

Gol Intelligent Airlines Inc.  
Form F-3  
April 13, 2007

As filed with the Securities and Exchange Commission on April 13, 2007

Registration No. 333-

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Form F-3**  
**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

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**Gol Linhas Aéreas Inteligentes S.A.**

*(Exact name of Registrant as specified in its charter)*

**Gol Intelligent Airlines Inc.**

*(Translation of Registrant's name into English)*

**Federative Republic of Brazil**

*(State or other jurisdiction of  
incorporation or organization)*

**Not Applicable**

*(I.R.S. Employer  
Identification No.)*

**Rua Gomes de Carvalho 1629**  
**04547-006 São Paulo, São Paulo**  
**Federative Republic of Brazil**  
**Attention: Investor Relations**  
**(+55 11 3169-6800)**

*(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)*

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**Puglisi & Associates**  
**850 Library Avenue, Suite 204**  
**P.O Box 885**  
**Newark, Delaware**  
**(302-738-6680)**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

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**With copies to:**

**Andrew B. Jánszky, Esq.**  
**Shearman & Sterling LLP**  
**Av. Brig. Faria Lima, 3400**  
**04538 132 São Paulo, Brazil**

**Approximate date of commencement of proposed sale to the public:** From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, please check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. [x]

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. [ ]

**CALCULATION OF FEE TABLE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Proposed Maximum Aggregate Offering Price(1)</b>	<b>Amount of Registration Fee(2)</b>
Preferred shares, no par value(3)	US\$72,097,769(4)	US\$2,213

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Pursuant to Rule 457(p) under the Securities Act of 1933, as amended, the Registrant is offsetting against this registration fee of US\$2,213.40 of the US\$55,956.99 in filing fees previously paid by the Registrant upon the filing of a Registration Statement on Form F-3 (Registration No. 333-134188) on May 17, 2006.

(3) Includes preferred shares that may be offered and sold in the United States, including preferred shares in the form of American Depositary Shares, each of which represents one preferred share of the Registrant and which are evidenced by American Depositary Receipts. The American Depositary Shares have been registered under a separate registration statement on Form F-6 (Registration No. 333-116181).

(4) No separate consideration will be received for the preferred share rights or the American Depositary Share rights.

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**PROSPECTUS**

***Rights Offering of 2,470,794 Preferred Shares,  
Including Preferred Shares in the form of American Depositary Shares***

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In this rights offering, Gol Linhas Aéreas Inteligentes S.A., or the Registrant, is offering:

- holders of its preferred shares preemptive rights to subscribe for new preferred shares; and
- holders of American depository shares, or ADSs, each representing one preferred share of the Registrant, preemptive rights to subscribe for new ADSs.

**Offering to holders of ADSs**

We will grant 0.043422249663 ADS right for every ADSs you own of record on April 19, 2007. One ADS right will entitle you to purchase one new ADS at US\$31.44 per ADS, which is the U.S. dollar equivalent of R\$2.0310 per US\$1.00 on April 10, 2007, comprised of the ADS subscription price of R\$60.81 plus certain fees and expenses as described in this prospectus. You will also have the opportunity to purchase additional ADSs in the proportions described in this prospectus at the same price if not all of the preferred share rights and ADS rights are exercised. You will bear the risk of exchange rate fluctuations between the U.S. dollar and the Brazilian *real* relating to the exercise of your ADS rights. **Rights to subscribe for ADSs will expire at 5:00 p.m. (New York City time) on May 16, 2007.**

**Offering to holders of preferred shares**

We will grant 0.043422249663 transferable preferred share right for every preferred shares you own of record on April 10, 2007. One preferred share right will entitle you to purchase one new preferred share at R\$60.81 per preferred share. We will reoffer unsubscribed preferred shares and you will have the opportunity to purchase additional preferred shares in the proportions described in this prospectus at the same price if not all of the preferred share rights and ADS rights are exercised. **Rights to subscribe for preferred shares will expire at 6:00 p.m. (São Paulo time) on May 21, 2007.** The preferred shares will not be offered to the public.

