers	412	185	137,469	50,186
Air traffic liability	-	-	98,800	117,468
Smiles mileage program	-	-	(20,810)	-
Taxes payable	(42,886)	27,427	(32,168)	42,991
Payroll and related charges	-	-	72,169	69,904
Provision for contingencies	-	-	26,360	298
Dividends and interest on shareholders' equity	-	(58,521)	-	(58,521)
Other liabilities	(103,545)	36,056	49,978	(6,711)
Net cash used in (generated by) operating activities	(72,502)	(20,011)	(202,908)	498,361
Investing activities:				
Financial investments	303,681	(262,758)	489,719	(266,625)
Investments in permanent assets	(201,297)	571,897	(194,087)	(452)
Dividends	173,717			
Deposits in guarantee	-	-	54,822	(11,169)
Property, plant and equipment acquisition includes deposits for aircraft acquisition	-	-	(541,573)	(273,654)
Others	-	-	(16,157)	-
Net cash used in (generated by) investing activities	276,101	309,139	(207,276)	(551,900)
Financing activities:				
Borrowings	-	-	867,633	813,653
Capital increase	2,441	2,450	2,441	2,450
Dividends and interest on shareholders' equity paid	(250,705)	(181,145)	(250,705)	(181,145)
Unrealized hedge result, net of taxes	6,989	(10,733)	6,989	(10,733)
Net cash used in (generated by) financing activities	(241,275)	(189,428)	626,358	624,225
Net cash increase (decrease)	(37,676)	99,700	216,174	570,686
Cash and cash equivalents at the beginning of the period	136,332	36,632	699,990	129,304
Cash and cash equivalents at the end of the period	98,656	136,332	916,164	699,990
Additional information:				
Interest paid for the period	-	-	163,764	64,786
Income tax and social contribution paid for the period	-	81,022	85,070	251,868
Transactions not affecting cash:				
Special goodwill reserve	5,838	5,838	5,838	5,838
Capital increase by issuance of shares for VRG acquisition	367,851	-	367,851	-
Goodwill on capital deficiency of VRG	-	-	507,827	-

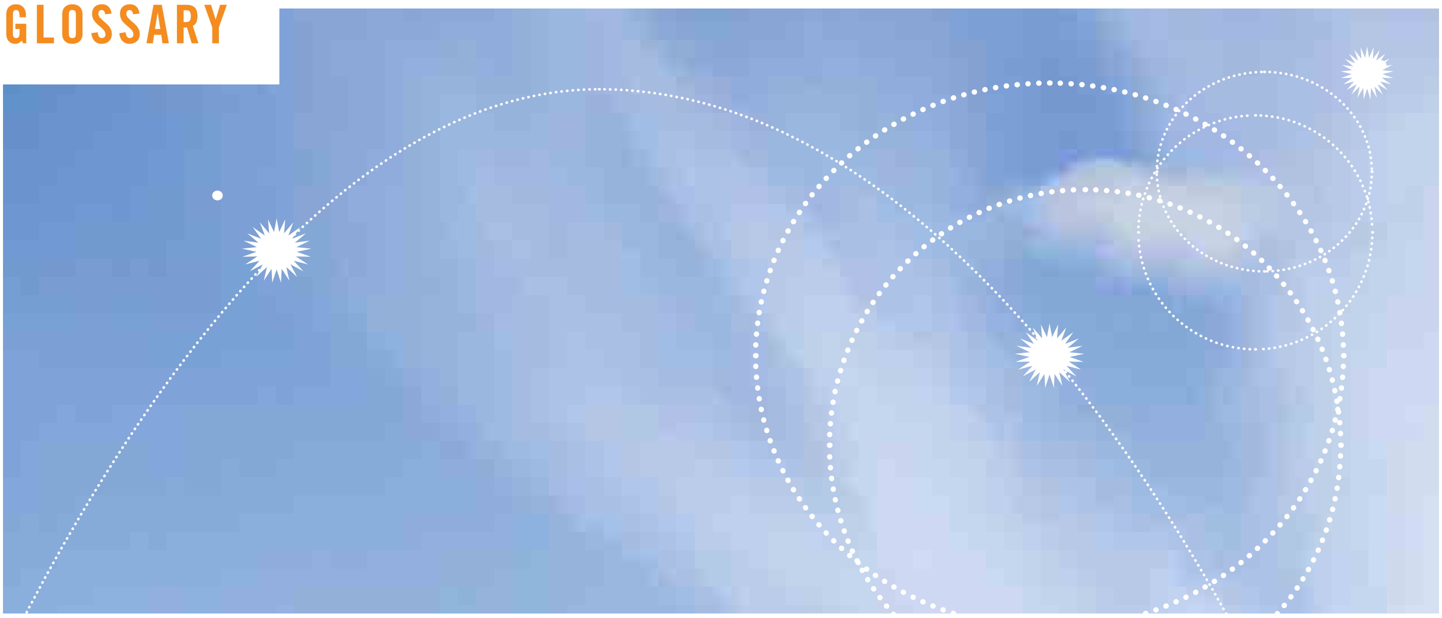
See accompanying notes to financial statements.

