

KINDRED HEALTHCARE, INC
 Form 4
 May 24, 2005

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
BATTAFARANO FRANK J

2. Issuer Name and Ticker or Trading Symbol
**KINDRED HEALTHCARE, INC
 [KND]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
680 SOUTH FOURTH STREET
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
05/21/2005

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Exec VP & Pres, Hospital Div

LOUISVILLE, KY 40202

(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	05/21/2005		F	V	7,979	D	\$ 38.91
					77,339 ⁽¹⁾	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

Pre-delivery deposits

5,292.9

289.9

154.2

267.9

651.1

695.0

3,234.7

-

Aircraft purchase commitments

39,441.8

1,323.8

1,385.1

2,132.7

1,456.7

4,465.3

28,678.1

-

Explanation of Responses:

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Total aircraft commitments

	44,734.7
	1,613.8
	1,539.3
	2,400.6
	2,107.9
	5,160.3
	31,912.8
	-
Total	55,850.2
	3,520.4
	2,927.8
	3,968.3
	3,356.9
	5,931.3
	35,670.0
	475.5

(1) Includes finance leaser interest.

ITEM 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Explanation of Responses:

Under our by-laws, we are managed by our *Conselho de Administração*, or board of directors, which is composed of at least five members and at most ten members, and our *Diretoria*, or board of executive officers, which is composed of at least two and at most seven members. According to the Differentiated Corporate Governance Practices Level 2 introduced by BM&FBOVESPA, at least 20% of the members of our board of directors shall be “independent directors,” as defined by the BM&FBOVESPA.

Our management and board of directors is supported and advised by a number of committees which comprise highly specialized and qualified individuals. These committees actively participate in the strategic and other key decisions of our management and we believe they add substantial value to our business. We currently have the following Committees and Sub Committees: i) People Management and Corporate Governance Committee; ii) Financial Policies Committee; iii) Accounting and Tax Policies and Financial Statements Sub Committee; iv) Risk Committee; v) Alliances Committee and vi) Audit Committee. The Audit Committee is a permanent advisory body to the Board of Directors and has the responsibilities set under CVM Rule no. 308/99, as amended. A permanent Governance Committee shall be installed if the controlling shareholder holds an economic interest in our company equal to or less than 35%.

We are committed to achieving and maintaining high standards of corporate governance. In working towards this goal, we have established a committee to monitor and make recommendations with respect to corporate governance “best practices” to our board of directors. In addition, in connection with listing as a Level 2 company on the BM&FBOVESPA, we agreed with the BM&FBOVESPA to grant certain additional rights not required of Level 2 companies to our shareholders, such as tag-along rights offering our preferred shareholders 35 times the price paid per common share of controlling block shareholders. We conduct our business with a view towards transparency and the equal treatment of all of our shareholders. We have implemented policies to help to ensure that all material information that our shareholders require to make informed investment decisions is made available to the public promptly and that we at all times accurately reflect the state of our operations and financial position through press releases, filings with the SEC and Brazilian Securities Commission (“CVM”), and by keeping the investor relations section of our website current and complete. We have also adopted formal policies that restrict trading in our preferred shares by company insiders.

In addition, according to the Level 2 practices, the company shall require all new members of the board of directors, board of executive officers and fiscal board to sign a statement of consent in which they undertake to comply with the regulations of the Differentiated Corporate Governance Practices Level 2. Also, the members of the board of directors, board of executive officers and fiscal board must sign a statement of consent in which they undertake to refer to arbitration under the auspices of the BM&FBOVESPA Arbitration Chamber, including any disputes and/or controversies arising out of the application of the listing rules of the Differentiated Corporate Governance Practices Level 2, the listing agreement with BM&FBOVESPA, the regulations of the BM&FBOVESPA, the provisions of the Brazilian corporation law, guidelines issued by the Brazilian authorities and the other rules applicable to the capital markets in general, involving the company, the shareholders, the managers and the members of the fiscal board.

Board of directors

Our board of directors is dedicated to providing our overall strategic guidelines and, among other things, is responsible for establishing our general business policies and for electing our executive officers and supervising their management. Currently, our board of directors is comprised of 8 members, 3 of whom qualify as independent based upon New York Stock Exchange criteria. The board of directors meets an average of 5 times per year or whenever requested by the chairman or three members of our board of directors.

Under the Brazilian corporation law, each director must be elected by the holders of our common shares at the *Assembleia Geral Ordinária*, or the annual general meeting of shareholders. There are no provisions in our by-laws restricting (i) a director's power to vote on a proposal, arrangement or contract in which such director is materially interested, or (ii) the borrowing powers exercisable by our directors from us. However, under the Brazilian corporation law, a director is prohibited from voting on any matter in which such director has a conflict of interest with our company.

Additionally, under the Brazilian corporation law, shareholders of publicly traded companies, such as we are, who together hold non-voting or voting-right restricted preferred shares representing at least 10% of our total share capital for at least three months are entitled to appoint one member of our board of directors.

Under our by-laws, the members of the board of directors are elected by the holders of our common shares at the annual general meeting of shareholders. Recent amendments to our by-laws stipulate that if the controlling shareholder at any time holds an economic interest in our company equal to or less than 35% and greater than 15%, at least 40% of the directors shall be independent and the preferred shareholders shall have the right to elect one of the independent directors. Also, if the controlling shareholder at any time holds an economic interest in our company equal to or less than 15% and greater than 7.5%, at least 50% of the directors shall be independent and the preferred shareholders shall have the right to elect two of the independent directors. If the controlling shareholder at any time holds an economic interest in our company equal to or less than 7.5%, at least 60% of the directors shall be independent and the preferred shareholders shall have the right to elect two of the independent directors.

Members of our board of directors serve simultaneous one-year terms and may be re-elected. The term of our current directors expires at the end of April 2016. Our by-laws do not provide for a mandatory retirement age for our directors.

The following table sets forth the name, age and position of each member of our board of directors. A brief biographical description of each member of our board of directors follows the table.

Name	Age	Position
Constantino de Oliveira Junior	46	Chairman
Henrique Constantino	43	Vice-Chairman
Antonio Kandir*	61	Director
Joaquim Constantino Neto	50	Director
Luiz Kaufmann*	69	Director
Edward H. Bastian	57	Director
Ricardo Constantino	52	Director
Richard F. Lark*	48	Director

* Denotes an independent director

Constantino de Oliveira Junior has been a member of Gol's board of directors since we were founded in 2001 and is currently the chairman of the board of directors. He was also Gol's chief executive officer from 2001 to 2012. Mr. Constantino de Oliveira Junior introduced the "low-cost, low-fare" concept to the Brazilian airline industry and was named "Most Valuable Executive" by the Brazilian newspaper *Valor Econômico* in 2001 and 2002. He was also elected the leading executive in the logistics sector by the readers of *Gazeta Mercantil*, a Brazilian financial newspaper, in 2003, and in 2008, was named a "Distinguished Executive" in the Air Transportation category at the Latin American Aeronautics Gallery, or GALA, awards, sponsored by IATA. From 1994 to 2000, he served as a director of a passenger land transportation company. Mr. de Oliveira studied Business Administration at the *Universidade do Distrito Federal* and attended the Executive Program on Corporate Management for Brazil conducted by the Association for Overseas Technical Scholarships. In addition to being on the board of the directors, he is a member of our People Management and Corporate Governance Committee, Financial Policies Committee, Risk Committee and Alliances Committee.

Henrique Constantino has been a member of our board of directors since March 2004 and became our vice-chairman of the board in June 2010. He helped found Gol and served as its chief financial officer from January 2001 to March 2003, when he became a member of the board. Mr. Henrique Constantino is also a member of the board of directors of Providência S.A. and BR Vias S.A. Mr. Constantino has a law degree from *CEUB—Centro de Ensino Unificado de Brasília* and has a post-graduate degree in Business Administration from *EAESP—FGV (Fundação Getúlio Vargas—São Paulo)*. Mr. Henrique Constantino is also a member of People Management and Corporate Governance Committee and Alliances Committee.

Antonio Kandir has been a member of our board of directors since August 2004. Mr. Kandir is an economic consultant. In the last ten years, Mr. Kandir has participated in Board of Directors and have managed several investments funds. Currently, Mr. Kandir is a member of the Board of Directors of AEGEA, Marisol, FCC Group and CSU. Mr. Kandir served in the Brazilian government as a Federal Lower House Representative for two terms of office, during which he served as Planning and Budget Minister and Secretary of Economic Policy and President of the Privatization Council. He has a bachelor degree in production engineering from the *Escola Politécnica* at *Universidade de São Paulo* and bachelors, masters and doctoral (PhD) degrees in Economics from *Universidade*

Estadual de Campinas. Mr. Kandir is an independent member of our board of directors under the requirements of the SEC and NYSE listing standards and is a member of our audit committee. Mr. Kandir is also a member of our People Management and Corporate Governance Committee.

Joaquim Constantino Neto has been a member of our board of directors since March 2004. He has been the chief operations officer of the Comporte group since 1994. From 1984 to 1990, he was in charge of operations of Empresas Reunidas Paulista de Transportes Ltda. Since 1990, he has served as the president of Breda Serviços, a bus transportation company. He is also a member of the Board of Directors of CMP Participações, a company that manages 2,000 buses in São Paulo and Paraná.

Luiz Kaufmann has been a member of our board of directors since December 2004. Mr. Kaufmann is the Managing Partner of L. Kaufmann Consultores Associados, CEO of El Tejar and member of the Board of Directors of PACCAR Inc. in the USA. Mr. Kaufmann is a member of the Advisory Board of Endeless Mobile and Nubank. Mr. Kaufmann has presided over several companies, such as Aracruz Celulose S.A., Medial Saúde, Kroton Educacional, Petropar, Grupo Multiplic, Arthur D. Little, and was a partner at GP Investimentos. He was a member of several companies' board of directors, including Pioneer Hi-Bred International, América Latina Logística and Lojas Americanas. He was a member of the Global Corporate Governance Advisory board, which consisted of 20 internationally renowned business leaders from 16 different countries and was established to enhance knowledge of the roles and responsibilities of boards of directors of international companies. Mr. Kaufmann is an independent member of our board of directors under the requirements of the SEC and NYSE listing standards. He is a member of our Risk Committee, Financial Policies Committee and Audit Committee and is our audit committee financial expert as defined by the current SEC rules.

Edward H. Bastian has been a member of our board of directors since April 2012. Mr. Bastian was appointed pursuant to our partnership agreement with Delta Air Lines, Inc., or Delta. He has been President of Delta since 2007 and previously held the positions of vice chief executive officer and controller in 1998 and chief financial officer in 2005. Since February 2010, Mr. Bastian has also been a member of Delta's board of directors. He is also a member of the Boards of Directors of Aeromexico and Virgin Atlantic Airways. Between 2008 and 2009, Mr. Bastian was the chief executive officer of Northwest Airlines. Mr. Bastian also worked for PepsiCo and Frito-Lay and was partner at PricewaterhouseCoopers in New York. Mr. Bastian is also a member of the board of directors of Habitat for Humanity and Woodruff Arts Center, both based in Atlanta. Mr. Bastian holds a bachelor's degree in business administration from St. Bonaventure University, class of 1979. He is also a member of our Alliances Committee.

Ricardo Constantino has been a member of our board of directors since March 2004. Additionally, he has been the chief technical and maintenance officer of the Comporte group since 1994. He is also a member of the board of directors of BRVias S.A., Valmari Desmocosméticos and Global Aviation S.A. He is the chief officer of Agrodiesel S.A., a company that provides supplies to all of Comporte Group.

Richard F. Lark has been a member of our board of directors since June 2008. Mr. Lark served as our executive vice president, chief financial and investor relations officer from April 2003 to June 2008. He is the founder and managing partner of Endurance Capital Partners, a private equity management firm (member of Anbima and ABVCAP), and a member of the board of directors of Global Aviation S.A. From 2000 to 2003, Mr. Lark served as chief financial officer of Americanas.com, one of the leading Brazilian e-commerce companies. Prior to joining Americanas.com, Mr. Lark was an executive in the investment banking divisions of Morgan Stanley & Co., Citicorp and The First Boston Corporation. Mr. Lark is a member of the board of the Kellogg Institute for International Studies and Associação Vida Jovem, and served as president of the American Society of São Paulo. Mr. Lark holds a Master in Business Administration degree from the UCLA Anderson School of Management and bachelor degrees in finance and business economics and philosophy from the University of Notre Dame. He is a Portfolio Manager authorized by the CVM and an associate of the Brazilian Institute of Corporate Governance (IBGC). Mr. Lark is a member of our Financial Policies Committee, Risk Committee and Audit Committee. Mr. Lark is an independent member of our board of directors under the requirements of the SEC and NYSE listing standards.

Constantino de Oliveira Junior, Henrique Constantino, Joaquim Constantino Neto and Ricardo Constantino are brothers. Constantino de Oliveira Junior, Henrique Constantino, Joaquim Constantino Neto and Ricardo Constantino control our major shareholder, Fundo de Investimento em Participações Volluto, on an equal basis.

Executive Officers

Our executive officers have significant experience in the domestic and international passenger transportation industries, and we have been able to draw upon this extensive experience to develop our low-cost operating structure. The executive officers are responsible for our day-to-day management. The executive officers have individual responsibilities established in our by-laws and by our board of directors. The business address of each of our executive officers is the address of our principal executive office.

Under our by-laws, we must have at least two and at most seven executive officers that are elected by the board of directors for a one-year term. Any executive officer may be removed by the board of directors before the expiration of his term. The current term of all our executive officers ends in February 2016.

The following table sets forth the name, age and position of each of our executive officers. A brief biographical description of each of our executive officers follows the table.

Name	Age	Position
Paulo Sergio Kakinoff	40	President and Chief Executive Officer
Edmar Prado Lopes Neto	50	Investor Relations Officer and Chief Financial Officer
Eduardo José Bernardes Neto	41	Vice-President Officer
Celso Guimarães Ferrer Junior	32	Vice-President Officer

Paulo Sergio Kakinoff is currently our president and chief executive officer and was a member of our board of directors from 2010 to 2012. Mr. Kakinoff was the chief executive officer of Audi Brasil and vice president of the Brazilian Automobile Importers Association (*Associação Brasileira de Importadores de Veículos Automotores*), or ABEIVA, until June 2012. He was also a member of the board of directors of Volkswagen Participações Ltda. (Finance Services of Volkswagen Group in Brazil) from March 2011 to June 2012. Mr. Kakinoff has 18 years of experience in the auto industry, having served as sales & marketing director at Volkswagen do Brasil and as executive director for South America at the Volkswagen Group's head offices in Germany. He holds a bachelor's degree in business administration from Mackenzie University. Mr. Kakinoff is a member of our People Management and Corporate Governance Committee, Financial Policies Committee and Risk Committee.

Edmar Prado Lopes Neto has been an officer since July 2012. In 2013, Mr. Lopes Neto also became our chief financial officer. Mr. Lopes Neto has been in our company since 2011, when he joined as a capital markets officer. Mr. Lopes Neto worked at Organizações Globo for 13 years, having served as Net Serviços de Comunicação S.A.'s treasury officer from 1998 to 2005 and as the Roberto Marinho Foundation's planning manager. Mr. Lopes Neto is a member of our Financial Policies Committee and the Accounting and Tax Policies and Financial Statements Subcommittee. With more than 25 years of experience in the financial sector, Mr. Lopes Neto has worked for both national and multinational companies and graduated in civil engineering from the *Universidade Federal do Rio de Janeiro*. Mr. Lopes Neto is also a member of the board of directors of the Brazilian Investors Relations Institution (*Instituto Brasileiro de Relações com Investidores*), or IBRI.

Eduardo José Bernardes Neto has been our sales and marketing officer since February 2014. He took over the position of Vice-President Officer of our company on February 03, 2015. Mr. Bernardes joined our company in February 2001 as an account manager in our commercial area, and since 2007, has occupied the position of commercial officer. Mr. Bernardes has a degree in Business Administration from *Faculdade Ibero-Americana* with a focus in foreign trade. Mr. Bernardes is also a member of the board of directors of UATP. Mr. Bernardes coordinated the opening of several of our national and international facilities.

Celso Guimarães Ferrer Junior has been our planning executive officer since February 2014. He took over the position of Vice-President Officer of our company on February 03, 2015 and is responsible for our profitability (yield management), network planning and aeronautical asset management departments as well as for the coordination of our strategic planning and aeronautical assets areas. Mr. Ferrer is also certified as a pilot of Boeing 737-700 and Boeing 737-800 Next Generation aircraft. Mr. Ferrer has a degree in Economics from the *Universidade de São Paulo* and in international relations from the *Pontifícia Universidade Católica de São Paulo*.

Other Key Executives

In addition to our statutory executive officers, the following key executives are also responsible for our day-to-day management. These executive officers are appointed by our chief executive officer and have no term of office.

Name	Age	Position
Sérgio Quito	61	Executive Operations Officer
Alberto Fajerman	70	Institutional Relations Officer

Sérgio Quito became our chief operating officer in January 2014. Mr. Quito is also a flight instructor and captain of Boeing 737-700 and Boeing 737-800 Next Generation aircraft since 2004. Since he started his career at VRG in 1973, has more than 18,000 hours of flying experience. In 1980, he joined Vasp as a pilot and remained there for 20 years. Mr. Quito is an operational safety agent qualified by the Brazilian Air Force Aeronautical Accident Investigation Center (*Centro de Investigação e Prevenção de Acidentes Aeronáuticos*), or CENIPA, and still supervises our Safety, Security and Quality Assurance departments. Mr. Quito is a member of the International Air Transportation Association, or IATA, Safety and Operations Committee. Mr. Quito has a degree in international relations from the *Pontifícia Universidade Católica de São Paulo*.

Alberto Fajerman has been our institutional relation officer since February 2014 and is responsible for our Corporate Communications, Alliances and Sustainability departments. Mr. Fajerman joined us in 2008, after 38 years in VRG, where he occupied several different positions, including vice president of planning. Mr. Fajerman has a degree in mechanical engineering from the *Universidade Federal do Rio de Janeiro* and holds a master degree in air transport from the Cranfield Institute of Technology.

B. Compensation

Under our by-laws, our shareholders are responsible for establishing the aggregate amount we pay to the members of our board of directors and our executive officers. Once our shareholders establish an aggregate amount of compensation for our board of directors and executive officers, the members of our board of directors are then responsible for setting individual compensation levels in compliance with our by-laws.

For the fiscal year ended December 31, 2014, the aggregate compensation, including cash and benefits-in-kind but excluding stock options, that we paid to the members of our board of directors and executive officers was R\$7.8 million.

Stock Option Plan and Restricted Share Plan

Our stock option plan was approved by our shareholders on December 9, 2004 and amended on April 30, 2010 and October 19, 2012. On October 19, 2012 our shareholders also approved a restricted share plan. Both plans are valid for 10 years. The plans aim to encourage management and employees to contribute to our success. The plans are managed by both our People Management and Corporate Governance Committee and our board of directors.

Participants in the plans are selected by the People Management and Corporate Governance Committee, provided that they have been either president or vice-president, eligible for both plans, directors, eligible for the stock option plan, or other selected employees, eligible for the restricted share plan. Both the stock option plan and the restricted shares awarded relate only to our preferred shares. The number of outstanding options granted and restricted shares combined may not, at any time, exceed 5% of our shares. The People Management and Corporate Governance Committee establishes each year the strike price of the options to be granted, which must be equal to the average price of the preferred shares recorded in the last 60 trading sessions prior to the granting date.

The vesting period of the stock options is five years for the options granted until 2009, vesting 20% each year, and three years for the options granted since 2010, vesting 20% in the first year, 30% in the second year and 50% in the third year. Restricted shares awarded vest after three years.

In case of termination of our legal relationship with the option holder, with or without cause (except in the case of permanent disability or death) all options that have been granted to the participant, and which were not yet exercisable, automatically expire. Options already vested on the termination date may be exercised within 90 days, in

case of termination without cause, or on the termination date, in case of termination with cause or at the beneficiary's request.

In case of termination of our legal relationship with the restricted share award beneficiary without cause (except in the case of permanent disability or death), restricted shares awarded and not yet unrestricted, vest proportionally to the number of months elapsed since the award date, and, in case of termination with cause or at the beneficiary's request, all restricted shares awarded and not yet vested automatically expire.

We have granted 2,234,338 stock options in the last three years, which represented 0.8% of our total shares or 1.6% of our preferred shares, as of December 31, 2014. Of these options, 1,657,007 are currently outstanding. During the last three years, 63,949 stock options were exercised, all in 2014.

We currently have 3,861,742 stock options outstanding, which represented 1.5% economic interest in our company as of December 31, 2014. See below a description of our stock options granted.

Year of the grant	Date of the board meeting	Total options granted	Exercise price of the option (in reais)	Option term (in years)	Outstanding options as of 12/31/2014
2005	12/09/04	87,418	33.06	10	4,965
2006	01/02/06	99,816	47.30	10	13,220
2007	12/31/06	113,379	65.85	10	14,962
2008	12/20/07	190,296	45.46	10	41,749
2009	02/04/09	1,142,473	10.52	10	20,414
2010	02/02/10	2,774,640	20.65	10	1,097,811
2011	12/20/10	2,722,444	27.83	10	1,011,614
2012	10/19/12	778,912	12.81	10	536,330
2013	05/13/13	802,296	12.76	10	572,616
2014	08/12/14	653,130	11.31	10	548,061
		9,364,804			3,861,742

Additionally, we have granted 2,106,009 restricted shares in the last three years, which represented 0.7% economic interest in our company or 1.5% of our preferred shares, as of December 31, 2014.

We currently have 1,559,335 restricted shares outstanding, which represented 0.7% economic interest in our company, as of December 31, 2014. See below a description of our restricted share awards.

Year of the grant	Date of the board meeting	Total restricted shares granted	Fair price on grant date (in reais)	Outstanding restricted shares as of 12/31/2014
2012	11/13/2012	589,304	9.70	389,067
2013	05/13/2013	712,632	12.76	501,107
2014	07/25/2014	804,073	11.31	669,161
		2,106,009		1,559,335

The transfer of restricted shares will be at the end of third year from the date of grant, assuming as an acquisition condition the employee relationship up to the end of this period.

C. Board Practices

Currently, our board of directors is comprised of 8 members. The terms of our current directors will expire on April 2016. See “—Board of Directors.”

Fiscal Board

Under the Brazilian corporation law, the fiscal board (*Conselho Fiscal*) is a corporate body independent of management and of our independent auditors. The fiscal board may be either permanent or non-permanent, in which case it is appointed by the shareholders to act during a specific fiscal year. A fiscal board is not equivalent to, or comparable with, a U.S. audit committee. The primary responsibility of the fiscal board is to review management's activities and the company's financial statements, and to report its findings to the company's shareholders. The Brazilian corporation law requires fiscal board members to receive as remuneration at least 10% of the average annual amount paid to a company's executive officers. The Brazilian corporation law requires a fiscal board to be composed of a minimum of three and a maximum of five members and their respective alternates.

Under the Brazilian corporation law, the fiscal board may not contain members that (i) are on our board of directors, (ii) are on the board of executive officers, (iii) are employed by us or a controlled company, or (iv) are spouses or relatives of any member of our management, up to the third degree. Our by-laws provide for a non-permanent fiscal board to be elected only by our shareholders' request at a general shareholders' meeting. The fiscal board, if elected, will be comprised of a minimum of three and a maximum of five members and an equal number of alternate members. In 2014, our shareholders did not request the election of a fiscal board.

Committees of the Board of Directors and Board of Executive Officers

Our board of directors also has Audit, People Management and Corporate Governance, Financial Policies, Alliances and Risk committees and an accounting and tax policies and financial statements subcommittee. Our board of executive officers has management, executive policy, budget, investment, corporate governance and risk policies committees. In most cases, members of the committees do not need to be members of our board of directors or board of executive officers. The responsibilities and composition of these committees are described below.

Audit Committee. Our audit committee is a permanent advisory body to the Board of Directors. It provides assistance to our board of directors on matters involving accounting, internal controls, financial reporting and compliance. The audit committee coordinates the appointment of our independent auditors to our board of directors and reviews the compensation of our independent auditors and helps supervise their activities. It also evaluates the effectiveness of our internal financial and legal compliance controls. Currently, the audit committee also performs the roles of an audit committee under U.S. laws, especially the Sarbanes-Oxley Act of 2002. It is comprised by at least three members elected by the board of directors for a term of up to ten years. The current members of our audit committee are Richard F. Lark, Jr., Antonio Kandir and Luiz Kaufmann. All members meet the independent membership requirements of the SEC and NYSE as well as other NYSE requirements. Luiz Kaufmann is the committee's "financial expert" within the scope of the SEC rules covering the disclosure of financial experts on audit committees in periodic filings pursuant to the U.S. Securities Exchange Act of 1934.

Financial Policies Committee. Our financial policies committee is responsible for: (i) reviewing and adopting actions for protection of our cash flow, balance sheet, profits and losses against volatility in fuel prices, exchange rates, domestic and international interest rates; (ii) assessing periodically the effectiveness of all the actions contemplated in item (i) and recommending changes, as necessary; (iii) preparing and approving our corporate finance policies, as well as monitoring and reviewing the effectiveness and implementation thereof; (iv) reviewing, from time to time, our investment plan and the financial plan, as well as recommending the necessary transactions to our board of directors; (v) reviewing, from time to time, the impact of our investment plan and of the financing plan on our capital structure and the consequences thereof on our income, as well as recommending the necessary changes to our board of directors; and (vi) setting out parameters with a view to keeping the desired capital structure and liquidity, besides monitoring the application thereof and approving the policies to be adopted in the subsequent quarter. The financial policy committee is comprised of five members, appointed by our board of directors which are our: chief executive officer, chief financial officer and three directors, for terms-of-office of one year, re-election being permitted. The financial policy committee currently consists of Constantino de Oliveira Junior, Edmar Prado Lopes Neto, Paulo Sergio Kakinoff, Richard F. Lark and Luiz Kaufmann.

Risk Committee. Our risk committee is responsible for: (i) reviewing and approving our risk policies, as well as monitoring and analyzing their implementation; (ii) reviewing, from time to time, the impacts on assets, especially regarding exposure to U.S. dollars and fuel, as well as recommending the necessary transactions to our board of directors; (iii) reviewing, from time to time, our revenues and expenses, focusing on the impact to our income, and recommending necessary actions to our board of directors; and (iv) preparing, approving and evaluating the risk policies used by us in the short and long-term, and approving the policies to be used and to monitor their

implementation. The risk committee is comprised of up to five members, appointed by our board of directors, whether they are directors or not, for terms-of-office of one year, re-election being permitted. The risk committee currently consists of Paulo Sergio Kakinoff, Constantino de Oliveira Junior, Richard F. Lark and Luiz Kaufmann.

People Management and Corporate Governance Committee. The people management and corporate governance committee is responsible for the coordination, implementation and periodic review of best corporate governance practices and for monitoring and keeping our board of directors informed on legislation and market recommendations addressing corporate governance. It also reviews and recommends to our board of directors human resources policies, forms of compensation, including salary, bonus and stock options, to be paid to our employees, as well as analyzing management's career and succession plans. The committee consists of up to six members elected by our board of directors for a one-year term, with the right to re-election, comprising the chairman and the vice-chairman of the board of directors, three members of the board of directors, two outside specialists and the management and human resources officer. The people management and corporate governance committee currently consists of Constantino de Oliveira Junior, Antonio Kandir, Henrique Constantino, Paulo Sergio Kakinoff, Betânia Tanure de Barros and Paulo César Aragão.

Accounting, Tax and Financial Statement Policy Subcommittee. The accounting and tax policies and financial statements subcommittee conducts periodic reviews of, and evaluates and monitors the company's accounting policies and financial statements and makes observations and recommendations to the board of directors on these matters. The subcommittee meets on a bimonthly basis and consists of three members elected by the board of directors for a one-year term with the right to re-election, comprising the company's financial vice-president or one executive officer with similar duties and two independent experts, as special technical members. The committee currently consists of Edmar Prado Lopes Neto, Marcos da Cunha Carneiro and Natan Szuster.

Alliances Committee. The Alliances Committee evaluates opportunities for partnerships and alliances, and possible investments in this context, by the Company and other airlines, as well as seeks to maximize the benefit of existing partnerships, through the optimization of resources and opportunities. It also holds quarterly presentations on the subjects covered by the Committee. The Alliances Committee is composed of at least three (03), and a maximum of five (05) members elected by the Board of Directors, at least two (02) of whom must be members of the Company's Board of Directors, with term of office of one (1) year, re-election permitted. The current members are Constantino de Oliveira Junior, Henrique Constantino, Edward H. Bastian and Pieter Elbers.

Also, a permanent corporate governance committee shall be installed if the controlling shareholder holds an economic interest in our company of less than 35%.

D. Employees

We believe that our growth potential and the achievement of our results-oriented corporate goals are directly linked to our ability to attract and maintain the best professionals available in the airline business. We place great emphasis on the selection and training of enthusiastic employees with potential to add value to our business and who we believe fit in with and contribute to our business culture.

As of December 31, 2014, we had 16,875 active employees. We invest significant resources promoting the well-being of our employees. In 2014, we spent R\$322.6 million on health and safety matters, training, social contributions, employee meals, transportation and profit sharing.

We train our own pilots. We also provide extensive ongoing training for our pilots, flight attendants and customer service representatives. In addition to the required technical training, which follows the strictest international standards, we also provide comprehensive managerial training to our pilots and flight attendants through Crew Resource Management and Line Oriented Flight Training programs, emphasizing the importance of resource management to provide the best service to our passengers. In February 2011, we launched the *Gol Institute* located in our Confins Maintenance Center, in the state of Minas Gerais, aiming to provide technical training, promoting social inclusion and improving the learning of the professionals in the aviation sector. We expect to reduce the cost and average time of training for mechanics and co-pilots.

In order to help retain our employees, we encourage open communication channels between our employees and management and offer career development opportunities in the company and periodic evaluations. Our compensation strategy reinforces our determination to retain talented and highly motivated employees and is designed to align the interests of our employees with our shareholders. Our compensation packages include competitive salaries and participation in our profit sharing program. We have agreements with medical and insurance companies to offer affordable health and pension plan options to our employees.

A national aviators' union represents Brazil's pilots and flight attendants, and other regional aviation unions represent ground employees of air transportation companies. Approximately 22% of our employees are members of unions.

Negotiations in respect of cost of living wage and salary increases are conducted annually between the workers' unions and a national association of airline companies. There is no salary differential or seniority pay escalation among our pilots. Work conditions and maximum work hours are regulated by government legislation and are not the subject of labor negotiations. Since the commencement of our operations, we have not had a work stoppage by our employees and we believe that our relationship with our employees is good.

To motivate our employees and align their interests with our results of operations, we provide an annual profit sharing program to all of our employees. Under Brazilian law, companies may provide profit sharing programs that define mechanisms for distributing a portion of a company's profits based upon the achievement of pre-defined targets established by the company. Our annual profit sharing programs are negotiated with a commission formed by our employees and approved by labor unions for the benefit of all of our unionized and non-unionized employees. For the purposes of our profit sharing program, a portion of profit sharing distributions are based upon the achievement of corporate profit targets and a portion of the distributions are based on the achievement of operational targets set for each of our departments. We have established a stock option plan for our management and employees vesting over a three year period. As of December 31, 2014, a total of 653,130 stock options were granted to our management and employees under this plan.

E. Share Ownership

The members of our board of directors and our executive officers, on an individual basis and as a group, directly own approximately 1.3% of our preferred shares. See "Item 7A. Major Shareholdings and Related Party Transactions—Major Shareholders." Fundo de Investimento em Participações Volluto is a fund directly controlled by Constantino de Oliveira Júnior, Henrique Constantino, Joaquim Constantino Neto and Ricardo Constantino.

For a description of stock options granted to our board of directors and our executive officers, see "—Compensation—Stock Option Plan and Restricted Share Plan."

ITEM 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth information relating to the beneficial ownership of our common shares and preferred shares as of March 31, 2015, by each person known by us to beneficially own 5% or more of our common shares or preferred shares and all our directors and officers as a group.

Each shareholder's percentage ownership in the following table is based on the 5,035,037,140 common shares and 139,318,357 preferred shares outstanding as of the date hereof.

	Common Shares		Preferred Shares ⁽²⁾		Total Shares		Economic Interest
	Shares	(%)	Shares	(%)	Shares	(%)	(%)
Fundo de Investimento em Participações Volluto ⁽¹⁾	5,035,036,580	100.0%	29,481,110	21.2%	5,064,517,690	97.9%	61.2%
Executive officers and directors	560	0.0%	1,861,728	1.3%	1,862,288	0.0%	0.7%
Treasury shares	—	—	2,064,782	1.5%	2,064,782	0.0%	0.7%
Delta Air Lines Inc	—	—	8,300,455	6.0%	8,300,455	0.2%	2.9%
Fidelity Investments	—	—	7,033,500	5.0%	7,033,500	0.1%	2.5%
Free float	—	—	90,576,782	65.0%	90,576,782	1.8%	32.0%
Total	5,035,037,140	100.0%	139,318,357	100.0%	5,174,355,497	100.0%	100.0%

(1) Fundo de Investimento em Participações Volluto (formerly named Fundo de Investimento em Participações Asas) is controlled equally by Constantino de Oliveira Junior, Henrique Constantino, Joaquim Constantino Neto and Ricardo Constantino.

(2) Preferred shares are entitled to a dividend 35 times the dividend paid per common share. See “Description of Capital Stock.”

According to our internal share record, which contains information regarding the ownership of our shares and the ADSs as filed by the holders of such shares and ADS, at December 31, 2014, 70.4% of our free float was traded in the United States.

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During 2014, our executive officers exercised 59,949 stock options.

On December 21, 2011, in order to implement the Delta Investment, our board of directors approved a capital increase of up to R\$295.8 million, equivalent to up to 6,825,470 common shares and 6,619,765 preferred shares at a subscription price of R\$22.00 per share, with a minimum aggregate subscription amount of R\$182.6 million. Our controlling shareholder subscribed for 6,825,470 common shares and 1,501,312 preferred shares, using the funds received from Delta to pay for those shares. On August 13, 2012, our board of directors approved this capital increase, with the cancelation of 5,118,453 that were left unsubscribed.

On March 23, 2015, shareholders representing 81.7% of our capital stock approved certain amendments (equivalent to more than 99% of votes cast) to our by-laws that increased our equity financing capacity by increasing our ability to issue more preferred shares without needing to issue common shares simultaneously, as the transfer and ownership of common shares are subject to restrictions under Brazilian airline industry laws and regulations. The approval of the proposal represents a long-term structural solution to improve our capacity to raise equity capital, enabling us to compete on even terms in this regard.

The amendments also intended to improve corporate governance and strengthen the alignment of interest among common and preferred shareholders and included, among other items:

- A split of common shares in the ratio of 35 to one;
- An increase in economic rights of preferred shares in the ratio of 35 to one;
- An increase in the representation of preferred shareholders on the Board of Directors depending on the percentage of economic rights held by the controlling shareholder;
- Enhancing our audit committee by making it a permanent statutory body;
- A separate vote for preferred shareholders in extraordinary meetings on certain matters, as detailed in our by-laws;
- Restrictions on the sale of shares held by the controlling shareholder; and
- The mandatory public tender offer for all shares if any person acquires 30% or more of our economic rights.

Please see “Item 9. The Offer and Listing–C. Markets–Corporate Governance Practices” for further details.

Prior to the amendments above mentioned, we were unable to issue additional preferred shares without simultaneously issuing common shares due to legal and regulatory restrictions. The amendments represent a long-term structural solution to improve our capacity to raise equity capital. The amendments, especially the common stock split, will enable us to issue new preferred shares without issuing common shares, thereby allowing us to finance our operations more effectively. Consequently, we will not depend on our controlling shareholder to raise equity capital.

Shareholders’ Agreement

No shareholders’ agreements have been filed with us.

B. Related Party Transactions

Explanation of Responses:

According to the Level 2 regulations, we shall forward and disclose to BM&FBOVESPA the information regarding every and any agreement entered by and between Gol and its affiliates and associate companies, its administrators, its controlling shareholder, as the case may be, as well as other corporations that make a group with any such persons, whether factual or by law, whenever they reach, with a single agreement or with successive agreements, with or without the same purpose, at any period of one year, an amount of R\$0.2 million or more, or a value of 1% or more over our net equity, whichever is higher.

Such announced information shall describe the scope of the agreement, the term, the price, the termination or completion conditions and any possible influence of the agreement upon administration or company business conducting.

We have engaged in a number of transactions with related parties, none of which have involved the issuance of guarantees.

Agreements with Smiles

Operating Agreement

On December 28, 2012, we entered into an operating agreement with Smiles, or the Operating Agreement, that establishes the terms and conditions of our relationship. This agreement went into effect on January 1, 2013, when Smiles began to manage and operate the Smiles loyalty program.

The Operating Agreement established the terms of the transfer of Smiles loyalty program management to Smiles. In the context of the transfer, we divided reward costs as follows: the cost of rewards redeemed with legacy miles (i.e., those earned through December 31, 2012) is supported by us, while the cost of rewards redeemed with new miles (i.e., those earned beginning January 1, 2013) is supported by Smiles.

Pursuant to the Operating Agreement, the Smiles program will be our sole loyalty program. We are currently Smiles' sole partner in the air transportation industry, but Smiles is free to establish new partnerships in this industry with our prior authorization. We may require Smiles to enter into a partnership agreement with new partners in the air transportation industry or with a global alliance of airlines in the event we become part of one.

We have a preference to enter into partnerships in certain segments, such as travel agencies (including on-line travel agencies), rental cars and travel insurance. However, Smiles may establish partnerships in these industries with our prior authorization.

Outside of the air transportation industry and certain segments in the travel industry, Smiles does not need to inform or request our authorization to establish partnerships. We may establish partnerships outside the air transportation industry as long as such partnerships do not involve miles or benefits accumulation in a frequent flyer program other than the Smiles loyalty program.

The 20-year Operating Agreement will be automatically renewed for successive five-year periods if neither party objects at least two years prior to its expiration. If a party is given notice of non-renewal, it may terminate the Operating Agreement early by providing written notification to the other party six months prior to the termination date.

We pay Smiles a monthly fee for managing our frequent flyer program. This fee will be adjusted on each anniversary of the Operating Agreement in accordance with our gross monthly miles purchases. For 2013, the management fee was 6.0% of gross miles sales. After 2013, this fee will remain between 3.5% and 6.0%, depending on our gross miles purchases.

Miles and Tickets Purchase Agreement

On December 28, 2012, we entered into a miles and tickets purchase agreement with Smiles, or the Miles and Tickets Purchase Agreement, that establishes the terms and conditions of our purchases of miles and our sales of tickets.

In order to govern pricing and availability of reward tickets and satisfy customer demand, the agreement establishes three seating classes: standard, commercial and promotional for ticketing purposes.

- *Standard seats:* Pricing will take into account the variation of the economic cost of the fare over the last 12 months, ending September 2014, and the characteristics of each route. The economic cost is equivalent to the sum of (i) the opportunity cost of not selling a ticket to a traveler when the flight is full – or displacement; (ii) the opportunity cost of a passenger redeeming a reward ticket who would have purchased the ticket using cash, had he or she not had available miles – or dilution; and (iii) the direct cost that we incur in transporting an additional passenger on a given flight – or marginal cost. The availability of standard seating on planes is limited and controlled by us, although Smiles is assured a minimum aggregate number of standard seats out of total seats on all flights.
- *Commercial seats:* Pricing is subject to the same price and/or discount applied by us to third parties (subject to the conditions and characteristics of each product). The availability of commercial seats on flights is unrestricted, but limited to the capacity of the flight, pursuant to applicable restrictions.
- *Promotional seats:* Pricing is determined by an established discount table agreed upon by us and Smiles on a case-by-case basis, which may be revised, suspended or revoked at any time at our discretion. There is no minimum availability obligation for promotional seats.

The price that we pay for miles will be calculated based on the economic cost specified above, minus a portion of the breakage rate, which is the expected percentage of miles that will expire without being redeemed.

Pursuant to the Miles and Tickets Purchase Agreement, any material change to our miles accumulation policy must be discussed in advance by a loyalty committee whose members will be appointed by Smiles and us, proportionally. Smiles must notify us of material changes to miles redemption policy relating to reward tickets and hold discussions of such changes in the loyalty committee. The loyalty committee will be an advisory committee with no decision-making power.

Smiles may sell miles directly to its customers, subject to certain limits on miles sold per client and per period, minimum prices and the length of redemption periods.

The 20-year Miles and Tickets Purchase Agreement will be automatically renewed for successive five-year periods if neither party objects at least two years prior to its expiration. If a party is given notice of non-renewal, it may terminate the agreement early by providing written notification to the other party six months prior to the termination date.

The parties will annually review the contract's compliance conditions according to certain parameters established in the agreement, and may amend these conditions in order to reestablish the originally agreed-upon economic balance. In extraordinary circumstances, the parties may also amend the agreement in the event of significant changes to (i) the economic cost of flights (including changes in the average occupancy rate of our flights or ticket prices); (ii) our destinations; or (iii) applicable law or regulation.

Back Office Services Agreement

On December 28, 2012, we entered into a back office services agreement with Smiles, or the Back Office Services Agreement, that contains the terms, conditions and levels of certain services to be provided to Smiles by us. These services will be provided in connection with certain back office activities including controllership, accounting, internal controls and auditing, finance, information technology, call center, human resources, inventory and legal matters.

The three-year Back Office Services Agreement will be automatically renewed for successive three-year periods if neither party objects 12 months prior to its expiration. Smiles may terminate portions of the Back Office Services Agreement at any time by providing prior written notice to us.

Corporate Governance

On June 10, 2013, Smiles' by-laws were amended to provide that certain related party transactions will require the approval of an independent committee or all members of its board of directors. These related party transactions include: amendments to the Operational Agreement or the Miles and Tickets Purchase Agreement and certain advance ticket purchases, among other transactions.

Transportation, Graphic and Consultancy Agreements with Entities Controlled by Our Controlling Shareholder.