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The ADSs trade on the New York Stock Exchange under the symbol GOL. The preferred shares trade on the São Paulo Stock Exchange under the symbol GOLL4. The preferred share rights are expected to trade on the São Paulo Stock Exchange. On April 12, 2007, the last reported sale price of the ADSs on the New York Stock Exchange was US\$28.10 per ADS. The last reported sale price of the preferred shares on the São Paulo Stock Exchange was R\$57.28 per preferred share.

**See Risk Factors beginning on page 6 to read about factors you should consider before investing in the preferred shares or the ADSs.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

We expect to deliver the new ADSs and preferred shares purchased through the exercise of rights on or as soon as practicable after June 4, 2007.

The date of this prospectus is April 13, 2007.

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different from the information contained in this prospectus. This document may only be used where it is legal to sell the securities offered hereunder. The information in this prospectus is accurate only as of the date of this prospectus, regardless of when this prospectus is delivered or when any sale of the notes occurs.

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In this prospectus, we use the terms the Registrant to refer to Gol Linhas Aéreas Inteligentes S.A., Gol to refer to Gol Transportes Aéreos S.A. and we, us and our to refer to the Registrant and Gol together, except where the context requires otherwise. References to preferred shares and ADSs refer to non-voting preferred shares of the Registrant and American depositary shares representing those preferred shares, respectively, except where the context requires otherwise.

## **WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the Securities and Exchange Commission, which we refer to as the Commission, a registration statement (including amendments and exhibits to the registration statement) on Form F-3 under the Securities Act of 1933, as amended ( "Securities Act" ). This prospectus, which is part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information, we refer you to the registration statement and the exhibits and schedules filed as part of the registration statement. If a document has been filed as an exhibit to the registration statement, we refer you to the copy of the document that has been filed. Each statement in this prospectus relating to a document filed as an exhibit is qualified in all respects by the filed exhibit.

We are subject to the informational requirements of the U.S. Securities Exchange Act of 1934, which is also known as the Exchange Act. Accordingly, we are required to file reports and other information with the Commission, including annual reports on Form 20-F and reports on Form 6-K. You may inspect and copy reports and other information to be filed with the Commission at the public reference facilities maintained by the Commission at 100 F. Street, N.E, Washington D.C. 20549 and at the Commission's regional offices at 500 West Madison Street, Suite 1400, Chicago Illinois 60661, and 233 Broadway, New York, New York 10279. Copies of the materials may be obtained from the Public Reference Room of the Commission at 100 F. Street, N.E, Washington, D.C. 20549 at prescribed rates. The public may obtain information on the operation of the Commission's Public Reference Room by calling the Commission in the United States at 1-800-SEC-0330. In addition, the Commission maintains an internet website at <http://www.sec.gov>, from which you can electronically access the registration statement and its materials.

As a foreign private issuer, we are not subject to the same disclosure requirements as a domestic U.S. registrant under the Exchange Act. For example, we are not required to prepare and issue quarterly reports. However, we furnish our shareholders with annual reports containing financial statements audited by our independent auditors and make available to our shareholders quarterly reports containing unaudited financial data for the first three quarters of each fiscal year. We file quarterly financial statements with the Commission within two months of the end of the first three quarters of our fiscal year, and we file annual reports on Form 20-F within the time period required by the Commission, which is currently six months from December 31, the end of our fiscal year.

## **INCORPORATION BY REFERENCE**

The Commission allows us to "incorporate by reference" the information we submit to it, which means that we can disclose important information to you by referring you to those documents that are considered part of this prospectus. Information that we submit to the Commission in the future and incorporate by reference will automatically update and supersede the previously submitted information. We incorporate herein by reference the documents listed below that we have submitted to the Commission:

- Annual Report on Form 20-F for the year ended December 31, 2006; and
- Our Reports on Form 6-K dated March 19, 2007 (Gol announces payment of 1Q2007 dividends) and both reports on Form 6-K dated March 28, 2007.

We incorporate by reference in this prospectus all subsequent annual reports filed with the Commission on Form 20-F under the Securities Exchange Act of 1934 and those of our reports submitted to the Commission on Form 6-K that we specifically identify in such form as being incorporated by reference until this offering has been terminated.

