OFFERING MEMORANDUM

GOL LUXCO S.A.

Up to US$44.2 million Secured Amortizing Notes due 2018;

up to US$234.3 million Secured Notes due 2021; and

up to US$80.7 million Secured Notes due 2028

Unconditionally Guaranteed by Gol Linhas Aéreas Inteligentes S.A. and VRG Linhas Aéreas S.A.

The Exchange Offers

Gol LuxCo S.A. ("LuxCo" or the "Issuer"), a public limited liability company (*société anonyme*) incorporated in the Grand Duchy of Luxembourg ("Luxembourg"), upon the terms and subject to the conditions described in this offering memorandum (as it may be supplemented and amended from time to time), made the following five separate offers (each an "Exchange Offer" and, collectively, the "Exchange Offers") to Eligible Holders (as defined below) of the:

(i) 7.50% Senior Notes due 2017 (the "2017 Notes") issued by GOL Finance ("Finance"), an exempted company incorporated with limited liability in the Cayman Islands, to exchange for cash and LuxCo's newly issued Secured Amortizing Notes due 2018 (the "New 2018 Notes");

(ii) 9.250% Senior Notes due 2020 (the "2020 Notes") issued by Finance to exchange for cash and LuxCo's newly issued Secured Notes due 2021 (the "New 2021 Notes");

(iii) 8.875% Senior Notes Due 2022 (the "2022 Notes") issued by LuxCo to exchange for cash and LuxCo's newly issued New 2021 Notes;

(iv) 10.750% Senior Notes due 2023 (the "2023 Notes") issued by LuxCo to exchange for cash and LuxCo's newly issued New 2021 Notes; and

(v) 8.75% Perpetual Notes (the "Perpetual Notes" and, together with the 2017 Notes, 2020 Notes, 2022 Notes and 2023 Notes, the "Old Notes") issued by Finance to exchange for LuxCo's newly issued Secured Notes due 2028 (the "New 2028 Notes" and, together with the New 2018 Notes and New 2021 Notes, the "New Notes").

The New Notes are senior to all of our existing and future unsecured indebtedness, including the Old Notes, to the extent of the value of the collateral securing the New Notes and, in the case of the New 2028 Notes, for so long as the New 2028 Notes are secured, and senior to any future subordinated indebtedness that we may incur.

The New Notes have certain specific features, including:

- payment of interest by issuing New Notes at a rate of 1.0% per annum, in addition to cash payment of interest at a rate of 8.50%, both payable semi-annually;
- for the New 2021 Notes and the New 2028 Notes, a one-time consideration equal to 50% of the principal amount of New Notes then outstanding, 10% of which is payable in cash and 40% in additional New Notes upon a change of control occurring before January 1, 2018; and
- for the New 2021 Notes and the New 2028 Notes, a one-time issuance of Additional New 2021 Notes and Additional New 2028 Notes, respectively, in a principal amount equal to 13.5% of the principal amount of New 2021 Notes and New 2028 Notes then outstanding, respectively, if our earnings before interest and taxes for the last 12 months at the end of any fiscal quarter ending on or after December 31, 2017 exceed R$800.0 million.

See "Description of the New 2018 Notes," "Description of the New 2021 Notes" and "Description of the New 2028 Notes."

We have not registered the New Notes under the Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any State or other jurisdiction. The New Notes may not be offered or sold in the United States or to or for the account or benefit of any U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Exchange Offers were made, and the New Notes were offered and were issued,

to holders of Old Notes (1) in the United States, to "qualified institutional buyers" as defined in Rule 144A under the Securities Act ("QIBs"), in a private transaction in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof and (2) outside the United States, to persons other than "U.S. persons" as defined in Rule 902 under the Securities Act in offshore transactions in compliance with Regulation S under the Securities Act ("Regulation S"). We refer to holders of Old Notes who certified to us that they were eligible to participate in the Exchange Offers pursuant to at least one of the foregoing conditions as "Eligible Holders." Only Eligible Holders were authorized to receive or review this offering memorandum or to participate in the Exchange Offers. For a description of restrictions on transfers of the New Notes, see "Transfer Restrictions."

In exchange for each US$1,000 principal amount of the Old Notes that were validly tendered at or before 11:59 p.m., New York City time, on July 1, 2016 (the "Expiration Time") (and not validly withdrawn) and accepted for exchange by us, Eligible Holders received the following Exchange Consideration:

(i) 2017 Notes: US$210 in cash and US$490 in principal amount of the New 2018 Notes;

(ii) 2020 Notes: US$70 in cash and US$380 in principal amount of the New 2021 Notes;

(iii) 2022 Notes: US$70 in cash and US$380 in principal amount of the New 2021;

(iv) 2023 Notes: US$70 in cash and US$380 in principal amount of the New 2021 Notes; and

(v) Perpetual Notes: US$350 in principal amount of the New 2028 Notes.

Title of Security	CUSIP / ISIN	Outstanding Principal Amount	Exchange Consideration[1]
7.50% Senior Notes due 2017	38045U AB6 / US38045UAB61 G3980P AB1 / USG3980PAB16 38045UAC4 / US38045UAC45	US$84.2 million	US$210 in cash and US$490 in New 2018 Notes
9.250% Senior Notes due 2020	38045U AD2 / US38045UAD28 G3980P AD7 / USG3980PAD71	US$158.1 million	US$70 in cash and US$380 in New 2021 Notes
8.875% Senior Notes Due 2022	38045L AA8 / US38045LAA89 L4441P AA8 / USL4441PAA86	US$325.0 million	US$70 in cash and US$380 in New 2021 Notes
10.750% Senior Notes due 2023	91829W AD9 / US91829WAD92 P98079 AB5 / USP98079AB59	US$35.2 million	US$70 in cash and US$380 in New 2021 Notes
8.75% Perpetual Notes	38045U AA8 / US38045UAA88 G3980P AA3 / USG3980PAA33	US$179.0 million	US$350 in New 2028 Notes

(1) Per US$1,000 principal amount of applicable Old Notes.

Eligible Holders who validly tendered Old Notes at or before 5:00 p.m., New York City time, on May 27, 2016 (the "Early Participation Time") (and who did not validly withdraw) that were accepted for exchange received the Total Exchange Consideration (the "Total Exchange Consideration"), which was the Exchange Consideration plus the Early Participation Premium specified below (the "Early Participation Premium"). These Eligible Holders received, for each US$1,000 principal amount of the Old Notes, in addition to the Exchange Consideration described above, the following Early Participation Premium:

(i) 2017 Notes: US$15 in cash and US$35 in principal amount of the New 2018 Notes;

(ii) 2020 Notes: US$10 in cash and US$40 in principal amount of the New 2021 Notes;

(iii) 2022 Notes: US$10 in cash and US$40 in principal amount of the New 2021 Notes;

(iv) 2023 Notes: US$10 in cash and US$40 in principal amount of the New 2021 Notes; and

(v) Perpetual Notes: US$50 in principal amount of the New 2028 Notes.

The table below contains a summary of the terms of our New Notes:

	Principal Payment Date	Interest Payment Date	Principal Amount	2018	2021	2028	PIK Interest Amount
Secured Amortizing Notes due 2018							
PIK Interest	50% of the outstanding aggregate principal amount on December 20, 2017	June 20 and December 20 of each year, commencing on December 20, 2016.	$43.3 million	$44.2 million	-	-	$0.9 million
Total	**$44,170,330.00**						
Secured Notes due 2021							
PIK Interest		January 20 and July 20 of each year, commencing on January 20, 2017	$222.9 million	-	$234.3 million	-	$11.4 million
Total			**$234.3 million**				
Secured Notes due 2028							
PIK Interest		June 20 and December 20 of each year, commencing on December 20, 2016	$71.6 million	-	-	$80.7 million	$9.1 million
Total			**$80.7 million**				

The amount of the New Notes issued to any Eligible Holder were issued in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof.

The New Notes will bear interest from the Settlement Date, July 7, 2016.

Investing in the New Notes involves risks. See "*Risk Factors*" beginning on page 18.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THIS TRANSACTION OR THESE SECURITIES, OR PASSED UPON THE MERITS OR FAIRNESS OF THE TRANSACTION OR DETERMINED IF THIS OFFERING MEMORANDUM IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This offering memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 10, 2005 as amended.

There is currently no public market for the New Notes. Application has been made to list the New Notes on the Official List of the Luxembourg Stock Exchange and to admit the New Notes to trading on the Euro MTF Market. The Euro MTF Market of the Luxembourg Stock Exchange is not a regulated market within the meaning of the provisions of Directive 2004/39/EC on markets in financial instruments.

Delivery of the New Notes was made to investors in book-entry form through The Depository Trust Company, or DTC, for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, or Euroclear, and Clearstream Banking, société anonyme, or Clearstream, on the Settlement Date.

The date of this offering memorandum is March 31, 2017.

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You should only rely on the information contained in this offering memorandum. We have not authorized anyone to provide you with different information. This offering memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, and we did not offer the New Notes in any jurisdiction where the offer was not permitted. This offering memorandum does not comprise a prospectus for the purposes of EU Directive 2003/71/EC, as amended, or otherwise. You should not assume that the information contained in this offering memorandum is accurate at any date other than the date on the front of this offering memorandum, regardless of the time of delivery of this offering memorandum or any investment in the New Notes.

In this offering memorandum, we use the terms "Gol," "Company," "we," "us" and "our" to refer to the Gol Linhas Aéreas Inteligentes S.A., or "GLAI," and its consolidated subsidiaries together, except where the context requires otherwise. The term "VRG" refers to VRG Linhas Aéreas S.A., a wholly-owned subsidiary of GLAI. All references to "Guarantors" refer to GLAI and VRG, collectively and to "Guarantee" refers to the unconditional guarantee of all of the obligations of the Issuer pursuant to the New Notes, the relevant indenture and the Fiduciary Sale Agreement by the Guarantors. The terms "LuxCo" and "Issuer" refer to Gol LuxCo S.A., a financing subsidiary of GLAI and the issuer of the New Notes.

The phrase "Brazilian government" refers to the federal government of the Federative Republic of Brazil, and the term "Central Bank" refers to the *Banco Central do Brasil*, or the Central Bank of Brazil. The term "Brazil" refers to the Federative Republic of Brazil. The terms "U.S. dollar" and "U.S. dollars" and the symbol "US$" refer to the legal currency of the United States. The terms "*real*" and "*reais*" and the symbol "R$" refer to the legal currency of Brazil. "IFRS" refers to the International Financial Reporting Standards issued by the International Accounting Standards Board, or IASB. "Brazilian GAAP" refers to accounting practices adopted in Brazil, which include those accounting guidelines established in Brazilian

corporation law (Law No. 6,404/76, as amended), or the Brazilian Corporate Law, as well as the pronouncements, instructions and interpretations issued by the Accounting Pronouncements Committee, or CPC, approved by the Brazilian Securities and Exchange Commission, or CVM.

We have taken all reasonable care to ensure that the information contained in this offering memorandum is accurate, to the best of our knowledge, in accordance with the facts and contains no material omissions.

This offering memorandum has been prepared by us solely for use in connection with the offering of the New Notes. This offering memorandum is personal to you and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the New Notes. You are authorized to use this offering memorandum solely for the purpose of considering the offering. Distribution of this offering memorandum by you to any person other than those persons retained to advise you is unauthorized, and any disclosure of any of the contents of this offering memorandum without our prior written consent is prohibited.

You must (1) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the exchange or offer of the New Notes, and (2) obtain any required consent, approval or permission for the exchange or offer by you of the New Notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such exchanges or offers, and we do not have any responsibility therefor. See "Transfer Restrictions" for information concerning transfer restrictions applicable to the New Notes.

You acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum; and
- no person has been authorized to give any information or to make any representation concerning us or the New Notes other than those as set forth in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us.

In making an investment decision, you must rely on your own examination of our business and the terms of the offering, including the merits and risks involved. The New Notes have neither been approved or disapproved, nor recommended by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not confirmed the accuracy or determined the adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The offer is being made in reliance upon an exemption from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. The New Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or exemption therefrom. In making your investment, you will be deemed to have made certain acknowledgments, representations and agreements set forth in this offering memorandum under the caption "Transfer Restrictions." As a prospective investor, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

This offering memorandum has been prepared by us solely for use in connection with the offering. This offering memorandum may only be used for the purposes for which it has been prepared. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future.

See "Risk Factors" in this offering memorandum as well as the risk factors set forth in our Annual Report on Form 20-F for the year ended December 31, 2015, which is incorporated by reference into this offering memorandum, for a description of certain factors relating to an investment in the notes, including information about our business. None of us or any of our representatives is making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of an investment in the New Notes.

ENFORCEMENT OF CIVIL LIABILITIES

Service of Process and Enforcement of Civil Liabilities in Luxembourg

The Issuer is a public limited liability company (*société anonyme*) under the laws of Luxembourg. Substantially all of the Issuer's directors and officers are non-residents of the United States. In addition, all or a substantial portion of the assets of the Issuer and substantially all of the assets of its directors and officers are likely located outside the United States. As a result, it may not be possible for you to serve process on these persons in the United States or to enforce judgments obtained in U.S. courts against them or the Issuer based on civil liability provisions of the securities laws of the United States. It may be possible for investors to effect service of process upon the Issuer within Luxembourg provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

We have been advised by our Luxembourg counsel that the United States and Luxembourg are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. According to such counsel, an enforceable judgment for the payment of monies rendered by any U.S. Federal or state court based on civil liability, whether or not predicated solely upon the U.S. securities laws, would not directly be enforceable in Luxembourg. However, a party who received such favorable judgment in a U.S. court may initiate enforcement proceedings in Luxembourg (*exequatur*) by requesting enforcement of the U.S. judgment by the District Court (*Tribunal d'Arrondissement*) pursuant to Section 678 of the New Luxembourg Code of Civil Procedure. The District Court will authorize the enforcement in Luxembourg of the U.S. judgment if it is satisfied that all of the following conditions are met:

- the U.S. court has applied the substantive law as designated by the Luxembourg conflict of laws rules;
- the U.S. court has acted in accordance with its own procedural laws;
- the U.S. court order or judgment must not result from an evasion of Luxembourg law (*fraude à la loi*);
- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under its applicable laws, and such jurisdiction is recognized by Luxembourg private international and local law;
- the judgment is enforceable in the jurisdiction where the decision has been rendered;
- the judgment was granted following proceedings where the defendant had the opportunity to appear, was granted the necessary time to prepare its case and, if it appeared, could present a defense; and
- the considerations of the foreign order as well as the judgment do not contravene international public policy as understood under the laws of Luxembourg or have not been given in proceedings of a criminal or tax nature.

In practice, Luxembourg courts now tend not to review the merits of a foreign judgment, although there is no clear statutory prohibition of such review.

If an original action is brought in Luxembourg, a court of competent jurisdiction may refuse to apply the designated law if its application contravenes Luxembourg's international public policy and, if such action is brought on the basis of U.S. Federal or state securities laws, may not have the requisite power to grant the remedies sought.

Service of Process and Enforcement of Civil Liabilities in Brazil

GLAI and VRG are corporations organized under the laws of Brazil. Substantially all of their directors and officers reside in Brazil or elsewhere outside the United States. In addition, all or a substantial portion of their assets and substantially all of the assets of their directors and officers are likely located outside the United States. As a result, it may not be possible for investors to effect service of process upon these persons within the United States or other jurisdictions outside Brazil, which may be time consuming, or to enforce against them judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the laws of such other jurisdictions.

Under the terms of the New Notes, the Issuer, GLAI and VRG will (1) agree that the courts of the State of New York and the federal courts of the United States, in each case sitting in the Borough of Manhattan, The City of New York, will have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with the New Notes and, for such purposes, irrevocably submit to the jurisdiction of such courts and (2) name an agent for service of process in the Borough of Manhattan, The City of New York, See "Description of the New 2018 Notes," "Description of the New 2021 Notes" and "Description of the New 2028 Notes."

We have been advised by Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados, Brazilian counsel to GLAI and VRG, that judgments of non-Brazilian courts for civil liabilities predicated upon the securities laws of countries other than Brazil, including the U.S. securities law, may be enforced in Brazil subject to certain requirements, described below. A judgment against GLAI, VRG or any of their directors and officers obtained outside Brazil would be enforceable in Brazil against GLAI, VRG or any such person without retrial or reexamination of the merits, upon confirmation of that judgment by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*). That confirmation, generally, will occur if:

- the foreign judgment is issued by a competent jurisdiction, court and/or authority, according to the law of the jurisdiction of origin;
- the foreign judgment is not rendered in an action upon which Brazilian courts have exclusive jurisdiction, pursuant to the provisions of article 23 of the Brazilian Code of Civil Procedure (*Código de Processo Civil*) (Law No. 13,105/2015);
- proper service of process is made on the defending party(ies) and, when made in Brazil, such service of process must be made in accordance with Brazilian law, or after sufficient evidence of the defendant's absence has been given, as required under applicable law;
- there is no conflict between the foreign judgment and a previous final domestic judgment on the same matter and involving the same parties;
- the foreign judgment has become final and is not subject to appeal (*res judicata*) and is legally allowed to be enforced, fulfilling all formalities required for its enforceability under the jurisdiction in which it was issued;
- the original or a certified copy of the foreign judgment is authenticated by a Brazilian consular office in the country where the foreign judgment is issued, and is accompanied by a sworn translation into Portuguese in Brazil, and
- the foreign judgment is not contrary to Brazilian national sovereignty, public policy, good morals or human dignity.

The confirmation process may be time-consuming and may also give rise to difficulties in enforcing the foreign judgment in Brazil. Accordingly, we cannot assure you that confirmation would be obtained, that the confirmation process would be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment for violation of the securities laws of countries other than Brazil, including the U.S. securities laws.

GLAI and VRG have also been advised that:

- the ability of a judgment creditor to satisfy a judgment by attaching certain assets of GLAI and/or VRG and/or their directors and officers is limited by provisions of Brazilian bankruptcy, insolvency, moratorium, liquidation, judicial or extrajudicial recovery and similar laws if those assets are located in Brazil; and
- civil lawsuits may be brought before Brazilian courts in connection with the New Notes based solely on the federal securities laws of the United States and that, subject to applicable law, Brazilian courts may enforce such liabilities in such lawsuits against GLAI and/or VRG (provided that the provisions of the federal securities laws of the United States do not contravene Brazilian national sovereignty, public policy, good morals or public morality); however under Brazilian law, Brazilian courts can assert jurisdiction when the defendant is domiciled in Brazil, the obligation has to be performed in Brazil or the subject matter under dispute originates in Brazil.

A plaintiff (whether Brazilian or non-Brazilian) who resides outside Brazil or is outside of Brazil during the course of litigation in Brazil regarding the New Notes must provide a bond to guarantee the payment of court expenses and defendant's legal fees, if the plaintiff owns no real property in Brazil that may secure such payment, except for lawsuits seeking to enforce titles and judgments, counterclaims or when an international treaty or agreement to which Brazil is a party otherwise provides, as established under article 83 *caput* and §1, I, II and III of the Brazilian Code of Civil Procedure. The bond must be sufficient to satisfy the payment of court fees and the defendant's attorney fees, as determined by a Brazilian judge. This requirement does not apply to the enforcement of foreign judgments which have been confirmed by the Brazilian Superior Court of Justice.

GLAI and VRG have also been advised that, if the New Notes or the relevant indenture were to be declared void by a court applying the laws of the State of New York, a judgment obtained outside of Brazil seeking to enforce GLAI's and VRG's Guarantees may not be confirmed by the Brazilian Superior Court of Justice.

For a discussion on enforcement of the Collateral in Brazil, see "The Fiduciary Sale Agreement and Enforcement of Rights Thereunder."

FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements. We have based these forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business. Many important factors, in addition to those discussed elsewhere in this offering memorandum, could cause our actual results to differ substantially from those anticipated in our forward-looking statements, including, among other things:

- general economic, political and business conditions in Brazil and in other South American and Caribbean markets we serve;
- the effects of global financial markets and economic crises;
- management's expectations and estimates concerning our future financial performance and financing plans and programs;
- our level of fixed obligations;
- our capital expenditure plans;
- our ability to obtain financing on acceptable terms;
- inflation and fluctuations in the exchange rate of the *real*;
- existing and future governmental regulations, including air traffic capacity controls;
- increases in fuel costs, maintenance costs and insurance premiums;
- changes in market prices, customer demand and preferences, and competitive conditions;
- cyclical and seasonal fluctuations in our operating results;
- defects or mechanical problems with our aircraft;
- our ability to successfully implement our strategy;
- developments in the Brazilian civil aviation infrastructure, including air traffic control, airspace and airport infrastructure; and
- the risk factors discussed under "Risk Factors" and in "Item 3.D. Risk Factors" in our Annual Report on Form 20-F for the year ended December 31, 2015, which is incorporated by reference into this offering memorandum.

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

We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

WHERE YOU CAN FIND MORE INFORMATION

We are a reporting company under Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, and file periodic reports with the SEC. However, if at any time we cease to be a reporting company under Section 13 or Section 15(d) of the Exchange Act, or are not exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, we will be required to furnish to any holder of a New Note which is a "restricted security" (within the meaning of Rule 144 under the Securities Act), or to any prospective investor thereof designated by such a holder, upon the request of such holder or prospective investor, in connection with a transfer or proposed transfer of any such New Note pursuant to Rule 144A under the Securities Act or otherwise, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The reports and other information we file with the SEC can be inspected and copied at the public references facilities of the SEC at Room 1580, 100 F Street N.E., Washington, D.C. 20549. Copies of such material can also be obtained at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street N.E., Washington, D.C. 20549. We file materials with, and furnish material to, the SEC electronically using the EDGAR System. The SEC maintains an Internet site that contains these materials at *www.sec.gov*. In addition, such reports and other information concerning us can be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005, on which our equity securities are listed.

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, and we are exempt from the Exchange Act rules regarding the provision and control of proxy statements and regarding short-swing profit reporting and liability. However, we furnish our shareholders annual reports containing consolidated financial statements audited by our independent auditors and make available to our shareholders free translations of our quarterly reports (Form ITR as filed with CVM) containing unaudited consolidated financial data for the first three quarters of each fiscal year, which are furnished to the SEC under Form 6-K. We furnish quarterly consolidated financial statements with the SEC within two months of the end of each 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 SEC.

INCORPORATION BY REFERENCE

We incorporate herein by reference the documents listed below that we have filed and/or submitted (or will file or submit) to the SEC:

- Our Annual Report on Form 20-F for the year ended December 31, 2015, as filed with the SEC on April 28, 2016;
- Our current Report on Form 6-K furnished to the SEC on August 15, 2016 relating to our consolidated results for the second quarter of 2016 (other than the projections and other disclosure under the heading "2016 Guidance");
- Our current Report on Form 6-K furnished to the SEC on August 16, 2016, relating to our unaudited interim condensed consolidated financial information as of June 30, 2016 and for the six-month periods ended June 30, 2016 and 2015;
- Our current Report on Form 6-K furnished to the SEC on November 7, 2016, relating to our unaudited interim condensed consolidated financial information as of September 30, 2016 and for the nine-month periods ended September 30, 2016 and 2015;
- Our current Report on Form 6-K furnished to the SEC on May 2, 2016, with the minutes of our annual shareholders' meeting held on April 29, 2016;
- Our current Report on Form 6-K furnished to the SEC on November 15, 2016, relating to operational information for the month of October 2016; and
- Our current Report on Form 6-K furnished to the SEC on December 13, 2016, relating to operational information for the month of November 2016.

These filings will be published on the official website of the Luxembourg Stock Exchange at *www.bourse.lu*. You may also obtain a copy of these filings at no cost by writing us at the following address or calling us at the number below:

Gol Linhas Aéreas Inteligentes S.A.
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CEP: 04626-020, São Paulo, SP, Brazil
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Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this offering memorandum.

Information contained on our website is not incorporated by reference in, and shall not be considered a part of, this offering memorandum.

SUMMARY

This summary highlights information presented in greater detail elsewhere in this offering memorandum. This summary is not complete and does not contain all the information you should consider before investing in the New Notes. You should carefully read this entire offering memorandum before investing, including "Risk Factors," our Annual Report on Form 20-F for the year ended December 31, 2015, which is incorporated by reference in this offering memorandum and which includes our audited consolidated financial statements and related notes, and our unaudited interim condensed consolidated financial information as of March 31, 2016 and for the three-month periods ended March 31, 2016 and 2015, and related notes, which is incorporated by reference in this offering memorandum. See "Introduction," "Presentation of Financial and Other Data" and "Item 3.A. Selected Financial Data–Exchange Rates" in our Annual Report on Form 20-F for the year ended December 31, 2015, for information regarding our consolidated financial statements, exchange rates, definitions of technical terms and other introductory matters.

Overview

We are one of the largest low-cost carriers in the world, according to the International Air Transport Association, or IATA, in terms of passengers transported in 2015, and the largest low-cost carrier in Latin America. We provide frequent service on routes connecting all of Brazil's major cities and from Brazil to major cities in South America and selected tourist destinations in the Caribbean.

As of March 31, 2016, we offered approximately 860 daily flights to 65 frequent destinations connecting the most important cities in Brazil as well as key destinations in Argentina, Bolivia, Chile, Paraguay, Uruguay, and the Caribbean. We strategically focus on the Brazilian and South American markets.

Financial and Operating Data Highlights

Operating Data	**Year Ended December 31,**			**Three-Month Period Ended March 31,**	
	2013	**2014**	**2015**	**2015**	**2016**
Passenger revenue per available seat kilometer (R$ cents)	16.4	18.3	17.3	17.1	19.9
Available seat kilometers—ASK (in million)	49,633	49,503	49,744	13,033	12,262
Load factor (%)	69.9%	76.9%	77.2%	78.1%	77.5%
Yield per passenger kilometer (R$ cents)	23.4	23.8	22.3	21.9	25.7
Utilization rate (block-hours per day)	11.2	11.5	11.3	11.7	10.7
Average operating fleet	121	126	129	130	131
Operating revenue per available seat kilometer (R$ cents)	18.0	20.3	19.7	19.2	22.1
Operating expense per available seat kilometer (R$ cents)	17.5	19.3	20.0	18.0	18.5

Financial Data	**Year Ended December 31,**			**Three-Month Period Ended March 31,**	
	2013	**2014**	**2015**	**2015**	**2016**
	(in millions of *reais*, except where stated otherwise)				
Net revenue	**8,956.2**	**10,066.2**	**9,778.0**	**2,505.2**	**2,713.1**
Operating expenses, net	(8,690.2)	(9,558.8)	(9,957.8)	(2,350.2)	(2,272.0)
Income (loss) before financial result and income taxes	**266.0**	**504.9**	**(183.8)**	**153.8**	**437.2**
Operating margin (%)[(1)]	3.0%	5.0%	(1.9)%	6.1%	16.1%
Net income (loss) [(2)]	**(724.6)**	**(1,117.3)**	**(4,291.2)**	**(672.7)**	**757.1**

Non-GAAP Measures	Year Ended December 31,			Twelve-Month Period Ended March 31,
	2013	2014	2015	2016[7]
	(in millions of *reais*, except where stated otherwise)			
Total debt [3]	5,589.4	6,235.2	9,304.9	7,867.3
Total cash [4]	3,045.7	2,527.1	2,299.5	1,815.1
Net debt [5]	2,543.7	3,708.1	7,005.5	6,052.2
EBITDAR [6]	1,526.1	1,812.8	1,336.0	1,742.9
EBITDAR margin (%)[8]	17.0%	18.0%	13.7%	17.5%

Reconciliation of Net Income (Loss) to EBITDA and EBITDAR	Year Ended December 31,			Three-Month Period Ended March 31,	
	2013	2014	2015	2015	2016
	(in millions of *reais*)				
Net income (loss)[2]	(724.6)	(1,117.3)	(4,291.2)	(672.7)	757.1
(+) Income taxes	71.4	164.6	844.1	(40.0)	66.3
(+) Financial income (expenses), net	919.2	1,457.6	3,263.3	866.6	(386.2)
(+) Depreciation and amortization	561.0	463.3	419.7	100.4	114.8
EBITDA[6]	**827.0**	**968.2**	**235.9**	**254.3**	**551.9**
(+) Aircraft rent	699.2	844.6	1,100.1	214.6	323.9
EBITDAR[6]	**1,526.1**	**1,812.8**	**1,336.0**	**468.9**	**875.8**

(1) Income (loss) before financial result and income taxes divided by net revenue.

(2) For the three-month period ended March 31, 2016, includes a gain of R$212.6 million on the anticipated return of aircraft under finance lease contracts and gains on sale-leaseback transactions.

(3) Total debt is comprised of short-term debt plus long-term debt. Total debt as so presented is a non-GAAP financial measure prepared by us that we believe to be a useful measure. Total debt does not have a standardized meaning and different companies may use different definitions. Therefore, our definition of total debt may not be comparable to the definition of total debt or other similar measures used by other companies. In the three-month period ended March 31, 2016, we amortized R$392.0 million of debt, of which (i) R$252.2 million was from financial debt amortization – R$120.0 million for the settlement of working capital acquired in 2015, R$94.0 million in import financing and other principal installments already scheduled, and (ii) R$139.8 million in finance leases.

(4) Total cash is comprised of cash and cash equivalents, restricted cash (current and non-current) and short-term investments. Total cash as so presented is a non-GAAP financial measure prepared by us that we believe to be a useful measure. Total cash does not have a standardized meaning and different companies may use different definitions. Therefore, our definition of total cash may not be comparable to the definition of total cash or other similar measures used by other companies.

(5) Net debt is comprised of short-term plus long-term debt, less total cash. Although we deduct total cash from our total debt in order to present net debt, not all of our cash would be available to service our indebtedness generally. For example, our total cash includes our restricted cash, which consists of deposits in guarantee that are linked to securities and short and long-term debt. For more information on our restricted cash, see note 5 to our audited consolidated financial statements for the year ended December 31, 2015 and note 6 to our unaudited interim condensed consolidated financial information, each of which is incorporated by reference in this offering memorandum. Our net debt does not include other contractual obligations, including obligations under our aircraft operating leases.

(6) We calculate EBITDA as net income (loss) plus financial income (expense), net, income taxes and depreciation and amortization. EBITDAR is net income (loss), before income taxes, financial income (expenses) net, depreciation and amortization and aircraft rent expenses. EBITDA and EBITDAR are not measures of financial performance recognized under Brazilian GAAP or IFRS, nor should they be considered as alternatives to net income (loss) as measures of operating performance, or as alternatives to operating cash flows, or as measures of liquidity. EBITDA and EBITDAR are not calculated using a standard methodology and may not be comparable to the definition of EBITDA or EBITDAR or similarly titled measures used by other companies. As financial income (expenses) net, income taxes, and depreciation and amortization are not considered for calculation of EBITDA and EBITDAR, we believe that our EBITDA and EBITDAR provides an indication of our general economic performance, without giving effect to interest rate or exchange rate fluctuations, changes in income and social contribution tax rates, or depreciation and amortization. In addition, we believe EBITDAR provides a better understanding of our operating performance as it excludes aircraft rent expenses. We usually present EBITDAR because aircraft leasing represents a significant operating expense of our business, and we believe the impact of this expense should be considered in addition to the impact of depreciation and amortization. A substantial amount of aircraft is leased, representing a material cost item. EBITDAR therefore indicates the capacity to cover such costs, as well as facilitating comparisons with other companies in the sector.

(7) EBITDAR amounts shown or used in calculating ratios shown in this column are for the twelve month-period ended March 31, 2016.

(8) EBITDAR divided by net revenue.

EBITDAR has limitations as an analytical tool, including the following:

- EBITDAR does not reflect our cash expenditures or our future aircraft acquisition commitments;
- EBITDAR does not reflect changes in, or cash requirements for, our working capital needs;
- EBITDAR does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt, including the New Notes;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDAR does not reflect any cash requirements for these replacements; and
- EBITDAR does not reflect our significant expenditures on aircraft rent, which is an ongoing cost of our business.

Fiduciary Sale Agreement

The New Notes and Guarantees are secured by a first priority security interest granted by the Fiduciary Sale Agreement in the Collateral, consisting of Spare Parts, as defined and described in "Summary of the Spare Parts and the Appraisal" in this offering memorandum.

The fiduciary sale (*alienação fiduciária*) is a collateralized transaction under Brazilian law consisting of a provisional transfer of a debtor's ownership rights in specified assets to a creditor, by which these assets serve as collateral for the debtor's obligation.

Main Advantages to the Holders of the New Notes Secured by the Fiduciary Sale Agreement

- If we default under the New Notes and Guarantees, the holders of the New Notes become the permanent owners of the Collateral and are entitled to sell the Collateral to third parties, provided that certain requirements for the enforcement of the rights are met, including the need to obtain a court order authorizing the sale of the Collateral.
- Payment obligations secured by the Collateral under the Fiduciary Sale Agreement are not subject to judicial recovery proceeding, up to the amount secured by the Collateral.
- The holders of the New Notes may enforce their rights in the Collateral during a judicial recovery, subject to certain limitations, such as a judicial determination of the essentiality of the Spare Parts.
- The Collateral under the Fiduciary Sale Agreement will not be part of a liquidation proceeding and the holders of the New Notes may seize the Spare Parts underlying the Collateral to satisfy payment obligations under the New Notes and Guarantees.
- Obligations secured by the Collateral under the Fiduciary Sale Agreement are not subordinated to claims that have statutory preference under Brazilian Bankruptcy Law in a liquidation proceeding.

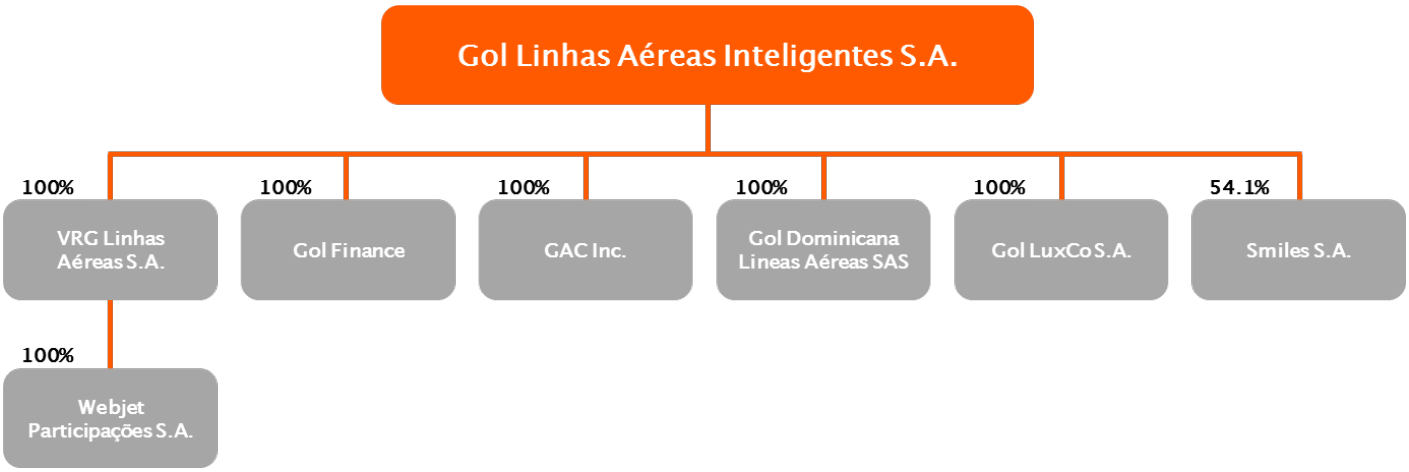
For further information on the Fiduciary Sale Agreement and the enforcement of rights in the Collateral, see "The Fiduciary Sale Agreement and Enforcement of Rights Thereunder." For a discussion of the risks related to the Collateral and enforcement of rights in the Collateral, see "Risk Factors–Risks Relating to the New Notes, the Guarantees and the Collateral."

Main Disadvantages to Non-Tendering Holders of Old Notes

- The Old Notes will not get the benefit of the Collateral securing the New Notes and will be effectively subordinated to the New Notes, to the extent of the value of the Collateral securing the New Notes, and to any other secured obligations.
- Payment obligations under the Old Notes would be subject to the automatic stay and a restructuring plan in a judicial recovery. Restructuring plans may be crammed down on dissenting creditors under Brazilian law.
- In a liquidation proceeding, obligations under the Old Notes are subordinated to claims that have statutory preference under Brazilian Bankruptcy Law, including labor claims, secured creditors and tax claims.

Corporate Structure

The chart below describes our corporate structure:



The Issuer

Gol LuxCo S.A. is a public limited liability company (*société anonyme*), incorporated under the laws of Luxembourg on June 21, 2013, having its registered office at 6, rue Guillaume Schneider L-2522 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B 178497, and is a financing subsidiary of GLAI. The Issuer has a share capital of US$60,000 divided into 60,000 shares with US$1.00 par value, all of which have been issued and fully paid-up, with 59,999 shares held by GLAI and 1 share held by VRG.

GLAI

GLAI was formed on March 12, 2004 as a *sociedade anônima*, a stock corporation, duly incorporated under the laws of Brazil for an unlimited term. GLAI has 5,035,037,140 common shares and 203,383,968 preferred shares outstanding. Each common share entitles its holder to one vote at the shareholders' meetings. Preferred shares have no voting rights, except that each preferred share entitles its holder to one vote at the shareholders' meeting to decide on certain specific matters. Our material assets consist of shares of VRG, shares of Smiles, four offshore subsidiaries, cash and cash equivalents and short-term investments. Our principal executive offices are located at Praça Comandante Linneu Gomes, S/N, Portaria 3, Jardim Aeroporto, CEP: 04626-020, São Paulo, SP, Brazil, and our general telephone number is +55 11 2128-4000. The telephone number of our investor relations department is +55 11 2128-4700. Our website address is *www.voegol.com.br* and our website is available in Portuguese, Spanish and English. Investor information can be found on our website under the caption "Investor Relations" or through the address "*www.voegol.com.br/ir*." Information contained on our website is not incorporated by reference in, and shall not be considered a part of, this offering memorandum.

VRG

VRG is a corporation (*sociedade anônima*) organized under the laws of Brazil on September 30, 2008. VRG is a low-cost carrier which operates domestic and international flights with GOL and VARIG brands offering regular and non-regular air transportation services to the main destinations in Brazil and South America and selected destinations in the Caribbean. As of the date of this offering memorandum, VRG's authorized share capital, fully subscribed and paid in, is R$2,607,193,379 divided into 3,315,248,156 shares, of which 2,183,970,778 are Class A common shares, 188,584,576 are Class B common shares and 942,692,802 are preferred shares, all of them registered with no par value. Class A common shares may only be held by Brazilian citizens and Class B common shares cannot be converted into Class A common shares and cannot exceed 20.0% of all of VRG's issued common shares. VRG's registered office is at Praça Comandante Linneu Gomes, S/N, Portaria 3, Jardim Aeroporto, CEP 04626-020, São Paulo, SP, Brazil.

SUMMARY OF THE SPARE PARTS AND THE APPRAISAL

The following summary of the Collateral is provided solely for the convenience of Eligible Holders. This summary is not intended to be complete and is qualified in its entirety by reference to the full text and more detailed information contained elsewhere in this offering memorandum, including the Appraisal, and any amendments or supplements hereto. Eligible Holders are urged to read this offering memorandum in its entirety.

The Spare Parts

The New Notes and the Guarantees are secured by a first priority security interest in all accessories, appurtenances, appliances or parts owned by VRG on the Settlement Date and thereafter (the "Spare Parts") that are appropriate for installation on or use in any aircraft operated by VRG (the "Collateral"). The security interest in the Collateral is granted by VRG under a fiduciary sale agreement for "rotable" Spare Parts and fiduciary sale agreement for "non-rotable" Spare Parts (collectively, the "Fiduciary Sale Agreement") to the holders of the New Notes, represented by the collateral agent.

The Spare Parts in the Collateral fall into two categories, "rotables" and "non-rotables." Rotables are parts that wear over time and can be economically restored to a serviceable condition and, in the normal course of operations, can be repeatedly reconditioned to a fully serviceable condition over a period approximating the life of the flight equipment to which they are related. Examples include avionics units, landing gear, auxiliary power units and major engine accessories. Non-rotables include parts often described in the industry as "repairables" and "expendables" or "consumables." Repairables are replaceable parts or components, commonly economical to repair, and subject to being reconditioned to a fully serviceable condition over a period of time less than the life of the flight equipment to which they are related. Examples include many engine blades and vanes, some tires, seats, and galleys. A repairable cannot be a rotable and vice versa. Expendables or consumables consist of items for which no authorized repair procedure exists, and for which cost of repair would normally exceed that of replacement. Expendable items include nuts, bolts, rivets, sheet metal, wire, light bulbs, cable, and hoses.

The security interest does not apply to (1) any Spare Part so long as it is incorporated in, installed on, attached or appurtenant to, or being used on, an aircraft, engine or Spare Part that is so incorporated, installed, attached, appurtenant or being used, (2) any Spare Part leased to, loaned to, or held on consignment by, VRG and (3) Spare Parts that are not specifically identified in the Fiduciary Sale Agreement. Aircraft and spare engines are not included in the Collateral. VRG may not sell any Spare Part while the Spare Part is subject to the security interest granted by the Fiduciary Sale Agreement.

