**Operator:**

Good morning everyone and thank you for waiting. Welcome to GOL Airlines 2Q16 Results Conference Call. With us here today we have Paulo Kakinoffnoff, CEO; Richard Lark, CFO and IR Officer.

This event is being recorded and all participants will be in a listen-only mode during the Company's presentation. After GOL remarks there will be a question and answer session. At that time further instructions will be given. Should any participant need assistance during this call, please press star zero to reach the operator.

This event is also being broadcast live via webcast and may be accessed through GOL website at www.voegol.com.br/ir, where the presentation is also available. Participants may view the slides in any order they wish. The replay will be available shortly after the event is concluded. Those following the presentation via the webcast may post their questions on our website. They will be answered by the IR Team after the conference is finished.

Before proceeding, let me mention that forward-statements are based on the beliefs and assumptions of GOL management and on information currently available to the Company. They involve risks and uncertainties because they relate to future events and therefore depend on circumstances that may or may not occur. Investors and analysts should understand that conditions related to macroeconomic conditions, industry and other factors could also cause results to differ materially from those expressed in such forward looking statements.

Now, I will turn the conference over to Mr. Paulo Kakinoffnoff. Mr. Paulo you may begin your presentation.

**Paulo Kakinoffnoff:**

Good morning everyone, Paulo Kakinoffnoff here. Thank you for joining us via teleconference to Gol's corporate headquarters at São Paulo Congonhas Airport. Today we will discuss the Company's 2Q16 results. Please, turn to page three of today's presentation.

Gol Airlines is Brazil's largest air transportation group, with annual revenues in excess of R$10 billion allocated among the three primary businesses: passenger transportation; cargo transportation; and our coalition loyalty program. Gol is Brazil's largest airline in terms of passengers transported and is Latin America's largest low cost carrier operating over 850 flights to 65 destinations, including 13 international destinations in South America and the Caribbean.

Gol currently sells tickets for flights in over 40 countries around the world. With R$4.4 billion in gross passenger revenues in the 1H16, Gol is the third largest seller on the Brazilian internet.

Gollog is our cargo transportation business, serving more than 3.000 Brazilian municipalities and through partners 90 international destinations in 47 countries. In the 1H16, this business provided R$154 million or 3% of our total gross revenues in the period.

Smiles is one of the largest coalition loyalty program in Latin America, with over 11 million members, allowing clients to accumulate miles and redeem tickets for more than 700 locations worldwide. Smiles earned R$772 million of gross revenues in the 1H16.

As you can see in the table, in addition to these businesses, other auxiliary revenues contributed R$453 million gross revenues, or 9% of the total in the period, combined with Gollog and Smiles, our total non-passenger transportation gross revenues, in the 1H16, was R$1.4 billion, or 27% of the total.

Our 1H16 consolidated net income was around R$1 billion and the Company's total consolidated cash balance was approximately R$1.4 billion on June 30th. Moving on to the next slide, I will provide you a brief updated on our comprehensive restructuring plan.

As shown on slide four, in mid-2015, we initiated specific actions to happily rightsize our operations to match Brazil's shrinking economy and combat the negative impacts on the airline industry caused by significantly devalued Brazilian currency. Such actions were proactively designed to adjust our capacity and leverage the current environment. Actually, leverage to the current environment, which has been pretty challenging.

In May, during our 1Q16 teleconference, we updated you on the restructuring plan initiatives in progress at that point in time. We reported that during 2015, we completed approximately R$1.8 billion of new liquidity initiatives, primarily from shareholders or with shareholders support.

During 2016 to date, Gol has: completed an agreement with its partner Boeing to reschedule aircraft deliveries and return of pre-delivery deposits; freed up Smiles shares pledged in collateral for the 10 lower guarantee for Delta airlines; received the second installment of R$600 million from Smiles, related to advanced payments for future ticket sales, with the outstanding balance of R$400 million expected to be received in the 4Q of this year; concluded an exchange of Gol's USD and secured debt achieving a reduction of US$102 million or R$327 million, and generating annual interest savings of US$9.3 million; and obtained covenants waivers from debenture holders for the 1H16, as well as extending the maturity of R$225 million throughout 2016 and 2017 to 2019.