As you read the above documents, you may find inconsistencies in information from one document to another. If you find inconsistencies, you should rely on the statements made in the most recent document. All information appearing in this prospectus is qualified in its entirety by the information and financial statements, including the notes

thereto, contained in the documents we have incorporated by reference.

You may obtain a copy of these filings at no cost by writing or telephoning us at the following address:

(ii)

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Gol Linhas Aéreas Inteligentes S.A., Rua Gomes de Carvalho 1629, 04547-006 São Paulo, SP, Brazil, Attn: Investor Relations, Telephone (+55 11 3169 6800).

We will send the depositary a copy of all notices that we give relating to meetings of our shareholders or to distributions to shareholders or the offering of rights and a copy of any other report or communication that we make generally available to our shareholders. The depositary will make all these notices, reports and communications that it receives from us available for inspection by registered holders of ADSs at its office. The depositary will mail copies of those notices, reports and communications to you if we ask the depositary to do so and furnish sufficient copies of materials for that purpose.

**WHERE YOU CAN FIND INFORMATION ABOUT THE RIGHTS OFFERING**

The terms and procedures of the rights offering are described in this prospectus under Summary of the Rights Offering and The Rights Offering. You may refer any questions regarding the rights offering to MacKenzie Partners, Inc., our information agent:

**MacKenzie Partners, Inc.**

105 Madison Avenue  
New York, New York 10016  
proxy@mackenziepartners.com  
Call Collect: (212) 929-5500  
or  
Toll-Free: (800) 322-2885

You may obtain copies of this prospectus and the documents incorporated by reference without charge from the information agent.

In addition, you may refer questions regarding the ADS rights offering to The Bank of New York, our ADS rights agent, by calling 1-800-507-9357 or contacting the ADS rights agent at the appropriate address below:

***By mail:***  
The Bank of New York  
Tender and Exchange Department  
P.O. Box 11248  
Church Street Station  
New York, New York 10286-1248

***By hand or overnight courier:***  
The Bank of New York  
Tender and Exchange Department 11 West  
101 Barclay Street  
Receive & Deliver, Street Level  
New York, New York 10286



**SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS**

This prospectus and the documents incorporated by reference herein include forward-looking statements. We have based these forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business. Many important factors, in addition to those discussed elsewhere in this prospectus and those discussed in our Annual Report on Form 20-F for the year ended December 31, 2006 which is incorporated by reference herein, could cause our actual results to differ substantially from those anticipated in our forward-looking statements, including, among other things:

- general economic, political and business conditions in Brazil and in other South American markets we serve;
- management's expectations and estimates concerning our future financial performance and financing plans and programs;
- our level of fixed obligations;
- our capital expenditure plans;
- inflation and fluctuations in the exchange rate of the *real*;
- existing and future governmental regulations, including air traffic capacity controls;
- increases in fuel costs, maintenance costs and insurance premiums;
- changes in market prices, customer demand and preferences and competitive conditions;
- cyclical and seasonal fluctuations in our operating results;
- defects or mechanical problems with our aircraft;
- our ability to successfully implement our growth strategy; and
- the risk factors discussed under Risk Factors.

The words believe, may, will, aim, estimate, continue, anticipate, intend, expect and similar words identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update publicly or to revise any forward-looking statements after we distribute this prospectus because of new information, future events or other factors. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this prospectus might not occur and are not guarantees of future performance.

**SUMMARY OF THE RIGHTS OFFERING****Overview**

When we agreed to acquire the capital stock of VRG Linhas Aéreas S.A. ( VRG , the airline that operates the Varig brand) in March 2007, we agreed to pay a portion of the acquisition price in our preferred shares (representing approximately 3.1% of our total shares outstanding). According to Brazilian law, the issuance of preferred shares to be transferred to Varig Logística S.A, the seller of VRG, triggers preemptive rights of our existing shareholders. Our board of directors has authorized the issuance of a total of 8,519,979 preferred shares, of which we will deliver 6,049,185 preferred shares to Varig Logística S.A. Our shareholders (other than Fundo de Investimento em Participações Asas, our principal shareholder) have the preemptive right to subscribe for 2,470,794 preferred shares (representing approximately 1.3% of our total shares outstanding) proportionally to their respective participation in our capital. Although we are not obligated under the existing arrangements to extend the preemptive rights to U.S. holders of its preferred shares and ADRs, we have voluntarily elected to register this rights offering with the Securities and Exchange Commission (SEC), in order to enable U.S. holders to participate in the rights offering.