GOL LINHAS AÉREAS INTELIGENTES S.A.
ADDED VALUE STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(IN THOUSANDS OF REAIS)

	Parent Company		Consolidated	
	2007	2006	2007	2006
Revenues				
Passenger, cargo and other transportation revenues	-	-	5,158,426	3,951,858
Allowance for doubtful accounts	-	-	(12,931)	(10,366)
Inputs acquired from third parties (including ICMS and IPI)				
Fuel and lubricant suppliers	-	-	(1,898,840)	(1,227,001)
Material, energy, third-party services and others	(8,121)	(8,664)	(1,181,079)	(666,954)
Aircraft insurance	-	-	(44,646)	(30,169)
Sales and marketing	-	-	(354,935)	(414,597)
Gross added value	(8,121)	(8,664)	1,665,995	1,602,771
Retentions				
Depreciation and amortization	-	-	(101,740)	(58,252)
Net added value generated by the Company	(8,121)	(8,664)	1,564,255	1,544,519
Added value received in transfer				
Tax credits arising from accumulated tax losses and social contribution tax losses	45,142	-	368,035	-
Results of equity pickup	227,133	536,315	-	-
Financial expense	51,233	226,960	289,568	266,698
Total added value to be distributed	270,718	679,389	2,221,858	1,752,116
Added value distribution				
Employees	(21)	-	(659,244)	(410,820)
Government	(2,168)	(118,804)	(469,839)	(439,080)
Financing companies	(2)	-	(162,715)	(64,786)
Lessors	-	-	(661,533)	(276,845)
Shareholders	(302,775)	(181,145)	(302,775)	(181,145)
Reinvested	34,248	(379,440)	34,248	(379,440)
Total distributed added value	(270,718)	(679,389)	(2,221,858)	(1,752,116)

See accompanying notes to financial statements.

GLOSSARY



FINANCIAL TERMS

ADR: American Depositary Receipt. A negotiable certificate issued by a U.S. bank, which represents shares issued by a company outside the United States. Many Brazilian companies have their shares traded on the New York Stock Exchange using ADRs.

ADS: American Depositary Share. Receipts of shares traded abroad.

Bovespa: The São Paulo Stock Exchange.

BR GAAP: Brazilian generally accepted accounting principles.

Capital market: Financial market where medium and long-term securities are traded, including government bonds, medium and long-term securities issued by financial institutions, and corporate bonds and shares.

Cash flow: The amount of cash being received and spent by a company during a given period of time.

Common share: Shares that give their holders the right to vote at shareholders' meetings.

Corporate governance: A set of procedures that ensure the rights and equitable treatment of shareholders, in addition to transparency and accountability in financial reporting. An important part of corporate governance is that it allows shareholders to monitor a company's board of executive officers.

CVM: Brazilian Securities and Exchange Commission. Regulates and oversees the Brazilian securities market.

Dividend: A payment made, almost always in cash, to a company shareholder as a return on investment.

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization (LAJIDA in Portuguese).

EBITDAR: Earnings Before Interest, Taxes, Depreciation, Amortization and Rent (LAJIDAR in Portuguese). EBITDAR is useful for comparing airlines as aircraft leasing represents a significant operating expense.