Also during 2016, Gol renegotiated ten aircrafts under finance leases and successfully reduced seat sizes from 144 737 aircrafts at the yearend of 2015 to 137 currently in our fleet. An additional 5 737s will be returned by yearend, rightsizing our fleet to a total of 122 aircrafts.

Gol's adjusted net debt has been reduced from a peak of 11x EBITDAR at the end of 2015 to 7.6x at June 30th, 2016. We have more work to do to reduce leverage and on slide 14 we will review this in a more detailed way.

We also continue improving the allocation of our talents and recently announced some changes in the Board of Directors and the Senior Management team. Richard stepped out of his board seat to contribute more decisively to our value creation effort, recapitalization process and profitable goals, and Edmar is working closely with Richard during his transition.

Our fleet reduction has been the key to permit the matching of our seat offer to current demand as is demonstrated on the next slide, slide number five. Here you can see how Gol has driven the capacity rationalization in the Brazilian airline industry. Having said that, although Gol has provided leadership in reducing capacity, industry profitability has been negatively impacted by the capacity growth of two players; one of which has not reduced capacity, and the other has even added capacity during the downturn in the market.

In the last block in this slide, you see the 10.6 % reduction in Gol's number of seats available in the domestic market since January 2015. This represents a 2.3 p.p. reduction in excess of the second player and a 5.1 p.p. reduction in excess of the industry average. Gol's capacity reduction will continue in the 2H16, within the range of 15% to 18% reduction in the volume of seats.

We are fully committed to resize Gol and prioritize our profitability. By cutting capacity at that level and reducing the fleet from the yearend 144 737s to next December 122 737s; we likely have implemented the strongest and fastest restructuring in an airline of that size.

Our domestic RPK reduced by 8.4% in the semester and 1.8 p.p. below the industry reduction in demand. Until June this year Gol's total load factor fell by 1.6 p.p., reaching 75.2%. In the domestic market, the reduction was 1.8 p.p. to 76.7% and the load factor in the international market was 69.3% an increase of 1.1 p.p. compared to the same period in 2015.

Please move to the next slide. On slide six, we highlight some additional achievements in the 2Q of this year. Our brand new flight network was launched on May 1st, bringing much more convenience to Gol's customers. Right here at São Paulo Congonhas Domestic Airport, serving customers in Brazil's largest market, we are now the leader in number of destinations served at 33; have the largest seat availability to North and Northeast Brazil; and have an improved schedule to Brazil's key business markets.

At the Guarulhos International Airport, Brazil's main international gateway, Gol has now its highest diversity of destinations, serving 32 domestic and eight international destinations.

In Rio de Janeiro, the second largest Brazilian market, we are now the most comprehensive flight network for domestic and international passengers. Through our partners, Air France, KLM and Delta, Gol offers the largest number of destinations departing from Rio, with eight international and 25 domestic. Our Rio hub connections now provide better options to both the South and North of Brazil.

Moving to center of the slide, according to ABRACORP, Gol maintains its leadership of corporate sales in number of tickets issued in the 1H16.

And, finally, on the right of the slide, we are happy to share that in recognition of our internal process and commitment to high quality standards we have received the certification of the US Federal Aviation Administration, the FAA, to perform heavy checks at Gol's Aircraft Maintenance Center in Confins. This means that we will be able to provide leisure return checks and maintenance services to our fleets generating cost savings. In the future, we will be able to provide maintenance services to other operators. I will now turn the presentation over to Richard who will review our 2Q results.

**Richard Lark:**

Thanks, Kakinoff and good morning to you all. In the next few slides, I will go over the 2Q16 results highlighting the main characteristics and drivers through the period. Please flip to slide number eight.

The 2Q16 microenvironment in Brazil was dominated by high levels of risk and uncertainty, as the market awaited the resolution of the current political crisis and the BRL on average ended up worth 14.1% less versus 2Q15.

Demand for air travel is measured by revenue passenger kilometers or RPKs, decreased for the 11 consecutive month and demand customer's decreased. To cope, the Brazilian domestic airline market reduced ASK supply by 8.4% during the period.

Not all was negative in the microenvironment, as jet fuel in BRL reached its lowest level in five years, as evidenced by the 17.3% decrease versus the 2Q15.