We are offering up to 2,470,794 preferred shares, in the form of preferred shares or ADSs, in this preemptive rights offering to holders of our preferred shares and ADSs.

**Offering to Holders of ADSs**

**ADS rights offering**            You will receive 0.043422249663 ADS right for every ADS you hold on the ADS record date (as defined below). One ADS right will entitle you to purchase one new ADS. You will only receive a whole number of ADS rights. You will only receive a whole number of ADS rights. The rights agent will aggregate and arrange for the sale of any preferred share rights underlying fractional ADS rights and will distribute the net proceeds of such sale, if any, to ADS rights holders entitled to such proceeds.

**Additional ADSs**            If you are exercising ADS rights, you may subscribe for additional ADSs in excess of the number of ADSs that your ADS rights entitle you to purchase. You must indicate the number of additional ADSs for which you wish to subscribe and pay the estimated ADS subscription payment in U.S. dollars for these additional ADSs when you exercise your ADS rights in the initial ADS rights exercise period. Following the expiration of the initial preferred share rights exercise period, to the extent unsubscribed preferred shares are reoffered to the depositary in one reoffering round, you will be allocated your pro rata portion of additional ADSs. If the number of additional ADSs available is not sufficient to satisfy your subscription in full, the estimated ADS subscription payment related to any additional ADSs not delivered will be returned to you without interest. We cannot guarantee that you will receive any of the additional ADSs for which you subscribe.

If any ADSs remain unsubscribed following the reoffering round, we may reduce the size of this rights offering. After the announcement of any such decrease in the size of the offering, holders of our preferred shares in Brazil will have the opportunity to reconsider their intention to further subscribe for the preferred shares. This opportunity will not be granted to U.S. persons (as defined in Regulation S under the Securities Act) and other holders of our preferred shares and ADSs in the United States. See **The Rights Offering**    **Offering to Holders of Preferred Shares**    **Reoffering of Unsubscribed**

Preferred Shares.

Subscription Card

The Bank of New York, as ADS rights agent, will send to each record holder of ADSs a subscription card indicating the number of ADS rights the holder owns.

ADS record date April 19, 2007.

ADS subscription price R\$60.81 per ADS, equivalent to the subscription price per preferred share. **You must pay the ADS subscription price in U.S. dollars.**

In order to exercise your ADS rights, you must pay to the ADS rights agent the estimated ADS subscription payment of US\$31.44 per ADS, which is the ADS subscription price of R\$60.81 per ADS, converted into U.S. dollars at the Federal Reserve Bank of New York's Noon buying rate of R\$2.0310 per US\$1.00 on April 10, 2007, plus an additional 5%, as required by the ADS rights agent. The additional 5% represents an allowance for potential fluctuations in the exchange rate between the Brazilian *real* and the U.S. dollar, conversion expenses, ADS issuance fees of the depository of US\$0.05 per new ADS and financial transaction taxes in Brazil. When you exercise your ADS rights, you must also pay the ADS rights agent US\$31.44 per ADS for any additional ADSs that you wish to subscribe for should any unsubscribed preferred shares be reoffered to the depository after the expiration of the initial preferred share rights exercise period. You will bear the risk of all exchange rate fluctuations relating to the exercise of ADS rights.

If the amount of the estimated ADS subscription payment you paid to the ADS rights agent is insufficient to cover the actual ADS subscription price in *reais* plus conversion expenses, ADS issuance fees and financial transaction taxes for ADSs you are subscribing for or are allocated, the ADS rights agent will pay the deficiency to the extent the deficiency does not exceed 20% of your payment. You must reimburse the ADS rights agent for the amount of any deficiency financed by the ADS rights agent prior to your receiving any new ADSs. For further descriptions see "Rights Offering".