VRG has the right to utilize the Spare Parts in its ordinary course of business, including, but not limited to, incorporating in, installing on, attaching to, or using on an aircraft or engine, which would cause the Spare Part to cease to be part of the Collateral.

For a discussion of the enforcement of the rights in the Collateral in Brazil, see "The Fiduciary Sale Agreement and Enforcement of Rights Thereunder."

The Appraisal

Morten Beyer & Agnew, or mba, an independent aviation appraisal and consulting firm, has prepared an appraisal of the Spare Parts owned by us and included in the Collateral as of March 2016. The report by mba is annexed to this offering memorandum as Annex A. The appraisal is subject to a number of assumptions and limitations and was prepared based on certain specified methodologies. In preparing its appraisal, mba conducted only a limited physical inspection, at certain locations, of a sample of Spare Parts.

The following is the appraised value of the Spare Parts as of March 2016 in the opinion of mba:

Spare Parts	**Appraised Value (in US$ millions)[(1)]**
Rotables	162.8
Non-rotables	59.9
Total	**222.7**

(1) Because spare parts are regularly used, refurbished, purchased, transferred and discarded in the ordinary course of our business, the value of the Collateral will change over time.

We are required to provide to the trustee a semi-annual appraisal of the Collateral. These appraisals may be provided by mba or any other person certified by ISTAT (or any successor organization thereto) selected by us and approved by the trustee. The subsequent appraisals will be subject to a number of assumptions and limitations and will be prepared based on certain specified methodologies. The subsequent appraisals may be subject to different assumptions and limitations and may be based on other methodologies than the original appraisal conducted by mba. An appraisal that is subject to other assumptions and limitations and based on other methodologies may result in valuations that are materially different from those contained in mba's initial appraisal. In preparing such subsequent appraisals, there will also be only a limited physical inspection of a sample of Spare Parts at certain locations.

An appraisal is only an estimate, does not necessarily indicate the price at which any Spare Part may be purchased or sold in the market and should not be relied on as a measure of realizable value. The value of the Collateral will depend on various factors, including market and economic conditions, the supply of similar parts, the availability of buyers, the frequency and the quality of the repair and refurbishment of Spare Parts and the actual number and condition of Spare Parts. Accordingly, we cannot assure you that the proceeds realized on any exercise of remedies will equal the appraised value of the Collateral or be sufficient to satisfy in full payments due on the New Notes.

THE NEW 2018 NOTES OFFERED

The following summary contains certain information regarding the New 2018 Notes and is not intended to be complete. It does not contain all of the information that is important to you. For a more complete understanding of the New 2018 Notes, please refer to the section of this offering memorandum entitled "Description of the New 2018 Notes."

Issuer	Gol LuxCo S.A.
Guarantors	Gol Linhas Aéreas Inteligentes S.A. and VRG Linhas Aéreas S.A.
New 2018 Notes offered	Up to US$43.3 million in aggregate principal amount of Secured Notes due 2018.
Maturity date	December 20, 2018.
Principal amortization payment	50% of the outstanding aggregate principal amount on December 20, 2017.
Interest payment dates	June 20 and December 20 of each year, commencing on December 20, 2016.
Interest	The New 2018 Notes will bear interest from the Settlement Date at the annual rate of 9.50%, 8.50% payable in cash and 1.0% in kind by issuing New 2018 Notes (the "PIK Interest") in both cases payable semi-annually in arrears on each interest payment date. In connection with the payment of PIK Interest in respect of the New 2018 Notes, the Issuer will, without the consent of the holders thereof, increase the outstanding principal amount of the New 2018 Notes by issuing additional New 2018 Notes (the "PIK Notes") under the indenture on the same terms and conditions as, and fully fungible with, the New 2018 Notes offered hereby (a "PIK Payment"). Following an increase in the principal amount of the outstanding New 2018 Notes as a result of payments of PIK Interest, the New 2018 Notes will accrue interest on such increased principal amount from the date of such payment. See "Description of the New 2018 Notes—General."
PIK Interest amount	Up to US$0.9 million.
Collateral	The New 2018 Notes and the Guarantees are secured by a first priority security interest granted by the Fiduciary Sale Agreement in the Collateral, consisting of all Spare Parts owned by VRG on the Settlement Date and thereafter, subject to certain exceptions and subject to the intercreditor arrangements described below. See "Description of the New 2018 Notes—Collateral." The total appraised value of the Spare Parts was US$222.7 million as of March 2016, which value will change over time. See "Description of the Spare Parts and the Appraisal."
Appraisal	The Issuer is required to provide the trustee a semi-annual appraisal of the Collateral. See "Description of the New 2018 Notes—Appraisals."

Intercreditor arrangements.....	Pursuant to the intercreditor agreement, voting on matters related to the Collateral, including enforcement of rights in the Collateral, will be by majority voting of all New Notes then outstanding, voting as one group, except upon an Event of Default in the payment of principal or interest and subsequent acceleration under the New 2018 Notes. Under these circumstances, the holders of the New 2018 Notes will be entitled to vote to enforce rights in the Collateral without the vote of the holders of the New 2021 Notes and the New 2028 Notes. All holders of the New Notes (which include the New 2018 Notes, New 2021 Notes and New 2028 Notes) will share *pro rata* in the Collateral to the extent of their matured claims. For further information on the intercreditor agreement, see "Description of the Intercreditor Agreement."
Guarantees	VRG unconditionally guarantees, on a secured unsubordinated basis, all of the Issuer's obligations pursuant to the New 2018 Notes, the relevant indenture and the Fiduciary Sale Agreement. GLAI unconditionally guarantees, on an unsecured unsubordinated basis, all of the Issuer's obligations pursuant to the New 2018 Notes and the relevant indenture.
Ranking.....	The New 2018 Notes are senior to all of VRG's existing and future unsecured indebtedness, to the extent of the value of Collateral securing the New 2018 Notes. The New 2018 Notes and GLAI Guarantee will rank equally with the other senior unsecured indebtedness of the Issuer and GLAI; however, the guarantees will be effectively subordinated to indebtedness of the Guarantors' non-guarantor subsidiaries. Under Brazilian law, holders of the New 2018 Notes will not have any claim against the Guarantors' non-guarantor subsidiaries. See "Description of the New 2018 Notes—Ranking" and "—Guarantees."
Optional redemption	The Issuer may redeem the New 2018 Notes, in whole or in part, at any time, at par value together with accrued and unpaid interest, if any.
Tax redemption.....	The Issuer may redeem the New 2018 Notes, in whole but not in part, at any time upon the occurrence of specified events relating to applicable tax laws as described under "Description of the New 2018 Notes—Redemption—Tax Redemption."
Additional amounts.....	Payments on the New 2018 Notes will be made after withholding and deduction for any Luxembourg or Brazilian taxes as set forth under "Taxation." The Issuer, in respect of the New 2018 Notes, and the Guarantors, in respect of the Guarantees, will pay such additional amounts as will result in receipt by the holders of New 2018 Notes of such amounts as would have been received by them had no such withholding or deduction for Luxembourg or Brazilian taxes been required, subject to certain exceptions set forth under "Description of the New 2018 Notes—Additional Amounts."
Covenants	The terms of the New 2018 Notes do not contain any restrictive covenants or other provisions designed to protect holders of the New 2018 Notes in the event that the Issuer or the Guarantors or any other of the Guarantors' present or future subsidiaries incur additional indebtedness. The terms of the New 2018 Notes do not permit the Issuer and the Guarantors to consolidate or merge with, or transfer all or substantially all of their respective assets to, another person, or to enter into transactions with affiliates, unless the Issuer or the applicable Guarantor, as the case may be, complies with certain requirements. See "Description of the New 2018 Notes—Covenants."
Events of default.....	The New 2018 Notes and the indenture contain certain events of default, consisting of, among others, the following: • failure to pay the principal when due or failure to pay interest in respect of the New 2018 Notes within 30 days of the due date for an interest payment;

	• failure to comply with the Issuer's and the Guarantors' covenants with such failure continuing for either 30 or 60 days, after written notice has been delivered to the Issuer and the Guarantors; • any indebtedness of the Issuer, the Guarantors or any of the significant subsidiaries of GLAI exceeding US$50.0 million that is not paid when due or is accelerated; • specified events of bankruptcy, liquidation or insolvency of GLAI or any of its subsidiaries; and • the Fiduciary Sale Agreement ceases to be in full force and effect in all material respects or any security interest granted by the Fiduciary Sale Agreement ceases to be enforceable. For a full description of the Events of Default, see "Description of the New 2018 Notes—Events of Default."
Use of proceeds.....	We did not receive any proceeds from the issuance of the New 2018 Notes.
Certain United States federal income tax considerations.....	The New 2018 Notes were issued with original issue discount for U.S. federal income tax purposes. See "Taxation—Certain United States Federal Income Tax Considerations—Consequences of the Ownership and Disposition of New Notes—Interest on the New 2018 Notes."
Form and denomination; settlement.....	The New 2018 Notes are in fully registered form without interest coupons attached, in denominations of US$2,000 and in integral multiples of US$1,000 in excess thereof. The New 2018 Notes were issued in book-entry form through the facilities of DTC, for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as the operator of the Euroclear, and Clearstream Banking, *Société Anonyme* and will trade in DTC's same-day funds settlement system. Beneficial interests in New 2018 Notes held in book-entry form will not be entitled to receive physical delivery of certificated New 2018 Notes, except in certain limited circumstances. For a description of certain factors relating to clearance and settlement, see "Form of the New Notes."
Transfer restrictions	The New 2018 Notes have not been registered under the Securities Act and are subject to certain restrictions on transfer. See "Transfer Restrictions."
Listing.....	Application has been made to list the New 2018 Notes on the Official List of the Luxembourg Stock Exchange and admission to trading has been made on the Euro MTF Market of the Luxembourg Stock Exchange. Application will be made to list the PIK Notes on the Official List of the Luxembourg Stock Exchange and to admit to trading on the MTF Market of the Luxembourg Stock Exchange.
Governing law	The indenture, the Guarantees, the New 2018 Notes and the intercreditor agreement will be governed by the laws of the State of New York. The Fiduciary Sale Agreement will be governed by Brazilian law.
Trustee, transfer agent, registrar and paying agent.....	The Bank of New York Mellon.
Luxembourg listing agent, paying agent and transfer agent.....	The Bank of New York Mellon (Luxembourg) S.A.

Collateral agent.....	Planner Trustee DTVM Ltda.
Selling restrictions	There are restrictions on persons to whom New 2018 Notes can be sold, and on the distribution of this offering memorandum, as described in "Selling Restrictions."
Risk factors.....	See "Risk Factors" and the other information in this offering memorandum before investing in our New 2018 Notes.

THE NEW 2021 NOTES OFFERED

The following summary contains certain information regarding the New 2021 Notes and is not intended to be complete. It does not contain all of the information that is important to you. For a more complete understanding of the New 2021 Notes, please refer to the section of this offering memorandum entitled "Description of the New 2021 Notes."

Issuer	Gol LuxCo S.A.
Guarantors	Gol Linhas Aéreas Inteligentes S.A. and VRG Linhas Aéreas S.A.
New 2021 Notes offered	Up to US$222.9 million in aggregate principal amount of Secured Notes due 2021.
Maturity date	July 20, 2021.
Interest payment dates	January 20 and July 20 of each year, commencing on January 20, 2017.
Interest	The New 2021 Notes will bear interest from the Settlement Date at the annual rate of 9.50%, 8.50% payable in cash and 1.0% in kind by issuing New 2021 Notes (the "PIK Interest") in both cases payable semi-annually in arrears on each interest payment date. In connection with the payment of PIK Interest in respect of the New 2021 Notes and issuance of Additional New 2021 Notes (as defined below), the Issuer will, without the consent of the holders thereof, increase the outstanding principal amount of the New 2021 Notes by issuing Additional New 2021 Notes for the payment of PIK Interest (the "PIK Notes" and a "PIK Payment") or Additional New 2021 Notes, in both cases under the indenture on the same terms and conditions as, and fully fungible with, the New 2021 Notes offered hereby. Following an increase in the principal amount of the outstanding New 2021 Notes as a result of payments of PIK Interest, the New 2021 Notes will accrue interest on such increased principal amount from the date of such payment. See "Description of the New 2021 Notes—General."
PIK Interest amount	Up to US$$11.4 million.
Collateral	The New 2021 Notes and the Guarantees are secured by a first priority security interest granted by the Fiduciary Sale Agreement in the Collateral, consisting of all Spare Parts owned by VRG on the Settlement Date and thereafter, subject to certain exceptions and subject to the intercreditor arrangements described below. See "Description of the New 2021 Notes—Collateral." The total appraised value of the Spare Parts was US$222.7 million as of March 2016, which value will change over time. See "Description of the Spare Parts and the Appraisal."
Appraisal	The Issuer is required to provide the trustee a semi-annual appraisal of the Collateral. See "Description of the New 2021 Notes—Appraisals."

Intercreditor arrangements.....	Pursuant to the intercreditor agreement, voting on matters related to the Collateral, including enforcement of rights in the Collateral, will be by majority voting of all New Notes then outstanding, voting as one group, except upon an Event of Default in the payment of principal or interest and subsequent acceleration under the New 2018 Notes. Under these circumstances, the holders of the New 2018 Notes will be entitled to vote to enforce rights in the Collateral without the vote of the holders of the New 2021 Notes and the New 2028 Notes. All holders of the New Notes (which include the New 2018 Notes, New 2021 Notes and New 2028 Notes) will share *pro rata* in the Collateral to the extent of their matured claims. For further information on the intercreditor agreement, see "Description of the Intercreditor Agreement."
Guarantees	VRG unconditionally guarantees, on a secured unsubordinated basis, all of the Issuer's obligations pursuant to the New 2021 Notes, the relevant indenture and the Fiduciary Sale Agreement. GLAI unconditionally guarantees, on an unsecured unsubordinated basis, all of the Issuer's obligations pursuant to the New 2021 Notes, and the relevant indenture.
Ranking.....	The New 2021 Notes are senior to all of VRG's existing and future unsecured indebtedness, to the extent of the value of Collateral securing the New 2021 Notes. The New 2021 Notes and GLAI Guarantee will rank equally with the other senior unsecured indebtedness of the Issuer and GLAI; however, the guarantees will be effectively subordinated to indebtedness of the Guarantors' non-guarantor subsidiaries. Under Brazilian law, holders of the New 2021 Notes will not have any claim against the Guarantors' non-guarantor subsidiaries. See "Description of the New 2021 Notes—Ranking" and "—Guarantees."
Optional redemption	The Issuer may redeem the New 2021 Notes, in whole or in part, at any time, at par value together with accrued and unpaid interest, if any.
Tax redemption.....	The Issuer may redeem the New 2021 Notes, in whole but not in part, at any time upon the occurrence of specified events relating to applicable tax laws as described under "Description of the New 2021 Notes—Redemption—Tax Redemption."
Additional amounts.....	Payments on the New 2021 Notes will be made after withholding and deduction for any Luxembourg or Brazilian taxes as set forth under "Taxation." The Issuer, in respect of the New 2021 Notes, and the Guarantors, in respect of the Guarantees, will pay such additional amounts as will result in receipt by the holders of New 2021 Notes of such amounts as would have been received by them had no such withholding or deduction for Luxembourg or Brazilian taxes been required, subject to certain exceptions set forth under "Description of the New 2021 Notes—Additional Amounts."
Additional New 2021 Notes	The Issuer will make a one-time issuance of Additional New 2021 Notes to holders of the New 2021 Notes on a *pro rata* basis in an aggregate principal amount equal to 13.5% of the aggregate principal amount of New 2021 Notes then outstanding, if our earnings before interest and taxes for the last 12 months at the end of any fiscal quarter ending on or after December 31, 2017 exceed R$800.0 million. The Additional New 2021 Notes will have the same terms and conditions as, and will be fully fungible with, the New 2021 Notes offered hereby. See "Description of the New 2021 Notes—Covenants—Issuance of Additional New 2021 Notes."
Change of control consideration....	Upon the occurrence of a change of control before January 1, 2018, the Issuer will be obligated to pay a one-time consideration equal to 50% of the principal amount of the New 2021 Notes then outstanding, 10% of which is payable in cash and 40% in kind by issuing Additional New 2021 Notes. See "Description of the New 2021 Notes—Change of Control Consideration."

Covenants	The terms of the New 2021 Notes do not contain any restrictive covenants or other provisions designed to protect holders of the New 2021 Notes in the event that the Issuer or the Guarantors or any other of the Guarantors' present or future subsidiaries incur additional indebtedness. The terms of the New 2021 Notes do not permit the Issuer and the Guarantors to consolidate or merge with, or transfer all or substantially all of their respective assets to, another person, or to enter into transactions with affiliates, unless the Issuer or the applicable Guarantor, as the case may be, complies with certain requirements. See "Description of the New 2021 Notes—Covenants."
Events of default	The New 2021 Notes and the indenture contain certain events of default, consisting of, among others, the following: • failure to pay the principal when due or failure to pay interest in respect of the New 2021 Notes within 30 days of the due date for an interest payment; • failure to comply with the Issuer's and the Guarantors' covenants with such failure continuing for either 30 or 60 days, after written notice has been delivered to the Issuer and the Guarantors; • any indebtedness of the Issuer, the Guarantors or any of the significant subsidiaries of GLAI exceeding US$50.0 million that is not paid when due or is accelerated; • specified events of bankruptcy, liquidation or insolvency of GLAI or any of its subsidiaries; and • the Fiduciary Sale Agreement ceases to be in full force and effect in all material respects or any security interest granted by the Fiduciary Sale Agreement ceases to be enforceable. For a full description of the Events of Default, see "Description of the New 2021 Notes—Events of Default."
Use of proceeds.....	We did not receive any proceeds from the issuance of the New 2021 Notes.
Certain United States federal income tax considerations.....	We believe that the New 2021 Notes should be subject to complex rules under applicable Treasury regulations for debt instruments treated as "contingent payment debt instruments" for U.S. federal income tax purposes, as described under "Taxation—Certain United States Federal Income Tax Considerations—Consequences of the Ownership and Disposition of New Notes—Contingent Payment Debt Instrument Treatment of the New 2021 Notes and New 2028 Notes." U.S. holders should consult their own tax advisors regarding their investment in the New 2021 Notes.
Form and denomination; settlement.....	The New 2021 Notes are in fully registered form without interest coupons attached, in denominations of US$2,000 and in integral multiples of US$1,000 in excess thereof. The New 2021 Notes were issued in book-entry form through the facilities of DTC, for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as the operator of the Euroclear, and Clearstream Banking, *Société Anonyme* and will trade in DTC's same-day funds settlement system. Beneficial interests in New 2021 Notes held in book-entry form will not be entitled to receive physical delivery of certificated New 2021 Notes, except in certain limited circumstances. For a description of certain factors relating to clearance and settlement, see "Form of the New Notes."

Transfer restrictions	The New 2021 Notes have not been registered under the Securities Act and are subject to certain restrictions on transfer. See "Transfer Restrictions."
Listing	Application has been made to list the New 2021 Notes on the Official List of the Luxembourg Stock Exchange and admission to trading has been made on the Euro MTF Market of the Luxembourg Stock Exchange. Application will be made to list the Additional New 2021 Notes and the PIK Notes on the Official List of the Luxembourg Stock Exchange and to admit to trading on the MTF Market of the Luxembourg Stock Exchange.
Governing law	The indenture, the Guarantees, the New 2021 Notes and the intercreditor agreement will be governed by the laws of the State of New York. The Fiduciary Sale Agreement will be governed by Brazilian law.
Trustee, transfer agent, registrar and paying agent	The Bank of New York Mellon.
Luxembourg listing agent, paying agent and transfer agent	The Bank of New York Mellon (Luxembourg) S.A.
Collateral agent	Planner Trustee DTVM Ltda.
Selling restrictions	There are restrictions on persons to whom New 2021 Notes can be sold, and on the distribution of this offering memorandum, as described in "Selling Restrictions."
Risk factors	See "Risk Factors" and the other information in this offering memorandum before investing in our New 2021 Notes.

THE NEW 2028 NOTES OFFERED

The following summary contains certain information regarding the New 2028 Notes and is not intended to be complete. It does not contain all of the information that is important to you. For a more complete understanding of the New 2028 Notes, please refer to the section of this offering memorandum entitled "Description of the New 2028 Notes."

Issuer	Gol LuxCo S.A.
Guarantors	Gol Linhas Aéreas Inteligentes S.A. and VRG Linhas Aéreas S.A.
New 2028 Notes offered	Up to US$71.6 million in aggregate principal amount of Secured Notes due 2028.
Maturity date	December 20, 2028.
Interest payment dates	June 20 and December 20 of each year, commencing on December 20, 2016.
Interest	The New 2028 Notes will bear interest from the Settlement Date at the annual rate of 9.50%, 8.50% payable in cash and 1.0% in kind by issuing New 2028 Notes (the "PIK Interest") in both cases payable semi-annually in arrears on each interest payment date. In connection with the payment of PIK Interest in respect of the New 2028 Notes and issuance of Additional New 2028 Notes (as defined below), the Issuer will, without the consent of the holders thereof, increase the outstanding principal amount of the New 2028 Notes by issuing additional New 2028 Notes for the payment of PIK Interest (the "PIK Notes" and a "PIK Payment") or Additional New 2028 Notes, in both cases under the indenture on the same terms and conditions as, and fully fungible with, the New 2028 Notes offered hereby. Following an increase in the principal amount of the outstanding New 2028 Notes as a result of payments of PIK Interest, the New 2028 Notes will accrue interest on such increased principal amount from the date of such payment. See "Description of the New 2028 Notes—General."
PIK Interest amount	Up to US$9.1 million.
Collateral	The New 2028 Notes and the Guarantees are secured by a first priority security interest granted by the Fiduciary Sale Agreement in the Collateral, consisting of all Spare Parts owned by VRG on the Settlement Date and thereafter, subject to certain exceptions and subject to the intercreditor arrangements described below. See "Description of the New 2028 Notes—Collateral." The total appraised value of the Spare Parts was US$222.7 million as of March 2016, which value will change over time. See "Description of the Spare Parts and the Appraisal."
Appraisal	The Issuer is required to provide the trustee a semi-annual appraisal of the Collateral. See "Description of the New 2028 Notes—Appraisals."

Release of the Collateral	The security interest in the Collateral granted under the Fiduciary Sale Agreement will terminate in respect of the New 2028 Notes on July 21, 2021, unless through passage of time, acceleration or otherwise there exists a due and payable payment obligation on the New 2028 Notes on that date, in which case the security interest in the Collateral will terminate upon satisfaction of that payment obligation. As a consequence of the termination, the Collateral shall be automatically released. Accordingly, under these circumstances, the New 2028 Notes will become senior unsecured obligations of the Issuer and the Guarantors and will effectively rank junior to any senior secured obligations of the Issuer and the Guarantors to the extent of the value of the assets securing the obligations. See "Description of the New 2028 Notes—Release of Collateral."
Intercreditor arrangements	Pursuant to the intercreditor agreement, voting on matters related to the Collateral, including enforcement of rights in the Collateral, will be by majority voting of all New Notes then outstanding, voting as one group, except upon an Event of Default in the payment of principal or interest and subsequent acceleration under the New 2018 Notes. Under these circumstances, the holders of the New 2018 Notes will be entitled to vote to enforce rights in the Collateral without the vote of the holders of the New 2021 Notes and the New 2028 Notes. All holders of the New Notes (which include the New 2018 Notes, New 2021 Notes and New 2028 Notes) will share *pro rata* in the Collateral to the extent of their matured claims. For further information on the intercreditor agreement, see "Description of the Intercreditor Agreement."
Guarantees	VRG unconditionally guarantees, on a secured unsubordinated basis, all of the Issuer's obligations pursuant to the New 2028 Notes, the relevant indenture and the Fiduciary Sale Agreement, subject to the release of the Collateral. See "—Release of the Collateral." GLAI unconditionally guarantees, on an unsecured unsubordinated basis, all of the Issuer's obligations pursuant to the New 2028 Notes, and the relevant indenture.
Ranking.....	The New 2028 Notes are senior to all of VRG's existing and future unsecured indebtedness, to the extent of the value of Collateral securing the New 2028 Notes. The New 2028 Notes and GLAI Guarantee will rank equally with the other senior unsecured indebtedness of the Issuer and GLAI; however, the guarantees will be effectively subordinated to indebtedness of the Guarantors' non-guarantor subsidiaries. Under Brazilian law, holders of the New 2028 Notes will not have any claim against the Guarantors' non-guarantor subsidiaries. See "Description of the New 2028 Notes—Ranking" and "—Guarantees." Upon release of the Collateral, all of the obligations under the New 2028 Notes and the Guarantees will become senior unsecured obligations of the Issuer and the Guarantors. See "Description of the New 2028 Notes—Release of Collateral."
Optional redemption	The Issuer may redeem the New 2028 Notes, in whole or in part, at any time, at par value together with accrued and unpaid interest, if any.
Tax redemption.....	The Issuer may redeem the New 2028 Notes, in whole but not in part, at any time upon the occurrence of specified events relating to applicable tax laws as described under "Description of the New 2028 Notes—Redemption—Tax Redemption."

Additional amounts.....	Payments on the New 2028 Notes will be made after withholding and deduction for any Luxembourg or Brazilian taxes as set forth under "Taxation." The Issuer, in respect of the New 2028 Notes, and the Guarantors, in respect of the Guarantees, will pay such additional amounts as will result in receipt by the holders of New 2028 Notes of such amounts as would have been received by them had no such withholding or deduction for Luxembourg or Brazilian taxes been required, subject to certain exceptions set forth under "Description of the New 2028 Notes—Additional Amounts."
Additional New 2028 Notes	The Issuer will make a one-time issuance of Additional New 2028 Notes to holders of the New 2028 Notes on a *pro rata* basis in an aggregate principal amount equal to 13.5% of the aggregate principal amount of New 2028 Notes then outstanding, if our earnings before interest and taxes for the last 12 months at the end of any fiscal quarter ending on or after December 31, 2017 exceed R$800.0 million. The Additional New 2028 Notes will have the same terms and conditions as, and will be fully fungible with, the New 2028 Notes offered hereby. See "Description of the New 2028 Notes—Covenants—Issuance of Additional New 2028 Notes."
Change of control consideration	Upon the occurrence of a change of control before January 1, 2018, the Issuer will be obligated to pay a one-time consideration equal to 50% of the principal amount of the New 2028 Notes then outstanding, 10% of which is payable in cash and 40% in kind by issuing Additional New 2028 Notes. See "Description of the New 2028 Notes—Change of Control Consideration."
Covenants	The terms of the New 2028 Notes do not contain any restrictive covenants or other provisions designed to protect holders of the New 2028 Notes in the event that the Issuer or the Guarantors or any other of the Guarantors' present or future subsidiaries incur additional indebtedness. The terms of the New 2028 Notes do not permit the Issuer and the Guarantors to consolidate or merge with, or transfer all or substantially all of their respective assets to, another person, or to enter into transactions with affiliates, unless the Issuer or the applicable Guarantor, as the case may be, complies with certain requirements. See "Description of the New 2028 Notes—Covenants."
Events of default	The New 2028 Notes and the indenture contain certain events of default, consisting of, among others, the following: • failure to pay the principal when due or failure to pay interest in respect of the New 2028 Notes within 30 days of the due date for an interest payment; • failure to comply with the Issuer's and the Guarantors' covenants with such failure continuing for either 30 or 60 days, after written notice has been delivered to the Issuer and the Guarantors; • any indebtedness of the Issuer, the Guarantors or any of the significant subsidiaries of GLAI exceeding US$50.0 million that is not paid when due or is accelerated; • specified events of bankruptcy, liquidation or insolvency of GLAI or any of its subsidiaries; and • the Fiduciary Sale Agreement ceases to be in full force and effect in all material respects or any security interest granted by the Fiduciary Sale Agreement ceases to be enforceable. For a full description of the Events of Default, see "Description of the New 2028 Notes—Events of Default."
Use of proceeds.....	We did not receive any proceeds from the issuance of the New 2028 Notes.

Certain United States federal income tax considerations.....	We believe that the New 2028 Notes should be subject to complex rules under applicable Treasury regulations for debt instruments treated as "contingent payment debt instruments" for U.S. federal income tax purposes, as described under "Taxation—Certain United States Federal Income Tax Considerations—Consequences of the Ownership and Disposition of New Notes—Contingent Payment Debt Instrument Treatment of the New 2021 Notes and New 2028 Notes." U.S. holders should consult their own tax advisors regarding their investment in the New 2028 Notes.
Form and denomination; settlement.....	The New 2028 Notes are in fully registered form without interest coupons attached, in denominations of US$2,000 and in integral multiples of US$1,000 in excess thereof. The New 2028 Notes were issued in book-entry form through the facilities of DTC, for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as the operator of the Euroclear, and Clearstream Banking, *Société Anonyme* and will trade in DTC's same-day funds settlement system. Beneficial interests in New 2028 Notes held in book-entry form will not be entitled to receive physical delivery of certificated New 2028 Notes, except in certain limited circumstances. For a description of certain factors relating to clearance and settlement, see "Form of the New Notes."
Transfer restrictions	The New 2028 Notes have not been registered under the Securities Act and are subject to certain restrictions on transfer. See "Transfer Restrictions."
Listing.....	Application has been made to list the New 2028 Notes on the Official List of the Luxembourg Stock Exchange and admission to trading has been made on the Euro MTF Market of the Luxembourg Stock Exchange. Application will be made to list the Additional New 2028 Notes and the PIK Notes on the Official List of the Luxembourg Stock Exchange and to admit to trading on the MTF Market of the Luxembourg Stock Exchange.
Governing law	The indenture, the Guarantees, the New 2028 Notes and the intercreditor agreement will be governed by the laws of the State of New York. The Fiduciary Sale Agreement will be governed by Brazilian law.
Trustee, transfer agent, registrar and paying agent.....	The Bank of New York Mellon.
Luxembourg listing agent, paying agent and transfer agent.....	The Bank of New York Mellon (Luxembourg) S.A.
Collateral agent.....	Planner Trustee DTVM Ltda.
Selling restrictions	There are restrictions on persons to whom New 2028 Notes can be sold, and on the distribution of this offering memorandum, as described in "Selling Restrictions."
Risk factors.....	See "Risk Factors" and the other information in this offering memorandum before investing in our New 2028 Notes.

RISK FACTORS

Prospective investors in New Notes and holders of the Old Notes should carefully consider the risks described below and should also read and consider the risk factors set forth in our Annual Report on Form 20-F for the year ended December 31, 2015, which is incorporated by reference in this offering memorandum as well as the other information in this offering memorandum, before deciding to participate in the offering and invest in the New Notes. Our business, results of operations, financial condition or prospects could be negatively affected if any of these risks occurs, and the trading price of the Old Notes and the New Notes could decline and you could lose all or part of your investment.

Risks Relating to Our Indebtedness and the Offering

Even after the Offering, we will have substantial indebtedness, and our liquidity and cash flows will remain highly dependent on factors that we do not control.

As of March 31, 2016, on an as adjusted basis to give effect to the issuance of US$337.8 million aggregate principal amount of New Notes and the cancellation of US$781.4 million in aggregate principal amount of Old Notes (which assumes that holders representing 100% of the aggregate principal amount of each of the Old Notes participate in the Exchange Offers and are entitled to the Exchange Consideration, but not the Early Participation Premium), we would have had R$6,288.6 million of total debt. Our total debt will be higher than this amount to the extent that holders representing a lower percentage of Old Notes tender their Old Notes in the Exchange Offers.

Our operations and the Brazilian airline industry in general are particularly sensitive to even relatively small fluctuations in macroeconomic and industry factors and that include foreign exchange rates and fuel prices. Changes in these factors, which we cannot predict or control, may materially affect our ability to service our debt, including the New Notes and any Old Notes. See "Item 3.D. Risk Factors—Risks Relating to Us and the Brazilian Airline Industry—The airline industry is particularly sensitive to changes in economic conditions and continued negative economic conditions would likely continue to adversely affect us and our ability to obtain financing on acceptable terms."

If our cash flows and capital resources are insufficient to fund our debt service obligations and operating expenses, we could face substantial liquidity problems and could be forced to seek further fleet reductions or operating cost reductions, further delay acquisition of new aircraft, dispose of material operations, implement further route network changes, seek additional debt or equity capital or restructure or refinance our indebtedness, including the New Notes and any Old Notes outstanding. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations.

Despite our current level of indebtedness, we and our subsidiaries may still be able to incur substantially more debt, and the covenants included in the New Notes will not prevent us from doing so.

If we cannot make scheduled payments on our debt, we will be in default, and holders of our indebtedness, including the New Notes or any Old Notes outstanding, could declare all outstanding principal and interest to be due and payable, holders of our indebtedness could foreclose on any assets securing their borrowings and we could be forced into judicial recovery or liquidation proceedings under Brazilian law. All of these events could result in you losing your investment in the New Notes or any Old Notes, as applicable.

The New 2018 Notes will be issued with original issue discount.

The New 2018 Notes will be issued with original issue discount for U.S. federal income tax purposes. As a result, U.S. holders will be required to accrue income on the New 2018 Notes on a constant yield to maturity basis, in advance of the receipt of cash attributable to such income. See "Taxation—Certain United States Federal Income Tax Considerations—Consequences of the Ownership and Disposition of New Notes—Interest on the New 2018 Notes."

We believe the New 2021 Notes and New 2028 will receive contingent payment debt instrument treatment.

We believe that the New 2021 Notes and New 2028 Notes should be treated as "contingent payment debt instruments" for U.S. federal income tax purposes, as described under "Taxation—Certain United States Federal Income Tax Considerations—Consequences of the Ownership and Disposition of the New Notes—Contingent Payment Debt Instrument Treatment of the New 2021 Notes and New 2028 Notes." As a result, U.S. holders will be required to accrue income based a

projected payment schedule constructed under special rules provided under applicable U.S. Treasury regulations. This may result in income accruals prior to the receipt of cash. In addition, any gain or loss recognized by a U.S. holder on the sale, exchange or taxable disposition (including a redemption or retirement) of a New 2021 Note or a New 2028 Note generally would be treated as ordinary income, regardless of whether such U.S. holder holds the notes as capital assets.

Risks Relating to the New Notes, the Guarantees and the Collateral

There are no financial covenants in the New Notes or the Guarantees.

Neither the Issuer, the Guarantors nor any of their subsidiaries are restricted from incurring additional debt or liabilities, including additional senior debt, under the New Notes, the Guarantees or the indentures. If either the Issuer or the Guarantors incur additional debt or liabilities, their ability to pay their obligations on the New Notes or the Guarantees, as the case may be, could be adversely affected. The Issuer and the Guarantors expect from time to time to incur additional debt and other liabilities. In addition, neither the Issuer nor the Guarantors are restricted from creating liens on their assets (other than the Collateral), and under the Guarantees or the indentures the Guarantors are not restricted from paying dividends or issuing or repurchasing securities.

The New Notes may be under-collateralized when they are issued if a significant amount of Old Notes is tendered and may be under-collateralized in the future.

Although each series of New Notes will benefit from a security interest in the Collateral, if a significant amount of Old Notes is tendered, the original aggregate principal amount of the New Notes will exceed the appraised value of the Collateral. We may issue New Notes in an aggregate principal amount of up to US$337.8 million, and the Collateral had an appraised value as of March 2016 of US$222.7 million, according to mba, an independent aviation appraisal and consulting firm. In addition, the value of the Collateral will fluctuate over time, and the realizable value of the Collateral could be significantly less than the appraised value, leading to further under-collateralization of the New Notes. These risks are further explained in the risk factors below.

In addition, the indentures for the New 2021 Notes and the New 2028 Notes will require the Issuer to issue additional New Notes if our earnings before interest and taxes for the last 12 months at the end of any fiscal quarter ending on or after December 31, 2017 exceed R$800.0 million. The additional New Notes would also be guaranteed by the Guarantors and secured by the Collateral that will secure the Issuer's obligations under the New Notes initially issued in connection with the offering, and all the holders of the New Notes will share equally in the Collateral. As a result, any additional New 2021 Notes or New 2028 Notes issued would increase the total amount of New Notes secured by the Collateral and reduce the collateralization ratio.

If you choose to receive New Notes in this offering, you will have an unsecured claim with respect to any portion of the New Notes you hold that are under-collateralized. See "—To the extent not secured by the Collateral, the New Notes and Guarantees will effectively rank junior in right of payment to the Issuer's and the Guarantors' other existing and future secured debt and the liabilities of the Guarantors' non-guarantor subsidiaries."

The security interest in any given Spare Part may be released under certain circumstances, and periodic amendments will be required to maintain a perfected security interest in the Collateral.

The New Notes and Guarantees are secured by a first priority security interest granted by the Fiduciary Sale Agreement in the Collateral, consisting of Spare Parts. The security interest does not apply to (1) any Spare Part so long as it is incorporated in, installed on, attached or appurtenant to, or being used on, an aircraft, engine or Spare Part that is so incorporated, installed, attached, appurtenant or being used, (2) any Spare Part leased to, loaned to, or held on consignment by, VRG, and (3) Spare Parts that are not specifically identified in the Fiduciary Sale Agreement. Aircraft and spare engines are not included in the Collateral.

VRG has the right to utilize the Spare Parts in its ordinary course of business, including, but not limited to, incorporating in, installing on, attaching to, or using on an aircraft or engine, which would cause the Spare Part to cease to be part of the Collateral. For a Spare Part that ceased to be part of the Collateral to become part of the Collateral again, the Spare Parts must again become subject to the security interest granted by the Fiduciary Sale Agreement. In addition, newly-acquired Spare Parts need to be made subject to the security interest granted by the Fiduciary Sale Agreement to become part of the Collateral.

In addition, to subject additional Spare Parts to the security interest granted by the Fiduciary Sale Agreement, VRG will enter into an amendment to the Fiduciary Sale Agreement on a monthly basis for rotable Spare Parts and on a semi-annual basis for non-rotable Spare Parts. The amendment must be registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent to perfect the security interest granted by the Fiduciary Sale Agreement in the Collateral. There may be delays or errors in entering into the amendment to the Fiduciary Sale Agreement, identifying the Spare Parts that should be covered by the amendment, or in registering the amendment with the registry of deeds and documents, which may cause the Spare Parts not to become part of the Collateral on a timely basis, or at all.

The security interest granted under the Fiduciary Sale Agreement in the non-rotable Spare Parts may not be valid under Brazilian law.

Under Brazilian law the fiduciary sale is a collateralized transaction pursuant to which a security interest is granted in non-fungible assets. Fungible assets, such as the non-rotable Spare Parts, may be converted into non-fungible assets under Brazilian law by different means. Brazilian law does not specify the minimum requirements to be met for this conversion to be considered valid. VRG has created a pool of non-rotable Spare Parts to convert them into non-fungible assets and thereby subject them to the security interest granted under the Fiduciary Sale Agreement. If the means used by VRG to create, maintain and monitor the pool of non-rotable Spare Parts and convert them into non-fungible assets is challenged and considered to be insufficient under Brazilian law, the security interest granted under the Fiduciary Sale Agreement for non-rotable Spare Parts may be considered invalid.

The value of the Collateral is subject to various factors and may be materially affected upon the occurrence of events that result in the partial or total loss thereof.

We have no obligation under the New Notes to maintain the value of the Collateral at a minimum level. The value of the Collateral is directly related to its fair market value, which is subject to various factors, including market and economic conditions, the supply of similar parts, the availability of buyers, the frequency and quality of the repair and refurbishment of the Spare Parts and the actual number and condition of Spare Parts. The Collateral may be illiquid and may have no readily ascertainable market value. In addition, because spare parts are regularly used, refurbished, purchased, transferred and discarded in the ordinary course of our business, the value of the Collateral will change over time.

Accordingly, we cannot assure you that the proceeds realized on any exercise of remedies will equal the appraised value of the Collateral or be sufficient to satisfy in full payments due on the New Notes.

We are required under the Fiduciary Sale Agreement to maintain insurance in a manner prudent and customary for our business. There are, however, certain losses that may be not be covered by insurance. Also, insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any of the Collateral, the insurance proceeds may not be sufficient to satisfy all of the secured obligations, including the New Notes and the Guarantees.

The occurrence of disasters, accidents or other events in connection with the Collateral that are not covered by insurance may result in partial or total loss of its value and consequently the value of the Collateral may not be sufficient to fully repay the obligations under the New Notes and Guarantees. It is not possible to predict whether the events will be covered by insurance or, if so, if the insured amounts will be sufficient to satisfy in full all the obligations under the New Notes and Guarantees.

The Guarantees and rights in the Collateral may not be enforceable if granted close in time to a liquidation proceeding.

If we are subject to a liquidation proceeding within two years of the issuance of the Guarantees, they may be declared void under Brazilian law. In addition, rights in the Collateral may also be deemed void if perfected within 90 days from the date the liquidation has been requested or from the date the first demand (*protesto*) for payment has been made against the Guarantors. Given that VRG will periodically subject additional spare parts to the security interest granted by the Fiduciary Sale Agreement by means of an amendment, a liquidation proceeding involving us within 90 days from the date of the amendment to the Fiduciary Sale Agreement may cause the security interest in the additional spare parts granted by the amendment to be declared void.

Enforcement of rights in the Collateral is subject to several difficulties, which may hinder the holders of the New Notes from exercising their rights under the Fiduciary Sale Agreement.