In the 2Q16, Gol's airline operations reduced capacity by 9.3%, the 10.8 billion ASKs achieved the load factor of 75.2% and increased passenger revenues per seat kilometer, or PRASK by 6,9%, permitting a total RASK improvement of 8.1% in the quarter.

The 21% reduction in take-offs and the 21% reduction in available seats were made possible by the fleet rightsizing that Kakinoff reviewed in the first part of our presentation. The 11.7 p.p. reduction in available seats above the 6.9% ASK reduction is primarily due to the increase in stage link which is part of the new route network fully implemented in May 2016. Gol's constant focus on improving revenue management helped drive a yield increase of 9.2% over the 2Q15. In the six-month period ending June 30th, 2016, yield was up 13.8% and PRASK increased 12.3%.

At R$0.21, total operating cost per seat kilometer, or CASK, increased 4.7% over the same quarter of 2015. The CASK excluding field increased 18% in the quarter of the quarter comparison. Despite the increase in operating costs per seat kilometer, the increase in RASK permitted a reduction in the losses from operations to to 1 point six cents of real, representing an improvement of 24% when compared to same period in 2015.

Please turn to slide number nine. In the quarter, consolidated CASK ex fuel was R$0,155, an increase of 18% in the quarter over quarter comparison. The increase in CASK was finally driven by the following: R$0.06 cents, or 29.3% increase in aircraft lease expenses per ASK, driven by the 14.1% devaluation of the BRL, and the increase in the number of aircrafts under operating lease contracts from 97 aircrafts in 2Q15, to 102 aircrafts in 2Q16; R$0.05 or 25.4% increase in service expenses related to the growth in Smiles' products and tickets acquired from peer airlines, which will generate future revenues for Gol; a R$0.4, or 36.9% increase in main expenses due to the BRL devaluation and high number of engines repaired during the quarter and, R$0.2 or 7.1% increase in salaries expenses due to an 11% increase in wages from the collective bargaining agreement.

Fuel in the quarter was R$1.83 per litter, representing a 17.3% decline compared to the 2Q15, and was the lowest level since the 1Q11. However, the reduction of the Brazilian fuel prices was significantly lower than international fuel prices, as jet fuel prices in Brazil are indexed to the USD.

It is worth noting that Gol decreased by 10% the number of litters consumed per RPK, comparing the LTM period in 2Q16 versus the LTM period in 2Q13 as a result of initiatives to improve operating efficiency.

To review non-passenger transportation revenues, please flip to slide number 10. Gol Smiles' subsidiary closed the 2Q16 with net revenues of R$349.8 million, an increase of 27% over 2Q15. Operating income was R$128.1 million, representing an operating margin of 36.6%, 2.9 p.p. higher than the same period in 2015. Net income in the 2Q16 was R$123.6 million, representing a net margin of 35.3%.

The quarter result at Smiles reflect 10.2 billion of redeemed miles, a 7.9% increase over 2Q15, 11.6 billion miles accrued, excluding Gol, a 3.6% increase over 2Q15, and R$316 million of billings, excluding Gol, which was a 10.3% increase over 2Q15.

In 2Q16, cargo revenues were R$59 million, and the other revenues were R$239 million. Cargo revenues increased in the semester by 2.1% and remain stable at R$330 million in the last 12-month period. Despite the reduction in the ASKs, Gol recently initiated operations in a new cargo terminal at Manaus.

In other revenues, we highlight that today 100% of our fleet is configured with the Gol+ Comfort seats, which are producing additional revenues, and in 2Q16 Gol surpassed 20 thousand on-board products sold per day.

Moving to slide 11, we show the period comparisons for the summary income payment items. Net revenue in the quarter decreased R$42.3 million to R$2.1 billion, primarily due to the 14% decrease in seat availability. Total net revenue increased R$165.6 million in the 1H16, compared to the same period in 2015. Year-to-date revenues reached R$4.8 billion, representing an improvement of 3.6% compared to the 1H15.

2Q16 operating loss was R$171.4 million, an improvement of 31.7% in comparison to the 2Q15. 1H16 EBIT reached R$265.8 million, representing a margin of 5.5%, an evolution of 7.6 p.p. over the same period of the previous year.