If the amount of the estimated ADS subscription payment you paid to the ADS rights agent is greater than the subscription price plus conversion expenses, ADS issuance fees and financial transaction taxes for ADSs you are subscribing for or are allocated, the ADS rights agent will pay you the excess without interest.

Initial ADS rights exercise period From April 23, 2007 through 5:00 p.m. (New York City time) on May 16, 2007.

Procedure for exercising ADS rights If you hold ADSs directly, you may exercise your ADS rights during the exercise period by delivering a properly completed subscription card and full payment of the estimated ADS subscription payment for the new ADSs to the ADS rights agent prior to 5:00 p.m. (New York City time) on May 16, 2007.

If you hold ADSs through The Depository Trust Company, you may exercise your ADS rights by timely delivering to the ADS rights agent completed subscription instructions through DTC's PSOP Function on the agent subscriptions over PTS procedure accompanied by payment in full of the estimated ADS subscription price.

If you are a beneficial owner of ADSs and wish to exercise your ADS rights, you should timely contact the securities intermediary through which you hold ADS rights to arrange for their exercise and for the payment of the estimated ADS subscription price in U.S.

dollars.

We provide more details on how to exercise ADS rights under The Rights Offering Offering to ADS Holders.

Exercise of ADS rights      The exercise of ADS rights is irrevocable and may not be canceled or modified.

irrevocable

Unexercised rights	If you do not exercise your ADS rights within the initial ADS rights exercise period, they will expire and you will have no further rights.
Listing	The ADSs are listed on the New York Stock Exchange under the symbol GOL.
ADS rights agent	The Bank of New York.
Depository	The Bank of New York.
Delivery of new ADRs	The Bank of New York will deliver new ADRs evidencing the new ADSs subscribed in the rights offering as soon as practicable after receipt of the underlying new preferred shares by the custodian.
ADR issuance fee	Subscribing holders will be charged an ADS issuance fee of US\$0.05 per new ADS issued, payable to the depository. The ADS rights agent will deduct the ADS issuance fee from the estimated ADS subscription payment in respect of each holder's subscription.
New ADSs	Your specific rights in the new ADSs and in the preferred shares underlying the new ADSs are set out in a deposit agreement among us, The Bank of New York, as depository, and the owners and beneficial owners of ADRs. To understand the terms of the ADSs, you should read the deposit agreement, which is incorporated by reference as an exhibit to the registration statement of which this prospectus is a part.

For additional information regarding the rights offering to holders of our ADSs, see *The Rights Offering – Offering to ADS Holders* which also includes a summary timetable containing some important dates relating to the ADS rights offering.

**Offering to Holders of Preferred Shares**

Preferred share rights offering	You will receive 0.043422249663 preferred share right for every preferred share you hold on the preferred share record date (as defined below). One preferred share right will entitle you to purchase one new preferred share. We will only issue whole numbers of preferred share rights. We will not issue any fractional preferred shares.
Additional preferred shares	<p>If you are exercising preferred share rights, you may indicate an interest in purchasing additional preferred shares in excess of the number of preferred shares that your preferred share rights entitle you to purchase. Following the expiration of the initial preferred share rights exercise period, we will reoffer any unsubscribed preferred shares in one reoffering round to those holders that indicated an interest in purchasing additional preferred shares. You will then have an opportunity to purchase your pro rata portion of the additional preferred shares at the preferred share subscription price.</p> <p>If any preferred shares remain unsubscribed following the reoffering round, we may reduce the size of this rights offering. After the announcement of any such decrease in the size of the offering, holders of our preferred shares in Brazil will have the opportunity to reconsider their intention to further subscribe for the preferred shares. This opportunity will not be granted to U.S. persons (as defined in Regulation S promulgated under the Securities Act) and other holders of our ADSs in the United States. See <a href="#">The Rights Offering</a> <a href="#">Offering to Holders of Preferred Shares</a> <a href="#">Reoffering of Unsubscribed Preferred Shares</a>.</p>
Preferred share record date	April 10, 2007.
Preferred share subscription price	R\$60.81 per share.
Preferred share rights exercise period	From April 11, 2007 through 6:00 p.m. (São Paulo time) on May 21, 2007.
Procedure for exercising preferred share rights	You may exercise your preferred share rights by delivering to your broker or custodian a properly completed subscription form and full payment of the preferred share subscription price for the new preferred shares being purchased.
Exercise of share rights irrevocable	The exercise of preferred share rights is irrevocable and may not be canceled or modified.
Unexercised rights	If you do not exercise your preferred share rights within the preferred share rights exercise period, they will expire and you will have no further rights.
Transferability	You may transfer all or any portion of your preferred share rights. If you transfer or sell your preferred share rights, you will have no further right to purchase new preferred shares in the preferred share rights offering with respect to the preferred share rights transferred or sold.