To avoid seizure and sale of the Collateral either in a legal proceeding predicated on a default under the New Notes and Guarantees or during a judicial recovery proceeding after the expiration of the stay period, VRG may raise the defense that the Spare Parts are essential to its operations and business activities. A legal proceeding of this nature may last for several years.

If the court accepts VRG's defense in a legal proceeding, outside of the context of a judicial recovery, VRG will have to satisfy the obligation under the Fiduciary Sale Agreement by, for example, offering other assets or by any other means. VRG may not have other assets in sufficient value to offer in lieu of the Collateral.

In a judicial recovery of VRG, while payment obligations under the New Notes and Guarantees secured by the Fiduciary Sale Agreement would not be included in the restructuring plan, the holders of the New Notes would not be able to enforce their rights in the Collateral during the stay period. According to Brazilian Bankruptcy Law, the stay period is 180 days, but Brazilian courts have extended it to additional 180-day periods, and in some cases the stay period has lasted for years. Moreover, after the expiration of the stay period, if the court finds that the Spare Parts are essential to preserve VRG's operations and business activities, the holders of the New Notes will not be permitted during the pendency of the judicial recovery to seize and sell the Collateral pursuant to the terms of the Fiduciary Sale Agreement.

In addition, the Brazilian Bankruptcy Law is significantly different from, and may be less favorable to creditors than, the bankruptcy laws of certain other jurisdictions. Holders of the New Notes may have limited voting rights at creditors' meetings in the context of a court reorganization proceeding. Also, we cannot assure you that the holder of the New Notes would be successful in excluding the Collateral property subject to Fiduciary Sale Agreement from the assets affected by liquidation proceedings, because their restitution request may not be granted by the applicable court.

Enforcement of a foreign judgment in Brazil will likely be required for the holders of the New Notes to enforce rights in the Collateral under the Fiduciary Sale Agreement.

If a default occurs under the New Notes and Guarantees, the collateral agent, on behalf of the holders of the New Notes, if and as instructed by the trustee, may initiate a legal proceeding in a Brazilian court against VRG authorizing the seizure of the Collateral based on the Fiduciary Sale Agreement. If there is a dispute as to whether a default has occurred according to the laws of the State of New York, it is likely that the Brazilian court will require a New York court opinion confirming that a default under the New Notes or Guarantees has occurred and given rise to the collateral agent's right to enforce the rights of the holders of the New Notes in the Collateral under the Fiduciary Sale Agreement. The New York court opinion will need to be confirmed in Brazil. See "Enforcement of Civil Liabilities." We cannot assure that confirmation would be obtained, that the confirmation process would be conducted in a timely manner or that a Brazilian court would enforce the New York law judgment related to the default under the New Notes and Guarantees.

The realizable value of the Collateral may differ significantly from any appraised value.

mba, an independent aviation appraisal and consulting firm, has prepared an appraisal of the Spare Parts owned by us and included in the Collateral as of March 2016. The report by mba is annexed to this offering memorandum as Annex A. The appraisal is subject to a number of assumptions and limitations and was prepared based on certain specified methodologies. In preparing its appraisal, mba conducted only a limited physical inspection, at certain locations, of a sample of Spare Parts.

We are required to provide to the trustee a semi-annual appraisal of the Collateral. These appraisals may be provided by mba or any other person certified by ISTAT (or any successor organization thereto) selected by us and approved by the trustee. The subsequent appraisals will be subject to a number of assumptions and limitations and will be prepared based on certain specified methodologies. The subsequent appraisals may be subject to different assumptions and limitations and may be based on other methodologies than the original appraisal conducted by mba. An appraisal that is subject to other assumptions and limitations and based on other methodologies may result in valuations that are materially different from those contained in mba's initial appraisal. In preparing such subsequent appraisals, there will also be only a limited physical inspection of a sample of Spare Parts at certain locations.

An appraisal is only an estimate, does not necessarily indicate the price at which any Spare Part may be purchased or sold in the market and should not be relied on as a measure of realizable value. The value of the Collateral will depend on

various factors, including market and economic conditions, the supply of similar parts, the availability of buyers, the frequency and the quality of the repair and refurbishment of Spare Parts and the actual number and condition of Spare Parts. Accordingly, we cannot assure you that the proceeds realized on any exercise of remedies will equal the appraised value of the Collateral or be sufficient to satisfy in full payments due on the New Notes.

In addition, because spare parts are regularly used, refurbished, purchased, transferred and discarded in the ordinary course of our business, the value of the Collateral will change over time. As the appraisal and subsequent appraisal reports provide a collateral value as of a specific date, the actual value of the Collateral as of any other date may greatly differ from the value specified in the appraisal or subsequent appraisal report.

Accordingly, we cannot assure you that the proceeds realized on any exercise of remedies would be sufficient to satisfy in full payments due on the New Notes.

To the extent not secured by the Collateral, the New Notes and the Guarantees will effectively rank junior in right of payment to the Issuer's and the Guarantors' other existing and future secured debt and the liabilities of the Guarantors' non-guarantor subsidiaries.

To the extent not secured by the Collateral, the New Notes and the Guarantees will be the Issuer's and the Guarantors' general obligations and will effectively rank junior in right of payment to the Issuer's and Guarantors' other existing and future debt secured by assets to the extent of the value of those assets. In any liquidation, dissolution, bankruptcy, or other similar proceeding, the holders of the Issuer's and the Guarantors' other secured debt may assert rights against the assets securing that debt in order to receive full payment of their debt before those assets may be used to pay the Issuer's and Guarantors' other creditors, including any amount under the New Notes not secured by the Collateral.

In addition, the New Notes and the Guarantees will be effectively subordinated to creditors (including trade creditors and employees) and preferred stockholders, if any, of the Issuer's and the Guarantors' existing or future subsidiaries. Under Brazilian law, as a general rule, holders of the New Notes will not have any claim against any non-guarantor Subsidiaries of the Guarantors.

Judgments of Brazilian courts enforcing the Issuer's and the Guarantors' obligations under the New Notes or the Guarantees would be payable only in reais.

If proceedings were brought in the courts of Brazil seeking to enforce obligations of the Issuer and Guarantors under the New Notes or the Guarantees, the Issuer and Guarantors would not be required to discharge such obligations in a currency other than *reais*. Any judgment obtained against the Issuer and the Guarantors in Brazilian courts in respect of any payment obligations under the New Notes or the Guarantees will be expressed in *reais* equivalent to the U.S. dollar amount at the exchange rate published by the Central Bank of the date on which such judgment is rendered. We cannot assure you that this exchange rate will afford you full compensation of the amount invested in the New Notes.

We cannot assure you that an active trading market for the New Notes will develop.

The New Notes constitute a new issue of securities, for which there is no existing market, and the total outstanding amount of each New Note will depend on how many holders exchange their Old Notes for each New Note. Although we applied to list the New Notes on the Official List of the Luxembourg Stock Exchange and also to trade on the Euro MTF Market of the Luxembourg Stock Exchange, we cannot provide you with any assurances that the application will be accepted. Further, no assurance can be provided regarding the development of a market for the New Notes, the ability of holders of the New Notes to sell their New Notes, or the price at which such holders may be able to sell their New Notes. Accordingly, we cannot assure you that an active trading market for the New Notes will develop or, if a trading market develops, that it will continue. The lack of an active trading market for the New Notes would have a material adverse effect on the market price and liquidity of the New Notes. Even if a market for the New Notes develops, the New Notes may trade at a discount from their initial offering price.

The Issuer's ability to make payments on the New Notes depends on its receipt of payments from the Guarantors.

The Issuer is a wholly-owned subsidiary of GLAI and is organized under the laws of Luxembourg. As a special purpose vehicle with no material assets or business operations, holders of the New Notes must rely solely on the cash flow from operations of the Guarantors to pay amounts due in connection with the New Notes. The ability of the Issuer to make payments of principal, interest and any other amounts due on the New Notes is contingent on its receipt from the Guarantors

of amounts sufficient to make these payments and, in turn, on the Guarantors' ability to make these payments. In the event that the Guarantors are unable to make the payments for any reason, the Issuer will not have sufficient resources to satisfy its obligations under the indentures for the New Notes.

USE OF PROCEEDS

The Issuer will not receive any cash proceeds from the issuance of the New Notes in exchange for the Old Notes.

CAPITALIZATION

The following table sets forth our consolidated capitalization at March 31, 2016 on a historical basis, as adjusted to give effect to the issuance of US$337.8 million aggregate principal amount in the New Notes, cancellation of US$781.4 million in principal amount of the Old Notes and the total cash payment of US$54.0 million in the Exchange Offers (which assumes holders representing 100% of the aggregate principal amount of each of the Old Notes participate in the exchange and are entitled to the Exchange Consideration, but not the Early Participation Premium). This table should be read in conjunction with, and is qualified in its entirety by reference to, our unaudited interim condensed consolidated financial information as of March 31, 2016 and for the three-month period ended March 31, 2016 and for the nine-month period ended September 30, 2016 and the notes thereto incorporated by reference herein.

	As of March 31, 2016		As September 30, 2016 [1]	
	(in millions of *reais*)	(in millions of U.S. dollars)[2]	(in millions of *reais*)	(in millions of U.S. dollars)[2]
Short-term debt	836.7	235.1	742.6	208.7
Long-term debt	7,030.6	1,975.5	5,603.2	1,574.4
Notes issued in the offering	-	-	1,202.2	337.8
Total debt	7,867.3	2,210.6	6,345.8	1,783.1
Total equity	(3,572.6)	(1,003.8)	(3,237.0)	(909.6)
Total capitalization[3]	**4,294.7**	**1,206.7**	**3,108.8**	**873.5**

(1) Adjusted to give effect to the issuance of US$337.8 million aggregate principal amount in the New Notes, cancellation of US$781.4 million in principal amount of the Old Notes and the total cash payment of US$54.0 million in the Exchange Offers (which assumes holders representing 100% of the aggregate principal amount of each of the Old Notes participate in the exchange and are entitled to the Exchange Consideration).

(2) The *real* amounts for September 30, 2016 have been converted into dollars using the exchange rate of US$1.00 to R$3.5589, which is the selling rate reported by the Central Bank of Brazil on March 31, 2016. This information is presented solely for the convenience of the reader. You should not interpret the currency conversions in this offering memorandum as a statement that the amounts in *reais* currently represent such values in U.S. dollars. Additionally, you should not interpret such conversions as statements that the amounts in *reais* have been, could have been or could be converted into U.S. dollars at this or any other foreign exchange rates.

(3) Total capitalization is the sum of total debt and total equity.

There has been no material change in our capitalization since September 30, 2016.

DESCRIPTION OF THE SPARE PARTS AND THE APPRAISAL

The Spare Parts

The New Notes and the Guarantees are secured by a first priority security interest in the Spare Parts. The security interest in the Collateral is granted by VRG under the Fiduciary Sale Agreement to the holders of the New Notes, represented by the collateral agent.

The Spare Parts included in the Collateral fall into two categories, "rotables" and "non-rotables." Rotables are parts that wear over time and can be economically restored to a serviceable condition and, in the normal course of operations, can be repeatedly reconditioned to a fully serviceable condition over a period approximating the life of the flight equipment to which they are related. Examples include avionics units, landing gears, auxiliary power units and major engine accessories. Non-rotables include parts often described in the industry as "repairables" and "expendables" or "consumables." Repairables are replaceable parts or components, commonly economical to repair, and subject to being reconditioned to a fully serviceable condition over a period of time less than the life of the flight equipment to which they are related. Examples include many engine blades and vanes, some tires, seats, and galleys. A repairable cannot be a rotable and vice versa. Expendables or consumables consist of items for which no authorized repair procedure exists, and for which cost of repair would normally exceed that of replacement. Expendable items include nuts, bolts, rivets, sheet metal, wire, light bulbs, cable, and hoses.

The security interest does not apply to (1) any Spare Part so long as it is incorporated in, installed on, attached or appurtenant to, or being used on, an aircraft, engine or Spare Part that is so incorporated, installed, attached, appurtenant or being used, (2) any Spare Part leased to, loaned to, or held on consignment by, VRG and (3) Spare Parts that are not specifically identified in the Fiduciary Sale Agreement. Aircraft and spare engines are not included in the Collateral. VRG may not sell any Spare Part while the Spare Part is subject to the security interest granted by the Fiduciary Sale Agreement.

VRG has the right to utilize the Spare Parts in its ordinary course of business, including, but not limited to, incorporating in, installing on, attaching to, or using on an aircraft or engine, which would cause the Spare Part to cease to be part of the Collateral.

For a discussion of the enforcement of the rights in the Collateral in Brazil, see "The Fiduciary Sale Agreement and Enforcement of Rights Thereunder" and "Risk Factors—Risks Relating to the New Notes, the Guarantees and the Collateral."

The Appraisal

mba, an independent aviation appraisal and consulting firm, has prepared an appraisal of the Spare Parts owned by us and included in the Collateral as of March 2016. The report by mba is annexed to this offering memorandum as Annex A. The appraisal is subject to a number of assumptions and limitations and was prepared based on certain specified methodologies. In preparing its appraisal, mba conducted only a limited physical inspection, at certain locations, of a sample of Spare Parts.

The following is the appraised value of the Spare Parts as of March 2016 in the opinion of mba:

Spare Parts	**Appraised Value (in US$ millions)[1]**
Rotables	162.8
Non-rotables	59.9
Total	**222.7**

(1) Because spare parts are regularly used, refurbished, purchased, transferred and discarded in the ordinary course of our business, the value of the Collateral will change over time.

We are required to provide to the trustee a semi-annual appraisal of the Collateral. These appraisals may be provided by mba or any other person certified by ISTAT (or any successor organization thereto) selected by us and approved by the trustee. The subsequent appraisals will be subject to a number of assumptions and limitations and will be

prepared based on certain specified methodologies. The subsequent appraisals may be subject to different assumptions and limitations and may be based on other methodologies than the original appraisal conducted by mba. An appraisal that is subject to other assumptions and limitations and based on other methodologies may result in valuations that are materially different from those contained in mba's initial appraisal. In preparing such subsequent appraisals, there will also be only a limited physical inspection of a sample of Spare Parts at certain locations.

An appraisal is only an estimate, does not necessarily indicate the price at which any Spare Part may be purchased or sold in the market and should not be relied on as a measure of realizable value. The value of the Collateral will depend on various factors, including market and economic conditions, the supply of similar parts, the availability of buyers, the frequency and the quality of the repair and refurbishment of Spare Parts and the actual number and condition of Spare Parts. Accordingly, we cannot assure you that the proceeds realized on any exercise of remedies will equal the appraised value of the Collateral or be sufficient to satisfy in full payments due on the New Notes.

THE FIDUCIARY SALE AGREEMENT AND ENFORCEMENT OF RIGHTS THEREUNDER

The Fiduciary Sale under Brazilian Law

The fiduciary sale (*alienação fiduciária*) is a collateralized transaction under Brazilian law consisting of a provisional transfer of a debtor's ownership rights in specified assets to a creditor, by which these assets serve as collateral for the debtor's obligation.

While the fiduciary sale agreement provides for the provisional transfer of the ownership rights of the collateral to the creditor, possession rights of the collateral usually remain with the debtor, which holds the collateral on behalf of the creditor, but may continue using the collateral, subject to certain conditions. The debtor is liable for any damages caused to the collateral.

Upon satisfaction by the debtor of its obligation, the ownership rights in the collateral automatically revert to the debtor. If the debtor defaults, the creditor becomes the owner of the collateral and is entitled to sell the collateral to third parties, provided that certain requirements for the enforcement of the creditor's rights are met, including the need to initiate a legal proceeding and to obtain a court order authorizing the seizure and sale of the collateral. See "—The Fiduciary Sale Agreement—Enforcement of Rights under the Fiduciary Sale Agreement."

The Fiduciary Sale Agreement

Description of the Fiduciary Sale Agreement

The New Notes and Guarantees are secured by a first priority security interest granted by the Fiduciary Sale Agreement (as defined below) in the Collateral, consisting of all rotable Spare Parts and non-rotable Spare Parts owned by VRG on the Settlement Date and thereafter. The security interest does not apply to (1) any Spare Part so long as it is incorporated in, installed on, attached or appurtenant to, or being used on, an aircraft, engine or Spare Part that is so incorporated, installed, attached, appurtenant or being used, (2) any Spare Part leased to, loaned to, or held on consignment by, VRG and (3) Spare Parts that are not specifically identified in the Fiduciary Sale Agreement (as defined below). Aircraft and spare engines are not included in the Collateral. VRG may not sell any Spare Part while the Spare Part is subject to the security interest granted by the Fiduciary Sale Agreement.

VRG granted a first priority security interest in the rotable Spare Parts pursuant to a fiduciary sale agreement, dated July 4, 2016, registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent (the "Rotables Fiduciary Sale Agreement"). VRG granted a first priority security interest in the non-rotable Spare Parts pursuant to a fiduciary sale agreement, dated July 4, 2016, registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent (the "Non-Rotables Fiduciary Sale Agreement," together with the Rotables Fiduciary Sale Agreement, collectively referred to as the "Fiduciary Sale Agreement").

VRG is obligated to update the annex of the Rotables Fiduciary Sale Agreement and subject any and all additional rotable Spare Parts owned by, or recorded in VRG's inventory on the last business day of the immediately preceding month, to the security interest granted by the Rotables Fiduciary Sale Agreement by means of an amendment, which must be registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent by the tenth (10th) Business Day of each month, commencing in the month following the Settlement Date. VRG is also obligated to update the annex of the Non-Rotables Fiduciary Sale Agreement and subject any and all additional non-rotable Spare Parts owned by, or recorded in VRG's inventory on the last business day of each March and September, respectively, to the security interest granted by the Non-Rotables Fiduciary Sale Agreement by means of an amendment, which must be registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent by the tenth (10th) Business Day of April and October of each year, commencing in October 2016.

Any Spare Parts not included in the Fiduciary Sale Agreement or released according to the terms thereof, will not be subject to the security interest granted under the Fiduciary Sale Agreement.

Under the terms of the Fiduciary Sale Agreement, if a default occurs under the New Notes or Guarantees, the collateral agent, on behalf of the holders of the New Notes, if and as instructed by the trustee, may sell the Spare Parts extrajudicially or initiate a legal proceeding in a Brazilian court against VRG authorizing the seizure of the Spare Parts. See "—Enforcement of Rights under the Fiduciary Sale Agreement" below.

The Fiduciary Sale Agreement will be governed by Brazilian law and will contain several customary provisions related to the obligations of VRG in relation to the Collateral, VRG's representations and warrants and foreclosure.

The security interest in the Collateral granted under the Fiduciary Sale Agreement will terminate in respect of the New 2028 Notes on July 21, 2021, unless through passage of time, acceleration or otherwise there exists a due and payable payment obligation on the New 2028 Notes on that date, in which case the security interest in the Collateral will terminate upon satisfaction of that payment obligation. As a consequence of the termination, the Collateral shall be automatically released.

Enforcement of Rights under the Fiduciary Sale Agreement

General

Upon default under the New Notes or Guarantees, holders of the New Notes, or the collateral agent, on behalf of the holders of the New Notes, if and as instructed by the trustee, may notify VRG of the default. If VRG does not thereupon satisfy the obligation, the collateral agent on behalf of the holders of the New Notes, if and as instructed by the trustee, may sell the Spare Parts extrajudicially or initiate a legal proceeding authorizing the seizure of the Collateral, which may last for several years. VRG has five days after seizure of the Collateral to satisfy the obligation. If VRG fails to do so, the ownership rights of the Collateral are transferred to the holders of the New Notes to satisfy VRG's obligation by means of a sale of the Collateral.

VRG is entitled to submit defenses in the legal proceeding to avoid the seizure and sale of the Collateral. One of the defenses that VRG may raise is that the assets are essential to its operations and business activities. If the court accepts the defense, VRG will have to satisfy its obligations under the Fiduciary Sale Agreement by, for example, offering other assets in lieu of the Collateral or by any other means. VRG may not have other assets of sufficient value to offer in lieu of the Collateral.

If VRG's defense is denied by the court, the collateral agent is permitted to sell the Collateral to third parties and use the proceeds from the sale to satisfy the defaulted obligation and any costs related to the enforcement of the rights under the Fiduciary Sale Agreement; excess amounts, if any, must be returned to VRG.

Brazilian law does not impose any specific procedures, such as a public auction, for the sale of the Collateral securing the obligation under the Fiduciary Sale Agreement, but under Brazilian law, the Collateral may not be sold for less than 50% of its then appraised value. If after the consummation of the sale of the collateral under the fiduciary sale agreement, the debtor challenges the price at which the collateral was sold and the creditor and the debtor are unable to reach an agreement as to the value of the collateral, the court may appoint another independent appraiser to prepare an additional appraisal report of the collateral.

Furthermore, given that the New Notes and Guarantees are governed by the laws of the State of New York, if VRG disputes the existence of a default under the New Notes and Guarantees, it is likely that a Brazilian court will require a New York court opinion confirming that a default under the New Notes or Guarantees has occurred and given rise to the collateral agent's right to enforce the rights of the holders of the New Notes in the Collateral under the Fiduciary Sale Agreement. The New York court opinion will need to be confirmed in Brazil, which is a time-consuming process. See "Enforcement of Civil Liabilities."

In addition, you should be aware that the security interest granted in the non-rotable Spare Parts may not be valid under Brazilian law, as explained in "Risk Factors—Risks Relating to the New Notes, the Guarantees and the Collateral—The security interest granted under the Fiduciary Sale Agreement in the non-rotable Spare Parts may not be valid under Brazilian law."

Judicial Recovery

In general terms, in a judicial recovery under Brazilian law, all existing claims against the debtor are subject to the proceeding, with certain exceptions. The judicial recovery provides the debtor and creditors with a flexible framework to restructure the debtor's obligations, culminating in the presentation of a restructuring plan for approval by the creditors, following the requirements of Brazilian Bankruptcy Law. The restructuring plan is binding on the debtor and creditors subject to it.

Fiduciary Sales in a Judicial Recovery. Obligations secured by the collateral under a fiduciary sale agreement, such as the Fiduciary Sale Agreement, are not included in and not subject to the restructuring plan in a judicial recovery, up to the amount secured by the collateral. If the value of the Collateral is not sufficient to satisfy our payment obligations under the New Notes and Guarantees, the holders of the New Notes would have an "unsecured unsubordinated claim" as to the difference. See "Risk Factors—Risks Relating to the New Notes, the Guarantees and the Collateral—The New Notes may be under-collateralized when they are issued if a significant amount of Old Notes is tendered and may be under-collateralized in the future."

Accordingly, the holders of the New Notes may enforce their rights in the Collateral during a judicial recovery, subject to certain limitations, such as a judicial determination of the essential nature of the Spare Parts.

Essential Nature of the Spare Parts to VRG's operations and business activities. Brazilian Bankruptcy Law provides that secured creditors, including beneficiaries of a fiduciary sale agreement, that have rights in assets considered to be essential to the debtor's business activities must wait for the expiration of the stay period before enforcing their rights. The stay period lasts for 180 days and is commonly extended by Brazilian courts to an additional 180-day period; however, in some cases, the stay period has lasted for years.

Some courts have taken a protectionist approach vis-à-vis debtors under judicial recovery and have decided that, in spite of the expiration of the stay period, secured creditors with rights in assets that are considered to be essential to the debtor's business activities may not enforce these rights because doing so would frustrate any plan of reorganization. See "Risk Factors—Risks Relating to the New Notes, the Guarantees and the Collateral—Enforcement of rights in the Collateral is subject to several difficulties, which may hinder the holders of the New Notes from exercising their rights under the Fiduciary Sale Agreement."

While the essential nature of the Spare Parts to VRG's operations and business activities may hinder the holders of the New Notes from seizing the Collateral and selling it to third parties, the Fiduciary Sale Agreement is still a valid and enforceable agreement against VRG not subject to the restructuring plan in a judicial recovery. Therefore, the holders of the New Notes may seek to enforce their credit rights against VRG pursuant to the terms of the Fiduciary Sale Agreement and, in the event VRG defaults, the holders of the New Notes may initiate a proceeding to request VRG's liquidation, in which the concept of the essential nature of the Spare Parts is not applicable.

Liquidation

Under Brazilian Bankruptcy Law, assets underlying the collateral securing an obligation under a fiduciary sale agreement will not be subject to a liquidation proceeding. Therefore, the Collateral under the Fiduciary Sale Agreement will not be part of a liquidation proceeding and the holders of the New Notes may seize the Spare Parts underlying the Collateral to satisfy our payment obligations under the New Notes and Guarantees, subject to a court order authorizing the seizure.

In addition, payment obligations secured by the collateral under a fiduciary sale agreement, such as the Fiduciary Sale Agreement, are not subordinated to claims that have statutory preference under Brazilian Bankruptcy Law, such as claims for salaries, wages, social security, taxes and court fees and expenses, among others. However, if the value of the Collateral is not sufficient to satisfy our payment obligations under the New Notes and Guarantees, the holders of the New Notes would have an "unsecured unsubordinated claim" as to the difference, and this claim would be subject to the liquidation proceeding and subordinated to claims that have statutory preference. See "Risk Factors—Risks Relating to the New Notes, the Guarantees and the Collateral—The New Notes may be under-collateralized when they are issued if a significant amount of Old Notes is tendered and may be under-collateralized in the future."

DESCRIPTION OF THE INTERCREDITOR AGREEMENT

The collateral agent and the trustee entered into an intercreditor agreement on the date of issuance of the New Notes. The holders of the New 2018 Notes, the New 2021 Notes and the New 2028 Notes (collectively referred to as the "holders of the New Notes") are represented by their respective trustees. Pursuant to the intercreditor agreement the holders of the New Notes will share the Collateral on a *pro rata* basis to the extent of their matured claims and will vote as a single class by majority voting of the New Notes (which include all of the New 2018 Notes, the New 2021 Notes and the New 2028 Notes) then outstanding on all matters related to the Collateral, including enforcement of rights in the Collateral.

Notwithstanding the foregoing, solely upon an Event of Default in the payment of principal or interest and subsequent acceleration under the New 2018 Notes, the holders of the New 2018 Notes will be entitled to vote to enforce rights in the Collateral without the vote of the holders of the New 2021 Notes and New 2028 Notes (the "New 2018 Notes Voting Right"). Under these circumstances, if, upon acceleration of the New 2021 Notes and New 2028 Notes, the holders of the New 2021 Notes and New 2028 Notes also vote to enforce rights in the Collateral, the proceeds will be applied following the order of payment prescribed by the intercreditor agreement described below.

Except for the New 2018 Notes Voting Right, the collateral agent will refrain from taking any action to exercise any rights with respect to the Collateral unless it is instructed in writing to do so by the trustees representing the majority of the holders of the New Notes.

If the trustees or the collateral agent collect any money pursuant to the exercise of remedies under the terms of the Fiduciary Sale Agreement and the intercreditor agreement, they shall pay out the money in the following order:

First: to the trustees, the agents under the indentures, and the collateral agent for any tax, expense (including reasonable fees and expenses of legal counsel and consultants) or other loss incurred by them and to pay other amounts due to the trustees, the agents under the indentures, and the collateral agent;

Second: to the holders of the New Notes for amounts due and unpaid on the New Notes to the extent of their matured claims for principal and interest ratably, without preference or priority of any kind, according to the amounts due and payable on the New Notes for principal and interest; provided, that, upon acceleration of the New Notes, the money shall be applied (i) first, to holders of the New Notes for amounts due and payable on the New Notes for all interest ratably, without preference or priority of any kind, according to the amounts due and payable on the New Notes for interest and (ii) second, any remaining amounts to holders of the New Notes for amounts due and payable on the New Notes for principal ratably, without preference or priority of any kind, according to the principal amount due and payable on the New Notes.

Third: to the Issuer.

Upon payment in full of the New 2018 Notes on its final maturity date, payment obligations under the New 2021 Notes and New 2028 Notes will continue to be secured by the Collateral and the holders of the New 2021 Notes and the New 2028 Notes will be entitled to receive and apply the proceeds of the Collateral to the repayment in full of the obligations under the New 2021 Notes and the New 2028 Notes, respectively, on a *pro rata* basis; provided that the security interest granted by the Fiduciary Sale Agreement will terminate in respect of the New 2028 Notes on July 21, 2021, unless through passage of time, acceleration or otherwise there exists a due and payable payment obligation on the New 2028 Notes on that date, in which case the security interest in the Collateral will terminate upon satisfaction of that payment obligation. As a consequence of the termination, the Collateral shall be automatically released.

DESCRIPTION OF THE NEW 2018 NOTES

We issued the New 2018 Notes pursuant to an indenture, to be dated as of the date of issuance, among the Issuer, or Gol LuxCo S.A., the Guarantors, Gol Linhas Aéreas Inteligentes S.A., or GLAI, and VRG Linhas Aéreas S.A., or VRG, The Bank of New York Mellon, as trustee (which term includes any successor as trustee under the indenture), transfer agent, registrar and principal paying agent, Planner Trustee DTVM Ltda., as collateral agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg listing agent, paying agent and transfer agent. We refer to the guarantee issued by GLAI as the "GLAI Guarantee" and the guarantee issued by VRG as the "VRG Guarantee" (collectively, the "Guarantees"). Each of the trustees representing the holders of the New 2018 Notes, the New 2021 Notes and the New 2028 Notes and the collateral agent will also enter into an intercreditor agreement.

The New 2018 Notes and Guarantees are secured by a first priority security interest granted by the Fiduciary Sale Agreement (as defined below) in the Collateral (as defined below), consisting of all Spare Parts owned by VRG on the date of issuance and thereafter, which was entered into on July 4, 2016 by and among VRG, as the fiduciary seller of the Spare Parts; the collateral agent, for the benefit of the holders of New 2018 Notes, as the secured parties; and GLAI, as an intervening party.

This description of the New 2018 Notes is a summary of the material provisions of the New 2018 Notes, the indenture, the intercreditor agreement and the Fiduciary Sale Agreement. You should refer to the New 2018 Notes, the indenture, the intercreditor agreement and the Fiduciary Sale Agreement for a complete description of the terms and conditions of the New 2018 Notes, the indenture, the intercreditor agreement and the Fiduciary Sale Agreement, including the obligations of the Issuer and the Guarantors and your rights.

You will find the definitions of capitalized terms used in this section under "—Certain Definitions."

General

The New 2018 Notes:

- are senior obligations of the Issuer;
- are secured by the Collateral pursuant to the terms of the Fiduciary Sale Agreement and the intercreditor agreement;
- are limited to an aggregate principal amount of US$43.3 million; provided that in connection with the payment of PIK Interest (as defined below) in respect of the New 2018 Notes, the Issuer will, without the consent of the holders thereof, increase the outstanding principal amount of the New 2018 Notes by issuing additional New 2018 Notes (the "PIK Notes") under the indenture on the same terms and conditions as the New 2018 Notes offered hereby (a "PIK Payment");
- mature on December 20, 2018;
- have 50% of the outstanding aggregate principal amount paid on December 20, 2017; and
- are represented by one or more registered New 2018 Notes in global form and may be exchanged for registered New 2018 Notes in definitive non-global form only in limited circumstances.

Interest on the New 2018 Notes will:

- accrue at the rate of 9.50% per annum, 8.50% with respect to the Cash Interest (as defined below) and 1.0% with respect to the PIK Interest, of the principal amount outstanding;
- accrue from the date of issuance;
- be payable in cash (the "Cash Interest") and in kind by issuing New 2018 Notes (the "PIK Interest"), in both cases semi-annually in arrears on June 20 and December 20 of each year, commencing on December 20, 2016;
- be payable to the holders of record on the June 5 and December 5 immediately preceding the related interest payment dates; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

The maximum PIK Interest amount of the New 2018 Notes calculated up to the Maturity Date will be of US$0.9 million.

The New 2018 Notes offered hereby and the PIK Notes subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context requires otherwise, (1) references to "New 2018 Notes" and "notes" for all purposes of the indenture and this "Description of the New 2018 Notes" section include any PIK Notes issued and (2) references to "principal amount" of New 2018 Notes for all purposes of the indenture and this "Description of the New 2018 Notes" section include any increase in the principal amount of outstanding New 2018 Notes, including PIK Notes as a result of a PIK Payment.

Notwithstanding anything to the contrary, the payment of accrued interest in connection with any redemption of the New 2018 Notes as described under "—Redemption" will be made solely in cash.

Principal of, and interest and any additional amounts (as described below under "—Additional Amounts") on, the New 2018 Notes will be payable, and the transfer of New 2018 Notes will be registrable, at the office of the trustee, and at the offices of the paying agents and transfer agents, respectively.

PIK Interest on the New 2018 Notes will be payable (1) with respect to New 2018 Notes represented by one or more global notes registered in the name of or held by DTC or its nominee, by increasing the principal amount of the outstanding global note by an amount equal to the amount of PIK Interest for the applicable interest period (rounded up to the nearest whole dollar) as provided in writing by the Issuer to the trustee and (2) with respect to New 2018 Notes represented by certificated notes, by issuing PIK Notes in certificated form in an aggregate principal amount equal to the amount of PIK Interest for the applicable interest period (rounded up to the nearest whole dollar), and the trustee will, at the written order of the Issuer, authenticate and deliver such PIK Notes in certificated form for original issuance to the holders of the New 2018 Notes on the relevant record date, as shown by the records of the register of holders of New 2018 Notes.

Following an increase in the principal amount of the outstanding global notes as a result of a PIK Payment the New 2018 Notes will bear interest on such increased principal amount from and after the date of such PIK Payment. Any PIK Notes issued in certificated form will be dated as of the applicable interest payment date and will bear interest from and after such date. All New 2018 Notes issued pursuant to a PIK Payment will mature on December 20, 2018 and will be governed by, and subject to the terms, provisions and conditions of, the indenture and will have the same rights and benefits of the New 2018 Notes initially issued, including sharing in the Collateral on a *pro rata* basis.

The indenture does not contain any financial covenants and, thus, for example, it does not limit the amount of debt or other obligations that may be incurred by the Issuer or the Guarantors or any of their present or future Subsidiaries and does not require the repurchase of the New 2018 Notes upon a change of control.

Ranking

The New 2018 Notes are senior to all existing and future unsecured obligations of VRG, to the extent of the value of Collateral securing the New 2018 Notes. The New 2018 Notes and GLAI Guarantee will rank equally with all of the other senior unsecured obligations of the Issuer and GLAI. In any liquidation, dissolution, bankruptcy, or other similar proceeding, the holders of the Issuer's and the Guarantors' other secured debt may assert rights against the assets securing that debt in order to receive full payment of their debt before the assets may be used to pay the Issuer's and the Guarantors' other creditors, including the holders of the New 2018 Notes.

Guarantees

GLAI unconditionally guarantees, on an unsecured basis, and VRG unconditionally guarantees, on a secured basis, all of the obligations of the Issuer pursuant to the New 2018 Notes, the indenture, the Fiduciary Sale Agreement and the intercreditor agreement, as the case may be. So long as any note remains outstanding (as defined in the indenture), GLAI shall continue to own directly 100% of the outstanding share capital of the Issuer.

Each of the Guarantees will be limited to the maximum amount that would not render the respective Guarantor's obligations subject to avoidance under applicable fraudulent conveyance laws. By virtue of this limitation, the Guarantor's respective obligations under the Guarantee could be significantly less than amounts payable with respect to the New 2018 Notes, or each of the Guarantors may have effectively no obligation under the respective Guarantee.

Claims of creditors of any Subsidiaries of each of the Guarantors (other than the Issuer, in the case of GLAI), including trade creditors, employees and creditors holding indebtedness or guarantees issued by any Subsidiaries of each of the Guarantors (other than the Issuer, in the case of GLAI), generally will have priority with respect to the assets and earnings of any Subsidiaries of each of the Guarantors (other than the Issuer, in the case of GLAI) over the claims of the respective Guarantor's creditors, including holders of the New 2018 Notes. Accordingly, the New 2018 Notes will be effectively subordinated to creditors (including trade creditors and employees) and preferred stockholders, if any, of the Guarantors' existing or future Subsidiaries (other than the Issuer, in the case of GLAI). The indenture does not require any of the Guarantors' existing or future Subsidiaries to guarantee the New 2018 Notes, and it does not restrict the Guarantors from disposing of their assets to a third party or a Subsidiary that is not guaranteeing the New 2018 Notes, except as set forth in the Fiduciary Sale Agreement, in the case of VRG, and under "—Covenants—Limitation on Consolidation, Merger or Transfer of Assets." Under Brazilian law, as a general rule, holders of the New 2018 Notes will not have any claim against any non-guarantor Subsidiaries of the Guarantors.

The Guarantees will terminate upon defeasance or repayment of the New 2018 Notes, as described under the caption "—Defeasance."

Collateral

The New 2018 Notes and Guarantees are secured by a first priority security interest granted in the collateral (the "Collateral") to the holders of the New 2018 Notes, represented by the collateral agent, over Rotable Spare Parts and Non-Rotable Spare Parts pursuant to the terms of the Fiduciary Sale Agreement and the intercreditor agreement. The security interest does not apply to (1) any Spare Part so long as it is incorporated in, installed on, attached or appurtenant to, or being used on, an aircraft, engine or Spare Part that is so incorporated, installed, attached, appurtenant or being used, (2) any Spare Part leased to, loaned to, or held on consignment by, VRG, and (3) Spare Parts that are not specifically identified in the Fiduciary Sale Agreement (as defined below). Aircraft and spare engines are not included in the Collateral. VRG may not sell any Spare Part while the Spare Part is subject to the security interest granted by the Fiduciary Sale Agreement.

Pursuant to the intercreditor agreement, the holders of the New Notes will vote as a single class by majority voting of the New Notes (which include all of the New 2018 Notes, the New 2021 Notes and the New 2028 Notes) then outstanding on all matters related to the Collateral, including enforcement of rights in the Collateral, except solely upon an Event of Default in the payment of principal or interest and subsequent acceleration under the New 2018 Notes. In that case, the holders of the New 2018 Notes will be entitled to vote to enforce rights in the Collateral without the vote of the holders of the New 2021 Notes and New 2028 Notes. The holders of the New Notes will share the Collateral on a *pro rata* basis to the extent of their matured claims.

VRG granted a first priority security interest in the Collateral pursuant to a fiduciary sale agreement related to the Rotable Spare Parts, dated July 4, 2016, registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent (the "Rotables Fiduciary Sale Agreement") and to a fiduciary sale agreement related to the Non-Rotable Spare Parts, dated July 4, 2016, registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent (the "Non-Rotables Fiduciary Sale Agreement," together with the Rotables Fiduciary Sale Agreement, collectively referred to as the "Fiduciary Sale Agreement"). Each Fiduciary Sale Agreement will contain an annex identifying all Spare Parts that as of the date of issuance will be part of the Collateral.

VRG is obligated to update the annex of the Rotables Fiduciary Sale Agreement and subject any and all additional Spare Parts to the security interest granted by the Rotables Fiduciary Sale Agreement by means of an amendment, which must be registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent by the tenth (10th) Business Day of each month, commencing in the month following the date of issuance. VRG is also obligated to update the annex of the Non-Rotables Fiduciary Sale Agreement and subject any and all additional Spare Parts to the security interest granted by the Non-Rotables Fiduciary Sale Agreement by means of an amendment, which must be registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent by the tenth (10th) Business Day of April and October of each year, commencing in October 2016.

Further Assurances

On or prior to the date of issuance, the collateral agent and the trustee shall have received an Officer's Certificate of the Issuer and legal opinion from Brazilian external counsel satisfactory to the collateral agent and the trustee to the effect that,

subject to certain exceptions and qualifications (see "Risk Factors—Risks Relating to the New Notes, the Guarantees and the Collateral—The security interest granted under the Fiduciary Sale Agreement in the non-rotable Spare Parts may not be valid under Brazilian law"), each of the Rotables Fiduciary Sale Agreement and the Non-Rotables Fiduciary Sale Agreement has been duly authorized, executed and delivered by each of VRG and GLAI and constitutes the legal, valid, and binding obligation of each of VRG and GLAI, enforceable against VRG and GLAI in accordance with its terms.

Each of VRG and GLAI shall take, or cause to be taken, all actions necessary, or requested by the collateral agent, to maintain each of the Rotables Fiduciary Sale Agreement and the Non-Rotables Fiduciary Sale Agreement to which it is a party in full force and effect and enforceable in accordance with its terms and to maintain and preserve the security interest created by the Fiduciary Sale Agreement and the priority thereof. In furtherance of the foregoing, VRG and GLAI shall ensure that all of the additional Spare Parts intended to be subject to the security interest granted by the Fiduciary Sale Agreement shall become subject to it having the priority contemplated pursuant to the terms of the Fiduciary Sale Agreement, the indenture and the intercreditor agreement.

On the date of issuance and at such other times as the trustee or the collateral agent (acting in accordance with instructions provided by the trustee) may reasonably request in writing, the Issuer shall furnish, or cause to be furnished, to the trustee and the collateral agent, an opinion of legal counsel either stating that, in the opinion of counsel, an action has been taken with respect to (1) amending or supplementing the Fiduciary Sale Agreement (or providing additional collateral, notifications or acknowledgments) as is necessary to subject all the Collateral (including any additional Spare Parts) to the security interest granted by the Fiduciary Sale Agreement and (2) the recordation of the amendment to the Fiduciary Sale Agreement and any other requisite documents as are necessary to maintain the security interest purported to be granted by the Fiduciary Sale Agreement and reciting the details of the action or stating that, in the opinion of counsel, no such action is necessary to maintain the security interest. The opinion of counsel shall also describe the recordation of the amendment to the Fiduciary Sale Agreement and any other requisite documents, or the taking of any other action that will, in the opinion of counsel, be required to maintain the security interest purported to be granted by the Fiduciary Sale Agreement after the date of the opinion.