In the recent quarter, Gol incurred R$21.8 million of expenses related to the return of aircraft under finance leases. The operating loss before interest and taxes, excluding the R$21.8 million of non-recurring items, was R$149.6 million, representing a negative 7.2% margin, and representing a 5.1 p.p. increase over the 2Q15.

Year-to-date recurring EBIT margin, excluding the non-recurring effects, was 1.6% versus a -2.5% in the 1H15. Recurring EBITDAR was R$247 million in the quarter, representing an 11.8% EBITDAR margin.

In terms of cash flow generated for business operations, before financing flows, Gol generated approximately R$466 million of cash flow in the quarter. Excluding the R$307 million increase in accounts receivable, and the release of R$374 million in restricted cash, you can find details of these cash flow numbers in the cash flow statement in the order of financial statements.

Moving now to slide number 12. 2Q was also positively impacted by R$779 million net exchange rate variation due to the BRL appreciation over the USD during the quarter. The exchange variation was the key factor to toning the R$309.5 million net income in the quarter. Exchange rate variation was R$1.5 billion year-to-date, driving a net income of R$1.1 billion in the 1H16.

Moving now to slide 13. Proforma for the conclusion of the exchange offer, total debt decrease by approximately R$1.2 billion in the 2Q. The USD unsecured debt exchange achieved US$102 million reduction, representing R$327 million, of which US$28 million, or R$90 million reduced amounts due in 2017.

Also, Gol affected R$248 million in bank amortizations and finance leasing amortizations, and drove an additional R$667 million from exchange rate variation on USDs denominated obligations. Additionally, R$225 million of debentures maturities were rescheduled from 2016/2017 to 2019.

On the left side of the page you can see the consolidated cash balance of R$1.4 billion was composed of R$595 million of free cash, R$409 million of cash on the balance sheet of our Smiles subsidiary, and R$361 million of restricted cash.

In addition to this total cash balance, Gol finished the quarter with R$763 million in accounts receivable, which was an increase of R$300 million when compared to December 2015. Adding this amount to the R$1.4 billion in cash balance, Gol finished the quarter with approximately R$2.2 billion of total liquidity.

To conclude our review, please move to slide 14. On slide 14 we present a comparison of the last four quarter leverage statistics. As you can see on the chart, Gol's total debt in BRL, at June 30th, 2016, decreased by R$1.3 billion when compared to the end of 2015.

When all the initiatives in the restructuring plan are completed, the total debt reduction is expected to reach approximately R$3.8 billion, deriving mainly from the following: R$327 million reduction in USD unsecured debts; R$1.2 billion reduction in aircraft operating leases; R$600 million reduction in aircraft finance leases on aircraft expected to be returned; R$400 million in bank debt amortizations and amortizations on finance lease aircraft already returned; and R$1,3 billion reduction in USD denominated debt obligations deriving from the exchange rate effects I previously described.

Company projections for the next 12 to 24 months indicate growth of suggested leverage of between 6x to 6.5x.

Now I will turn our presentation back to Kakinoff who will present our guidance for the full year.

**Paulo Kakinoff:**

Thanks Rich. Please turn to slide 16. Gol is reaffirming its capacity projection for 2016, which includes a total supply reduction of 5 to 8%, total seats and volume of departures reduction between 15 to 18%.

Although we still have a high level of uncertainty regarding the time required to solve the current political and economic crisis, we are resuming guidance for operating income, and we are expecting an operating margin between 4 to 6% for the full year of 2016.

The EBIT margin and guidance considered the full year average of BRL to USD exchange rate of between R$3.50, and R$3.90, and average Brazilian adjusted prices in BRL between R$1.90 and R$2.30.

I will now take your questions.

**Michael Linenberg, Deutsche Bank:**

Good morning everybody and welcome back Richard. You talked about the operating cash flow was before financing on cash flow for the quarter. Can you just tell us what the rate was in the June quarter and how that is trending in the September quarter? I realize that your June quarter season is your most challenging quarter, so, I would anticipate that number has improved, so, if you could give us some color on that, it would be great. Thank you.

**Richard Lark:**

We are not providing information on the daily Company cash burn rate per se of the 2Q or the 3Q. What I can say is that one of the points we are trying to make there is that we saw some comments on the cash flow. In 2Q the cash flow was positive. One of the differences that I think from the past is that the last quarter Gol stopped affecting receivables, which effectively consumed R$300 million in the cash flow.