Listing

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The preferred shares are listed on the São Paulo Stock Exchange under the symbol GOLL4. The preferred share rights are expected to be listed on the São Paulo Stock Exchange during the preferred share rights trading period set forth below.

Expected preferred share rights trading period	From April 11, 2007 through May 14, 2007.
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Ratification of the capital increase	On April 10, 2007, our board of directors authorized a capital increase in an aggregate amount of R\$518,099,923.00. We will issue the new preferred shares subscribed in this rights offering following ratification of the capital increase by our board of directors at a meeting that is expected to be held on or about May 28, 2007.
Delivery of new shares	We expect to deliver the new preferred shares subscribed in this rights offering on or about June 4, 2007.

For additional information regarding the rights offering to holders of our preferred shares, see [The Rights Offering Offering to Holders of Preferred Shares](#) which also contains a summary timetable containing some important dates relating to the preferred shares rights offering.

## RISK FACTORS

*An investment in our preferred shares and ADSs involves a high degree of risk. Our Annual Report on Form 20-F for the year ended December 31, 2006, which is incorporated by reference herein, describes the risks with respect to our company, the airline industry and our operating environment, particularly Brazil, and the risks with respect to our ADSs and our preferred shares. You should carefully consider these risks and the ones set forth below before making your investment decision. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of our preferred shares or ADRs could decline due to any of these risks or other factors, and you may lose all or part of your investment. These risks are those that we currently believe may materially affect us.*

### **Risks Related to the Rights Offering**

*If you do not exercise all of your rights in this rights offering, you will suffer dilution of your percentage ownership of our preferred shares and ADSs.*

To the extent that you do not exercise your rights to subscribe for new preferred shares and ADSs, your proportionate ownership in our company will be reduced accordingly, and the percentage that your original preferred shares or ADSs represents of our increased capital stock after exercise of the rights will be disproportionately reduced.

*ADS holders will be subject to exchange rate and other risks if they participate in this rights offering.*

The ADS subscription price has been set at R\$60.81 per ADS but must be paid by ADS holders to the ADS rights agent in U.S. dollars. The U.S. dollar payment of US\$31.44 per ADS is the U.S. dollar equivalent of R\$2.0310 per US\$1.00 on April 10, 2007, comprised of the ADS subscription price of R\$60.81 plus an additional 5%, as required by the ADS rights agent, to provide for potential fluctuations in the exchange rate between the *real* and the U.S. dollar, conversion expenses, ADS issuance fees of the depositary and financial transaction taxes in Brazil.

The ADS rights agent will make the conversion from U.S. dollars into *reais* at any commercially reasonable rate in order to pay the subscription price for the preferred share rights underlying the ADS rights. If there is a deficiency in U.S. dollars because the U.S. dollar to *real* exchange rate at the time of actual conversion is lower than it was at the time of subscription, then the holder will have to pay the amount of any deficiency, including expenses, and will not receive any new ADSs subscribed for until this deficiency is paid.