We have exclusive bus transportation agreements with Expresso União Ltda. and Breda Transportes e Serviços S.A. for the transportation of our employees, our passengers and their luggage. The transportation agreement with Expresso União Ltda expires in August 2016 and the agreement with Breda Transportes e Serviços S.A. expires in May 2015. We also have a contract with related party Vaud Participações S.A. to provide executive administration and management services, which expires in October 2016. We also have a contract with related party Pax Participações S.A. to provide consulting and advisory services, which expires in April 2015. We also have an agreement with Serviços Gráficos S.A. to provide printing services, which expires in July 2015. These entities are controlled by our controlling shareholder. In September 2011, we entered into agreements with Pássaro Azul Táxi Aéreo Ltda. and Viação Piracicabana Ltda. to allow these entities to access the Universal Air Transportation Plan System.

In 2012, 2013 and 2014, we recorded expenses of R\$10.6 million, R\$12.7 million and R\$13.3 million, respectively, under these operating agreements.

Engine Maintenance Agreement with Delta TechOps

In February 2011, we entered into a strategic MRO partnership agreement with Delta TechOps, the maintenance division of Delta, one of our shareholders, which provides overhaul service for approximately 50% of our CFM 56-7 engines, maintenance for parts and components on our fleet of Boeing 737 NG aircraft and also, consulting services related to maintenance workflow planning, materials and facility optimization and tooling support. In 2012, 2013 and 2014, the expenses under this agreement were R\$86.5 million, R\$95.6 million and R\$115.6 million, respectively.

Agreement with Air France-KLM

On February 19, 2014, we entered into an exclusive long term strategic partnership for commercial cooperation with Air France-KLM. In 2014, we received R\$74.5 million under this agreement.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. Financial Information

A. Consolidated Statements and Other Financial Information

See “Item 3. Key Information—Selected Financial Data” and “Item 18. Financial Statements.”

Legal Proceedings

In the ordinary course of our business, we are party to various legal actions, which we believe are incidental to our operations, in the large part linked to the routine demands related to the rights of consumers. As of December 31, 2014, we were parties in 28,738 lawsuits and administrative proceedings, including 20,543 civil claims and 8,195 labor claims. We believe that the outcome of the proceedings to which we are currently a party will not have a material adverse effect us.

We have established provisions for all amounts in dispute that represent a probable loss in the view of our legal advisors and in relation to those disputes that are covered by laws, administrative decrees, decrees or court rulings that have proven to be unfavorable.

We are party to 20,543 civil proceedings arising from: the normal course of our business, which includes mainly flight delays or cancellations and baggage loss or damage. The vast majority of these proceedings involve minor cases relating to customer relations and 406 of these proceedings are related to obligations allegedly arising from our acquisition of VRG. As of December 31, 2014, we had established provisions for civil proceedings in the total amount of R\$55.1 million.

We are party to 4,875 labor proceedings (4,685 lawsuits and 190 administrative procedures) arising from the normal course of our business, which includes overtime, hazardous work premium, health exposure allowance and differences in salary and 3,320 labor proceedings (3,318 judicial proceedings and 2 administrative procedures) related to the request of recognition from the succession of VARIG. At December 31, 2014, we have established provisions for labor proceedings in the total amount of R\$47.0 million.

In 2001, we commenced proceedings against the Brazilian state revenue service, in which we claim an exemption from the payment of Brazilian value added tax (ICMS) due on imported aircraft, parts and engines. On May 30, 2007, the STF, in a similar case, ruled in favor of the position we defend. A number of other proceedings relating to this matter are still pending. On September 11, 2014, STF (*Superior Tribunal Federal*) decided and settled this issue in general repercussion (applicable to all similar cases on this matter) the non-levy of ICMS on import of goods made by the lease agreements.

In 2007, we commenced an arbitration before the International Chamber of Commerce against the sellers of VRG and their controlling shareholders relating to a purchase price adjustment. In January 2011, the arbitral tribunal ruled in our favor and granted us an award of R\$93.0 million plus interest and costs against the sellers of VRG and their controlling shareholders. We have initiated enforcement proceedings to collect the award amount in U.S. federal courts. The sellers of VRG and their controlling shareholders are contesting the enforcement proceedings. We believe that the chance of success in the enforcement proceedings is possible.

We are questioning the applicability of social contribution taxes (PIS and COFINS) in the amount of R\$37.8 million on revenue earned as interest attributable to shareholders' equity from 2006 to 2008. Based on the opinion of our legal counsel, we believe that these lawsuits represent a possible risk of loss. As of December 31, 2014 and 2013, we had no provisions nor judicial deposits for these lawsuits.

We are also questioning the applicability of tax on services (ISS) in the amount of R\$16.5 million on revenue from certain of our activities related to agreements with partners from 2007 to 2010. Based on the opinion of our legal counsel, we believe that these lawsuits represent a possible risk of loss. As of December 31, 2014, we had no provisions for these lawsuits.

In addition, we are questioning the applicability of a fine imposed by Brazilian customs in the amount of R\$34.0 million for the alleged breach of certain rules regarding the temporary import of aircraft. Based on the opinion of our legal counsel, we believe that these lawsuits represent a possible risk of loss. As of December 31, 2014, we had no provisions nor judicial deposits for these lawsuits.

In addition, we are also questioning infraction notices regarding goodwill from BSSF Air Holdings, in the amount of R\$43.2 million. Although the outcome of these lawsuits and proceedings cannot be anticipated, our management understands that the final decisions on these lawsuits will not have any material adverse impact on our financial position, operating results and cash flows. As of December 31, 2014, we had no provisions for these lawsuits and judicial deposits related to these lawsuits.

Lastly, we are also questioning infraction notices regarding goodwill from VRG, in the amount of R\$17.9 million. Although the outcome of these lawsuits and proceedings cannot be anticipated, our management understands that the final decisions on these lawsuits will not have any material adverse impact on our financial position, operating results and cash flows. As of December 31, 2014, we had no provisions for these lawsuits nor judicial deposits related to these lawsuits.

On October 10, 2012, the Brazilian Antitrust Authority, or CADE, approved, without restrictions, the acquisition of Webjet by VRG. The approval was subject to the execution of a term of undertaking (*Termo de Compromisso de Desempenho*) among VRG, Webjet and CADE whereby we have agreed to maintain a minimum regularity rate of 85% on scheduled flights from the Santos Dumont airport in Rio de Janeiro. We retained all of the VRG and Webjet capacity in this airport.

On December 3, 2012, a Rio de Janeiro labor court issued an injunction requiring that we rehire all 850 Webjet employees we had laid off on November 23, 2012 subject to a daily penalty for non-compliance. We have appealed that decision and are currently awaiting final judgment. On September 12, 2013, we obtained an injunctive relief from the labor prosecutor that suspended execution of prior injunctions until final judgment is granted on this matter. If we are required to rehire all 850 Webjet's employees, we will have to pay base salaries and benefits to these employees (which includes crew, pilots, co-pilots and maintenance employees).

For further information on our legal proceedings and contingencies, see note 23(c) to our consolidated financial statements.

Dividends and Dividend Policy

Amounts Available for Distribution

At each annual general shareholders' meeting, our board of directors is required to propose how our earnings for the preceding fiscal year are to be allocated. For purposes of Brazilian corporation law, a company's non-consolidated net income after federal income tax and social contribution on net income for such fiscal year, net of any accumulated losses from prior fiscal years and amounts allocated to employees' and management's participation in earnings represents its "income" for such fiscal year. In accordance with the Brazilian corporation law, an amount equal to the company's "income," as adjusted (the "distributable amount"), will be available for distribution to shareholders in any particular year. The distributable amount will be affected by the following:

- reduced by accumulated losses;
- reduced by amounts allocated to the legal reserve;
- reduced by amounts allocated to the statutory reserve, if any;
- reduced by amounts allocated to the contingency reserve, if any;
- reduced by amounts allocated to the unrealized profits reserve established by the company in compliance with applicable law (as discussed below);
- reduced by amounts allocated to the reserve for investment projects (as discussed below); and
- increased by reversals of reserves recorded in prior years.

Our by-laws do not provide for statutory or contingency reserves. Under the Brazilian corporation law and according to our by-laws, we are required to maintain a "legal reserve" to which we must allocate 5% of our "income" for each fiscal year until the amount of the reserve equals 20% of paid-in capital. We are not required to make any allocations to our legal reserve in respect of any fiscal year in which such reserve, when added to our capital reserves, exceeds 20% of our capital stock. Accumulated losses, if any, may be charged against the legal reserve. Other than that, the legal reserve can only be used to increase our capital. 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. Our calculation of net income and allocations to reserves for any fiscal year are determined on the basis of our non-consolidated financial statements prepared in accordance with the Brazilian corporation law.

Under the Brazilian corporation law, a portion of a corporation's "income" may be allocated for discretionary appropriations for expansion and other fixed or working capital investment projects, the amount of which is based on a capital budget previously presented by management and approved by the shareholders in a general shareholders' meeting. After completion of the relevant capital projects, the company may retain the appropriation until shareholders vote to transfer all or a portion of the reserve to capital or retained earnings. The Brazilian corporation law provides that, if a project to which the reserve for investment projects account is allocated has a term exceeding one year, the budget related to the project must be submitted to the shareholders' meeting each fiscal year until the relevant investment is completed.

Under the Brazilian corporation law, the amount by which the mandatory distribution exceeds the “realized” portion of net income for any particular year may be allocated to the unrealized profits reserve and the mandatory distribution may be limited to the “realized” portion of net income. The “realized” portion of net income is the amount by which “income” exceeds the sum of (i) our net positive results, if any, from the equity method of accounting for earnings and losses of our subsidiaries and certain affiliates, and (ii) the profits, gains or income obtained on transactions maturing after the end of the following fiscal year. As amounts allocated to the unrealized income reserve are realized in subsequent years, such amounts must be added to the dividend payment relating to the year of realization.

Under the Brazilian corporation law, any company may create a “statutory” reserve, which reserve must be described in the company’s by-laws. Those by-laws which authorize the allocation of a percentage of a company’s net income to the statutory reserve must also indicate the purpose, the criteria for allocation and the maximum amount of the reserve. The Brazilian corporation law provides that all discretionary allocations of “income,” including the unrealized profits reserve and the reserve for investment projects, are subject to approval by the shareholders voting at the general shareholders’ meeting and may be transferred to capital or used for the payment of dividends in subsequent years. The fiscal incentive reserve and the legal reserve are also subject to approval by the shareholders voting at the general shareholders’ meeting and may be transferred to capital or used to absorb losses, but are not available for the payment of dividends in subsequent years.

The amounts available for distribution may be further increased by a reversion of the contingency reserve for anticipated losses constituted in prior years but not realized. Allocations to the contingency reserve are also subject to approval by the shareholders voting at the general shareholders’ meeting. The amounts available for distribution are determined on the basis of our non-consolidated statutory financial statements.

The balance of the profit reserve accounts, except for the contingency reserve and unrealized profits reserve, may not exceed the share capital. If this happens, a shareholders’ meeting must resolve whether the excess will be applied to pay in the subscribed and unpaid capital, to increase and pay in the subscribed stock capital or to distribute dividends.

Pursuant to the Brazilian corporation law, net income unallocated to the accounts mentioned above must be distributed as dividends.

Mandatory Distribution

The Brazilian corporation law generally requires that the by-laws of each Brazilian corporation specify a minimum percentage of the amounts available for distribution by such corporation for each fiscal year that must be distributed to shareholders as dividends, also known as the mandatory distribution.

The mandatory distribution is based on a percentage of adjusted non-consolidated net income, not lower than 25%, rather than a fixed monetary amount per share. If the by-laws of a corporation are silent in this regard, the percentage is deemed to be 50%. Under our by-laws, at least 25% of our adjusted non-consolidated net income for the preceding fiscal year must be distributed as a mandatory annual dividend. Adjusted net income means the net income after any deductions for the legal reserve and contingency reserves and any reversals of the contingency reserves created in previous fiscal years. The Brazilian corporation law, however, permits a publicly held company, such as we are, to suspend the mandatory distribution of dividends in any fiscal year in which the board of directors reports to the shareholders’ meeting that the distribution would be inadvisable in view of the company’s financial condition. The suspension is subject to the approval at the shareholders’ meeting and review by members of the fiscal board, if in place. While the law does not establish the circumstances in which payment of the mandatory dividend would be “inadvisable” based on the company’s financial condition, it is generally agreed that a company need not pay the mandatory dividend if such payment threatens the existence of the company as a going concern or harms its normal course of operations. In the case of publicly held corporations, the board of directors must file a justification for such suspension with the CVM within five days of the relevant general meeting. If the mandatory dividend is not paid and funds are available, those funds shall be attributed to a special reserve account. If not absorbed by subsequent losses, those funds shall be paid out as dividends as soon as the financial condition of the company permits.

The board of directors can also decide to make the mandatory dividend distribution in the form of interest attributable to shareholders’ equity, which is deductible when calculating income and social contribution taxes.

Payment of Dividends

We are required by the Brazilian corporation law to hold an annual general shareholders' meeting by no later than April 30 of each year, at which time, among other things, the shareholders have to decide on the payment of an annual dividend. Additionally, interim dividends may be declared by the board of directors. Any holder of record of shares at the time of a dividend declaration is entitled to receive dividends. Dividends on shares held through depositaries are paid to the depositary for further distribution to the shareholders.

Under the Brazilian corporation law, dividends are generally required to be paid to the holder of record on a dividend declaration date within 60 days following the date the dividend was declared, unless a shareholders' resolution sets forth another date of payment, which, in either case, must occur prior to the end of the fiscal year in which such dividend was declared. Pursuant to our by-laws, unclaimed dividends do not bear interest, are not monetarily adjusted and revert to us three years after dividends were declared. See "Item 10.B. Memorandum and Articles of Association—Description of Capital Stock."

Our board of directors may declare interim dividends or interest attributable to shareholders' equity based on income verified in semi-annual financial statements. The board of directors may also declare dividends based on financial statements prepared for shorter periods, provided that the total dividends paid in each six-month period do not exceed the capital reserves amount required by Brazilian corporation law. The board of directors may also pay interim dividends or interest attributable to shareholders' equity out of retained earnings or income reserves recorded in the last annual balance sheet. Any payment of interim dividends may be set off against the amount of mandatory dividends relating to the net income earned in the year in which the interim dividends were paid.

Our by-laws do not require that we adjust the amount of any dividend payment for inflation.

In general, shareholders who are not residents of Brazil must register their equity investment with the Central Bank to have dividends, sales proceeds or other amounts with respect to their shares eligible to be remitted outside Brazil. The preferred shares underlying the ADSs are held in Brazil by Banco Itaú S.A., also known as the custodian, as agent for the depositary, that is the registered owner on the records of the registrar for our shares. The current registrar is Banco Itaú. The depositary registers the preferred shares underlying the ADSs with the Central Bank and, therefore, is able to have dividends, sales proceeds or other amounts with respect to registered preferred shares remitted outside Brazil.

Payments of cash dividends and distributions, if any, are made in *reais* to the custodian on behalf of the depositary, which then converts such proceeds into U.S. dollars and causes such U.S. dollars to be delivered to the depositary for distribution to holders of ADSs. In the event that the custodian is unable to convert immediately the Brazilian currency received as dividends into U.S. dollars, the amount of U.S. dollars payable to holders of ADSs may be adversely affected by depreciation of the Brazilian currency that occur before the dividends are converted. Under the current Brazilian corporation law, dividends paid to persons who are not Brazilian residents, including holders of ADSs, will not be subject to Brazilian withholding tax, except for dividends declared based on profits generated prior to December 31, 1995, which will be subject to Brazilian withholding income tax at varying tax rates. See "Taxation—Material Brazilian Tax Considerations."

Holders of ADSs have the benefit of the electronic registration obtained from the Central Bank, which permits the depositary and the custodian to convert dividends and other distributions or sales proceeds with respect to the preferred shares represented by ADSs into foreign currency and remits the proceeds outside Brazil. In the event the holder exchanges the ADSs for preferred shares, the holder will be entitled to continue to rely on the depositary's registration for five business days after the exchange. Thereafter, in order to convert foreign currency and remit outside Brazil the sales proceeds or distributions with respect to the preferred shares, the holder must obtain a new

registration in its own name that will permit the conversion and remittance of such payments. See “Item 10.B. Memorandum and Articles of Association—Description of Capital Stock—Regulation of Foreign Investment.”

Under current Brazilian legislation, the federal government may impose temporary restrictions of foreign capital abroad in the event of a serious imbalance or an anticipated serious imbalance of Brazil’s balance of payments.

Interest Attributable to Shareholders' Equity

Under Brazilian tax legislation effective January 1, 1996, Brazilian companies are permitted to pay “interest” to holders of equity securities and treat such payments as an expense for Brazilian income tax purposes and, beginning in 1997, for social contribution purposes. The purpose of the tax law change is to encourage the use of equity investment, as opposed to debt, to finance corporate activities. Payment of such interest may be made at the discretion of our board of directors, subject to the approval of the shareholders at a general shareholders’ meeting. The amount of any such notional “interest” payment to holders of equity securities is limited in respect of any particular year to the daily pro rata variation of the Long-Term Interest Rate (*Taxa de Juros de Longo Prazo*), or TJLP, as determined by the Central Bank from time to time, and may not exceed the greater of:

- 50% of net income (after social contribution on net profits but before taking into account the provision for income tax and the interest attributable to shareholders’ equity) for the period in respect of which the payment is made; or
- 50% of the sum of retained earnings and profit reserves as of the beginning of the year in respect of which such payment is made.

Payment of interest to a holder that is not domiciled in Brazil for Brazilian tax and regulatory purposes (a “non-Brazilian holder”) is subject to withholding income tax at the rate of 15%, or 25% if the non-Brazilian holder is domiciled in a country or location that does not impose income tax or where the income tax rate is lower than 20% (“Low or Nil Tax Jurisdiction”) or where applicable local laws impose restrictions on the disclosure of the shareholding composition or the ownership of investments or the ultimate beneficiary of the income derived from transactions carried out and attributable to a non-Brazilian holder. These payments may be included, at their net value, as part of any mandatory dividend. To the extent payment of interest attributable to shareholders’ equity is so included, the corporation is required to distribute to shareholders an additional amount to ensure that the net amount received by them, after payment of the applicable withholding income tax, plus the amount of declared dividends is at least equal to the mandatory dividend.

Under current Brazilian legislation, the sum of the amount distributed as interest attributable to shareholders’ equity and as dividends must be at least equal to the mandatory dividend. For IFRS accounting purposes, the interest is deducted from shareholders’ equity in a manner similar to a dividend. Any payment of interest in respect of preferred shares (including the ADSs) is subject to Brazilian withholding income tax at the rate of 15%, or 25% in the case of a shareholder domiciled in a Low or Nil Tax Jurisdiction or where applicable local laws impose restrictions on the disclosure of the shareholding composition or the ownership of investments or the ultimate beneficiary of the income derived from transactions carried out and attributable to a non-Brazilian holder (see “Taxation—Material Brazilian Tax Considerations”). If such payments are accounted for, at their net value, as part of any mandatory dividend, the tax is paid by the company on behalf of its shareholders, upon distribution of the interest. In case we distribute interest attributed to shareholders’ equity in any year, and that distribution is not accounted for as part of mandatory distribution, Brazilian income tax would be borne by the shareholders.

Under our by-laws, interest attributable to shareholders’ equity may be treated as a dividend for purposes of the mandatory dividend. In 2010 we declared R\$50.9 million to our shareholders, equivalent to a payment of R\$0.19 per share or ADS. In 2011, 2012, 2013 and 2014, we did not distribute dividends.

Dividend Policy

We declare and pay dividends and/or interest attributable to shareholders' equity, as required by the Brazilian corporation law and our by-laws. The declaration of annual dividends, including dividends in excess of the mandatory distribution, requires approval by the vote of the majority of the holders of our common shares. The amount of any distributions will depend on many factors, such as our results of operations, financial condition, cash requirements, prospects and other factors deemed relevant by our board of directors and shareholders. Within the context of our tax planning, we may continue determining that it is to our benefit to distribute interest attributed to shareholders' equity.

B. Significant Changes

None.

ITEM 9. The Offer and Listing**A. Offer and Listing Details**

In the United States, our preferred shares trade in the form of ADS. Since December 2005, each ADS represents one preferred share, issued by Citibank, N.A., as Depositary pursuant to a Deposit Agreement. On December 13, 2005, we executed a 2:1 ADS split, changing to ratio of one ADS representing two preferred shares to one ADS representing one preferred share, as approved by a meeting of our board of directors on November 8, 2005. The ADSs commenced trading on the NYSE on June 24, 2004. As of December 31, 2014, the ADSs represented 53.5% of our preferred shares and 70.4% of our current global public float.

The following table sets forth the reported high and low closing sales prices for the ADSs on the NYSE for the periods indicated:

	US\$ per ADS		
	Low	High	Average⁽¹⁾
2010			
Annual	10.62	18.55	16.63
2011			
Annual	5.18	16.17	10.67
2012			
Annual	3.87	9.04	5.66
First quarter	6.50	9.04	7.62
Second quarter	3.87	6.62	4.97
Third Quarter	4.01	5.94	4.85
Fourth Quarter	4.53	6.56	5.21
2013			
Annual	2.78	7.61	5.12
First quarter	5.95	7.61	6.86
Second quarter	3.09	6.90	5.19
Third Quarter	2.78	5.08	3.85
Fourth Quarter	4.08	5.60	4.68
2014			
Annual	3.79	6.84	5.38
First quarter	3.79	5.01	4.52
Second quarter	4.92	6.84	5.86
Third Quarter	4.81	6.81	5.98
Fourth Quarter	4.36	5.75	5.13
Last Six Months	2.43	5.75	4.52
October 2014	4.36	5.36	4.93
November 2014	4.63	5.75	5.13
December 2014	4.65	5.75	5.33
January 2015	4.50	5.47	5.11
February 2015	3.46	4.37	3.87

Explanation of Responses:

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March 2015	2.43	3.30	2.79
April 2015 (through April 27)	2.31	2.92	2.65

Source: Bloomberg

(1) Calculated as average of closing prices for the period.

Our preferred shares began trading on the São Paulo Stock Exchange on June 24, 2004. The following table sets forth the reported high and low closing sale prices for our preferred shares on the BM&FBOVESPA, for the periods indicated:

	<i>Reais per Preferred Share</i>		
	Low	High	Average⁽¹⁾
2010			
Annual	19.70	30.40	24.34
2011			
Annual	9.12	26.56	17.41
2012			
Annual	7.73	15.19	10.87
First quarter	11.93	15.19	13.32
Second quarter	7.73	12.04	9.71
Third Quarter	8.14	12.17	9.82
Fourth Quarter	9.42	13.05	10.64
2013			
Annual	6.14	15.00	10.69
First quarter	11.75	15.00	13.55
Second quarter	6.73	13.81	10.55
Third Quarter	6.14	11.36	8.56
Fourth Quarter	9.26	11.96	10.35
2014			
Annual	9.29	15.25	12.56
First quarter	9.29	11.54	10.53
Second quarter	11.01	15.19	12.98
Third Quarter	11.68	15.23	13.57
Fourth Quarter	10.64	15.25	13.08
Last Six Months	7.82	15.25	12.09
October 2014	10.64	12.85	12.03
November 2014	12.14	15.03	13.11
December 2014	12.55	15.25	14.26
January 2015	12.22	15.21	13.66
February 2015	10.05	11.91	10.94
March 2015	7.82	9.66	8.74
April 2015 (through April 27)	7.41	8.41	8.03

Source: Bloomberg

(1) Calculated as average of closing prices for the period.

B. Plan of Distribution

Not applicable.

C. Markets

Trading on the BM&FBOVESPA

In 2000, the São Paulo Stock Exchange was reorganized through the execution of memoranda of understanding by the Brazilian stock exchanges. Under the memoranda, all securities are now traded only on the São Paulo Stock Exchange, with the exception of electronically traded public debt securities and privatization auctions, which are traded on the Rio de Janeiro Stock Exchange.

On May 8, 2008, the São Paulo Stock Exchange and the Brazilian Mercantile and Futures Exchange merged, creating BM&FBOVESPA. Together, the companies have formed one of the largest exchanges worldwide in terms of market value, the second largest in the Americas, and the leading exchange in Latin America.

When shareholders trade in common and preferred shares on the BM&FBOVESPA, the trade is settled in three business days after the trade date without adjustment of the purchase price for inflation. The seller is ordinarily required to deliver the shares to the exchange on the second business day following the trade date. Delivery of and payment for shares are made through the facilities of the clearinghouse, *Companhia Brasileira de Liquidação e Custódia*, or CBLC.

The BM&FBOVESPA is a for-profit listed company that has regulatory authority over its trading markets. Trading on the BM&FBOVESPA is limited to member brokerage firms and a limited number of authorized nonmembers. The BM&FBOVESPA has two open outcry trading sessions each day from 10:00 a.m. to 5:00 p.m., São Paulo time, for all securities traded on all markets, except during daylight savings time in Brazil. During daylight savings time in Brazil, usually the sessions are from 11:00 a.m. to 6:00 p.m., São Paulo time, to closely mirror the NYSE trading hours. Trading is also conducted between 11:00 a.m. and 6:00 p.m., or between 10:00 a.m. and 5:00 p.m. during daylight savings time in the United States, on an automated system known as the Computer Assisted Trading System (*Sistema de Negociação Assistida por Computador*) on the BM&FBOVESPA and on the National Electronic Trading System (*Sistema Eletrônico de Negociação Nacional*). This system is a computerized system that links electronically with the seven smaller regional exchanges. The BM&FBOVESPA also permits trading from 5:45 p.m. to 7:00 p.m., São Paulo time, or from 6:45 p.m. to 7:30 p.m. during daylight savings time in Brazil, on an online system connected to traditional and Internet brokers called the “after market.” Trading on the aftermarket is subject to regulatory limits on price volatility and on the volume of shares transacted through Internet brokers. There are no specialists or officially recognized market makers for our shares in Brazil.

In order to better control volatility, the BM&FBOVESPA adopted a “circuit breaker” system pursuant to which trading sessions may be suspended for a period of 30 minutes or one hour whenever the indices of the BM&FBOVESPA falls below the limits of 10% or 15%, respectively, in relation to the index registered in the previous trading session.

The BM&FBOVESPA is significantly less liquid than the NYSE or other major exchanges in the world. As of December 31, 2014, the aggregate market capitalization of the BM&FBOVESPA was equivalent to R\$1.9 trillion and the 10 largest companies listed on the BM&FBOVESPA represented approximately 40.3% of the total market capitalization of all listed companies. In contrast, as of December 31, 2014, the aggregate market capitalization of the NYSE was US\$16.6 trillion. Although any of the outstanding shares of a listed company may trade on the BM&FBOVESPA, in most cases fewer than half of the listed shares are actually available for trading by the public, the remainder being held by small groups of controlling persons, by government entities or by one principal shareholder. See “Item 3. Risk Factors—Risks Relating to the ADSs and Our Preferred Shares—The relative volatility and illiquidity of the Brazilian securities markets, and securities issued by airlines in particular, may substantially limit your ability to sell the preferred shares underlying the ADSs at the price and time you desire.”

Trading on the BM&FBOVESPA by a non-Brazilian holder, is subject to certain limitations under Brazilian foreign investment legislation. With limited exceptions, non-Brazilian holders may only trade on Brazilian stock exchanges in accordance with the requirements of Resolution No. 2,689, of January 26, 2000, of the National Monetary Council (*Conselho Monetário Nacional*), or CMN, or Resolution No. 2,689. Resolution No. 2,689 requires that securities held by non-Brazilian holders be maintained in the custody of, or in deposit accounts with, financial institutions and be registered with a clearinghouse. Such financial institutions and clearinghouses must be duly authorized to act as such by the Central Bank and the CVM. In addition, Resolution No. 2,689 requires non-Brazilian holders to restrict their securities trading to transactions on Brazilian stock exchanges or qualified over-the-counter markets. With limited exceptions, non-Brazilian holders may not transfer the ownership of investments made under Resolution No. 2,689 to other non-Brazilian holders through a private transaction. See “Taxation—Material Brazilian Tax Considerations—Taxation of Gains” for a description of certain tax benefits extended to non-Brazilian holders who qualify under Resolution No. 2,689.

Corporate Governance Practices

In 2000, the São Paulo Stock Exchange introduced three special listing segments, known as Level 1 and 2 of Differentiated Corporate Governance Practices and New Market (*Novo Mercado*), aiming at fostering a secondary market for securities issued by Brazilian companies with securities listed on the BM&FBOVESPA, by prompting such companies to follow good practices of corporate governance. The listing segments were designed for the trading of shares issued by companies voluntarily undertaking to abide by corporate governance practices and disclosure requirements in addition to those already imposed by Brazilian law. These rules generally increase shareholders' rights and enhance the quality of information provided to shareholders.

To become a Level 2 (*Nível 2*) company, in addition to the obligations imposed by current Brazilian law, an issuer must agree to: (a) comply with all of the listing requirements for Level 1 companies, being: (i) ensure that shares of the issuer representing 25% of its total capital are effectively available for trading, (ii) adopt offering procedures that favor widespread ownership of shares whenever making a public offering, (iii) comply with minimum quarterly disclosure standards including cash flow statements, (iv) follow stricter disclosure policies with respect to transactions made by controlling shareholders, directors and officers involving securities issued by the issuers, (v) submit any existing shareholders' agreements and stock option plans to the BM&FBOVESPA and (vi) make an annual calendar announcing scheduled corporate events, bringing information on the company, the event, date and time it is going to take place; any changes in the schedule shall be promptly forwarded to BM&FBOVESPA and published, (b) grant tag-along rights for all shareholders in connection with a transfer of control of the company, offering the same price paid per share for controlling block common shares and 80% of the price paid per share for controlling block preferred shares, (c) grant voting rights to holders of preferred shares in connection with certain corporate restructurings and related party transactions, such as: (i) any transformation of the company into another corporate form, (ii) any merger, consolidation or spin-off of the company, (iii) approval of any transactions between the company and its controlling shareholder, including parties related to the controlling shareholder, (iv) approval of any valuation of assets to be delivered to the company in payment for shares issued in a capital increase, (v) appointment of an independent company, with renowned expertise, to ascertain the economic value of the company in connection with any deregistration and delisting tender offer and (vi) any changes to these voting rights, (d) have a board of directors comprised of at least five members, of which at least 20% shall be "independent," as defined by the BM&FBOVESPA, with a term limited to two years, (e) if it elects to delist from the Level 2 segment, hold a tender offer by the company's controlling shareholder (the minimum price of the shares to be offered will be the economic value determined by an appraisal process) and, for the same purposes, in the case of companies with diffuse control (controlling power exercised by the shareholder holding less than 50% of the voting capital and per group of shareholders who are not signatories of voting agreements and which is not under a common control and does not act as a representative of a common interest) to comply with complementary rules to be issued by BM&FBOVESPA, (f) disclose: (i) quarterly financial statements in English or prepared in accordance with U.S. GAAP or IFRS and (ii) annual financial statements in English, including cash flow statements, prepared in accordance with U.S. GAAP or IFRS, in U.S. dollars or *reais* and (g) adhere exclusively to the rules of the BM&FBOVESPA Arbitration Chamber for resolution of disputes involving the controlling shareholders, the managers and the members of the fiscal board.

In May 2004, we entered into an agreement with the BM&FBOVESPA to comply with the requirements to become a Level 2 company. In addition to complying with Level 2 requirements, we have granted tag-along rights that entitle our preferred shareholders to receive thirty five times the price paid per common share of controlling block shareholders in connection with a transaction resulting in a transfer of control of our company. Furthermore, we prepare quarterly financial statements in accordance with IFRS. We were included in the following indexes: (a) since 2005: IbrX-100 (*Índice Brasil, Index Brazil*), IGC (*Índice de Ações com Governança Corporativa Diferenciada, Special Corporate Governance Index*), ITAG (*Índice de Ações com Tag Along Diferenciado, Special Tag Along Stock Index*) and MSCI (*Morgan Stanley Capital International Index*), (b) since 2006: IbrX-50 (*Índice Brasil 50, Index Brazil 50*); and (c) since 2007: *Índice BM&FBOVESPA*, all of which reflect our increased market capitalization and liquidity of our preferred shares.

On March 23, 2015, our shareholders approved certain amendments to our by-laws that increased our equity financing capacity. The amendments also intended to improve corporate governance and strengthen the alignment of interest among common and preferred shareholders and included, among other items:

- A split of our common shares in the ratio of 35 to one;
- An increase in economic rights of preferred shares in the ratio of 35 to one;

- An increase in the representation of preferred shareholders on the Board of Directors depending on the percentage of economic rights held by the controlling shareholder;
- Enhancing our audit committee by making it a permanent statutory body;

- A separate vote for preferred shareholders in Extraordinary Meetings on certain matters, as detailed in our by-laws;
- Restrictions on the sale of shares held by the controlling shareholder; and
- The mandatory public tender offer for all of our shares if any person acquires 30% or more of our economic rights.

Regulation of the Brazilian Securities Market

The Brazilian securities markets are regulated by the CVM, which has regulatory authority over the stock exchanges and securities markets, as well as by the Central Bank, which has, among other powers, licensing authority over brokerage firms and regulates foreign investment and foreign exchange transactions. The Brazilian securities markets are governed by Law No. 10,198 dated February 14, 2001, Law No. 10,303 dated October 31, 2001, or Law No. 10,303, and Law No. 10,411 dated February 26, 2002, which introduced new concepts and several changes to Law No. 6,385 dated December 7, 1976, as amended and supplemented, the principal law governing the Brazilian securities markets, through Brazilian corporation law and regulations issued by the CVM, the CMN and the Central Bank. These laws and regulations, among others, provide for disclosure requirements applicable to issuers of traded securities, criminal sanctions for insider trading and price manipulation, and protection of minority shareholders. They also provide for licensing and oversight of brokerage firms and governance of Brazilian stock exchanges. However, the Brazilian securities markets are not as highly regulated and supervised as U.S. securities markets.

Under the Brazilian corporation law, a company is either publicly held, (*companhia aberta*) or privately held (*companhia fechada*). All listed companies are registered with the CVM and are subject to reporting and regulatory requirements. A company registered with the CVM may trade its securities either on the BM&FBOVESPA or in the Brazilian over-the-counter market. Shares of companies listed on the BM&FBOVESPA may not simultaneously trade on the Brazilian over-the-counter market. The shares of a listed company may also be traded privately, subject to several limitations. To be listed on the BM&FBOVESPA, a company must apply for registration with the BM&FBOVESPA and the CVM.

The trading of securities on the BM&FBOVESPA may be halted at the request of a company in anticipation of a material announcement. Trading may also be suspended on the initiative of the BM&FBOVESPA or the CVM, among other reasons, based on or due to a belief that a company has provided inadequate information regarding a significant event or has provided inadequate responses to inquiries by the CVM or the BM&FBOVESPA.

Trading on the BM&FBOVESPA by non-residents of Brazil is subject to limitations under Brazilian foreign investment and tax legislation. The Brazilian custodian for the preferred shares underlying the ADSs must, on behalf of the depository for the ADSs, obtain registration from the Central Bank to remit U.S. dollars abroad for payments of dividends, any other cash distributions or upon the disposition of the shares and sales proceeds thereof. If you exchange your ADSs for preferred shares, you will be entitled to continue to rely on the custodian's electronic foreign capital registration for five business days after the exchange. Thereafter, you may not be able to obtain and remit abroad non-Brazilian currency upon the disposition of or distributions relating to the preferred shares and will be subject to a less favorable tax treatment on gains with respect to the preferred shares, unless you obtain a new electronic foreign capital registration in your own name. See "Item 10.B. Memorandum and Articles of Association—Description of Capital Stock—Regulation of Foreign Investment."

Disclosure Requirements

According to Law No 6,385, a publicly held company must submit to CVM and BM&FBOVESPA certain periodic information, including annual and quarterly reports prepared by management. This legislation also requires us to file with CVM our shareholders' agreements, notices of shareholders' meetings and copies of the related minutes.

Pursuant to CVM Rule No. 358, of January 3, 2002, as amended, the CVM revised and consolidated the requirements regarding the disclosure and use of information related to material facts and acts of publicly held companies, including the disclosure of information in the trading and acquisition of securities issued by publicly held companies.

Such requirements include provisions that:

- establish the concept of a material fact that gives rise to reporting requirements. Material facts include decisions made by the controlling shareholders, resolutions of the general meeting of shareholders and management of the company, any other facts related to the company's business (whether occurring within the company or otherwise somehow related thereto) that may influence the price of its publicly traded securities or the decision of investors to trade such securities or to exercise any of such securities' underlying rights;
- specify examples of facts that are considered to be material, which include, among others, the execution of agreements providing for the transfer of control, the entry or withdrawal of shareholders that maintain any managing, financial, technological or administrative function with or contribution to the company, and any corporate restructuring undertaken among related companies;
- oblige the officer of investor relations, controlling shareholders, other officers, directors, members of the audit committee and other advisory boards to disclose material facts;
- require simultaneous disclosure of material facts to all markets in which the corporation's securities are admitted for trading;
- require the acquirer of a controlling stake in a corporation to publish material facts, including its intentions as to whether or not to de-list the corporation's shares, within one year;
- establish rules regarding disclosure requirements in the acquisition and disposal of a material stockholding stake; and
- forbid trading on the basis of insider information.

In addition to the disclosure requirements under the Brazilian corporation law and the CVM regulations, we must also observe the following disclosure requirements:

- we must disclose our consolidated financial statements at the end of each quarter (except for the last quarter of each year) and at the end of each fiscal year, including a statement of cash flows which must indicate, at least, the changes in cash and cash equivalents and is separated into operating, financing and investing activities;
- we must, no later than four months after the end of the fiscal year, disclose our financial statements and consolidated financial statements in accordance with IFRS, in *reais* or U.S. dollars, which must be fully disclosed, in English, together with a management report, explanatory notes that shall include the net income and shareholders' equity calculated at the end of such fiscal year, the proposal for distribution or other use of net income and the independent auditors' report; and
- within no longer than 15 days following the term established by the Brazilian corporation law for disclosure of our quarterly information, we must also disclose our quarterly information translated into English.

CVM Rule No. 480, as amended, provides for periodical information that shall be submitted to the market. For instance the submission of the following documents: (i) financial statements, (ii) standard form and (iii) *Formulário de Referência*, an annual report that replaced IAN.

The *Formulário de Referência* shall be annually presented until the fifth month following the termination of the fiscal year. Additionally, whenever the company decides to make a public offering, an updated *Formulário de Referência* shall be filed. In addition, category A issuers, which includes us, shall always update their *Formulário de Referência* within seven business days from the occurrence of one of the following events:

- (i) change of any of company's managers or member of the Audit Committee;
- (ii) change of the corporate capital of the company;
- (iii) issuance of securities;
- (iv) change of the rights and advantages of the issued securities;

- (v) change of the majority shareholder or variation in its position equal or superior to 5%;
- (vi) whenever a shareholder achieves a participation equal or superior to 5% of shares of the same class, considering that the issuer knows it;
- (vii) change or disclosure of new projections or estimates;
- (viii) consolidation, merger of shares, merger and spin-off involving the company;
- (ix) execution, change or termination of the shareholders agreement; or
- (x) file for reorganization or petition for bankruptcy.

CVM Rule No. 481, as amended, which sets forth (i) the procedures relating to the public solicitation of proxies for the exercise of voting rights at shareholders' meetings of public held companies; and (ii) disclosure requirements to be followed by public held companies before the shareholders' meetings. It provides that: (i) shareholders that own 0.5% or more of the company's corporate capital may indicate members to the board of directors and to the fiscal board in public solicitation of proxies conducted by the company's management, being thus required that the shareholders be able to vote on the referred candidates; (ii) the companies that accept digital proxies must allow shareholders who hold 0.5% or more of their corporate capital to make public solicitation of proxies through their referred system; and (iii) the publicly held companies that do not accept digital proxies must pay part of the costs of the public solicitation of proxies made by shareholders that own 0.5% or more of their corporate capital.

In addition, all information that shall be disclosed jointly with the call notice for general shareholders' meetings of publicly held companies must be made available to shareholders through the CVM website and that the following documents shall be disclosed at least with thirty days in advance of the general shareholders' meeting:

- (i) the management report on the corporation's affairs and major administrative events of the last fiscal year;
- (ii) copies of the accounts and financial statements;
- (iii) the opinion of the independent auditors, if any;
- (iv) comments of the managers in the terms provided in Section 10 of the *Formulário de Referência*; and
- (v) the Audit Committee report, if any.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Explanation of Responses:

ITEM 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We were formed on March 12, 2004 as a *sociedade por ações*, a stock corporation duly incorporated under the laws of Brazil with unlimited duration. We were registered with the São Paulo Commercial Registry (*Junta Comercial do Estado de São Paulo*) under NIRE 35.300.314.441.

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Description of Capital Stock

General

As of December 31, 2014, our capital structure consisted of 143,858,204 common shares and 139,315,357 preferred shares, each with no par value. We are a stock corporation (*sociedade anônima*) incorporated under the laws of Brazil. In 2014, we had a capital increase of R\$116.4 million, represented by 4,246,240 preferred shares, in connection with the investment by Air France-KLM.

On March 23, 2015 our shareholders approved, among other amendments to our by-laws intended to improve corporate governance, the split of 143,858,204 common shares, in the proportion of 35 common shares for each common share, upon the issuance of 4,891,178,936 new common shares, without modification to our capital stock. Thus, our capital stock, at the total value of R\$2,618.8 million became comprised of 5,035,037,140 common shares and 139,318,357 preferred shares, all registered and with no face value.

Issued Share Capital

Under our by-laws, our authorized capital as of December 31, 2014 was R\$4.0 billion, and can be increased by the issuance of preferred or common shares, after approval by our board of directors. Our shareholders must approve any capital increase that exceeds our authorized capital. Under our by-laws and the Brazilian corporation law, if we issue additional shares in a private transaction, the existing shareholders have preemptive rights to subscribe for shares on a pro rata basis according to their holdings. See “Description of Capital Stock—Preemptive Rights.”

Regulation of Foreign Investment

There are no general restrictions on ownership of our preferred shares or common shares by individuals or legal entities domiciled outside Brazil, except for those regarding airline companies (see “Item 4B. Business Overview—Regulation of the Brazilian Civil Aviation Market”). However, the right to convert dividend payments and proceeds from the sale of preferred shares or common shares into foreign currency and to remit such amounts outside Brazil is subject to restrictions under foreign investment legislation which generally requires, among other things, the registration of the relevant investment with the Central Bank.