So, you are going to need to add that back, and that as well, need to make some other adjustments there for the restricted cash, so, the cash flow for 2Q, operating cash or cash from operations was around R$500 million. Not necessarily indicative, obviously, of the cash flow generated from the EBIT line. So, I would kind of provide that as indication of what the number is.

Having said that, you know, the Company's more or less operating on average at a breakeven level in terms of cash flows at this point, on the operating outsight.

**Michael Linenberg:**

OK, helpful. And then just the second question, and this is either to you or Kakinoff just, how things are trending? Mainly, we know that the June quarter seasonally is the most challenging quarter for Gol, as we moved into the 3Q, one help had, I looked and I realize there's an Olympics effect, which can be good, it can also be bad, since you can see a fall-off in business travel.

So, I know it could be quite difficult to actually try to isolate the Olympics impact, but maybe sort of trend and maybe how things look beyond the Olympics as we move into a latter part of the year. Any color on that would be great. Thank you very much.

**Paulo Kakinoff:**

Hi Michael, Kakinoff here. You know how hard it is to tell, to give you any caller on July or August figures because then I would necessarily tell you what's going on for the quarter and that would be a kind of guidance. But what I can tell is that the Olympic games do affect basically the Rio de Janeiro destination, it is not a systemic impact on the network like the World Cup was.

So, independently of the Olympic games, I can remind you all that the 2H of the year used to be quite stronger than the 1H regarding revenues and, consequently, the profits and the margins. So, we have built our guidance considering that for the 2H of this year, we would have a normal seasonality in comparison to the past year. This is the maximum output I can give you from your question without harming our commitment to not give any kind of unofficial guidance. I hope you can understand that.

**Michael Linenberg:**

Yes, and I appreciate it. That is helpful. Thanks Kakinoff. Thanks everyone.
Thank you.

**Matt, Raymond James:**

Hey good morning, this is Matt, for Savi actually. First question is for Richard. So, you know, Richard, this is a bit of a different environment from you were previously with Gol. So, what attracted you to really take this position at this time, and what will be your biggest focus in the next 6 to 12 months?

**Richard Lark:**

I do not know for sure, but I am going to explain what's different when you look at the key variables affecting Gol exchange rate, which was fuel. It has been a very similar environment to 2003, for example. But you know, going to the point, I mean, a couple of issues. I mean, I have been with Gol since 2003 in variety of capacities, I worked for five years as CFO and then started working in the Board, evolved in a variety of committees, and then in many projects also with Edmar, and Kakinoff, and so on, but thanks for your comment.

Being specific, you know, Kakinoff mentioned, we have a lot of work on capital structure, and it is going to take a period of time over this year and next year. Part of it is reacting to what has happened in the down draft that has affected not only Brazil, but the entire world. But specifically in Brazil, given the volatility here of the last 12 months with the exchange rate and other factors competitively, so, one major area obviously which I will be spending most of my time now and in the near future is on capital structure and so on.

In addition to that, you know, working with Kakinoff and the team on core profitability, across the board and a variety of initiatives that many are already in progress and some which yet will be implemented next year. But I would say over the next couple of quarters I hope that will become more evident as you going to make this shift from this major structure plan that has been happening.

You know, the Company has been doing since the middle of last year and its final steps to the next phase we are just kind of rebuilding our capital structure and profitability, and ultimately other issues which will help Gol competitively in the region. so, this is what I have comment on this point, I think it is a bit too early for me to be more specific on that and I think that part of that will be evident as we, 3Q, 4Q, get into more details of our projects at the Company for next year.

**Pablo Zaldivar, GBM:**

Hello, good morning. Thank you for taking my question. I have a couple. The first one, how should we expect saving from the in-house checks recently approved by the FAA?

**Paulo Kakinoff:**

Hi, Pavlo. It is Kakinoff here, unfortunately we cannot give you any figure in advance, but you know that those checks are quite expensive, and the transit to move the aircrafts outside Brazil is also equally expensive. So, we believe that could be significant but we cannot tell you any figure in advance.

**Paulo Kakinoff:**

OK. And the second one is regarding your fleet. In the presentation you mentioned that you are on the final stage of returning 15 aircrafts, so, we should expect that to happen in the next quarter, and the other one, are you expecting to sell any aircrafts on the financial lease during the year?