Earnings per share: The net income allocated to a share after payment of income taxes, divided by the number of shares.

GDP: Gross Domestic Product. A country's GDP is the primary measure of the size of its economy. It represents the total value of goods and services produced in the country.

Level 2: A Bovespa corporate governance classification for publicly-held companies. Companies classified as Level 2 undertake to adopt all Level 1 governance practices plus a range of practices mainly related to minority shareholders rights.

Liquidity: The ability of an institution to immediately meet its financial obligations. When applied to financial instruments, it refers to the ease with which a given security can be traded.

Net income: Net revenue(s) less cost of goods sold, operating expenses and period income tax.

Net margin: Income after income taxes, divided by net revenue(s).

Net revenue(s): Total operating income less taxes and deductions.

Operating income: Net revenue(s) less total expenses, except income tax and other items not related to the company's core business.

Operating margin: Operating income divided by net revenue(s).

Primary surplus: When a government's total revenue(s) exceeds its expenditures, after discounting interest expenses and the monetary adjustment of debt, a primary surplus is recorded.

Revenue(s): The total amount received from the sales of a company's products or services.

SEC: Securities and Exchange Commission, the agency that regulates the U.S. securities market.

Share issue: The placement of a company's shares on the market.

Social responsibility: A form of corporate conduct that in which the company becomes an active partner in promoting social sustainability and development.
A socially responsible company respects the interests of all parties involved (shareholders, service providers, suppliers, consumers, the community, government and the environment) and includes them in its planning.

US GAAP: United States generally accepted accounting principles.

AVIATION INDUSTRY TERMS

Aircraft utilization: The average number of hours operated per day per aircraft for the total aircraft fleet.

ANAC: National Civil Aviation Agency.

Available seat kilometers (ASK): Aircraft seating capacity multiplied by the number of kilometers the seats are flown.

Average stage length: The average number of kilometers flown per flight.

Block hours: The elapsed time between an aircraft leaving an airport gate and arriving at an airport gate.

Breakeven load factor: The passenger load factor that will result in passenger revenues being equal to operating expenses.

Load-factor: Represents the percentage of aircraft seating capacity that is actually utilized (calculated by dividing revenue passenger kilometers by available seat kilometers).

Operating expenses per available seat kilometer (CASK): Operating expenses divided by available seat kilometers.

Operating revenue per available seat kilometer (RASK): Operating revenues divided by available seat kilometers.

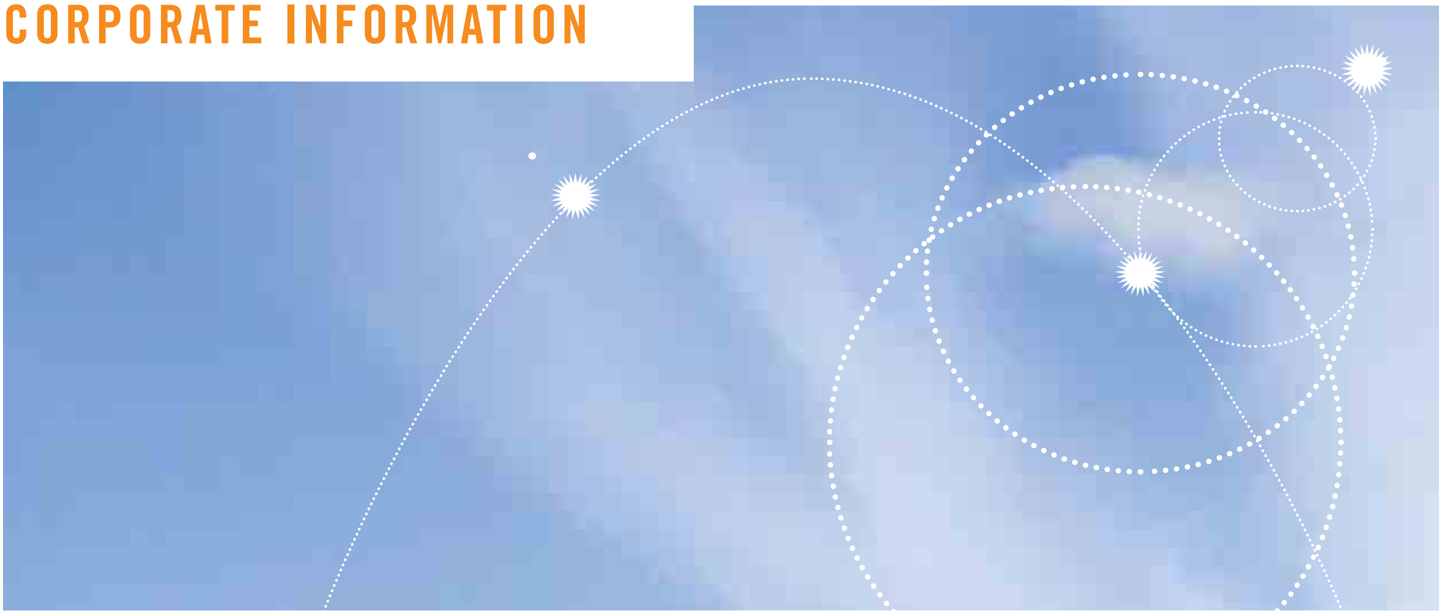
Passenger revenue per available seat kilometer: Passenger revenue divided by available seat kilometers.