Notwithstanding anything to the contrary contained in this Description of the New 2018 Notes or in applicable law, none of the trustee or the collateral agent shall have responsibility, among other things as set forth in the indenture, for (1) acting or being based on any unlawful, ambiguous or inaccurate instruction, notice, demand, notification or other document pursuant to the indenture and the Fiduciary Sale Agreement; (2) any loss or claim resulting from any act or omission, directly or indirectly, conducted in good faith, except if otherwise determined in a final nonappealable decision by a court of competent jurisdiction; (3) any loss of profits, indirect, consequential, incidental, special, punitive or related losses and/or damages; (4) preparing, recording or filing any instrument in any public office or for otherwise ensuring the perfection or maintenance of any security interest granted pursuant to, or contemplated by, the indenture and the Fiduciary Sale Agreement; (5) taking any necessary steps to preserve rights against any parties with respect to the Collateral; (6) taking any action to protect against any diminution in value of the Collateral; (7) errors in judgment made in good faith unless the trustee was grossly negligent in ascertaining pertinent facts; or (8) for monitoring or confirming (a) each of the Issuer's and the Guarantors' compliance with any of the covenants, including but not limited to, covenants regarding the granting, perfection or maintenance of any security interest, or (b) the market value of the Collateral or its sufficiency to satisfy in full payments due on the New Notes.

Appraisals

The Issuer is required to furnish to the trustee by the tenth (10th) Business Day of April and October in each year, commencing in October 2016, so long as the New 2018 Notes are outstanding, a certificate of an independent appraiser. The certificates are required to state the appraiser's opinion of the fair market value of the Collateral, determined on the basis of a hypothetical sale negotiated in an arm's length free market transaction between a willing and able seller and a willing and able buyer, neither of whom is under undue pressure to complete the transaction, under then current market conditions (the "Fair Market Value").

Subsequent appraisals conducted semi-annually commencing in October 2016 and any appraisal obtained upon the request of the trustee during the continuance of a Default or an Event of Default, which appraisal shall be provided to the trustee, shall determine the Fair Market Value by taking at least the following actions: (1) reviewing a parts inventory report prepared as of the applicable valuation date; (2) reviewing the appraiser's internal value database for values applicable to the Spare Parts included in the Collateral; (3) developing a representative sampling of a reasonable number of the different Spare Parts included in the Collateral for which a market check will be conducted; (4) checking other sources, such as manufacturers, other airlines, U.S. government procurement data and airline parts pooling price lists, for current market

prices of the sample parts referred to in clause (3); (5) establishing an assumed ratio of serviceable Spare Parts to unserviceable Spare Parts as of the applicable valuation date based upon information provided by VRG and the independent appraiser's limited physical review of the Collateral referred to in the following clause (6); (6) visiting at least two locations selected by the independent appraiser where the Spare Parts are kept by VRG, provided that at least one such location will be one of the top three locations at which VRG keeps the largest number of Spare Parts, to conduct a limited physical inspection of the Collateral; (7) conducting a limited review of the inventory reporting system applicable to the Spare Parts, including checking information reported in such system against information determined through physical inspection pursuant to the preceding clause (6); and (8) reviewing a sampling of the Spare Parts documents (including tear-down reports).

Subsequent appraisals conducted semi-annually commencing in October 2016 shall determine the Fair Market Value by taking the actions specified in clauses (1), (2) and (5) above.

Release of Collateral

Subject to the terms of the indenture, the Fiduciary Sale Agreement and the intercreditor agreement, the Issuer and the Guarantors will be entitled to the release of the Spare Parts constituting the Collateral from the security interest securing the obligations of the New 2018 Notes under any one or more of the following circumstances:

(1) in accordance with the indenture, the Fiduciary Sale Agreement and the intercreditor agreement, if at any time the collateral agent, if and as instructed by the trustee, forecloses upon or otherwise exercises remedies against the Collateral resulting in the sale or disposition thereof;

(2) as described under "—Amendment, Supplement, Waiver" below;

(3) upon payment in full of the principal of, together with accrued and unpaid interest on, the New 2018 Notes that are due and payable; or

(4) upon a legal defeasance or covenant defeasance under the indenture as described below under "—Defeasance."

Liens

The Issuer and the Guarantors are required to maintain the Collateral free of any Liens, other than the rights of the holders of the New Notes (which include the New 2018 Notes, the New 2021 Notes and the New 2028 Notes), represented by the collateral agent, arising under the Fiduciary Sale Agreement.

Maintenance of Spare Parts

The Issuer and the Guarantors are required to maintain the Spare Parts in accordance with applicable law, excluding (i) Spare Parts that have become worn out or unfit for use and not reasonably repairable or obsolete, and (ii) Non-Rotable Spare Parts that have been consumed or used in VRG's operations. In addition, VRG must maintain all records, logs and other materials required by the Brazilian Civil Aviation Authority (*Agência Nacional de Aviação Civil - ANAC*) to be maintained in respect of the Spare Parts.

Use and Possession of Spare Parts

VRG has the right to deal with the Spare Parts in any manner consistent with its ordinary course of business. This includes the right to install on, or use in, any aircraft, engine or Spare Part leased to or owned by VRG any Spare Part, free from the security interest of the Fiduciary Sale Agreement. VRG may dismantle any Spare Part that it deems worn out or obsolete or unfit or no longer suitable for use and may sell or dispose of any such Spare Part or any salvage resulting from such dismantling, free from the security interest of the Fiduciary Sale Agreement.

VRG may not sell, lease, transfer or relinquish possession of any Spare Part without the prior written consent of the collateral agent (acting in accordance with instructions provided by the trustee), except as permitted by the Fiduciary Sale Agreement, the indenture and the intercreditor agreement. In the ordinary course of business, VRG may transfer possession of any Spare Part to the manufacturer thereof or any other organization for testing, overhaul, repairs, maintenance, alterations or modifications or to any person for the purpose of transport to any of the foregoing. VRG may also subject any Spare Part to a pooling, exchange, borrowing, or maintenance servicing agreement arrangement customary in the airline industry and entered into in the ordinary course of business.

So long as no Default or Event of Default shall have occurred and be continuing and subject to certain terms of the indenture, VRG may enter into a lease with respect to any Rotable Spare Part to any certificated air carrier that is not then subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding and shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person. In the case of any such lease, VRG will include in such lease appropriate provisions which (i) make such lease expressly subject and subordinate to all of the terms of the indenture, including the rights of the holders of the New 2018 Notes, represented by the collateral agent, to avoid such lease in the exercise of its rights to repossession of the Spare Parts thereunder and the requirement that VRG shall remain primarily liable for, among other things, the performance and observance of all terms of the indenture; (ii) require the lessee to comply with the insurance requirements of the indenture; and (iii) require that the Spare Parts subject thereto be used in accordance with the limitations applicable to VRG's use and possession of such Spare Parts provided in the indenture, the Fiduciary Sale Agreement and the intercreditor agreement.

Insurance

VRG is required to maintain insurance covering damage to the Spare Parts. Such insurance must provide for the reimbursement of VRG's expenditure in repairing or replacing any damaged or destroyed Spare Part. If any such Spare Part is not repaired or replaced, such insurance must provide for the payment of the amount it would cost to repair or replace such Spare Part, on the date of loss, with proper deduction for obsolescence and physical depreciation.

VRG is also required to maintain third party liability insurance with respect to the Spare Parts in an amount and scope as it customarily maintains for equipment similar to the Spare Parts and with insurers of nationally or internationally recognized responsibility. VRG may self-insure the risks required to be insured against as described above in respect of Spare Parts in such amounts as shall be consistent with its normal practices, except for insurance mandatorily purchased under applicable law.

Redemption

The New 2018 Notes will not be redeemable prior to maturity, except as described below. The redemption price on the maturity date will be 100% of the outstanding principal amount of the New 2018 Notes. Any optional or tax redemption may require the prior approval of the Central Bank. The payment of accrued interest in connection with any redemption of the New 2018 Notes will be made solely in cash.

Optional Redemption

The Issuer may, at any time, on any one or more occasions redeem the New 2018 Notes, at its option, in whole or in part, at a redemption price of 100.0% of the outstanding principal amount of the New 2018 Notes, plus accrued and unpaid interest and additional amounts (as described below under "—Additional Amounts"), if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Tax Redemption

If as a result of any change in or amendment to the laws (or any rules or regulations thereunder) of a Taxing Jurisdiction (as described below under "—Additional Amounts"), or any amendment to or change in an official interpretation, administration or application of such laws, any treaties, rules, or related agreements to which the Taxing Jurisdiction is a party or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective or, in the case of a change in official position, is announced on or after the issue date of the New 2018 Notes, in the case of the Issuer or any of the Guarantors, or on or after the date a successor to the Issuer or any of the Guarantors assumes the obligations under the New 2018 Notes or Guarantees, in the case of any such successor, either the Issuer or any successor to the Issuer or any of the Guarantors or any successor to any of the Guarantors has or will become obligated to pay additional amounts as described below under "—Additional Amounts" in excess of the additional amounts either the Issuer, any of the Guarantors or any such successor to the Issuer or any of the Guarantors would be obligated to pay if payments were subject to withholding or deduction at a rate of 15% or at a rate of 25% in the case that the holder of the New 2018 Notes is resident in a tax haven jurisdiction for Brazilian tax purposes (i.e., a country that does not impose any income tax or that imposes it at a maximum rate lower than 20% or where the laws impose restrictions on the disclosure of ownership composition or securities ownership) (the "Minimum Withholding Level"), the Issuer or any successor to the Issuer may, at its option, redeem all, but not less than all, of the New 2018 Notes, at a redemption price equal to 100% of their principal amount, together with accrued and unpaid interest to the date fixed for redemption, upon delivery of irrevocable notice of

redemption to the holders not less than 30 days nor more than 90 days prior to the date fixed for redemption. No notice of such redemption may be given earlier than 90 days prior to the earliest date on which either (x) the Issuer or successor to the Issuer would, but for such redemption, become obligated to pay any additional amounts above the Minimum Withholding Level, or (y) in the case of payments made under any of the Guarantees, any of the Guarantors or any successor to the Guarantors would, but for such redemption, be obligated to pay the additional amounts above the Minimum Withholding Level. The Issuer or any successor to the Issuer shall not have the right to so redeem the New 2018 Notes unless (a) it is obligated to pay additional amounts which in the aggregate amount exceed the additional amounts payable at the Minimum Withholding Level or (b) any of the Guarantors or any successor to any of the Guarantors is obliged to pay additional amounts which in the aggregate amount exceed the additional amounts payable at the Minimum Withholding Level. Notwithstanding the foregoing, the Issuer or any such successor shall not have the right to so redeem the New 2018 Notes unless it has taken reasonable measures to avoid the obligation to pay additional amounts. For the avoidance of doubt, reasonable measures do not include changing the jurisdiction of incorporation of the Issuer or any successor to the Issuer or the jurisdiction of incorporation of any of the Guarantors or any successor to any of the Guarantors.

In the event that the Issuer or any successor to the Issuer elects to so redeem the New 2018 Notes, it will deliver to the trustee: (1) an Officer's Certificate, signed in the name of the Issuer or any successor to the Issuer, stating that the Issuer or any successor to the Issuer is entitled to redeem the New 2018 Notes pursuant to their terms and setting forth a statement of facts showing that the condition or conditions precedent to the right of the Issuer or any successor to the Issuer to so redeem have occurred or been satisfied; and (2) an opinion of counsel, who is reasonably acceptable to the trustee, to the effect that (i) the Issuer, or any successor to the Issuer, or any of the Guarantors, or any successor to any of the Guarantors, has or will become obligated to pay additional amounts in excess of the additional amounts payable at the Minimum Withholding Level, and (ii) such obligation is the result of a change in or amendment to the laws (or any rules or regulations thereunder) of a Taxing Jurisdiction, or any amendment to or change in an official interpretation, administration or application of such laws, any treaties, rules, or related agreements to which the Taxing Jurisdiction is a party or regulations, as described above.

Open Market Purchases

The Issuer or its Affiliates may at any time purchase New 2018 Notes in the open market or otherwise at any price. Any such purchased New 2018 Notes will not be resold, except in compliance with applicable requirements or exemptions under the relevant securities laws.

Payments

The Issuer will make all payments on the New 2018 Notes exclusively in such coin or currency of the United States as at the time of payment will be legal tender for the payment of public and private debts.

The Issuer will make payments of principal and interest on the New 2018 Notes to the principal paying agent (as identified on the inside back cover page of this offering memorandum), which will pass such funds to the trustee and the other paying agents or to the holders.

The Issuer will make payments of principal upon presentation and surrender of the relevant New 2018 Notes at the specified office of the trustee or any of the paying agents. The Issuer will pay principal on the New 2018 Notes upon presentation and surrender thereof. Payments of principal and interest in respect of each note will be made by the paying agents by U.S. dollar check drawn on a bank in New York City and mailed to the holder of such note at its registered address. Upon written application by the holder to the specified office of any paying agent not less than 15 days before the due date for any payment in respect of a note, such payment may be made by transfer to a U.S. dollar account maintained by the payee with a bank in New York City.

Under the terms of the indenture, payment by the Issuer or any of the Guarantors of any amount payable under the New 2018 Notes or any of the Guarantees, as the case may be, on the due date thereof to the principal paying agent in accordance with the indenture will satisfy the obligation of the Issuer, or any of the Guarantors, as the case may be, to make such payment; provided, however, that the liability of the principal paying agent shall not exceed any amounts paid to it by the Issuer or any of the Guarantors, as the case may be, or held by it, on behalf of the holders under the indenture.

All payments will be subject in all cases to any applicable tax or other laws and regulations, but without prejudice to the provisions of "—Additional Amounts." No commissions or expenses will be charged to the holders in respect of such payments.

Subject to applicable law, the trustee and the paying agents will pay to the Issuer upon written request any monies held by them for the payment of principal or interest that remains unclaimed for two years, and, thereafter, holders entitled to such monies must look to the Issuer for payment as general creditors. After the return of such monies by the trustee or the paying agents to the Issuer, neither the trustee nor the paying agents shall be liable to the holders in respect of such monies.

Listing

Application has been made to list the New 2018 Notes on the Official List of the Luxembourg Stock Exchange and admission to trading has been made on the Euro MTF Market of the Luxembourg Stock Exchange. and will remain so listed so long as the Issuer and the Guarantors do not reasonably believe that doing so would impose burdensome financial reporting or other requirements, or costs relating thereto. Application will be made to list the PIK Notes on the Official List of the Luxembourg Stock Exchange and to admit to trading on the MTF Market of the Luxembourg Stock Exchange.

Additional Information

For so long as any New 2018 Notes remain outstanding, the Issuer will make available to any noteholder or beneficial owner of an interest in the New 2018 Notes, or to any prospective purchasers designated by such noteholder or beneficial owner, upon request of such noteholder or beneficial owner, and in addition to the information referred to under "—Covenants—Reporting Requirements" below, the information required to be delivered under paragraph (d)(4) of Rule 144A unless, at the time of such request, the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act.

Form, Denomination and Title

The New 2018 Notes are in registered form without coupons attached in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof. PIK Payments on the New 2018 Notes will be made in denominations of US$1.00 and any integral multiples of US$1.00 in excess thereof.

New 2018 Notes sold in offshore transactions in reliance on Regulation S are represented by one or more permanent global New 2018 Notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of DTC for the accounts of Euroclear and Clearstream, Luxembourg. New 2018 Notes sold to "qualified institutional buyers" ("QIBs"), as defined in Rule 144A, are represented by one or more permanent global New 2018 Notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of DTC. Beneficial interests in the global New 2018 Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream Luxembourg. Except in certain limited circumstances, definitive registered New 2018 Notes will not be issued in exchange for beneficial interests in the global New 2018 Notes. See "Form of the New Notes—Global Notes."

Title to the New 2018 Notes will pass by registration in the register. The registered holder of any note will (except as otherwise required by law and subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, writing on, or theft or loss of, the definitive note issued in respect of it), and no person will be liable for so treating the holder.

Transfer of New 2018 Notes

New 2018 Notes may be transferred in whole or in part in an authorized denomination upon the surrender of the note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the registrar or the specified office of any transfer agent. Each new note to be issued upon exchange of New 2018 Notes or transfer of New 2018 Notes will, within three business days of the receipt of a request for exchange or form of transfer, be mailed at the risk of the holder entitled to the note to such address as may be specified in such request or form of transfer.

The registrar will send a copy of the noteholder register to the Issuer on the date of issuance and after any change to the noteholder register made by the registrar, with such copy to be held by the Issuer and at its registered office. For purposes of Luxembourg law, ownership of the New 2018 Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the New 2018 Notes. In case of

discrepancies between the register held by the registrar and the register held by the Issuer at its registered office, the register held by the Issuer at its registered office will prevail for Luxembourg law purposes.

New 2018 Notes will be subject to certain restrictions on transfer as more fully set out in the indenture. See "Transfer Restrictions." Transfer of beneficial interests in the global New 2018 Notes will be effected only through records maintained by DTC and its participants. See "Form of the New Notes."

Transfer will be effected without charge by or on behalf of the Issuer, the trustee, the registrar or the transfer agents, but upon payment, or the giving of such indemnity and/or security as the trustee, the registrar or the relevant transfer agent may require, in respect of any tax or other governmental charges which may be imposed in relation to it. The Issuer is not required to transfer or exchange any note selected for redemption.

No holder may require the transfer of a note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that note.

Additional Amounts

All payments by the Issuer (or any paying agent) in respect of the New 2018 Notes or any of the Guarantors (or any paying agent) in respect of the respective Guarantee will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments, or other governmental charges of whatever nature imposed or levied by or on behalf of Brazil or Luxembourg, or any political subdivision or authority therein or thereof or any other jurisdiction in which the Issuer or any of the Guarantors is organized, doing business or otherwise subject to the power to tax or through which payment on the New 2018 Notes or Guarantees is made (or, in each case, any political subdivision or authority therein or thereof) (any of the aforementioned being a "Taxing Jurisdiction"), unless the Issuer or any of the Guarantors (or any paying agent) is compelled by law to deduct or withhold such taxes, duties, assessments, or governmental charges. In such event, the Issuer or any of the Guarantors (or any paying agent), as applicable, will make such deduction or withholding, and the Issuer or any of the Guarantors, as applicable, will make payment of the amount so withheld to the appropriate governmental authority and pay such additional amounts as may be necessary to ensure that the net amounts receivable by holders of New 2018 Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the New 2018 Notes in the absence of such withholding or deduction. Notwithstanding the foregoing, no such additional amounts shall be payable:

(1) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such note by reason of the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of such holder, if such holder is an estate, a trust, a partnership, or a corporation) and the relevant Taxing Jurisdiction, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof, being incorporated in, being or having been engaged in a trade or business or present therein or having or having had a permanent establishment therein, other than the mere holding of the note or enforcement of rights under the indenture and the receipt of payments with respect to the note;

(2) in respect of New 2018 Notes surrendered or presented for payment (if surrender or presentment is required) more than 30 days after the Relevant Date (as defined below) except to the extent that payments under such note would have been subject to withholdings and the holder of such note would have been entitled to such additional amounts, had the note been surrendered for payment on the last day of such period of 30 days;

(3) where the withholding or deduction is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings;

(4) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or other governmental charges by reason of such holder's failure to comply with any certification, identification, documentation or other reporting requirement concerning the nationality, residence, identity or connection with the relevant Taxing Jurisdiction of such holder, if (a) compliance is required by law as a precondition to, exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and (b) the Issuer has given the holders at least 30 days' notice that holders will be required to comply with such certification, identification, documentation or other reporting requirement;

(5) in respect of any tax that is required to be withheld or deducted from a payment made to a holder who would have been able to avoid such withholding or deduction by presenting a note for payment (where presentation is required)

to another available paying agent in a Member State of the European Economic Area (unless such note could not have been presented for payment elsewhere);

(6) in respect of any estate, inheritance, gift, sales, transfer, capital gains, excise or personal property or similar tax, assessment or governmental charge;

(7) in respect of any tax, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal of or interest on the note;

(8) in respect of any tax imposed on overall net income or any branch profits tax; or

(9) in respect of any combination of the above.

In addition, no additional amounts shall be paid with respect to any payment on a note to a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment to the extent that payment would be required by the relevant Taxing Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interestholder in a limited liability company or a beneficial owner who would not have been entitled to the additional amounts had that beneficiary, settlor, member, interestholder or beneficial owner been the holder.

"Relevant Date" means, with respect to any payment on a note, whichever is the later of: (i) the date on which such payment first becomes due; and (ii) if the full amount payable has not been received by the trustee on or prior to such due date, the date on which notice is given to the holders that the full amount has been received by the trustee. The New 2018 Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation. Except as specifically provided above, neither the Issuer nor any of the Guarantors shall be required to make a payment with respect to any tax, assessment or governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein.

In the event that additional amounts actually paid with respect to the New 2018 Notes described above are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such New 2018 Notes, and, as a result thereof such holder is entitled to make claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such New 2018 Notes, be deemed to have assigned and transferred all right, title, and interest to any such claim for a refund or credit of such excess to the Issuer.

The Issuer or Guarantor, as the case may be, will provide the trustee with the official acknowledgment of the relevant Taxing Jurisdiction (or, if such acknowledgment is not available, other reasonable documentation) evidencing any payment of any taxes in respect of which the Issuer or Guarantor, as the case may be, has paid any additional amounts. Copies of such documentation will be made available to the holders of the notes or the paying agents, as applicable, upon request therefor.

The Issuer will also pay any present or future stamp, issue, registration, court or documentary taxes or any excise or property taxes, charges or similar levies (including any penalties, interest and other liabilities relating thereto) which arise in any jurisdiction from the execution, delivery, registration or the making of payments in respect of the New 2018 Notes, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Taxing Jurisdiction other than those resulting from, or required to be paid in connection with, the enforcement of the New 2018 Notes following the occurrence of any Default or Event of Default.

Any reference in this offering memorandum, the indenture or the New 2018 Notes to principal, interest or any other amount payable in respect of the New 2018 Notes by the Issuer or any of the Guarantees by the respective Guarantor will be deemed also to refer to any additional amount, unless the context requires otherwise, that may be payable with respect to that amount under the obligations referred to in this subsection.

The foregoing obligation will survive termination or discharge of the indenture.

Change of Control

The indenture does not contain provisions that permit the holder of the New 2018 Notes to require that the Issuer make any payments on the New 2018 Notes or purchase or redeem the New 2018 Notes in the event of a change of control, takeover, recapitalization or similar transaction.

Covenants

The indenture contains the following covenants:

Limitation on Transactions with Affiliates

Neither the Issuer nor the Guarantors will, nor will the Issuer or the Guarantors permit any of their respective Subsidiaries to, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property, employee compensation arrangements or the rendering of any service) with, or for the benefit of, any Affiliate of the Issuer or the Guarantors, other than themselves or any Subsidiaries, (an "Affiliate Transaction") unless the terms of the Affiliate Transaction are no less favorable to the Issuer or the Guarantors or such Subsidiaries than those that could be obtained at the time of the Affiliate Transaction in arm's length dealings with a person who is not an Affiliate.

Limitation on Consolidation, Merger or Transfer of Assets

Neither the Issuer nor the Guarantors will consolidate with or merge with or into, or sell, convey, transfer or dispose of, or lease all or substantially all of its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to, any Person, unless:

(1) the resulting, surviving or transferee Person (if not the Issuer or a Guarantor) will be a Person organized and existing under the laws of Brazil, the United States of America, any State thereof or the District of Columbia, or any other country (or political subdivision thereof) that is a member country of the European Union or of the Organization for Economic Co-operation and Development on the date of the indenture, and such Person expressly assumes, by a supplemental indenture to the indenture, executed and delivered to the trustee, all the obligations of the Issuer or the Guarantors under the New 2018 Notes, the Guarantees (as applicable) and the indenture;

(2) the resulting, surviving or transferee Person (if not the Issuer or a Guarantor), if organized and existing under the laws of a jurisdiction other than Brazil or Luxembourg, as applicable, undertakes, in such supplemental indenture, (i) to pay such additional amounts in respect of principal (and premium, if any) and interest as may be necessary in order that every net payment made in respect of the New 2018 Notes after deduction or withholding for or on account of any present or future tax, duty, assessment or other governmental charge imposed by such other country or any political subdivision or taxing authority thereof or therein will not be less than the amount of principal (and premium, if any) and interest then due and payable on the New 2018 Notes, subject to the same exceptions set forth under "—Additional Amounts," and (ii) that the provisions set forth under "—Redemption—Tax Redemption" shall apply to such Person, but in both cases, replacing existing references in such clause to Brazil or Luxembourg, as applicable, or to the Taxing Jurisdiction with references to the jurisdiction of organization of the resulting, surviving or transferee Person as the case may be;

(3) immediately prior to such transaction and immediately after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing; and

(4) the Issuer or the Guarantors will have delivered to the trustee an Officer's Certificate and an opinion of independent legal counsel, each stating that such consolidation, merger or transfer and such supplemental indenture, if any, comply with the indenture.

The trustee will accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set forth in this covenant, in which event it will be conclusive and binding on the holders.

Notwithstanding anything to the contrary contained in the foregoing, any of the Guarantors may consolidate with or merge with the Issuer or any Subsidiary that becomes a Guarantor concurrently with the relevant transaction.

Reporting Requirements

The Issuer and the Guarantors will provide the trustee with the following reports (and will also provide the trustee with sufficient copies, as required, of the following reports referred to in clauses (1) through (4) below for distribution, at the expense of the Issuer and the Guarantors, to all holders of New 2018 Notes upon written request):

(1) an English language version of GLAI's annual audited consolidated financial statements prepared in accordance with IFRS promptly upon such financial statements becoming available but not later than 120 days after the close of its fiscal year;

(2) an English language version of GLAI's unaudited quarterly financial information prepared in accordance with IAS 34 promptly upon such financial statements becoming available but not later than 60 days after the close of each fiscal quarter (other than the last fiscal quarter of its fiscal year);

(3) simultaneously with the delivery of each set of financial statements referred to in clauses (1) and (2) above, an Officer's Certificate stating whether a Default or an Event of Default exists on the date of such certificate and, if a Default or an Event of Default exists, setting forth the details thereof and the action which the Issuer and/or the Guarantors are taking or propose to take with respect thereto;

(4) without duplication, English language versions or summaries of such other reports or notices as may be filed or submitted by (and promptly after filing or submission by) the Issuer or the Guarantors with (a) the CVM, (b) the Luxembourg Stock Exchange or any other stock exchange on which the New 2018 Notes may be listed or (c) the SEC (in each case, to the extent that any such report or notice is generally available to its security holders or the public in Brazil or elsewhere and, in the case of clause (c), is filed or submitted pursuant to Rule 12g3-2(b) under, or Section 13 or 15(d) of, the Exchange Act, or otherwise); and

(5) upon any officer of the Issuer or either Guarantor becoming aware of the existence of a Default or an Event of Default, an Officer's Certificate setting forth the details thereof and the action which the Issuer and/or the Guarantors are taking or propose to take with respect thereto.

Delivery of the reports referred to in clauses (1), (2) and (4) above to the trustee is for informational purposes only, and the trustee's receipt of such reports will not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's or the Guarantors' compliance with any of their covenants in the indenture (as to which the trustee is entitled to rely exclusively on Officer's Certificates).

Substitution of the Issuer

(a) Notwithstanding any other provision contained in the indenture, the Issuer may, without the consent of the holders of the New 2018 Notes (and by purchasing or subscribing for any New 2018 Notes, each holder of the New 2018 Notes expressly consents to it), be replaced and substituted by (i) GLAI or (ii) any wholly-owned Subsidiary of GLAI as principal debtor (in such capacity, the "Substituted Debtor") in respect of the New 2018 Notes; *provided that*:

(i) such documents shall be executed by the Substituted Debtor, the Issuer, GLAI and the trustee as may be necessary to give full effect to the substitution, including a supplemental indenture whereby the Substituted Debtor assumes all the Issuer's obligations under the indenture (together, the "Issuer Substitution Documents"), and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favor of each noteholder, the trustee and the agents to be bound by the terms and conditions of the New 2018 Notes and the provisions of the indenture as fully as if the Substituted Debtor had been named in the New 2018 Notes and the indenture as the principal debtor in respect of the New 2018 Notes in place of the Issuer (or any previous substitute) and the covenants of GLAI (in the case the Issuer is substituted by GLAI), the covenants of the Issuer (in the case the Issuer is substituted by a wholly-owned Subsidiary of GLAI), Events of Default and other relevant provisions shall continue to apply to the Issuer in respect of the New 2018 Notes as if no such substitution had occurred, it being the intent that the rights of noteholders in respect of the New 2018 Notes shall be unaffected by such substitution, subject to clause (b) below;

(ii) without prejudice to the generality of the preceding paragraph, where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than Brazil or Luxembourg, as applicable, the Issuer Substitution Documents shall contain (x) a covenant by the Substituted Debtor and/or such other provisions as may be necessary to ensure that each noteholder has the benefit of a covenant in terms corresponding to the obligation of the Issuer in respect of the payment of additional amounts set forth in "— Additional Amounts," with the substitution for the references to Brazil or Luxembourg, as applicable, of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes, and (y) a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless the trustee and the agents and each noteholder against all taxes or duties which arise by reason of a law or

regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against the trustee, any agent or such holder as a result of any substitution pursuant to the conditions set forth in this section and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, any and all taxes or duties which are imposed on any such noteholder by any political subdivision or taxing authority of any country in which such noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

(iii) to the extent applicable, each stock exchange which has the New 2018 Notes listed thereon shall have confirmed in writing that following the proposed substitution of the Substituted Debtor, the New 2018 Notes would continue to be listed on such stock exchange, or if such confirmation is not received or such continued listing is impracticable or unduly burdensome, the Issuer or GLAI may de-list the New 2018 Notes from the Luxembourg Stock Exchange or other exchange on which the New 2018 Notes are listed; and, in the event of any such de-listing, GLAI shall use commercially reasonable efforts to obtain an alternative admission to listing, trading and/or quotation of the New 2018 Notes by another listing authority, exchange or system within or outside the European Union as it may reasonably decide; *provided*, that if such alternative admission is not available or is, in the Issuer and GLAI's reasonable opinion, unduly burdensome, the Issuer and GLAI shall have no further obligation in respect of any listing of the New 2018 Notes;

(iv) the Issuer shall have delivered, or procured the delivery, to the trustee of a legal opinion addressed to the Issuer, the Substituted Debtor and the trustee from a leading firm of lawyers in the country of incorporation of the Substituted Debtor, to the effect that the Issuer Substitution Documents constitute legal, valid and binding obligations of the Substituted Debtor and have been duly authorized, such opinion(s) to be dated as of the date the Issuer Substitution Documents are executed and to be available for inspection by noteholders at the specified offices of the trustee;

(v) the Issuer shall have delivered, or procured the delivery, to the trustee of a legal opinion addressed to the Issuer, the Substituted Debtor and the trustee from a leading firm of Luxembourg or Brazilian lawyers acting for the Issuer and GLAI, as the case may be, to the effect that the Issuer Substitution Documents have been duly authorized, executed and delivered by the Issuer and that they constitute legal, valid and binding obligations of the Issuer, such opinion to be dated as of the date the Issuer Substitution Documents are executed and to be available for inspection by noteholders at the specified offices of the trustee;

(vi) the Issuer shall have delivered, or procured the delivery, to the trustee of a legal opinion addressed to the Issuer, the Substituted Debtor and the trustee from a leading firm of New York lawyers to the effect that the Issuer Substitution Documents constitute legal, valid and binding obligations of the parties thereto under New York law, such opinion to be dated as of the date the Issuer Substitution Documents are executed and to be available for inspection by noteholders at the specified offices of the trustee;

(vii) the Substituted Debtor shall have appointed a process agent in the Borough of Manhattan, the City of New York to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the indenture, New 2018 Notes or the Issuer Substitution Documents;

(viii) there is no outstanding Default or Event of Default in respect of the New 2018 Notes;

(ix) the substitution complies with all applicable requirements established under the laws of Brazil; and

(x) each of the Substituted Debtor, GLAI and the Issuer shall deliver to the trustee an Officer's Certificate, executed by their respective authorized officers, certifying that the terms of this section have been complied with and attaching copies of all documents contemplated herein.

(b) Upon the execution of the Issuer Substitution Documents and the satisfaction of the conditions referred to in paragraph (a) above, the Substituted Debtor shall be deemed to be named in the New 2018 Notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the New 2018 Notes shall thereupon be deemed to be amended to give effect to the substitution. Except as set forth above, the execution of the Issuer Substitution Documents shall operate to release the Issuer (or such previous substitute as aforesaid) from all its obligations in respect of the New 2018 Notes and its obligation to indemnify the trustee under the indenture.

(c) The Issuer Substitution Documents shall be deposited with and held by the trustee for so long as any note remains outstanding and for so long as any claim made against the Substituted Debtor or the Issuer by any noteholder in relation to the New 2018 Notes or the Issuer Substitution Documents shall not have been finally adjudicated, settled

or discharged. The Substituted Debtor, GLAI and the Issuer shall acknowledge in the Issuer Substitution Documents the right of every noteholder to the production of the Issuer Substitution Documents for the enforcement of any of the New 2018 Notes or the Issuer Substitution Documents.

(d) Not later than 10 business days after the execution of the Issuer Substitution Documents, the Substituted Debtor shall give notice thereof to the noteholders in accordance with the provisions described in "—Notices" below.

Events of Default

An "Event of Default" occurs if:

(1) the Issuer defaults in any payment of interest (including any related additional amounts) on any New 2018 Note when the same becomes due and payable, and any such default continues for a period of 30 days;

(2) the Issuer defaults in the payment of the principal (including any related additional amounts) of any New 2018 Note when the same becomes due and payable at its Stated Maturity, upon acceleration or redemption or otherwise;

(3) any of the Issuer or the Guarantors fails to comply with any of its covenants or agreements in the New 2018 Notes or the indenture (other than those referred to in (1) and (2) above), and such failure continues for 60 days after the notice specified below;

(4) any of the Issuer, the Guarantors or any Significant Subsidiary defaults under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Debt for money borrowed by any of the Issuer, the Guarantors or any such Significant Subsidiary (or the payment of which is guaranteed by any of the Issuer, the Guarantors or any such Significant Subsidiary) whether such Debt or guarantee now exists, or is created after the date of the indenture, which default (a) is caused by failure to pay principal of or premium, if any, or interest on such Debt after giving effect to any grace period provided in such Debt on the date of such default ("Payment Default") or (b) results in the acceleration of such Debt prior to its express maturity and, in each case, the principal amount of any such Debt, together with the principal amount of any other such Debt under which there has been a Payment Default or the maturity of which has been so accelerated, totals US$50.0 million (or the equivalent thereof at the time of determination) or more in the aggregate;

(5) one or more final non-appealable judgments or decrees for the payment of money of US$50.0 million (or the equivalent thereof at the time of determination) or more in the aggregate are rendered against any of the Issuer, the Guarantors or any Significant Subsidiary and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged and, in the case of each such judgment or decree, either (a) an enforcement proceeding has been commenced by any creditor upon such judgment or decree and is not dismissed within 30 days following commencement of such enforcement proceedings or (b) there is a period of 60 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed;

(6) an involuntary case or other proceeding is commenced against any of the Issuer, the Guarantors or any Significant Subsidiary with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a trustee, receiver, *síndico*, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 days; or an order for relief is entered against any of the Issuer, the Guarantors or any Significant Subsidiary under the federal bankruptcy laws as now or hereafter in effect and such order is not being contested by any of the Issuer, the Guarantors or such Significant Subsidiary, as the case may be, in good faith or has not been dismissed, discharged or otherwise stayed, in each case within 60 days of being made;

(7) any of the Issuer, the Guarantors or any Significant Subsidiary (i) commences a voluntary case or other proceeding seeking liquidation, reorganization, *concordata* or other relief with respect to itself or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, *síndico*, liquidator, assignee, custodian, trustee, sequestrator or similar official of any of the Issuer, the Guarantors or any Significant Subsidiary or for all or substantially all of the property of any of the Issuer, the Guarantors or any Significant Subsidiary or (iii) effects any general assignment for the benefit of creditors;

(8) any event occurs that under the laws of Brazil or any political subdivision thereof or any other country has substantially the same effect as any of the events referred to in any of clause (6) or (7);

(9) any Guarantee ceases to be in full force and effect, other than in accordance with the terms of the indenture, or a Guarantor denies or disaffirms its obligations under its Guarantee;

(10) GLAI ceases to own directly 100% of the outstanding share capital of the Issuer; or

(11) except as expressly permitted by the indenture and the Fiduciary Sale Agreement, the Fiduciary Sale Agreement shall for any reason cease to be in full force and effect in all material respects, or any of the Issuer or the Guarantors or any of their Subsidiaries shall so assert, or any security interest created, or purported to be created, by the Fiduciary Sale Agreement shall cease to be enforceable and of the same effect and priority purported to be created thereby.

A Default under clause (3) above will not constitute an Event of Default until the trustee or the holders of at least 25% in principal amount of the New 2018 Notes outstanding, as the case may be, notify the Issuer and the Guarantors of the Default and the Issuer and the Guarantors, as the case may be, do not cure such Default within the time specified after receipt of such notice.

The trustee is not to be charged with knowledge of any Default or Event of Default or knowledge of any cure of any Default or Event of Default unless a responsible officer of the trustee with direct responsibility for the indenture has received written notice of such Default or Event of Default from the Issuer, the Guarantors or any holder.

If an Event of Default (other than an Event of Default specified in clause (6), (7) or (8) above) occurs and is continuing, the trustee or the holders of not less than 25% in principal amount of the New 2018 Notes then outstanding may declare all unpaid principal of and accrued interest on all New 2018 Notes to be due and payable immediately, by a notice in writing to the Issuer and the trustee, and upon any such declaration such amounts will become due and payable immediately. If an Event of Default specified in clause (6), (7) or (8) above occurs and is continuing, then the principal of and accrued interest on all New 2018 Notes will become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

The trustee will be under no obligation to exercise any of its rights or powers under the indenture or the Fiduciary Sale Agreement or the intercreditor agreement at the request or direction of any of the holders, unless such holders have offered to the trustee indemnity reasonably satisfactory to the trustee. Subject to such provision for the indemnification of the trustee, the holders of a majority in aggregate principal amount of the outstanding New 2018 Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

Each of the Fiduciary Sale Agreement and the intercreditor agreement provides that if an Event of Default has occurred and is continuing, the collateral agent, if and as instructed by the trustee, may exercise certain rights or remedies available to it under the agreement or under applicable law. The collateral agent will take such action, or refrain from taking such action, with respect to an Event of Default (including with respect to the exercise of any rights or remedies under each of the Fiduciary Sale Agreement and the intercreditor agreement), only as the trustee shall instruct the collateral agent in writing. The collateral agent will not be required to take any action or refrain from taking any action in connection with the exercise of remedies under each of the Fiduciary Sale Agreement and the intercreditor agreement or to take any action or refrain from taking any action at the direction or instructions of the trustee under the Fiduciary Sale Agreement, the intercreditor agreement or the indenture unless it shall have received indemnification against any risks or costs incurred in connection therewith in form and substance reasonably satisfactory to the collateral agent, including, without limitation, adequate advances against costs which may be incurred by it in connection therewith.

The intercreditor agreement provides for the order of payment in case of collection of any money pursuant to the exercise of remedies under the indenture or the Fiduciary Sale Agreement. See “Description of the Intercreditor Agreement.”

The trustee, upon prior written notice to the Issuer, may fix a record date and payment date for any payment to holders of amounts received from the exercise of remedies. At least 15 days before the record date, the trustee will mail to each holder and the Issuer a notice that states the record date, the payment date and amount to be paid.

Defeasance

Any of the Issuer or the Guarantors may at any time terminate all of its obligations with respect to the New 2018 Notes (“defeasance”), except for certain obligations, including those regarding any trust established for a defeasance and obligations

to register the transfer or exchange of the New 2018 Notes, to replace mutilated, destroyed, lost or stolen New 2018 Notes, the obligations owed to the trustee and the agents and to maintain agencies in respect of New 2018 Notes. Any of the Issuer or the Guarantors may at any time terminate its obligations under certain covenants set forth in the indenture, and any omission to comply with such obligations will not constitute a Default or an Event of Default with respect to the New 2018 Notes issued under the indenture ("covenant defeasance"). In order to exercise either defeasance or covenant defeasance, any of the Issuer or the Guarantors must irrevocably deposit in trust, for the benefit of the holders of the New 2018 Notes, with the trustee money or U.S. government obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants expressed in a written certificate delivered to the trustee, without consideration of any reinvestment, to pay the principal of, and interest on the New 2018 Notes to redemption or maturity and comply with certain other conditions, including: (i) in the case of covenant defeasance, the Issuer must deliver to the trustee opinions of U.S. and Brazilian counsel to the effect that the holders of the outstanding New 2018 Notes will not recognize income, gain or loss for U.S. or Brazilian federal income tax purposes, as the case may be, as a result of such covenant defeasance and will be subject to U.S. or Brazilian federal income tax, as the case may be, on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred), or (ii) in the case of defeasance, the Issuer must deliver to the trustee an opinion of Brazilian counsel to the effect that the holders of the outstanding New 2018 Notes will not recognize income, gain or loss for Brazilian federal income tax purposes as a result of such defeasance and will be subject to Brazilian federal income tax on the same amounts, in the same manner, and at the same times as would have been the case if such defeasance had not occurred, and an opinion of U.S. counsel stating that: (x) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (y) since the issue date, there has been a change in applicable U.S. federal income tax law, in either case to the effect that (and based thereon such opinion shall confirm that) the holders of the outstanding New 2018 Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred. In the case of defeasance or covenant defeasance, the Guarantees will terminate.