Foreign investors may register their investment under Law No. 4,131 dated September 3, 1962, or Law No. 4,131, or Resolution No. 2,689 of January 26, 2000 of the CMN, or Resolution No. 2,689. Registration under Law No. 4,131 or under Resolution No. 2,689 generally enables foreign investors to convert into foreign currency dividends, other distributions and sales proceeds received in connection with registered investments and to remit such amounts abroad. Resolution No. 2,689 affords favorable tax treatment to foreign investors who are not residents in a Low or Nil Tax Jurisdiction, which is defined under Brazilian tax laws as a country or location or other jurisdiction that does not impose tax or where the maximum income tax rate is lower than 20%.

Under Resolution No. 2,689, foreign investors may invest in almost all financial assets and engage in almost all transactions available in the Brazilian financial and capital markets, provided that certain requirements are fulfilled. In accordance with Resolution No. 2,689, the definition of foreign investor includes individuals, legal entities, mutual funds and other collective investment entities that are domiciled or headquartered abroad. Investors may not transfer the ownership of investments made under Resolution No. 2,689 to other non-Brazilian holders through private transactions.

Pursuant to Resolution No. 2,689, foreign investors must:

Explanation of Responses:

- appoint at least one representative and a custodian in Brazil with powers to perform actions relating to the foreign investment;
- complete the appropriate foreign investor registration form;
- register as a foreign investor with the CVM;
- register the foreign investment with the Central Bank;

- appoint a tax representative in Brazil; and
- obtain a taxpayer identification number from the Brazilian federal tax authorities.

Amounts invested in our preferred shares by a non-Brazilian holder who qualifies under Resolution 2,689 and obtains registration with the CVM, or by the depositary representing an ADS holder, are eligible for registration with the Central Bank. This registration (the amount so registered is referred to as registered capital) allows the remittance outside Brazil of foreign currency, acquired with the proceeds of distributions on, and amounts realized through, dispositions of our preferred shares. The registered capital per preferred share purchased in the form of an ADS, or purchased in Brazil and deposited with the depositary in exchange for an ADS, will be equal to its purchase price (stated in U.S. dollars). The registered capital per preferred share withdrawn upon cancellation of an ADS will be the U.S. dollar equivalent of (i) the average price of a preferred share on the Brazilian stock exchange on which the most preferred shares were traded on the day of withdrawal or (ii) if no preferred shares were traded on that day, the average price on the Brazilian stock exchange on which the most preferred shares were traded in the fifteen trading sessions immediately preceding such withdrawal. The U.S. dollar equivalent will be determined on the basis of the average rates quoted by the Central Bank on these dates.

A non-Brazilian holder of preferred shares may experience delays in effecting Central Bank registration, which may delay remittances abroad. This delay may adversely affect the amount in U.S. dollars, received by the non-Brazilian holder.

A registration has been obtained in the name of the depositary with respect to the ADSs and is maintained by the custodian on behalf of the depositary. Pursuant to the registration, the custodian and the depositary are able to convert dividends and other distributions with respect to the preferred shares represented by our ADSs into foreign currency and remit the proceeds outside Brazil. In the event that a holder of ADSs exchanges such ADSs for preferred shares, such holder will be entitled to continue to rely on the depositary's registration for five business days after such exchange, following which, such holder must seek to obtain its own registration with the Central Bank.

Thereafter, any holder of preferred shares may not be able to convert into foreign currency and remit outside Brazil the proceeds from the disposition of, or distributions with respect to such preferred shares, unless the holder is a duly qualified investor under Resolution No. 2,689.

If the shareholder does not qualify under Resolution No. 2,689 by registering with the CVM and the Central Bank and appointing a representative and a custodian in Brazil, the holder will be subject to less favorable Brazilian tax treatment than a holder of ADSs. Regardless of qualification under Resolution No. 2,689, residents in a Low or Nil Tax Jurisdiction are subject to less favorable tax treatment than other foreign investors. See "Taxation—Material Brazilian Tax Considerations."

Under current Brazilian legislation, the federal government may impose temporary restrictions on remittances of foreign capital abroad in the event of a serious imbalance or an anticipated serious imbalance of Brazil's balance of payments. For approximately six months in 1989 and early 1990, the Brazilian government froze all dividend and capital repatriations held by the Central Bank that were owed to foreign equity investors, in order to conserve Brazil's foreign currency reserves. These amounts were subsequently released in accordance with federal government directives. There can be no assurance that the Brazilian government will not impose similar restrictions on foreign repatriations. See "Item 3. Risk Factors—Risks Relating to Brazil."

Description of Preferred Shares

According to our by-laws, our preferred shares are non-voting and have the right to receive dividends per share equal to 35 times the value of the dividends received per common share. However, under certain limited circumstances provided for in the Brazilian corporation law and as described in this section, holders of our preferred shares may be entitled to vote. Upon liquidation, holders of preferred shares are entitled to receive distributions prior to the holders of our common shares and at value of 35 times the value attributable to each common share.

According to our by-laws, holders of our preferred shares are entitled to be included in a public tender offer in case our controlling shareholder sells its controlling stake in us and the minimum price to be offered for each preferred share is 35 times the price paid per share of the controlling stake.

Under Brazilian law, the protections afforded to minority shareholders are different from those in the United States. In particular, judicial guidance with respect to shareholder disputes is less established under Brazilian law than U.S. law and there are different procedural requirements for bringing shareholder lawsuits, such as shareholder derivative suits. As a result, in practice it may be more difficult for our minority shareholders to enforce their rights against us or our directors or controlling shareholder than it would be for shareholders of a U.S. company.

Redemption and Rights of Withdrawal

Under the Brazilian corporation law, a dissenting or non-voting shareholder has the right to withdraw from a company and be reimbursed for the value of the preferred or common shares held whenever a decision is taken at a general shareholders' meeting by a vote of shareholders representing at least 50% of the total outstanding voting capital to:

- create a new class of preferred shares or increase disproportionately an existing class of preferred shares relative to the other classes of shares, unless such action is provided for or authorized by our by-laws (our by-laws allow us to do so);
- modify a preference, privilege or condition of redemption or amortization conferred on one or more classes of preferred shares or create a new class with greater privileges than the existing classes of preferred shares;
- reduce the mandatory distribution of dividends;
- merge or consolidate us with another company;
- participate in a group of companies as defined in the Brazilian corporation law and subject to the conditions set forth therein;
- change our corporate purpose, including a sale of the voting control to a third party;
- transfer all of our shares to another company or receive shares of another company in order to make the company whose shares were transferred a wholly owned subsidiary of such company, known as *incorporação de ações*;
- conduct a spin-off that results in (a) a change of our corporate purposes, except if the assets and liabilities of the spin-off company are contributed to a company that is engaged in substantially the same activities, (b) a reduction in the mandatory dividend or (c) any participation in a centralized group of companies, as defined under the Brazilian corporation law; or
- dissolution of the company or terminating a state of liquidation.

In the event that the entity resulting from a merger, consolidation, or *incorporação de ações*, or spin-off of a listed company fails to become a listed company within 120 days of the shareholders' meeting at which such decision was taken, the dissenting or non-voting shareholders may also exercise their withdrawal right.

If there is a resolution to (a) merge or consolidate us with another company; (b) conduct a *incorporação de ações*; (c) participate in a group of companies, as defined under the Brazilian corporation law; or (d) acquire control of another company, the withdrawal rights are exercisable only if our shares do not satisfy certain tests of liquidity and dispersal of the type or class of shares in the market at the time of the general meeting.

Only holders of shares adversely affected by the changes mentioned in the first and second items above may withdraw their shares.

The right of withdrawal lapses 30 days after publication of the minutes of the relevant general shareholders' meeting that approved the corporate actions described above. In the case of the changes mentioned in items (a) and (b) above, the resolution is subject to confirmation by the preferred shareholders, which must be obtained at a special meeting held within one year. In those cases, the 30-day term is counted from the date of publication of the minutes of the special meeting. We would be entitled to reconsider any action triggering appraisal rights within 10 days following the expiration of such rights if the redemption of shares of dissenting or non-voting shareholders would jeopardize our financial stability. Shares to be purchased by us from the dissenting or non-voting shareholders exercising appraisal rights will be valued at an amount equal to the lesser of the portion attributable to such shares of our shareholders' equity as shown on the last balance sheet approved at a general shareholders' meeting (book value) and the portion attributable to such shares of the economic value of the company, pursuant to an appraisal report produced in accordance with the provisions of the Brazilian corporation law. If more than 60 days have elapsed since the date of such balance sheet, dissenting shareholders may require that the book value of their shares be calculated on the basis of a new balance sheet. As a general rule, shareholders who acquire their shares after the first notice convening the general shareholders' meeting or after the relevant press release concerning the meeting is published will not be entitled to appraisal rights.

For purposes of the right of withdrawal, the concept of "dissenting shareholder," under the Brazilian corporation law, includes not only those shareholders who vote against a specific resolution, but also those who abstain from voting, who fail to attend the shareholders' meeting or who do not have voting rights.

Preemptive Rights

Each of our shareholders generally has a preemptive right to subscribe for shares or convertible securities in any capital increases, in proportion to its shareholdings. A minimum period of 30 days, unless a shorter period is established by our board of directors, following the publication of notice of the capital increase is allowed for the exercise of the right and the right is negotiable. In the event of a capital increase which would maintain or increase the proportion of capital represented by preferred shares, holders of ADSs or preferred shares would have preemptive rights to subscribe only to newly issued preferred shares.

In the event of a capital increase which would reduce the proportion of capital represented by preferred shares, holders of ADSs or preferred shares would have preemptive rights to subscribe for preferred shares, in proportion to their shareholdings, and for common shares, only to the extent necessary to prevent dilution of their equity participation. (See "Risks Relating to the ADSs and Our Preferred Shares—Holders of ADSs may be unable to exercise preemptive rights with respect to our preferred shares"). Our by-laws provide that our board of directors may, within the limit of our authorized capital, withdraw preemptive rights to existing shareholders in connection with an increase in share capital through sale in stock exchanges, public offerings or public exchange offers. In addition, Brazilian corporation law provides that the granting or exercise of stock options pursuant to certain stock option plans is not subject to preemptive rights.

Voting Rights

Each common share entitles its holder to one vote at our shareholders' meetings. Preferred shares have no voting rights, except that each preferred share entitles its holder to one vote at our shareholders' meeting to decide on certain specific matters, such as:

- any transformation of the company into another corporate type;
- any merger, consolidation or spin-off of the company;

- approval of any transactions between the company and its controlling shareholder or parties related to the controlling shareholder;
- approval of any evaluation of assets to be delivered to the company in payment for shares issued in a capital increase;
- appointment of an expert to ascertain the fair value of the company in connection with any deregistration and delisting tender offer;

- changes to the rights attributable to preferred shares approved by shareholders on March 23, 2015;
- any changes to these voting rights; and
- approval of a change of our corporate purpose.

In case our controlling shareholder holds our shares that represent an economic interest equal to or less than 50%, the approval of the certain matters referred to above will depend on the prior approval by an extraordinary meeting.

Holders of preferred shares are entitled to attend shareholders' meetings and to participate in the discussions. The Brazilian corporation law provides that non-voting shares, such as preferred shares, may acquire voting rights if the company fails to distribute fixed or minimum dividends in connection with such shares for three consecutive fiscal years and will retain such voting rights until the distribution of such fixed or minimum dividends. (See "Risks Relating to the ADSs and Our Preferred Shares—Holders of the ADSs and our preferred shares may not receive any dividends").

According to the Brazilian corporation law, any change in the preferences or rights of our preferred shares, or the creation of a class of shares having priority over our preferred shares, unless such change is authorized by our by-laws, would require the approval of our preferred shareholders in a special shareholders' meeting in addition to approval by a majority of the holders of our outstanding voting shares. The holders of preferred shares would vote as a class at the special meeting.

The Brazilian corporation law grants (i) holders of preferred shares without voting rights (or with restricted voting rights) representing 10% of the total issued capital stock and (ii) holders of our common shares that are not part of the controlling group, and represent at least 15% of the voting capital stock, the right to appoint a member to the board of directors, by voting during the annual shareholders' meeting. If none of our non-controlling holders of common or preferred shares meets the respective thresholds described above, holders of preferred or common shares representing at least 10% of the share capital would be able to combine their holdings to appoint one member and an alternate to our board of directors. Such rights may only be exercised by those shareholders who prove that they have held the required stake with no interruption during at least the three months directly preceding our annual shareholders' meeting.

Holders of common shares are entitled to certain rights that cannot be amended by changes in the by-laws or at a general shareholders' meeting, which include (i) the right to vote at general shareholders' meetings; (ii) the right to participate in distributions of dividends and interest attributable to shareholders' equity and to share in the remaining assets of the company in the event of liquidation; (iii) preemptive rights in certain circumstances and (iv) the right to withdraw from the company in certain cases. In addition to those rights, the by-laws or a majority of the voting shareholders may establish additional rights and, likewise, remove them. The Level 2 of Differentiated Corporate Governance Practices, which we 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.

Controlling shareholders may nominate and elect a majority of the members of the board of directors of Brazilian companies. In a Brazilian company, management is not entitled to nominate directors for election by the shareholders. Non-controlling shareholders and holders of non-voting shares are entitled to elect representatives to the board, as described above. Holders of a threshold percentage of the voting shares may also request, up to 48 hours prior to any general shareholders' meeting, that the election of directors be subject to cumulative voting. The threshold percentage required for cumulative voting for a corporation such as ours is currently 5% of the outstanding shares. Shareholders who vote to elect a representative of the non-controlling shareholders may not cast cumulative votes to elect other members of the board.

Also, recent amendments to our by-laws estipulate that if the controlling shareholder at any time holds an economic interest in us equal to or less than 35% and greater than 15%, at least 40% of the directors shall be independent and the preferred shareholders shall have the right to elect one of the independent directors. Also, if the controlling shareholder at any time holds an economic interest in us equal to or less than 15% and greater than 7.5%, at least 50% of the directors shall be independent and the preferred shareholders shall have the right to elect two of the independent directors. If the controlling shareholder at any time holds an economic interest in us equal to or less than 7.5%, at least 60% of the directors shall be independent and the preferred shareholders shall have the right to elect two of the independent directors.

Conversion Right

Our shareholders may, at any time, convert common shares into preferred shares, at the rate of 35 common shares to one preferred share, to the extent such shares are duly paid and provided that the amount of preferred shares does not exceed 50% of the total amount of shares outstanding. Any request for conversion must be delivered to our board of executive officers and, once accepted by the board of executive officers, must be confirmed by our board of directors at the first meeting after the date of the request for conversion. The conversion is subject to transfer restrictions, as explained below.

Transfer Restrictions

The controlling shareholder, as established on March 23, 2015, shall observe the following restrictions concerning the transfer of preferred shares held on March 23, 2015:

- a) 31,463,850 preferred shares must be held by the controlling shareholder until March 23, 2016; and
- b) After March 23, 2016, the controlling shareholder shall hold at least 15,731,925 (preferred shares, being permitted to transfer 15,731,925, without any restriction.

Until March 23, 2017, the controlling shareholder, shall only be allowed to transfer the preferred shares held on March 23, 2015 in private transactions, outside of a stock exchange or organized over-the-counter market, to acquirers who agree to comply with the same restriction. Any subsequent private transfer of preferred shares initially transferred by the controlling shareholder, shall only occur if the new acquirer of these preferred shares agrees to comply with the restrictions above.

The transfer restrictions of preferred shares provided above shall not apply to preferred shares derived from the conversion of common shares or that are acquired by the controlling shareholder after March 23, 2015.

The transfer of common shares owned by the controlling shareholder or of preferred shares resulting from the conversion of common shares, shall be subject to the restrictions below:

- a) The transfer of common shares owned by the controlling shareholder or of preferred shares resulting from the conversion of common shares, in one or more private transactions, outside of an exchange or organized over-the-counter market, shall only be allowed, independently of the percentage of common shares or preferred shares subject to such transaction, if the acquirer of those common shares or preferred shares agrees not to transfer the acquired shares on an exchange or organized over-the-counter market for 12 months commencing on the date of the transaction. In these cases, the controlling shareholder shall not make a new private transfer, outside of a stock exchange or a block trade, of common shares or preferred shares resulting from the conversion of common shares for six months commencing on the date of the transaction.
- b) Any subsequent private transfer of the shares initially transferred by the controlling shareholder pursuant to the terms of item (a) above within the 12 month period shall only occur if the new acquirer agrees not to transfer such shares on an exchange or organized over-the-counter market until the end of the 12 months commencing on the date that such shares were transferred by the controlling shareholder.
- c) Except in the case of an organized sale process, as provided below, the controlling shareholder shall not transfer, in any transaction on an exchange or organized over-the-counter market, a number of preferred shares that represents an economic interest greater than 3%. Any sale on an exchange or organized over-the-counter market shall automatically

impede the controlling shareholder from making a new transfer of preferred shares, on an exchange or organized over-the-counter market, for at least six months commencing on the date such sale occurs.

d) The transfer of preferred shares that represent an economic interest greater than 3% shall only be made through a public offering registered with the CVM. In this case, the controlling shareholder will be subject only to the transfer restrictions that are part of the public offering.

All transfer restrictions above shall cease definitively and immediately at the moment in which (a) a public tender offer for the acquisition of shares occurs as a result of the transfer of control of our company; or (b) the controlling shareholder holds an amount of shares in our company that represents an economic interest equal to or less than 15%.

Special and General Meetings

Unlike the laws governing corporations incorporated under the laws of the State of Delaware, the Brazilian corporation law does not allow shareholders to approve matters by written consent obtained as a response to a consent solicitation procedure. All matters subject to approval by the shareholders must be approved in a general meeting, duly convened pursuant to the provisions of Brazilian corporation law. Shareholders may be represented at a shareholders' meeting by attorneys-in-fact who are (i) shareholders of the corporation, (ii) a Brazilian attorney, (iii) a member of management or (iv) a financial institution.

General and special shareholders' meetings may be called by publication of a notice in the *Diário Oficial do Estado de São Paulo* and in a newspaper of general circulation in our principal place of business at least 15 days prior to the meeting. Special meetings are convened in the same manner as general shareholders' meetings and may occur immediately before or after a general meeting.

At duly called and convened meetings, our shareholders are empowered to take any action regarding our business. Shareholders have the exclusive right, during our annual shareholders' meetings required to be held within 120 days of the end of our fiscal year, to approve our financial statements and to determine the allocation of our net income and the distribution of dividends related to the fiscal year immediately preceding the meeting. The members of our board of directors are generally elected at annual shareholders' meetings. However, according to Brazilian corporation law, they can also be elected at extraordinary shareholders' meetings. At the request of shareholders holding a sufficient number of shares, a fiscal board can be established and its members elected at any shareholders' meeting.

An extraordinary shareholders' meeting may be held concurrently with the annual shareholders' meeting and at other times during the year. Our shareholders may take the following actions, among others, exclusively at shareholders' meetings:

- election and dismissal of the members of our board of directors and our fiscal board, if the shareholders have requested the set up of the latter;
- approval of the aggregate compensation of the members of our board of directors and board of executive officers, as well as the compensation of the members of the fiscal board, if one has been established;
- amendment of our by-laws;
- approval of our merger, consolidation or spin-off;
- approval of our dissolution or liquidation, as well as the election and dismissal of liquidators and the approval of their accounts;
- granting stock awards and approval of stock splits or reverse stock splits;
- approval of stock option plans for our management and employees, as well as for the management and employees of other companies directly or indirectly controlled by us;

- approval, in accordance with the proposal submitted by our board of directors, of the distribution of our net income and payment of dividends;
- authorization to delist from the Level 2 of Differentiated Corporate Governance Practices and to become a private company, except if the cancellation is due to a breach of the Level 2 regulations by management, and to retain a specialized firm to prepare a valuation report with respect to the value of our shares, in any such events;

- approval of our management accounts and our financial statements;
- approval of any primary public offering of our shares or securities convertible into our shares; and
- deliberate upon any matter submitted by the board of directors.

Anti-Takeover Provisions

Our by-laws require any party that acquires our control to extend a tender offer for common and preferred shares held by non-controlling shareholders to the controlling shareholder. The price of the public tender offer (a) shall be the price paid per share of the block of control, for the holders of our common shares, and (b) shall be equal to 35 times the price paid for the block of control for the owners of our preferred shares.

Arbitration

In connection with our listing with Level 2 of Differentiated Corporate Governance Practices, we and our controlling shareholder, directors, officers and members of our fiscal board have undertaken to refer to arbitration any and all disputes arising out of the Level 2 rules or any other corporate matters. See “Market Information.” Under our by-laws, any disputes among us, our shareholders and our management with respect to the application of Level 2 rules, the Brazilian corporation law or the application of the rules and regulations regarding Brazilian capital markets, will be resolved by arbitration conducted pursuant to the BM&FBOVESPA Arbitration Chamber. Any disputes among shareholders, including holders of ADSs, and disputes between us and shareholders, including holders of ADSs, will be submitted to arbitration in accordance with the BM&FBOVESPA Arbitration Chamber.

Going Private Process

Pursuant to our by-laws, we may become a privately-held company only if we, our controlling shareholder or our group of controlling shareholders make a public tender offer for all outstanding shares.

According to the Level 2 regulations and our by-laws, the minimum price of the shares in the public tender offer required to be made in case we go private shall be equivalent to the economic value determined in the appraisal report prepared by a specialized and independent company, with renowned expertise, to be selected at the annual shareholders’ meeting from among the three companies suggested by the board of directors.

In addition to the requirements set out in the Level 2 regulations and our by-laws, according to the Brazilian corporation law, our registration as a publicly held company with shares traded on stock exchanges will be canceled only if we or our direct or indirect controlling shareholder make a public tender offer for the total outstanding shares in the market (which may be the same tender offer required by Level 2 regulations and our by-laws), at a fair value, for a price at least equal to our evaluation, determined based on the following criteria, separately or jointly adopted: (i) shareholders’ equity book value, shareholders’ equity at market price, (ii) discounted cash flow, (iii) multiple comparisons and (iv) market price of our shares or any other criteria accepted by the CVM. Shareholders holding at least 10% of our outstanding shares may require our management to review the price offered for the shares and, in this event, our management shall call a special shareholders’ meeting to determine whether to perform another valuation using the same or a different valuation method. Such request must be made within 15 days following the disclosure of the price to be paid for the shares in the public tender offer, and shall be duly justified. The shareholders who make such request, as well as those who vote in its favor, shall reimburse us for any costs involved in preparing the new valuation if the valuation price is lower than or equal to the original valuation price. If the new valuation price is higher than the original valuation price, the public tender offer must be made at the new valuation price.

Delisting from Differentiated Corporate Governance Practices Level 2

We may, at any time, delist our shares from the Level 2 segment, provided that this is approved by shareholders representing the majority of our voting share capital at an annual shareholders' meeting and that we provide written notice to the BM&FBOVESPA at least 30 days in advance. If we decide to delist from the Level 2 segment, in order to make our shares available to be traded outside the Level 2 segment, our controlling shareholder must conduct a public tender offer for the acquisition of our shares within the legal timeframe, based on the economic value calculated in the appraisal report prepared by a specialized and independent company, to be selected at an annual shareholders' meeting from among three companies suggested by the board of directors. The public tender offer notice must be communicated to the BM&FBOVESPA and immediately disclosed to the market after the shareholder's meeting during which the delisting was approved. If the delisting from the Level 2 segment is a result of the cancellation of our registration as a publicly held company, our controlling shareholder must follow the other requirements applicable to going private.

The delisting from the Level 2 segment does not imply the cancellation of the trading of our shares on the BM&FBOVESPA.

If our share control is transferred within the 12 months subsequent to the delisting from the Level 2, the selling controlling shareholder and the buyer shall offer to our other shareholders the acquisition of their shares at the price and conditions provided to the controlling shareholder selling the shares, adjusted for inflation.

After delisting from the Level 2 segment, we may not request the listing of our shares in the Level 2 segment for two years subsequent to the cancellation, except if there is a change of our share control after delisting from the Level 2 segment.

30% Tender Offer

Any person or group of persons who acquires or becomes the beneficial owner of our shares that represents an economic interest equal to or greater than 30%, independent of whether the shareholder was a shareholder of our company prior to the specific transaction that results in the ownership of these shares, shall launch a public tender offer for the acquisition of all shares of our company.

Form and Transfer

Because our preferred shares are in registered book-entry form, Banco Itaú S.A., as registrar, must effect any transfer of shares by an entry made in its books, in which it debits the share account of the transferor and credits the share account of the transferee. When our shares are acquired or sold on a Brazilian stock exchange, the transfer is effected on the records of our registrar by a representative of a brokerage firm or the stock exchange's clearing system. Transfers of shares by a foreign investor are executed in the same way by that investor's local agent on the investor's behalf except that, if the original investment were registered with the Central Bank pursuant to Resolution No. 2,689, the foreign investor should also seek amendment through its local agent, if necessary, of the electronic registration to reflect the new ownership. The BM&FBOVESPA operates a clearinghouse through CBLC. The fact that such shares are subject to custody with the relevant stock exchange will be reflected in our registry of shareholders. Each participating shareholder will, in turn, be registered in the register of our beneficial shareholders that is maintained by CBLC and will be treated in the same way as registered shareholders.

American Depositary Receipts

Citibank, N.A., as depositary, has executed and delivered the ADRs representing our preferred shares. Each ADR is a certificate evidencing a specific number of American Depositary Shares, also referred to as ADSs. After our 2:1 ADS ratio change in December 2005, each ADS represents one preferred share (or a right to receive one preferred share) deposited with the principal São Paulo office of Banco Itaú S.A., as custodian for the depositary in Brazil. Each ADS also represents any other securities, cash or other property which may be held by the depositary. The depositary's office at which the ADRs are administered is located at 399 Park Avenue, New York, New York 10043.

You may hold ADSs either directly (by having an ADR registered in your name) or indirectly through your broker or other financial institution. If you hold ADSs directly, you are an ADR holder. We do not treat ADR holders as our shareholders and ADR holders have no shareholder rights. Brazilian law governs shareholder rights. The depositary is the holder of the preferred shares underlying the ADSs. Holders of ADRs have ADR holder rights. A deposit agreement among us, the depositary and you, as an ADR holder, and the beneficial owners of ADRs sets out ADR holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADRs.

C. Material Contracts

Our material contracts are directly related to our operating activities, such as contracts relating to aircraft leasing and fuel supply as well as contracts relating to our concession to operate as a commercial airline. We do not have material contracts that are not related to our operating activities.

Aircraft General Terms Agreement between The Boeing Company and VRG Linhas Aéreas S.A.

In 2004, we entered into an agreement, as amended, with Boeing for the purchase of aircraft, installation of buyer furnished equipment provided by us, customer support services and product assurance. In addition to the aircraft supplied, Boeing will provide maintenance training and flight training programs, as well as operations engineering support.

Commercial Sale Promise Agreement between Petrobras Distribuidora S.A. and VRG Linhas Aéreas S.A.

In 2001, we entered into a commercial sale promise agreement for the purchase of fuel from Petrobras Distribuidora, which was renewed on July 7, 2006. We agreed to purchase fuel exclusively from Petrobras Distribuidora in all of the airports where Petrobras Distribuidora maintains aircraft fueling facilities. Petrobras Distribuidora, in turn, agreed to provide us with all of our fuel needs in the supplying airports. This agreement expired on December 31, 2014 and we are negotiating a new agreement or an extension. In the meantime, Petrobras Distribuidora continues to be our main fuel supplier.

Reservation Services and Software License Use Agreement between Navitaire Inc. and VRG Linhas Aéreas S.A

On May 1, 2004, we entered into an agreement, as amended and updated, with Navitaire Inc. for host reservation services and obtained a license to use the Navitaire software to provide reservation services to our customers. Navitaire provides a number of ancillary services in addition to the host reservation services, including data center implementation services, network configuration and design services, system integration services, customer site installation services and initial training services.

D. Exchange Controls

The right to convert dividend or interest payments and proceeds from the sale of shares into foreign currency and to remit such amounts outside Brazil is subject to restrictions under foreign investment legislation which generally requires, among other things, that the relevant investments have been registered with the Central Bank and the CVM. Such restrictions on the remittance of foreign capital abroad may hinder or prevent the custodian for our preferred shares represented by our ADSs or the holders of our preferred shares from converting dividends, distributions or the proceeds from any sale of these preferred shares into U.S. dollars and remitting the U.S. dollars abroad. Holders of our ADSs could be adversely affected by delays in, or refusal to grant any, required government approval to convert Brazilian currency payments on the preferred shares underlying our ADS and to remit the proceeds abroad.

Resolution No. 1,927 of the National Monetary Council provides for the issuance of depositary receipts in foreign markets in respect of shares of Brazilian issuers. The ADS program was approved under the Annex V Regulations by the Central Bank and the CVM prior to the issuance of the ADSs. Accordingly, the proceeds from the sale of ADSs by ADR holders outside Brazil are not subject to Brazilian foreign investment controls, and holders of the ADSs are entitled to favorable tax treatment under certain circumstances. See “Taxation—Material Brazilian Tax Considerations.”

E. Taxation

Explanation of Responses:

The following discussion addresses the material Brazilian and U.S. federal income tax consequences of acquiring, holding and disposing of our preferred shares or ADSs.

This discussion is not a comprehensive discussion of all the tax considerations that may be relevant to a decision to purchase our preferred shares or ADSs and is not applicable to all categories of investors, some of which may be subject to special rules, and does not specifically address all of the Brazilian and U.S. federal income tax considerations applicable to any particular holder. It is based upon the tax laws of Brazil and the United States as in effect on the date of this annual report, which are subject to change, possibly with retroactive effect, and to differing interpretations. Each prospective purchaser is urged to consult its own tax advisor about the particular Brazilian and U.S. federal income tax consequences to it of an investment in our preferred shares or ADSs. This discussion is also based upon the representations of the depositary and on the assumption that each obligation in the deposit agreement among us, Citibank, N.A., as depositary, and the registered holders and beneficial owners of our ADSs, and any related documents, will be performed in accordance with its terms.

Although there presently is no income tax treaty between Brazil and the United States, the tax authorities of the two countries have had discussions that may culminate in such a treaty. We cannot assure you, however, as to whether or when a treaty will enter into force or how it will affect holders of our preferred shares or ADSs.

Material Brazilian Tax Considerations

The following discussion addresses the material Brazilian tax consequences of the acquisition, ownership and disposition of our preferred shares or ADSs by a non-Brazilian holder.

This discussion is based on Brazilian law as currently in effect, which are subject to change, possibly with retroactive effect, and to differing interpretations. Any change in such law may change the consequences described below. This discussion does not address all Brazilian tax considerations that may be applicable to any particular non-Brazilian holder and, therefore, each non-Brazilian holder should consult his or her own tax adviser concerning the Brazilian tax consequences of an investment in the preferred shares or ADSs.

Taxation of Dividends.

Dividends, including dividends in kind, paid by us to the depository in respect of the preferred shares underlying the ADSs or to a non-Brazilian holder of preferred shares will not be subject to Brazilian withholding income tax, provided that such amounts are related to profits earned after January 1, 1996.

Taxation of Gains.

According to Law No. 10,833, dated December 29, 2003, or Law No. 18,333, capital gains realized on the disposition of assets located in Brazil by a non-Brazilian holder are subject to taxation in Brazil, regardless of whether the sale or the disposition is made by a non-Brazilian holder to another non-Brazilian resident or to a Brazilian resident.

With respect to the disposition of preferred shares, as they are assets located in Brazil, the non-Brazilian holder will be subject to income tax on the gains assessed, following the rules described below, regardless of whether the disposition is conducted in Brazil or with a Brazilian resident.

With respect to the ADSs, arguably the gains realized by a non-Brazilian holder on the disposition of ADSs to another non-Brazilian resident are not taxed in Brazil, based on the argument that ADSs would not constitute assets located in Brazil for purposes of Law No. 10,833. However, we cannot assure you how Brazilian courts would interpret the definition of assets located in Brazil in connection with the taxation of gains realized by a non-Brazilian holder on the disposition of ADSs to another non-Brazilian resident. As a result, gains on a disposition of ADSs by a non-Brazilian holder to a Brazilian resident, or even to a non-Brazilian holder in the event that courts determine that ADSs would constitute assets located in Brazil, may be subject to income tax in Brazil according to the rules described ahead. It is important to clarify that, for purposes of Brazilian taxation, the income tax rules on gains related to disposition of preferred shares or ADSs vary depending on the domicile of the non-Brazilian holder, the form by which such non-Brazilian holder has registered its investment with the Central Bank and/or how the disposition is carried out, as described below.

The deposit of preferred shares in exchange for ADSs may be subject to Brazilian tax on capital gains at the rate of 15%, or 25% in the case of investors domiciled in a Low or Nil Tax Jurisdiction, as defined below, if the acquisition cost of the preferred shares is lower than (a) the average price per preferred share on a Brazilian stock exchange on which the greatest number of such shares were sold on the day of deposit or (b) if no preferred shares were sold on that day, the average price on the Brazilian stock exchange on which the greatest number of preferred shares were sold

in the 15 trading sessions immediately preceding such deposit. In such case, the difference between the acquisition cost and the average price of the preferred shares calculated as described above, may be considered to be a capital gain subject to taxation. In some circumstances, there may be arguments to sustain that such taxation is not applicable in the case of a non-Brazilian holder that is a 4,373 Holder (as defined below) and is not resident in a Low or Nil Tax Jurisdiction, as defined below.

The withdrawal of ADSs in exchange for preferred shares should not be considered as giving rise to a capital gain subject to Brazilian income tax, provided that on the receipt of the underlying preferred shares, the non-Brazilian holder complies with the regulatory rules observed in respect to the registration of the investment before the Central Bank.

Gains assessed on the disposition of the preferred shares carried out on the Brazilian stock exchange (which includes the transactions carried out on the organized over-the-counter market) are:

- exempt from income tax, when assessed by a non-Brazilian holder that (i) has registered its investment in Brazil with the Central Bank under the rules of Resolution No. 4,373 (“4,373 Holder”) and (ii) is not resident in a Low or Nil Tax Jurisdiction, as defined below; or
- subject to income tax at a rate of 15% in any other case, including the gains assessed by a non-Brazilian holder that is not a 4,373 Holder and/or is a resident in a Low or Nil Tax Jurisdiction, as defined below. In these cases, a withholding income tax of 0.005% shall be applicable and can be offset with the eventual income tax due on the capital gain.

Any other gains assessed on the disposition of the preferred shares that are not carried out on the Brazilian stock exchange are subject to income tax at a rate of 15%, except for a resident of a Low or Nil Tax Jurisdiction, as defined below, or yet where local regulations impose restrictions on disclosure of share ownership and identity of beneficiary holders which, in this case, is subject to income tax at a rate of 25%. If these gains are related to transactions conducted on the Brazilian non-organized over-the-counter market with intermediation, the withholding income tax of 0.005% shall also be applicable and can be offset against the eventual income tax due on the capital gain.

In the case of a redemption of preferred shares or ADSs or a capital reduction by a Brazilian corporation, the positive difference between the amount received by the non-Brazilian holder and the acquisition cost of the preferred shares or ADSs redeemed is treated as capital gain derived from the sale or exchange of shares not carried out on a Brazilian stock exchange market and is therefore subject to income tax at the rate of 15%, or 25%, as the case may be.

As a general rule, the gains realized as a result of a disposition transaction of preferred shares or ADSs are determined by the difference between the amount realized on the sale or exchange of the shares or ADSs and their acquisition cost.

There can be no assurance that the current preferential treatment for non-Brazilian holder of ADSs and 4,373 Holder of preferred shares will continue.

Any exercise of preemptive rights relating to the preferred shares or ADSs will not be subject to Brazilian income tax. Any gain on the sale or assignment of preemptive rights relating to preferred shares or the ADSs by a non-Brazilian holder will be subject to Brazilian income taxation according to the same rules applicable to the sale or disposition of preferred shares.

Distributions of Interest Attributable to Shareholders' Equity.

In accordance with Law No. 9,249, dated December 26, 1995, as amended, Brazilian corporations may make payments to shareholders characterized as distributions of interest on the company's shareholders' equity as an alternative to making dividend distributions. Such interest is calculated by reference to the TJLP as determined by the Central Bank from time to time and, for tax purposes, cannot exceed the greater of:

- 50% of net income (after social contribution on profits and before taking such distribution and the provision for corporate income tax into account) for the period in respect of which the payment is made; or
- 50% of the sum of retained profits and profits reserves, as of the date of the beginning of the period in respect of which the payment is made.

Distributions of interest attributable to shareholders' equity in respect of the preferred shares paid to shareholders who non-Brazilian holders, including non-Brazilian holders of ADSs, are subject to Brazilian withholding income tax at the rate of 15%, or 25% in case of a resident of a Low or Nil Tax Jurisdiction, as defined below, or where applicable local laws impose restrictions on the disclosure of the shareholding composition or the ownership of investments or the ultimate beneficiary of the income derived from transactions carried out and attributable to a non-Brazilian holder. The distribution of interest attributable to shareholders' equity may be determined by our board of directors. We cannot assure you that our board of directors will not determine that future distributions of profits may be made by means of interest attributable to shareholders' equity instead of by means of dividends.

The amounts paid as distribution of interest attributable to shareholders' equity are deductible for corporate income tax and social contribution on net profit purposes, both of which are taxes levied on our profits, as far as the limits and rules described above are observed by us.

Low or Nil Taxation Jurisdictions.

On June 4, 2010, Brazilian tax authorities enacted Normative Ruling No. 1,037 listing (i) the countries and jurisdictions considered as Low or Nil Taxation Jurisdiction or where the local legislation does not allow access to information related to the shareholding composition of legal entities, to their ownership or to the identity of the effective beneficiary of the income attributed to non-residents and (ii) the privileged tax regimes, which definition is provided by Law No. 11,727, of June 23, 2008. On December 12, 2014 the Brazilian Revenue Service issued Rule 488 reducing the concept of Tax Favorable Jurisdictions to those that tax the income below the rate of 17% (previous concept adopted a 20% maximum rate for that purpose), which will probably result in an amendment to the list provided under Normative Ruling No. 1,037. However, please note that Rule 488 does not apply to 4,373 Holders.

Although we believe that the best interpretation of the current tax legislation could lead to the conclusion that the above mentioned "privileged tax regime" concept should apply solely for purposes of Brazilian transfer pricing and thin capitalization rules, we cannot assure you whether subsequent legislation or interpretations by the Brazilian tax authorities regarding the definition of a "privileged tax regime" provided by Law No. 11,727 will also apply to a Non-Brazilian Holder on payments of interest attributable to shareholders' equity.

Notwithstanding the above, we recommend that you consult your own tax advisors regarding the consequences of the implementation of Law No. 11,727, Normative Ruling No. 1,037, Rule 488. If the Brazilian tax authorities determine that the concept of "privileged tax regime" applies to withholding taxes levied on payments made to a non-Brazilian Holder, the withholding taxes applicable to such payments could be assessed at a rate up to 25.0%.

Other Relevant Brazilian Taxes

There are no Brazilian federal inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of preferred shares or ADSs by a non-Brazilian holder. Gift and inheritance taxes, however, may be levied by some states of Brazil on gifts made or inheritances bestowed by the non-Brazilian holder to individuals or entities resident or domiciled within such states in Brazil. There are non-Brazilian stamp, issue, registration or similar taxes or duties payable by a non-Brazilian holder of preferred shares or ADSs.

Tax on foreign exchange transactions

Pursuant to Decree No. 6,306/07, the conversion into foreign currency or the conversion into Brazilian currency of the proceeds received or remitted by a Brazilian entity from a foreign investment in the Brazilian securities market, including those in connection with the investment by a non-Brazilian holder in the preferred shares and ADSs may be subject to the Tax on Foreign Exchange Transactions, or IOF/Exchange. Currently applicable rate for most foreign currency exchange transactions is 0.38%. However, currency exchange transactions carried out for the inflow of funds in Brazil by a 4,373 Holder are subject to IOF/Exchange at (i) 0% rate in case of variable income transactions carried out on the Brazilian stock, futures and commodities exchanges, as well as in the acquisitions of shares of Brazilian publicly-held companies in public offerings or subscription of shares related to capital contributions, provided that the issuer company has registered its shares for trading in the stock exchange (ii) 0% for the outflow of resources from Brazil related to these type of investments, including payments of dividends and interest attributable to shareholders' equity and the repatriation of funds invested in the Brazilian market. Furthermore, the IOF/Exchange is currently levied at a 0% rate on the withdrawal of ADSs into shares. In any case, the Brazilian government is permitted to increase at any time the rate to a maximum of 25%, but only in relation to future transactions.

Tax on Bonds and Securities Transactions

Pursuant to Decree 6,306/07, the Tax on Bonds and Securities Transactions (“IOF/Bonds”) may be imposed on any transactions involving bonds and securities even if the transactions are performed on a Brazilian stock exchange. The rate of IOF/Bonds applicable to transactions involving preferred or common shares is currently zero. In particular, the IOF/Bonds also levies at a zero percent rate on the transfer of shares traded on the Brazilian stock exchange with the purpose of the issuance of depositary receipts to be traded outside Brazil. The Brazilian government may increase such rate up to 1.5% per day, but only with respect to future transactions.

Registered Capital

The amount of an investment in preferred shares held by a non-Brazilian holder who qualifies under Resolution No. 4,373 and obtains registration with the CVM, or by the depositary, as the depositary representing such holder must be registered with the Central Bank. Such registration allows the remittance from Brazil of any proceeds of distributions on the shares, and amounts realized with respect to disposition of such shares. The registered capital for preferred shares purchased in the form of ADSs or purchased in Brazil, and deposited with the depositary in exchange for ADSs will be equal to their purchase price (in U.S. dollars) to the purchaser. The registered capital for preferred shares that are withdrawn upon surrender of ADSs, as applicable, will be the U.S. dollar equivalent of the average price of preferred shares, as applicable, on a Brazilian stock exchange on which the greatest number of such preferred shares, as applicable, was sold on the day of withdrawal. If no preferred shares, as applicable, were sold on such day, the registered capital will refer to the average price on the Brazilian stock exchange on which the greatest number of preferred shares, as applicable, were sold in the 15 trading sessions immediately preceding such withdrawal. The U.S. dollar value of the preferred shares, as applicable, is determined on the basis of the average rate quoted by the Central Bank on such date or, if the average price of preferred shares is determined under the last preceding sentence, the average of such average quoted rates on the same 15 dates used to determine the average price of the preferred shares.