Revenue passengers: Represents the total number of paying passengers flown on all flight segments.

Revenue passenger kilometers (RPK): The numbers of kilometers flown by revenue passengers.

Yield per passenger kilometer: The average amount one passenger pays to fly one kilometer.

CORPORATE INFORMATION



BOARD OF DIRECTORS

Chairman
Constantino de Oliveira

Directors
Constantino de Oliveira Júnior
Henrique Constantino
Joaquim Constantino Neto
Ricardo Constantino
Álvaro de Souza
Antonio Kandir
Luiz Kaufmann

EXECUTIVE MANAGEMENT

President and CEO
Constantino de Oliveira Júnior

Executive Vice President – Technical
Fernando Rockert de Magalhães

Executive Vice President – Finance and CFO
Richard F. Lark, Jr.

Executive Vice President – Marketing and Services
Tarcísio Geraldo Gargioni

Executive Vice President – Planning and IT
Wilson Maciel Ramos

AUDIT COMMITTEE
Álvaro de Souza
Antonio Kandir
Luiz Kaufmann (financial expert)

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE
Betania Tanure de Barros
Charles Barnsley Holland
Paulo César Aragão

FINANCIAL POLICY COMMITTEE
Henrique Constantino
Richard F. Lark, Jr.

RISK POLICIES COMMITTEE
Barry Siler
Henrique Constantino
Richard F. Lark, Jr.

PERSONNEL MANAGEMENT POLICIES COMMITTEE
Henrique Constantino
Marco Antonio Piller
Marcos Roberto Morales

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www.adrbny.com

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Graphic and Editorial Project

The Media Group

Photos

Archives

PUBLICATIONS AND INFORMATION

All the relevant facts of GOL Linhas Aéreas Inteligentes and its subsidiaries are disclosed simultaneously to regulating authorities and bodies in Brazil and in the United States, and to the market.

Quarterly and annual financial statements follow accounting standards defined by the Brazilian Corporation Law, and U.S. accounting standards (US GAAP). Additionally, as required by Law, full financial statements are published annually in Valor Econômico and the Diário Oficial of the state of São Paulo.

Quarterly and annual financial statements, corporate information, press releases, presentations, relevant facts and notices to shareholders are available in our area of Investor Relations and at the IR website (www.voegol.com.br). Other information on the Company may be found at the websites of the São Paulo Stock Exchange (www.bovespa.com.br), New York Stock Exchange (www.nyse.com), Comissão de Valores Mobiliários (www.cvm.gov.br) and Securities and Exchange Commission (www.sec.gov).

This report includes future considerations regarding business perspectives, estimates of operational and financial results, and GOL's growth perspectives. These are merely projections and, as such, are based exclusively in GOL's management expectations regarding the future of the business and its continuous access to capitals to fund the Company business plan. These future considerations depend, substantially, on changes to market conditions, governmental rules, competition pressures, sector performance and the Brazilian economy, among other factors, as well as risks in promotion documents filed by GOL and, therefore, are subject to changes without notice.