Amendment, Supplement, Waiver

Subject to certain exceptions, the indenture may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the New 2018 Notes then outstanding, and any past Default or Event of Default or compliance with any provision may be waived with the consent of the holders of at least a majority in principal amount of the New 2018 Notes then outstanding. However, without the consent of each holder of an outstanding note affected thereby, no amendment or waiver may:

(1) reduce the principal amount of or change the Stated Maturity of any payment on any note;

(2) reduce the rate of any interest on any note;

(3) reduce the amount payable upon redemption of any note or change the time at which any note may be redeemed;

(4) change the currency for payment of principal of, or interest or any additional amounts on, any note;

(5) make any change in the provisions of the indenture relating to the contractual rights of holders expressly set forth in the indenture to institute suit for the enforcement of any right to payment on or with respect to any note;

(6) make any change in the provisions of the indenture relating to waivers of certain payment defaults with respect to the New 2018 Notes;

(7) reduce the principal amount of New 2018 Notes whose holders must consent to any amendment or waiver;

(8) make any change in the amendment or waiver provisions which require each holder's consent;

(9) modify or change any provision of the indenture affecting the ranking of the New 2018 Notes or any of the Guarantees in a manner adverse to the holders of the New 2018 Notes; or

(10) make any change in any of the Guarantees that would adversely affect the noteholders.

In addition, notwithstanding the foregoing, without the consent of the holders of at least 66⅔% in aggregate principal amount of the outstanding New 2018 Notes, no amendment, supplement or waiver may release all or substantially all of the Collateral unless otherwise provided in the indenture, the Fiduciary Sale Agreement and the intercreditor agreement.

The holders of the New 2018 Notes will receive prior notice as described under "—Notices" of any proposed amendment to the New 2018 Notes or the indenture or any waiver described in the preceding paragraphs. After an amendment or any waiver described in the preceding paragraphs becomes effective, the Issuer is required to give to the holders a notice briefly describing such amendment or waiver. However, the failure to give such notice to all holders of the New 2018 Notes, or any defect therein, will not impair or affect the validity of the amendment or waiver.

The consent of the holders of the New 2018 Notes is not necessary to approve the particular form of any proposed amendment or any waiver. It is sufficient if such consent approves the substance of the proposed amendment or waiver.

The Issuer, the Guarantors, the trustee and the collateral agent (acting in accordance with instructions provided by the trustee) may, without the consent or vote of any holder of the New 2018 Notes, amend or supplement the indenture, the New 2018 Notes, the Fiduciary Sale Agreement or the intercreditor agreement, as the case may be, for the following purposes:

(1) to cure any ambiguity, omission, defect or inconsistency;

(2) to comply with the covenant described under "—Covenants—Limitation on Consolidation, Merger or Transfer of Assets";

(3) to add guarantees or collateral with respect to the New 2018 Notes;

(4) to add to the covenants of the Issuer or the Guarantors for the benefit of holders of the New 2018 Notes;

(5) to surrender any right conferred upon the Issuer or the Guarantors;

(6) to evidence and provide for the acceptance of an appointment by a successor trustee;

(7) to allow for the Substitution of Debtor, as described under "—Substitution of the Issuer";

(8) to provide for any guarantee or collateral of the New 2018 Notes, to secure the New 2018 Notes or to confirm and evidence the release, termination or discharge of any Guarantee or collateral of the New 2018 Notes when the release, termination or discharge is permitted by the indenture, the Fiduciary Sale Agreement or the intercreditor agreement, as the case may be; or

(9) make any other change that does not materially and adversely affect the rights of any holder of the New 2018 Notes or to conform the indenture to this section "Description of the New 2018 Notes."

Notices

For so long as New 2018 Notes in global form are outstanding, notices to be given to holders will be given to the depositary, in accordance with its applicable policies as in effect from time to time. If New 2018 Notes are issued in certificated form, notices to be given to holders will be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices to holders of the New 2018 Notes at their registered addresses as they appear in the register maintained by the registrar. For so long as the New 2018 Notes are listed on the Luxembourg Stock Exchange and it is required by the rules of the Luxembourg Stock Exchange, publication of such notice to the holders of the New 2018 Notes in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the Rules and Regulations of the Luxembourg Stock Exchange, posted on the official website of the Luxembourg Stock Exchange at www.bourse.lu.

Trustee

The Bank of New York Mellon is the trustee under the indenture.

The indenture contains provisions for the indemnification of the trustee and for its relief from responsibility. The obligations of the trustee to any holder are subject to such immunities and rights as are set forth in the indenture.

Except during the continuance of an Event of Default, the trustee needs to perform only those duties that are specifically set forth in the indenture and no others, and no implied covenants or obligations will be read into the indenture against the trustee. In case an Event of Default has occurred and is continuing, the trustee shall exercise those rights and powers vested in it by the indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. No provision of the indenture will require the trustee to expend or

risk its own funds or otherwise incur any financial liability in the performance of its duties thereunder, or in the exercise of its rights or powers, unless it receives indemnity or security satisfactory to it against any loss, liability or expense.

The Issuer and its Affiliates may from time to time enter into normal banking and trustee relationships with the trustee and its Affiliates.

Governing Law and Submission to Jurisdiction

The New 2018 Notes, the indenture, the intercreditor agreement and the Guarantees will be governed by the laws of the State of New York. The Fiduciary Sale Agreement will be governed by Brazilian law.

Each of the parties to the indenture and the intercreditor agreement will submit to the jurisdiction of the U.S. federal and New York State courts located in the Borough of Manhattan, City and State of New York for purposes of all legal actions and proceedings instituted in connection with the New 2018 Notes, the Guarantees (as applicable), the indenture and the intercreditor agreement. Each of the Issuer, the Guarantors and the collateral agent will appoint National Corporate Research, Ltd., currently having an office at 10 E. 40th Street, 10th Floor, New York, New York, 10016, as their authorized agent upon which process may be served in any such action.

The provisions relating to meetings of bondholders contained at Articles 86 to 94-8 of the Luxembourg Act on commercial companies of August 10, 1915, as amended, shall not apply in respect of the New 2018 Notes.

Currency Indemnity

U.S. dollars are the sole currency of account and payment for all sums payable by the Issuer or the Guarantors under or in connection with the indenture, the New 2018 Notes and the Guarantees, including damages. Any amount received or recovered in a currency other than dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Person in respect of any sum expressed to be due to it from the Issuer or the Guarantors in connection with the indenture, the New 2018 Notes and the Guarantees will only constitute a discharge to the Issuer or the Guarantors, as the case may be, to the extent of the dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that dollar amount is less than the dollar amount expressed to be due to the recipient, the Issuer and the Guarantors will indemnify such recipient against any loss sustained by it as a result; and if the amount of United States dollars so purchased is greater than the sum originally due to such recipient, such recipient will be deemed to have agreed to repay such excess. In any event, the Issuer and the Guarantors will indemnify the recipient against the cost of making any such purchase.

For the purposes of the preceding paragraph, it will be sufficient for the recipient to certify in a satisfactory manner (indicating the sources of information used) that it would have suffered a loss had an actual purchase of dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of dollars on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). These indemnities constitute a separate and independent obligation from the other obligations of the Issuer and the Guarantors, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any holder of a note and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note.

Certain Definitions

The following is a summary of certain defined terms used in the indenture. Reference is made to the indenture for the full definition of all such terms as well as other capitalized terms used herein for which no definition is provided.

“Affiliate” means, with respect to any specified Person, (a) any other Person which, directly or indirectly, is in control of, is controlled by or is under common control with such specified Person or (b) any other Person who is a director or officer (i) of such specified Person, (ii) of any subsidiary of such specified Person or (iii) of any Person described in clause (a) above. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

"Capital Lease Obligations" means, with respect to any Person, any obligation which is required to be classified and accounted for as a capital lease on the face of a balance sheet of such Person prepared in accordance with IFRS; the amount of such obligation will be the capitalized amount thereof, determined in accordance with IFRS; and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Capital Stock" means, with respect to any Person, any and all shares of stock, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated, whether voting or nonvoting), such Person's equity including any preferred stock, but excluding any debt securities convertible into or exchangeable for such equity.

"CVM" means the Brazilian Securities Commission, or *Comissão de Valores Mobiliários*.

"Debt" means, with respect to any Person, without duplication:

(1) the principal of and premium, if any, in respect of (a) indebtedness of such Person for money borrowed and (b) indebtedness evidenced by notes, debentures, notes or other similar instruments for the payment of which such Person is responsible or liable;

(2) all Capital Lease Obligations of such Person;

(3) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such person and all obligations of such person under any title retention agreement (but excluding trade accounts payable or other short-term obligations to suppliers payable within 180 days, in each case arising in the ordinary course of business);

(4) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (1) through (3) above) entered into in the ordinary course of business of such person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth business day following receipt by such person of a demand for reimbursement following payment on the letter of credit);

(5) all Hedging Obligations of such Person;

(6) all obligations of the type referred to in clauses (1) through (5) of other Persons and all dividends of other Persons for the payment of which, in either case, such person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any guarantee (other than obligations of other persons that are customers or suppliers of such Person for which such Person is or becomes so responsible or liable in the ordinary course of business to (but only to) the extent that such person does not, or is not required to, make payment in respect thereof);

(7) all obligations of the type referred to in clauses (1) through (5) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured; and

(8) any other obligations of such Person which are required to be, or are in such Person's financial statements, recorded or treated as debt under IFRS.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"guarantee" means any obligation, contingent or otherwise, of any person directly or indirectly guaranteeing any Debt or other obligation of any person and any obligation, direct or indirect, contingent or otherwise, of such person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Guarantor" means each of (i) GLAI, (ii) VRG and (iii) any successor obligor under the Guarantee pursuant to the covenant described under the caption "—Covenants— Consolidation, Merger or Sale of Assets" and "Substitution of the Issuer," unless and until the Guarantor is released from its Guarantee pursuant to the indenture.

"Hedging Obligations" means, with respect to any person, the obligations of such person pursuant to any interest rate swap agreement, foreign currency exchange agreement, interest rate collar agreement, option or futures contract or other similar agreement or arrangement designed to protect such person against changes in interest rates or foreign exchange rates.

"holder" or "noteholder" means the person in whose name a note is registered in the register.

"IFRS" means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"Lien" means any mortgage, pledge, security interest, encumbrance, conditional sale or other title retention agreement or other similar lien.

"Non-Rotable Spare Parts" means parts often described in the industry as "repairables" and "expendables" or "consumables." Repairables are replaceable parts or components, commonly economical to repair, and subject to being reconditioned to a fully serviceable condition over a period of time less than the life of the flight equipment to which they are related. Examples include many engine blades and vanes, some tires, seats, and galleys. A repairable cannot be a rotable and vice versa. Expendables or consumables consist of items for which no authorized repair procedure exists, and for which cost of repair would normally exceed that of replacement. Expendable items include nuts, bolts, rivets, sheet metal, wire, light bulbs, cable, and hoses.

"Officer's Certificate" means a certificate signed by any of the chief executive officer, the chief operating officer, the chief financial officer, the chief accounting officer, the treasurer, a director, the general counsel or any vice president of the Issuer or the applicable Guarantor, as the case may be.

"Permitted Holders" means any or all of the following:

(1) an immediate family member of Messrs. Constantino de Oliveira, Henrique Constantino, Joaquim Constantino Neto and Ricardo Constantino or any Affiliate or immediate family member thereof; immediate family member of a person means the spouse, lineal descendants, father, mother, brother, sister, father-in-law, mother-in-law, brother-in-law and sister-in-law of such person; and

(2) any Person the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned at least 51% by Persons specified in clause (1).

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, including a government or political subdivision or an agency or instrumentality thereof.

"Rotable Spare Parts" means parts that wear over time and can be economically restored to a serviceable condition and, in the normal course of operations, can be repeatedly reconditioned to a fully serviceable condition over a period approximating the life of the flight equipment to which they are related. Examples include avionics units, landing gears, auxiliary power units and major engine accessories.

"Spare Parts" means, collectively, Rotable Spare Parts and Non-Rotable Spare Parts.

"Significant Subsidiary" means any Subsidiary of GLAI (or any successor) which at the time of determination either (a) had assets which, as of the date of GLAI's (or such successor's) most recent quarterly consolidated balance sheet, constituted at least 10% of GLAI's (or such successor's) total assets on a consolidated basis as of such date, or (b) had revenues for the 12-month period ending on the date of GLAI's (or such successor's) most recent quarterly consolidated statement of income which constituted at least 10% of GLAI's (or such successor's) total revenues on a consolidated basis for such period.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"Subsidiary" means, in respect of any specified Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person.

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

DESCRIPTION OF THE NEW 2021 NOTES

We issued the New 2021 Notes pursuant to an indenture, to be dated as of the date of issuance, among the Issuer, or Gol LuxCo S.A., the Guarantors, Gol Linhas Aéreas Inteligentes S.A., or GLAI, and VRG Linhas Aéreas S.A., or VRG, The Bank of New York Mellon, as trustee (which term includes any successor as trustee under the indenture), transfer agent, registrar and principal paying agent, Planner Trustee DTVM Ltda., as collateral agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg listing agent, paying agent and transfer agent. We refer to the guarantee issued by GLAI as the "GLAI Guarantee" and the guarantee issued by VRG as the "VRG Guarantee" (collectively, the "Guarantees"). Each of the trustees representing the holders of the New 2018 Notes, the New 2021 Notes and the New 2028 Notes and the collateral agent will also enter into an intercreditor agreement.

The New 2021 Notes and Guarantees are secured by a first priority security interest granted by the Fiduciary Sale Agreement (as defined below) in the Collateral (as defined below), consisting of all Spare Parts owned by VRG on the date of issuance and thereafter, which was entered into on July 4, 2016 by and among VRG, as the fiduciary seller of the Spare Parts; the collateral agent, for the benefit of the holders of New 2021 Notes, as the secured parties; and GLAI, as an intervening party.

This description of the New 2021 Notes is a summary of the material provisions of the New 2021 Notes, the indenture, the intercreditor agreement and the Fiduciary Sale Agreement. You should refer to the New 2021 Notes, the indenture, the intercreditor agreement and the Fiduciary Sale Agreement for a complete description of the terms and conditions of the New 2021 Notes, the indenture, the intercreditor agreement and the Fiduciary Sale Agreement, including the obligations of the Issuer and the Guarantors and your rights.

You will find the definitions of capitalized terms used in this section under "—Certain Definitions."

General

The New 2021 Notes:

- are senior obligations of the Issuer;
- are secured by the Collateral pursuant to the terms of the Fiduciary Sale Agreement and the intercreditor agreement;
- are limited to an aggregate principal amount of US$222.9 million; *provided* that in connection with the payment of PIK Interest (as defined below) in respect of the New 2021 Notes and issuance of Additional New 2021 Notes (as defined below), the Issuer will, without the consent of the holders thereof, increase the outstanding principal amount of the New 2021 Notes by issuing additional New 2021 Notes for the payment of PIK Interest (the "PIK Notes" and a "PIK Payment") or Additional New 2021 Notes, in both cases under the indenture on the same terms and conditions as, and fully fungible with, the New 2021 Notes offered hereby;
- mature on July 20, 2021; and
- are represented by one or more registered New 2021 Notes in global form and may be exchanged for registered New 2021 Notes in definitive non-global form only in limited circumstances.

Interest on the New 2021 Notes will:

- accrue at the rate of 9.50% per annum, 8.50% with respect to the Cash Interest (as defined below) and 1.0% with respect to the PIK Interest, of the principal amount outstanding;
- accrue from the date of issuance;
- be payable in cash (the "Cash Interest") and in kind by issuing New 2021 Notes (the "PIK Interest"), in both cases semi-annually in arrears on January 20 and July 20 of each year, commencing on January 20, 2017;
- be payable to the holders of record on the January 5 and July 5 immediately preceding the related interest payment dates; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

The maximum PIK Interest amount of the New 2021 Notes calculated up to the Maturity Date will be of US$11.4 million.

Subject to certain conditions, the Issuer will issue additional New 2021 Notes as set forth in "—Change of Control Consideration" and "—Covenants—Issuance of Additional New 2021 Notes" (collectively, the "Additional New 2021 Notes," which term excludes, for the avoidance of doubt, PIK Notes issued in a PIK Payment) under the indenture after this offering. The New 2021 Notes offered hereby, the PIK Notes and the Additional New 2021 Notes, if any, subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context requires otherwise, (1) references to "New 2021 Notes" and "notes" for all purposes of the indenture and this "Description of the New 2021 Notes" section include any Additional New 2021 Notes and PIK Notes actually issued and (2) references to "principal amount" of New 2021 Notes for all purposes of the indenture and this "Description of the New 2021 Notes" section include any increase in the principal amount of outstanding New 2021 Notes, including PIK Notes as a result of a PIK Payment and Additional New 2021 Notes.

Notwithstanding anything to the contrary, the payment of accrued interest in connection with any redemption of the New 2021 Notes as described under "—Redemption" will be made solely in cash.

Principal of, and interest and any additional amounts (as described below under "—Additional Amounts") on, the New 2021 Notes will be payable, and the transfer of New 2021 Notes will be registrable, at the office of the trustee, and at the offices of the paying agents and transfer agents, respectively.

PIK Interest on the New 2021 Notes will be payable (1) with respect to New 2021 Notes represented by one or more global notes registered in the name of or held by DTC or its nominee, by increasing the principal amount of the outstanding global note by an amount equal to the amount of PIK Interest for the applicable interest period (rounded up to the nearest whole dollar) as provided in writing by the Issuer to the trustee and (2) with respect to New 2021 Notes represented by certificated notes, by issuing PIK Notes in certificated form in an aggregate principal amount equal to the amount of PIK Interest for the applicable interest period (rounded up to the nearest whole dollar), and the trustee will, at the written order of the Issuer, authenticate and deliver such PIK Notes in certificated form for original issuance to the holders of the New 2021 Notes on the relevant record date, as shown by the records of the register of holders of New 2021 Notes.

Additional New 2021 Notes will be issued (1) with respect to notes represented by one or more global notes registered in the name of or held by DTC or its nominee, by increasing the principal amount of the outstanding global note by an amount equal to the applicable additional principal amount (rounded up to the nearest whole dollar) as provided in writing by the Issuer to the trustee and (2) with respect to notes represented by certificated notes, by issuing Additional New 2021 Notes in certificated form in an aggregate principal amount equal to the applicable additional principal amount (rounded up to the nearest whole dollar), and the trustee will, at the written order of the Issuer, authenticate and deliver such Additional New 2021 Notes in certificated form for original issuance to the holders of the New 2021 Notes on the relevant record date, as shown by the records of the register of holders of the New 2021 Notes.

Following an increase in the principal amount of the outstanding global New 2021 Notes as a result of a PIK Payment or the issuance of Additional New 2021 Notes, as the case may be, the New 2021 Notes will bear interest on such increased principal amount from and after the date of such PIK Payment or issuance, as the case may be. Any PIK Notes or Additional New 2021 Notes, as the case may be, issued in certificated form will be dated as of the applicable interest payment date and will bear interest from and after such date. All PIK Notes and Additional New 2021 Notes issued will mature on July 20, 2021 and will be governed by, and subject to the terms, provisions and conditions of, the indenture and will have the same rights and benefits of the New 2021 Notes initially issued, including sharing in the Collateral on a *pro rata* basis.

The indenture does not contain any financial covenants and, thus, for example, it does not limit the amount of debt or other obligations that may be incurred by the Issuer or the Guarantors or any of their present or future Subsidiaries and does not require the repurchase of the New 2021 Notes upon a change of control.

Ranking

The New 2021 Notes are senior to all existing and future unsecured obligations of VRG, to the extent of the value of Collateral securing the New 2021 Notes. The New 2021 Notes and GLAI Guarantee will rank equally with all of the other senior unsecured obligations of the Issuer and GLAI. In any liquidation, dissolution, bankruptcy, or other similar proceeding, the holders of the Issuer's and the Guarantors' other secured debt may assert rights against the assets securing that debt in

order to receive full payment of their debt before the assets may be used to pay the Issuer's and the Guarantors' other creditors, including the holders of the New 2021 Notes.

Guarantees

GLAI unconditionally guarantees, on an unsecured basis, and VRG unconditionally guarantees, on a secured basis, all of the obligations of the Issuer pursuant to the New 2021 Notes, the indenture, the Fiduciary Sale Agreement and the intercreditor agreement, as the case may be. So long as any note remains outstanding (as defined in the indenture), GLAI shall continue to own directly 100% of the outstanding share capital of the Issuer.

Each of the Guarantees will be limited to the maximum amount that would not render the respective Guarantor's obligations subject to avoidance under applicable fraudulent conveyance laws. By virtue of this limitation, the Guarantor's respective obligations under the Guarantee could be significantly less than amounts payable with respect to the New 2021 Notes, or each of the Guarantors may have effectively no obligation under the respective Guarantee.

Claims of creditors of any Subsidiaries of each of the Guarantors (other than the Issuer, in the case of GLAI), including trade creditors, employees and creditors holding indebtedness or guarantees issued by any Subsidiaries of each of the Guarantors (other than the Issuer, in the case of GLAI), generally will have priority with respect to the assets and earnings of any Subsidiaries of each of the Guarantors (other than the Issuer, in the case of GLAI) over the claims of the respective Guarantor's creditors, including holders of the New 2021 Notes. Accordingly, the New 2021 Notes will be effectively subordinated to creditors (including trade creditors and employees) and preferred stockholders, if any, of the Guarantors' existing or future Subsidiaries (other than the Issuer, in the case of GLAI). The indenture does not require any of the Guarantors' existing or future Subsidiaries to guarantee the New 2021 Notes, and it does not restrict the Guarantors from disposing of their assets to a third party or a Subsidiary that is not guaranteeing the New 2021 Notes, except as set forth in the Fiduciary Sale Agreement, in the case of VRG, and under "—Covenants—Limitation on Consolidation, Merger or Transfer of Assets." Under Brazilian law, as a general rule, holders of the New 2021 Notes will not have any claim against any non-guarantor Subsidiaries of the Guarantors.

The Guarantees will terminate upon defeasance or repayment of the New 2021 Notes, as described under the caption "—Defeasance."

Collateral

The New 2021 Notes and Guarantees are secured by a first priority security interest granted in the collateral (the "Collateral") to the holders of the New 2021 Notes, represented by the collateral agent, over Rotable Spare Parts and Non-Rotable Spare Parts pursuant to the terms of the Fiduciary Sale Agreement and the intercreditor agreement. The security interest does not apply to (1) any Spare Part so long as it is incorporated in, installed on, attached or appurtenant to, or being used on, an aircraft, engine or Spare Part that is so incorporated, installed, attached, appurtenant or being used, (2) any Spare Part leased to, loaned to, or held on consignment by, VRG, and (3) Spare Parts that are not specifically identified in the Fiduciary Sale Agreement (as defined below). Aircraft and spare engines are not included in the Collateral. VRG may not sell any Spare Part while the Spare Part is subject to the security interest granted by the Fiduciary Sale Agreement.

Pursuant to the intercreditor agreement, the holders of the New Notes will vote as a single class by majority voting of the New Notes (which include all of the New 2018 Notes, the New 2021 Notes and the New 2028 Notes) then outstanding on all matters related to the Collateral, including enforcement of rights in the Collateral, except solely upon an Event of Default in the payment of principal or interest and subsequent acceleration under the New 2018 Notes. In that case, the holders of the New 2018 Notes will be entitled to vote to enforce rights in the Collateral without the vote of the holders of the New 2021 Notes and New 2028 Notes. The holders of the New Notes will share the Collateral on a *pro rata* basis to the extent of their matured claims.

VRG granted a first priority security interest in the Collateral pursuant to a fiduciary sale agreement related to the Rotable Spare Parts, dated July 4, 2016, registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent (the "Rotables Fiduciary Sale Agreement") and to a fiduciary sale agreement related to the Non-Rotable Spare Parts, dated July 4, 2016, registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent (the "Non-Rotables Fiduciary Sale Agreement," together with the Rotables Fiduciary Sale Agreement, collectively referred to as the "Fiduciary Sale Agreement"). Each

Fiduciary Sale Agreement will contain an annex identifying all Spare Parts that as of the date of issuance will be part of the Collateral.

VRG is obligated to update the annex of the Rotables Fiduciary Sale Agreement and subject any and all additional Spare Parts to the security interest granted by the Rotables Fiduciary Sale Agreement by means of an amendment, which must be registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent by the tenth (10th) Business Day of each month, commencing in the month following the date of issuance. VRG is also obligated to update the annex of the Non-Rotables Fiduciary Sale Agreement and subject any and all additional Spare Parts to the security interest granted by the Non-Rotables Fiduciary Sale Agreement by means of an amendment, which must be registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent by the tenth (10th) Business Day of April and October of each year, commencing in October 2016.

Further Assurances

On or prior to the date of issuance, the collateral agent and the trustee shall have received an Officer's Certificate of the Issuer and legal opinion from Brazilian external counsel satisfactory to the collateral agent and the trustee to the effect that, subject to certain exceptions and qualifications (see "Risk Factors—Risks Relating to the New Notes, the Guarantees and the Collateral—The security interest granted under the Fiduciary Sale Agreement in the non-rotable Spare Parts may not be valid under Brazilian law."), each of the Rotables Fiduciary Sale Agreement and the Non-Rotables Fiduciary Sale Agreement has been duly authorized, executed and delivered by each of VRG and GLAI and constitutes the legal, valid, and binding obligation of each of VRG and GLAI, enforceable against VRG and GLAI in accordance with its terms.

Each of VRG and GLAI shall take, or cause to be taken, all actions necessary, or requested by the collateral agent, to maintain each of the Rotables Fiduciary Sale Agreement and the Non-Rotables Fiduciary Sale Agreement to which it is a party in full force and effect and enforceable in accordance with its terms and to maintain and preserve the security interest created by the Fiduciary Sale Agreement and the priority thereof. In furtherance of the foregoing, VRG and GLAI shall ensure that all of the additional Spare Parts intended to be subject to the security interest granted by the Fiduciary Sale Agreement shall become subject to it having the priority contemplated pursuant to the terms of the Fiduciary Sale Agreement, the indenture and the intercreditor agreement.

On the date of issuance and at such other times as the trustee or the collateral agent (acting in accordance with instructions provided by the trustee) may reasonably request in writing, the Issuer shall furnish, or cause to be furnished, to the trustee and the collateral agent, an opinion of legal counsel either stating that, in the opinion of counsel, an action has been taken with respect to (1) amending or supplementing the Fiduciary Sale Agreement (or providing additional collateral, notifications or acknowledgments) as is necessary to subject all the Collateral (including any additional Spare Parts) to the security interest granted by the Fiduciary Sale Agreement and (2) the recordation of the amendment to the Fiduciary Sale Agreement and any other requisite documents as are necessary to maintain the security interest purported to be granted by the Fiduciary Sale Agreement and reciting the details of the action or stating that, in the opinion of counsel, no such action is necessary to maintain the security interest. The opinion of counsel shall also describe the recordation of the amendment to the Fiduciary Sale Agreement and any other requisite documents, or the taking of any other action that will, in the opinion of counsel, be required to maintain the security interest purported to be granted by the Fiduciary Sale Agreement after the date of the opinion.

Notwithstanding anything to the contrary contained in this Description of the New 2021 Notes or in applicable law, none of the trustee or the collateral agent shall have responsibility, among other things as set forth in the indenture, for (1) acting or being based on any unlawful, ambiguous or inaccurate instruction, notice, demand, notification or other document pursuant to the indenture and the Fiduciary Sale Agreement; (2) any loss or claim resulting from any act or omission, directly or indirectly, conducted in good faith, except if otherwise determined in a final nonappealable decision by a court of competent jurisdiction; (3) any loss of profits, indirect, consequential, incidental, special, punitive or related losses and/or damages; (4) preparing, recording or filing any instrument in any public office or for otherwise ensuring the perfection or maintenance of any security interest granted pursuant to, or contemplated by, the indenture and the Fiduciary Sale Agreement; (5) taking any necessary steps to preserve rights against any parties with respect to the Collateral; (6) taking any action to protect against any diminution in value of the Collateral; (7) errors in judgment made in good faith unless the trustee was grossly negligent in ascertaining pertinent facts; or (8) for monitoring or confirming (a) each of the Issuer's and the Guarantors' compliance with any of the covenants, including but not limited to, covenants regarding the granting, perfection or maintenance of any security interest, or (b) the market value of the Collateral or its sufficiency to satisfy in full payments due on the New Notes.

Appraisals

The Issuer is required to furnish to the trustee by the tenth (10th) Business Day of April and October in each year, commencing in October 2016, so long as the New 2021 Notes are outstanding, a certificate of an independent appraiser. The certificates are required to state the appraiser's opinion of the fair market value of the Collateral, determined on the basis of a hypothetical sale negotiated in an arm's length free market transaction between a willing and able seller and a willing and able buyer, neither of whom is under undue pressure to complete the transaction, under then current market conditions (the "Fair Market Value").

Subsequent appraisals conducted semi-annually commencing in October 2016 and any appraisal obtained upon the request of the trustee during the continuance of a Default or an Event of Default, which appraisal shall be provided to the trustee, shall determine the Fair Market Value by taking at least the following actions: (1) reviewing a parts inventory report prepared as of the applicable valuation date; (2) reviewing the appraiser's internal value database for values applicable to the Spare Parts included in the Collateral; (3) developing a representative sampling of a reasonable number of the different Spare Parts included in the Collateral for which a market check will be conducted; (4) checking other sources, such as manufacturers, other airlines, U.S. government procurement data and airline parts pooling price lists, for current market prices of the sample parts referred to in clause (3); (5) establishing an assumed ratio of serviceable Spare Parts to unserviceable Spare Parts as of the applicable valuation date based upon information provided by VRG and the independent appraiser's limited physical review of the Collateral referred to in the following clause (6); (6) visiting at least two locations selected by the independent appraiser where the Spare Parts are kept by VRG, provided that at least one such location will be one of the top three locations at which VRG keeps the largest number of Spare Parts, to conduct a limited physical inspection of the Collateral; (7) conducting a limited review of the inventory reporting system applicable to the Spare Parts, including checking information reported in such system against information determined through physical inspection pursuant to the preceding clause (6); and (8) reviewing a sampling of the Spare Parts documents (including tear-down reports).

Subsequent appraisals conducted semi-annually commencing in October 2016 shall determine the Fair Market Value by taking the actions specified in clauses (1), (2) and (5) above.

Release of Collateral

Subject to the terms of the indenture, the Fiduciary Sale Agreement and the intercreditor agreement, the Issuer and the Guarantors will be entitled to the release of the Spare Parts constituting the Collateral from the security interest securing the obligations of the New 2021 Notes under any one or more of the following circumstances:

(1) in accordance with the indenture, the Fiduciary Sale Agreement, and the intercreditor agreement, if at any time the collateral agent, if and as instructed by the trustee, forecloses upon or otherwise exercises remedies against the Collateral resulting in the sale or disposition thereof;

(2) as described under "—Amendment, Supplement, Waiver" below;

(3) upon payment in full of the principal of, together with accrued and unpaid interest on, the New 2021 Notes that are due and payable; or

(4) upon a legal defeasance or covenant defeasance under the indenture as described below under "—Defeasance."

Liens

The Issuer and the Guarantors are required to maintain the Collateral free of any Liens, other than the rights of the holders of the New Notes (which include the New 2018 Notes, the New 2021 Notes and the New 2028 Notes), represented by the collateral agent, arising under the Fiduciary Sale Agreement.

Maintenance of Spare Parts

The Issuer and the Guarantors are required to maintain the Spare Parts in accordance with applicable law, excluding (i) Spare Parts that have become worn out or unfit for use and not reasonably repairable or obsolete, and (ii) Non-Rotable Spare Parts that have been consumed or used in VRG's operations. In addition, VRG must maintain all records, logs and other materials required by the Brazilian Civil Aviation Authority (*Agência Nacional de Aviação Civil - ANAC*) to be maintained in respect of the Spare Parts.

Use and Possession of Spare Parts

VRG has the right to deal with the Spare Parts in any manner consistent with its ordinary course of business. This includes the right to install on, or use in, any aircraft, engine or Spare Part leased to or owned by VRG any Spare Part, free from the security interest of the Fiduciary Sale Agreement. VRG may dismantle any Spare Part that it deems worn out or obsolete or unfit or no longer suitable for use and may sell or dispose of any such Spare Part or any salvage resulting from such dismantling, free from the security interest of the Fiduciary Sale Agreement.

VRG may not sell, lease, transfer or relinquish possession of any Spare Part without the prior written consent of the collateral agent (acting in accordance with instructions provided by the trustee), except as permitted by the Fiduciary Sale Agreement, the indenture and the intercreditor agreement. In the ordinary course of business, VRG may transfer possession of any Spare Part to the manufacturer thereof or any other organization for testing, overhaul, repairs, maintenance, alterations or modifications or to any person for the purpose of transport to any of the foregoing. VRG may also subject any Spare Part to a pooling, exchange, borrowing, or maintenance servicing agreement arrangement customary in the airline industry and entered into in the ordinary course of business.

So long as no Default or Event of Default shall have occurred and be continuing and subject to certain terms of the indenture, VRG may enter into a lease with respect to any Rotable Spare Part to any certificated air carrier that is not then subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding and shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person. In the case of any such lease, VRG will include in such lease appropriate provisions which (i) make such lease expressly subject and subordinate to all of the terms of the indenture, including the rights of the holders of the New 2021 Notes, represented by the collateral agent, to avoid such lease in the exercise of its rights to repossession of the Spare Parts thereunder and the requirement that VRG shall remain primarily liable for, among other things, the performance and observance of all terms of the indenture; (ii) require the lessee to comply with the insurance requirements of the indenture; and (iii) require that the Spare Parts subject thereto be used in accordance with the limitations applicable to VRG's use and possession of such Spare Parts provided in the indenture, the Fiduciary Sale Agreement and the intercreditor agreement.

Insurance

VRG is required to maintain insurance covering damage to the Spare Parts. Such insurance must provide for the reimbursement of VRG's expenditure in repairing or replacing any damaged or destroyed Spare Part. If any such Spare Part is not repaired or replaced, such insurance must provide for the payment of the amount it would cost to repair or replace such Spare Part, on the date of loss, with proper deduction for obsolescence and physical depreciation.

VRG is also required to maintain third party liability insurance with respect to the Spare Parts in an amount and scope as it customarily maintains for equipment similar to the Spare Parts and with insurers of nationally or internationally recognized responsibility. VRG may self-insure the risks required to be insured against as described above in respect of Spare Parts in such amounts as shall be consistent with its normal practices, except for insurance mandatorily purchased under applicable law.

Redemption

The New 2021 Notes will not be redeemable prior to maturity, except as described below. The redemption price on the maturity date will be 100% of the outstanding principal amount of the New 2021 Notes. Any optional or tax redemption may require the prior approval of the Central Bank. The payment of accrued interest in connection with any redemption of the New 2021 Notes will be made solely in cash.

Optional Redemption

The Issuer may, at any time, on any one or more occasions redeem the New 2021 Notes, at its option, in whole or in part, at a redemption price of 100.0% of the outstanding principal amount of the New 2021 Notes, plus accrued and unpaid interest and additional amounts (as described below under "—Additional Amounts"), if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Tax Redemption

If as a result of any change in or amendment to the laws (or any rules or regulations thereunder) of a Taxing Jurisdiction (as described below under "—Additional Amounts"), or any amendment to or change in an official interpretation, administration or application of such laws, any treaties, rules, or related agreements to which the Taxing Jurisdiction is a party or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective or, in the case of a change in official position, is announced on or after the issue date of the New 2021 Notes, in the case of the Issuer or any of the Guarantors, or on or after the date a successor to the Issuer or any of the Guarantors assumes the obligations under the New 2021 Notes or Guarantees, in the case of any such successor, either the Issuer or any successor to the Issuer or any of the Guarantors or any successor to any of the Guarantors has or will become obligated to pay additional amounts as described below under "—Additional Amounts" in excess of the additional amounts either the Issuer, any of the Guarantors or any such successor to the Issuer or any of the Guarantors would be obligated to pay if payments were subject to withholding or deduction at a rate of 15% or at a rate of 25% in the case that the holder of the New 2021 Notes is resident in a tax haven jurisdiction for Brazilian tax purposes (i.e., a country that does not impose any income tax or that imposes it at a maximum rate lower than 20% or where the laws impose restrictions on the disclosure of ownership composition or securities ownership) (the "Minimum Withholding Level"), the Issuer or any successor to the Issuer may, at its option, redeem all, but not less than all, of the New 2021 Notes, at a redemption price equal to 100% of their principal amount, together with accrued and unpaid interest to the date fixed for redemption, upon delivery of irrevocable notice of redemption to the holders not less than 30 days nor more than 90 days prior to the date fixed for redemption. No notice of such redemption may be given earlier than 90 days prior to the earliest date on which either (x) the Issuer or successor to the Issuer would, but for such redemption, become obligated to pay any additional amounts above the Minimum Withholding Level, or (y) in the case of payments made under any of the Guarantees, any of the Guarantors or any successor to the Guarantors would, but for such redemption, be obligated to pay the additional amounts above the Minimum Withholding Level. The Issuer or any successor to the Issuer shall not have the right to so redeem the New 2021 Notes unless (a) it is obligated to pay additional amounts which in the aggregate amount exceed the additional amounts payable at the Minimum Withholding Level or (b) any of the Guarantors or any successor to any of the Guarantors is obliged to pay additional amounts which in the aggregate amount exceed the additional amounts payable at the Minimum Withholding Level. Notwithstanding the foregoing, the Issuer or any such successor shall not have the right to so redeem the New 2021 Notes unless it has taken reasonable measures to avoid the obligation to pay additional amounts. For the avoidance of doubt, reasonable measures do not include changing the jurisdiction of incorporation of the Issuer or any successor to the Issuer or the jurisdiction of incorporation of any of the Guarantors or any successor to any of the Guarantors.

In the event that the Issuer or any successor to the Issuer elects to so redeem the New 2021 Notes, it will deliver to the trustee: (1) an Officer's Certificate, signed in the name of the Issuer or any successor to the Issuer, stating that the Issuer or any successor to the Issuer is entitled to redeem the New 2021 Notes pursuant to their terms and setting forth a statement of facts showing that the condition or conditions precedent to the right of the Issuer or any successor to the Issuer to so redeem have occurred or been satisfied; and (2) an opinion of counsel, who is reasonably acceptable to the trustee, to the effect that (i) the Issuer, or any successor to the Issuer, or any of the Guarantors, or any successor to any of the Guarantors, has or will become obligated to pay additional amounts in excess of the additional amounts payable at the Minimum Withholding Level, and (ii) such obligation is the result of a change in or amendment to the laws (or any rules or regulations thereunder) of a Taxing Jurisdiction, or any amendment to or change in an official interpretation, administration or application of such laws, any treaties, rules, or related agreements to which the Taxing Jurisdiction is a party or regulations, as described above.

Open Market Purchases

The Issuer or its Affiliates may at any time purchase New 2021 Notes in the open market or otherwise at any price. Any such purchased New 2021 Notes will not be resold, except in compliance with applicable requirements or exemptions under the relevant securities laws.

Payments

The Issuer will make all payments on the New 2021 Notes exclusively in such coin or currency of the United States as at the time of payment will be legal tender for the payment of public and private debts.

The Issuer will make payments of principal and interest on the New 2021 Notes to the principal paying agent (as identified on the inside back cover page of this offering memorandum), which will pass such funds to the trustee and the other paying agents or to the holders.

The Issuer will make payments of principal upon presentation and surrender of the relevant New 2021 Notes at the specified office of the trustee or any of the paying agents. The Issuer will pay principal on the New 2021 Notes upon presentation and surrender thereof. Payments of principal and interest in respect of each note will be made by the paying agents by U.S. dollar check drawn on a bank in New York City and mailed to the holder of such note at its registered address. Upon written application by the holder to the specified office of any paying agent not less than 15 days before the due date for any payment in respect of a note, such payment may be made by transfer to a U.S. dollar account maintained by the payee with a bank in New York City.

Under the terms of the indenture, payment by the Issuer or any of the Guarantors of any amount payable under the New 2021 Notes or any of the Guarantees, as the case may be, on the due date thereof to the principal paying agent in accordance with the indenture will satisfy the obligation of the Issuer, or any of the Guarantors, as the case may be, to make such payment; provided, however, that the liability of the principal paying agent shall not exceed any amounts paid to it by the Issuer or any of the Guarantors, as the case may be, or held by it, on behalf of the holders under the indenture.