A non-Brazilian holder of preferred shares may experience delays in effecting such Central Bank registration, which may delay remittances abroad. Such a delay may adversely affect the amount, in U.S. dollars, received by the non-Brazilian holder.

Material U.S. Federal Income Tax Consequences

The following discussion describes the material U.S. federal income tax consequences of purchasing, holding and disposing of our preferred shares or ADSs. This discussion applies only to beneficial owners of ADSs or preferred shares that are U.S. Holders. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, its legislative history, existing final, temporary and proposed Treasury Regulations, administrative pronouncements by the U.S. Internal Revenue Service, or IRS, and judicial decisions, all as currently in effect and all of which are subject to change (possibly on a retroactive basis) and to different interpretations. This summary does not describe any state, local or non-U.S. tax law considerations or any aspect of U.S. federal tax law (such as the estate tax, gift tax or the Medicare tax on net investment income) other than income taxation. U.S. Holders should consult their own tax advisors regarding these matters.

This discussion does not purport to address all U.S. federal income tax consequences that may be relevant to a particular U.S. Holder and you are urged to consult your own tax advisor regarding your specific tax situation. The discussion applies only to U.S. Holders who hold preferred shares or ADSs as “capital assets” (generally, property held for investment) under the Code and does not address the tax consequences that may be relevant to U.S. Holders in special tax situations including, for example:

- insurance companies;
- tax-exempt organizations;
- broker-dealers;
- traders in securities that elect to mark to market;
- regulated investment companies;
- real estate investment trusts;
- banks or other financial institutions;
- investors liable for alternative minimum tax;
- partnerships and other pass-through entities;
- U.S. Holders whose functional currency is not the U.S. dollar;
- U.S. expatriates;
- U.S. Holders that hold our preferred shares or ADSs as part of a hedge, straddle, conversion or other integrated transaction; or
- U.S. Holders that own, directly, indirectly, or constructively, 10% or more of the total combined voting power, if any, of our voting stock.

Except where specifically described below, this discussion assumes that we are not a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. See “Material U.S. Federal Income Tax Consequences—Passive Foreign Investment Company Rules.”

You are a “U.S. Holder” if you are a beneficial owner of preferred shares or ADSs and, for U.S. federal income tax purposes, you are:

- an individual who is a citizen or resident of the United States;
- a corporation, or any other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust (or otherwise if the trust has a valid election in effect under current Treasury regulations to be treated as a U.S. person).

If a partnership (or any other entity taxable as a partnership for U.S. federal income tax purposes) holds preferred shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner

and upon the activities of the partnership. A partnership that holds our preferred shares or ADSs and partners in such partnerships should consult their own tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of our preferred shares or ADSs.

For U.S. federal income tax purposes, a U.S. Holder of an ADS will generally be treated as the beneficial owner of the preferred shares represented by the ADS. See “Material U.S. Federal Income Tax Consequences—Distributions on Preferred Shares or ADSs.”

Distributions on Preferred Shares or ADSs

Cash distributions (including amounts withheld to pay Brazilian withholding taxes and distributions of notional interest payments on shareholders’ equity, but excluding distributions in redemption of the preferred shares treated as exchanges or sales under the Code) made by us to or for the account of a U.S. Holder with respect to preferred shares or ADSs generally will be taxable to such U.S. Holder as ordinary dividend income when such distribution is paid, actually or constructively, out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Distributions in excess of our current or accumulated earnings and profits will be treated first as a non-taxable return of capital reducing such U.S. Holder’s adjusted tax basis in the preferred shares or ADSs. Any distribution in excess of such U.S. Holder’s adjusted tax basis will be treated as capital gain and will be long-term capital gain if the U.S. Holder held the preferred shares or ADSs for more than one year. We do not intend to maintain calculations of our earnings and profits under U.S. federal income tax principles and, unless and until such calculations are made, U.S. Holders should assume all distributions are made out of earnings and profits and constitute dividend income. As used below, the term “dividend” means a distribution that constitutes a dividend for U.S. federal income tax purposes.

A U.S. Holder will be entitled, subject to a number of complex limitations and conditions (including a minimum holding period requirement), to claim a U.S. foreign tax credit in respect of any Brazilian withholding taxes imposed on dividends received on preferred shares or ADSs. U.S. Holders who do not elect to claim a foreign tax credit with regard to any foreign income taxes paid or accrued during the taxable year may instead claim a deduction in respect of such withholding taxes. Dividends received with respect to the preferred shares or ADSs will be treated as foreign source income, which may be relevant in calculating such U.S. Holder's U.S. foreign tax credit limitation. For purposes of the U.S. foreign tax credit limitation, foreign source income is separated into different "baskets," and the credit for foreign taxes on income in any basket is limited to the U.S. federal income tax allocable to such income. Dividends paid with respect to our preferred shares or ADSs should generally constitute "passive category income" for most U.S. Holders. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit in their particular circumstances. The U.S. Treasury has expressed concern that intermediaries in connection with depository arrangements may be taking actions that are inconsistent with the claiming of foreign tax credits by U.S. persons who are holding depository shares. Accordingly, investors should be aware that the discussion above regarding the ability to credit Brazilian withholding tax on dividends and the availability of the reduced tax rate for dividends received by certain non-corporate holders described below could be affected by actions taken by parties to whom the ADSs are released and the IRS.

Dividends paid by us generally will not be eligible for the dividends received deduction available under the Code to certain U.S. corporate shareholders. Subject to the above-mentioned concerns by the U.S. Treasury and certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by certain U.S. Holders (including individuals), with respect to the ADSs, will be subject to taxation at a maximum rate of 20% if the dividends represent "qualified dividend income." Dividends paid on the ADSs will be treated as qualified dividend income if (i) the ADSs are readily tradable on an established securities market in the United States, (ii) the U.S. Holder meets the holding period requirement for the ADSs (generally more than 60 days during the 121-day period that begins 60 days before the ex-dividend date), and (iii) we were not in the year prior to the year in which the dividend was paid, and are not in the year in which the dividend is paid, a PFIC. Our ADSs are listed on the New York Stock Exchange, and therefore the ADSs will qualify as readily tradable on an established securities market in the United States so long as they are so listed. However, no assurances can be given that the ADSs will be or will remain readily tradable. Subject to the discussion of PFIC rules below, based upon the nature of our current and projected income, assets and activities, we do not believe the preferred shares or the ADSs have been (for our 2014 taxable year), nor do we expect them to be (for our 2015 taxable year), shares of a PFIC for U.S. federal income tax purposes.

Based on existing guidance, it is not entirely clear whether dividends received with respect to the preferred shares (to the extent not represented by ADSs) will be treated as qualified dividends, because the preferred shares are not themselves listed on a U.S. exchange. In addition, the U.S. Treasury Department has announced its intention to promulgate rules pursuant to which holders of ADSs or preferred stock and intermediaries through whom such securities are held will be permitted to rely on certifications from issuers to establish that dividends are treated as qualified dividends. Because such procedures have not yet been issued, we are not certain that we will be able to comply with them. U.S. Holders of ADSs and preferred shares should consult their own tax advisors regarding the availability of the reduced dividend tax rate in the light of their own particular circumstances.

The amount of any cash distribution paid in Brazilian currency will equal the U.S. dollar value of the distribution, calculated by reference to the exchange rate in effect at the time the distribution is received by the depository (in the case of ADSs) or by the U.S. Holder (in the case of preferred shares held directly by such U.S. Holder), regardless of whether the payment is in fact converted to U.S. dollars at that time. A U.S. Holder should not recognize any foreign currency gain or loss in respect of such distribution if such Brazilian currency is converted into U.S. dollars on the date received. If the Brazilian currency is not converted into U.S. dollars on the date of receipt, however, gain or loss

may be recognized upon a subsequent sale or other disposition of the Brazilian currency. Such foreign currency gain or loss, if any, will be U.S. source ordinary income or loss.

Because our preferred shares will not be treated as “preferred stock” for purposes of Section 305 of the Code, distributions to U.S. Holders of additional shares of our “non-preferred stock” or preemptive rights relating to such “non-preferred stock” with respect to their preferred shares or ADSs that are made as part of a pro rata distribution to all shareholders in most instances will not be subject to U.S. federal income tax. However, if the holders of ADSs are restricted in their ability to participate in the exercise of preemptive rights, the preemptive rights may give rise to a deemed distribution to holders of the preferred shares under Section 305 of the Code. Any deemed distribution will be taxable as a dividend to the extent of our earnings and profits as discussed above.

Sale or Exchange or Other Taxable Disposition of Preferred Shares or ADSs

Deposits and withdrawals of preferred shares by U.S. Holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

Under temporary regulations effective for taxable years ending on or after December 30, 2013, a U.S. Holder who owns preferred shares or ADSs during any taxable year that we are a PFIC in excess of certain de minimus amounts and fails to qualify for certain other exemptions would be required to file IRS Form 8621. In addition, under certain circumstances, the temporary regulations also require a “United States person” (as such term is defined under the Code) that indirectly owns common shares through another United States person to file Form 8621 for a taxable year during which such indirect shareholder is treated as receiving an excess distribution in connection with the ownership or disposition of the common shares, or reports income pursuant to a mark-to-market election, as described below. U.S. Holders should consult their own tax advisors regarding the application of the PFIC rules to our preferred shares or ADSs and the application of the recently enacted legislation to their particular situation.

If a Brazilian tax is withheld on the sale, exchange or other taxable disposition of a preferred share or ADS, the amount realized by a U.S. Holder will include the gross amount of the proceeds of that sale, exchange or other taxable disposition before deduction of the Brazilian tax. Capital gain or loss, if any, realized by a U.S. Holder on the sale, exchange or other taxable disposition of a preferred share or ADS generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. Consequently, in the case of a sale, exchange or other taxable disposition of a preferred share or ADS that is subject to Brazilian tax imposed on the gain (or, in the case of a deposit, in exchange for an ADS or preferred share, as the case may be, that is not registered pursuant to Resolution No. 2,689, on which a Brazilian capital gains tax is imposed (see above under “Material Brazilian Tax Considerations—Taxation of Gains”), the U.S. Holder may not be able to benefit from the foreign tax credit for that Brazilian tax unless the U.S. Holder can apply the credit against U.S. federal income tax payable on other income from foreign sources in the appropriate income category. Alternatively, the U.S. Holder may take a deduction for the Brazilian tax if it does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued during the taxable year.

Passive Foreign Investment Company Rules

In general, a foreign corporation is a PFIC with respect to a U.S. Holder if, for any taxable year in which the U.S. Holder holds stock in the foreign corporation, at least 75% of its gross income is passive income or at least 50% of the value of its assets (determined on the basis of a quarterly average) produce passive income or are held for the production of passive income. In determining whether a foreign corporation is a PFIC, a pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least 25% interest (by value) is taken into account. For this purpose, passive income generally includes, among other things, dividends, interest, rents, royalties and gains from the disposition of investment assets (subject to various exceptions). Based upon the nature of our current and projected income, assets and activities, we do not believe the preferred shares or ADSs are, nor do we expect them to be, shares of a PFIC for U.S. federal income tax purposes. However, the determination of whether the preferred shares or ADSs constitute shares of a PFIC is a factual determination made annually and thus may be subject

to change. Because these determinations are based on the nature of our income and assets from time to time, and involve the application of complex tax rules, no assurances can be provided that we will not be considered a PFIC for the current or any past or future tax year.

If, contrary to the discussion above, we are treated as a PFIC, a U.S. Holder would be subject to special rules (and may be subject to increased U.S. federal income tax liability and form filing requirements) with respect to (a) any gain realized on the sale, exchange or other disposition of preferred shares or ADSs and (b) any “excess distribution” made by us to the U.S. Holder (generally, any distribution during a taxable year in which distributions to the U.S. Holder on the preferred shares or ADSs exceed 125% of the average annual distributions the U.S. Holder received on the preferred shares or ADSs during the preceding three taxable years or, if shorter, the U.S. Holder’s holding period for the preferred shares or ADSs). Under those rules, (a) the gain or excess distribution would be allocated ratably over the U.S. Holder’s holding period for the preferred shares or ADSs, (b) the amount allocated to the taxable year in which the gain or excess distribution is realized and to taxable years before the first day on which we became a PFIC would be taxable as ordinary income, (c) the amount allocated to each prior year in which we were a PFIC would be subject to U.S. federal income tax at the highest tax rate in effect for that year and (d) the interest charge generally applicable to underpayments of U.S. federal income tax would be imposed in respect of the tax attributable to each prior year in which we were a PFIC.

In general, if we are treated as a PFIC, the rules described above can be avoided by a U.S. Holder that elects to be subject to a mark-to-market regime for stock in a PFIC. A U.S. Holder may elect mark-to-market treatment for its preferred shares or ADSs, provided the preferred shares or ADSs, for purposes of the PFIC rules, constitute “marketable stock” as defined in U.S. Treasury regulations. The ADSs will be “marketable stock” for this purpose if they are regularly traded on the New York Stock Exchange, other than in de minimis quantities on at least 15 days during each calendar quarter. A U.S. Holder electing the mark-to-market regime generally would compute gain or loss at the end of each taxable year as if the preferred shares or ADSs had been sold at fair market value. Any gain recognized by the U.S. Holder under mark-to-market treatment, or on an actual sale, would be treated as ordinary income, and the U.S. Holder would be allowed an ordinary deduction for any decrease in the value of preferred shares or ADSs as of the end of any taxable year, and for any loss recognized on an actual sale, but only to the extent, in each case, of previously included mark-to-market income not offset by previously deducted decreases in value. Any loss on an actual sale of preferred shares or ADSs would be a capital loss to the extent in excess of previously included mark-to-market income not offset by previously deducted decreases in value. A U.S. Holder’s adjusted tax basis in preferred shares or ADSs would increase or decrease by gain or loss taken into account under the mark-to-market regime. A mark-to-market election is generally irrevocable. If we are determined to be a PFIC, a U.S. Holder may be treated as indirectly holding any subsidiary of ours that is itself a PFIC (a lower-tier PFIC) and may be subject to the PFIC rules on indirect distributions or sales of the lower-tier PFIC, even if the U.S. Holder does not receive of the proceeds of such distribution or sales. In addition, a mark-to-market election with respect to preferred shares or ADSs would not apply to any lower-tier PFIC, and a U.S. Holder would not be able to make such a mark-to-market election in respect of its indirect ownership interest in that lower-tier PFIC. Consequently, the PFIC rules could apply with respect to income of a lower-tier PFIC, the value of which would already have been taken into account indirectly via mark-to-market adjustments in respect of preferred shares or ADSs.

If we are deemed to be a PFIC for a taxable year, dividends on our ADSs would not be “qualified dividend income” subject to preferential rates of United States federal income tax, as described above. See “— Distributions on Preferred Shares or ADSs.”

Backup Withholding and Information Reporting

In general, dividends on preferred shares or ADSs, and payments of the proceeds of a sale, exchange or other disposition of preferred shares or ADSs, paid within the United States or through certain U.S.-related financial intermediaries to a U.S. Holder are subject to information reporting and may be subject to backup withholding of U.S. federal income tax at a current maximum rate of 28% unless the U.S. Holder (i) is a corporation or other exempt recipient or (ii) provides an accurate taxpayer identification number and certifies that it is a U.S. person and that no

loss of exemption from backup withholding has occurred.

Backup withholding is not an additional tax. The amount of any backup withholding tax from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your U.S. federal income tax liability by timely filing a refund claim with the IRS.

“Specified Foreign Financial Asset” Reporting

Owners of “specified foreign financial assets” with an aggregate value in excess of U.S. \$50,000 (and in some circumstances, a higher threshold), may be required to file an information report with respect to such assets with their U.S. Federal income tax returns. “Specified foreign financial assets” generally include any financial accounts maintained by foreign financial institutions as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in foreign entities. U.S. Holders should consult their own tax advisors regarding the application of the information reporting rules to our common shares and the application of this legislation to their particular situation.

Other Brazilian Taxes

You should note that any Brazilian IOF/Exchange Tax or IOF/Bonds tax may not be treated as a creditable foreign tax for U.S. federal income tax purposes, although you may be entitled to deduct such taxes, subject to applicable limitations under the Code. You should consult your tax advisors regarding the U.S. federal income tax consequences of these taxes.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

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.W., 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 450 Fifth Street, N.W., 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 furnish 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 four months from December 31, the end of our fiscal year.

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.

We also file financial statements and other periodic reports with the CVM located at Rua Sete de Setembro, 111, Rio de Janeiro, State of Rio de Janeiro 20159-900, Brazil.

I. Subsidiary Information

Not applicable.

ITEM 11. Quantitative and Qualitative Disclosures about Market Risk

The risk inherent in our market risk sensitive instruments and positions is the potential loss arising from adverse changes to the price of fuel, the *real*/U.S. dollar exchange rate and interest rates. We purchase jet fuel at prevailing market prices, but seek to manage market risk through execution of a documented hedging program. We incur a portion of our operating costs and expenses in U.S. dollars. We have a fleet of 141 aircraft, 96 of which were under operating leases, 45 were under finance leases and three were owned by us. However, fixed rate leases are not considered market sensitive financial instruments and, therefore, are not included in the interest rate sensitivity analysis below.

Aircraft Fuel

Our results of operations are affected by changes in the price of aircraft fuel required to operate our aircraft fleet. To manage the price risk, we utilize crude oil and heating oil derivative contracts. All of our derivative instruments must be liquid so as to allow us to make position adjustments and have prices that are widely disclosed. All existing contracts settle on a monthly basis and we do not purchase or hold derivative instruments for trading purposes. At December 31, 2014, we had oil derivative contracts outstanding to hedge 26% of our expected fuel consumption in from January 2015 to March 2015 and the fair value of such contracts was R\$284.4 million. If the aircraft fuel price had increased or decreased by 10% in relation to the average 2014, the fuel expense would have increased or decreased, respectively, approximately R\$400 million. We acquire substantially all of our fuel from one supplier.

Foreign Currencies

A significant part of our operating costs and expenses, such as aircraft and engine maintenance services, aircraft lease payments and aircraft insurance, are denominated in U.S. dollars. In addition, a portion of our debt, all of our finance leases and some of our cash and cash equivalents and short-term investments are also denominated in U.S. dollars. To manage exchange rate risk, we enter into derivative contracts to protect against a possible depreciation of the *real* in relation to the U.S. dollar. At December 31, 2014, we had U.S. dollar currency derivative contracts outstanding to hedge 11% of our expected operational expenses linked to the U.S. dollar. As a measure of our market risk with respect to our foreign currency exposure, a hypothetical 10% appreciation or depreciation of the *real* against the U.S. dollar would have resulted in a decrease or an increase, respectively, in expenses of aircraft and engine maintenance, aircraft operating lease payments and aircraft insurance of R\$137.8 million in 2014 and in our debt, finance leases and cash and cash equivalents and short-term investments by R\$370.7 million as of December 31, 2014.

As of December 31, 2014, we had R\$963.4 million in cash and cash equivalents and short-term investments held outside Brazil, of which R\$325.8 million (VEF 943,466) of unrestricted cash and cash equivalents was held in Venezuela, considering foreign currency losses of R\$73.0 million. This balance includes amounts valued between VEF 6.30 per US\$ 1.00 and VEF 12.00 per US\$ 1.00, with the rate depending on the date we submitted our repatriation request to the Venezuelan government. These rates are materially more favorable than the exchange rates currently prevailing for other transactions conducted outside of the Venezuelan government's current system that we

participate in. While the cash is available for use in Venezuela, our ability to repatriate these funds has been limited due to Venezuela government controls and until these funds can be repatriated, they are at risk of future devaluations. For more information on risks associated with the repatriation of funds held outside Brazil, see “Risk Factors—New and existing regulations and government actions regarding the repatriation of funds as well as the devaluation of currencies in foreign countries where we have operations could adversely affect us.”

Interest Rates

Our earnings are affected by changes in interest rates due to the impact those changes have on interest expense from variable-rate leasing contracts. At December 31, 2014, leases for seven aircraft had floating-rate rent payments. A hypothetical 10% increase or decrease in international market interest rates in 2014 would have resulted in an increase or a decrease, respectively, in our aircraft financial leasing expenses of R\$0.2 million. These amounts are determined considering the effects of the hypothetical international interest rates on our variable-rate leasing contracts at December 31, 2014.

ITEM 12. Description of Securities other than Equity Securities

A. American Depositary Shares

In the United States, our preferred shares trade in the form of ADS. The ADSs commenced trading on the NYSE on June 24, 2004. Since December 2005, each ADS represents one preferred share, issued by Citibank, N.A., as Depositary pursuant to a Deposit Agreement.

We do not treat ADR holders as our shareholders and ADR holders have no shareholder rights. Brazilian law governs shareholder rights. The depositary is the holder of the preferred shares underlying the ADSs. Holders of ADRs have ADR holder rights.

Fees and Expenses

The following table summarizes the fees and expenses payable by holders of ADRs:

Persons depositing preferred shares or ADR holders mustFor:

<p><i>pay:</i> US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)</p>	<p>Issuance of ADSs, including issuances resulting from a distribution of preferred shares or rights or other property Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates</p>
<p>US\$0.02 (or less) per ADS (to the extent not prohibited by the rules of any stock exchange on which the ADSs are listed for trading)</p>	<p>Any cash distribution to you</p>
<p>A fee equivalent to the fee that would be payable if securities distributed to you had been preferred shares and the shares had been deposited for issuance of ADSs</p>	<p>Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADR holders</p>
<p>US\$0.02 (or less) per ADS per calendar year (to the extent the depositary has not collected a cash distribution fee of \$0.02 per ADS during the year)</p>	<p>Depositary services</p>
<p>Registration or transfer fees</p>	<p>Transfer and registration of preferred shares on our preferred share register to or from the name of the depositary or its agent when you deposit or withdraw preferred shares.</p>
<p>Expenses of the depositary in converting foreign currency to U.S. dollars</p>	<p>Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)</p>
<p>Expenses of the depositary</p>	<p>As necessary</p>
<p>Taxes and other governmental charges the depositary or the custodian have to pay on any ADR or preferred share underlying an ADR, for example, stock transfer taxes, stamp duty or withholding taxes</p>	<p>No charges of this type are currently made in the Brazilian market</p>
<p>Any charges incurred by the depositary or its agents for servicing the deposited securities</p>	<p>No charges of this type are currently made in the Brazilian market</p>

Payment of Taxes

The depositary may deduct the amount of any taxes owed from any payments to you. It may also sell deposited securities, by public or private sale, to pay any taxes owed. You will remain liable if the proceeds of the sale are not sufficient to pay the taxes. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

Reimbursement of Fees

Citibank, N.A., as depositary, has agreed to reimburse us for expenses we incur that are related to establishment and maintenance expenses of the ADS program. The depositary has agreed to reimburse us for our continuing annual stock exchange listing fees. The depositary has also agreed to pay the standard out-of-pocket maintenance costs for the

ADRs, which consist of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. federal tax information, mailing required tax forms, stationery, postage, facsimile and telephone calls. It has also agreed to reimburse us annually for certain investor relationship programs or special investor relations promotional activities. In certain instances, the depositary has agreed to provide additional payments to us based on any applicable performance indicators relating to the ADR facility. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not necessarily tied to the amount of fees the depositary collects from investors.

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Reimbursement of Fees Incurred in 2014

During 2014 we received US\$0.6 million from the depositary for standard out-of-pocket maintenance costs for the ADRs (consisting of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile and telephone calls), any applicable performance indicators relating to the ADR facility, underwriting fees and legal fees.

PART II

ITEM 13. Defaults, Dividend Arrearages and Delinquencies

None.

ITEM 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

ITEM 15. Controls and Procedures

Disclosure Controls and Procedures. We maintain control and procedures designed to ensure that we are able to collect the information we are required to disclose in the reports we file with the SEC, and to process, summarize and disclose this information within the time periods specified in the rules of the SEC. Based on an evaluation of our disclosure controls and procedures as of the end of the period covered by this report conducted by our management, with the participation of the chief executive and chief financial officers, after evaluating together with other members of management the effectiveness of our disclosure controls and procedures (as defined in the U.S. Securities Exchange Act of 1934 under Rule 13a-15(e)) have concluded that our disclosure controls and procedures are effective to ensure that we are able to collect, process and disclose the information we are required to disclose in the reports we file with the SEC within the required time periods.

Management's Report on Internal Control over Financial Reporting. Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of published financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Management assessed the effectiveness of the our internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, in Internal Control—Integrated Framework (2013). Based on this assessment, management believes that, as of December 31, 2014, the our internal control over financial reporting is effective based on those criteria.

Attestation Report of the Independent Registered Public Accounting Firm. The effectiveness of internal controls over financial reporting as of December 31, 2014 has been audited by Ernst & Young Auditores Independentes S.S., or EY, the independent registered public accounting firm who also audited our consolidated financial statements for the year then ended. EY’s report on the our internal controls over financial reporting is included herein.

Changes in internal control over financial reporting. There was no change in our internal control over financial reporting that occurred in the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. Reserved

ITEM 16A. Audit Committee Financial Expert

Our board of directors has determined that Luiz Kaufmann, a member of our audit committee, is an audit committee financial expert, as defined by current SEC rules and meets the independence requirements of the SEC and the NYSE listing standards. For a discussion of the role of our audit committee, see “Item 6C. Board Practices—Audit Committee.”

ITEM 16B. Code of Ethics

Our board of directors has adopted a Code of Ethics applicable to our directors, officers and employees, including our principal executive officer and principal financial officer. The Code of Ethics can be found at www.voegol.com.br under the heading “Investor Relations.” Information found at this website is not incorporated by reference into this document.

ITEM 16C. Principal Accountant Fees and Services

The following table sets forth by category of service the total fees for services performed by our principal accountants during the fiscal years ended December 31, 2013 and 2014. Ernst & Young Auditores Independentes S.S. has been our principal accountant during the fiscal year ended December 31, 2014 and Deloitte Touche Tohmatsu Auditores Independentes, or Deloitte, was our principal accountant during the fiscal year ended December 31, 2013:

	2013	2014
	(in thousands of R\$)	
Audit Fees	4,887.3	4,752.4
Audit-Related Fees	374.0	669.9
Tax Fees	-	-
All Other Fees	-	-
Total	5,261.3	5,422.3

Audit Fees

Audit fees include the audit of our consolidated annual financial statements and internal controls, the audit of our IFRS financial statements, review of our quarterly reports and required statutory audits and regulatory filings such as the *formulário de referência*.

Audit-Related Fees

Audit-related fees include fees for the preparation and issuance of comfort letters in connection with our senior notes offering, due diligence and the audits regarding the segregation of the *Smiles* loyalty program as a separate entity in 2013 and assurance of our sustainability report.

In 2014 and 2013, audit-related fees for services performed by our principal accountant amounted to R\$0.3 million and R\$0.4 million, respectively.

Tax Fees

There were no tax advisory services provided by our principal accountant in 2014 and 2013.

All Other Fees

There were no other services provided by our principal accountants.

Pre-Approval Policies and Procedures

Our audit committee approves all audit, audit-related services, tax services and other services provided by our principal accountant. Any services provided by our principal accountant that are not specifically included within the scope of the audit must be pre-approved by the audit committee in advance of any engagement. Pursuant to Rule 2-01 of Regulation S-X, audit committees are permitted to approve certain fees for audit-related services, tax services and other services pursuant to a *de minimis* exception prior to the completion of an audit engagement. In 2013 and 2014, none of the fees paid to Deloitte or EY, respectively, were approved pursuant to the *de minimis* exception.

ITEM 16D. Exemptions from the Listing Standards for Audit Committees

None.

ITEM 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

ITEM 16F. Change in Registrant's Certifying Accountant

As previously disclosed in our current report filed on Form 6-K filed on May 15, 2014, our board of directors, in light of mandatory rules regarding auditor rotation for listed companies in Brazil and based on the recommendation from our audit committee, approved the dismissal of Deloitte as independent registered public accounting firm and the engagement of EY to serve as our new independent registered public accounting firm for fiscal year ended December 31, 2014 as of April 1, 2014.

Deloitte's audit report dated April 25, 2014 on our consolidated financial statements for the fiscal year ended December 31, 2013 did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles. Deloitte's audit report dated March 25, 2013 on our consolidated financial statements for the fiscal year ended December 31, 2012 did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles.

Deloitte's audit report dated April 25, 2014 on the effectiveness of internal control over financial reporting as of December 31, 2013 did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles. Deloitte's audit report dated March 25, 2013 on the effectiveness of internal control over financial reporting as of December 31, 2012 did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles.

During the two fiscal years preceding the dismissal of Deloitte and the subsequent interim period from January 1, 2014 through March 31, 2014, there were no disagreements between us and Deloitte on any matters of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Deloitte, would have caused Deloitte to make reference to the subject matter of the disagreement in its report on our consolidated financial statements. During the two fiscal years preceding the dismissal of Deloitte and the subsequent interim period from January 1, 2014 through March 31, 2014, there were no "reportable events" as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

We have provided Deloitte with a copy of the foregoing statements and have requested and received from Deloitte a letter addressed to the Securities and Exchange Commission stating whether or not Deloitte agrees with the above statements. A copy of the letter from Deloitte is attached as Exhibit 16.1 to this annual report.

During the two fiscal years preceding the dismissal of Deloitte and the subsequent interim period from January 1, 2014 through March 31, 2014, neither us nor anyone acting on our behalf, consulted EY regarding any of the matters or events set forth in Item 3.04(a)(2) of Regulation S-K.

ITEM 16G. Corporate Governance

Significant Differences between our Corporate Governance Practices and NYSE Corporate Governance Standards

We are subject to the NYSE corporate governance listing standards. As a foreign private issuer, the standards applicable to us are considerably different than the standards applied to U.S. listed companies. Under the NYSE rules, we are required only to: (a) have an audit committee or audit board, pursuant to an applicable exemption available to foreign private issuers, that meets certain requirements, as discussed below, (b) provide prompt certification by our chief executive officer of any material non-compliance with any corporate governance rules and (c) provide a brief description of the significant differences between our corporate governance practices and the NYSE corporate governance practice required to be followed by U.S. listed companies. The discussion of the significant differences between our corporate governance practices and those required of U.S. listed companies follows below.

Majority of Independent Directors

The NYSE rules require that a majority of the board must consist of independent directors. Independence is defined by various criteria, including the absence of a material relationship between the director and the listed company. Brazilian law does not have a similar requirement. Under Brazilian law, neither our board of directors nor our management is required to test the independence of directors before their election to the board. However, both the Brazilian corporation law and the CVM have established rules that require directors to meet certain qualification requirements and that address the compensation and duties and responsibilities of, as well as the restrictions applicable to, a company's executive officers and directors. While our directors meet the qualification requirements of the Brazilian corporation law and the CVM, we do not believe that a majority of our directors would be considered independent under the NYSE test for director independence. The Brazilian corporation law requires that our directors be elected by our shareholders at a general shareholders' meeting. All of our directors are elected by our controlling shareholder and five of our directors represent our controlling shareholder.

Executive Sessions

NYSE rules require that the non-management directors must meet at regularly scheduled executive sessions without management present. The Brazilian corporation law does not have a similar provision. According to the Brazilian corporation law, up to one-third of the members of the board of directors can be elected from management. There is no requirement that non-management directors meet regularly without management. As a result, the non-management directors on our board do not typically meet in executive session.

Fiscal Board

Under the Brazilian corporation law, the fiscal board is a corporate body independent of management and independent auditors. The fiscal board may be either permanent or non-permanent, in which case it is appointed by the

shareholders to act during a specific fiscal year. A fiscal board is not equivalent to, or comparable with, a U.S. audit committee. The primary responsibility of the fiscal board is to review management's activities and the company's financial statements, and to report its findings to the company's shareholders. The Brazilian corporation law requires fiscal board members to receive as remuneration at least 10% of the average annual amount paid to the company's executive officers. The Brazilian corporation law requires a fiscal board to be composed of a minimum of three and a maximum of five members and their respective alternates.

Under the Brazilian corporation law, the fiscal board may not contain members that (i) are on our board of directors, (ii) are on the board of executive officers, (iii) are employed by us or a controlled company or (iv) are spouses or relatives of any member of our management, up to the third degree. Our by-laws provide for a non-permanent fiscal board to be elected only by our shareholders' request at a general shareholders' meeting. The fiscal board, when elected, will be comprised of a minimum of three and a maximum of five members and an equal number of alternate members. In 2014 and 2013, our shareholders did not request the election of a fiscal board.

Audit Committee

NYSE rules require that listed companies have an audit committee that (i) is composed of a minimum of three independent directors who are all financially literate, (ii) meets the SEC rules regarding audit committees for listed companies, (iii) has at least one member who has accounting or financial management expertise and (iv) is governed by a written charter addressing the committee's required purpose and detailing its required responsibilities. However, as a foreign private issuer, we need only to comply with the requirement that the audit committee meet the SEC rules regarding audit committees for listed companies to the extent compatible with Brazilian corporation law. Our permanent audit committee, which is currently comparable with a U.S. audit committee, provides assistance to our board of directors on matters involving accounting, internal controls, financial reporting and compliance. The audit committee coordinates the appointment of our independent auditors to our board of directors and reviews the compensation of our independent auditors and helps supervise their activities. It also evaluates the effectiveness of our internal financial and legal compliance controls. Currently, the audit committee also performs the roles of an audit committee under U.S. laws, especially the Sarbanes-Oxley Act of 2002. It is comprised by three members elected by the board of directors for a term of up to ten years. The current members of our audit committee are Antonio Kandir, Richard F. Lark and Luiz Kaufmann. All members meet the independent membership requirements of the SEC and NYSE as well as other NYSE requirements. Luiz Kaufmann is the committee's "financial expert" within the scope of the SEC rules covering the disclosure of financial experts on audit committees in periodic filings pursuant to the U.S. Securities Exchange Act of 1934.

Nomination/Corporate Governance and Compensation Committees

NYSE rules require that listed companies have a nominating/corporate governance committee and a compensation committee composed entirely of independent directors and governed by a written charter addressing the committee's required purpose and detailing its required responsibilities. Required responsibilities for the nominating/corporate governance committee include, among other things, identifying and selecting qualified board member nominees and developing a set of corporate governance principles applicable to the company. Required responsibilities for the compensation committee include, among other things, reviewing corporate goals relevant to the chief executive officer's compensation, evaluating the chief executive officer's performance, approving the chief executive officer's compensation levels and recommending to the board non-chief executive officer compensation, incentive compensation and equity based plans.

We are not required under applicable Brazilian law to have a nomination/corporate governance committee or compensation committee. Under the Brazilian corporation law, the total amount available for compensation of our directors and executive officers and for profit-sharing payments to our executive officers is established by our shareholders at the general shareholders' meeting. The board of directors is then responsible for determining the individual compensation and profit-sharing of each executive officer, as well as the compensation of our board and committee members. In making such determinations, the board reviews the performance of the executive officers, including the performance of our chief executive officer, who typically excuses himself from discussions regarding his performance and compensation.

Our People Management and Corporate Governance Committee is responsible for the coordination, implementation and periodic review of best corporate governance practices and for monitoring and keeping our board of directors informed of legislation and market recommendations addressing corporate governance. It also reviews and recommends to our board of directors human resources policies, forms of compensation, including

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salary, bonus and stock options, to be paid to our employees, as well as analyzing management's career and succession plans. The committee consists of up to five members elected by our board of directors for a one-year term, with the right to re-election, comprising the chairman of the board of directors, one member of the board of directors, two outside specialists and the management and human resources officer. The People Management and Corporate Governance Committee currently consists of Constantino de Oliveira Júnior, Henrique Constantino, Antonio Kandir, Paulo Sergio Kakinoff, Betânia Tanure de Barros and Paulo César Aragão.

Shareholder Approval of Equity Compensation Plans

NYSE rules require that shareholders be given the opportunity to vote on all equity compensation plans and material revisions thereto, with limited exceptions. Under the Brazilian corporation law, shareholders must approve all stock option plans. In addition, any issuance of new shares that exceeds our authorized share capital is subject to shareholder approval.

Corporate Governance Guidelines

NYSE rules require that listed companies adopt and disclose corporate governance guidelines. We have not adopted any formal corporate governance guidelines beyond those required by applicable Brazilian law. We have adopted and observe a disclosure policy, which requires the public disclosure of all relevant information pursuant to guidelines set forth by the CVM, as well as an insider trading policy, which, among other things, establishes black-out periods and requires insiders to inform management of all transactions involving our securities.

Code of Business Conduct and Ethics

NYSE rules require that listed companies adopt and disclose a code of business conduct and ethics for directors, officers and employees and promptly disclose any waivers of the code for directors or executive officers. Applicable Brazilian law does not have a similar requirement. We have adopted a Code of Ethics and Conduct applicable to our officers, directors and employees worldwide, including at the subsidiary level. We believe this code addresses the matters required to be addressed pursuant to the NYSE rules. For a further discussion of our Code of Ethics and Conduct, See "Code of Ethics."

Internal Audit Function

NYSE rules require that listed companies maintain an internal audit function to provide management and the audit committee with ongoing assessments of the company's risk management processes and system of internal control. Our internal audit and compliance department was created in 2004 under the supervision of our chief financial officer and our audit committee and is responsible for our compliance with the requirements of Section 404 of the U.S. Sarbanes-Oxley Act of 2002 regarding internal control over financial reporting. The internal audit and compliance department reports to our chief executive officer and the audit committee.

ITEM 16H. Mine Safety Disclosure

Not applicable.

PART III

ITEM 17. Financial Statements

See “Item 18. Financial Statements.”

ITEM 18. Financial Statements

See our consolidated financial statements beginning on Page F-1.

ITEM 19. Exhibits

- 1.1 * By-laws of the Registrant (English translation).
- 2.1 Form of Amended and Restated Deposit Agreement among the Registrant, Citibank, N.A., as depositary, and the Holders from time to time of American Depositary Shares issued thereunder, including the form of American Depositary Receipts, incorporated herein by reference from our Registration Statement on Form F-6, filed August 2, 2011.
- 4.1 Agreement, dated as of April 12, 2007, between the Registrant and Petrobras Distribuidora S.A., including Amendments 1 and 2 thereto, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2010, as filed on April 8, 2011.
- 4.2 Amendment 3 to Agreement, dated as of December 8, 2011, between the Registrant and Petrobras Distribuidora S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2011, as filed on April 11, 2012.
- 4.3 Amendment 4 to Agreement, dated as of April 25, 2012, between the Registrant and Petrobras Distribuidora S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2012, as filed on April 30, 2013.
- 4.4 Amendment 5 to Agreement, dated as of June 25, 2012, between the Registrant and Petrobras Distribuidora S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2012, as filed on April 30, 2013.
- 4.5 Navitaire Hosted Services Agreement, dated May 1, 2004, between Navitaire Inc. and Gol Transportes Aéreos S.A., including amendments 1 through 7 thereto incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2006, as filed on February 28, 2007.
- 4.6 Amendment No. 8 to Navitaire Hosted Services Agreement dated as of June 11, 2007, between Navitaire Inc. and Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2007, as filed on April 22, 2008.
- 4.7 Amendment No. 9 to Navitaire Hosted Services Agreement dated as of August 20, 2007, between Navitaire Inc. and Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2007, as filed on April 22, 2008.
- 4.8 Amendment No. 10 to Navitaire Hosted Services Agreement dated as of August 27, 2007, between Navitaire Inc. and Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2007, as filed on April 22, 2008.
- 4.9 Amendment No. 11 to Navitaire Hosted Services Agreement dated as of April 24, 2008, between Navitaire Inc. and Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2008, as filed on May 8, 2009.
- 4.10 Amendment No. 12 to Navitaire Hosted Services Agreement dated as of April 24, 2008, between Navitaire Inc. and Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2008, as filed on May 8, 2009.
- 4.11 Amendment No. 13 to Navitaire Hosted Services Agreement dated as of May 5, 2008, between Navitaire Inc. and Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2008, as filed on May 8, 2009.
- 4.12 Amendment No. 14 to Navitaire Hosted Services Agreement dated as of October 1, 2008, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended

December 31, 2008, as filed on May 8, 2009.

- 4.13 Amendment No. 15 to Navitaire Hosted Services Agreement dated as of October 1, 2008, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2008, as filed on May 8, 2009.

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- 4.14 Amendment No. 16 to Navitaire Hosted Services Agreement dated as of October 1, 2009, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2009, as filed on March 31, 2010.
- 4.15 Amendment No. 17 to Navitaire Hosted Services Agreement dated as of February 1, 2010, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2009, as filed on March 31, 2010.
- 4.16 Amendment No. 18 to Navitaire Hosted Services Agreement dated as of March 15, 2010, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2010, as filed on April 8, 2011.
- 4.17 Amendment No. 19 to Navitaire Hosted Services Agreement dated as of June 25, 2010, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2010, as filed on April 8, 2011.
- 4.18 Amendment No. 20 to Navitaire Hosted Services Agreement dated as of November 1, 2010, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2010, as filed on April 8, 2011.
- 4.19 Amendment No. 21 to Navitaire Hosted Services Agreement dated as of March 1, 2011, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2011, as filed on April 11, 2012.
- 4.20 Amendment No. 22 to Navitaire Hosted Services Agreement dated as of February 1, 2012, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2012, as filed on April 30, 2013.
- 4.21 Amendment No. 23 to Navitaire Hosted Services Agreement dated as of February 5, 2012, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2012, as filed on April 30, 2013.
- 4.22 Amendment No. 24 to Navitaire Hosted Services Agreement dated as of February 5, 2012, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2012, as filed on April 30, 2013.
- 4.23 Amendment No. 25 to Navitaire Hosted Services Agreement dated as of September 1, 2012, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2012, as filed on April 30, 2013.
- 4.24 Amendment No. 26 to Navitaire Hosted Services Agreement dated as of December 24, 2012, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2012, as filed on April 30, 2013.