**Paulo Kakinoff:**

The remaining movements are supposed to happen during the 3Q and 4Q. We have two aircrafts among these 15, those will be sold. So, this is 13 operating leases and 2 aircrafts to be sold.

**Paulo Kakinoff:**

OK. Perfect. Thank you very much.

**Stephen Trent, Citi:**

Good morning gentlemen, and thanks for taking my questions. And like Michael Linenberg, welcome back Richard, it has been a long time. Just a couple of questions from me, if I may. The first, I appreciate your comments about the competitive situation as you see, one of those two smaller competitors about to add airbus narrow-bodies into the system, you know, what are you seeing in terms of you know the potential for tighter fares coming from those players? That is my first question.

**Paulo Kakinoff:**

Hi, Steven, Kakinoff. Actually, the market, the cooperative environment is still tough, we also believe that the reduction in the industry's capacity will benefit us all. Bottom line, if you consider the reduction already announced by some of our competitors and add it to Gol's, the total offer in Brazil should be down from 8% to 10% in comparison to last year.

That is a quite important movement, Gol, itself is cutting between 15% to 18%of our seats available. I do not know whether, maybe you can tell us whether such strong reduction happened before in an airline without going through a Chapter 11. That is a quite important achievement, which I believe, will play in favor of the whole system combined with other competitor's capacity reduction.

**Richard Lark:**

This 20% auctioning in metal and aircraft that has happened over the last year which is in the final phase, those aircrafts are negotiated and are going out by the end of the year, that is without parallel in the airline sector. And that is in excess compared to what other competitors have done here in Brazil;

Gol, is very, very well prepared to meet this massive reduction in demand for air travel, we are kind of a little bit ahead of the curve, one step ahead of everybody else in terms of the work that had to be done to get to this point. That is already done. So, we are in a pretty good position to deal with whatever competitors pressures may come beginning of next year.

We are right now at the stronger part of the year in terms of demand, 3Q, 4Q, but, to this extent that there is pressure there, we feel we are in the driver's seat in terms of, we have already done our reduction and as you have seen in the data, Gol kind of led the market in it is rightsizing and readjusting.

So, we feel pretty good that we have taken the defensive measures to deal with the question of balancing capacity with demand, especially in this environment of negative GDP growth and negative industry growth which also is unparalleled in many markets around the world, but we think we are in a pretty good position to deal with that.

**Paulo Kakinoff:**

And before handing it back to you, I will kindly request our teleconference operator, because, to not drop the line after the first answered question, and not change to another person, because I just got the impression that some of our colleagues would have more than one question to be asked. I do not know whether this is your case, Stephen, but, please tell us.

**Stephen Trent:**

No, thank you very much Kakinoff. I appreciate that. And thank you Richard, I did have some other quick ones, if I may. You know the second is, if you could refresh my memory, I did not totally catch all of the numbers, but you have said 13 operating leases and two financial leases to go back by the end of this year, and those are already confirmed, or are there still some aircraft in final negotiations, and one more question after that.

**Paulo Kakinoff:**

I will try to have us all to understand the figures on the same page. On December 15$^{th}$, we had 144 aircrafts, now we have 137, and by the end of this year, it will be 122. So, the gap between the current 137 and the future 122 is 15, and among these 15, two of these aircrafts are to be sold, and the remaining 13, their contracts will be earlier terminated.

So, it means that announcing these 122 we have a final phase of having these papers signed, the contracts terminated and so forth. So, let us say, for sure, despite of the fact that the paperwork, some of the paperwork is still to be done.

**Stephen Trent:**

OK, great. I will ask this one quickly and I will let someone else ask a question. Just a follow-up line, of the last question. I think you guys said you did receivables factoring in the past and you are no longer doing that. What is the idea behind discontinuing that? Just out of curiosity.

**Richard Lark:**

Well, part of it was done in the past as a necessity for a variety of reasons, operational as well as in terms of issues related to rating and so on. And operational is the less we need to do that, because you know, that has a cost, an annual rate of roughly 16% a year, this discount that goes in there and in the recent quarter the Company has stopped doing that.