All payments will be subject in all cases to any applicable tax or other laws and regulations, but without prejudice to the provisions of "—Additional Amounts." No commissions or expenses will be charged to the holders in respect of such payments.

Subject to applicable law, the trustee and the paying agents will pay to the Issuer upon written request any monies held by them for the payment of principal or interest that remains unclaimed for two years, and, thereafter, holders entitled to such monies must look to the Issuer for payment as general creditors. After the return of such monies by the trustee or the paying agents to the Issuer, neither the trustee nor the paying agents shall be liable to the holders in respect of such monies.

Listing

Application has been made to list the New 2021 Notes on the Official List of the Luxembourg Stock Exchange and admission to trading has been made on the Euro MTF Market of the Luxembourg Stock Exchange and will remain so listed so long as the Issuer and the Guarantors do not reasonably believe that doing so would impose burdensome financial reporting or other requirements, or costs relating thereto. Application will be made to list the Additional New 2021 Notes and the PIK Notes on the Official List of the Luxembourg Stock Exchange and to admit to trading on the MTF Market of the Luxembourg Stock Exchange. The application for the Additional New 2021 Notes will be made by a supplement to the listing memorandum within one year from the date of this offering memorandum or by a complete listing prospectus after one year of the date of this offering memorandum.

Additional Information

For so long as any New 2021 Notes remain outstanding, the Issuer will make available to any noteholder or beneficial owner of an interest in the New 2021 Notes, or to any prospective purchasers designated by such noteholder or beneficial owner, upon request of such noteholder or beneficial owner, and in addition to the information referred to under "—Covenants—Reporting Requirements" below, the information required to be delivered under paragraph (d)(4) of Rule 144A unless, at the time of such request, the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act.

Form, Denomination and Title

The New 2021 Notes will be in registered form without coupons attached in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof. PIK Payments on the New 2021 Notes will be made in denominations of US$1.00 and any integral multiples of US$1.00 in excess thereof.

New 2021 Notes sold in offshore transactions in reliance on Regulation S are represented by one or more permanent global New 2021 Notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of DTC for the accounts of Euroclear and Clearstream, Luxembourg. New 2021 Notes sold to "qualified institutional buyers" (QIBs), as defined in Rule 144A, are represented by one or more permanent global New 2021 Notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of DTC. Beneficial interests in the global New 2021 Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream Luxembourg. Except

in certain limited circumstances, definitive registered New 2021 Notes will not be issued in exchange for beneficial interests in the global New 2021 Notes. See "Form of the New Notes—Global Notes."

Title to the New 2021 Notes will pass by registration in the register. The registered holder of any note will (except as otherwise required by law and subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, writing on, or theft or loss of, the definitive note issued in respect of it), and no person will be liable for so treating the holder.

Transfer of New 2021 Notes

New 2021 Notes may be transferred in whole or in part in an authorized denomination upon the surrender of the note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the registrar or the specified office of any transfer agent. Each new note to be issued upon exchange of New 2021 Notes or transfer of New 2021 Notes will, within three business days of the receipt of a request for exchange or form of transfer, be mailed at the risk of the holder entitled to the note to such address as may be specified in such request or form of transfer.

The registrar will send a copy of the noteholder register to the Issuer on the date of issuance and after any change to the noteholder register made by the registrar, with such copy to be held by the Issuer and at its registered office. For purposes of Luxembourg law, ownership of the New 2021 Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the New 2021 Notes. In case of discrepancies between the register held by the registrar and the register held by the Issuer at its registered office, the register held by the Issuer at its registered office will prevail for Luxembourg law purposes.

New 2021 Notes will be subject to certain restrictions on transfer as more fully set out in the indenture. See "Transfer Restrictions." Transfer of beneficial interests in the global New 2021 Notes will be effected only through records maintained by DTC and its participants. See "Form of the New Notes."

Transfer will be effected without charge by or on behalf of the Issuer, the trustee, the registrar or the transfer agents, but upon payment, or the giving of such indemnity and/or security as the trustee, the registrar or the relevant transfer agent may require, in respect of any tax or other governmental charges which may be imposed in relation to it. The Issuer is not required to transfer or exchange any note selected for redemption.

No holder may require the transfer of a note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that note.

Additional Amounts

All payments by the Issuer (or any paying agent) in respect of the New 2021 Notes or any of the Guarantors (or any paying agent) in respect of the respective Guarantee will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments, or other governmental charges of whatever nature imposed or levied by or on behalf of Brazil or Luxembourg, or any political subdivision or authority therein or thereof or any other jurisdiction in which the Issuer or any of the Guarantors is organized, doing business or otherwise subject to the power to tax or through which payment on the New 2021 Notes or Guarantees is made (or, in each case, any political subdivision or authority therein or thereof) (any of the aforementioned being a "Taxing Jurisdiction"), unless the Issuer or any of the Guarantors (or any paying agent) is compelled by law to deduct or withhold such taxes, duties, assessments, or governmental charges. In such event, the Issuer or any of the Guarantors (or any paying agent), as applicable, will make such deduction or withholding, and the Issuer or any of the Guarantors, as applicable, will make payment of the amount so withheld to the appropriate governmental authority and pay such additional amounts as may be necessary to ensure that the net amounts receivable by holders of New 2021 Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the New 2021 Notes in the absence of such withholding or deduction. Notwithstanding the foregoing, no such additional amounts shall be payable:

(1) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such note by reason of the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of such holder, if such holder is an estate, a trust, a partnership, or a corporation) and the relevant Taxing Jurisdiction, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof, being

incorporated in, being or having been engaged in a trade or business or present therein or having or having had a permanent establishment therein, other than the mere holding of the note or enforcement of rights under the indenture and the receipt of payments with respect to the note;

(2) in respect of New 2021 Notes surrendered or presented for payment (if surrender or presentment is required) more than 30 days after the Relevant Date (as defined below) except to the extent that payments under such note would have been subject to withholdings and the holder of such note would have been entitled to such additional amounts, had the note been surrendered for payment on the last day of such period of 30 days;

(3) where the withholding or deduction is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings;

(4) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or other governmental charges by reason of such holder's failure to comply with any certification, identification, documentation or other reporting requirement concerning the nationality, residence, identity or connection with the relevant Taxing Jurisdiction of such holder, if (a) compliance is required by law as a precondition to, exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and (b) the Issuer has given the holders at least 30 days' notice that holders will be required to comply with such certification, identification, documentation or other reporting requirement;

(5) in respect of any tax that is required to be withheld or deducted from a payment made to a holder who would have been able to avoid such withholding or deduction by presenting a note for payment (where presentation is required) to another available paying agent in a Member State of the European Economic Area (unless such note could not have been presented for payment elsewhere);

(6) in respect of any estate, inheritance, gift, sales, transfer, capital gains, excise or personal property or similar tax, assessment or governmental charge;

(7) in respect of any tax, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal of or interest on the note;

(8) in respect of any tax imposed on overall net income or any branch profits tax; or

(9) in respect of any combination of the above.

In addition, no additional amounts shall be paid with respect to any payment on a note to a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment to the extent that payment would be required by the relevant Taxing Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interestholder in a limited liability company or a beneficial owner who would not have been entitled to the additional amounts had that beneficiary, settlor, member, interestholder or beneficial owner been the holder.

"Relevant Date" means, with respect to any payment on a note, whichever is the later of: (i) the date on which such payment first becomes due; and (ii) if the full amount payable has not been received by the trustee on or prior to such due date, the date on which notice is given to the holders that the full amount has been received by the trustee. The New 2021 Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation. Except as specifically provided above, neither the Issuer nor any of the Guarantors shall be required to make a payment with respect to any tax, assessment or governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein.

In the event that additional amounts actually paid with respect to the New 2021 Notes described above are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such New 2021 Notes, and, as a result thereof such holder is entitled to make claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such New 2021 Notes, be deemed to have assigned and transferred all right, title, and interest to any such claim for a refund or credit of such excess to the Issuer.

The Issuer or Guarantor, as the case may be, will provide the trustee with the official acknowledgment of the relevant Taxing Jurisdiction (or, if such acknowledgment is not available, other reasonable documentation) evidencing any payment of any taxes in respect of which the Issuer or Guarantor, as the case may be, has paid any additional amounts. Copies of such documentation will be made available to the holders of the notes or the paying agents, as applicable, upon request therefor.

The Issuer will also pay any present or future stamp, issue, registration, court or documentary taxes or any excise or property taxes, charges or similar levies (including any penalties, interest and other liabilities relating thereto) which arise in any jurisdiction from the execution, delivery, registration or the making of payments in respect of the New 2021 Notes, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Taxing Jurisdiction other than those resulting from, or required to be paid in connection with, the enforcement of the New 2021 Notes following the occurrence of any Default or Event of Default.

Any reference in this offering memorandum, the indenture or the New 2021 Notes to principal, interest or any other amount payable in respect of the New 2021 Notes by the Issuer or any of the Guarantees by the respective Guarantor will be deemed also to refer to any additional amount, unless the context requires otherwise, that may be payable with respect to that amount under the obligations referred to in this subsection.

The foregoing obligation will survive termination or discharge of the indenture.

Change of Control Consideration

Upon a Change of Control occurring before January 1, 2018, the Issuer will pay a one-time consideration to holders of the New 2021 Notes of an amount equal to 50% of the principal amount of New 2021 Notes then outstanding, 10% of which will be payable in cash (the "Cash Change of Control Consideration") and 40% of which will be payable in kind by the issuance of Additional New 2021 Notes (the "PIK Change of Control Consideration").

The Issuer will pay the Cash Change of Control Consideration to holders of the New 2021 Notes not later than 30 days following the consummation of the Change of Control (the "Cash Change of Control Payment Date") to holders of record 15 days before the relevant payment date.

The Issuer will pay the PIK Change of Control Consideration by issuing Additional New 2021 Notes to holders of the New 2021 Notes on a *pro rata* basis in an aggregate principal amount equal to 40% of the aggregate principal amount of New 2021 Notes then outstanding. The Issuer will issue the Additional New 2021 Notes on the interest payment date immediately following the consummation of the Change of Control (the "PIK Change of Control Payment Date") to holders of record on the same record date used for payment of interest on the New 2021 Notes. Interest on the Additional New 2021 Notes will accrue from the PIK Change of Control Payment Date.

Within 10 days from the consummation of the Change of Control, the Issuer will deliver an Officer's Certificate to the trustee to notify the trustee of such occurrence, the Cash Change of Control Payment Date and the PIK Change of Control Payment Date.

Existing and future debt of the Issuer and the Guarantors may provide that a Change of Control is a default or require repurchase upon a Change of Control.

The phrase "all or substantially all," as used with respect to the assets of GLAI in the definition of "Change of Control," is subject to interpretation under applicable law, and its applicability in a given instance would depend upon the facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of GLAI has occurred in a particular instance, in which case a holder's ability to obtain the benefit of these provisions could be unclear.

Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the holder of the New 2021 Notes to require that the Issuer make any payments on the New 2021 Notes or purchase or redeem the New 2021 Notes in the event of a takeover, recapitalization or similar transaction.

Covenants

The indenture contains the following covenants:

Limitation on Transactions with Affiliates

Neither the Issuer nor the Guarantors will, nor will the Issuer or the Guarantors permit any of their respective Subsidiaries to, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property, employee compensation arrangements or the rendering of any service) with, or for the benefit of, any Affiliate of the Issuer or

the Guarantors, other than themselves or any Subsidiaries, (an "Affiliate Transaction") unless the terms of the Affiliate Transaction are no less favorable to the Issuer or the Guarantors or such Subsidiaries than those that could be obtained at the time of the Affiliate Transaction in arm's length dealings with a person who is not an Affiliate.

Limitation on Consolidation, Merger or Transfer of Assets

Neither the Issuer nor the Guarantors will consolidate with or merge with or into, or sell, convey, transfer or dispose of, or lease all or substantially all of its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to, any Person, unless:

(1) the resulting, surviving or transferee Person (if not the Issuer or a Guarantor) will be a Person organized and existing under the laws of Brazil, the United States of America, any State thereof or the District of Columbia, or any other country (or political subdivision thereof) that is a member country of the European Union or of the Organization for Economic Co-operation and Development on the date of the indenture, and such Person expressly assumes, by a supplemental indenture to the indenture, executed and delivered to the trustee, all the obligations of the Issuer or the Guarantors under the New 2021 Notes, the Guarantees (as applicable) and the indenture;

(2) the resulting, surviving or transferee Person (if not the Issuer or a Guarantor), if organized and existing under the laws of a jurisdiction other than Brazil or Luxembourg, as applicable, undertakes, in such supplemental indenture, (i) to pay such additional amounts in respect of principal (and premium, if any) and interest as may be necessary in order that every net payment made in respect of the New 2021 Notes after deduction or withholding for or on account of any present or future tax, duty, assessment or other governmental charge imposed by such other country or any political subdivision or taxing authority thereof or therein will not be less than the amount of principal (and premium, if any) and interest then due and payable on the New 2021 Notes, subject to the same exceptions set forth under "—Additional Amounts," and (ii) that the provisions set forth under "Redemption—Tax Redemption" shall apply to such Person, but in both cases, replacing existing references in such clause to Brazil or Luxembourg, as applicable, or to the Taxing Jurisdiction with references to the jurisdiction of organization of the resulting, surviving or transferee Person as the case may be;

(3) immediately prior to such transaction and immediately after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing; and

(4) the Issuer or the Guarantors will have delivered to the trustee an Officer's Certificate and an opinion of independent legal counsel, each stating that such consolidation, merger or transfer and such supplemental indenture, if any, comply with the indenture.

The trustee will accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set forth in this covenant, in which event it will be conclusive and binding on the holders.

Notwithstanding anything to the contrary contained in the foregoing, any of the Guarantors may consolidate with or merge with the Issuer or any Subsidiary that becomes a Guarantor concurrently with the relevant transaction.

Reporting Requirements

The Issuer and the Guarantors will provide the trustee with the following reports (and will also provide the trustee with sufficient copies, as required, of the following reports referred to in clauses (1) through (4) below for distribution, at the expense of the Issuer and the Guarantors, to all holders of New 2021 Notes upon written request):

(1) an English language version of GLAI's annual audited consolidated financial statements prepared in accordance with IFRS promptly upon such financial statements becoming available but not later than 120 days after the close of its fiscal year;

(2) an English language version of GLAI's unaudited quarterly financial information prepared in accordance with IAS 34 promptly upon such financial statements becoming available but not later than 60 days after the close of each fiscal quarter (other than the last fiscal quarter of its fiscal year);

(3) simultaneously with the delivery of each set of financial statements referred to in clauses (1) and (2) above, an Officer's Certificate stating whether a Default or an Event of Default exists on the date of such certificate and, if a Default or an Event of Default exists, setting forth the details thereof and the action which the Issuer and/or the Guarantors are taking or propose to take with respect thereto;

(4) without duplication, English language versions or summaries of such other reports or notices as may be filed or submitted by (and promptly after filing or submission by) the Issuer or the Guarantors with (a) the CVM, (b) the Luxembourg Stock Exchange or any other stock exchange on which the New 2021 Notes may be listed or (c) the SEC (in each case, to the extent that any such report or notice is generally available to its security holders or the public in Brazil or elsewhere and, in the case of clause (c), is filed or submitted pursuant to Rule 12g3-2(b) under, or Section 13 or 15(d) of, the Exchange Act, or otherwise); and

(5) upon any officer of the Issuer or either Guarantor becoming aware of the existence of a Default or an Event of Default, an Officer's Certificate setting forth the details thereof and the action which the Issuer and/or the Guarantors are taking or propose to take with respect thereto.

Delivery of the reports referred to in clauses (1), (2) and (4) above to the trustee is for informational purposes only, and the trustee's receipt of such reports will not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's or the Guarantors' compliance with any of their covenants in the indenture (as to which the trustee is entitled to rely exclusively on Officer's Certificates).

Issuance of Additional New 2021 Notes

Upon the occurrence of the EBIT Improvement, the Issuer will make a one-time issuance of Additional New 2021 Notes to holders of the New 2021 Notes on a *pro rata* basis in an aggregate principal amount equal to 13.5% of the aggregate principal amount of New 2021 Notes then outstanding (the "Additional Principal Amount").

Commencing with the fiscal quarter ending on December 31, 2017 and continuing with each fiscal quarter thereafter until the EBIT Improvement occurs, GLAI will calculate the EBIT for the most recently concluded period of four consecutive fiscal quarters (the "Reference Period") within 60 days after the end of each fiscal quarter or within 120 days after the end of each fiscal year, as applicable (the "Calculation Period"); *provided*, *however*, that in calculating the EBIT, GLAI will give *pro forma* effect to:

(a) the acquisition or disposition of companies, divisions or lines of businesses by GLAI and its Subsidiaries, including any acquisition or disposition of a company, division or line of business during or after the Reference Period by a Person that became a Subsidiary during or after the Reference Period; and

(b) the discontinuation of any operations,

in each case, that have occurred during or after the Reference Period as if such events had occurred and, in the case of any disposition, the proceeds thereof applied, on the first day of the Reference Period.

The Additional New 2021 Notes will be issued in the Additional Principal Amount on the interest payment date immediately following the end of the Calculation Period for the Reference Period in which the EBIT Improvement occurred (the "Additional Notes Payment Date") to holders of record on the same record date used for payment of interest on the New 2021 Notes. Interest on the Additional New 2021 Notes will accrue from the Additional Notes Payment Date.

Within 10 days from the date of determination by GLAI of the occurrence of the EBIT Improvement, GLAI will deliver an Officer's Certificate to the trustee to notify the trustee of such occurrence and of the Additional Notes Payment Date.

Substitution of the Issuer

(a) Notwithstanding any other provision contained in the indenture, the Issuer may, without the consent of the holders of the New 2021 Notes (and by purchasing or subscribing for any New 2021 Notes, each holder of the New 2021 Notes expressly consents to it), be replaced and substituted by (i) GLAI or (ii) any wholly-owned Subsidiary of GLAI as principal debtor (in such capacity, the "Substituted Debtor") in respect of the New 2021 Notes; *provided that*:

(i) such documents shall be executed by the Substituted Debtor, the Issuer, GLAI and the trustee as may be necessary to give full effect to the substitution, including a supplemental indenture whereby the Substituted Debtor assumes all the Issuer's obligations under the indenture (together, the "Issuer Substitution Documents"), and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favor of each noteholder, the trustee and the agents to be bound by the terms and conditions of the New 2021 Notes and the provisions of the indenture as fully as if the Substituted Debtor had been named in the New 2021

Notes and the indenture as the principal debtor in respect of the New 2021 Notes in place of the Issuer (or any previous substitute) and the covenants of GLAI (in the case the Issuer is substituted by GLAI), the covenants of the Issuer (in the case the Issuer is substituted by a wholly-owned Subsidiary of GLAI), Events of Default and other relevant provisions shall continue to apply to the Issuer in respect of the New 2021 Notes as if no such substitution had occurred, it being the intent that the rights of noteholders in respect of the New 2021 Notes shall be unaffected by such substitution, subject to clause (b) below;

(ii) without prejudice to the generality of the preceding paragraph, where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than Brazil or Luxembourg, as applicable, the Issuer Substitution Documents shall contain (x) a covenant by the Substituted Debtor and/or such other provisions as may be necessary to ensure that each noteholder has the benefit of a covenant in terms corresponding to the obligation of the Issuer in respect of the payment of additional amounts set forth in "— Additional Amounts," with the substitution for the references to Brazil or Luxembourg, as applicable, of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes, and (y) a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless the trustee and the agents and each noteholder against all taxes or duties which arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against the trustee, any agent or such holder as a result of any substitution pursuant to the conditions set forth in this section and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, any and all taxes or duties which are imposed on any such noteholder by any political subdivision or taxing authority of any country in which such noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

(iii) to the extent applicable, each stock exchange which has the New 2021 Notes listed thereon shall have confirmed in writing that following the proposed substitution of the Substituted Debtor, the New 2021 Notes would continue to be listed on such stock exchange, or if such confirmation is not received or such continued listing is impracticable or unduly burdensome, the Issuer or GLAI may de-list the New 2021 Notes from the Luxembourg Stock Exchange or other exchange on which the New 2021 Notes are listed; and, in the event of any such de-listing, GLAI shall use commercially reasonable efforts to obtain an alternative admission to listing, trading and/or quotation of the New 2021 Notes by another listing authority, exchange or system within or outside the European Union as it may reasonably decide; *provided*, that if such alternative admission is not available or is, in the Issuer and GLAI's reasonable opinion, unduly burdensome, the Issuer and GLAI shall have no further obligation in respect of any listing of the New 2021 Notes;

(iv) the Issuer shall have delivered, or procured the delivery, to the trustee of a legal opinion addressed to the Issuer, the Substituted Debtor and the trustee from a leading firm of lawyers in the country of incorporation of the Substituted Debtor, to the effect that the Issuer Substitution Documents constitute legal, valid and binding obligations of the Substituted Debtor and have been duly authorized, such opinion(s) to be dated as of the date the Issuer Substitution Documents are executed and to be available for inspection by noteholders at the specified offices of the trustee;

(v) the Issuer shall have delivered, or procured the delivery, to the trustee of a legal opinion addressed to the Issuer, the Substituted Debtor and the trustee from a leading firm of Luxembourg or Brazilian lawyers acting for the Issuer and GLAI, as the case may be, to the effect that the Issuer Substitution Documents have been duly authorized, executed and delivered by the Issuer and that they constitute legal, valid and binding obligations of the Issuer, such opinion to be dated as of the date the Issuer Substitution Documents are executed and to be available for inspection by noteholders at the specified offices of the trustee;

(vi) the Issuer shall have delivered, or procured the delivery, to the trustee of a legal opinion addressed to the Issuer, the Substituted Debtor and the trustee from a leading firm of New York lawyers to the effect that the Issuer Substitution Documents constitute legal, valid and binding obligations of the parties thereto under New York law, such opinion to be dated as of the date the Issuer Substitution Documents are executed and to be available for inspection by noteholders at the specified offices of the trustee;

(vii) the Substituted Debtor shall have appointed a process agent in the Borough of Manhattan, the City of New York to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the indenture, New 2021 Notes or the Issuer Substitution Documents;

(viii) there is no outstanding Default or Event of Default in respect of the New 2021 Notes;

(ix) the substitution complies with all applicable requirements established under the laws of Brazil; and

(x) each of the Substituted Debtor, GLAI and the Issuer shall deliver to the trustee an Officer's Certificate, executed by their respective authorized officers, certifying that the terms of this section have been complied with and attaching copies of all documents contemplated herein.

(b) Upon the execution of the Issuer Substitution Documents and the satisfaction of the conditions referred to in paragraph (a) above, the Substituted Debtor shall be deemed to be named in the New 2021 Notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the New 2021 Notes shall thereupon be deemed to be amended to give effect to the substitution. Except as set forth above, the execution of the Issuer Substitution Documents shall operate to release the Issuer (or such previous substitute as aforesaid) from all its obligations in respect of the New 2021 Notes and its obligation to indemnify the trustee under the indenture.

(c) The Issuer Substitution Documents shall be deposited with and held by the trustee for so long as any note remains outstanding and for so long as any claim made against the Substituted Debtor or the Issuer by any noteholder in relation to the New 2021 Notes or the Issuer Substitution Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor, GLAI and the Issuer shall acknowledge in the Issuer Substitution Documents the right of every noteholder to the production of the Issuer Substitution Documents for the enforcement of any of the New 2021 Notes or the Issuer Substitution Documents.

(d) Not later than 10 business days after the execution of the Issuer Substitution Documents, the Substituted Debtor shall give notice thereof to the noteholders in accordance with the provisions described in "—Notices" below.

Events of Default

An "Event of Default" occurs if:

(1) the Issuer defaults in any payment of interest (including any related additional amounts) on any New 2021 Note when the same becomes due and payable, or defaults in the payment of any amount described under "—Change of Control Consideration," and any such defaults continues for a period of 30 days;

(2) the Issuer defaults in the payment of the principal (including any related additional amounts) of any New 2021 Note when the same becomes due and payable at its Stated Maturity, upon acceleration or redemption or otherwise;

(3) any of the Issuer or the Guarantors fails to comply with any of its covenants or agreements in the New 2021 Notes or the indenture (other than those referred to in (1) and (2) above), and such failure continues for 60 days after the notice specified below;

(4) any of the Issuer, the Guarantors or any Significant Subsidiary defaults under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Debt for money borrowed by any of the Issuer, the Guarantors or any such Significant Subsidiary (or the payment of which is guaranteed by any of the Issuer, the Guarantors or any such Significant Subsidiary) whether such Debt or guarantee now exists, or is created after the date of the indenture, which default (a) is caused by failure to pay principal of or premium, if any, or interest on such Debt after giving effect to any grace period provided in such Debt on the date of such default ("Payment Default") or (b) results in the acceleration of such Debt prior to its express maturity and, in each case, the principal amount of any such Debt, together with the principal amount of any other such Debt under which there has been a Payment Default or the maturity of which has been so accelerated, totals US$50.0 million (or the equivalent thereof at the time of determination) or more in the aggregate, except in the case of acceleration of the Debt under the New 2018 Notes, in which case no minimum principal amount will be required;

(5) one or more final non-appealable judgments or decrees for the payment of money of US$50.0 million (or the equivalent thereof at the time of determination) or more in the aggregate are rendered against any of the Issuer, the Guarantors or any Significant Subsidiary and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged and, in the case of each such judgment or decree, either (a) an enforcement proceeding has been commenced by any creditor upon such judgment or decree and is not dismissed within 30 days following commencement of such enforcement proceedings or (b) there is a period of 60 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed;

(6) an involuntary case or other proceeding is commenced against any of the Issuer, the Guarantors or any Significant Subsidiary with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a trustee, receiver, *síndico*, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 days; or an order for relief is entered against any of the Issuer, the Guarantors or any Significant Subsidiary under the federal bankruptcy laws as now or hereafter in effect and such order is not being contested by any of the Issuer, the Guarantors or such Significant Subsidiary, as the case may be, in good faith or has not been dismissed, discharged or otherwise stayed, in each case within 60 days of being made;

(7) any of the Issuer, the Guarantors or any Significant Subsidiary (i) commences a voluntary case or other proceeding seeking liquidation, reorganization, *concordata* or other relief with respect to itself or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, *síndico*, liquidator, assignee, custodian, trustee, sequestrator or similar official of any of the Issuer, the Guarantors or any Significant Subsidiary or for all or substantially all of the property of any of the Issuer, the Guarantors or any Significant Subsidiary or (iii) effects any general assignment for the benefit of creditors;

(8) any event occurs that under the laws of Brazil or any political subdivision thereof or any other country has substantially the same effect as any of the events referred to in any of clause (6) or (7);

(9) any Guarantee ceases to be in full force and effect, other than in accordance with the terms of the indenture, or a Guarantor denies or disaffirms its obligations under its Guarantee;

(10) GLAI ceases to own directly 100% of the outstanding share capital of the Issuer; or

(11) except as expressly permitted by the indenture and the Fiduciary Sale Agreement, the Fiduciary Sale Agreement shall for any reason cease to be in full force and effect in all material respects, or any of the Issuer or the Guarantors or any of their Subsidiaries shall so assert, or any security interest created, or purported to be created, by the Fiduciary Sale Agreement shall cease to be enforceable and of the same effect and priority purported to be created thereby.

A Default under clause (3) above will not constitute an Event of Default until the trustee or the holders of at least 25% in principal amount of the New 2021 Notes outstanding, as the case may be, notify the Issuer and the Guarantors of the Default and the Issuer and the Guarantors, as the case may be, do not cure such Default within the time specified after receipt of such notice.

The trustee is not to be charged with knowledge of any Default or Event of Default or knowledge of any cure of any Default or Event of Default unless a responsible officer of the trustee with direct responsibility for the indenture has received written notice of such Default or Event of Default from the Issuer, the Guarantors or any holder.

If an Event of Default (other than an Event of Default specified in clause (6), (7) or (8) above) occurs and is continuing, the trustee or the holders of not less than 25% in principal amount of the New 2021 Notes then outstanding may declare all unpaid principal of and accrued interest on all New 2021 Notes to be due and payable immediately, by a notice in writing to the Issuer and the trustee, and upon any such declaration such amounts will become due and payable immediately. If an Event of Default specified in clause (6), (7) or (8) above occurs and is continuing, then the principal of and accrued interest on all New 2021 Notes will become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

The trustee will be under no obligation to exercise any of its rights or powers under the indenture or the Fiduciary Sale Agreement or the intercreditor agreement at the request or direction of any of the holders, unless such holders have offered to the trustee indemnity reasonably satisfactory to the trustee. Subject to such provision for the indemnification of the trustee, the holders of a majority in aggregate principal amount of the outstanding New 2021 Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

Each of the Fiduciary Sale Agreement and the intercreditor agreement provides that if an Event of Default has occurred and is continuing, the collateral agent may, if and as instructed by the trustee, exercise certain rights or remedies available to it under the agreement or under applicable law. The collateral agent will take such action, or refrain from taking such action, with respect to an Event of Default (including with respect to the exercise of any rights or remedies under each of the

Fiduciary Sale Agreement and the intercreditor agreement), only as the trustee shall instruct the collateral agent in writing. The collateral agent will not be required to take any action or refrain from taking any action in connection with the exercise of remedies under each of the Fiduciary Sale Agreement and the intercreditor agreement or to take any action or refrain from taking any action at the direction or instructions of the trustee under the Fiduciary Sale Agreement, the intercreditor agreement or the indenture unless it shall have received indemnification against any risks or costs incurred in connection therewith in form and substance reasonably satisfactory to the collateral agent, including, without limitation, adequate advances against costs which may be incurred by it in connection therewith.

The intercreditor agreement provides for the order of payment in case of collection of any money pursuant to the exercise of remedies under the indenture or the Fiduciary Sale Agreement. See "Description of the Intercreditor Agreement."

The trustee, upon prior written notice to the Issuer, may fix a record date and payment date for any payment to holders of amounts received from the exercise of remedies. At least 15 days before the record date, the trustee will mail to each holder and the Issuer a notice that states the record date, the payment date and amount to be paid.

Defeasance

Any of the Issuer or the Guarantors may at any time terminate all of its obligations with respect to the New 2021 Notes ("defeasance"), except for certain obligations, including those regarding any trust established for a defeasance and obligations to register the transfer or exchange of the New 2021 Notes, to replace mutilated, destroyed, lost or stolen New 2021 Notes, the obligations owed to the trustee and the agents and to maintain agencies in respect of New 2021 Notes. Any of the Issuer or the Guarantors may at any time terminate its obligations under certain covenants set forth in the indenture, and any omission to comply with such obligations will not constitute a Default or an Event of Default with respect to the New 2021 Notes issued under the indenture ("covenant defeasance"). In order to exercise either defeasance or covenant defeasance, any of the Issuer or the Guarantors must irrevocably deposit in trust, for the benefit of the holders of the New 2021 Notes, with the trustee money or U.S. government obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants expressed in a written certificate delivered to the trustee, without consideration of any reinvestment, to pay the principal of, and interest on the New 2021 Notes to redemption or maturity and comply with certain other conditions, including: (i) in the case of covenant defeasance, the Issuer must deliver to the trustee opinions of U.S. and Brazilian counsel to the effect that the holders of the outstanding New 2021 Notes will not recognize income, gain or loss for U.S. or Brazilian federal income tax purposes, as the case may be, as a result of such covenant defeasance and will be subject to U.S. or Brazilian federal income tax, as the case may be, on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred), or (ii) in the case of defeasance, the Issuer must deliver to the trustee an opinion of Brazilian counsel to the effect that the holders of the outstanding New 2021 Notes will not recognize income, gain or loss for Brazilian federal income tax purposes as a result of such defeasance and will be subject to Brazilian federal income tax on the same amounts, in the same manner, and at the same times as would have been the case if such defeasance had not occurred, and an opinion of U.S. counsel stating that: (x) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (y) since the issue date, there has been a change in applicable U.S. federal income tax law, in either case to the effect that (and based thereon such opinion shall confirm that) the holders of the outstanding New 2021 Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred. In the case of defeasance or covenant defeasance, the Guarantees will terminate.

Amendment, Supplement, Waiver

Subject to certain exceptions, the indenture may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the New 2021 Notes then outstanding, and any past Default or Event of Default or compliance with any provision may be waived with the consent of the holders of at least a majority in principal amount of the New 2021 Notes then outstanding. However, without the consent of each holder of an outstanding note affected thereby, no amendment or waiver may:

(1) reduce the principal amount of or change the Stated Maturity of any payment on any note;

(2) reduce the rate of any interest on any note;

(3) reduce the amount payable upon redemption of any note or change the time at which any note may be redeemed;

(4) reduce the amount payable or change the time of payment of any amount specified under "—Change of Control Consideration";

(5) change the currency for payment of principal of, or interest or any additional amounts on, any note;

(6) make any change in the provisions of the indenture relating to the contractual rights of holders expressly set forth in the indenture to institute suit for the enforcement of any right to payment on or with respect to any note;

(7) make any change in the provisions of the indenture relating to waivers of certain payment defaults with respect to the New 2021 Notes;

(8) reduce the principal amount of New 2021 Notes whose holders must consent to any amendment or waiver;

(9) make any change in the amendment or waiver provisions which require each holder's consent;

(10) modify or change any provision of the indenture affecting the ranking of the New 2021 Notes or any of the Guarantees in a manner adverse to the holders of the New 2021 Notes; or

(11) make any change in any of the Guarantees that would adversely affect the noteholders.

In addition, notwithstanding the foregoing, without the consent of the holders of at least 66⅔% in aggregate principal amount of the outstanding New 2021 Notes, no amendment, supplement or waiver may release all or substantially all of the Collateral unless otherwise provided in the indenture, the Fiduciary Sale Agreement and the intercreditor agreement.

The holders of the New 2021 Notes will receive prior notice as described under "—Notices" of any proposed amendment to the New 2021 Notes or the indenture or any waiver described in the preceding paragraphs. After an amendment or any waiver described in the preceding paragraphs becomes effective, the Issuer is required to give to the holders a notice briefly describing such amendment or waiver. However, the failure to give such notice to all holders of the New 2021 Notes, or any defect therein, will not impair or affect the validity of the amendment or waiver.

The consent of the holders of the New 2021 Notes is not necessary to approve the particular form of any proposed amendment or any waiver. It is sufficient if such consent approves the substance of the proposed amendment or waiver.

The Issuer, the Guarantors, the trustee and the collateral agent (acting in accordance with instructions provided by the trustee) may, without the consent or vote of any holder of the New 2021 Notes, amend or supplement the indenture, the New 2021 Notes, the Fiduciary Sale Agreement or the intercreditor agreement, as the case may be, for the following purposes:

(1) to cure any ambiguity, omission, defect or inconsistency;

(2) to comply with the covenant described under "—Covenants—Limitation on Consolidation, Merger or Transfer of Assets";

(3) to add guarantees or collateral with respect to the New 2021 Notes;

(4) to add to the covenants of the Issuer or the Guarantors for the benefit of holders of the New 2021 Notes;

(5) to surrender any right conferred upon the Issuer or the Guarantors;

(6) to evidence and provide for the acceptance of an appointment by a successor trustee;

(7) to allow for the Substitution of Debtor, as described under "—Substitution of the Issuer";

(8) to effect an issuance of any Additional New 2021 Notes in accordance with the covenant described under "—Covenants—Issuance of Additional New 2021 Notes";

(9) to provide for any guarantee or collateral of the New 2021 Notes, to secure the New 2021 Notes or to confirm and evidence the release, termination or discharge of any Guarantee or collateral of the New 2021 Notes when the release, termination or discharge is permitted by the indenture, the Fiduciary Sale Agreement or the intercreditor agreement, as the case may be; or

(10) make any other change that does not materially and adversely affect the rights of any holder of the New 2021 Notes or to conform the indenture to this section "Description of the New 2021 Notes."

Notices

For so long as New 2021 Notes in global form are outstanding, notices to be given to holders will be given to the depositary, in accordance with its applicable policies as in effect from time to time. If New 2021 Notes are issued in certificated form, notices to be given to holders will be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices to holders of the New 2021 Notes at their registered addresses as they appear in the register maintained by the registrar. For so long as the New 2021 Notes are listed on the Luxembourg Stock Exchange and it is required by the rules of the Luxembourg Stock Exchange, publication of such notice to the holders of the New 2021 Notes in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the Rules and Regulations of the Luxembourg Stock Exchange, posted on the official website of the Luxembourg Stock Exchange at www.bourse.lu.

Trustee

The Bank of New York Mellon is the trustee under the indenture.

The indenture contains provisions for the indemnification of the trustee and for its relief from responsibility. The obligations of the trustee to any holder are subject to such immunities and rights as are set forth in the indenture.

Except during the continuance of an Event of Default, the trustee needs to perform only those duties that are specifically set forth in the indenture and no others, and no implied covenants or obligations will be read into the indenture against the trustee. In case an Event of Default has occurred and is continuing, the trustee shall exercise those rights and powers vested in it by the indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. No provision of the indenture will require the trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties thereunder, or in the exercise of its rights or powers, unless it receives indemnity or security satisfactory to it against any loss, liability or expense.

The Issuer and its Affiliates may from time to time enter into normal banking and trustee relationships with the trustee and its Affiliates.

Governing Law and Submission to Jurisdiction

The New 2021 Notes, the indenture, the intercreditor agreement and the Guarantees will be governed by the laws of the State of New York. The Fiduciary Sale Agreement will be governed by Brazilian law.

Each of the parties to the indenture and the intercreditor agreement will submit to the jurisdiction of the U.S. federal and New York State courts located in the Borough of Manhattan, City and State of New York for purposes of all legal actions and proceedings instituted in connection with the New 2021 Notes, the Guarantees (as applicable), the indenture and the intercreditor agreement. Each of the Issuer, the Guarantors and the collateral agent will appoint National Corporate Research, Ltd., currently having an office at 10 E. 40th Street, 10th Floor, New York, New York, 10016, as their authorized agent upon which process may be served in any such action.

The provisions relating to meetings of bondholders contained at Articles 86 to 94-8 of the Luxembourg Act on commercial companies of August 10, 1915, as amended, shall not apply in respect of the New 2021 Notes.

Currency Indemnity

U.S. dollars are the sole currency of account and payment for all sums payable by the Issuer or the Guarantors under or in connection with the indenture, the New 2021 Notes and the Guarantees, including damages. Any amount received or recovered in a currency other than dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Person in respect of any sum expressed to be due to it from the Issuer or the Guarantors in connection with the indenture, the New 2021 Notes and the Guarantees will only constitute a discharge to the Issuer or the Guarantors, as the case may be, to the extent of the dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that dollar amount is less than the dollar amount expressed to be due to the recipient, the Issuer and the Guarantors will indemnify such recipient against any loss sustained by it as a result; and if the amount of United States dollars so purchased is

greater than the sum originally due to such recipient, such recipient will be deemed to have agreed to repay such excess. In any event, the Issuer and the Guarantors will indemnify the recipient against the cost of making any such purchase.

For the purposes of the preceding paragraph, it will be sufficient for the recipient to certify in a satisfactory manner (indicating the sources of information used) that it would have suffered a loss had an actual purchase of dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of dollars on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). These indemnities constitute a separate and independent obligation from the other obligations of the Issuer and the Guarantors, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any holder of a note and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note.

Certain Definitions

The following is a summary of certain defined terms used in the indenture. Reference is made to the indenture for the full definition of all such terms as well as other capitalized terms used herein for which no definition is provided.

"Affiliate" means, with respect to any specified Person, (a) any other Person which, directly or indirectly, is in control of, is controlled by or is under common control with such specified Person or (b) any other Person who is a director or officer (i) of such specified Person, (ii) of any subsidiary of such specified Person or (iii) of any Person described in clause (a) above. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Capital Lease Obligations" means, with respect to any Person, any obligation which is required to be classified and accounted for as a capital lease on the face of a balance sheet of such Person prepared in accordance with IFRS; the amount of such obligation will be the capitalized amount thereof, determined in accordance with IFRS; and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Capital Stock" means, with respect to any Person, any and all shares of stock, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated, whether voting or nonvoting), such Person's equity including any preferred stock, but excluding any debt securities convertible into or exchangeable for such equity.

"Change of Control" means the occurrence of any of (i) the direct or indirect sale or transfer of all or substantially all the assets of GLAI to another Person (in each case, unless such other Person is a Permitted Holder), (ii) the consummation of any transaction (including, without limitation, by merger, consolidation, acquisition or any other means) as a result of which any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act, other than Permitted Holders) is or becomes the "beneficial owner" (as such term is used in Rules 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of GLAI; (iii) the first day on which a majority of the Board of Directors of GLAI consists of persons who were elected by shareholders who are not Permitted Holders; or (iv) the Company or any Guarantor, as the case may be, are liquidated or dissolved or adopt a plan of liquidation or dissolution other than in a transaction which complies with the provisions described under "—Covenants—Limitation on Consolidation, Merger or Transfer of Assets."

"CVM" means the Brazilian Securities Commission, or *Comissão de Valores Mobiliários*.