- 4.25 Amendment No. 27 to Navitaire Hosted Services Agreement dated as of January 1, 2013, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2013, as filed on April 28, 2014.
- 4.26 Amendment No. 28 to Navitaire Hosted Services Agreement dated as of August 1, 2013, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2013, as filed on April 28, 2014.
- 4.27 Amendment No. 29 to Navitaire Hosted Services Agreement dated as of December 2, 2013, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A., incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2013, as filed on April 28, 2014.
- 4.28 * Amendment No. 30 to Navitaire Hosted Services Agreement dated as of January 1, 2014, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A.
- 4.29 * Amendment No. 31 to Navitaire Hosted Services Agreement dated as of February 1, 2014, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A.
- 4.30 * Amendment No. 32 to Navitaire Hosted Services Agreement dated as of August 1, 2014, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A.
- 4.31 * Amendment No. 33 to Navitaire Hosted Services Agreement dated as of December 1, 2014, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A.
- 4.32 * Amendment No. 34 to Navitaire Hosted Services Agreement dated as of January 12, 2015, between Navitaire Inc. and VRG Linhas Aéreas S.A., as successor of Gol Transportes Aéreos S.A.
- 4.33 Aircraft Purchase Agreement, dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Registration Statement on Form F-1, filed June 1, 2004, as amended on June 17, 2004 and June 23, 2004, File No. 333-116054.
- 4.34 Supplemental Aircraft Purchase Agreement No. 1 dated as of July 16, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Registration Statement on Form F-1, filed March 28, 2004, as amended on April 11, 2005 and April 26, 2005, File No. 333-123625.
- 4.35 Supplemental Aircraft Purchase Agreement No 2 dated as of January 20, 2005 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Registration Statement on Form F-1, filed March 28, 2004, as amended on April 11, 2005 and April 26, 2005, File No. 333-123625.
- 4.36 Supplemental Aircraft Purchase Agreement No. 3 dated as of January 7, 2005 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Registration Statement on Form F-1, filed March 28, 2004, as amended on April 11, 2005 and April 26, 2005, File No. 333-123625.
- 4.37 Supplemental Aircraft Purchase Agreement No. 4 dated as of March 24, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Registration Statement on Form F-1, filed March 28, 2004, as amended on April 11, 2005 and April 26, 2005, File No. 333-123625.
- 4.38 Supplemental Agreement No. 5 dated July 25, 2005 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2005, as filed

- 4.39 Supplemental Agreement No. 6 dated August 26, 2005 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2005, as filed on March 20, 2006 and as amended on May 2, 2006.
- 4.40 Supplemental Agreement No. 7 dated October 18, 2005 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2005, as filed on March 20, 2006 and as amended on May 2, 2006.
- 4.41 Supplemental Agreement No. 8 dated February 19, 2006 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2005, as filed on March 20, 2006 and as amended on May 2, 2006.
- 4.42 Supplemental Agreement No. 9 dated March 6, 2006 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2005, as filed on March 20, 2006 and as amended on May 2, 2006.
- 4.43 Supplemental Agreement No. 10 dated October 19, 2006 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company. Certain portions of this exhibit have been omitted from the public filing and were separately filed with the Commission with a request for confidential treatment.
- 4.44 Supplemental Agreement No. 11 dated October 24, 2006 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2006, as filed on February 28, 2007.
- 4.45 Supplemental Agreement No. 12 dated February 8, 2007 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2007, as filed on April 22, 2008.
- 4.46 Supplemental Agreement No. 13 dated December 17, 2007 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2007, as filed on April 22, 2008.
- 4.47 Supplemental Agreement No. 14 dated September 20, 2008 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2008, as filed on May 8, 2009.
- 4.48 Supplemental Agreement No. 15 dated April 30, 2008 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2009, as filed on March 31, 2010.
- 4.49 Supplemental Agreement No. 16 dated September 24, 2008 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2009, as filed on March 31, 2010.

- 4.50 Supplemental Agreement No. 17 dated October 28, 2009 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2009, as filed on March 31, 2010.
- 4.51 Supplemental Agreement No. 18 dated July 8, 2010 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2010, as filed on April 8, 2011.
- 4.52 Supplemental Agreement No. 19 dated September 17, 2010 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2010, as filed on April 8, 2011.
- 4.53 Supplemental Agreement No. 20 dated February 11, 2011 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2010, as filed on April 8, 2011.
- 4.54 Supplemental Agreement No. 21 dated October 1, 2012 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2012, as filed on April 30, 2013.
- 4.55 Supplemental Agreement No. 22 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2013, as filed on April 25, 2014.
- 4.56 Supplemental Agreement No. 23 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2013, as filed on April 25, 2014.
- 4.57 Supplemental Agreement No. 24 to Purchase Agreement dated as of May 17, 2004 between Gol Transportes Aéreos S.A. and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2013, as filed on April 25, 2014.
- 4.58 Aircraft Purchase Agreement, dated as of October 1, 2012 between GAC Incorporated and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2012, as filed on April 30, 2013.
- 4.59 Supplemental Agreement No. 1, dated as of November 4, 2013, to the Aircraft Purchase Agreement, dated as of October 1, 2012 between GAC Incorporated and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2013, as filed on April 28, 2014.
- 4.60 Supplemental Agreement No. 2, dated as of April 17, 2013, to the Aircraft Purchase Agreement, dated as of October 1, 2012 between GAC Incorporated and The Boeing Company, incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2013, as filed on April 28, 2014.
- 8.1 * List of Subsidiaries.
- 12.1 * Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
- 12.2 * Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
- 13.1 * Section 1350 Certification of Chief Executive Officer.
- 13.2 * Section 1350 Certification of Chief Financial Officer.
- 16.1 * Letter from Deloitte Touche Tohmatsu Auditores Independentes to the Securities and Exchange Commission, dated April 30, 2015, regarding the change in certifying accountant.
- * Filed herewith.

Signature

The Company hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on Form 20-F on its behalf.

GOL LINHAS AÉREAS INTELIGENTES S.A.

By: */s/ Paulo Sergio Kakinoff*
Name: Paulo Sergio Kakinoff
Title: Chief Executive Officer

GOL LINHAS AÉREAS INTELIGENTES S.A.

By: */s/ Edmar Prado Lopes Neto*
Name: Edmar Prado Lopes Neto
Title: Chief Financial Officer

Dated: April 30, 2015

GOL Linhas Aéreas Inteligentes S.A.

Consolidated financial statements

December 31, 2014, 2013 and 2012

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Report of Independent Registered Public Accounting Firm

To the

Board of Directors and Shareholders of

Gol Linhas Aéreas Inteligentes S.A.

São Paulo, SP, Brazil

We have audited the accompanying consolidated statement of financial position of Gol Linhas Aéreas Inteligentes S.A. (the "Company") as of December 31, 2014, and the related consolidated statements of operations, comprehensive loss, changes in equity and cash flows for the year ended December 31, 2014. 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 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 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 audit 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. as of December 31, 2014, and the consolidated results of its operations and its cash flows for the year ended December 31, 2014, in conformity with International Financial Reporting Standards - IFRS as issued by the International Accounting Standards Board - IASB.

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, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated April 30, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG

Auditores Independentes S.S.

Luiz Carlos Passetti
Accountant CRC-1SP144343/O-3

Vanessa R. Martins
Accountant CRC-1SP244569/O

São Paulo, SP, Brazil

April 30, 2015

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

São Paulo - SP, Brazil

We have audited the accompanying consolidated statement of financial position of Gol Linhas Aéreas Inteligentes S.A. and subsidiaries (the "Company") as of December 31, 2013, and the related consolidated statements of operations, comprehensive loss, changes in equity, and cash flows for each of the two years ended December 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) - PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Gol Linhas Aéreas Inteligentes S.A. and subsidiaries as of December 31, 2013, and the consolidated results of their operations and their consolidated cash flows for each of the two years ended December 31, 2013, in conformity with International Financial Reporting Standards - IFRS as issued by the International Accounting Standards Board - IASB.

DELOITTE TOUCHE TOHMATSU

Auditores Independentes

São Paulo - SP, Brazil

April 25, 2014 (April 30, 2015, as to the effects of the stock split described in Note 14)

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of

Gol Linhas Aéreas Inteligentes S.A.

São Paulo, SP, Brazil

We have audited Gol Linhas Aéreas Inteligentes S.A. (the “Company”) internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (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.

In our opinion, Gol Linhas Aéreas Inteligentes S.A. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of financial position of Gol Linhas Aéreas Inteligentes S.A. as of December 31, 2014 and the related consolidated statements of operations, comprehensive loss, changes in equity and cash flows for the year ended December 31, 2014 and our report dated April 30, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG

Auditores Independentes S.S.

Luiz Carlos Passetti
Accountant CRC-1SP144343/O-3

Vanessa R. Martins
Accountant CRC-1SP244569/O

São Paulo, SP, Brazil

April 30, 2015

Gol Linhas Aéreas Inteligentes S.A.

Consolidated statements of financial position

As of December 31, 2014 and 2013

(In thousands of Brazilian Reais - R\$)

	Note	12/31/2014	12/31/2013
Current assets			
Cash and cash equivalents	3	1,898,773	1,635,647
Short-term investments	4	296,824	1,155,617
Restricted cash	5	58,310	88,417
Trade receivables	6	352,284	324,821
Inventories	7	138,682	117,144
Recoverable taxes	8.a	81,245	52,124
Prepaid expenses	9	99,556	80,655
Derivatives	29	18,846	48,934
Other current assets		41,678	62,350
		2,986,198	3,565,709
Noncurrent assets			
Deposits	10	793,508	847,708
Restricted cash	5	273,240	166,039
Prepaid expenses	9	18,247	26,526
Recoverable taxes	8.a	70,334	73,537
Deferred taxes	8.b	486,975	488,157
Other noncurrent assets		23,442	4,423
Investments	13	8,483	-
Property, plant and equipment	15	3,602,034	3,772,159
Intangible assets	16	1,714,186	1,694,190
		6,990,449	7,072,739
Total assets		9,976,647	10,638,448

Gol Linhas Aéreas Inteligentes S.A.

Consolidated statements of financial position

As of December 31, 2014 and 2013

(In thousands of Brazilian Reais - R\$)

	Note	12/31/2014	12/31/2013
Liabilities and equity			
Current liabilities			
Short-term debt	17	1,110,734	440,834
Suppliers		686,151	502,919
Salaries	18	255,440	233,584
Taxes payable	19	100,094	94,430
Landing fees		315,148	271,334
Advance ticket sales	20	1,101,611	1,219,802
Mileage program	21	220,212	195,935
Advances from customers	22	3,196	167,759
Provisions	23	207,094	199,471
Derivatives	20	85,366	30,315
Other current liabilities		127,600	90,408
		4,212,646	3,446,791
Noncurrent liabilities			
Long-term debt	17	5,124,505	5,148,551
Provisions	23	278,566	282,903
Mileage program	21	559,506	456,290
Advances from customers	22	-	3,645
Taxes payable	19	34,807	61,038
Other noncurrent liabilities	11	99,591	20,730
		6,096,975	5,973,157
Equity			
Capital stock	24	2,618,748	2,501,574
Advance for future capital increase		51	-
Share issuance costs		(150,214)	(145,279)
Treasury shares		(31,357)	(32,116)
Capital reserves		103,366	103,366
Share-based payments reserve		93,763	85,438
Equity valuation adjustments		(138,713)	(18,162)
Gains on change in investment		687,163	611,130
Accumulated losses		(3,701,194)	(2,455,025)
Equity (deficit) attributable to equity holders of the parent		(518,387)	650,926
Non-controlling interests		185,413	567,574

Total equity (deficit)	(332,974)	1,218,500
Total liabilities and equity (deficit)	9,976,647	10,638,448

The accompanying notes are an integral part of these consolidated financial statements.

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Gol Linhas Aéreas Inteligentes S.A.

Consolidated statements of operations

For the years ended of December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$)

	Note	12/31/2014	12/31/2013	12/31/2012
Net revenue				
Passenger		9,045,831	8,122,161	7,159,987
Cargo and other		1,020,383	834,051	943,572
	25	10,066,214	8,956,212	8,103,559
Operating costs and expenses				
Salaries		(1,374,096)	(1,333,462)	(1,569,670)
Aircraft fuel		(3,842,276)	(3,610,821)	(3,742,219)
Aircraft rent		(844,571)	(703,772)	(644,031)
Aircraft insurance		(22,411)	(20,222)	(26,875)
Sales and marketing		(667,372)	(516,061)	(423,682)
Landing fees		(613,153)	(566,542)	(559,421)
Aircraft, traffic and mileage servicing		(747,447)	(599,480)	(528,737)
Maintenance, materials and repairs		(511,045)	(460,807)	(417,990)
Depreciation and amortization		(463,296)	(560,966)	(519,631)
Other operating expenses		(473,115)	(318,090)	(576,916)
		(9,558,782)	(8,690,223)	(9,009,172)
Equity results	13	(2,490)	-	-
Income (loss) before financial expense, net and income taxes		504,942	265,989	(905,613)
Financial expense, net				
Financial income		407,716	602,524	370,214
Financial expenses		(1,429,131)	(1,031,644)	(764,852)
Exchange rate variation, net		(436,207)	(490,096)	(284,571)
	26	(1,457,622)	(919,216)	(679,209)
Loss before income taxes		(952,680)	(653,227)	(1,584,822)
Current income taxes		(120,784)	(96,807)	(6,553)
Deferred income taxes		(43,817)	25,444	78,460
	8.b	(164,601)	(71,363)	71,907

Net loss for the year		(1,117,281)	(724,590)	(1,512,915)
Net loss attributable to equity holders of the parent		(1,246,169)	(796,547)	(1,512,915)
Net loss attributable to non-controlling interests		128,888	71,957	-
Weighted average number of outstanding shares in relation to basic loss per common share				
(in thousands)		5,035,037	5,035,037	4,900,915
Weighted average number of outstanding shares in relation to basic loss per preferred share				
(in thousands)		134,151	132,780	134,298
Basic loss per common share	14	(0.128)	(0.082)	(0.158)
Basic loss per preferred share	14	(4.482)	(2.879)	(5.515)
Diluted loss per common share	14	(0.128)	(0.082)	(0.158)
Diluted loss per preferred share	14	(4.482)	(2.880)	(5.515)

The accompanying notes are an integral part of these consolidated financial statements.

Gol Linhas Aéreas Inteligentes S.A.

Consolidated statements of comprehensive loss

For the years ended December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$)

	Note	12/31/2014	12/31/2013	12/31/2012
Net loss for the year		(1,117,281)	(724,590)	(1,512,915)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	29			
Cash flow hedges		(182,653)	76,395	16,191
Tax effect		62,102	(25,975)	(5,505)
		(120,551)	50,420	10,686
Total comprehensive loss for the year		(1,237,832)	(674,170)	(1,502,229)
Comprehensive loss for the year attributable to:				
Equity holders of the parent		(1,366,720)	(746,127)	(1,502,229)
Non-controlling interests		128,888	71,957	-

A roll forward of other comprehensive loss in total unrealized gains (losses) for the years ended December 31, 2014, 2013 and 2012 is shown below:

	Cash flow	Income	Total unrealized gain (losses)
	hedges	tax	
Balances as of December 31, 2011	(120,103)	40,835	(79,268)
Realized income (losses) from financial instruments transferred to net loss for the year	(4,733)	1,609	(3,124)
Fair value variation	20,924	(7,114)	13,810
Balances as of December 31, 2012	(103,912)	35,330	(68,582)
Realized income (losses) from financial instruments transferred to net loss for the year	(25,358)	8,622	(16,736)

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Fair value variation	101,753	(34,597)	67,156
Balances as of December 31, 2013	(27,517)	9,355	(18,162)
Realized income (losses) from financial instruments transferred to net loss for the year	417,437	(141,929)	275,508
Fair value variation	(600,090)	204,031	(396,059)
Balances as of December 31, 2014	(210,170)	71,457	(138,713)

The accompanying notes are an integral part of these consolidated financial statements.

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Gol Linhas Aéreas Inteligentes S.A.

Consolidated statements of changes in equity

For the years ended of December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$)

	Note	Capital stock	Advance for future capital increase	Share issuance cost	Treasury shares	Goodwill on transfer of shares	Capital reserves Special goodwill reserve of subsidiary	Share-based payment	Unrealized hedge gain (losses)	Gains on change in investment
Balances as of December 31, 2011		2,316,500	182,610	(145,279)	(51,377)	31,076	29,187	68,602	(79,268)	
Other comprehensive income (loss), net		-	-	-	-	-	-	-	10,686	
Net loss for the year		-	-	-	-	-	-	-	-	
Advances for future capital increase		-	579	-	-	-	-	-	-	
Capital increase		183,189	(183,189)	-	-	-	-	-	-	
Share-based payments		-	-	-	-	-	-	10,653	-	
Treasury shares sold		-	-	-	16,213	1,124	-	-	-	
Prescribed dividends and interest on capital		-	-	-	-	-	-	-	-	
Balances as of December 31,		2,499,689	-	(145,279)	(35,164)	32,200	29,187	79,255	(68,582)	

2012										
Other comprehensive income (loss), net										50,420
Net loss for the year										-
Stock options exercised	24	1,885								-
Share-based payments									6,183	-
Gains on change in investment	13									-
Dividends and interest attributable to shareholders' equity										-
Capital reserves								41,792		-
Treasury shares sold				3,048	187					-
Balances as of December 31, 2013		2,501,574		(145,279)	(32,116)	32,387	70,979	85,438	(18,162)	611,111
Other comprehensive income (loss), net										(120,551)
Net loss for the year										-
Stock options exercised		771	51							-
Capital decrease in subsidiary	13									-
Share-based payments	24								9,084	-
Capital increase	24	116,403								-
Share issuance costs				(4,935)						-
Gains on change in investment										-
Gains on investment sold - G.A.	1,13									-
Dividend paid										-

Dividends declared									
Interest attributable to shareholder's equity	-	-	-	-	-	-	-	-	-
Restricted shares transferred	-	-	-	759	-	-	(759)	-	-
Balances as of December 31, 2014	2,618,748	51	(150,214)	(31,357)	32,387	70,979	93,763	(138,713)	687,100

The accompanying notes are an integral part of these consolidated financial statements.

Gol Linhas Aéreas Inteligentes S.A.

Statements of cash flows

For the years ended December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$)

	12/31/2014	12/31/2013	12/31/2012
Operating activities			
Net loss for the year	(1,117,281)	(724,590)	(1,512,915)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	463,296	560,966	519,631
Allowance for doubtful accounts	17,143	4,389	5,662
Provisions for legal proceedings	12,245	21,125	16,996
Provision (reversal) for inventory obsolescence	631	(5,364)	(609)
Deferred taxes	43,817	(25,444)	(78,460)
Equity results	2,490	-	-
Share-based payments	10,338	7,088	10,652
Exchange and monetary variations, net	636,637	598,592	279,541
Interest on loans and financial lease	446,636	248,843	268,415
Unrealized hedge results	15,901	(28,872)	(4,733)
Provision for profit sharing	27,000	51,950	-
Restructuring provision	-	-	36,978
Mileage program	127,493	163,013	202,498
Write-off property, plant and equipment and intangible assets	5,418	19,453	56,825
Transaction effect between shareholders	(366)	-	-
Impairment losses	-	16,023	82,872
	691,398	907,172	(116,647)
Changes in assets and liabilities:			
Trade receivables	(44,606)	(3,545)	22,807
Short-term investments	858,793	(570,589)	424,039
Inventories	(22,169)	26,259	13,593
Deposits	138,561	(116,336)	18,198
Prepaid expenses, insurance and tax recoverable	(32,101)	(7,983)	106,215
Other assets	1,654	12,911	(27,295)
Suppliers	183,231	22,734	65,622
Advance ticket sales	(118,191)	396,612	78,447
Advances from customers	(168,210)	77,809	63,343
Salaries	(5,144)	(25,884)	(42,512)
Landing fees	43,814	30,595	50,710
Tax obligations	125,789	115,187	(64,717)
Derivatives	(67,199)	49,404	(37,756)
Provisions	(151,423)	(159,909)	12,565
Other assets (liabilities)	85,899	(12,658)	(54,463)
Interest paid	(427,698)	(257,283)	(374,798)
Income taxes paid	(123,716)	(80,615)	(4,058)

Net cash flows from operating activities	968,682	403,881	133,293
Investing activities			
Restricted cash	(77,094)	(29,932)	(115,429)
Investment acquisition	(25,791)	-	-
Investment sale, net of tax effects	65,703	-	-
Advances for property, plant and equipment acquisition, net	11,566	-	-
Cash from merger	-	13	-
Property, plant and equipment	(199,176)	(237,982)	(454,242)
Intangible assets	(46,308)	(51,035)	(20,772)
Net cash flows used in investing activities	(271,100)	(318,936)	(590,443)
Financing activities			
Loan funding, net of issuance costs	2,152,544	403,984	312,401
Loan payments	(1,797,308)	(437,784)	(223,374)
Finance lease payments	(255,903)	(238,850)	(111,324)
Dividends and interest attributable to shareholders' equity	-	(21,080)	-
Proceeds from sale of treasury shares	-	3,235	17,337
Advances for future capital increase	-	-	579
Capital increase on subsidiary by non-controlling interests	-	1,095,772	-
Capital decrease on subsidiary to non-controlling interests	(456,144)	-	-
Shares to be issued	51	-	-
Capital increase	119,520	1,885	-
Share issuance cost	(4,935)	-	-
Dividend paid by subsidiary to non-controlling interests	(67,409)	-	-
Net cash flows from (used in) financing activities	(309,584)	807,162	(4,381)
Foreign exchange variation on cash held in foreign currencies	(124,872)	(32,011)	6,795
Net increase in cash and cash equivalents	263,126	860,096	(454,736)
Cash and cash equivalents at beginning of the year	1,635,647	775,551	1,230,287
Cash and cash equivalents at the end of the year	1,898,773	1,635,647	775,551

The accompanying notes are an integral part of these consolidated financial statements.

GOL Linhas Aéreas Inteligentes S.A.

Notes to the consolidated financial statements

For the years ended December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$, except when otherwise indicated)

1. General information

Gol Linhas Aéreas Inteligentes S.A. (the "Company" or "GLAI") is a publicly-listed company established on March 12, 2004, in accordance with the Brazilian Corporate Laws. The Company is engaged in controlling its subsidiaries: (i) VRG Linhas Aéreas S.A. ("VRG"), which essentially explores (a) the regular and non-regular flight transportation services of passengers, cargo and mailbags, domestically or internationally, according to the concessions granted by the competent authorities; and (b) complementary activities of flight transport services provided in its by-laws; and (ii) Smiles S.A. ("Smiles"), which mainly operates (a) the development and management of its own or third party's customer loyalty program, and (b) sale of redemption rights of awards related to the loyalty program.

Additionally, the Company is the direct parent company of the wholly-owned subsidiaries: GAC Inc. ("GAC"), Gol Finance Inc. ("Gol Finance"), Gol LuxCo S.A. ("Gol LuxCo"), Gol Dominicana Lineas Aereas SAS ("Gol Dominicana") and indirect parent company of Webjet Linhas Aéreas S.A. ("Webjet").

On February 28, 2011, VRG constituted a Participation Account Company ("SCP BOB") engaged in developing and operating on-board sales of food and beverages in domestic flights. In November 2014, SCP BOB was ceased, and all the operations were fully absorbed by VRG.

The Company's shares are traded on the BM&FBOVESPA and on the New York Stock Exchange ("NYSE"). The Company adopted Level 2 Differentiated Corporate Governance Practices from BM&FBOVESPA and is included in the Special Corporate Governance Stock Index ("IGC") and the Special Tag Along Stock Index ("ITAG"), which were created to identify companies committed to the differentiated corporate governance practices.

2. Approval and summary of significant accounting policies applied in preparing the financial statements

The Company's consolidated financial statements were authorized for issue by management on April 30, 2015. The Company's registered Office is at Praça Comandante Linneu Gomes, s/n, portaria 3, prédio 24, Jardim Aeroporto, São Paulo, Brazil.

2.1. Compliance statement

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.2. Basis of preparation

These financial statements were prepared based on historical cost, except for certain financial assets and liabilities that are measured at fair value and investments measure through the equity method in accordance with accounting practices described below.

Except Gol Dominicana, which U.S. dollar is the functional currency, the Company and its subsidiaries have the Real as their functional currency. The reporting currency of these financial statements is the Brazilian Real.

GOL Linhas Aéreas Inteligentes S.A.

Notes to the consolidated financial statements

For the years ended December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$, except when otherwise indicated)

The summary of significant accounting policies adopted by the Company is as follows:

a) Basis of consolidation

The consolidated financial statements comprise Gol Linhas Aéreas Inteligentes S.A., its direct and indirect subsidiaries, as presented below:

Entity	Date of constitution	Location	Operational activity	Type of control	% equity interest	
					12/31/2014	12/31/2013
GAC	03/23/2006	Cayman Islands	Aircraft acquisition	Direct	100.0	100.0
Gol Finance	03/16/2006	Cayman Islands	Financial funding	Direct	100.0	100.0
Gol LuxCo	06/21/2013	Luxemburg	Financial funding	Direct	100.0	100.0
VRG	04/09/2007	Brazil	Flight transportation	Direct	100.0	100.0
Webjet	08/01/2011	Brazil	-	Indirect	100.0	100.0
SCP BOB	02/28/2011	Brazil	On-board sales	Indirect	-	50.0
Smiles	06/10/2012	Brazil	Frequent flyer program	Direct	54.3	57.3
Gol Dominicana	02/28/2013	Dominican Republic	Pre-operational phase	Direct	100.0	100.0
Jointly controlled:						
SCP Trip Associate:			Flight magazine			
Netpoints	04/27/2012	Brazil			60.0	60.0
			Frequent flyer program			
	11/08/2013	Brazil			21.2	-

The accounting policies were applied consistently in all the consolidated entities and are consistent with those used in previous years. All the transactions, balances, income and expenses between the entities are fully eliminated in the consolidated financial statements.

b) Cash and cash equivalents

Cash and cash equivalents include bank deposits and short-term investments with maturities of three months or less (or with no restriction period for redemption) which have high liquidity and are readily convertible into an known amount of cash and have an insignificant risk of changes in value.

c) Short-term investments

Short-term investments are represented by financial investments with first-tier financial institutions and include exclusive investment funds.

d) Restricted cash

Restrict cash comprises deposits in guarantee and linked to securities, and short and long term debt.

GOL Linhas Aéreas Inteligentes S.A.

Notes to the consolidated financial statements

For the years ended December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$, except when otherwise indicated)

e) Financial assets and financial liabilities

The measurement of initial recognition of financial assets and liabilities is as follows:

Non-derivate financial instrument	Initial recognition
Asset	Fair value
Liability	Fair value except direct issuance costs*

* Except financial instruments measured at fair value through the result, whose costs are recognized directly in profit or loss for the year.

After initial recognition, are measured in each balance sheet with the pre-defined classification, based on the purposes for which they were acquired or issued, as described below:

- Financial assets
 - i. Financial assets at fair value through profit or loss: include financial assets held for trading (i.e., acquired primarily for the purpose of sale in the short term) and financial assets designated upon initial recognition at fair value through profit or loss. Interest, inflation adjustment, foreign exchange changes and changes arising from the adjustment to fair value are recognized in profit or loss under financial income or financial expenses, when earned or incurred. The Company has cash equivalents, short-term investments and restrict cash classified under this category.
 - ii. Held-to-maturity investments: financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intention and ability to hold to maturity. These are measured at

amortized cost after initial recognition under the effective interest method, less possible impairment losses, when applicable, and changes are recognized in profit or loss, as financial income or financial expenses, when earned or incurred. The Company does not have financial assets classified under this category.

iii. Loans and receivables: with fixed or determinable payments that are not quoted in an active market which are measured at amortized cost after initial recognition under the effective interest method. Interest, inflation adjustment, foreign exchange changes, less impairment losses, when applicable, are recognized in profit or loss under financial income or financial expenses, when earned or incurred. The Company has mainly bank deposits and trade receivables classified under this category.

iv. Available for sale financial assets: include financial assets not classified under the categories above, measured at fair value, and the respective gains and losses resulted by market adjustments are recognized in "Other comprehensive income (loss)" in equity until the investment is sold, and any gains and losses previously accumulated are reclassified to profit or loss. The Company does not hold financial assets under this category.

The Company writes off a financial asset only when the contractual rights to the cash flows from the asset expire, or transfers the asset and substantially all the risks and benefits of ownership to a third party. If the Company does not transfer nor retains substantially all the risks and benefits of ownership of the financial asset, but continues to control the transferred asset, the Company recognizes the participation retained and its liabilities on the values that it will have to pay. If the Company retains substantially all the risks and benefits of ownership of the financial asset transferred, the Company continues recognizing this asset.

GOL Linhas Aéreas Inteligentes S.A.

Notes to the consolidated financial statements

For the years ended December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$, except when otherwise indicated)

- **Financial liabilities**

i. Financial liabilities at fair value through profit or loss: include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss, except those designated as hedge instruments. They are remeasured at fair value at every balance sheet date. Interest, inflation adjustment, foreign exchange changes and changes arising from measurement at fair value, when applicable, are recognized in the profit or loss when incurred. The Company classifies under this category derivatives not designated as hedging instruments.

ii. Loans and borrowings: financial liabilities that are not regularly traded before maturity. After initial recognition, they are remeasured at amortized cost using the effective interest method. Interest, inflation adjustment and foreign exchange changes, if applicable, are recognized in profit or loss when incurred. The Company recognized under this category current and noncurrent short and long term debt (including finance leases) and trade accounts payable.

- f) Trade receivables

Trade receivables are measured based on cost, less allowances for doubtful accounts, which approximates its fair value, due to their short-term nature.

The allowance for doubtful accounts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable through risk analysis and taking into account the historical analysis of the recovery of arrears. The allowance for doubtful receivables is the difference between the book value and recoverable amount and the provision is made for all accounts overdue for more than 90 days for installment sales, travel and cargo agencies, and 180 days in respect of airline partners. Additionally, in some cases, the Company performs an individual analysis.

g) Inventories

The inventories are composed primarily of maintenance and spare parts and materials, and are stated at the lower of cost and the net realizable value. The costs of inventories are determined under the average cost method and include expenses incurred in their acquisition and transportation to their current location. The provision for inventory obsolescence is recorded when losses are probable.

h) Leasing

In accordance with IAS 17 "Leases", leases are classified as finance leases when the lease arrangement transfers substantially all the risks and rewards of ownership to the lessee, or meet the following conditions:

- i. the lease transfers ownership of the asset to the lessee at the end of the lease agreement;
- ii. the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable such that, at the inception of the lease, is reasonably certain that the option will be exercised;

GOL Linhas Aéreas Inteligentes S.A.

Notes to the consolidated financial statements

For the years ended December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$, except when otherwise indicated)

- iii. the lease term is the most part of the economic asset life, even if the title is not transferred;
- iv. at the beginning of the lease, the present value of minimum lease payments represents substantially all the fair value of the leased asset;
- v. the leased assets are of such a specialized nature such that only the lessee can use them without major modifications.

The difference between the present value and the total amount of falling due installments is charged to profit or loss as financial expenses. The corresponding obligation to the lessor is accounted for as short and long term debt. The aircraft held under finance leases, which have a purchase option at the end of the contract, are depreciated on a straight-line basis over the useful life at rates calculated to write down the cost to the estimated residual value of 20% based on market price valuations. All other aircraft recorded in property, plant and equipment, when there is no reasonable certainty that the Company will obtain ownership of the property at the end of the contractual term, are depreciated over the shorter of the useful life of the assets and the lease agreement.

The other leases are classified as operating leases and are recognized as an expense in profit or loss on a straight-line basis over the term of the lease agreement.

i) Sale-leaseback

Gains or losses related to sale-leaseback transactions classified as an operating lease after the sale are accounted for as follows:

- i. Immediately recognized in profit or loss when it is clear that the transaction is established at fair value;

- ii. If the sale price is below fair value, any profit or loss is immediately recognized as other (expense) income, however, if the loss is compensated by future lease payments at below market price (the gains or losses are deferred and amortized in proportion to the lease payments during the period that the assets will be used);

- iii. In the event of the sale price being higher than the fair value of the asset, the value exceeding the fair value is deferred and amortized during the period when the asset is expected to be used. The amortization of the gain is recorded as a reduction in lease expenses.

If the sale-leaseback transactions results in financial lease, any excess proceeds over the carrying amount shall be deferred and amortized over the lease term. The Company did not enter into any sale-leaseback transaction that resulted in a financial lease during the years ended December 31, 2014, 2013 and 2012.

j) Prepaid expenses

GOL Linhas Aéreas Inteligentes S.A.

Notes to the consolidated financial statements

For the years ended December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$, except when otherwise indicated)

Represent advance payments whose benefits to the Company will occur after the balance sheet date, obeying the criteria of segregation between short and long term.

k) Property, plant and equipment

Property, plant and equipment, including rotatable parts, are recorded at acquisition or construction costs, including interest and other financial charges. Each component of property, plant and equipment that has a cost that is significant in relation to the overall cost of the item is depreciated separately. Aircraft and engine spares acquired on the introduction or expansion of the fleet, as well as rotatable spares purchased separately, are carried as property, plant and equipment and generally depreciated in line with the fleet to which they relate. 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 and 737- MAX aircraft.

Assets held through finance leases are depreciated over the shorter of the expected useful life or the contractual lease term, if there is no purchase option at the end of the agreement in question.

The estimated useful life for property, plant and equipment is disclosed in Note 15.

The Company follows the IAS 16 - "Property, Plant and Equipment", and performs the capitalization of the costs relating to engine overhauls of engines. This practice establishes that costs on major maintenance (including replacement parts and labor) should be capitalized only when there is an extension of the estimated useful life of the engine. Such costs are capitalized and depreciated until the next stop for major maintenance. The expense recognized directly in profit or loss refers to maintenance costs of other aircraft components or even maintenance of engines that do not extend their useful life.

Identifiable interest costs incurred on short and long term debt directly attributable to assets under construction, including pre-delivery deposits to acquire new aircraft, are capitalized and included as part of the cost of the assets through the earlier of the date of completion or aircraft delivery.

The book value of property, plant and equipment is analyzed in order to verify losses in recoverable value when events or changes in circumstances indicate the book value is higher than the estimated recoverable amount.

A write-off of a property, plant and equipment item occurs after disposal or when there is no future economic benefits resulting from continued use of the asset. Any gains or losses on property, plant and equipment sales or write-offs are determined by the difference between the values received in the sale and the asset's book value, and are recognized in profit or loss.

The Company registers provisions for aircraft reconfiguration based on the return requirements, considering the costs that meet the agreement terms regarding the return conditions on engines held under operating leases.

l) Intangible assets

GOL Linhas Aéreas Inteligentes S.A.

Notes to the consolidated financial statements

For the years ended December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$, except when otherwise indicated)

Intangible assets are non-monetary assets without physical property, whose book value of intangible assets with indefinite useful life is reviewed annually as to its recoverable amount, or when strong evidence of changes in circumstances indicates that the carrying amount may not be recoverable.

i. Goodwill: The goodwill value is tested annually by comparing the balance value to fair value recoverable from the cash-generating units, the operating subsidiaries VRG and Smiles (since the operations segregation). Management exercises considerable judgment to assess the impact of operating and macroeconomic changes in order to estimate the future cash flows and measure the recoverable amount of that asset. The assumptions adopted by the Company in the impairment tests are consistent with internal projections and operating plans. No impairment losses have been recorded until the present date.

ii. Airport operating rights: Airport operating rights were acquired as part of the acquisition of VRG and Webjet, and were capitalized at fair value at the acquisition date and are not amortized. Those rights are considered to have an indefinite useful life due to several factors and considerations, including requirements and necessary permits to operate within Brazil and limited slot availability in the most important airports in terms of traffic volume. The carrying value of these rights is evaluated annually to its recoverable amount or in case of changes in circumstances indicates that carrying values may not be recoverable. No impairment has been recorded until the present date.

iii. Software: The costs related to the acquisition or development of computer software that is separable from an item of related hardware is capitalized separately and amortized over a period not exceeding five years on a straight-line basis.

The book value of these intangibles is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. No impairment losses were recognized for the year ended December 31, 2014.

m) Deposits

i. Aircraft and engine maintenance deposits: The maintenance deposits refer to payments made in U.S. dollars by the Company to commercial lease companies to be used in future aircraft and engine maintenance work. The realization of these assets occurs substantially by the receipts of funds, according to the renegotiations with the lessors. The exchange rate variations arising from payments, net of uses for maintenance, are recognized as an expense or revenue in the financial results. Management performs regular reviews of the recovery of maintenance deposits and believes that the values reflected in the consolidated financial position are recoverable.

Certain lease agreements establish that when the amounts previously used in maintenance services are lower than the amounts deposited, the existing deposits are not refundable. Any excess amounts retained by the lessor upon the lease contract termination date, which are not considered material, are recognized as additional aircraft lease expense.

GOL Linhas Aéreas Inteligentes S.A.

Notes to the consolidated financial statements

For the years ended December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$, except when otherwise indicated)

Additionally, the Company maintains agreements with some lessors to replace deposits by letters of credit, which can be claimed by the lessor if the aircraft maintenance does not occur as established with the scheduled review. Many of the aircraft lease agreements do not require maintenance deposits and have the letters of credit as a guarantee that the maintenance periods will be executed as scheduled. Until December 31, 2014, no letter of credit had been executed.

ii. Deposits in guarantee and collaterals for lease agreements: The deposits in guarantee and collaterals are represented by amounts deposited to lessors of the lease monthly payments, as required at the inception of the lease agreements. The deposits in guarantee and collaterals are denominated in U.S. dollars, do not bear interest and are reimbursable to the Company upon termination of the agreements.

n) Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing at the time that the transaction occurs. Monetary assets and liabilities denominated in foreign currencies are subsequently calculated based on the conversion using the exchange rate at the balance sheet date and differences resulting from the currency calculated based on conversion are recognized in the statement of operations under "Exchange rate variation, net".

o) Hedge accounting

The Company and its subsidiaries contract certain financial derivatives to hedge its risks, related to the changes in oil prices (fuel), foreign exchange rates and interest rates. The derivatives may be designated to hedge accounting, and if they are designated, are classified as fair value hedges or cash flow hedges.

For classification as hedge accounting, the derivative should protect against changes in the hedged fair value or cash flow. At the beginning of the hedge transaction, the Company and its subsidiaries document the relationship between the hedge instrument and the hedged item, including risk management goals, and if the transaction will be designated for hedge accounting.

i. Fair value hedge: The changes in the fair value of hedge instruments and hedge items attributable to the hedge risk are recognized in profit or loss item related to the hedged item.

ii. Cash flow hedge: The effective part of changes in fair value of derivatives that are designated as a cash flow hedge is recognized in other comprehensive income (loss) and accumulated under the "Other comprehensive income (loss)" in equity. The gains or losses that are related to the ineffective portion are recognized immediately in financial results.

At the moment that the hedge item is recognized in the financial results, amounts previously recognized in other comprehensive income (loss) and accumulated in equity are reclassified to profit or loss under the same section of the statement of operations in which the item is recognized.

Hedge accounting is discontinued prospectively when the Company and its subsidiaries (i) cancel the protection relation, (ii) the derivative instrument expires or is settled, terminated or executed, or (iii) when it no longer qualifies for hedge accounting. If the hedge accounting is discontinued, any gains or losses recognized in "Other comprehensive income (loss)" and previously accumulated in equity until that date are recognized in profit or loss when the transaction is also recognized in profit or loss. When the forecasted transaction is not expected anymore, the gains or losses accumulated in equity and deferred are recognized in profit or loss immediately.

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o) Share-based payments

The fair value of the Company equity-settled transactions with employees, of stock options and restricted shares, was estimated on the grant date of the options using the Black-Scholes model. This fair value is recorded on a straight-line basis, according to IFRS 2 – “Share-Based Payment”, as an expense in profit or loss over the vesting period, based on Management’s estimates on which options granted will become eventually vested, with a corresponding increase in equity. At the end of each reporting year, the Company revises its estimates of the amount of equity instruments that will be acquired. The impact of the review of the amount of stock options or restricted shares related to original estimates, if any, is prospectively recognized in profit or loss when the remaining options and shares are exercised, so that the cumulative expense reflects the best (revised) estimates with a corresponding adjustment to equity in “Share-based payments reserve.”

p) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation.

When the Company expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a financial expense.

Provisions for aircraft and engines returns follow different criteria in relation to when such expenses are recognized in profit or loss.

i. Aircraft return provision: For aircraft operating leases, the Company is contractually required to return the equipment in a predefined level of operational capability. In these cases, the Company accrues the cost of returning, since these are present obligations arising from past events that will generate future disbursements, whose measurement is made with reasonable assurance. These costs are primarily related to expenses of aircraft reconfiguration (interior and exterior), obtaining licenses and certifications techniques, painting, etc., according to return agreement clauses. The estimated cost is initially recorded at present value and the consideration of the provision for aircraft return is made under "flight equipment" of property, plant and equipment (see Note 15). After initial recognition, the asset is depreciated on a straight-line basis and liabilities updated according to the discount rate with the result shown in financial result.

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ii. Engine return provisions: Are estimated based on the minimum contractual conditions that the equipment must have when returned to the lessor, considering the historical costs incurred and the conditions of the equipment at the time of evaluation. These provisions are recorded in profit or loss from the time that the minimum contract requirements are reached and the next maintenance is scheduled for a date later than the date set for the return of the engine.

iii. Provisions for legal proceedings: The Company is a defendant in several lawsuits and administrative proceedings. Provisions are registered for all the lawsuits that represent probable loss according to its probability, which includes the assessment of available evidence, including the opinion of internal and external legal consultants, the Company, the nature of the processes and past experiences. Management believes that these provisions are sufficient and are correctly presented in the financial statements. Provisions are calculated considering the likely settlement at the date of the financial statements and restated later, when applicable.

q) Revenue recognition

The passenger revenue is recognized when air transportation services are actually provided to the passenger. Tickets sold but not yet used are recognized as advance ticket sales and correspond to a deferred revenue from tickets sold to be transported in a future date, net of tickets that will expire in accordance with the Company's (breakage) expectations based on historical data.