An ADS holder must subscribe for any additional ADSs that it wishes to purchase, as a result of an under-subscription of the preferred shares underlying the ADSs in this rights offering, when it subscribes for the ADSs to which its rights entitle it during the initial ADS rights exercise period. The ADS holder must also pay the subscription price for these additional ADSs during the initial ADS rights exercise period. The holder will not know at this time whether any additional ADSs will be available to purchase after the expiration of the initial ADS rights exercise period, and we cannot guarantee that ADS holders will receive any of the additional ADSs for which they subscribe. The U.S. dollar amount that ADS holders pay for these additional ADSs will only be converted into *reais* after any reoffering round, to the extent preferred shares underlying the ADSs are reoffered to the depositary. Therefore, the U.S. dollar amount that ADS holders pay for additional ADSs will be exposed to the risk of exchange rate fluctuations for a longer period of time than the U.S. dollar amount that those holders pay for the ADSs to which their rights entitle them to purchase in the initial ADS rights exercise period.

**EXCHANGE RATES**

Before March 4, 2005, there were two principal legal foreign exchange markets in Brazil:

- the commercial rate exchange market; and
- the floating rate exchange market.

Most trade and financial foreign-exchange transactions were carried out on the commercial rate exchange market. These transactions included the purchase or sale of shares or payment of dividends or interest with respect to shares. Foreign currencies could only be purchased in the commercial exchange market through a Brazilian bank authorized to operate in these markets. In both markets, rates were freely negotiated.

In March 2005, the National Monetary Council, dated March 4, 2005, consolidated the foreign exchange markets into one single foreign exchange market. All foreign exchange transactions are now carried out through institutions authorized to operate in the consolidated market and are subject to registration with the Central Bank's electronic registration system. Foreign exchange rates continue to be freely negotiated, but may be influenced by Central Bank intervention.

Since 1999, the Central Bank has allowed the *real*/U.S. dollar exchange rate to float freely, and during that period, the *real*/U.S. dollar exchange rate has fluctuated considerably. In the past, the Central Bank has intervened occasionally to control unstable movements in foreign exchange rates. We cannot predict whether the Central Bank or the Brazilian government will continue to let the *real* float freely or will intervene in the exchange rate market through a currency band system or otherwise. The *real* may depreciate or appreciate against the U.S. dollar substantially in the future. For more information on these risks, see Item 3D. Risk Factors Risks Relating to Brazil in our Annual Report on Form 20-F for the year ended December 31, 2006, which is incorporated by reference herein.

The following tables set forth the commercial selling rate, expressed in *reais* per U.S. dollar (R\$/US\$), for the periods indicated.

<b>Year Ended</b>	<b>Period-end</b>	<b>Average for Period</b>	<b>Low</b>	<b>High</b>
	<b>(reais per US.dollar)</b>			
December 31, 2002	3.533	2.998(1)	2.271	3.955
December 31, 2003	2.889	3.060(1)	2.822	3.662
December 31, 2004	2.654	2.917(1)	2.654	3.205
December 31, 2005	2.341	2.412(1)	2.163	2.762
December 31, 2006	2.138	2.168(1)	2.059	2.371
<b>Month Ended</b>				
October 2006	2.143	2.148	2.133	2.168
November 2006	2.167	2.158	2.135	2.187
December 2006	2.138	2.150	2.138	2.169
January 2007	2.125	2.139	2.125	2.156
February 2007	2.110	2.095	2.077	2.114
March 2007	2.050	2.089	2.050	2.139
April 2007 (through April 10, 2007)	2.028	2.034	2.024	2.048

*Source: Central Bank*

(1) Represents the average of the exchange rates on the last day of each month during the period.

### **USE OF PROCEEDS**

Assuming that this rights offering is fully subscribed, our aggregate net proceeds from the sale of the new ADSs and preferred shares will be approximately R\$150,248,983, after deducting offering expenses. We intend to use the aggregate net proceeds for general corporate purposes.

## **DILUTION**

Existing holders of our preferred shares and the ADSs who do not exercise their preferred share and ADS rights, respectively, in this rights offering will have their ownership interests diluted such that a holder of our preferred shares or the ADSs who held one percent of our capital stock before this rights offering will be reduced to holding 0.97% after the issuance of new preferred shares, including preferred shares underlying ADSs, in this rights offering.