"Debt" means, with respect to any Person, without duplication:

(1) the principal of and premium, if any, in respect of (a) indebtedness of such Person for money borrowed and (b) indebtedness evidenced by notes, debentures, notes or other similar instruments for the payment of which such Person is responsible or liable;

(2) all Capital Lease Obligations of such Person;

(3) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such person and all obligations of such person under any title retention agreement (but excluding trade

accounts payable or other short-term obligations to suppliers payable within 180 days, in each case arising in the ordinary course of business);

(4) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (1) through (3) above) entered into in the ordinary course of business of such person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth business day following receipt by such person of a demand for reimbursement following payment on the letter of credit);

(5) all Hedging Obligations of such Person;

(6) all obligations of the type referred to in clauses (1) through (5) of other Persons and all dividends of other Persons for the payment of which, in either case, such person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any guarantee (other than obligations of other persons that are customers or suppliers of such Person for which such Person is or becomes so responsible or liable in the ordinary course of business to (but only to) the extent that such person does not, or is not required to, make payment in respect thereof);

(7) all obligations of the type referred to in clauses (1) through (5) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured; and

(8) any other obligations of such Person which are required to be, or are in such Person's financial statements, recorded or treated as debt under IFRS.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"EBIT" means, for any period, as to GLAI and its Subsidiaries, on a consolidated basis:

(1) net income (loss)*; plus*

(2) income and social contribution taxes; *plus*

(3) financial (income) expenses, net,

as each such item is reported on GLAI's most recent consolidated financial statements prepared in accordance with IFRS and delivered to the trustee pursuant to the indenture.

"EBIT Improvement" means EBIT in excess of R$800.0 million for the then most recently concluded period of four consecutive fiscal quarters.

"guarantee" means any obligation, contingent or otherwise, of any person directly or indirectly guaranteeing any Debt or other obligation of any person and any obligation, direct or indirect, contingent or otherwise, of such person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Guarantor" means each of (i) GLAI, (ii) VRG and (iii) any successor obligor under the Guarantee pursuant to the covenant described under the caption "—Covenants— Consolidation, Merger or Sale of Assets" and "Substitution of the Issuer," unless and until the Guarantor is released from its Guarantee pursuant to the indenture.

"Hedging Obligations" means, with respect to any person, the obligations of such person pursuant to any interest rate swap agreement, foreign currency exchange agreement, interest rate collar agreement, option or futures contract or other similar agreement or arrangement designed to protect such person against changes in interest rates or foreign exchange rates.

"holder" or "noteholder" means the person in whose name a note is registered in the register.

"IFRS" means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"Lien" means any mortgage, pledge, security interest, encumbrance, conditional sale or other title retention agreement or other similar lien.

"Non-Rotable Spare Parts" means parts often described in the industry as "repairables" and "expendables" or "consumables." Repairables are replaceable parts or components, commonly economical to repair, and subject to being reconditioned to a fully serviceable condition over a period of time less than the life of the flight equipment to which they are related. Examples include many engine blades and vanes, some tires, seats, and galleys. A repairable cannot be a rotable and vice versa. Expendables or consumables consist of items for which no authorized repair procedure exists, and for which cost of repair would normally exceed that of replacement. Expendable items include nuts, bolts, rivets, sheet metal, wire, light bulbs, cable, and hoses.

"Officer's Certificate" means a certificate signed by any of the chief executive officer, the chief operating officer, the chief financial officer, the chief accounting officer, the treasurer, a director, the general counsel or any vice president of the Issuer or the applicable Guarantor, as the case may be.

"Permitted Holders" means any or all of the following:

(1) an immediate family member of Messrs. Constantino de Oliveira, Henrique Constantino, Joaquim Constantino Neto and Ricardo Constantino or any Affiliate or immediate family member thereof; immediate family member of a person means the spouse, lineal descendants, father, mother, brother, sister, father-in-law, mother-in-law, brother-in-law and sister-in-law of such person; and

(2) any Person the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned at least 51% by Persons specified in clause (1).

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, including a government or political subdivision or an agency or instrumentality thereof.

"Rotable Spare Parts" means parts that wear over time and can be economically restored to a serviceable condition and, in the normal course of operations, can be repeatedly reconditioned to a fully serviceable condition over a period approximating the life of the flight equipment to which they are related. Examples include avionics units, landing gears, auxiliary power units and major engine accessories.

"Spare Parts" means, collectively, Rotable Spare Parts and Non-Rotable Spare Parts.

"Significant Subsidiary" means any Subsidiary of GLAI (or any successor) which at the time of determination either (a) had assets which, as of the date of GLAI's (or such successor's) most recent quarterly consolidated balance sheet, constituted at least 10% of GLAI's (or such successor's) total assets on a consolidated basis as of such date, or (b) had revenues for the 12-month period ending on the date of GLAI's (or such successor's) most recent quarterly consolidated statement of income which constituted at least 10% of GLAI's (or such successor's) total revenues on a consolidated basis for such period.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"Subsidiary" means, in respect of any specified Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person.

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

DESCRIPTION OF THE NEW 2028 NOTES

We issued the New 2028 Notes pursuant to an indenture, to be dated as of the date of issuance, among the Issuer, or Gol LuxCo S.A., the Guarantors, Gol Linhas Aéreas Inteligentes S.A., or GLAI, and VRG Linhas Aéreas S.A., or VRG, The Bank of New York Mellon, as trustee (which term includes any successor as trustee under the indenture), transfer agent, registrar and principal paying agent, Planner Trustee DTVM Ltda., as collateral agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg listing agent, paying agent and transfer agent. We refer to the guarantee issued by GLAI as the "GLAI Guarantee" and the guarantee issued by VRG as the "VRG Guarantee" (collectively, the "Guarantees"). Each of the trustees representing the holders of the New 2018 Notes, the New 2021 Notes and the New 2028 Notes and the collateral agent will also enter into an intercreditor agreement.

The New 2028 Notes and Guarantees are secured by a first priority security interest granted by the Fiduciary Sale Agreement (as defined below) in the Collateral (as defined below), consisting of all Spare Parts owned by VRG on the date of issuance and thereafter, which was entered into on July 4, 2016 by and among VRG, as the fiduciary seller of the Spare Parts; the collateral agent, for the benefit of the holders of New 2028 Notes, as the secured parties; and GLAI, as an intervening party. Upon release of the Collateral, all of the obligations under the New 2028 Notes and the Guarantees will become senior unsecured obligations of the Issuer and the Guarantors. See "—Release of Collateral."

This description of the New 2028 Notes is a summary of the material provisions of the New 2028 Notes, the indenture, the intercreditor agreement and the Fiduciary Sale Agreement. You should refer to the New 2028 Notes, the indenture, the intercreditor agreement and the Fiduciary Sale Agreement for a complete description of the terms and conditions of the New 2028 Notes, the indenture, the intercreditor agreement and the Fiduciary Sale Agreement, including the obligations of the Issuer and the Guarantors and your rights.

You will find the definitions of capitalized terms used in this section under "—Certain Definitions."

General

The New 2028 Notes:

- are senior obligations of the Issuer;
- are secured by the Collateral pursuant to the terms of the Fiduciary Sale Agreement and the intercreditor agreement, subject to the release of the Collateral (see "—Release of the Collateral");
- are limited to an aggregate principal amount of US$71.6 million; provided that in connection with the payment of PIK Interest (as defined below) in respect of the New 2028 Notes and issuance of Additional New 2028 Notes (as defined below), the Issuer will, without the consent of the holders thereof, increase the outstanding principal amount of the New 2028 Notes by issuing additional New 2028 Notes for the payment of PIK Interest (the "PIK Notes" and a "PIK Payment") or Additional New 2028 Notes, in both cases under the indenture on the same terms and conditions as, and fully fungible with, the New 2028 Notes offered hereby
- mature on December 20, 2028; and
- are represented by one or more registered New 2028 Notes in global form and may be exchanged for registered New 2028 Notes in definitive non-global form only in limited circumstances.

Interest on the New 2028 Notes will:

- accrue at the rate of 9.50% per annum, 8.50% with respect to the Cash Interest (as defined below) and 1.0% with respect to the PIK Interest, of the principal amount outstanding;
- accrue from the date of issuance;
- be payable in cash (the "Cash Interest") and in kind by issuing New 2028 Notes (the "PIK Interest"), in both cases semi-annually in arrears on June 20 and December 20 of each year, commencing on December 20, 2016;
- be payable to the holders of record on the June 5 and December 5 immediately preceding the related interest payment dates; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

The maximum PIK Interest amount of the New 2028 Notes calculated up to the Maturity Date will be of US$9.1 million.

Subject to certain conditions, the Issuer will issue additional New 2028 Notes as set forth in "—Change of Control Consideration" and "—Covenants—Issuance of Additional New 2028 Notes" (collectively, the "Additional New 2028 Notes," which term excludes, for the avoidance of doubt, PIK Notes issued in a PIK Payment) under the indenture after this offering. The New 2028 Notes offered hereby, the PIK Notes and the Additional New 2028 Notes, if any, subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context requires otherwise, (1) references to "New 2028 Notes" and "notes" for all purposes of the indenture and this "Description of the New 2028 Notes" section include any Additional New 2028 Notes and PIK Notes actually issued and (2) references to "principal amount" of New 2028 Notes for all purposes of the indenture and this "Description of the New 2028 Notes" section include any increase in the principal amount of outstanding New 2028 Notes, including PIK Notes as a result of a PIK Payment and Additional New 2028 Notes.

Notwithstanding anything to the contrary, the payment of accrued interest in connection with any redemption of the New 2028 Notes as described under "—Redemption" will be made solely in cash.

Principal of, and interest and any additional amounts (as described below under "—Additional Amounts") on, the New 2028 Notes will be payable, and the transfer of New 2028 Notes will be registrable, at the office of the trustee, and at the offices of the paying agents and transfer agents, respectively.

PIK Interest on the New 2028 Notes will be payable (1) with respect to New 2028 Notes represented by one or more global notes registered in the name of or held by DTC or its nominee, by increasing the principal amount of the outstanding global note by an amount equal to the amount of PIK Interest for the applicable interest period (rounded up to the nearest whole dollar) as provided in writing by the Issuer to the trustee and (2) with respect to New 2028 Notes represented by certificated notes, by issuing PIK Notes in certificated form in an aggregate principal amount equal to the amount of PIK Interest for the applicable interest period (rounded up to the nearest whole dollar), and the trustee will, at the written order of the Issuer, authenticate and deliver such PIK Notes in certificated form for original issuance to the holders of the New 2028 Notes on the relevant record date, as shown by the records of the register of holders of New 2028 Notes.

Additional New 2028 Notes will be issued (1) with respect to notes represented by one or more global notes registered in the name of or held by DTC or its nominee, by increasing the principal amount of the outstanding global note by an amount equal to the applicable additional principal amount (rounded up to the nearest whole dollar) as provided in writing by the Issuer to the trustee and (2) with respect to notes represented by certificated notes, by issuing Additional New 2028 Notes in certificated form in an aggregate principal amount equal to the applicable additional principal amount (rounded up to the nearest whole dollar), and the trustee will, at the written order of the Issuer, authenticate and deliver such Additional New 2028 Notes in certificated form for original issuance to the holders of the New 2028 Notes on the relevant record date, as shown by the records of the register of holders of the New 2028 Notes.

Following an increase in the principal amount of the outstanding global New 2028 Notes as a result of a PIK Payment or the issuance of Additional New 2028 Notes, as the case may be, the New 2028 Notes will bear interest on such increased principal amount from and after the date of such PIK Payment or issuance, as the case may be. Any PIK Notes or Additional New 2028 Notes, as the case may be, issued in certificated form will be dated as of the applicable interest payment date and will bear interest from and after such date. All PIK Notes and Additional New 2028 Notes issued will mature on December 20, 2028 and will be governed by, and subject to the terms, provisions and conditions of, the indenture and will have the same rights and benefits of the New 2028 Notes initially issued, including sharing in the Collateral on a *pro rata* basis.

The indenture does not contain any financial covenants and, thus, for example, it does not limit the amount of debt or other obligations that may be incurred by the Issuer or the Guarantors or any of their present or future Subsidiaries and does not require the repurchase of the New 2028 Notes upon a change of control.

Ranking

The New 2028 Notes are senior to all existing and future unsecured obligations of VRG, to the extent of the value of Collateral securing the New 2028 Notes. The New 2028 Notes and GLAI Guarantee will rank equally with all of the other senior unsecured obligations of the Issuer and GLAI. In any liquidation, dissolution, bankruptcy, or other similar proceeding, the holders of the Issuer's and the Guarantors' other secured debt may assert rights against the assets securing that debt in

order to receive full payment of their debt before the assets may be used to pay the Issuer's and the Guarantors' other creditors, including the holders of the New 2028 Notes.

The security interest in the Collateral granted under the Fiduciary Sale Agreement will terminate in respect of the New 2028 Notes on July 21, 2021, unless through passage of time, acceleration or otherwise there exists a due and payable payment obligation on the New 2028 Notes on that date, in which case the security interest in the Collateral will terminate upon satisfaction of that payment obligation. As a consequence of the termination, the Collateral shall be automatically released. Accordingly, under these circumstances, all of the obligations under the New 2028 Notes will become senior unsecured obligations of the Issuer and the Guarantors and will effectively rank junior to any senior secured obligations of the Issuer and the Guarantors to the extent of the value of the assets securing the obligations.

Guarantees

GLAI unconditionally guarantees, on an unsecured basis, and VRG unconditionally guarantees, on a secured basis, all of the obligations of the Issuer pursuant to the New 2028 Notes, the indenture, the Fiduciary Sale Agreement and the intercreditor agreement, as the case may be. So long as any note remains outstanding (as defined in the indenture), GLAI shall continue to own directly 100% of the outstanding share capital of the Issuer.

Upon release of the Collateral, all of obligations under the Guarantees will become senior unsecured obligations of the Guarantors. See "—Release of Collateral."

Each of the Guarantees will be limited to the maximum amount that would not render the respective Guarantor's obligations subject to avoidance under applicable fraudulent conveyance laws. By virtue of this limitation, the Guarantor's respective obligations under the Guarantee could be significantly less than amounts payable with respect to the New 2028 Notes, or each of the Guarantors may have effectively no obligation under the respective Guarantee.

Claims of creditors of any Subsidiaries of each of the Guarantors (other than the Issuer, in the case of GLAI), including trade creditors, employees and creditors holding indebtedness or guarantees issued by any Subsidiaries of each of the Guarantors (other than the Issuer, in the case of GLAI), generally will have priority with respect to the assets and earnings of any Subsidiaries of each of the Guarantors (other than the Issuer, in the case of GLAI) over the claims of the respective Guarantor's creditors, including holders of the New 2028 Notes. Accordingly, the New 2028 Notes will be effectively subordinated to creditors (including trade creditors and employees) and preferred stockholders, if any, of the Guarantors' existing or future Subsidiaries (other than the Issuer, in the case of GLAI). The indenture does not require any of the Guarantors' existing or future Subsidiaries to guarantee the New 2028 Notes, and it does not restrict the Guarantors from disposing of their assets to a third party or a Subsidiary that is not guaranteeing the New 2028 Notes, except as set forth in the Fiduciary Sale Agreement, in the case of VRG, and under "—Covenants—Limitation on Consolidation, Merger or Transfer of Assets." Under Brazilian law, as a general rule, holders of the New 2028 Notes will not have any claim against any non-guarantor Subsidiaries of the Guarantors.

The Guarantees will terminate upon defeasance or repayment of the New 2028 Notes, as described under the caption "—Defeasance."

Collateral

The New 2028 Notes and Guarantees are secured by a first priority security interest granted in the collateral (the "Collateral") to the holders of the New 2028 Notes, represented by the collateral agent, over Rotable Spare Parts and Non-Rotable Spare Parts pursuant to the terms of the Fiduciary Sale Agreement and the intercreditor agreement. The security interest does not apply to (1) any Spare Part so long as it is incorporated in, installed on, attached or appurtenant to, or being used on, an aircraft, engine or Spare Part that is so incorporated, installed, attached, appurtenant or being used, (2) any Spare Part leased to, loaned to, or held on consignment by, VRG, and (3) Spare Parts that are not specifically identified in the Fiduciary Sale Agreement (as defined below). Aircraft and spare engines are not included in the Collateral. VRG may not sell any Spare Part while the Spare Part is subject to the security interest granted by the Fiduciary Sale Agreement.

Pursuant to the intercreditor agreement, the holders of the New Notes will vote as a single class by majority voting of the New Notes (which include all of the New 2018 Notes, the New 2021 Notes and the New 2028 Notes) then outstanding on all matters related to the Collateral, including enforcement of rights in the Collateral, except solely upon an Event of Default in the payment of principal or interest and subsequent acceleration under the New 2018 Notes. In that case, the holders of the New 2018 Notes will be entitled to vote to enforce rights in the Collateral without the vote of the holders of the New 2021

Notes and New 2028 Notes. The holders of the New Notes will share the Collateral on a *pro rata* basis to the extent of their matured claims.

VRG granted a first priority security interest in the Collateral pursuant to a fiduciary sale agreement related to the Rotable Spare Parts, dated July 4, 2016, registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent (the "Rotables Fiduciary Sale Agreement") and to a fiduciary sale agreement related to the Non-Rotable Spare Parts, dated July 4, 2016, registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent (the "Non-Rotables Fiduciary Sale Agreement," together with the Rotables Fiduciary Sale Agreement, collectively referred to as the "Fiduciary Sale Agreement"). Each Fiduciary Sale Agreement will contain an annex identifying all Spare Parts that as of the date of issuance will be part of the Collateral.

VRG is obligated to update the annex of the Rotables Fiduciary Sale Agreement and subject any and all additional Spare Parts to the security interest granted by the Rotables Fiduciary Sale Agreement by means of an amendment, which must be registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent by the tenth (10th) Business Day of each month, commencing in the month following the date of issuance. VRG is also obligated to update the annex of the Non-Rotables Fiduciary Sale Agreement and subject any and all additional Spare Parts to the security interest granted by the Non-Rotables Fiduciary Sale Agreement by means of an amendment, which must be registered with the registry of deeds and documents in the jurisdiction of incorporation of each of VRG and the collateral agent by the tenth (10th) Business Day of April and October of each year, commencing in October 2016, until release of the Collateral. See "—Release of Collateral."

Further Assurances

On or prior to the date of issuance, the collateral agent and the trustee shall have received an Officer's Certificate of the Issuer and legal opinion from Brazilian external counsel satisfactory to the collateral agent and the trustee to the effect that, subject to certain exceptions and qualifications (see "Risk Factors—Risks Relating to the New Notes, the Guarantees and the Collateral—The security interest granted under the Fiduciary Sale Agreement in the non-rotable Spare Parts may not be valid under Brazilian law."), each of the Rotables Fiduciary Sale Agreement and the Non-Rotables Fiduciary Sale Agreement has been duly authorized, executed and delivered by each of VRG and GLAI and constitutes the legal, valid, and binding obligation of each of VRG and GLAI, enforceable against VRG and GLAI in accordance with its terms.

Each of VRG and GLAI shall take, or cause to be taken, all actions necessary, or requested by the collateral agent, to maintain each of the Rotables Fiduciary Sale Agreement and the Non-Rotables Fiduciary Sale Agreement to which it is a party in full force and effect and enforceable in accordance with its terms and to maintain and preserve the security interest created by the Fiduciary Sale Agreement and the priority thereof. In furtherance of the foregoing, VRG and GLAI shall ensure that all of the additional Spare Parts intended to be subject to the security interest granted by the Fiduciary Sale Agreement shall become subject to it having the priority contemplated pursuant to the terms of the Fiduciary Sale Agreement, the indenture and the intercreditor agreement.

On the date of issuance and at such other times as the trustee or the collateral agent (acting in accordance with instructions provided by the trustee) may reasonably request in writing, the Issuer shall furnish, or cause to be furnished, to the trustee and the collateral agent, an opinion of legal counsel either stating that, in the opinion of counsel, an action has been taken with respect to (1) amending or supplementing the Fiduciary Sale Agreement (or providing additional collateral, notifications or acknowledgments) as is necessary to subject all the Collateral (including any additional Spare Parts) to the security interest granted by the Fiduciary Sale Agreement and (2) the recordation of the amendment to the Fiduciary Sale Agreement and any other requisite documents as are necessary to maintain the security interest purported to be granted by the Fiduciary Sale Agreement and reciting the details of the action or stating that, in the opinion of counsel, no such action is necessary to maintain the security interest. The opinion of counsel shall also describe the recordation of the amendment to the Fiduciary Sale Agreement and any other requisite documents, or the taking of any other action that will, in the opinion of counsel, be required to maintain the security interest purported to be granted by the Fiduciary Sale Agreement after the date of the opinion.

Notwithstanding anything to the contrary contained in this Description of the New 2028 Notes or in applicable law, none of the trustee or the collateral agent shall have responsibility, among other things as set forth in the indenture, for (1) acting or being based on any unlawful, ambiguous or inaccurate instruction, notice, demand, notification or other document pursuant to the indenture and the Fiduciary Sale Agreement; (2) any loss or claim resulting from any act or omission, directly or

indirectly, conducted in good faith, except if otherwise determined in a final nonappealable decision by a court of competent jurisdiction; (3) any loss of profits, indirect, consequential, incidental, special, punitive or related losses and/or damages; (4) preparing, recording or filing any instrument in any public office or for otherwise ensuring the perfection or maintenance of any security interest granted pursuant to, or contemplated by, the indenture and the Fiduciary Sale Agreement; (5) taking any necessary steps to preserve rights against any parties with respect to the Collateral; (6) taking any action to protect against any diminution in value of the Collateral; (7) errors in judgment made in good faith unless the trustee was grossly negligent in ascertaining pertinent facts; or (8) for monitoring or confirming (a) each of the Issuer's and the Guarantors' compliance with any of the covenants, including but not limited to, covenants regarding the granting, perfection or maintenance of any security interest, or (b) the market value of the Collateral or its sufficiency to satisfy in full payments due on the New Notes.

Appraisals

The Issuer is required to furnish to the trustee by the tenth (10th) Business Day of April and October in each year, commencing in October 2016, until release of the Collateral (see "—Release of Collateral"), a certificate of an independent appraiser. The certificates are required to state the appraiser's opinion of the fair market value of the Collateral, determined on the basis of a hypothetical sale negotiated in an arm's length free market transaction between a willing and able seller and a willing and able buyer, neither of whom is under undue pressure to complete the transaction, under then current market conditions (the "Fair Market Value").

Subsequent appraisals conducted semi-annually commencing in October 2016 and any appraisal obtained upon the request of the trustee during the continuance of a Default or an Event of Default, which appraisal shall be provided to the trustee, shall determine the Fair Market Value by taking at least the following actions: (1) reviewing a parts inventory report prepared as of the applicable valuation date; (2) reviewing the appraiser's internal value database for values applicable to the Spare Parts included in the Collateral; (3) developing a representative sampling of a reasonable number of the different Spare Parts included in the Collateral for which a market check will be conducted; (4) checking other sources, such as manufacturers, other airlines, U.S. government procurement data and airline parts pooling price lists, for current market prices of the sample parts referred to in clause (3); (5) establishing an assumed ratio of serviceable Spare Parts to unserviceable Spare Parts as of the applicable valuation date based upon information provided by VRG and the independent appraiser's limited physical review of the Collateral referred to in the following clause (6); (6) visiting at least two locations selected by the independent appraiser where the Spare Parts are kept by VRG, provided that at least one such location will be one of the top three locations at which VRG keeps the largest number of Spare Parts, to conduct a limited physical inspection of the Collateral; (7) conducting a limited review of the inventory reporting system applicable to the Spare Parts, including checking information reported in such system against information determined through physical inspection pursuant to the preceding clause (6); and (8) reviewing a sampling of the Spare Parts documents (including tear-down reports).

Subsequent appraisals conducted semi-annually commencing in October 2016 shall determine the Fair Market Value by taking the actions specified in clauses (1), (2) and (5) above.

In October 2016 a certificate of an independent appraiser was furnished to the trustee.

Release of Collateral

Subject to the terms of the indenture, the Fiduciary Sale Agreement and the intercreditor agreement, the Issuer and the Guarantors will be entitled to the release of the Spare Parts constituting the Collateral from the security interest securing the obligations of the New 2028 Notes under any one or more of the following circumstances:

(1) in accordance with the indenture, the Fiduciary Sale Agreement and the intercreditor agreement, if at any time the collateral agent, if and as instructed by the trustee, forecloses upon or otherwise exercises remedies against the Collateral resulting in the sale or disposition thereof;

(2) as described under "—Amendment, Supplement, Waiver" below;

(3) upon payment in full of the principal of, together with accrued and unpaid interest on, the New 2028 Notes that are due and payable; or

(4) upon a legal defeasance or covenant defeasance under the indenture as described below under "—Defeasance;"

provided, however, that, notwithstanding the foregoing, the security interest granted under the Fiduciary Sale Agreement will terminate in respect of the New 2028 Notes on July 21, 2021, unless through passage of time, acceleration or otherwise

there exists a due and payable payment obligation on the New 2028 Notes on that date, in which case the security interest in the Collateral will terminate upon satisfaction of that payment obligation. As a consequence of the termination, the Collateral shall be automatically released.

Liens

The Issuer and the Guarantors are required to maintain the Collateral free of any Liens, other than the rights of the holders of the New Notes (which include the New 2018 Notes, the New 2021 Notes and the New 2028 Notes), represented by the collateral agent, arising under the Fiduciary Sale Agreement.

Maintenance of Spare Parts

The Issuer and the Guarantors are required to maintain the Spare Parts in accordance with applicable law, excluding (i) Spare Parts that have become worn out or unfit for use and not reasonably repairable or obsolete, and (ii) Non-Rotable Spare Parts that have been consumed or used in VRG's operations. In addition, VRG must maintain all records, logs and other materials required by the Brazilian Civil Aviation Authority (*Agência Nacional de Aviação Civil - ANAC*) to be maintained in respect of the Spare Parts.

Use and Possession of Spare Parts

VRG has the right to deal with the Spare Parts in any manner consistent with its ordinary course of business. This includes the right to install on, or use in, any aircraft, engine or Spare Part leased to or owned by VRG any Spare Part, free from the security interest of the Fiduciary Sale Agreement. VRG may dismantle any Spare Part that it deems worn out or obsolete or unfit or no longer suitable for use and may sell or dispose of any such Spare Part or any salvage resulting from such dismantling, free from the security interest of the Fiduciary Sale Agreement.

VRG may not sell, lease, transfer or relinquish possession of any Spare Part without the prior written consent of the collateral agent (acting in accordance with instructions provided by the trustee), except as permitted by the Fiduciary Sale Agreement, the indenture and the intercreditor agreement. In the ordinary course of business, VRG may transfer possession of any Spare Part to the manufacturer thereof or any other organization for testing, overhaul, repairs, maintenance, alterations or modifications or to any person for the purpose of transport to any of the foregoing. VRG may also subject any Spare Part to a pooling, exchange, borrowing, or maintenance servicing agreement arrangement customary in the airline industry and entered into in the ordinary course of business.

So long as no Default or Event of Default shall have occurred and be continuing and subject to certain terms of the indenture, VRG may enter into a lease with respect to any Rotable Spare Part to any certificated air carrier that is not then subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding and shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person. In the case of any such lease, VRG will include in such lease appropriate provisions which (i) make such lease expressly subject and subordinate to all of the terms of the indenture, including the rights of the holders of the New 2028 Notes, represented by the collateral agent, to avoid such lease in the exercise of its rights to repossession of the Spare Parts thereunder and the requirement that VRG shall remain primarily liable for, among other things, the performance and observance of all terms of the indenture; (ii) require the lessee to comply with the insurance requirements of the indenture; and (iii) require that the Spare Parts subject thereto be used in accordance with the limitations applicable to VRG's use and possession of such Spare Parts provided in the indenture, the Fiduciary Sale Agreement and the intercreditor agreement.

Insurance

VRG is required to maintain insurance covering damage to the Spare Parts. Such insurance must provide for the reimbursement of VRG's expenditure in repairing or replacing any damaged or destroyed Spare Part. If any such Spare Part is not repaired or replaced, such insurance must provide for the payment of the amount it would cost to repair or replace such Spare Part, on the date of loss, with proper deduction for obsolescence and physical depreciation.

VRG is also required to maintain third party liability insurance with respect to the Spare Parts in an amount and scope as it customarily maintains for equipment similar to the Spare Parts and with insurers of nationally or internationally recognized responsibility. VRG may self-insure the risks required to be insured against as described above in respect of Spare Parts in

such amounts as shall be consistent with its normal practices, except for insurance mandatorily purchased under applicable law.

Redemption

The New 2028 Notes will not be redeemable prior to maturity, except as described below. The redemption price on the maturity date will be 100% of the outstanding principal amount of the New 2028 Notes. Any optional or tax redemption may require the prior approval of the Central Bank. The payment of accrued interest in connection with any redemption of the New 2028 Notes will be made solely in cash.

Optional Redemption

The Issuer may, at any time, on any one or more occasions redeem the New 2028 Notes, at its option, in whole or in part, at a redemption price of 100.0% of the outstanding principal amount of the New 2028 Notes, plus accrued and unpaid interest and additional amounts (as described below under "—Additional Amounts"), if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Tax Redemption

If as a result of any change in or amendment to the laws (or any rules or regulations thereunder) of a Taxing Jurisdiction (as described below under "—Additional Amounts"), or any amendment to or change in an official interpretation, administration or application of such laws, any treaties, rules, or related agreements to which the Taxing Jurisdiction is a party or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective or, in the case of a change in official position, is announced on or after the issue date of the New 2028 Notes, in the case of the Issuer or any of the Guarantors, or on or after the date a successor to the Issuer or any of the Guarantors assumes the obligations under the New 2028 Notes or Guarantees, in the case of any such successor, either the Issuer or any successor to the Issuer or any of the Guarantors or any successor to any of the Guarantors has or will become obligated to pay additional amounts as described below under "—Additional Amounts" in excess of the additional amounts either the Issuer, any of the Guarantors or any such successor to the Issuer or any of the Guarantors would be obligated to pay if payments were subject to withholding or deduction at a rate of 15% or at a rate of 25% in the case that the holder of the New 2028 Notes is resident in a tax haven jurisdiction for Brazilian tax purposes (i.e., a country that does not impose any income tax or that imposes it at a maximum rate lower than 20% or where the laws impose restrictions on the disclosure of ownership composition or securities ownership) (the "Minimum Withholding Level"), the Issuer or any successor to the Issuer may, at its option, redeem all, but not less than all, of the New 2028 Notes, at a redemption price equal to 100% of their principal amount, together with accrued and unpaid interest to the date fixed for redemption, upon delivery of irrevocable notice of redemption to the holders not less than 30 days nor more than 90 days prior to the date fixed for redemption. No notice of such redemption may be given earlier than 90 days prior to the earliest date on which either (x) the Issuer or successor to the Issuer would, but for such redemption, become obligated to pay any additional amounts above the Minimum Withholding Level, or (y) in the case of payments made under any of the Guarantees, any of the Guarantors or any successor to the Guarantors would, but for such redemption, be obligated to pay the additional amounts above the Minimum Withholding Level. The Issuer or any successor to the Issuer shall not have the right to so redeem the New 2028 Notes unless (a) it is obligated to pay additional amounts which in the aggregate amount exceed the additional amounts payable at the Minimum Withholding Level or (b) any of the Guarantors or any successor to any of the Guarantors is obliged to pay additional amounts which in the aggregate amount exceed the additional amounts payable at the Minimum Withholding Level. Notwithstanding the foregoing, the Issuer or any such successor shall not have the right to so redeem the New 2028 Notes unless it has taken reasonable measures to avoid the obligation to pay additional amounts. For the avoidance of doubt, reasonable measures do not include changing the jurisdiction of incorporation of the Issuer or any successor to the Issuer or the jurisdiction of incorporation of any of the Guarantors or any successor to any of the Guarantors.

In the event that the Issuer or any successor to the Issuer elects to so redeem the New 2028 Notes, it will deliver to the trustee: (1) an Officer's Certificate, signed in the name of the Issuer or any successor to the Issuer, stating that the Issuer or any successor to the Issuer is entitled to redeem the New 2028 Notes pursuant to their terms and setting forth a statement of facts showing that the condition or conditions precedent to the right of the Issuer or any successor to the Issuer to so redeem have occurred or been satisfied; and (2) an opinion of counsel, who is reasonably acceptable to the trustee, to the effect that (i) the Issuer, or any successor to the Issuer, or any of the Guarantors, or any successor to any of the Guarantors, has or will become obligated to pay additional amounts in excess of the additional amounts payable at the Minimum Withholding Level, and (ii) such obligation is the result of a change in or amendment to the laws (or any rules or regulations thereunder) of a

Taxing Jurisdiction, or any amendment to or change in an official interpretation, administration or application of such laws, any treaties, rules, or related agreements to which the Taxing Jurisdiction is a party or regulations, as described above.

Open Market Purchases

The Issuer or its Affiliates may at any time purchase New 2028 Notes in the open market or otherwise at any price. Any such purchased New 2028 Notes will not be resold, except in compliance with applicable requirements or exemptions under the relevant securities laws.

Payments

The Issuer will make all payments on the New 2028 Notes exclusively in such coin or currency of the United States as at the time of payment will be legal tender for the payment of public and private debts.

The Issuer will make payments of principal and interest on the New 2028 Notes to the principal paying agent (as identified on the inside back cover page of this offering memorandum), which will pass such funds to the trustee and the other paying agents or to the holders.

The Issuer will make payments of principal upon presentation and surrender of the relevant New 2028 Notes at the specified office of the trustee or any of the paying agents. The Issuer will pay principal on the New 2028 Notes upon presentation and surrender thereof. Payments of principal and interest in respect of each note will be made by the paying agents by U.S. dollar check drawn on a bank in New York City and mailed to the holder of such note at its registered address. Upon written application by the holder to the specified office of any paying agent not less than 15 days before the due date for any payment in respect of a note, such payment may be made by transfer to a U.S. dollar account maintained by the payee with a bank in New York City.

Under the terms of the indenture, payment by the Issuer or any of the Guarantors of any amount payable under the New 2028 Notes or any of the Guarantees, as the case may be, on the due date thereof to the principal paying agent in accordance with the indenture will satisfy the obligation of the Issuer, or any of the Guarantors, as the case may be, to make such payment; provided, however, that the liability of the principal paying agent shall not exceed any amounts paid to it by the Issuer or any of the Guarantors, as the case may be, or held by it, on behalf of the holders under the indenture.

All payments will be subject in all cases to any applicable tax or other laws and regulations, but without prejudice to the provisions of "—Additional Amounts." No commissions or expenses will be charged to the holders in respect of such payments.

Subject to applicable law, the trustee and the paying agents will pay to the Issuer upon written request any monies held by them for the payment of principal or interest that remains unclaimed for two years, and, thereafter, holders entitled to such monies must look to the Issuer for payment as general creditors. After the return of such monies by the trustee or the paying agents to the Issuer, neither the trustee nor the paying agents shall be liable to the holders in respect of such monies.

Listing

Application has been made to list the New 2028 Notes on the Official List of the Luxembourg Stock Exchange (and admission to trading has been made on the Euro MTF Market of the Luxembourg Stock Exchange and will remain so listed so long as the Issuer and the Guarantors do not reasonably believe that doing so would impose burdensome financial reporting or other requirements, or costs relating thereto. Application will be made to list the Additional New 2028 Notes and the PIK Notes on the Official List of the Luxembourg Stock Exchange and to admit to trading on the MTF Market of the Luxembourg Stock Exchange. The application for the Additional New 2028 Notes will be made by a supplement to the listing memorandum within one year from the date of this offering memorandum or by a complete listing prospectus after one year of the date of this offering memorandum.

Additional Information

For so long as any New 2028 Notes remain outstanding, the Issuer will make available to any noteholder or beneficial owner of an interest in the New 2028 Notes, or to any prospective purchasers designated by such noteholder or beneficial owner, upon request of such noteholder or beneficial owner, and in addition to the information referred to under "—Covenants—Reporting Requirements" below, the information required to be delivered under paragraph (d)(4) of Rule 144A

unless, at the time of such request, the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act.

Form, Denomination and Title

The New 2028 Notes will be in registered form without coupons attached in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof. PIK Payments on the New 2028 Notes will be made in denominations of US$1.00 and any integral multiples of US$1.00 in excess thereof.

New 2028 Notes sold in offshore transactions in reliance on Regulation S are represented by one or more permanent global New 2028 Notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of DTC for the accounts of Euroclear and Clearstream, Luxembourg. New 2028 Notes sold to "qualified institutional buyers" (QIBs), as defined in Rule 144A, are represented by one or more permanent global New 2028 Notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of DTC. Beneficial interests in the global New 2028 Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream Luxembourg. Except in certain limited circumstances, definitive registered New 2028 Notes will not be issued in exchange for beneficial interests in the global New 2028 Notes. See "Form of the New Notes—Global Notes."

Title to the New 2028 Notes will pass by registration in the register. The registered holder of any note will (except as otherwise required by law and subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, writing on, or theft or loss of, the definitive note issued in respect of it), and no person will be liable for so treating the holder.

Transfer of New 2028 Notes

New 2028 Notes may be transferred in whole or in part in an authorized denomination upon the surrender of the note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the registrar or the specified office of any transfer agent. Each new note to be issued upon exchange of New 2028 Notes or transfer of New 2028 Notes will, within three business days of the receipt of a request for exchange or form of transfer, be mailed at the risk of the holder entitled to the note to such address as may be specified in such request or form of transfer.

The registrar will send a copy of the noteholder register to the Issuer on the date of issuance and after any change to the noteholder register made by the registrar, with such copy to be held by the Issuer and at its registered office. For purposes of Luxembourg law, ownership of the New 2028 Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the New 2028 Notes. In case of discrepancies between the register held by the registrar and the register held by the Issuer at its registered office, the register held by the Issuer at its registered office will prevail for Luxembourg law purposes.

New 2028 Notes will be subject to certain restrictions on transfer as more fully set out in the indenture. See "Transfer Restrictions." Transfer of beneficial interests in the global New 2028 Notes will be effected only through records maintained by DTC and its participants. See "Form of the New Notes."

Transfer will be effected without charge by or on behalf of the Issuer, the trustee, the registrar or the transfer agents, but upon payment, or the giving of such indemnity and /or security as the trustee, the registrar or the relevant transfer agent may require, in respect of any tax or other governmental charges which may be imposed in relation to it. The Issuer is not required to transfer or exchange any note selected for redemption.

No holder may require the transfer of a note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that note.

Additional Amounts

All payments by the Issuer (or any paying agent) in respect of the New 2028 Notes or any of the Guarantors (or any paying agent) in respect of the respective Guarantee will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments, or other governmental charges of whatever nature imposed

or levied by or on behalf of Brazil or Luxembourg, or any political subdivision or authority therein or thereof or any other jurisdiction in which the Issuer or any of the Guarantors is organized, doing business or otherwise subject to the power to tax or through which payment on the New 2028 Notes or Guarantees is made (or, in each case, any political subdivision or authority therein or thereof) (any of the aforementioned being a "Taxing Jurisdiction"), unless the Issuer or any of the Guarantors (or any paying agent) is compelled by law to deduct or withhold such taxes, duties, assessments, or governmental charges. In such event, the Issuer or any of the Guarantors (or any paying agent), as applicable, will make such deduction or withholding, and the Issuer or any of the Guarantors, as applicable, will make payment of the amount so withheld to the appropriate governmental authority and pay such additional amounts as may be necessary to ensure that the net amounts receivable by holders of New 2028 Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the New 2028 Notes in the absence of such withholding or deduction. Notwithstanding the foregoing, no such additional amounts shall be payable:

(1) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such note by reason of the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of such holder, if such holder is an estate, a trust, a partnership, or a corporation) and the relevant Taxing Jurisdiction, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof, being incorporated in, being or having been engaged in a trade or business or present therein or having or having had a permanent establishment therein, other than the mere holding of the note or enforcement of rights under the indenture and the receipt of payments with respect to the note;

(2) in respect of New 2028 Notes surrendered or presented for payment (if surrender or presentment is required) more than 30 days after the Relevant Date (as defined below) except to the extent that payments under such note would have been subject to withholdings and the holder of such note would have been entitled to such additional amounts, had the note been surrendered for payment on the last day of such period of 30 days;

(3) where the withholding or deduction is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings;

(4) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or other governmental charges by reason of such holder's failure to comply with any certification, identification, documentation or other reporting requirement concerning the nationality, residence, identity or connection with the relevant Taxing Jurisdiction of such holder, if (a) compliance is required by law as a precondition to, exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and (b) the Issuer has given the holders at least 30 days' notice that holders will be required to comply with such certification, identification, documentation or other reporting requirement;

(5) in respect of any ax that is required to be withheld or deducted from a payment made to a holder who would have been able to avoid such withholding or deduction by presenting a note for payment (where presentation is required) to another available paying agent in a Member State of the European Economic Area (unless such note could not have been presented for payment elsewhere);

(6) in respect of any estate, inheritance, gift, sales, transfer, capital gains, excise or personal property or similar tax, assessment or governmental charge;

(7) in respect of any tax, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal of or interest on the note;

(8) in respect of any tax imposed on overall net income or any branch profits tax; or

(9) in respect of any combination of the above.