Breakage consists of the statistical calculation, on a historical basis, of unused, expired tickets, i.e., passengers to be transported that have a high probability of not flying. The Company periodically records adjusted deferred revenues based on tickets which have actually expired.

The balance of deferred revenue also refers to tickets rescheduled by passengers. Future opportunities may significantly change the customers' profile and the historical pattern, and such changes may result on significant changes in the deferred revenue balance and in the revenue amount booked.

Revenues from cargo shipment are recognized when transportation is provided. Other revenues include charter services, onboard sales services, tickets exchange charges, and other additional services, and are recognized when the service is provided.

r) Mileage program

The "Smiles Loyalty Program" is designed to retain its customers through the granting of mileage credits to participants. The obligation created by the issuance of mileages is measured based on the price that the mileages were sold to its airline and non-airline partners, classified by the Company as the fair value of the transaction. The revenue recognition on the consolidated profit or loss occurs when the Smiles Loyalty Program participant, after redeeming the mileages and exchanging it in flight tickets, is transported (see Note 27).

The Company's policy is to cancel all mileages contained in the accounts of customers for longer than 3 years and 11 months. The associated value for mileage credits estimated to be cancelled is recognized as revenue. The Company calculates the expiration estimate and non-use based on historical data. Future opportunities can significantly alter customer profile and the historical patterns. Such changes may result in material changes to the deferred revenue balance, as well as revenues recognized from that program.

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s) Treasury shares

The Company's own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is registered in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the book amount and the counterpart is registered under other capital reserves.

t) Segment information

IFRS 8 – “Operating Segments” require that operations by segment are identified based on internal reports which are regularly reviewed by the Company's management in order to allocate resources to its segments and measure its performance individually.

According to the assumptions, the Company's operations have two reportable segments, as described below:

Flight transportation: The Company's operations are derived from VRG and consist in provide air transportation services, and the major assets earning revenue are its aircraft. Other revenues primarily arises from cargo, installment sales, excess baggage charges and cancellation fares, all directly attributable to air transportation services. Based on the way the Company treats its business and the manner in which resource allocation decisions are made.

Smiles loyalty program: The operations in this segment are represented by mileages' sales transactions to airlines and non-airline partners. Under this context the program management, marketing and rights of

redemption of prizes and creating and managing the database of individuals and corporations..

u) Income taxes

The income tax and social contribution expenses are represented by current and deferred income taxes.

Current tax

The provision for income tax and social contribution is based on the taxable income and tax loss carryforwards. The taxable income differs from the one reported in profit or loss, since such excludes other years' taxable or deductible revenues or expenses, and also excludes permanently nontaxable or nondeductible items. The provisions for income and social contribution taxes are calculated individually for each company in the group based on effective rates at the end of the year.

Deferred tax

Deferred income taxes are recognized on temporary differences between the balances of assets and liabilities recognized in the financial statements and tax bases used in calculation of taxable income. The deferred income tax liability is usually recognized on all taxable temporary differences and the deferred income tax asset are recognized on all deductible temporary differences, only when it is probable that the Company will produce enough taxable income in the future so such deductible temporary differences can be used. The deferred income tax assets and liabilities are not recognized on temporary differences from the initial recognition of assets and liabilities on a transaction which does not affect the taxable or the book income.

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The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is not probable that sufficient taxable profits will be incurred to allow all or part of the deferred tax asset to be realized.

Deferred tax related to items recognized directly in equity also has its deferred tax recognized in equity and not in the statement of operations. Deferred tax items are recognized in accordance with the transaction that gave rise to deferred tax in other comprehensive income (loss) or directly in equity.

Income tax and social contribution taxes, assets and liabilities, are offset when there is a legal right and intention to offset it upon the calculation of current taxes, in general as it relates to the same legal entity and the same taxation authority.

Tax credits from tax losses and negative basis of social contribution are registered based on the future taxable profit expected from the individual Company and its subsidiaries, in accordance with legal limitations.

Projections of future tax profits under tax losses and negative basis of social contribution are prepared based on the business plan, and are annually reviewed and approved by the Company's Board of Directors.

v) Main accounting estimates and assumptions adopted

The process of preparing these Financial Statements often requires that the Management adopt assumptions, judgments and estimates that may affect the application of the policies and amounts of assets and liabilities, revenues and expenses.

The actual results may differ from the adopted estimates, since such use historical experience and some assumptions that are believed to be appropriate under the circumstances. The reviews of accounting estimates are recognized in the same period in which the assumptions are reviewed and the effects are recognized on a prospective basis.

The most significant accounting estimates and assumptions are discussed below:

i. Impairment of non-financial assets: The Company assesses if there are indications of impairment for all non-financial assets at every balance sheet date, or when there is evidence that the carrying amount may not be recoverable. The recoverable values of the cash-generating unit were determined using its value-in-use. The value-in-use is determined based on the assumption of discounted cash flows.

ii. Income taxes: The Company believes that the tax positions taken are reasonable. However, it recognizes that the authorities may question the positions taken which may result in additional liabilities for taxes and interest. The Company recognizes provisions that involve considerable judgment of the management. The provisions are reviewed and adjusted to account for changes in circumstances, such as lapsing of applicable statutes of limitations, conclusions of tax authorities, additional exposures based on identification of new issues or court decisions affecting a particular tax issue. Actual results can differ from estimates. The analysis of the recovery of deferred income taxes is detailed on Note 8.

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iii. Property, plant and equipment and intangible assets: At the end of the reporting period, the Company reviews the carrying amounts of its property, plant and equipment items to determine if there is any indication that they might be impaired. If such indication exists, the recoverable amount of the asset is estimated to measure the impairment loss. The useful lives of property, plant and equipment is described in Note 15.

iv. Breakage: As part of the process of revenue recognition, flight tickets issued that will not be used and miles issued that will not be redeemed are estimated and recognized as revenue at the moment of the sale and issuance, respectively. These estimates, referred to as breakage, are reviewed annually and are based on historical data of expired flight tickets and expired miles.

v. Allowance for doubtful accounts: The allowance for doubtful accounts is recorded in the amount considered sufficient by the management in order to cover possible losses on trade receivables arising from receivables, considering the risks involved. The Company periodically evaluates its receivables and, based on historical data, combined with risk analysis per customer, registers the allowance for losses.

vi. Provisions for legal proceedings: Provisions are recorded for all lawsuits that represent probable losses, according to the loss probability, which includes the assessment of available evidence, including the legal consultants' opinion, internal and external, the proceedings nature and past experiences. Additionally, the provisions are periodically reviewed and the management believes that the provisions recorded are sufficient, based on the probability of loss. However, significant changes in judicial decisions can have significant impacts on the Company's financial statements.

vii. Aircraft return provision: The Company estimates the provision for aircraft returns and obsolescence considering the costs in accordance with returns conditions agreements held under operating leases, as well the costs of aircraft reconfiguration to be carried out, without purchase option, as set out in the return conditions in the leasing contracts.

viii. Engine return provision: The Company records engine return provisions estimated based on the agreement conditions which lay out the conditions in which the engine should be returned to its lessor, based on not only historical costs but also on the equipment condition at the date of the analysis.

x) Earnings (loss) per share

Basic earnings (loss) per share is calculated based on the net result of the year attributable to the owners of the parent divided by the weighted average number of shares outstanding.

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The diluted earnings (loss) per share is calculated based on the weighted average number of shares outstanding and the number of shares that would be issued on conversion of all the dilutive potential shares into preferred shares.

z) Standards issued by not yet effective

i. New standards and amendments issued but not yet effective as of December 31, 2014:

Standard

IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
Amendments to IFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests

New standards and amendments issued, but not effective at the date of these financial statements, and applicable to the Company are as follows:

IFRS 9 - *Financial Instruments*: introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company does not expect significant impacts from the adoption of this standard.

IFRS 15 - *Revenue from Contracts with Customers*: establishes a new model that will apply to revenue arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2017. The Company is currently evaluating the impact of IFRS15 and plans to adopt the new standard on the required effective date.

3. Cash and cash equivalents

	12/31/2014	12/31/2013
Cash and bank deposits	507,248	667,985
Cash equivalents	1,391,525	967,662
	1,898,773	1,635,647

The breakdown of cash equivalents is as follows:

	12/31/2014	12/31/2013
Private bonds	1,130,462	537,196
Government bonds	63	65,673
Investment funds	261,000	364,793
	1,391,525	967,662

As of December 31, 2014, the cash equivalents were comprised by private bonds (Bank Deposit Certificates - "CDBs"), buy-back transactions and time deposits remunerated at post fixed rates between 85% and 102% of the Interbank Deposit Certificate Rate ("CDI") on the onshore investments.

The investment funds were represented primarily by government bonds paid at a weighted average rate of 102% of the CDI rate.

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The investment funds classified as cash equivalents have high liquidity, and based on the Company's assessment, are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Repatriation of cash generated in Venezuela

On January 23, 2014, the Venezuela government announced that airline companies could request the repatriation of their resources generated by sales in Venezuela through CADIVI ("Comisión de Administración de Divisas") using the official rate of VEF 6.30 per US\$1.00. This rate experienced an increase and the exchange rate as of December 31, 2014 was VEF 12.00 per US\$1.00. The exchange control in Venezuela is determined on a weekly basis by its Central Bank (SICAD).

Given this increase, the Company recorded an exchange rate depreciation justified by the intention to repatriate values related to the operations performed in Venezuela as from January 2014. During the year ended December 31, 2014, the Company repatriated the amount of VEF 227,220 (US\$20,226) at weighted average rate of VEF 11.23 per US\$1.00, equivalent to R\$47,300.

The total amount of the cash in Venezuela registered under "Cash and cash equivalents" as of December 31, 2014 was VEF 943,466. Cash related to 2013 sales was submitted for repatriation and approved by the Venezuelan government at the official exchange rate of VEF 6.30 per US\$1.00. For cash related to 2014 sales, repatriation requests were approved using SICAD 1, for which the exchange rate as of December 31, 2014 was VEF 12.00 per US\$1.00. The devaluation loss of the Venezuelan Bolivar against the U.S. dollar totaled R\$72,972 for the year ended 31 December 2014, with a corresponding entry recorded in the statement of operations under "Exchange rate variation, net" (see Note 26). The cash balance held in Venezuela of R\$325,831 is recorded as "Cash and cash equivalents". While the cash is available for use in Venezuela with no restriction, the Company's ability to repatriate these funds has been limited due to Venezuelan government controls.

The unrestricted cash and cash equivalents held in Venezuela is subject to future changes due to the economic instability in Venezuela, with the possibility of new limitations in the repatriation of funds by

CADIVI or even sanctions by the Venezuelan government to restrict the cash repatriation.

4. Short-term investments

	12/31/2014	12/31/2013
Private bonds	74,127	554,032
Government bonds	66,030	88,596
Investment funds	156,667	512,989
	296,824	1,155,617

As of December 31, 2014, the private bonds were represented by debentures and financial letters with first-rate financial institutions, remunerated at a weighted average rate of 102% of the CDI rate on onshore investments.

Government bonds are represented primarily by LTN, NTN and LFT remunerated at a weighted average of 101% of CDI rate.

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Investment funds are represented by private and government bonds remunerated at a weighted average of 102% of the CDI rate.

5. Restricted cash

	12/31/2014	12/31/2013
Margin deposits for hedge transactions (a)	82,025	29,845
Deposits in guarantee of letter of credit - Safra (b)	42,040	75,681
Escrow deposits - Bic Banco (c)	70,820	57,923
Escrow deposits - Leasing (d)	72,672	-
Escrow deposits - Debentures (e)	58,303	-
Guarantee deposits of forward transactions (f)	-	88,410
Other deposits	5,690	2,597
	331,550	254,456
Current	58,310	88,417
Noncurrent	273,240	166,039

(a) Denominated in U.S. dollar, remunerated by LIBOR (average remuneration of 0.5% p.a.).

(b) The guarantee amount is related to Webjet's loan (See Note 17).

(c) Includes the amount of R\$21,579 as of December 31, 2014 (R\$19.197 as of December 31, 2012) related to a contractual guarantee for the PIS and COFINS proceeding, paid to GLAI as detailed in Note 23c, and other notes guarantees.

(d) Related to a letter of credit for operational leases of aircraft.

(e) Related to debentures issued by Smiles, classified in current liabilities. For further information, see Note 17.

(f) As of December 31, 2013, the Company held escrow deposits for forward transactions applied in LTN and LFT (average remuneration of 9.7% p.a.). These transactions were fully settled during the year ended December 31, 2014.

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6. Trade receivables

	12/31/2014	12/31/2013
Local currency		
Credit card administrators	72,116	74,359
Travel agencies	176,244	175,723
Installment sales	43,730	45,475
Cargo agencies	35,536	32,339
Airline partner companies	29,044	20,544
Other (*)	67,228	21,153
	423,898	369,593
Foreign currency		
Credit card administrators	18,502	27,156
Travel agencies	10,151	11,881
Cargo agencies	89	1,321
	28,742	40,358
	452,640	409,951
Allowance for doubtful accounts	(83,837)	(85,101)
	368,803	324,850
Current	352,284	324,821
Noncurrent	16,519	29

(*) Includes the amount of R\$33,801 related to commercial cooperation strategic partnership with Air France-KLM, to be received in two equal installments in June 2015 and 2016, and the long-term installment registered on "Other noncurrent assets". For further information, see Note 11d.

The aging list of trade receivables is as follows:

12/31/2014 12/31/2013

Not yet due	278,311	280,271
Overdue until 30 days	14,480	17,778
Overdue 31 to 60 days	6,748	6,864
Overdue 61 to 90 days	3,606	6,196
Overdue 91 to 180 days	10,775	5,830
Overdue 181 to 360 days	34,434	12,464
Overdue above 360 days	104,286	80,548
	452,640	409,951

The average collection period of installment sales is six months and monthly interest of 6.99% is charged on overdue balances, which is recognized in financial results. The average collection period of the other receivables is 127 days (122 days as of December 31, 2013).

The changes in the allowance for doubtful accounts were as follows:

	12/31/2014	12/31/2013
Balance at beginning of the year	(85,101)	(80,712)
Additions	(17,143)	(32,849)
Unrecoverable amounts	9,624	8,119
Recoveries	8,783	20,341
Balance at the end of the year	(83,837)	(85,101)

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7. Inventories

	12/31/2014	12/31/2013
Consumables	26,020	19,601
Parts and maintenance materials	117,748	105,649
Advances to suppliers	322	286
Others	7,450	3,835
Provision for obsolescence	(12,858)	(12,227)
	138,682	117,144

The changes in the provision for obsolescence were as follows:

	12/31/2014	12/31/2013
Balance at the beginning of the year	(12,227)	(17,591)
Additions	(3,968)	(3,702)
Write-off and reversal	3,337	9,066
Balance at the end of the year	(12,858)	(12,227)

8. Deferred and recoverable taxesa) Recoverable taxes

	12/31/2014	12/31/2013
ICMS (1)	39,321	32,205
Prepaid income taxes	64,750	46,389

Withholding tax (IRRF) (2)	14,594	26,505
PIS and COFINS (3)	2,472	2,177
Withholding tax of public institutions	16,845	8,693
Value added tax – IVA (4)	12,280	6,544
Income tax on imports	734	2,741
Others	583	407
Total	151,579	125,661
Current assets	81,245	52,124
Noncurrent assets	70,334	73,537

(1) ICMS: State tax on sales of goods and services.

(2) IRRF: withholding income tax levied on financial income from financial investments.

(3) Contributions to Social Integration Program (PIS) and Contribution for the Financing of Social Security (COFINS).

(4) IVA: Value added tax on sales of goods and services abroad.

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b) Deferred tax assets (liabilities)

	12/31/2014	12/31/2013
Net operating losses carryforward		
Income tax losses	330,924	433,520
Negative basis of social contribution	119,132	156,068
Temporary differences:		
Mileage program	46,853	94,540
Allowance for doubtful accounts and other credits	96,603	73,300
Provision for losses on VRG's acquisition	143,350	143,350
Provision for legal proceedings and tax liabilities	42,852	49,689
Aircraft return	102,524	85,350
Derivative transactions not settled	88,078	15,727
Tax benefit due to goodwill incorporation (a)	58,353	72,942
Flight rights	(353,226)	(353,226)
Maintenance deposits	(116,873)	(140,246)
Depreciation of engines and parts for aircraft maintenance	(164,391)	(158,775)
Reversal of goodwill amortization on VRG's acquisition	(127,659)	(127,659)
Aircraft leasing	73,412	34,764
Others (b)	147,043	108,813
Total deferred taxes - noncurrent	486,975	488,157

(a) Related to the tax benefit from the reverse merger of the G.A. Smiles Participações S.A. by Smiles. Under the terms of the current tax legislation, the goodwill amortization for tax purposes will be a deductible expense on the taxable income calculation.

(b) Includes the tax effects on Smiles unrealized profit in the amount of R\$14,325 as of December 31, 2014 (R\$9,579 as of December 31, 2013).

The Company, VRG and Webjet have net operating losses carryforward, represented by income tax losses and negative basis of social contribution. The net operating losses carryforward have no expiration period,

however, the compensation is limited to 30% of the annual taxable profit. The unused balances of net operating losses carryforward as of December 31, 2014 and 2013 were as follows:

	GLAI		VRG		Webjet	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Income tax losses	189,522	235,907	2,801,620	2,602,369	818,159	712,849
Negative basis of social contribution	189,522	235,907	2,801,620	2,602,369	818,159	712,849

As of December 31, 2014, the tax credits from net operating losses carryforward were recorded based on the reasonably expected generation of future taxable income of the GLAI and its subsidiaries, subject to legal limitations. The forecast of future taxable income to utilize the net operating losses carryforward were prepared based on the business plan and approved by the Board of Directors on December 19, 2014.

The Company and its subsidiaries have tax credits from net operating losses carryforward of R\$1,295,162, of which R\$64,437 is related to GLAI and R\$1,230,725 is related VRG and Webjet.

The Company performs annually an impairment analysis of deferred tax assets. The forecast of GLAI shows expected taxable profits over the long term. For Webjet, the forecast did not present sufficient taxable profits to be realized over future periods, and as a result, a provision was recorded for unrealizable tax credits of R\$278,174. For VRG, such forecasts indicate sufficient taxable profits for the realization of a part of the deferred tax credits in the long term. However, due to tax losses presented during recent years, management conducted a sensitivity analysis on the forecast results, and, considering significant changes in the macroeconomic scenario, restricted the register of deferred tax assets on tax losses to the lowest value obtained in this analysis. As a result, the Company did not recognize the amount R\$566,933 of deferred tax assets from VRG.

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	12/31/2014	12/31/2013	12/31/2012
Loss before income taxes	(952,680)	(653,227)	(1,584,822)
Combined tax rate	34%	34%	34%
Income tax credits at the combined tax rate	323,911	222,097	538,839
Adjustments to calculate the effective tax rate:			
Equity results	(846)	-	(27,325)
Tax losses from wholly-owned subsidiaries	(56,882)	(9,157)	-
Income tax on permanent differences and other	(8,716)	(13,512)	(14,093)
Nontaxable revenues (nondeductible expenses), net	(164,330)	(119,208)	(50,922)
Exchange rate differences on foreign investments	(75,224)	(41,150)	(47,252)
Interest attributable to shareholders' equity	11,848	2,655	-
Benefit on tax losses and temporary differences not constituted	(216,884)	(110,001)	(327,340)
Use of tax credits to settle Refis debts (*)	22,522	-	-
Debits included on Refis (*)	-	(4,354)	-
Tax incentives	-	1,267	-
Income taxes credit (expense)	(164,601)	(71,363)	71,907
Current income taxes	(120,784)	(96,807)	(6,553)
Deferred income taxes	(43,817)	25,444	78,460
	(164,601)	(71,363)	71,907
Effective rate	17.28%	10.92%	(4.54)%

(*) Refis is a federal payment program for overdue taxes in Brazil.

9. Prepaid expenses

	12/31/2014	12/31/2013
Deferred losses from sale-leaseback transactions (*)	26,525	35,449
Prepaid hedge	-	1,532
Prepaid lease	44,093	27,238
Prepaid insurance	21,408	16,970

Prepaid commissions	16,204	18,509
Others	9,573	7,483
	117,803	107,181
Current	99,556	80,655
Noncurrent	18,247	26,526

(*) Related to 11 aircraft 737-800 Next Generation from sale-leaseback transaction from 2006 to 2009. For further information, see Note 28b.

10. Deposits

	12/31/2014	12/31/2013
Judicial deposits (a)	266,686	217,540
Maintenance deposits (b)	343,688	412,488
Deposits in guarantee for lease agreements (c)	183,134	217,680
	793,508	847,708

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a) Judicial deposits

Judicial deposits and blocked escrows represent guarantees of lawsuits related to tax, civil and labor claims deposited in escrow until the resolution of the related claims. Part of the blocked amount in escrow is related to civil and labor claims arising on the succession orders on claims against Varig S.A. and proceedings filed by employees that are not related to the Company or any related party (third-party claims). As the Company is not correctly classified as the defendant of these lawsuits, whenever such blockages occur, the exclusion of such is requested in order to release the resources. As of December 31, 2014, the blocked amounts regarding the Varig' succession and the third-party lawsuits were R\$85,558 and R\$66,970, respectively (R\$71,457 and R\$52,343 as of December 31, 2013, respectively).

b) Maintenance deposits

The Company and its subsidiaries VRG and Webjet made deposits in U.S. dollars for maintenance of aircraft and engines that will be used in future events as set forth in some lease contracts. The maintenance deposits do not exempt the Company and its subsidiaries, as lessee, neither from the contractual obligations relating to the maintenance of the aircraft nor from the risk associated with maintenance activities. The Company and its subsidiaries hold the right to select any of the maintenance service providers or to perform such services internally.

c) Deposits in guarantee for lease agreements

As required by some lease agreements, the Company and its subsidiaries hold guarantee deposits in U.S. dollars on behalf of the leasing companies, whose full refund occurs upon the contract expiration.

11. Transactions with related parties

a) Transportation and other services with entities controlled by the controlling shareholder

All the agreements related to transportation and consulting services are held by VRG. The related parties for these services are:

- i. Breda Transportes e Serviços S.A. provides passenger and luggage transportation services between airports, and transportation of employees. The transportation agreement expires on May 31, 2015, renewable every 12 months for additional equal terms through an amendment signed by the parties, annually adjusted based on the IGP-M fluctuation (General Market Price Index from Getulio Vargas Foundation).
- ii. Expresso União Ltda. provides employee transportation, and the transportation agreement expires on August 1, 2016.
- iii. Serviços Gráficos S.A. provides printing services, and the agreement expires on July 1, 2015.
- iv. Pax Participações S.A. provides consulting and advisory services, and the contract expires on April 30, 2015.

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v. Vaud Participações S.A. provides executive administration and management services, and the contract expires on October 1, 2016.

As of December 31, 2014, the balance payable to these related parties was R\$3,286 (R\$1,008 as of December 31, 2013), included in suppliers and is mainly related to Breda Transportes e Serviços S.A..

The expenses related to these services, recorded by VRG, totaled R\$13,319, R\$12,774 and R\$10,636, in the years ended December 31, 2014, 2013 and 2012, respectively.

b) Contracts account opening UATP (“Universal Air Transportation Plan”) to grant credit limit

In September 2011, VRG entered into agreements with the related parties Pássaro Azul Taxi Aéreo Ltda. and Viação Piracicabana Ltda., both with no expiration date, with the purpose of the issuance of credits in the amounts of R\$20 and R\$40, respectively, to be used in the UATP (Universal Air Transportation Plan) system. The UATP account (virtual card) is accepted as a payment method on the purchase of airline tickets and related services, seeking to simplify the billing and facilitate the payment between participating companies.

c) Financing contract for engine maintenance

VRG has a line of funding for maintenance of engines services, which disbursement occurs through the issuance of Guaranteed Notes. As of December 31, 2014, VRG holds two series of Guaranteed Notes for maintenance of engines, issued on March 11, 2013 and February 14, 2014, with maturity date in two years. During the year ended December 31, 2014, the spending on engine maintenance conducted by Delta Air

Lines was R\$115,653 (R\$95,647 and R\$86,577 for the years ended December 31, 2013 and 2012, respectively).

d) Partnership for commercial cooperation and code share agreements

On February 19, 2014, the Company signed an exclusive strategic partnership for long-term business cooperation with Air France-KLM with the purpose of the sales activities improvements and codeshare expansion and mileage programs benefits between the companies for the customers in the Brazilian and European markets. The agreement provides for the incentive investment in the Company in the amount of R\$112,152, for which payment is divided in three installments: the first installment in the amount of R\$74,506 was received during the year ended December 31, 2014, the second and the third installments, both in the amount of R\$16,519, will be received in June 2015 and 2016, respectively. The agreement will mature within five years and the installments will be amortized on a monthly basis. As of December 31, 2014, the Company has deferred revenue in the amount of R\$22,430 and R\$71,030 recorded in "Other liabilities" in the current and noncurrent liabilities, respectively.

e) Agreements with Smiles

- Operating Agreement: under the operating agreement entered into on December 28, 2012, between VRG and Smiles, effective on January 1, 2012, when Smiles began to manage and operate the Smiles loyalty program, which is the sole VRG's customer loyalty program. Additionally, the agreement also specifies VRG as the exclusive partner in the Smiles' airtransportaion industry in Brazil and establishes guidelines for the program management by Smiles.

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- Miles and tickets purchase agreement: this agreement sets the prices and the terms and conditions for the purchase of miles and sales of tickets. The agreement was entered on December 28, 2012 and has a term of 20 years, and is automatically renewed for successive five-year periods, unless the Company, VRG or Smiles decides otherwise and gives prior notice of such decision.
- Back-off services agreement: under the back-off service agreement entered into on December 28, 2012, VRG will provide certain administrative services to Smiles for which Smiles will pay a fixed monthly amount for each service, subject to annual renegotiation. This agreement is effective for three-year periods and Smiles may terminate porting of the back-office services agreement at any time by providing prior written notice.

All the balances and transactions between the Company, VRG and Smiles were eliminated at the consolidated financial statements.

f) Remuneration of key management personnel

	12/31/2014	12/31/2013	12/31/2012
Salaries and benefits	28,976	32,679	13,534
Related taxes and charges	4,388	2,486	5,234
Share-based payments	4,363	4,836	8,306
	37,727	40,001	27,074

As of and for the years ended December 31, 2014, 2013 and 2012, the Company did not offer post-employment benefits, and there were no severance benefits or other long-term benefits for the Management or other employees.

12. Share-based payments

The Company has two kinds of share-based payments plans offered to key management personnel: the Stock Option Plan and the Restricted Shares. Both plans stimulate and promote the alignment of the Company's goals with Management and employees, mitigate risks in value creation for the Company resulting from the loss of executives and strengthen the commitment and productivity of these executives to long-term results.

GLAI

a) Stock Option Plan

The beneficiaries of the Company's stock option plan are allowed to purchase the Company's shares after three years from the grant date, with an exercise period of up to ten years and with an acquisition condition that the beneficiary maintains its employment relationship up to the end of this period.

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The stock options become vested: 20% as from the first year, an additional 30% as from the second year, and the remaining 50% as from the third year. For all options, they may be exercised within ten years after the grant date.

For all stock options granted, the expected volatility is based on the historical volatility of 252 working days of the Company's shares traded on BM&FBOVESPA, and the fair value of the stock options granted was estimated on the grant date using the Black-Scholes pricing model, as follows:

Year of the Option	Date of board meeting	Total options granted	Options outstanding	Stock Options Plan		Estimate of share price	Expected dividend yield	Risk-free rate	Average length of the options (in years)
				Exercise price of the option (In Reais)	The fair value of the option at grant date (In Reais)				
	2005 12/09/2004	87,418	4,965	33.06	29.22	32.52%	0.84%	17.23%	1
	2006 01/02/2006	99,816	13,220	47.30	51.68	39.87%	0.93%	18.00%	2
	2007 12/31/2006	113,379	14,962	65.85	46.61	46.54%	0.98%	13.19%	3
	2008 12/20/2007	190,296	41,749	45.46	29.27	40.95%	0.86%	11.18%	4
	2009 (a) 02/04/2009	1,142,473	20,414	10.52	8.53	76.91%	-	12.66%	5
	2010 (b) 02/02/2010	2,774,640	1,097,811	20.65	16.81	77.95%	2.73%	8.65%	6
	2011 12/20/2010	2,722,444	1,011,614	27.83	16.07 (c)	44.55%	0.47%	10.25%	6
	2012 10/19/2012	778,912	536,330	12.81	5.32 (d)	52.25%	2.26%	9.00%	8
	2013 05/13/2013	802,296	572,616	12.76	6.54 (e)	46.91%	2.00%	7.50%	9
	2014 08/12/2014	653,130	548,061	11.31	7.98 (f)	52.66%	3.27%	11.00%	10
		9,364,804	3,861,742	19.44					7.23

(a) In April 2010, 216,673 options were granted in addition to the 2009 plan.

(b) In April 2010, 101,894 additional options were approved, related to the 2010 plan.

(c) The fair value is calculated by the average value from R\$16.92, R\$16.11 and R\$15.17 for the respective periods of vesting (2011, 2012 and 2013).

(d) The fair value is calculated by the average value from R\$6.04, R\$5.35 and R\$4.56 for the respective periods of vesting (2012, 2013 and 2014).

(e) The fair value is calculated by the average value from R\$7.34, R\$6.58 and R\$5.71 for the respective periods of vesting (2013, 2014 and 2015).

(f) The fair value is calculated by the average value from R\$8.20, R\$7.89 and R\$7.85 for the respective periods of vesting (2014, 2015 and 2016).

The movement in the number of outstanding stock options for the year ended December 31, 2014 is as follows:

	Number of stock options	Weighted average exercise price
Options outstanding as of December 31, 2013	3,463,462	20.66
Options granted	653,130	11.31
Options exercised	(63,949)	12.81
Options cancelled and adjustments in estimated prescribed rights	(190,901)	15.24
Options outstanding as of December 31, 2014	3,861,742	19.44
Number of options exercisable as of December 31, 2013	2,609,906	24.39
Number of options exercisable as of December 31, 2014	3,235,562	20.93

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b) Restricted Shares

The Company's Restricted Shares plan was approved in the Extraordinary Shareholders Meeting held on October 19, 2012. The first grant was approved at the Board of Directors' meeting on November 13, 2012. The transfer of restricted shares will be at the end of third year from the grant date, assuming the employee relationship up to the end of this period as a condition to acquire the shares.

Restricted shares					
Year of the grant	Date of the Board Meeting	Total shares granted	Fair value of the share at grant date (in Reais)	Estimate volatility of share price	Risk-free return rate
2012	11/13/2012	589,304	9.70	52.25%	9.0%
2013	05/13/2013	712,632	12.76	46.91%	7.5%
2014	08/12/2014	804,073	11.31	52.66%	11.0%
		2,106,009			

During the year ended December 31, 2014, the Company transferred 55,353 restricted shares to its beneficiaries, amounting R\$759.

The movement in the number of outstanding restricted shares for the year ended December 31, 2014 is as follows:

	Total restricted shares
Restricted shares outstanding as of December 31, 2013	916,115
Restricted shares cancelled and adjustments in estimated prescribed rights	(105,500)

Restricted shares granted	804,073
Restricted shares transferred	(55,353)
Options outstanding as of December 31, 2014	1,559,335

Smiles - Stock Option Plan

Smiles' stock option plan was approved on February 22, 2013 in the Extraordinary Shareholders' Meeting, and on August 8, 2013, the Smiles' Board of Directors approved the grant of 260,020 stock options to employees of VRG.

The expected volatility of Smiles shares is based on the historical volatility of 252 working days of the BM&FBOVESPA index and the fair value of the shares was estimated on the grant date using the Black-Scholes option pricing model, as follows:

Stock Options Plan

Option year	Board Meeting	Total options granted	Exercise price of the option (In Reais)	The fair value of the option at grant date (In Reais)	Estimate volatility of share price	Expected dividend yield	Risk-free return rate	Length of the option (in years)
2013	08/08/2013	1,058,043	21.70	4.25 (a)	36.35%	6.96%	7.40%	10
2014	02/04/2014	1,150,000	31.28	4.90 (b)	33.25%	10.67%	9.90%	10
		2,208,043						

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(a) The fair value calculated for the stock options were R\$4.84, R\$4.20 and R\$3.73 for the respective vesting periods from 2013 to 2016.

(b) The fair value calculated for the stock options were R\$4.35, R\$4.63, R\$4.90, R\$5.15 and R\$5.17 for the respective vesting periods from 2014 to 2018.

The movement in the number of outstanding stock options for the year ended December 31, 2014 is as follows:

	Number of stock options	Weighted average exercise price
Options outstanding as of December 31, 2013	1,058,043	21.70
Options cancelled and adjustments in estimated prescribed rights	(524,760)	26.66
Options granted	1,150,000	31.28
Options exercised	(335,357)	16.80
Options outstanding as of December 31, 2014	1,347,926	28.75

For the year ended December 31, 2014, the Company recorded in equity a result from share-based payments the amount of R\$9,084 attributable to equity holders of the parent, which R\$1,503 is related to Smiles, and R\$1,254 related to non-controlling interests (R\$6,183 attributable to equity holders of the parent and R\$905 related to non-controlling interests for the year ended December 31, 2013) for the plans presented above, with a corresponding entry in profit or loss in Salaries.

13. Investments

On February 21, 2014, Smiles acquired 25% of the capital of Netpoints Fidelidade S.A., with consequent dilution of its interest to 21.3% in July 2014. The investment balance was generated by this transaction, among with the investment on SCP Trip, both registered as investments accounted under the equity method.

The financial information of the Company's investees and the change in investments during the year ended December 31, 2014 is as follows:

	Trip	Netpoints	Total
Information of the Company's investees as of December 31, 2014:			
Total number of shares	-	60,492,404	-
Capital stock	1,318	63,451	-
Interest	60.0%	21.3%	-
Total equity	3,488	30,072	-
Adjusted equity (*)	2,092	6,391	-
Net income (loss) for the year	2,170	(44,513)	-
Adjusted net income (loss) for the year (*)	1,302	(3,791)	-
Changes on investments:			
Balances as of December 31, 2013	-	-	-
Equity results	1,302	(3,791)	(2,489)
Capital decrease	(8)	-	(8)
Dividends received	630	-	630
Dividends to receive	168	-	168
Fair value of the acquired investment	-	10,182	10,182
Balances as of December 31, 2014	2,092	6,391	8,483

(*) Reflects the Company's interest on the total equity and net income (loss) of the respective investee.

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Change in participation - Smiles S.A.

On February 27, 2014, the Company sold to General Atlantic S.A. (G.A.) 3,433,476 shares of Smiles through the exercise of purchase option in accordance with the investment agreement between the companies dated April 5, 2013 in the amount of R\$80,000. As a result of the exercise of the option, the Company decreased its participation in Smiles' capital, from 57.3% to 54.5% and remained as the controlling shareholder. The gain generated by this partial decrease in the investment was recorded in "Gains on change in investment" in equity. This gain also included the reversal of R\$46,216 previously classified in current liabilities as a derivative financial instrument. The amounts related to this transaction are presented below:

Shares sold	3,433,476
Investment per share	11.05
Total consideration	80,000
Investment cost	(37,949)
Fair value of stock options - G.A.	46,216
Income tax on capital gains (*)	(14,297)
Total gain from the change on investment	73,970

(*) Consider 25% of income tax and 9% of social contribution.

14. Loss per share

Although there are differences between common and preferred shares in terms of voting rights and priority in case of liquidation, the Company's preferred shares are not entitled to receive any fixed dividends. Rather, preferred shareholders are entitled to receive dividends per share in the same amount as the dividends per share paid to common shareholders. Therefore, the Company understands that, substantially, there is no difference between preferred shares and common shares, and, accordingly, basic and diluted result per share is calculated using the same method for both shares.

Consequently, result per share is calculated by dividing the net income or loss by the weighted average number of all classes of shares outstanding during the period. Diluted earnings or loss per share are computed including stock options granted to key management and employees using the treasury shares method when the effect is dilutive. The antidilutive effect of all potential shares is disregarded in calculating diluted earnings or loss per share.

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	12/31/2014		12/31/2013		12/31/2012	
	Common	Preferred	Common	Preferred	Common	Preferred
Numerator						
Net loss for the year attributable to equity holders of the parent	(644,841)	(601,328)	(414,222)	(382,325)	(780,883)	(732,032)
Diluted securities effect - Smiles (a)	(172)	(162)	(63)	(59)	-	-
	(645,013)	(601,490)	(414,285)	(382,384)	(780,883)	(732,032)
Denominator						
Weighted average number of outstanding shares (in thousands) (b)	5,035,037	134,151	5,035,037	132,780	4,900,915	134,298
Adjusted weighted average number of outstanding shares and diluted presumed conversions (in thousands) (b)	5,035,037	134,151	5,035,037	132,780	4,900,915	134,298
Basic loss per share	(0.128)	(4.482)	(0.082)	(2.879)	(0.158)	(5.515)
Diluted loss per share	(0.128)	(4.482)	(0.082)	(2.880)	(0.158)	(5.515)

(a) Smiles granted the Stock Options Plan to its employees on August 8, 2013. These equity instruments have a dilutive effect on earnings per share of this subsidiary, impacting, therefore, the net loss considered on the calculation of Company's diluted result per share.

(b) The weighted average considers the split of common shares approved at the Extraordinary Shareholders Meeting held on March 23, 2015, in accordance with IAS 33. Earnings per share presented herein reflects the economic rights of each class of shares.

Diluted loss per share is calculated by the weighted average number of outstanding shares, in order to assume the conversion of all potential dilutive shares. Diluted result per share is calculated based on considering the instruments that may have a potential dilutive effect in the future, such as share-based payments instruments, described in Note 12. However, due to the net loss reported for the years ended on

December 31, 2014, 2013 and 2012, these instruments issued have anti-dilutive effect and, therefore, were not considered in the weighted average number of outstanding shares for the computation of diluted loss per share.

15. Property, plant and equipment

	Average annual depreciation rate	12/31/2014		12/31/2013	
		Cost	Accumulated depreciation	Net amount	Net amount
Flight equipment					
Aircraft held under finance leases (a)	4%	3,089,774	(1,010,050)	2,079,724	2,175,697
Sets of replacement parts and spares engines	4%	1,120,686	(365,046)	755,640	710,337
Aircraft reconfigurations/overhauling	30%	948,704	(750,345)	198,359	287,038
Aircraft and safety equipment	20%	2,047	(1,207)	840	956
Tools	10%	29,053	(15,302)	13,751	15,327
		5,190,264	(2,141,950)	3,048,314	3,189,355
Impairment losses (b)	-	(33,381)	-	(33,381)	(26,348)
		5,156,883	(2,141,950)	3,014,933	3,163,007
Property, plant and equipment in use					
Vehicles	20%	10,067	(8,358)	1,709	1,946
Machinery and equipment	10%	50,451	(24,804)	25,647	28,237
Furniture and fixtures	10%	20,893	(13,802)	7,091	7,738
Computers and peripherals	20%	37,312	(26,372)	10,940	9,661
Communication equipment	10%	2,494	(1,462)	1,032	1,110
Facilities	10%	4,360	(3,636)	724	1,026
Maintenance center - Confins	10%	105,971	(47,017)	58,954	69,759
Leasehold improvements	20%	51,899	(41,602)	10,297	13,242
Construction in progress	-	14,510	-	14,510	8,670
		297,957	(167,053)	130,904	141,389
		5,454,840	(2,309,003)	3,145,837	3,304,396
Advances for aircraft acquisition	-	456,197	-	456,197	467,763
		5,911,037	(2,309,003)	3,602,034	3,772,159

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(a) The aircraft held under finance leases with a purchase option at the end of the agreement are depreciated on a straight line basis over the estimated useful life until their residual value of 20%, estimated based on market values.

(b) Refers to impairment losses recorded by the Company in order to present its assets according to the actual capacity for the generation of economics benefits.

Changes in property, plant and equipment balances are as follows:

	Property, plant and equipment under finance lease	Other flight equipment (*)	Advances for acquisition of property, plant and equipment	Others	Total
Balances as of December 31, 2012	2,224,036	1,008,972	481,289	171,502	3,885,799
Additions	106,101	318,707	411,584	6,570	842,962
Disposals	-	(8,223)	(425,110)	(3,056)	(436,389)
Depreciation	(154,440)	(332,146)	-	(33,627)	(520,213)
Balances as of December 31, 2013	2,175,697	987,310	467,763	141,389	3,772,159
Additions	60,679	189,917	482,911	18,064	751,571
Disposals	(304)	(5,064)	(494,477)	(46)	(499,891)
Depreciation	(156,348)	(236,954)	-	(28,503)	(421,805)
Balances as of December 31, 2014	2,079,724	935,209	456,197	130,904	3,602,034

(*) Additions are primarily represented by: (i) total estimated costs to be incurred relating to the reconfiguration of the aircraft when returned and, (ii) capitalized costs related to major engine overhaul.

16. Intangible assets

	Goodwill	Brand (a)	Airport operating rights	Software	Total
Balances as of December 31, 2012	542,302	6,348	1,038,900	112,381	1,699,931
Additions	-	-	-	51,035	51,035
Disposals	-	(6,348)	-	(9,675)	(16,023)
Amortization	-	-	-	(40,753)	(40,753)
Balances as of December 31, 2013	542,302	-	1,038,900	112,988	1,694,190
Additions	15,183 (b)	-	-	46,308	61,491
Disposals	-	-	-	(4)	(4)
Amortization	-	-	-	(41,904)	(41,904)
Balances as of December 31, 2014	557,485	-	1,038,900	117,801	1,714,186

(a) As of December 31, 2013, the Company reassessed the value of the Varig tradename considering the intention of Management to interrupt the use of the tradename, and the circumstances led the Company to expense the residual value of the asset.

(b) Refers to the goodwill generated in the acquisition of the investment in Netpoints by Smiles.