When we look at receivables, and the Company has access to those accounts receivables, if the Company wanted to put R$250 million on the balance sheet tomorrow, it could do that. But there is a financial cost to do that, and for interest expense reduction and cash flow improvement we are using that more sparingly going forward, so, you know, keep an eye on the receivable account as well, when you look at liquidity, because that is a really a near cash asset.

**Stephen Trent:**

I got it. I will let someone else ask a question, thanks again guys.

**Matt, Raymond James:**

Hey guys thanks for the follow-up as well as the remarks earlier. Just a quick one here, can you provide gross CAPEX from 2017 and 2018? And also given you cash flow levels, do you have the ability to take that aircraft count lower? That is it, thank you all.

**Richard Lark:**

In terms of the CAPEX amounts for the next year, it shows the minimum amounts because it keeps the main CAPEX related to the PDPs and we are getting returns of that. So, there is really no aircraft CAPEX coming here to 2016, 2017. That has been eliminated from the cash flow needs, keep in mind that was one of the key components of the restructuring component that was done especially with the help of Boeing, so, for 2018 we do not have any significant CAPEX needs. Sorry, the second part of your question was what?

**Matt:**

Given your cash flow levels, the availability of taking that aircraft count lower or do you desire to at all?

**Richard Lark:**

The objectives of when the aircraft was designed to match supply with demand. We have already done that, so, there is no need to do anymore.

**Matt:**

Great. Thank you all.

**Bruno Amorim, Santander:**

Hi, good morning. Also, I have two questions. The first one on RASK, I would like for you, if possible, to tell us what was the impact of the implementation of the new network on RASK and also how does it compare to the potential negative impacts on CASK of as a result of a lower fixed cost dilution.

And second, it is a follow-up question on CAPEX. You had a negative CAPEX in the 1H of the year. Is it fair to say that in the 2H the trend for CAPEX is to remain negative? Thank you very much.

**Richard Lark:**

We will answer the CAPEX question first because we were just talking about that, just to explain it again. The reason of the negative CAPEX was the return of the PDP deposit, because the main CAPEX that the Company has is the PDP component of the aircraft, deliveries of new aircrafts from Boeing. Two points, the aircraft deliveries were rescheduled and there was return pf those PDPs, that is already done. So, there is no significant positive or negative CAPEX going forward for the next couple of quarters. On RASK, I will let Kakinoff answer your question.

**Paulo Kakinoff:**

This is certainly the network has worked because we are offering more destinations from Congonhas, which is a business travel airport mainly. So, in order to also compensate the CASK dilution, we have already a longer stage length mainly due to the new network from Congonhas.

So, this effect in the medium and long term should be more than enough to over-compensate the movement once Congonhas can be considered a premium airport, and this is basically the most important movement that we have implemented to the new network.

**Richard Lark:**

As the new network came in the beginning of May, you see that quarter over quarter comparison the 14% increase stage link so that is actually reflective on what Kakinoff is saying, so a 14% increase stage link has an impact on both the revenue as well on the costs.

**Bruno Amorim:**

Please, correct me if I am wrong, but this higher stage link should also have a positive impact on CASK right? So, in other words maybe change a little bit my question, was the cutting in capacity EBIT positive, should we see, of course on top seasonality, better margins 3Q vis-à-vis 1Q and 2Q?

**Paulo Kakinoff:**

Yes.

**Richard Lark:**

Apples to apples, because the increases and is in excess of the overall capacity reduction, so, there is a structural benefit there which is factual, assuming, you know, yields and load factors behave positively, we will have a positive impact on operating margin.

**Bruno Amorim:**

OK. Thank you.

**Operator:**

This concludes today's question-and-answer session. I would like to invite Mr. Paulo Kakinoffnoff to proceed with his closing remarks. Please go ahead Sir.

**Paulo Kakinoff:**

Sorry, please turn to slide number 18. We are confident that the initiatives and execution will deliver the required cash flow savings and debt reductions and consequently stronger balance sheet. Our team of eagles is working hard to improve the network and the complete fleet restructuring in order to reduce costs and capture efficiency gains even further.

This concludes today's presentation regarding the 2Q16 results, and we would like to remember that we are fully available to answer any further questions that could appear along the day. So, have you all a very nice day. Thank you very much.

**Operator:**

That concludes GOL Airlines conference call for today. Thank you very much for your participation and have a nice day.