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17. Short and long-term debt

	Maturity	Interest rate	12/31/2014	12/31/2013
Short-term debt				
<u>Local currency:</u>				
		TJLP+1.40%		
BNDES – Direct (a)	July 2017	p.a.	3,111	3,088
BDMG (b)	March 2018	-	-	5,203
	September	128% of DI		
Debentures IV (c)	2018		166,974	-
Debentures Smiles (d)	July 2015	115% of DI	347,484	-
Safra (e)	May 2018	128% of DI	16,357	32,299
Interest	-	-	10,153	19,689
<u>Foreign currency (in US\$):</u>				
J. P. Morgan (f)	February 2016	0.91% p.a.	54,213	51,524
Finimp (g)	November 2015	3.86% p.a.	117,598	5,838
		Libor	14,048	
Engine Facility (Cacib) (h)	June 2021	3m+2.25% p.a.		-
Interest	-	-	55,470	63,360
			785,408	181,001
Financial lease	July 2025	5.00% p.a.	325,326	259,833
Total short-term debt			1,110,734	440,834
Long-term debt				
<u>Local currency:</u>				
		TJLP+1.40%	4,904	
BNDES – Direct (a)	July 2017	p.a.		8,001
BDMG (b)	March 2018	-	-	15,704
	September		443,076	
Debentures IV (c)	2018	128% of CDI		597,741
Debentures V (i)	June 2017	128% of CDI	490,625	495,726
Safra (e)	May 2018	128% of DI	82,585	65,555

Foreign currency (in US\$):

J.P. Morgan (f)	February 2016	0.91% p.a. Libor	13,566 158,447	1,540
Engine Facility (Cacib) (h)	June 2021	3m+2.25% p.a.		-
Senior Bond I (j)	April 2017	7.50% p.a.	223,543	491,946
Senior Bond II (k)	July 2020	9.25% p.a.	408,663	691,028
Senior Bond III (l)	February 2023	10.75% p.a.	82,970	426,489
Senior Bond IV (m)	January 2022	8.87% p.a.	841,313	-
Perpetual Bond (n)	-	8.75% p.a.	475,460	419,326
			3,225,152	3,213,056
Financial lease	July 2025	5.00% p.a.	1,899,353	1,935,495
Total long-term debt			5,124,505	5,148,551
Total			6,235,239	5,589,385

(a) Credit line obtained on June 27, 2012, for the expansion of the aircraft maintenance center.

(b) Credit line obtained on March 29, 2012 for the expansion of Confins' maintenance centre and the construction of the brakes workshop in Lagoa Santa. Further information on item b)i.

(c) Issuance of 600 debentures on September 30, 2010, which the amount raised were used to supply working capital on VRG. The Debentureholders General Meeting held on June 20, 2014 approved the extension of the maturity of the debentures from September 30, 2015 to September 30, 2018, and changes on the remuneration from 118% to 128% of the CDI rate.

(d) Issuance of 60,000 debentures on July 15, 2014 in the amount of R\$600,000, for which the amount raised was used in the Smiles' capital decrease.

(e) The total amount of the financing as of December 31, 2014 was R\$98,942 with guaranteed deposits in the amount of R\$42,040 as mentioned in Note 5. On December 16, 2014, a contract amendment was signed for this loan, which included the payment extension in six installments of the remaining amount of R\$100,000 without additional costs.

(f) Issuance of two series of Guaranteed Notes to finance engine maintenance, on March 11, 2013 and February 14, 2014.

(g) Credit line with Banco do Brasil and Banco Safra obtained with the purpose of purchase of spare parts and aircraft equipment. For more information, see item b)iii.

(h) Credit line raised on June 30, 2014 with Credit Agricole. More information, see item b)v.

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(i) Issuance of 500 debentures on June 10, 2011, which the amount raised was used to supply working capital at VRG. The Debentureholders General Meeting held on June 20, 2014 changed the remuneration from 118% to 128% of the CDI rate.

(j) Issuance of the Bond by Gol Finance on March 22, 2007, which was used on pre-payments of financing for purchase of aircraft. For further information, see item b)vii.

(k) Issuance of Bond by Gol Finance on July 13, 2010 in order to pay debts held by the Company.

(l) Issuance of Bond by VRG on February 07, 2013 in order to finance the pre-payment of debts that will mature in the next three years. The total amount of the Bond was transferred to Gol LuxCo, along with the financial applications acquired on the date of issuance, and a portion of the loan was prepaid as described on item b)vii.

(m) Issuance of Bond by Gol LuxCo on September 24, 2014 in order to finance the repurchase of the Senior Bonds I, II and III.

(n) Issuance of Bond by Gol Finance on April 05, 2006 to finance aircraft purchase and repayment of loans.

The maturities of long-term debt as of December 31, 2014 are as follows:

	2016	2017	2018	2019	After 2019	Without maturity date	Total
<u>Local currency:</u>							
BNDES – Direct	3,097	1,807	-	-	-	-	4,904
Safra	33,333	33,333	15,919	-	-	-	82,585
Debentures IV	47,792	47,792	347,492	-	-	-	443,076
Debentures V	245,313	245,312	-	-	-	-	490,625
<u>Foreign currency (in US\$):</u>							
J.P. Morgan	13,566	-	-	-	-	-	13,566

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Engine Facility (Cacib)	14,208	14,208	14,208	14,208	101,615	-	158,447
Senior Bond I	-	223,543	-	-	-	-	223,543
Senior Bond II	-	-	-	-	408,663	-	408,663
Senior Bond III	-	-	-	-	82,970	-	82,970
Senior Bond IV	-	-	-	-	841,313	-	841,313
Perpetual Bond	-	-	-	-	-	475,460	475,460
Total	357,309	565,995	377,619	14,208	1,434,561	475,460	3,225,152

The fair value of senior and perpetual bonds as of December 31, 2014 was as follows:

	Book value	Market value
Senior Bonds (*)	1,556,489	1,561,990
Perpetual Bond	475,460	398,863

(*) Senior and Perpetual Bonds' market prices are obtained through the current market quotations (Level 1).

a) Covenants

Long-term debt (excluding perpetual bonds and financing of aircraft) in the total amount of R\$2,749,692, as of December 31, 2014 (R\$2,799,930 as of December 31, 2013), have covenants and contractual restrictions, including but not limited to those that require the Company to maintain the liquidity requirements and the coverage of expenses with interest.

The Company has restrictive covenants in its financing agreements with the following financial institutions: Bradesco and Banco do Brasil (Debentures IV e V), with semi-annual measurements. As of December 31, 2014, Debentures IV and V have the following restrictive clauses: (i) net debt/EBITDA below 4.58, and (ii) debt coverage ratio of at least 1.00. Based on the measurements as of December 31, 2014, the following ratios were obtained: (i) net debt/EBITDA of 3.83; and (ii) debt coverage ratio of 1.21. Accordingly, as of December 31, 2014, the Company was in compliance with the limits established on the covenants. The next measurement will be on June 30, 2015.

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b) New loans during the year ended December 31, 2014

During the year ended December 31, 2014, the Company raised new loans and issued debentures and senior bonds, as described below:

i. Early settlement of BDMG loan: VRG prepaid the loan with maturity in March 2018 using its own funds, in the amount of R\$19,369.

ii. Smiles Debentures: On July 15, 2014, the first issuance of debentures was made by Smiles, simple and non-convertible into shares in the amount of R\$600,000, with issuance costs of R\$7,023, with possibility of prepayment. The debentures do not have restrictive covenants and are guaranteed by amounts in escrow accounts.

iii. Import Financing (Finimp): VRG obtained loans as part of a credit line for import financing (Finimp) during the year, and with promissory notes as guarantee of the loans. The information related to the loans is provided below:

Date of loan	Financial institution	Amount raised (US\$)	Amount raised (R\$)	Interest rate	Maturity date
11/22/2013	Banco do Brasil	2,693	6,259	4.56% p.a.	11/12/2015
02/20/2014	Banco do Brasil	6,557	15,806	4.67% p.a.	02/13/2015
03/14/2014	Banco do Brasil	6,019	14,115	4.66% p.a.	03/09/2015
04/03/2014	Banco Safra	8,156	18,280	3.01% p.a.	03/30/2015
07/16/2014	Banco do Brasil	9,638	21,397	4.20% p.a.	07/10/2015
08/01/2014	Banco Safra	10,436	23,594	3.08% p.a.	07/27/2015

iv. Engine financing (Engine Facility): VRG signed a financing with Credit Agricole Corporate and Investment Bank (“Cacib”), with guarantee of twelve proprietary spare engines CFM56-7B, and the possibility of the financing increase of an additional US\$100,000 (equivalent to R\$220,000 at the date of the loan) to be included on future engine deliveries. The loan was raised in order to maintain the high liquidity position and reduce the Company’s debt costs.

v. Financing of engine maintenance (J.P. Morgan): VRG obtained a financing in the amount of R\$40,724 (US\$17,022 at the date of the loan) with quarterly amortization and interest payments, and issuance costs of R\$2,180 (US\$5,215 at the date of the loan) and financial guarantee by Export-Import Bank of the United States (“Ex-Im Bank”).

vi. Senior Bond IV issuance (LuxCo): Gol LuxCo issued the senior notes in the amount of R\$796,575 (US\$325,000) guaranteed by the Company, and may be redeemed at book value after four years from the date of issuance.

vii. Repurchase of Senior Bonds: During the year ended December 31, 2014, the Company repurchased and canceled, in advance, part of the Senior Bonds I, II and III using its own funds. The information relating to these transactions is detailed below:

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Bond	Repurchase date	Interest rate (p.a.)	Amount in US\$	Amount in Reais	Financial expense as of 12/31/2014
Senior Bond I	07/29/2014	7.50%	88,162	196,407	12,747
Senior Bond I	09/25/2014	7.50%	37,679	90,750	6,589
Senior Bond II	09/25/2014	9.25%	141,565	341,749	17,488
Senior Bond III	06/30/2014	10.75%	20,255	44,612	1,795
Senior Bond III	07/29/2014	10.75%	98,909	224,266	21,140
Senior Bond III	09/24/2014	10.75%	45,654	109,958	5,195
			432,224	1,007,742	64,954

As of December 31, 2014, the outstanding amounts totaled US\$84,159 (equivalent to R\$223,543) for the Senior Bond I, US\$158,107 (equivalent to R\$408,663) for the Senior Bond II and US\$35,182 (equivalent to R\$82,970) for the Senior Bond III.

c) Finance leases

The future payments of finance lease agreements indexed to U.S. dollar are detailed below:

	12/31/2014	12/31/2013
2014	-	356,642
2015	417,149	362,099
2016	399,179	352,050
2017	369,429	325,813
2018	363,110	320,240
Beyond 2018	1,001,069	862,149

Total minimum lease payments	2,549,936	2,578,993
Less interest	(325,257)	(383,665)
Present value of minimum lease payments	2,224,679	2,195,328
Less current portion	(325,326)	(259,833)
Noncurrent portion	1,899,353	1,935,495

The discount rate used to calculate the present value of the minimum lease payments was 5.00% as of December 31, 2014 (5.20% as of December 31, 2013). There are no significant differences between the present value of minimum lease payments and the fair value of these financial liabilities.

The Company extended the maturity date of the financing for some of its aircraft leased for 15 years using the SOAR framework (mechanism for extending financing amortization and repayment), which enables the performance of calculated withdrawals to be settled at the end of the lease agreement. As of December 31, 2014, the withdrawals values for the fully payments of the lease agreements at the maturity dates totaled R\$164,446 (R\$123,879 as of December 31, 2013).

18. Salaries

	12/31/2014	12/31/2013
Salaries	158,216	135,027
INSS and FGTS payable	67,189	45,630
Profit sharing plan	24,984	51,650
Other	5,051	1,277
	255,440	233,584

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19. Taxes payable

	12/31/2014	12/31/2013
PIS and COFINS	36,277	37,926
REFIS (*)	-	32,490
Withholding income tax on salaries	27,841	23,175
ICMS	36,212	32,440
Tax on import	3,467	3,467
CIDE	1,480	2,686
IOF	35	62
IRPJ and CSLL payable	15,791	15,838
Other	13,798	7,384
	134,901	155,468
Current	100,094	94,430
Noncurrent	34,807	61,038

(*) Management opted for early settlement of taxes in the amount of R\$13,711 for GLAI and R\$18,463 for VRG, according to Law nº13,043/ 2014, and the discharge of 70% of the values of the liabilities was settled using part of their tax credits related to net operating losses carryforward of R\$9,598 and R\$12,924 for GLAI and VRG, respectively.

Adoption of the Law nº 12.973/2014 (Provisional Measure 627/2013)

In November 2013, the Provisional Measure nº 627/2013 was issued establishing the non-taxation over the profit and dividends calculated based on results from January 01, 2008 to December 31, 2013 by the companies taxable based on actual profits, presumed or arbitration, paid until the date of the provisional measure publication, in higher values than the ones calculated by the accounting policies in effect on December 31, 2007, if the Company that had already distributed the profits or paid dividends opted for the anticipated adoption by 2014.

In May 2014, the Provisional Measure was converted into Law n° 12,973/2014, resulting in changes to some areas, including the treatment of dividends, interest attributable to shareholders' equity and investments recorded using the equity method of accounting. Law n° 12,973 established the non-taxation for the profits and dividends calculated based on the results from January 1, 2008 to December 31, 2013.

In order to ensure tax neutrality established in Law n° 11,941/2009, since dividend payments occurred until the date of the law's publication, the Company and Smiles' managements chose the early adoption of the Law through Declaration of Federal Contribution and Taxes related to May 2014. Thus, it will be guaranteed the usage of the equity measured in accordance with the Law n° 6404/1976, for purposes of calculating the limits related to the tax effects of interest attributable to shareholders' equity.

The Company analyzed the potential effects of the adoption of Law n° 12,973 and concluded that there are no significant effects on its financial statements as of December 31, 2014 and 2013 for GLAI and Smiles. For VRG and Webjet, the Company will analyse the impacts of the adoption of the Law and the related effects will be registered starting as from January 1, 2015.

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20. Advance ticket sales

As of December 31, 2014, the balance of transport to perform classified in current liabilities was R\$1,1010,611 (R\$1,219,802 as of December 31, 2013) and is represented by 5,382,145 tickets sold and not yet used (5,951,486 as of December 31, 2013) with an average use of 40 days (111 days as of December 31, 2013).

21. Mileage program

As of December 31, 2014, the balance of Smiles loyalty program deferred revenue was R\$220,212 (R\$195,935 as of December 31, 2013) and R\$559,506 (R\$456,290 as of December 31, 2013) classified in the current and noncurrent liabilities, respectively, and the number of outstanding mileages as of December 31, 2014 amounted to 42,412,047,693 (39,910,541,087 as of December 31, 2013).

22. Advances from customers

The Company, through Smiles, makes advances sales of miles, which are recorded under "Advances from customers". As of December 31, 2014, the outstanding balance related to these advances sales was as

follows:

	12/31/2014	12/31/2013
Financial institutions (*)	1,850	169,649
Others	1,346	1,755
	3,196	171,404
Current	3,196	167,759
Noncurrent	-	3,645

(*) A portion of the amount in the current liabilities of R\$1,850 (R\$166,004 as of December 31, 2013) is related to the agreement for the sale of miles of approximately R\$400,000 signed on April 8, 2013 with the financial institutions: Bradesco S.A., Banco do Brasil S.A. and Santander S.A.

23. Provisions

	Insurance	Webjet's	Provision for engine return of VRG and	Webjet Restructuring	Provision for legal proceedings	Total
	Provision	aircraft (a)	(b)	provision	(c)	
Balances on December 31, 2012	19,611	17,889	312,412	36,978	92,940	479,830
Additional provisions recognized	38,178	12,552	99,976	2,751	21,125	174,582
Utilized provisions	(40,205)	(18,261)	(115,144)	(39,780)	-	(213,390)
Foreign exchange variation	(65)	201	37,665	51	3,500	41,352
Balances on December 31, 2013	17,519	12,381	334,909	-	117,565	482,374
Additional provisions recognized	28,670	-	69,484	-	12,245	110,399
Utilized provisions	(26,045)	(8,845)	(110,235)	-	(26,822)	(171,947)
Reversal of provisions	-	(3,708)	-	-	-	(3,708)
Foreign exchange variation	1,772	172	67,493	-	(895)	68,542
Balances on December 31, 2014	21,916	-	361,651	-	102,093	485,660
As of December 31, 2013						
Current	17,519	12,381	169,571	-	-	199,471
Noncurrent	-	-	165,338	-	117,565	282,903
	17,519	12,381	334,909	-	117,565	482,374

As of December 31, 2014

Current	21,916	-	185,178	-	-	207,094
Noncurrent	-	-	176,473	-	102,093	278,566
	21,916	-	361,651	-	102,093	485,660

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a) Provision for anticipated return of aircraft

In 2011, according to the strategic planning of Webjet, a provision for the anticipated return of aircraft was recorded. This provision was calculated based on the expected return of 18 aircraft Boeing 737-300 under operating lease agreements, as part of the Webjet's fleet renewal. As of December 31, 2014, the Company completed six aircraft return with the following prefixes: PR-WJA, PR-WJV, PR-WJB, PR-WJD, PR-WJF and PR-WJH.

b) Provision for aircraft and engine return

The provision for aircraft and engine return considers the costs that meet the contractual conditions for the return of engines maintained under operating leases, as well as the costs to reconfigure the aircraft without purchase option, as described in the return conditions of the lease contracts, and which is capitalized in property, plant and equipment (aircraft reconfigurations/overhauling), as described in Note 15.

c) Provision for legal proceedings

As of December 31, 2014, the Company and its subsidiaries are parties to 28,738 (8,195 labor and 20,543 civil) lawsuits and administrative proceedings. The lawsuits and administrative proceedings are classified into Operational (those arising from the Company's normal course of operations), and Succession (those arising from the succession of former Varig S.A. obligations).

Under this classification, the number of proceedings is as follows:

	Operational Succession		Total
Civil lawsuits	17,537	396	17,933
Civil proceedings	2,600	10	2,610
Labor lawsuits	4,685	3,318	8,003
Labor proceedings	190	2	192
	25,012	3,726	28,738

The civil lawsuits are primarily related to compensation claims generally related to flight delays and cancellations, baggage loss and damage. The labor claims primarily consist of discussions related to overtime, hazard pay, and wage differences.

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The provisions related to civil and labor suits, whose likelihood of loss is assessed as probable are as follows:

	12/31/2014	12/31/2013
Civil	55,097	66,294
Labor	46,996	51,271
	102,093	117,565

Provisions are reviewed based on the progress of the proceedings and history of losses based on the best current estimate for labor and civil lawsuits.

There are other civil and labor lawsuits assessed by management and its legal counsel as possible risk of loss, in the estimated amount as of December 31, 2014 of R\$15,786 for civil claims and R\$2,341 for labor claims (R\$13,226 and R\$3,929 as of December 31, 2013 respectively), for which no provisions are recognized.

The tax lawsuits below were evaluated by the Company's management and its legal counsels as being relevant and with possible risk of loss as of December 31, 2014:

- GLAI is discussing the non-incidence of taxation of PIS and COFINS on revenues generated by the interest attributable to shareholders' equity in the amount of R\$37,750, related to the years from 2006 to 2008, paid by its subsidiary GTA Transportes Aéreos S.A., succeeded by VRG on September 25, 2008. According to the opinion of the Company's legal counsel and based on the jurisprudence occurred in recent events, the Company classified this case as possible loss, without a provision registered for the related amount. Additionally, the Company maintains escrow deposits with Bic Banco with a partial guarantee on the lawsuit of R\$21,579, as disclosed in Note 5.

- Tax on Services (ISS), the amount of R\$16,470 arising from assessment notices issued by the Municipality of São Paulo against the Company, in the period from January 2007 to December 2010 regarding a possible ISS taxation on partnerships. The classification of the possible risk of loss is a result from the matters under discussion and are interpretative, and involves discussions of factual and evidential materials, and has no final positioning of the Superior Courts.
- Customs Penalty in the amount of R\$33,956 relating to assessment notices issued against the Company for alleged breach of customs rules regarding procedures for temporary import of aircraft. The classification of possible risk of loss is a result of the absence of a final positioning of the Superior Courts.
- BSSF goodwill (BSSF Air Holdings), in the amount of R\$43,246 related to infraction notices due to the deductibility of the goodwill allocated to future profitability. The classification of possible risk of loss is a result of the absence of a final positioning of the Superior Courts.
- VRG's goodwill in the amount of R\$17,894 resulted from assessment notice related to the deductibility of the goodwill classified as future profitability. The classification of possible risk of loss arises from the absence of a final opinion from the Superior Courts.

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There are other lawsuits considered by the Company's management and its legal counsel as possible risk, in the estimated amount of R\$27,538 which added to the lawsuits mentioned above, amount to R\$176,854 as of December 31, 2014.

The Company and its subsidiaries are challenging in the court the ICMS levied on aircraft and engines imported under aircraft lease transactions without purchase options in transactions carried out with lessors' registered in foreign countries. The Company and its subsidiaries' management understand that these transactions represent simple leases in view of the contractual obligation to return the assets that are the subject matter of the contract.

Management believes that there is no evidence of goods circulation and so, there are no legal events to generate the ICMS taxation. Based on the legal counsel opinion and supported by similar lawsuits with favorable decisions to taxpayers by the Superior Court of Justice (STJ) and Supreme Federal Court (STF) in the second quarter of 2007, the Company understands that the likelihood of loss is remote, and thus did not recognize provisions for these amounts. As of December 31, 2014, the estimated aggregated amount of the ongoing lawsuits related to the non-levy of ICMS tax on said imports was R\$243,293 (R\$229,450 as of December 31, 2013) adjusted for inflation, not including late payment charges. On September 11, 2014, the Federal Supreme Court (STF) granted the lawsuit declaring the non-levy of ICMS on imports of merchandise under financial leasing.

24. Equity

a) Capital stock

As of December 31, 2014, the Company's capital stock is represented by 283,173,561 shares, comprised by 143,858,204 common shares and 139,315,357 preferred shares. The Extraordinary Shareholders Meeting held on March 23, 2015 approved the stock split of the Company's common shares, in the ratio of one to 35 shares, without changes in the shareholders' ratio. Accordingly, the common shares changed from 143,858,204 to 5,035,037,140, changing the outstanding shares amount to 5,174,352,497. The Fundo de Investimento em Participações Volluto ("Fundo Volluto") is the Company's controlling shareholder, which is equally controlled by Constantino de Oliveira Júnior, Henrique Constantino, Joaquim Constantino Neto, and Ricardo Constantino.

The Company's shares are held as follows:

	12/31/2014			12/31/2013		
	Common	Preferred	Total	Common	Preferred	Total
Fundo Volluto	100.00%	21.16%	61.22%	100.00%	22.30%	62.38%
Delta Airlines, Inc.	-	5.96%	2.93%	-	6.15%	2.98%
Wellington Management Company	-	-	-	-	10.49%	5.08%
Fidelity Investments	-	5.05%	2.48%	-	5.21%	2.52%
Treasury shares	-	1.50%	0.74%	-	1.59%	0.77%
Other	-	1.33%	0.65%	-	1.51%	0.73%
Free float	-	65.00%	31.98%	-	52.75%	25.54%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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The authorized capital stock was R\$4.0 billion as of December 31, 2014. Within the authorized limit, the Company can, once approved by the Board of Directors, increase its capital regardless of any amendment to its bylaws, by issuing shares, without necessarily maintaining the proportion between the different types of shares. Under the law terms, in case of capital increase, the Board of Directors will define the issuance conditions, including pricing and payment terms.

On the Board of Director's Meeting held on August 12, 2014, it was approved the capital increase of R\$116,403, which the amount of R\$116,357 is related to the commercial and strategic partnership agreement with Air France - KLM S.A. ("Air France-KLM"), subscribed by 4,246,620 preferred shares. The share issuance cost was R\$4,935.

b) Legal reserve

The legal reserve is recognized by allocating 5% of the net income for the year after the absorption of accumulated losses in accordance with Article 193 of Law 11,638/07, limited to 20% of the capital stock, according to the Brazilian Corporate Law and the Company's by-laws.

c) Dividends

The Company's by-laws provide for a mandatory minimum dividend to be paid to common and preferred shareholders, of at least 25% of the annual adjusted net income after the allocation to reserves in accordance with the Brazilian Corporate Law. The Brazilian Corporate Law permits the payment of cash dividends only from retained earnings, and certain reserves recognized in the Company's statutory accounting records.

d) Treasury shares

As of December 31, 2014, the Company had 2,083,875 treasury shares, totaling R\$31,357, with a market value of R\$31,633 (R\$32,116 in shares with market value of R\$22,499 as of December 31, 2013).

e) Share-based payments

As of December 31, 2014, the balance of share-based payments reserve was R\$93,763 (R\$85,438 as of December 31, 2013). The Company recorded a share-based payment expense of R\$9,084 related to equity holders of the parent, of which R\$1,503 is related to Smiles, and R\$1,254 related to non-controlling interests in the year ended December 31, 2014, with a corresponding expense classified in salaries under the statement of operations (R\$6,183 related to equity holders of the parent and R\$905 related to non-controlling interests as of December 31, 2013).

f) Other comprehensive income (loss)

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The fair value measurement of financial instruments designated as cash flow hedges is recognized in "Other comprehensive income (loss)", net of tax effects. The balance as of December 31, 2014 corresponds to a net loss of R\$138,713 (net loss of R\$18,162 as of December 31, 2013).

g) Share issuance costs

As of December 31, 2014, the balance of share issuance costs was R\$150,214 (R\$145,279 as of December 31, 2013). On August 12, 2014, the Company registered the amount of R\$4,935 related to the share issuance costs from the capital increase from the AirFrance-KLM, as described above.

25. Revenue

The net revenue has the following breakdown:

	12/31/2014	12/31/2013	12/31/2012
Passenger transportation	9,432,810	8,399,652	7,409,984
Cargo	332,464	332,059	303,476
Other revenue (*)	887,268	748,610	803,032
Gross revenue	10,652,542	9,480,321	8,516,492
Related taxes	(586,328)	(524,109)	(412,933)
Net revenue	10,066,214	8,956,212	8,103,559

(*) Includes R\$463,043 of unused passenger tickets, reissued tickets and cancellation of flight tickets (R\$404,017 in the year ended December 31, 2013 and R\$335,506 in the year ended December 31, 2012)

and R\$181,767 of mileages revenue (R\$109,073 in the year ended December 31, 2013 and R\$177,436 in the year ended December 31, 2012).

The revenues are net of federal, state and municipal taxes, which are paid and transferred to the appropriate government entities.

Revenue by geographical segment is as follows:

	12/31/2014	%	12/31/2013	%	12/31/2012	%
Domestic	8,871,325	88.1	8,140,302	90.9	7,535,068	92.9
International	1,194,889	11.9	815,910	9.1	568,491	7.1
Net revenue	10,066,214	100.0	8,956,212	100.0	8,103,559	100.0

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26. Financial income (expense)

	12/31/2014	12/31/2013	12/31/2012
Financial income			
Income from derivatives	225,481	413,319	227,980
Income from short-term investments	148,639	149,505	99,287
Monetary variation	22,423	15,198	22,102
Other	11,173	24,502	20,845
	407,716	602,524	370,214
Financial expenses			
Losses from derivatives (a)	(684,712)	(363,736)	(177,644)
Interest on short and long-term debt (b)	(592,443)	(532,078)	(453,731)
Bank charges and expenses	(28,006)	(53,521)	(37,665)
Monetary variation	(3,606)	(3,514)	(9,085)
Other (c)	(120,364)	(78,795)	(86,727)
	(1,429,131)	(1,031,644)	(764,852)
Foreign exchange variation, net (d)	(436,207)	(490,096)	(284,571)
Total	(1,457,622)	(919,216)	(679,209)

(a) The amount for the year ended December 31, 2014 is mainly due to cancellation payments relating to fuel hedge instruments. For further information, see Note 29.

(b) Includes the amount of R\$64,954 related to the repurchase of senior bonds, described in Note 17.

(c) Includes the amount of R\$21,648 related to the difference between the book and the market value of the repurchase of bond maturing on 2023, see Note 17.

(d) Includes R\$72,972 related to the exchange rate loss for cash and cash equivalents held in Venezuela, as described in Note 3.

27. Operating segment

Operating segments are defined as business activities from which it may earn revenues and incur expenses, which operating results are regularly reviewed by the relevant decision makers to evaluate performance and allocate resources to the segments. The Company holds two operating segments: the flight transportation and the Smiles loyalty program.

This note has not been presented with comparative figures for the year ended December 31, 2012 because the business model used by the Smiles Loyalty Program until the separation of its operations, it was an extension of the flight transportation segment where, for example, the costs of services provided were embedded and diluted in the operating costs of the flight transportation segment. With the separation of the operations as from January 1, 2013, operating agreements for sale of tickets and purchase of mileages were signed between the segments and these transactions represent a significant portion of revenues and costs of the "Smiles Loyalty Program". Therefore, any comparisons with prior period information would be inappropriate because the comparative figures would not reflect the current business model. Therefore, the necessary information is not available and the cost to develop it would be excessive. The information below presents the summarized financial position related to reportable segments as of and for the years ended on December 31, 2014 and 2013. The amounts provided to the decision makers related to the income and the total assets are consistent with the balances recorded in the financial statements and the accounting policies applied.

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The accounting policies of the operating segments are the same as those applied to the consolidated financial statements. Additionally, the Company has distinct natures between the two reportable segments, which prevent any form of cost allocation, so there are no common costs and revenues between operating segments.

The Company is the controlling shareholder of Smiles, and the non-controlling interests of Smiles was 45.7% and 42.7% as of December 31, 2014 and 2013, respectively.

The statements of operations by segment is presented in the same format of our statutory financial statements that are filed with the Brazilian Securities Commission, which is different from the format of the consolidated statements of operations. This is the format of the statements of operations that is presented to our chief operating decision maker ("CODM"). However, the CODM does not use gross profit as the profit or loss measure for purposes of making decisions about allocating resources to the segment and assessing its performance. Our CODM uses net income (loss) for this purpose.

The information below presents the summarized financial position related to reportable segments as of and for the years ended December 31, 2014 and 2013:

a) Assets and liabilities of the operational segment

	12/31/2014				
	Flight	Smiles	Combined		Total
	transportation	program	information	Eliminations	consolidated
Assets					
Current	2,783,212	734,355	3,517,567	(531,369)	2,986,198
Noncurrent	7,061,616	832,848	7,894,464	(904,015)	6,990,449

Total assets	9,844,828	1,567,203	11,412,031	(1,435,384)	9,976,647
Liabilities					
Current	3,992,760	708,292	4,701,052	(488,406)	4,212,646
Noncurrent	6,370,455	452,874	6,823,329	(726,354)	6,096,975
Total equity (deficit)	(518,387)	406,037	(112,350)	(220,624)	(332,974)
Total liabilities and equity	9,844,828	1,567,203	11,412,031	(1,435,384)	9,976,647

	12/31/2013				
	Flight	Smiles	Combined		Total
	transportation	loyalty	information	Eliminations	consolidated
Assets					
Current	3,158,731	834,116	3,992,847	(427,138)	3,565,709
Noncurrent	7,727,103	1,110,034	8,837,137	(1,764,398)	7,072,739
Total assets	10,885,834	1,944,150	12,829,984	(2,191,536)	10,638,448
Liabilities					
Current	3,501,303	344,120	3,845,423	(398,632)	3,446,791
Noncurrent	6,733,604	270,974	7,004,578	(1,031,421)	5,973,157
Total equity	650,927	1,329,056	1,979,983	(761,483)	1,218,500
Total liabilities and equity	10,885,834	1,944,150	12,829,984	(2,191,536)	10,638,448

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b) Income and expenses of the operational segment

			12/31/2014		
	Fligh	Smiles	Combined		Total
	transportation	program	information	Eliminations	consolidated
Net revenue					
Passenger	8,848,749	-	8,848,749	197,082	9,045,831
Cargo and other	939,829	-	939,829	(18,341)	921,488
Miles revenue	-	808,058	808,058	(709,163)	98,895
Costs	(8,147,202)	(430,949)	(8,578,151)	430,949	(8,147,202)
Gross profit	1,641,376	377,109	2,018,485	(99,473)	1,919,012
Operating income (expenses)					
Sales and marketing	(898,635)	(65,062)	(963,697)	86,557	(877,140)
Administrative expenses	(570,924)	(35,138)	(606,062)	(673)	(606,735)
Other operating income, net	72,295	366	72,661	(366)	72,295
	(1,397,264)	(99,834)	(1,497,098)	85,518	(1,411,580)
Equity results	1,302	(3,791)	(2,489)	(1)	(2,490)
Finance results	1,600,629	147,007	1,457,622	-	1,457,622
Net income (loss) before income taxes	(1,355,215)	416,491	(938,724)	(13,956)	(952,680)
Current and deferred income taxes	(36,796)	(132,551)	(169,347)	4,746	(164,601)
Net income (loss)	(1,392,011)	283,940	(1,108,071)	(9,210)	(1,117,281)
Attributable to equity holders of the parent	(1,392,011)	155,052	(1,236,959)	(9,210)	(1,246,169)
Attributable to non-controlling shareholders	-	128,888	128,888	-	128,888

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	12/31/2013				
	Fligh	Smiles	Combined		Total
	transportation	loyalty program	information	Eliminations	consolidated
Net revenue					
Passenger	8,077,709	-	8,077,709	44,452	8,122,161
Cargo and other	784,086	-	784,086	(11,060)	773,026
Miles revenue	-	573,346	573,346	(512,321)	61,025
Costs	(7,559,496)	(304,004)	(7,863,500)	387,091	(7,476,409)
Gross profit	1,302,299	269,342	1,571,641	(91,838)	1,479,803
Operating income (expenses)					
Sales and marketing	(703,824)	(51,452)	(755,276)	29,837	(725,439)
Administrative expenses	(601,187)	(37,719)	(638,906)	33,821	(605,085)
Other operating income, net	116,710	-	116,710	-	116,710
Finance results	(1,048,443)	129,227	(919,216)	-	(919,216)
Income (loss) before income taxes	(934,445)	309,398	(625,047)	(28,180)	(653,227)
Current and deferred income taxes	20,607	(101,554)	(80,947)	9,584	(71,363)
Net income (loss)	(913,838)	207,844	(705,994)	(18,596)	(724,590)
Attributable to equity holders of the parent	(913,838)	135,887	(777,951)	(18,596)	(796,547)
Attributable to non-controlling interests	-	71,957	71,957	-	71,957

In the individual financial statements of Smiles, which represents the segment Smiles Loyalty Program and in the information provided to the relevant decision makers, the revenue recognition occurs upon redemption of the mileages by the participants. Under the perspective of Smiles, this measurement is appropriate given that this is when the revenue recognition cycle is complete. At this point, Smiles has transferred to its suppliers the obligation to provide services or deliver products to its customers.

However, from a consolidated perspective, the revenue recognition cycle related to miles exchanged for flight tickets is only complete when the passengers are effectively transported. Therefore, for purposes of reconciliation with the consolidated assets, liabilities and income and expenses, as well as, for purposes of equity method of accounting and for consolidation purposes, the Company performed, in addition to eliminations entries, consolidating adjustments to adjust the accounting practices related to Smiles' revenues. In this case, under the perspective of the consolidated financial statements, the mileages that were used to redeem airline tickets are only recognized as revenue when passengers are transported, in accordance with accounting practices and policies adopted by the Company.

28. Commitments

As of December 31, 2014, the Company holds 130 firm orders for aircraft acquisitions with Boeing. These aircraft acquisition commitments include estimates for contractual price increases during the construction phase. As of December 31, 2014 and 2013, the approximate amount of firm orders, not including the contractual discounts, was R\$39,441,845 and R\$36,550,088, respectively (corresponding to US\$14,848,974 and US\$15,602,360, at the respectively reporting date) and are segregated according to the following years:

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	12/31/2014	12/31/2013
2014	-	1,764,882
2015	1,323,818	1,167,524
2016	1,385,110	1,221,579
2017	2,132,740	1,880,941
2018	1,456,740	1,284,752
Beyond 2018	33,143,437	29,230,410
	39,441,845	36,550,088

As of December 31, 2014 and 2013, from the total orders mentioned above, the Company holds the amount of R\$5,292,882 and R\$4,831,355, respectively, (corresponding to US\$1,992,882 and US\$2,062,390, at the respectively reporting date) related to advances for aircraft acquisition, to be disbursed in accordance with the following schedule:

	12/31/2014	12/31/2013
2014	-	163,368
2015	289,945	255,714
2016	154,216	136,009
2017	267,898	236,269
2018	651,124	574,250
Beyond 2018	3,929,699	3,465,745
	5,292,882	4,831,355

The installment financed by long-term debt with aircraft guarantee through the U.S. Ex-Im Bank corresponds approximately to 85% of the aircraft total cost. Other establishments finance the acquisitions with equal or higher percentages, reaching up to 100%.

The Company performs payments related to aircraft acquisition through its own funds, short and long-term debt, cash provided by operating activities, short and medium-term line of credit and supplier financing.

The Company leases its entire aircraft fleet through a combination of operating and financial leases. As of December 31, 2014, the total fleet leased was comprised of 141 aircraft, excluding 3 aircraft from Webjet's fleet, of which 96 were under operating leases and 45 were recorded as financial leases. The Company holds 40 aircraft under financial leasing with purchase option. During the year ended December 31, 2014, the Company received nine aircraft under operating lease contracts and returned of eight aircraft under operating lease and one under a financial lease.

a) Operating leases

The future payments of non-cancelable operating lease contracts are denominated in U.S. dollars, and are as follows:

	12/31/2014	12/31/2013
2014	-	693,125
2015	785,052	581,153
2016	697,744	508,828
2017	632,899	456,990
2018	539,329	397,103
Beyond 2018	2,139,786	1,456,846
Total minimum lease payments	4,794,810	4,094,045

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b) Sale-leaseback transactions

The Company, during the years 2006 to 2009, recorded gains and losses from sale-leaseback transactions of aircraft 737-800 Next Generation. These gains and losses were deferred, and are being amortized proportionally to the payments of the operational lease agreements over the contract term of 120 months. The amounts registered as of December 31, 2014 and 2013 are as follows:

	Prepaid expenses				Other liabilities			
	Current		Noncurrent		Current		Noncurrent	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Deferred losses (*)	8,280	8,923	18,245	26,526	-	-	-	-
Deferred gains (**)	-	-	-	-	1,783	5,243	1,337	3,118

(*) Related to two aircraft from transactions on 2006.

(**) Related to 11 aircraft from transactions from 2006 to 2009.

Additionally, during the year ended December 31, 2014, the Company recorded a gain of R\$81,224 resulting from nine aircraft received during the year (R\$126,084 related to 15 aircraft received during the year ended December 31, 2013) that were used as sale-leaseback transactions and resulted in operating leases. Given that the gains and losses from sale-leaseback transactions will not be offset against future lease payments and were negotiated at fair value, such gain was recognized directly in profit or loss.

29. Financial instruments and risk management

The Company and its subsidiaries have financial asset and financial liability transactions, which consist in part of derivative financial instruments.

The financial derivative instruments are used to hedge against the inherent risks related to the Company's operations. The Company and its subsidiaries consider as most relevant risks: fuel price, foreign currency and interest rate. These risks are mitigated using exchange swap derivatives, futures and options contracts based on oil, U.S. dollar and interest markets. The contracts may be held by exclusive investment funds, as described in the Company's Risk Management Policy.

Management follows a documented guideline when managing its financial instruments, set out in its Risk Management Policy, which is periodically revised by the Risk Committee (CPR), and approved by the Board of Directors. The Committee sets the guidelines and limits, monitors controls, including the mathematical models adopted for a continuous monitoring of exposures and possible financial effects and also prevents the execution of speculative financial instruments transactions.

The gains or losses on these transactions and the application of risk management controls are part of the Committee's monitoring and have been satisfactory when considering the objectives proposed.

The fair values of financial assets and liabilities of the Company and its subsidiaries are established through information available in the market and according to valuation methodologies.

Most of the derivative financial instruments are engaged with the purpose of hedging against fuel and foreign currency risks based on scenarios with low probability of occurrence, and thus have lower costs compared to other instruments with higher probability of occurrence. Consequently, despite the high correlation between the hedged item and the derivative financial instruments contracted, a portion of these transactions presents ineffective positions for hedge accounting purposes upon settlement, which are presented in the tables below.

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The description of the consolidated account balances and the categories of financial instruments included in the consolidated financial position as of December 31, 2014 and 2013 is as follows:

	Measured at fair value through profit or loss		Measured at amortized cost	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Assets				
Cash and cash equivalents	1,898,773	1,635,647	-	-
Short-term investments (a)	296,824	1,155,617	-	-
Restricted cash	331,550	254,456	-	-
Derivatives (b)	18,846	48,934	-	-
Trade receivables	-	-	352,284	324,821
Deposits (c)	-	-	526,822	630,168
Other assets	-	-	65,120	66,773
Deferred losses – prepaid expenses	-	-	-	1,532
Liabilities				
Debt (d)	-	-	6,235,239	5,589,385
Suppliers	-	-	686,151	502,919
Derivatives (b)	85,366	30,315	-	-

(a) The Company manages its financial investments held for trading to pay its operational expenses.

(b) The Company registered as of December 31, 2014 the amount of R\$138,713, net of tax effects (R\$18,162 as of December 31, 2013) in equity resulting from these assets and liabilities.

(c) Excludes judicial deposits, as described in Note 10.

(d) The fair values approximate the book values, due to the short term maturity period of these assets and liabilities, except the amounts related to Perpetual Bonds and Senior Notes, as disclosed on Note 17.

As of December 31, 2014, the Company had no financial assets available for sale.

Risks

The operating activities expose the Company and its subsidiaries to the following financial risks: market (especially currency risk, interest rate risk, and fuel price risk), credit and liquidity risks. These risks are originated by, essentially, leasing agreements of aircraft purchase.

The Company's risk management policy aims at mitigating potential adverse effects from transactions that could affect its financial performance.

The Company's and its subsidiaries' decisions on the exposure portion to be hedged against financial risk, both for fuel consumption and currency and interest rate exposures, consider the risks and hedge costs.

The Company and its subsidiaries do not usually contract hedging instruments for its total exposure, and thus they are subject to the portion of risks resulting from market fluctuations. The portion of exposure to be hedged is determined and reviewed at least annually in compliance with the strategies determined in the Risk Committee. The relevant information on the main risks affecting the Company's and its subsidiaries' operation is as follows:

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a) *Fuel price risk*

For the year ended December 31, 2014, fuel expenses accounted for 40.2% of the Company's operating costs and expenses. The aircraft fuel price fluctuates both in the short- and in the long-term, in line with crude oil and oil by product price fluctuations.

To mitigate the risk of fuel price, the Company contracts derivative financial instruments referenced mainly to crude oil and, eventually, to their derivatives, also contracted directly with the local supplier, for future fuel deliveries to aircraft at predetermined prices.

As of December 31, 2014, there were no outstanding transactions of derivatives instruments for fuel price hedge.

b) *Foreign currency risk*

Foreign currency risk derives from the possibility of unfavorable fluctuation of foreign currencies to which the Company's liabilities or cash flows are exposed. The exposure of the Company's and its subsidiaries' assets and liabilities to the foreign currency risk mainly derives from foreign currency-denominated accounts payable to suppliers, leases and financing.

The Company's revenues are mainly denominated in Brazilian Reais, except for a small portion in U.S. dollar, Argentinean pesos, Bolivian bolivianos, Chilean peso, Colombian peso, Paraguay Guarani, Uruguayan peso, Venezuelan bolívar, etc.

To mitigate the foreign currency risk, the Company holds derivative financial instruments that are referenced to the U.S. dollar.

The Company's foreign currency exposure as of December 31, 2014 and 2013 is shown below:

	12/31/2014	12/31/2013
Assets		
Cash and cash equivalents and short-term investments	963,442	1,061,746
Trade receivables	35,095	39,924
Deposits	526,822	630,168
Hedge premium	-	1,532
Prepaid expenses with leases	44,093	27,238
Derivatives	18,846	48,934
Others	9,572	5,968
Total assets	1,597,870	1,815,510
Liabilities		
Foreign suppliers	69,733	30,629
Short and long-term debt	2,445,291	2,151,051
Finance leases	2,224,679	2,195,328
Other leases payable	56,837	45,140
Provision for aircraft return	361,651	347,289
Provision for legal proceedings	227	27,267
Total liabilities	5,158,418	4,796,705
Exchange exposure in R\$	3,560,548	2,981,195
Commitments not recorded on the balance sheet		
Future commitments resulting from operating leases	4,794,810	4,094,045
Future commitments resulting from firm aircraft orders	39,441,845	36,550,088
Total	44,236,655	40,644,133
Total exchange exposure R\$	47,797,203	43,625,328
Total exchange exposure US\$	17,994,580	18,622,611
Exchange rate (R\$/US\$)	2.6562	2.3426

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c) *Interest rate risk*

The Company and its subsidiaries are exposed to fluctuations in domestic and foreign interest rates, substantially the CDI and Libor, respectively. The highest exposure is related to lease transactions, indexed to the Libor at the date that the aircraft are delivered. Another relevant exposure is the local financial investments and debts indexed to the CDI rate.

To mitigate the interest rate risk the Company holds swap derivatives.

d) *Credit risk*

Credit risk is inherent in the Company's operating and financing activities, mainly represented by trade receivables, cash and cash equivalents and short-term investments.

Trade receivables credit risk consists of amounts falling due from the largest credit card companies, with credit risk better than or equal to those of the Company and its subsidiaries, and receivables from travel agencies, installment sales, and government sales, with a small portion exposed to risks from individuals or other entities.

As defined in the Risk Management Policy, the Company is required to evaluate the counterparty risks in financial instruments and diversify the exposure. Financial instruments are contracted with counterparties rated at least as investment grade by S&P and Moody's. The financial instruments are mostly contracted on commodities and futures exchanges (BM&FBOVESPA and NYMEX), which substantially mitigate the credit risk, derivative transactions contracted on the OTC market (OTC) have counterparts with a minimum rating

of "investment grade". The Company's Risk Management Policy establishes a maximum limit of 20% per counterparty for short-term investments.

e) *Liquidity risk*

Liquidity risk takes on two distinct forms: market and cash flow liquidity risk. The first is related to current market prices and varies in accordance with the types of assets and the markets where they are traded. Cash flow liquidity risk, however, is related to difficulties in meeting the contracted operating obligations at the maturity dates.

To manage the liquidity risk, the Company invests its funds in liquid assets (governmental bonds, CDBs, and investment funds with daily liquidity), and the Risk Management Policy establishes that the Company's and its subsidiaries' weighted average debt maturity should be higher than the weighted average maturity of the investment portfolio. As of December 31, 2014, the weighted average maturity of the Company's financial assets was 32 days and of financial debt, excluding perpetual bonds, was 4.3 years.

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As of December 31, 2014	Current	Less of 6 months	6 a 12 months	1 a 5 years	More than 5 years	Total
Short and long-term debt	-	53,735	872,866	1,600,879	3,707,759	6,235,239
Suppliers	222,732	367,027	87,754	8,638	-	686,151
Salaries	107,678	28,250	119,512	-	-	255,440
Taxes payable	-	100,094	-	34,807	-	134,901
Landing fees	-	315,148	-	-	-	315,148
Liabilities from derivative transactions	-	85,366	-	-	-	85,366
Provisions	-	176,757	30,337	192,049	86,517	485,660
Other liabilities	31,900	51,040	44,660	59,755	39,836	227,191
	362,310	1,177,417	1,155,129	1,896,128	3,834,112	8,425,096

f) *Capital management*

The table below shows the financial leverage ratio as of December 31, 2014 and 2013:

	12/31/2014	12/31/2013
Tota equity (deficit) (b)	(332,974)	650,926
Cash and cash equivalents	(1,898,773)	(1,635,647)
Restricted cash	(331,550)	(254,456)
Short-term investments	(296,824)	(1,155,617)
Short and long-term debt	6,235,239	5,589,385
Net debt (a)	3,708,092	2,543,665
Leverage ratio (a)/(b)	1,114%	391%

The Company remains committed to maintaining high liquidity and an amortization profile without pressure on the short-term refinancing.

Derivative financial instruments

Derivative financial instruments were recognized as follows:

Movement of assets and liabilities	Fuel	Foreign currency	Interest rate	Derivatives of equity instruments	Total
Asset (liability) as of December 31, 2013	22,873	-	34,874	(30,315)	27,432
Fair value variations:					
Net losses recognized in results	(14,263)	(24,722)	(1)	(15,901)	(54,887)
Losses recognized in other comprehensive income (loss)	(359,829)	-	(240,261)	-	(600,090)
Settlements during the year	351,238	39,856	123,715	-	514,809
Exercise of purchase option by General Atlantic	-	-	-	46,216	46,216
Asset (liability) as of December 31, 2014 (*)	19	15,134	(81,673)	-	(66,520)

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Movement of other comprehensive results	Fuel	Foreign currency	Interest rate	Derivatives of equity instruments	Total
Balances as of December 31, 2013	2,739	-	(20,901)	-	(18,162)
Fair value adjustments during the year	(359,829)	-	(240,261)	-	(600,090)
Reversal, net to profit or loss (b)	355,933	-	61,504	-	417,437
Tax effect	1,325	-	60,777	-	62,102
Balances as of December 31, 2014	168	-	(138,881)	-	(138,713)
Effects on result (a+b)	(370,196)	(24,722)	(61,505)	(15,901)	(472,324)
Operating costs and expenses	-	-	(13,093)	-	(13,093)
Financial income (expense)	(370,196)	(24,722)	(48,412)	(15,901)	(459,231)

(*) Classified as "Derivatives " assets if the amount results in an asset or "Derivatives " liabilities if the amount results in a liability. Includes R\$10,328 of assets related to hedges held in an exclusive fund.

The Company adopts the hedge accounting. The derivatives contracted to hedge interest rate and fuel price risks are classified as "cash flow hedge", according to the parameters described in International Financial Reporting Standard IAS 39.

Classification of derivatives financial instrumentsi) *Cash flow hedges*

The Company and its subsidiaries use cash flow hedges to hedge against future revenue or expense fluctuations resulting from changes in the interest rates or fuel price, and accounts for actual fluctuations of the fair value of derivative financial instruments in equity until the hedged revenue or expense is recognized.

The Company estimates the effectiveness based on statistical correlation methods and the ratio between gains and losses on the financial instruments used as hedge, and the cost and expense fluctuation of the hedged items. The instruments are considered as effective when the fluctuation in the value of derivatives offsets between 80 % to 125% the impact of the price fluctuation on the cost or expense of the hedged item.

The balance of the actual fluctuations in the fair values of the derivatives designated as cash flow hedges is transferred from equity to profit or loss for the period in which the hedged costs or expenses impacts profit or loss. Gains or losses on effective cash flow hedges are recorded in balancing accounts of the hedged expenses, by reducing or increasing the operating cost, and the ineffective gains or losses are recognized as financial income or financial expenses for the year.

ii) *Derivative financial instruments not designated as hedge*

The Company holds derivative financial instruments that are not formally designated for hedge accounting. This occurs when transactions are in the short term and the control and disclosure complexity make them unfeasible, or when the change in a derivative's fair value must be recognized in profit or loss for the same period of the effects of the hedged risk.

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iii) *Derivative equity instruments*

In April 2013, the Company entered into an investment agreement with General Atlantic Service Company LLC. ("G.A.") that established the grant by the Company of an option to purchase its Smiles shares enabling the secondary acquisition by G.A. (or other person designated by it), of Smiles' shares held by the Company. These options were exercised on February 27, 2014 and, during the year ended December 31, 2014, the Company registered a loss in derivative instruments on the financial result in the amount of R\$15,901 related to the derivative market pricing. As of December 31, 2014, the Company derecognized this derivative obligation against equity in the amount of R\$46,216.

Hedge activities

a) *Fuel hedge*

Due to the low liquidity of jet fuel derivatives traded in commodities exchanges, the Company and its subsidiaries contracts crude oil derivatives (WTI, Brent) and its byproducts (Heating Oil) to hedge against fluctuations in jet fuel prices. Historically, oil prices are highly correlated with aircraft fuel prices.

As of December 31, 2014, the Company and its subsidiaries have contracts designated as cash flow hedge accounting of fuel.

Fuel derivative contracts as of and for the years ended December 31, 2014 and 2013 are summarized below:

Balance as of	12/31/2014	12/31/2013
Fair value at the end of the year (R\$)	-	22,294
Gains with hedge effectiveness recognized in equity, net of tax effect (R\$)	168	2,739

Year ended	12/31/2014	12/31/2013
Hedge gains (losses) recognized in operating costs (R\$)	-	(3,777)
Hedge gains (losses) recognized in financial expenses (R\$)	(189,078)	13,978
Total gains (losses) (R\$)	(189,078)	10,201

As of December 31, 2014, the Company and its subsidiaries hold Brent and Heating Oil contracts not designated as hedge accounting (cash flow hedge).

Balance as of and for the year ended	12/31/2014	12/31/2013
Fair value at the end of the year (R\$)	19	579
Gains (losses) recognized in financial income (expense) (R\$)	(181,118)	579

Balance as of	12/31/2014	12/31/2013
Volume hedged for future years (Thousand barrels)	651	1,183
Volume engaged for future years (Thousand barrels)	945	1,860

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	1Q15	2Q15	3Q15	4Q15	Total 12M
Percentage of fuel exposure hedged	26%	0%	0%	0%	7%
Amount agreed in barrels (thousands barrels)	945	-	-	-	945
Future rate agreed per barrel (US\$) (*)	113.31	-	-	-	113.31
Total in Brazilian Reais (**)	284,420	-	-	-	284,420

(*) Weighted average between call strikes.

(**) The exchange rate: R\$2.6562/US\$1.00.

b) *Foreign currency hedge*

As of December 31, 2014, the Company and its subsidiaries have future derivative contracts for the U.S. dollar for foreign currency cash flow protection, not designated as hedge accounting. The future derivative contracts as of and for the years ended on December 31, 2014 and 2013, are summarized below:

	12/31/2014	12/31/2013
Fair value at the end of year (R\$)	15,134	-
Volume hedged for future years (US\$)	107,000	319,000

Year ended	12/31/2014	12/31/2013
Gains (losses) recognized in financial income (expense) (R\$)	(24,722)	10,373

	1Q15	2Q15	3Q15	Total 12M
Percentage of cash flow exposure	21%	0%	0%	5%
Notional amount (US\$)	107,000	-	-	107,000
Future rate agreed (R\$)	2.5193	-	-	2.5193

Total in Brazilian Reais	269,565	-	-	269,565
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c) *Interest rate hedges*

As of December 31, 2014, the Company and its subsidiaries had swap derivatives designated as cash flow hedges for Libor interest rate. The summary of interest rate derivatives designated as Libor cash flow hedges is shown below:

Balance as of	12/31/2014	12/31/2013
Fair value at the end of the year (R\$)	(81,673)	34,874
Nominal value at the end of the year (US\$)	591,150	1,319,250
Hedge losses recognized in equity, net of taxes (R\$)	(138,881)	(20,901)
Year ended	12/31/2014	12/31/2013
Gains (losses) recognized in financial income (expense) (R\$)	(48,412)	45,785
Losses recognized in financial expense (R\$)	(13,093)	(16,934)
Total gains (losses)	(61,505)	28,851

As of December 31, 2014, the Company and its subsidiaries did not hold positions in Libor interest derivative contracts not designated for hedge accounting.

Sensitivity analysis

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The Company and its subsidiaries also analyze the impact of the financial instrument quotation fluctuation on the Company's and its subsidiaries' profit or loss and shareholders' equity considering:

- Increase and decrease by 25-50 percentage points in fuel prices, by keeping all the other variables constant;
- Increase and decrease by 25-50 percentage points in U.S. dollar exchange rate, by keeping all the other variables constant;
- Increase and decrease by 25-50 percentage points in Libor interest rate, by keeping all the other variables constant.

The sensitivity analysis includes only relevant monetary items that are material for the risks above mentioned. A positive number indicates an increase in income and equity when the risk appreciates by 10%.

i) *Fuel price risk*

As of December 31, 2014, the Company holds fuel derivative contracts of 945 thousand barrels maturing in March 2015. The likely scenario is the market curve for Brent and Heating Oil, which amounted, as of December 31, 2014, US\$57.33/bbl and US\$77.56/bbl, respectively.

Risk	Exposed	Adverse Scenario	Remote Possible	Adverse Scenario
	amount	-50%		-25%
Decrease on the market prices	19		(19)	(19)
	Heating Oil		38.78	58.17
	Oilrent Brent		28.67	43.00

ii) *Foreign currency risk*

As of December 31, 2014, the Company holds U.S. dollar derivative contracts with a notional value of US\$107,000 with maturity until January 2015, and a net exchange exposure liability of R\$3,560,548 (see Note 29b). At the same date, the Company adopted the closing exchange rate of R\$2.6562/US\$ as a likely scenario, and the impact of the change of 25% and 50% over the current rate, is shown below:

	Exposed	-50%	-25%	+ 25%	+50%
Instruments	amount	R\$1.3281/USD	R\$1.9922/USD	R\$3.3203/USD	R\$3.9843/USD
Liabilities, net	(3,560,548)	1,780,274	890,137	(890,137)	(1,780,274)
Derivatives	15,134	(235,643)	(117,757)	118,014	235,899
	(3,554,629)	1,534,631	772,380	(772,123)	(1,544,375) (*)

(*) Negative values correspond to net losses expected in the case of U.S. dollar appreciation.

III) *Interest rate risk*

As of December 31, 2014, the Company holds financial investments and financial liabilities indexed to several rates, and Libor interest.

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In the sensitivity analysis of non-derivative financial instruments it was considered the impacts on annual interest of the exposed values as of December 31, 2014, arising from fluctuations in interest rates according to the scenarios presented below:

Instruments	Risk	Exposed amount	Probable Scenario	Possible Adverse Scenario 25%	Adverse Scenario Remote 50%
Short and long-term debt, net of short-term investments(*)	Increase in the CDI rate	(200,334)	(22,078)	(44,155)	(200,334)
Derivatives	Decrease in the Libor rate	(81,672)	(78,121)	(153,459)	(81,672)

(*) Refers to the sum of the values invested and raised in the market and indexed to CDI, the negative amounts represents more debt than short-term investments.

Measurement of fair value of financial instruments

In order to comply with the disclosure requirements for financial instruments measured at fair value, the Company and its subsidiaries must classify its instruments in Levels 1 to 3, based on observable fair value levels:

a) Level 1: Fair value measurements are calculated based on quoted prices (without adjustment) in active market or identical liabilities;

b) Level 2: Fair value measurements are calculated based on other variables besides quoted prices included in Level 1, that are observable for the asset or liability directly (such as prices) or indirectly (derived from prices); and

c) Level 3: Fair value measurements are calculated based on valuation methods that include the asset or liability but that are not based on observable market variables (unobservable inputs).

The following table shows a summary of the Company's and its subsidiaries' financial instruments measured at fair value, including their related classifications of the valuation method, as of December 31, 2014 and 2013:

Financial instrument	12/31/2014		12/31/2013	
	Book value	Other significant observable factors (Level 2)	Book value	Other significant observable factors (Level 2)
Cash and cash equivalents	1,898,773	1,898,773	1,635,647	1,635,647
Short-term investments	296,824	296,824	1,155,617	1,180,828
Restricted cash	331,550	331,550	254,456	254,456
Derivative assets	18,846	18,846	48,934	48,934
Derivative liabilities	(85,366)	(85,366)	(30,315)	(30,315)

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30. Non-cash transactions

On February 27, 2014, the Company sold a portion of its investment on Smiles to G.A. As a result, the amount of R\$46,216 related to the equity derivative previously registered in derivatives liabilities was reversed to equity as part of the gain on the transaction. This transaction did not affect the Company's cash during the year.

GLAI anticipated the settlement of Refis debits with tax credits related to net operating losses carryforward in the amount of R\$9,598.

In the year ended December 31, 2014, the Company increased its property, plant and equipment in the amount of R\$69,484, related to an increase of the provision for aircraft return.

The Company elected to early settle certain Refis payables using a portion of tax credits related to tax losses carryforward and negative basis of social contribution from GLAI and VRG in the amount of R\$22,522.

31. Insurance

As of December 31, 2014, the insurance coverage by nature, considering the aircraft fleet and related to the maximum reimbursable amounts indicated in U.S. dollars (in thousands), is as follows:

Aeronautical Type	In Reais	In U.S. Dollars
Guarantee - hull/war	12,815,424	4,824,721
Civil liability per event/aircraft (*)	1,992,150	750,000
Inventories (*)	371,868	140,000

(*) Values per incident and annual aggregate.

Pursuant to Law 10,744, of October 9, 2003, the Brazilian government assumed the commitment to complement any civil liability expenses related to third parties caused by war or terrorist events, in Brazil or abroad, which VRG may be required to pay, for amounts exceeding the limit of the insurance policies effective since September 10, 2001, limited to the amount in Brazilian Reais equivalent to US\$ 1.0 billion.

32. Subsequent events

a) On January 4, 2015, the board of directors of Smiles approved a capital increase of R\$3,015 represented by 140,000 shares through the exercise of stock options.

b) On March 13, 2015, the Company, through VRG, issued a single series of Guarantee Notes for engine maintenance, in order to finance the engine maintenance with Delta TechOps, with financial guarantees from the U.S. Ex-Im Bank in the amount of US\$40,539 thousand (R\$130,795 at the issuance date) with interest rate of 0.98% p.a.. The loan will be amortized quarterly in 12 installments starting on June 13, 2015 and maturing on March 13, 2018.

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c) On March 23, 2015, the Company's shareholders approved certain amendments to the by-laws that increased the Company's equity financing capacity. The amendments also intended to improve corporate governance and strengthen the alignment of interest among common and preferred shareholders and included, among other items:

- a split of the common shares in the ratio of 35 to one;
- an increase in economic rights of preferred shares in the ratio of 35 to one;
- an increase in the representation of preferred shareholders on the Board of Directors depending on the percentage of economic rights held by the controlling shareholder;
- the creation of a permanent Audit Committee;
- a separate vote for preferred shareholders in Extraordinary Meetings on certain matters, as detailed in the Company's by-laws;
- restrictions on the sale of shares held by the controlling shareholder; and
- the mandatory public tender offer for all of the Company's shares if any person acquires 30% or more of the Company economic rights.

33. Condensed consolidated financial information of guarantor subsidiaries

The following condensed consolidated financial information, prepared in accordance with IFRS, is presented in lieu to provide the separate audited financial statements for the guarantor subsidiary VRG, which is 100% owned by the Company, in connection with its full and unconditional guarantee, on a joint and several basis, of the obligation to pay principal and interest under the 8.75% Perpetual Notes, 7.50% Senior Bond I, and 9.25% Senior Bond II, issued by the Company's wholly owned subsidiary Gol Finance, and 8.87% Senior Bond IV, issued by the Company's wholly owned subsidiary Gol LuxCo. The 10.75% Senior Bond III, originally issued by VRG, is guaranteed by the Company.

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	12/31/2014					Consolidated
	Parent company (GLAI)	Issuer subsidiary (Gol Finance)	Subsidiary guarantor (VRG)	Non-guarantor subsidiaries (*)	Consolidating adjustments	
Assets						
Current assets						
Cash and cash equivalents	1,939	3,786	1,336,317	556,731	-	1,898,773
Short-term investments	611	-	298,066	65,556	(67,409)	296,824
Trade receivables	-	-	274,506	104,771	(26,993)	352,284
Inventories	-	-	138,682	-	-	138,682
Other current assets	44,712	-	237,915	526,255	(509,247)	299,635
	47,262	3,786	2,285,486	1,253,313	(603,649)	2,986,198
Noncurrent assets						
Credits with related parties	155,658	1,493,621	151,408	1,128,089	(2,928,776)	-
Other noncurrent assets	133,231	-	1,430,883	813,295	(711,663)	1,665,746
Investments	194,015	-	2,092	21,575	(209,199)	8,483
Property, plant and equipment	-	-	2,738,058	863,976	-	3,602,034
Intangible assets	-	-	1,684,375	14,628	15,183	1,714,186
	482,904	1,493,621	6,006,816	2,841,563	(3,834,455)	6,990,449
Total assets	530,166	1,497,407	8,292,302	4,094,876	(4,438,104)	9,976,647

(* The non-guarantor subsidiaries are comprised by GAC, Gol LuxCo, GOLD and Smiles.

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	12/31/2014					Consolidation adjustments	Consolidated
	Parent company (GLAI)	Issuer subsidiary (Gol Finance)	Subsidiary guarantor (VRG)	Non-guarantor subsidiaries (*)	Consolidation adjustments		
Liabilities							
Current liabilities							
Short-term debt	-	32,337	703,885	375,661	(1,149)		1,110,734
Suppliers	437	-	728,322	40,294	(82,902)		686,151
Advance ticket sales	-	-	1,046,225	-	55,386		1,101,611
Provisions	766	-	206,328	-	-		207,094
Other current liabilities	393	-	1,253,144	318,770	(465,251)		1,107,056
	1,596	32,337	3,937,904	734,725	(493,916)		4,212,646
Noncurrent liabilities							
Long-term debt	-	1,163,446	3,092,556	934,764	(66,261)		5,124,505
Related parties	6,519	526,792	53,431	2,342,688	(2,929,430)		-
Provision for loss on investments	1,040,438	-	-	-	(1,040,438)		-
Other noncurrent liabilities	-	-	1,244,613	454,211	(726,354)		972,470
	1,046,957	1,690,238	4,390,600	3,731,663	(4,762,483)		6,096,975
Equity attributable to equity holders of the parent	(518,387)	(225,168)	(36,202)	(371,512)	632,882		(518,387)
Non-controlling interests	-	-	-	-	185,413		185,413
Total equity (deficit)	(518,387)	(225,168)	(36,202)	(371,512)	818,295		(332,974)
Total equity and liabilities	530,166	1,497,407	8,292,302	4,094,876	(4,438,104)		9,976,647

(*) The non-guarantor subsidiaries are comprised by GAC, Gol LuxCo, GOLD and Smiles.

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	12/31/2014					Consolidated
	Parent company (GLAI)	Issuer subsidiary (Gol Finance)	Subsidiary guarantor (VRG)	Non-guarantor subsidiaries (*)	Consolidation adjustments	
Statement of operations						
Total operating revenues	-	-	9,788,591	807,488	(529,865)	10,066,214
Operating costs and expenses						
Salaries	(6,104)	-	(1,335,933)	(32,059)	-	(1,374,096)
Aircraft fuel	-	-	(3,842,276)	-	-	(3,842,276)
Aircraft rent	-	-	(844,571)	-	-	(844,571)
Aircraft insurance	-	-	(22,411)	-	-	(22,411)
Sales and marketing	(776)	-	(629,916)	(36,680)	-	(667,372)
Landing fees	-	-	(613,153)	-	-	(613,153)
Aircraft, traffic and mileage servicing	(4,238)	-	(800,315)	(458,793)	515,899	(747,447)
Maintenance, materials and repairs	-	-	(511,042)	(3)	-	(511,045)
Depreciation and amortization	-	-	(460,040)	(3,256)	-	(463,296)
Other operating expenses	(1,148)	-	(540,350)	68,370	13	(473,115)
	(12,266)	-	(9,600,007)	(462,421)	515,912	(9,558,782)
Equity results	(1,077,220)	-	1,302	(3,791)	1,077,219	(2,490)
Financial income (expense), net	(174,121)	(41,357)	(1,191,416)	(50,729)	1	(1,457,622)
Income (loss) before income taxes	(1,263,607)	(41,357)	(1,001,530)	290,547	1,063,267	(952,680)
Income taxes	17,438	-	(54,233)	(132,550)	4,744	(164,601)

Net income (loss) for the year	(1,246,169)	(41,357)	(1,055,763)	157,997	1,068,011	(1,117,281)
Net income (loss) attributable to the Company's shareholders	(1,246,169)	(41,357)	(1,055,763)	157,997	939,123	(1,246,169)
Net income attributable to non-controlling interests	-	-	-	-	128,888	128,888

(*) The non-guarantor subsidiaries are comprised by GAC, Gol LuxCo, GOLD and Smiles.

	12/31/2014					
	Parent company	Issuer subsidiary (Gol Finance)	Subsidiary guarantor (VRG)	Non-guarantor subsidiaries (*)	Consolidation adjustments	Consolidated
Net income (loss) for the year	(1,246,169)	(41,357)	(1,055,763)	157,997	1,068,011	(1,117,281)
Other comprehensive income (loss) to be reversed to profit or loss in subsequent periods						
Cash flow hedges	(182,653)	-	(182,653)	-	182,653	(182,653)
Tax effect	62,102	-	62,102	-	(62,102)	62,102
	(120,551)	-	(120,551)	-	120,551	(120,551)
Comprehensive income (loss) for the year	(1,366,720)	(41,357)	(1,176,314)	157,997	1,188,562	(1,237,832)
Comprehensive income (loss) for the year attributable to						
Equity holders of the parent	(1,366,720)	(41,357)	(1,176,314)	157,997	1,059,674	(1,366,720)
Non-controlling interests	-	-	-	-	128,888	128,888

(*) The non-guarantor subsidiaries are comprised of the entities GAC, Gol LuxCo, GOLD and Smiles.

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	12/31/2014					
	Parent company	Issuer subsidiary (Gol Finance)	Subsidiary guarantor (VRG)	Non-guarantor subsidiaries (*)	Consolidation adjustments	Consolidated
	(GLAI)					
Net cash flows from (used in) operating activities	209,816	42,916	261,673	282,815	171,462	968,682
Investing activities						
Acquisition of property, plant and equipment, net	-	-	(215,206)	(775)	28,371	(187,610)
Intangibles	-	-	(28,680)	(17,370)	(258)	(46,308)
Restricted cash	(1,811)	-	(16,980)	(58,303)	-	(77,094)
Financial investments, net	-	-	-	218,813	(218,813)	-
Related parties	(134,214)	92,631	-	41,338	245	-
Other	(119,684)	-	(791)	(16,721)	177,108	39,912
Net cash flows from (used in) investing activities	(255,709)	92,631	(261,657)	166,982	(13,347)	(271,100)
Financing activities						
Issuance of debt, net of payments and issuance costs	(132,562)	(114,455)	(211,910)	323,663	490,500	355,236
Related parties	(129,572)	-	(34,529)	614,992	(450,891)	-
Other	112,290	-	570,296	(1,149,944)	(197,462)	(664,820)
Net cash flows from (used in) financing activities	(149,844)	(114,455)	323,857	(211,289)	(157,853)	(309,584)
	173,587	(27,031)	(124,872)	(146,295)	(261)	(124,872)

Foreign exchange variation on cash held in foreign currencies						
Net increase (decrease) in cash and cash equivalents	(22,150)	(5,939)	199,001	92,213	-	263,126
Cash and cash equivalents at beginning of the year	24,088	9,725	1,137,316	464,519	-	1,635,647
Cash and cash equivalents at the end of the year	1,938	3,786	1,336,317	556,732	-	1,898,773

(*) The non-guarantor subsidiaries are comprised by GAC, Gol LuxCo, GOLD and Smiles.

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	12/31/2013					Consolidation adjustments	Consolidated
	Parent company (GLAI)	Issuer subsidiary (Gol Finance)	Subsidiary guarantor (VRG)	Non-guarantor subsidiaries (*)	Consolidation adjustments		
Assets							
Current assets							
Cash and cash equivalents	24,088	9,725	1,137,316	464,518	-	-	1,635,647
Short-term investments	2,524	-	927,260	228,489	(2,656)	-	1,155,617
Trade receivables	-	-	296,914	49,637	(21,730)	-	324,821
Inventories	-	-	116,883	261	-	-	117,144
Other current assets	17,450	-	310,818	410,872	(406,660)	-	332,480
	44,062	9,725	2,789,191	1,153,777	(431,046)	-	3,565,709
Noncurrent assets							
Related parties	140,694	1,532,477	113,741	527,049	(2,313,961)	-	-
Other noncurrent assets	124,939	-	1,416,752	1,135,257	(1,070,558)	-	1,606,390
Investments	390,051	-	-	-	(390,051)	-	-
Property, plant and equipment	-	-	2,880,190	891,969	-	-	3,772,159
Intangible assets	-	-	1,694,024	166	-	-	1,694,190
	655,684	1,532,477	6,104,707	2,554,441	(3,774,570)	-	7,072,739
Total assets	699,746	1,542,202	8,893,898	3,708,218	(4,205,616)	-	10,638,448

(*) The non-guarantor subsidiaries are comprised by GAC, Gol LuxCo, GOLD and Smiles.

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	12/31/2013					Consolidation adjustments	Consolidated
	Parent company (GLAI)	Issuer subsidiary (Gol Finance)	Subsidiary guarantor (VRG)	Non-guarantor subsidiaries (*)	Consolidation adjustments		
Liabilities							
Current liabilities							
Short-term debt	-	47,488	396,001	-	(2,655)	440,834	
Suppliers	481	-	545,602	19,712	(62,876)	502,919	
Advance ticket sales	-	-	1,178,898	-	40,904	1,219,802	
Dividends payable	-	-	-	12,247	(12,247)	-	
Provisions	-	-	199,471	-	-	199,471	
Other current liabilities	33,453	-	1,094,314	321,111	(365,113)	1,083,765	
	33,934	47,488	3,414,286	353,070	(401,987)	3,446,791	
Noncurrent liabilities							
Long-term debt	-	1,651,494	3,546,251	-	(49,194)	5,148,551	
Related parties	2,108	-	50,293	2,261,893	(2,314,294)	-	
Other noncurrent liabilities	12,778	-	1,569,156	274,094	(1,031,422)	824,606	
	14,886	1,651,494	5,165,700	2,535,987	(3,394,910)	5,973,157	
Equity attributable to the Company' shareholders	650,926	(156,780)	313,912	819,161	(976,293)	650,926	
Non-controlling interests	-	-	-	-	567,574	567,574	
Total equity	650,926	(156,780)	313,912	819,161	(408,719)	1,218,500	
Total equity and liabilities	699,746	1,542,202	8,893,898	3,708,218	(4,205,616)	10,638,448	

(*) The non-guarantor subsidiaries are comprised by GAC, Gol LuxCo, GOLD and Smiles.

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Notes to the consolidated financial statements

For the years ended December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$, except when otherwise indicated)

	12/31/2013					Consolidation adjustments	Consolidated
	Parent company (GLAI)	Issuer subsidiary (Gol Finance)	Subsidiary guarantor (VRG)	Non-guarantor subsidiaries (*)	Consolidation adjustments		
Statement of operations							
Total operating revenues	-	-	8,862,358	573,346	(479,492)		8,956,212
Operating costs and expenses							
Salaries	(7,705)		(1,295,148)	(30,609)	-		(1,333,462)
Aircraft fuel	-		(3,610,822)	-	-		(3,610,822)
Aircraft rent	-		(699,193)	-	-		(699,193)
Aircraft insurance	-		(20,222)	-	-		(20,222)
Sales and marketing	(293)		(487,042)	(28,724)	-		(516,059)
Landing fees	-		(566,541)	-	-		(566,541)
Aircraft, traffic and mileage servicing	(8,231)	(69)	(708,157)	(334,000)	450,978		(599,479)
Maintenance materials and repairs	-		(460,803)	(2)	-		(460,805)
Depreciation	-		(575,473)	(130)	14,637		(560,966)
Other operating expenses	(4,364)		(413,317)	110,284	(15,277)		(322,674)
Total operating costs and expenses	(20,593)	(69)	(8,836,718)	(283,181)	450,338		(8,690,223)
Equity results	(619,072)		-	-	-	619,072	-
Financial income (expense), net	(159,931)	(19,722)	(752,979)	12,186	1,230		(919,216)
Income (loss) before income taxes	(799,596)	(19,791)	(727,339)	302,351	591,148		(653,227)

Income taxes	3,049	-	17,565	(101,555)	9,578	(71,363)
Net income (loss) for the year	(796,547)	(19,791)	(709,774)	200,796	600,726	(724,590)
Net income (loss) attributable to Company's shareholders	(796,547)	(19,791)	(709,774)	200,796	528,769	(796,547)
Net income attributable to non-controlling interests	-	-	-	-	71,957	71,957

(*) The non-guarantor subsidiaries are comprised by GAC, Gol LuxCo, GOLD and Smiles.

	12/31/2013					
	Parent company	Issuer subsidiary	Subsidiary guarantor	Non-guarantor subsidiaries	Consolidation adjustments	Consolidated
	(GLAI)	(Gol Finance)	(VRG)	(*)		
Net income (loss) for the year	(796,547)	(19,791)	(709,774)	200,796	600,726	(724,590)
Other comprehensive income to be reversed to profit or loss in subsequent periods						
Cash flow hedges	76,395	-	76,395	-	(76,395)	76,395
Tax effect	(25,975)	-	(25,975)	-	25,975	(25,975)
	50,420	-	50,420	-	(50,420)	50,420
Comprehensive income (loss) for the year	(746,127)	(19,791)	(659,354)	200,796	550,306	(674,170)
Comprehensive income (loss) for the year attributable to						
Equity holders of the parent	(746,127)	(19,791)	(659,354)	200,796	478,349	(746,127)
Non-controlling interests	-	-	-	-	71,957	71,957

(*) The non-guarantor subsidiaries are comprised by GAC, Gol LuxCo, GOLD and Smiles.

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For the years ended December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$, except when otherwise indicated)

	12/31/2013					Consolidation adjustments	Consolidated
	Parent company (GLAI)	Issuer subsidiary (Gol Finance)	Subsidiary guarantor (VRG)	Non-guarantor subsidiaries (*)	Consolidation adjustments		
Net cash flows from (used in) operating activities	188,719	(69,735)	1,016,190	(713,848)	(17,445)	403,881	
Investing activities							
Acquisition of property, plant and equipment, net	-	-	(233,506)	(1,434)	(3,042)	(237,982)	
Intangibles	-	-	(50,833)	-	(202)	(51,035)	
Restricted cash	(19,945)	-	(9,987)	-	-	(29,932)	
Financial investments, net	-	-	-	(228,489)	228,502	13	
Related parties	925	111,206	452,251	(492,200)	(72,182)	-	
Other	(235,836)	-	-	8,930	226,906	-	
Net cash flows from (used in) investing activities	(254,856)	111,206	157,925	(713,193)	379,982	(318,936)	
Financing activities							
Debt issuance	-	-	397,725	-	6,259	403,984	
Debt payment	-	(15,000)	(669,942)	-	8,308	(676,634)	
Related parties	-	-	(483,968)	652,403	(168,435)	-	
Proceeds from sale of treasury shares	3,235	-	-	-	-	3,235	
Other	1,755	-	222,990	1,060,442	(208,610)	1,076,577	
Net cash flows from (used in) financing activities	4,990	(15,000)	(533,195)	1,712,845	(362,478)	807,162	
Foreign exchange variation on cash held in	20,031	(20,041)	(32,011)	69	(59)	(32,011)	

foreign currencies

Net increase**(decrease) in cash and****cash equivalents**

Cash and cash equivalents at beginning of the year	(41,116)	6,430	608,909	285,873	-	860,096
Cash and cash equivalents at the end of the year	65,204	3,295	528,406	178,646	-	775,551
Cash and cash equivalents at the end of the year	24,088	9,725	1,137,315	464,519	-	1,635,647

(*) The non-guarantor subsidiaries are comprised by GAC, Gol LuxCo, GOLD and Smiles.

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GOL Linhas Aéreas Inteligentes S.A.

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For the years ended December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$, except when otherwise indicated)

	12/31/2012					Consolidated
	Parent company (GLAI)	Issuer subsidiary (Gol Finance)	Subsidiary guarantor (VRG)	Non-guarantor subsidiaries (*)	Consolidation adjustments	
Statement of operations						
Total operating revenues	-	-	8,102,970	-	589	8,103,559
Operating expenses						
Salaries	(12,816)	-	(1,556,854)	-	-	(1,569,670)
Aircraft fuel	-	-	(3,742,219)	-	-	(3,742,219)
Aircraft rent	-	-	(644,031)	-	-	(644,031)
Aircraft insurance	-	-	(26,875)	-	-	(26,875)
Sales and marketing	(395)	-	(426,582)	-	395	(426,582)
Landing fees	-	-	(559,421)	-	-	(559,421)
Aircraft, traffic and mileage servicing	(893)	-	(527,198)	-	(646)	(528,737)
Maintenance, materials and repairs	-	-	(417,990)	(251)	251	(417,990)
Depreciation and amortization	(89)	-	(519,542)	-	-	(519,631)
Other operating expenses	(949)	-	(609,867)	36,861	(61)	(574,016)
Total operating expenses	(15,142)	-	(9,030,579)	36,610	(61)	(9,009,172)
Equity results	(1,412,144)	-	-	-	1,412,144	-
Financial income (expense), net	(80,984)	(33,253)	(482,504)	(82,468)	-	(679,209)
Loss before income taxes	(1,508,270)	(33,253)	(1,410,113)	(45,858)	1,412,672	(1,584,822)
Income taxes	(5,173)	-	77,080	-	-	71,907
Net loss for the year	(1,513,443)	(33,253)	(1,333,033)	(45,858)	1,412,672	(1,512,915)

Net income (loss) attributable to Company's shareholders	(1,513,443)	(33,253)	(1,333,033)	(45,858)	1,412,672	(1,512,915)
Net income attributable to non-controlling interests	-	-	-	-	-	-

(*) The non-guarantor subsidiaries are comprised by GAC, Gol LuxCo, GOLD and Smiles.

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GOL Linhas Aéreas Inteligentes S.A.

Notes to the consolidated financial statements

For the years ended December 31, 2014, 2013 and 2012

(In thousands of Brazilian Reais - R\$, except when otherwise indicated)

	12/31/2012					
	Parent company (GLAI)	Issuer subsidiary (Gol Finance)	Subsidiary guarantor (VRG)	Non-guarantor subsidiaries (*)	Consolidation adjustments	Consolidated
Net loss for the year	(1,513,443)	(33,253)	(1,333,033)	(45,858)	1,412,672	(1,512,915)
Other comprehensive income (loss) to be reversed to profit or loss in subsequent periods						
Cash flow hedges	16,191	-	16,191	-	(16,191)	16,191
Tax effect	(5,505)	-	(5,505)	-	5,505	(5,505)
	10,686	-	10,686	-	(10,686)	10,686
Comprehensive loss for the year	(1,502,757)	(33,253)	(1,322,347)	(45,858)	1,401,986	(1,502,229)
Comprehensive loss for the year attributable to						
Company' shareholders	(1,502,757)	-	(1,322,347)	-	-	(1,502,229)
Non-controlling interests	-	-	-	-	-	-

(*) The non-guarantor subsidiaries are comprised by GAC, Gol LuxCo, GOLD and Smiles.

	12/31/2012					
	Parent company (GLAI)	Issuer subsidiary	Subsidiary guarantor	Non-guarantor subsidiaries (*)	Consolidation adjustments	Consolidated

		(Gol Finance)	(VRG)			
Net cash flows from (used in) operating activities	(235,824)	(182,042)	317,905	(38,526)	271,780	133,293
Investing activities						
Acquisition of property, plant and equipment, net	-	-	(339,284)	(115,820)	862	(454,242)
Intangible assets	89	-	(20,772)	-	(89)	(20,772)
Restricted cash	-	-	(115,167)	-	(262)	(115,429)
Financial investments, net	107,092	-	-	-	(107,092)	-
Related parties	(2,372)	57,273	(251,268)	71,280	125,087	-
Net cash flows from (used in) investing activities	104,809	57,273	(726,491)	(44,540)	18,506	(590,443)
Financing activities						
Debt issuance, net or payments	(40,677)	125,609	21,955	70	(129,254)	(22,297)
Related parties	-	-	(89,660)	251,268	(161,608)	-
Proceeds from sale of treasury shares	17,337	-	-	-	-	17,337
Other	3	-	-	-	576	579
Net cash flows from (used in) financing activities	(23,337)	125,609	(67,705)	251,338	(290,286)	(4,381)
Foreign exchange variation on cash held in foreign currencies	-	-	6,795	-	-	6,795
Net increase (decrease) in cash and cash equivalents	(154,352)	840	(469,496)	168,272	-	(454,736)
Cash and cash equivalents at beginning of the year	219,556	2,455	997,902	10,374	-	1,230,287
Cash and cash equivalents at the end of the year	65,204	3,295	528,406	178,646	-	775,551

(*) The non-guarantor subsidiaries are comprised by GAC, Gol LuxCo, GOLD and Smiles.