In addition, no additional amounts shall be paid with respect to any payment on a note to a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment to the extent that payment would be required by the relevant Taxing Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interestholder in a limited liability company or a beneficial owner who would not have been entitled to the additional amounts had that beneficiary, settlor, member, interestholder or beneficial owner been the holder.

"Relevant Date" means, with respect to any payment on a note, whichever is the later of: (i) the date on which such payment first becomes due; and (ii) if the full amount payable has not been received by the trustee on or prior to such due date, the date on which notice is given to the holders that the full amount has been received by the trustee. The New 2028 Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation. Except as specifically provided above, neither the Issuer nor any of the Guarantors shall be required to make a payment with respect to any tax, assessment or governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein.

In the event that additional amounts actually paid with respect to the New 2028 Notes described above are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such New 2028 Notes, and, as a result thereof such holder is entitled to make claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such New 2028 Notes, be deemed to have assigned and transferred all right, title, and interest to any such claim for a refund or credit of such excess to the Issuer.

The Issuer or Guarantor, as the case may be, will provide the trustee with the official acknowledgment of the relevant Taxing Jurisdiction (or, if such acknowledgment is not available, other reasonable documentation) evidencing any payment of any taxes in respect of which the Issuer or Guarantor, as the case may be, has paid any additional amounts. Copies of such documentation will be made available to the holders of the notes or the paying agents, as applicable, upon request therefor.

The Issuer will also pay any present or future stamp, issue, registration, court or documentary taxes or any excise or property taxes, charges or similar levies (including any penalties, interest and other liabilities relating thereto) which arise in any jurisdiction from the execution, delivery, registration or the making of payments in respect of the New 2028 Notes, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Taxing Jurisdiction other than those resulting from, or required to be paid in connection with, the enforcement of the New 2028 Notes following the occurrence of any Default or Event of Default.

Any reference in this offering memorandum, the indenture or the New 2028 Notes to principal, interest or any other amount payable in respect of the New 2028 Notes by the Issuer or any of the Guarantees by the respective Guarantor will be deemed also to refer to any additional amount, unless the context requires otherwise, that may be payable with respect to that amount under the obligations referred to in this subsection.

The foregoing obligation will survive termination or discharge of the indenture.

Change of Control Consideration

Upon a Change of Control occurring before January 1, 2018, the Issuer will pay a one-time consideration to holders of the New 2028 Notes of an amount equal to 50% of the principal amount of New 2028 Notes then outstanding, 10% of which will be payable in cash (the "Cash Change of Control Consideration") and 40% of which will be payable in kind by the issuance of Additional New 2028 Notes (the "PIK Change of Control Consideration").

The Issuer will pay the Cash Change of Control Consideration to holders of the New 2028 Notes not later than 30 days following the consummation of the Change of Control (the "Cash Change of Control Payment Date") to holders of record 15 days before the relevant payment date.

The Issuer will pay the PIK Change of Control Consideration by issuing Additional New 2028 Notes to holders of the New 2028 Notes on a *pro rata* basis in an aggregate principal amount equal to 40% of the aggregate principal amount of New 2028 Notes then outstanding. The Issuer will issue the Additional New 2028 Notes on the interest payment date immediately following the consummation of the Change of Control (the "PIK Change of Control Payment Date") to holders of record on the same record date used for payment of interest on the New 2028 Notes. Interest on the Additional New 2028 Notes will accrue from the PIK Change of Control Payment Date.

Within 10 days from the consummation of the Change of Control, the Issuer will deliver an Officer's Certificate to the trustee to notify the trustee of such occurrence, the Cash Change of Control Payment Date and the PIK Change of Control Payment Date.

Existing and future debt of the Issuer and the Guarantors may provide that a Change of Control is a default or require repurchase upon a Change of Control.

The phrase "all or substantially all," as used with respect to the assets of GLAI in the definition of "Change of Control," is subject to interpretation under applicable law, and its applicability in a given instance would depend upon the facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of GLAI has occurred in a particular instance, in which case a holder's ability to obtain the benefit of these provisions could be unclear.

Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the holder of the New 2028 Notes to require that the Issuer make any payments on the New 2028 Notes or purchase or redeem the New 2028 Notes in the event of a takeover, recapitalization or similar transaction.

Covenants

The indenture contains the following covenants:

Limitation on Transactions with Affiliates

Neither the Issuer nor the Guarantors will, nor will the Issuer or the Guarantors permit any of their respective Subsidiaries to, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property, employee compensation arrangements or the rendering of any service) with, or for the benefit of, any Affiliate of the Issuer or the Guarantors, other than themselves or any Subsidiaries, (an "Affiliate Transaction") unless the terms of the Affiliate Transaction are no less favorable to the Issuer or the Guarantors or such Subsidiaries than those that could be obtained at the time of the Affiliate Transaction in arm's length dealings with a person who is not an Affiliate.

Limitation on Consolidation, Merger or Transfer of Assets

Neither the Issuer nor the Guarantors will consolidate with or merge with or into, or sell, convey, transfer or dispose of, or lease all or substantially all of its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to, any Person, unless:

(1) the resulting, surviving or transferee Person (if not the Issuer or a Guarantor) will be a Person organized and existing under the laws of Brazil, the United States of America, any State thereof or the District of Columbia, or any other country (or political subdivision thereof) that is a member country of the European Union or of the Organization for Economic Co-operation and Development on the date of the indenture, and such Person expressly assumes, by a supplemental indenture to the indenture, executed and delivered to the trustee, all the obligations of the Issuer or the Guarantors under the New 2028 Notes, the Guarantees (as applicable) and the indenture;

(2) the resulting, surviving or transferee Person (if not the Issuer or a Guarantor), if organized and existing under the laws of a jurisdiction other than Brazil or Luxembourg, as applicable, undertakes, in such supplemental indenture, (i) to pay such additional amounts in respect of principal (and premium, if any) and interest as may be necessary in order that every net payment made in respect of the New 2028 Notes after deduction or withholding for or on account of any present or future tax, duty, assessment or other governmental charge imposed by such other country or any political subdivision or taxing authority thereof or therein will not be less than the amount of principal (and premium, if any) and interest then due and payable on the New 2028 Notes, subject to the same exceptions set forth under "—Additional Amounts," and (ii) that the provisions set forth under "Redemption—Tax Redemption" shall apply to such Person, but in both cases, replacing existing references in such clause to Brazil or Luxembourg, as applicable, or to the Taxing Jurisdiction with references to the jurisdiction of organization of the resulting, surviving or transferee Person as the case may be;

(3) immediately prior to such transaction and immediately after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing; and

(4) the Issuer or the Guarantors will have delivered to the trustee an Officer's Certificate and an opinion of independent legal counsel, each stating that such consolidation, merger or transfer and such supplemental indenture, if any, comply with the indenture.

The trustee will accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set forth in this covenant, in which event it will be conclusive and binding on the holders.

Notwithstanding anything to the contrary contained in the foregoing, any of the Guarantors may consolidate with or merge with the Issuer or any Subsidiary that becomes a Guarantor concurrently with the relevant transaction.

Reporting Requirements

The Issuer and the Guarantors will provide the trustee with the following reports (and will also provide the trustee with sufficient copies, as required, of the following reports referred to in clauses (1) through (4) below for distribution, at the expense of the Issuer and the Guarantors, to all holders of New 2028 Notes upon written request):

(1) an English language version of GLAI's annual audited consolidated financial statements prepared in accordance with IFRS promptly upon such financial statements becoming available but not later than 120 days after the close of its fiscal year;

(2) an English language version of GLAI's unaudited quarterly financial information prepared in accordance with IAS 34 promptly upon such financial statements becoming available but not later than 60 days after the close of each fiscal quarter (other than the last fiscal quarter of its fiscal year);

(3) simultaneously with the delivery of each set of financial statements referred to in clauses (1) and (2) above, an Officer's Certificate stating whether a Default or an Event of Default exists on the date of such certificate and, if a Default or an Event of Default exists, setting forth the details thereof and the action which the Issuer and/or the Guarantors are taking or propose to take with respect thereto;

(4) without duplication, English language versions or summaries of such other reports or notices as may be filed or submitted by (and promptly after filing or submission by) the Issuer or the Guarantors with (a) the CVM, (b) the Luxembourg Stock Exchange or any other stock exchange on which the New 2028 Notes may be listed or (c) the SEC (in each case, to the extent that any such report or notice is generally available to its security holders or the public in Brazil or elsewhere and, in the case of clause (c), is filed or submitted pursuant to Rule 12g3-2(b) under, or Section 13 or 15(d) of, the Exchange Act, or otherwise); and

(5) upon any officer of the Issuer or either Guarantor becoming aware of the existence of a Default or an Event of Default, an Officer's Certificate setting forth the details thereof and the action which the Issuer and/or the Guarantors are taking or propose to take with respect thereto.

Delivery of the reports referred to in clauses (1), (2) and (4) above to the trustee is for informational purposes only, and the trustee's receipt of such reports will not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's or the Guarantors' compliance with any of their covenants in the indenture (as to which the trustee is entitled to rely exclusively on Officer's Certificates).

Issuance of Additional New 2028 Notes

Upon the occurrence of the EBIT Improvement, the Issuer will make a one-time issuance of Additional New 2028 Notes to holders of the New 2028 Notes on a *pro rata* basis in an aggregate principal amount equal to 13.5% of the aggregate principal amount of New 2028 Notes then outstanding (the "Additional Principal Amount").

Commencing with the fiscal quarter ending on December 31, 2017 and continuing with each fiscal quarter thereafter until the EBIT Improvement occurs, GLAI will calculate the EBIT for the most recently concluded period of four consecutive fiscal quarters (the "Reference Period") within 60 days after the end of each fiscal quarter or within 120 days after the end of each fiscal year, as applicable (the "Calculation Period"); *provided*, *however*, that in calculating the EBIT, GLAI will give *pro forma* effect to:

(a) the acquisition or disposition of companies, divisions or lines of businesses by GLAI and its Subsidiaries, including any acquisition or disposition of a company, division or line of business during or after the Reference Period by a Person that became a Subsidiary during or after the Reference Period; and

(b) the discontinuation of any operations,

in each case, that have occurred during or after the Reference Period as if such events had occurred and, in the case of any disposition, the proceeds thereof applied, on the first day of the Reference Period.

The Additional New 2028 Notes will be issued in the Additional Principal Amount on the interest payment date immediately following the end of the Calculation Period for the Reference Period in which the EBIT Improvement occurred

(the "Additional Notes Payment Date") to holders of record on the same record date used for payment of interest on the New 2028 Notes. Interest on the Additional New 2028 Notes will accrue from the Additional Notes Payment Date.

Within 10 days from the date of determination by GLAI of the occurrence of the EBIT Improvement, GLAI will deliver an Officer's Certificate to the trustee to notify the trustee of such occurrence and of the Additional Notes Payment Date.

Substitution of the Issuer

(a) Notwithstanding any other provision contained in the indenture, the Issuer may, without the consent of the holders of the New 2028 Notes (and by purchasing or subscribing for any New 2028 Notes, each holder of the New 2028 Notes expressly consents to it), be replaced and substituted by (i) GLAI or (ii) any wholly-owned Subsidiary of GLAI as principal debtor (in such capacity, the "Substituted Debtor") in respect of the New 2028 Notes; *provided that*:

(i) such documents shall be executed by the Substituted Debtor, the Issuer, GLAI and the trustee as may be necessary to give full effect to the substitution, including a supplemental indenture whereby the Substituted Debtor assumes all the Issuer's obligations under the indenture (together, the "Issuer Substitution Documents"), and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favor of each noteholder, the trustee and the agents to be bound by the terms and conditions of the New 2028 Notes and the provisions of the indenture as fully as if the Substituted Debtor had been named in the New 2028 Notes and the indenture as the principal debtor in respect of the New 2028 Notes in place of the Issuer (or any previous substitute) and the covenants of GLAI (in the case the Issuer is substituted by GLAI), the covenants of the Issuer (in the case the Issuer is substituted by a wholly-owned Subsidiary of GLAI), Events of Default and other relevant provisions shall continue to apply to the Issuer in respect of the New 2028 Notes as if no such substitution had occurred, it being the intent that the rights of noteholders in respect of the New 2028 Notes shall be unaffected by such substitution, subject to clause (b) below;

(ii) without prejudice to the generality of the preceding paragraph, where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than Brazil or Luxembourg, as applicable, the Issuer Substitution Documents shall contain (x) a covenant by the Substituted Debtor and/or such other provisions as may be necessary to ensure that each noteholder has the benefit of a covenant in terms corresponding to the obligation of the Issuer in respect of the payment of additional amounts set forth in "— Additional Amounts," with the substitution for the references to Brazil or Luxembourg, as applicable, of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes, and (y) a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless the trustee and the agents and each noteholder against all taxes or duties which arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against the trustee, any agent or such holder as a result of any substitution pursuant to the conditions set forth in this section and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, any and all taxes or duties which are imposed on any such noteholder by any political subdivision or taxing authority of any country in which such noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

(iii) to the extent applicable, each stock exchange which has the New 2028 Notes listed thereon shall have confirmed in writing that following the proposed substitution of the Substituted Debtor, the New 2028 Notes would continue to be listed on such stock exchange, or if such confirmation is not received or such continued listing is impracticable or unduly burdensome, the Issuer or GLAI may de-list the New 2028 Notes from the Luxembourg Stock Exchange or other exchange on which the New 2028 Notes are listed; and, in the event of any such de-listing, GLAI shall use commercially reasonable efforts to obtain an alternative admission to listing, trading and/or quotation of the New 2028 Notes by another listing authority, exchange or system within or outside the European Union as it may reasonably decide; *provided*, that if such alternative admission is not available or is, in the Issuer and GLAI's reasonable opinion, unduly burdensome, the Issuer and GLAI shall have no further obligation in respect of any listing of the New 2028 Notes;

(iv) the Issuer shall have delivered, or procured the delivery, to the trustee of a legal opinion addressed to the Issuer, the Substituted Debtor and the trustee from a leading firm of lawyers in the country of incorporation of the Substituted Debtor, to the effect that the Issuer Substitution Documents constitute legal, valid and binding

obligations of the Substituted Debtor and have been duly authorized, such opinion(s) to be dated as of the date the Issuer Substitution Documents are executed and to be available for inspection by noteholders at the specified offices of the trustee;

(v) the Issuer shall have delivered, or procured the delivery, to the trustee of a legal opinion addressed to the Issuer, the Substituted Debtor and the trustee from a leading firm of Luxembourg or Brazilian lawyers acting for the Issuer and GLAI, as the case may be, to the effect that the Issuer Substitution Documents have been duly authorized, executed and delivered by the Issuer and that they constitute legal, valid and binding obligations of the Issuer, such opinion to be dated as of the date the Issuer Substitution Documents are executed and to be available for inspection by noteholders at the specified offices of the trustee;

(vi) the Issuer shall have delivered, or procured the delivery, to the trustee of a legal opinion addressed to the Issuer, the Substituted Debtor and the trustee from a leading firm of New York lawyers to the effect that the Issuer Substitution Documents constitute legal, valid and binding obligations of the parties thereto under New York law, such opinion to be dated as of the date the Issuer Substitution Documents are executed and to be available for inspection by noteholders at the specified offices of the trustee;

(vii) the Substituted Debtor shall have appointed a process agent in the Borough of Manhattan, the City of New York to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the indenture, New 2028 Notes or the Issuer Substitution Documents;

(viii) there is no outstanding Default or Event of Default in respect of the New 2028 Notes;

(ix) the substitution complies with all applicable requirements established under the laws of Brazil; and

(x) each of the Substituted Debtor, GLAI and the Issuer shall deliver to the trustee an Officer's Certificate, executed by their respective authorized officers, certifying that the terms of this section have been complied with and attaching copies of all documents contemplated herein.

(b) Upon the execution of the Issuer Substitution Documents and the satisfaction of the conditions referred to in paragraph (a) above, the Substituted Debtor shall be deemed to be named in the New 2028 Notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the New 2028 Notes shall thereupon be deemed to be amended to give effect to the substitution. Except as set forth above, the execution of the Issuer Substitution Documents shall operate to release the Issuer (or such previous substitute as aforesaid) from all its obligations in respect of the New 2028 Notes and its obligation to indemnify the trustee under the indenture.

(c) The Issuer Substitution Documents shall be deposited with and held by the trustee for so long as any note remains outstanding and for so long as any claim made against the Substituted Debtor or the Issuer by any noteholder in relation to the New 2028 Notes or the Issuer Substitution Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor, GLAI and the Issuer shall acknowledge in the Issuer Substitution Documents the right of every noteholder to the production of the Issuer Substitution Documents for the enforcement of any of the New 2028 Notes or the Issuer Substitution Documents.

(d) Not later than 10 business days after the execution of the Issuer Substitution Documents, the Substituted Debtor shall give notice thereof to the noteholders in accordance with the provisions described in "—Notices" below.

Events of Default

An "Event of Default" occurs if:

(1) the Issuer defaults in any payment of interest (including any related additional amounts) on any New 2028 Note when the same becomes due and payable, or defaults in the payment of any amount described under "—Change of Control Consideration," and any such defaults continues for a period of 30 days;

(2) the Issuer defaults in the payment of the principal (including any related additional amounts) of any New 2028 Note when the same becomes due and payable at its Stated Maturity, upon acceleration or redemption or otherwise;

(3) any of the Issuer or the Guarantors fails to comply with any of its covenants or agreements in the New 2028 Notes or the indenture (other than those referred to in (1) and (2) above), and such failure continues for 60 days after the notice specified below;

(4) any of the Issuer, the Guarantors or any Significant Subsidiary defaults under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Debt for money borrowed by any of the Issuer, the Guarantors or any such Significant Subsidiary (or the payment of which is guaranteed by any of the Issuer, the Guarantors or any such Significant Subsidiary) whether such Debt or guarantee now exists, or is created after the date of the indenture, which default (a) is caused by failure to pay principal of or premium, if any, or interest on such Debt after giving effect to any grace period provided in such Debt on the date of such default ("Payment Default") or (b) results in the acceleration of such Debt prior to its express maturity and, in each case, the principal amount of any such Debt, together with the principal amount of any other such Debt under which there has been a Payment Default or the maturity of which has been so accelerated, totals US$50.0 million (or the equivalent thereof at the time of determination) or more in the aggregate, except in the case of acceleration of the Debt under the New 2018 Notes, in which case no minimum principal amount will be required;

(5) one or more final non-appealable judgments or decrees for the payment of money of US$50.0 million (or the equivalent thereof at the time of determination) or more in the aggregate are rendered against any of the Issuer, the Guarantors or any Significant Subsidiary and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged and, in the case of each such judgment or decree, either (a) an enforcement proceeding has been commenced by any creditor upon such judgment or decree and is not dismissed within 30 days following commencement of such enforcement proceedings or (b) there is a period of 60 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed;

(6) an involuntary case or other proceeding is commenced against any of the Issuer, the Guarantors or any Significant Subsidiary with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a trustee, receiver, *síndico*, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 days; or an order for relief is entered against any of the Issuer, the Guarantors or any Significant Subsidiary under the federal bankruptcy laws as now or hereafter in effect and such order is not being contested by any of the Issuer, the Guarantors or such Significant Subsidiary, as the case may be, in good faith or has not been dismissed, discharged or otherwise stayed, in each case within 60 days of being made;

(7) any of the Issuer, the Guarantors or any Significant Subsidiary (i) commences a voluntary case or other proceeding seeking liquidation, reorganization, *concordata* or other relief with respect to itself or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, *síndico*, liquidator, assignee, custodian, trustee, sequestrator or similar official of any of the Issuer, the Guarantors or any Significant Subsidiary or for all or substantially all of the property of any of the Issuer, the Guarantors or any Significant Subsidiary or (iii) effects any general assignment for the benefit of creditors;

(8) any event occurs that under the laws of Brazil or any political subdivision thereof or any other country has substantially the same effect as any of the events referred to in any of clause (6) or (7);

(9) any Guarantee ceases to be in full force and effect, other than in accordance with the terms of the indenture, or a Guarantor denies or disaffirms its obligations under its Guarantee;

(10) GLAI ceases to own directly 100% of the outstanding share capital of the Issuer; or

(11) except as expressly permitted by the indenture and the Fiduciary Sale Agreement, the Fiduciary Sale Agreement shall for any reason cease to be in full force and effect in all material respects, or any of the Issuer or the Guarantors or any of their Subsidiaries shall so assert, or any security interest created, or purported to be created, by the Fiduciary Sale Agreement shall cease to be enforceable and of the same effect and priority purported to be created thereby.

A Default under clause (3) above will not constitute an Event of Default until the trustee or the holders of at least 25% in principal amount of the New 2028 Notes outstanding, as the case may be, notify the Issuer and the Guarantors of the Default and the Issuer and the Guarantors, as the case may be, do not cure such Default within the time specified after receipt of such notice.

The trustee is not to be charged with knowledge of any Default or Event of Default or knowledge of any cure of any Default or Event of Default unless a responsible officer of the trustee with direct responsibility for the indenture has received written notice of such Default or Event of Default from the Issuer, the Guarantors or any holder.

If an Event of Default (other than an Event of Default specified in clause (6), (7) or (8) above) occurs and is continuing, the trustee or the holders of not less than 25% in principal amount of the New 2028 Notes then outstanding may declare all unpaid principal of and accrued interest on all New 2028 Notes to be due and payable immediately, by a notice in writing to the Issuer and the trustee, and upon any such declaration such amounts will become due and payable immediately. If an Event of Default specified in clause (6), (7) or (8) above occurs and is continuing, then the principal of and accrued interest on all New 2028 Notes will become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

The trustee will be under no obligation to exercise any of its rights or powers under the indenture or the Fiduciary Sale Agreement or the intercreditor agreement at the request or direction of any of the holders, unless such holders have offered to the trustee indemnity reasonably satisfactory to the trustee. Subject to such provision for the indemnification of the trustee, the holders of a majority in aggregate principal amount of the outstanding New 2028 Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

Each of the Fiduciary Sale Agreement and the intercreditor agreement provides that if an Event of Default has occurred and is continuing, the collateral agent may, if and as instructed by the trustee, exercise certain rights or remedies available to it under the agreement or under applicable law. The collateral agent will take such action, or refrain from taking such action, with respect to an Event of Default (including with respect to the exercise of any rights or remedies under each of the Fiduciary Sale Agreement and the intercreditor agreement), only as the trustee shall instruct the collateral agent in writing. The collateral agent will not be required to take any action or refrain from taking any action in connection with the exercise of remedies under each of the Fiduciary Sale Agreement and the intercreditor agreement or to take any action or refrain from taking any action at the direction or instructions of the trustee under the Fiduciary Sale Agreement, the intercreditor agreement or the indenture unless it shall have received indemnification against any risks or costs incurred in connection therewith in form and substance reasonably satisfactory to the collateral agent, including, without limitation, adequate advances against costs which may be incurred by it in connection therewith.

The intercreditor agreement provides for the order of payment in case of collection of any money pursuant to the exercise of remedies under the indenture or the Fiduciary Sale Agreement. See “Description of the Intercreditor Agreement.”

The trustee, upon prior written notice to the Issuer, may fix a record date and payment date for any payment to holders of amounts received from the exercise of remedies. At least 15 days before the record date, the trustee will mail to each holder and the Issuer a notice that states the record date, the payment date and amount to be paid.

Defeasance

Any of the Issuer or the Guarantors may at any time terminate all of its obligations with respect to the New 2028 Notes (“defeasance”), except for certain obligations, including those regarding any trust established for a defeasance and obligations to register the transfer or exchange of the New 2028 Notes, to replace mutilated, destroyed, lost or stolen New 2028 Notes, the obligations owed to the trustee and the agents and to maintain agencies in respect of New 2028 Notes. Any of the Issuer or the Guarantors may at any time terminate its obligations under certain covenants set forth in the indenture, and any omission to comply with such obligations will not constitute a Default or an Event of Default with respect to the New 2028 Notes issued under the indenture (“covenant defeasance”). In order to exercise either defeasance or covenant defeasance, any of the Issuer or the Guarantors must irrevocably deposit in trust, for the benefit of the holders of the New 2028 Notes, with the trustee money or U.S. government obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants expressed in a written certificate delivered to the trustee, without consideration of any reinvestment, to pay the principal of, and interest on the New 2028 Notes to redemption or maturity and comply with certain other conditions, including: (i) in the case of covenant defeasance, the Issuer must deliver to the trustee opinions of U.S. and Brazilian counsel to the effect that the holders of the outstanding New 2028 Notes will not recognize income, gain or loss for U.S. or Brazilian federal income tax purposes, as the case may be, as a result of such covenant defeasance and will be subject to U.S. or Brazilian federal income tax, as the case may be, on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred), or (ii) in the case of defeasance, the Issuer must deliver to the trustee an opinion of Brazilian counsel to the effect

that the holders of the outstanding New 2028 Notes will not recognize income, gain or loss for Brazilian federal income tax purposes as a result of such defeasance and will be subject to Brazilian federal income tax on the same amounts, in the same manner, and at the same times as would have been the case if such defeasance had not occurred, and an opinion of U.S. counsel stating that: (x) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (y) since the issue date, there has been a change in applicable U.S. federal income tax law, in either case to the effect that (and based thereon such opinion shall confirm that) the holders of the outstanding New 2028 Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred. In the case of defeasance or covenant defeasance, the Guarantees will terminate.

Amendment, Supplement, Waiver

Subject to certain exceptions, the indenture may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the New 2028 Notes then outstanding, and any past Default or Event of Default or compliance with any provision may be waived with the consent of the holders of at least a majority in principal amount of the New 2028 Notes then outstanding. However, without the consent of each holder of an outstanding note affected thereby, no amendment or waiver may:

(1) reduce the principal amount of or change the Stated Maturity of any payment on any note;

(2) reduce the rate of any interest on any note;

(3) reduce the amount payable upon redemption of any note or change the time at which any note may be redeemed;

(4) reduce the amount payable or change the time of payment of any amount specified under "—Change of Control Consideration";

(5) change the currency for payment of principal of, or interest or any additional amounts on, any note;

(6) make any change in the provisions of the indenture relating to the contractual rights of holders expressly set forth in the indenture to institute suit for the enforcement of any right to payment on or with respect to any note;

(7) make any change in the provisions of the indenture relating to waivers of certain payment defaults with respect to the New 2028 Notes;

(8) reduce the principal amount of New 2028 Notes whose holders must consent to any amendment or waiver;

(9) make any change in the amendment or waiver provisions which require each holder's consent;

(10) modify or change any provision of the indenture affecting the ranking of the New 2028 Notes or any of the Guarantees in a manner adverse to the holders of the New 2028 Notes; or

(11) make any change in any of the Guarantees that would adversely affect the noteholders.

In addition, notwithstanding the foregoing, without the consent of the holders of at least 66⅔% in aggregate principal amount of the outstanding New 2028 Notes, no amendment, supplement or waiver may release all or substantially all of the Collateral unless otherwise provided in the indenture, the Fiduciary Sale Agreement and the intercreditor agreement.

The holders of the New 2028 Notes will receive prior notice as described under "—Notices" of any proposed amendment to the New 2028 Notes or the indenture or any waiver described in the preceding paragraphs. After an amendment or any waiver described in the preceding paragraphs becomes effective, the Issuer is required to give to the holders a notice briefly describing such amendment or waiver. However, the failure to give such notice to all holders of the New 2028 Notes, or any defect therein, will not impair or affect the validity of the amendment or waiver.

The consent of the holders of the New 2028 Notes is not necessary to approve the particular form of any proposed amendment or any waiver. It is sufficient if such consent approves the substance of the proposed amendment or waiver.

The Issuer, the Guarantors, the trustee and the collateral agent (acting in accordance with instructions provided by the trustee) may, without the consent or vote of any holder of the New 2028 Notes, amend or supplement the indenture, the New 2028 Notes, the Fiduciary Sale Agreement or the intercreditor agreement, as the case may be, for the following purposes:

(1) to cure any ambiguity, omission, defect or inconsistency;

(2) to comply with the covenant described under "—Covenants—Limitation on Consolidation, Merger or Transfer of Assets";

(3) to add guarantees or collateral with respect to the New 2028 Notes;

(4) to add to the covenants of the Issuer or the Guarantors for the benefit of holders of the New 2028 Notes;

(5) to surrender any right conferred upon the Issuer or the Guarantors;

(6) to evidence and provide for the acceptance of an appointment by a successor trustee;

(7) to allow for the Substitution of Debtor, as described under "—Substitution of the Issuer";

(8) to effect an issuance of any Additional New 2028 Notes in accordance with the covenant described under "—Covenants—Issuance of Additional New 2028 Notes";

(9) to provide for any guarantee or collateral of the New 2028 Notes, to secure the New 2028 Notes or to confirm and evidence the release, termination or discharge of any Guarantee or collateral of the New 2028 Notes when the release, termination or discharge is permitted by the indenture, the Fiduciary Sale Agreement or the intercreditor agreement, as the case may be; or

(10) make any other change that does not materially and adversely affect the rights of any holder of the New 2028 Notes or to conform the indenture to this section "Description of the New 2028 Notes."

Notices

For so long as New 2028 Notes in global form are outstanding, notices to be given to holders will be given to the depositary, in accordance with its applicable policies as in effect from time to time. If New 2028 Notes are issued in certificated form, notices to be given to holders will be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices to holders of the New 2028 Notes at their registered addresses as they appear in the register maintained by the registrar. For so long as the New 2028 Notes are listed on the Luxembourg Stock Exchange and it is required by the rules of the Luxembourg Stock Exchange, publication of such notice to the holders of the New 2028 Notes in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the Rules and Regulations of the Luxembourg Stock Exchange, posted on the official website of the Luxembourg Stock Exchange at www.bourse.lu.

Trustee

The Bank of New York Mellon is the trustee under the indenture.

The indenture contains provisions for the indemnification of the trustee and for its relief from responsibility. The obligations of the trustee to any holder are subject to such immunities and rights as are set forth in the indenture.

Except during the continuance of an Event of Default, the trustee needs to perform only those duties that are specifically set forth in the indenture and no others, and no implied covenants or obligations will be read into the indenture against the trustee. In case an Event of Default has occurred and is continuing, the trustee shall exercise those rights and powers vested in it by the indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. No provision of the indenture will require the trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties thereunder, or in the exercise of its rights or powers, unless it receives indemnity or security satisfactory to it against any loss, liability or expense.

The Issuer and its Affiliates may from time to time enter into normal banking and trustee relationships with the trustee and its Affiliates.

Governing Law and Submission to Jurisdiction

The New 2028 Notes, the indenture, the intercreditor agreement and the Guarantees will be governed by the laws of the State of New York. The Fiduciary Sale Agreement will be governed by Brazilian law.

Each of the parties to the indenture and the intercreditor agreement will submit to the jurisdiction of the U.S. federal and New York State courts located in the Borough of Manhattan, City and State of New York for purposes of all legal actions and

proceedings instituted in connection with the New 2028 Notes, the Guarantees (as applicable), the indenture and the intercreditor agreement. Each of the Issuer, the Guarantors and the collateral agent will appoint National Corporate Research, Ltd., currently having an office at 10 E. 40th Street, 10th Floor, New York, New York, 10016, as their authorized agent upon which process may be served in any such action.

The provisions relating to meetings of bondholders contained at Articles 86 to 94-8 of the Luxembourg Act on commercial companies of August 10, 1915, as amended, shall not apply in respect of the New 2028 Notes.

Currency Indemnity

U.S. dollars are the sole currency of account and payment for all sums payable by the Issuer or the Guarantors under or in connection with the indenture, the New 2028 Notes and the Guarantees, including damages. Any amount received or recovered in a currency other than dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Person in respect of any sum expressed to be due to it from the Issuer or the Guarantors in connection with the indenture, the New 2028 Notes and the Guarantees will only constitute a discharge to the Issuer or the Guarantors, as the case may be, to the extent of the dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that dollar amount is less than the dollar amount expressed to be due to the recipient, the Issuer and the Guarantors will indemnify such recipient against any loss sustained by it as a result; and if the amount of United States dollars so purchased is greater than the sum originally due to such recipient, such recipient will be deemed to have agreed to repay such excess. In any event, the Issuer and the Guarantors will indemnify the recipient against the cost of making any such purchase.

For the purposes of the preceding paragraph, it will be sufficient for the recipient to certify in a satisfactory manner (indicating the sources of information used) that it would have suffered a loss had an actual purchase of dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of dollars on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). These indemnities constitute a separate and independent obligation from the other obligations of the Issuer and the Guarantors, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any holder of a note and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note.

Certain Definitions

The following is a summary of certain defined terms used in the indenture. Reference is made to the indenture for the full definition of all such terms as well as other capitalized terms used herein for which no definition is provided.

“Affiliate” means, with respect to any specified Person, (a) any other Person which, directly or indirectly, is in control of, is controlled by or is under common control with such specified Person or (b) any other Person who is a director or officer (i) of such specified Person, (ii) of any subsidiary of such specified Person or (iii) of any Person described in clause (a) above. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Capital Lease Obligations” means, with respect to any Person, any obligation which is required to be classified and accounted for as a capital lease on the face of a balance sheet of such Person prepared in accordance with IFRS; the amount of such obligation will be the capitalized amount thereof, determined in accordance with IFRS; and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

“Capital Stock” means, with respect to any Person, any and all shares of stock, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated, whether voting or nonvoting), such Person’s equity including any preferred stock, but excluding any debt securities convertible into or exchangeable for such equity.

“Change of Control” means the occurrence of any of (i) the direct or indirect sale or transfer of all or substantially all the assets of GLAI to another Person (in each case, unless such other Person is a Permitted Holder), (ii) the consummation of any

transaction (including, without limitation, by merger, consolidation, acquisition or any other means) as a result of which any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act, other than Permitted Holders) is or becomes the "beneficial owner" (as such term is used in Rules 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of GLAI; (iii) the first day on which a majority of the Board of Directors of GLAI consists of persons who were elected by shareholders who are not Permitted Holders; or (iv) the Company or any Guarantor, as the case may be, are liquidated or dissolved or adopt a plan of liquidation or dissolution other than in a transaction which complies with the provisions described under "—Covenants—Limitation on Consolidation, Merger or Transfer of Assets."

"CVM" means the Brazilian Securities Commission, or *Comissão de Valores Mobiliários*.

"Debt" means, with respect to any Person, without duplication:

(1) the principal of and premium, if any, in respect of (a) indebtedness of such Person for money borrowed and (b) indebtedness evidenced by notes, debentures, notes or other similar instruments for the payment of which such Person is responsible or liable;

(2) all Capital Lease Obligations of such Person;

(3) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such person and all obligations of such person under any title retention agreement (but excluding trade accounts payable or other short-term obligations to suppliers payable within 180 days, in each case arising in the ordinary course of business);

(4) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (1) through (3) above) entered into in the ordinary course of business of such person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth business day following receipt by such person of a demand for reimbursement following payment on the letter of credit);

(5) all Hedging Obligations of such Person;

(6) all obligations of the type referred to in clauses (1) through (5) of other Persons and all dividends of other Persons for the payment of which, in either case, such person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any guarantee (other than obligations of other persons that are customers or suppliers of such Person for which such Person is or becomes so responsible or liable in the ordinary course of business to (but only to) the extent that such person does not, or is not required to, make payment in respect thereof);

(7) all obligations of the type referred to in clauses (1) through (5) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured; and

(8) any other obligations of such Person which are required to be, or are in such Person's financial statements, recorded or treated as debt under IFRS.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"EBIT" means, for any period, as to GLAI and its Subsidiaries, on a consolidated basis:

(1) net income (loss)*; plus*

(2) income and social contribution taxes; *plus*

(3) financial (income) expenses, net,

as each such item is reported on GLAI's most recent consolidated financial statements prepared in accordance with IFRS and delivered to the trustee pursuant to the indenture.

"EBIT Improvement" means EBIT in excess of R$800.0 million for the then most recently concluded period of four consecutive fiscal quarters.

"guarantee" means any obligation, contingent or otherwise, of any person directly or indirectly guaranteeing any Debt or other obligation of any person and any obligation, direct or indirect, contingent or otherwise, of such person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Guarantor" means each of (i) GLAI, (ii) VRG and (iii) any successor obligor under the Guarantee pursuant to the covenant described under the caption "—Covenants— Consolidation, Merger or Sale of Assets" and "Substitution of the Issuer," unless and until the Guarantor is released from its Guarantee pursuant to the indenture.

"Hedging Obligations" means, with respect to any person, the obligations of such person pursuant to any interest rate swap agreement, foreign currency exchange agreement, interest rate collar agreement, option or futures contract or other similar agreement or arrangement designed to protect such person against changes in interest rates or foreign exchange rates.

"holder" or "noteholder" means the person in whose name a note is registered in the register.

"IFRS" means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"Lien" means any mortgage, pledge, security interest, encumbrance, conditional sale or other title retention agreement or other similar lien.

"Non-Rotable Spare Parts" means parts often described in the industry as "repairables" and "expendables" or "consumables." Repairables are replaceable parts or components, commonly economical to repair, and subject to being reconditioned to a fully serviceable condition over a period of time less than the life of the flight equipment to which they are related. Examples include many engine blades and vanes, some tires, seats, and galleys. A repairable cannot be a rotable and vice versa. Expendables or consumables consist of items for which no authorized repair procedure exists, and for which cost of repair would normally exceed that of replacement. Expendable items include nuts, bolts, rivets, sheet metal, wire, light bulbs, cable, and hoses.

"Officer's Certificate" means a certificate signed by any of the chief executive officer, the chief operating officer, the chief financial officer, the chief accounting officer, the treasurer, a director, the general counsel or any vice president of the Issuer or the applicable Guarantor, as the case may be.

"Permitted Holders" means any or all of the following:

(1) an immediate family member of Messrs. Constantino de Oliveira, Henrique Constantino, Joaquim Constantino Neto and Ricardo Constantino or any Affiliate or immediate family member thereof; immediate family member of a person means the spouse, lineal descendants, father, mother, brother, sister, father-in-law, mother-in-law, brother-in-law and sister-in-law of such person; and

(2) any Person the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned at least 51% by Persons specified in clause (1).

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, including a government or political subdivision or an agency or instrumentality thereof.

"Rotable Spare Parts" means parts that wear over time and can be economically restored to a serviceable condition and, in the normal course of operations, can be repeatedly reconditioned to a fully serviceable condition over a period approximating the life of the flight equipment to which they are related. Examples include avionics units, landing gears, auxiliary power units and major engine accessories.

"Spare Parts" means, collectively, Rotable Spare Parts and Non-Rotable Spare Parts.

"Significant Subsidiary" means any Subsidiary of GLAI (or any successor) which at the time of determination either (a) had assets which, as of the date of GLAI's (or such successor's) most recent quarterly consolidated balance sheet, constituted at least 10% of GLAI's (or such successor's) total assets on a consolidated basis as of such date, or (b) had revenues for the 12-month period ending on the date of GLAI's (or such successor's) most recent quarterly consolidated statement of income which constituted at least 10% of GLAI's (or such successor's) total revenues on a consolidated basis for such period.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"Subsidiary" means, in respect of any specified Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person.

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

FORM OF THE NEW NOTES

New Notes sold in offshore transactions in reliance on Regulation S are represented by a permanent global note or notes in fully registered form without interest coupons (the "Regulation S Global Note") and will be registered in the name of a nominee of DTC and deposited with a custodian for DTC. New Notes sold to QIBs, as defined in Rule 144A, are represented by a permanent global note or notes in fully registered form without interest coupons (the "Restricted Global Note" and, together with the Regulation S Global Note, the "global notes") and will be deposited with a custodian for DTC and registered in the name of a nominee of DTC.

The New Notes will be subject to certain restrictions on transfer as described in "Transfer Restrictions." On or prior to the 40th day after the later of the commencement of the offering and the Settlement Date of this offering, a beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Restricted Global Note only upon receipt by the trustee of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made to a person whom the transferor reasonably believes to be a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction (a "Restricted Global Note Certificate"). After such 40th day, this certification requirement will no longer apply to such transfers. Beneficial interests in the Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, whether before, on or after such 40th day, only upon receipt by the trustee of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144A under the Securities Act (a "Regulation S Global Note Certificate"). Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in the other global note will, upon transfer, cease to be an interest in such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other global note for as long as it remains an interest.

Except in the limited circumstances described under "—Global Notes," owners of the beneficial interests in global notes will not be entitled to receive physical delivery of individual definitive notes. The New Notes are not issuable in bearer form.

Global Notes

Upon the issuance of the Regulation S Global Note and the Restricted Global Note, DTC will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such global note to the accounts of persons who have accounts with DTC. Ownership of beneficial interests in a global note will be limited to persons who have accounts with DTC ("DTC Participants") or persons who hold interests through DTC Participants (including Euroclear and Clearstream Luxembourg). Ownership of beneficial interests in the global notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

So long as DTC, or its nominee, is the registered owner or holder of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such global note for all purposes under the relevant indenture and the notes. Unless DTC notifies us that it is unwilling or unable to continue as depositary for a global note, or ceases to be a "clearing agency" registered under the Exchange Act, or any of the notes becomes immediately due and payable in accordance with "Description of the New 2018 Notes—Events of Default," "Description of the New 2021 Notes—Events of Default" and "Description of the New 2028 Notes—Events of Default," owners of beneficial interests in a global note will not be entitled to have any portions of such global note registered in their names, will not receive or be entitled to receive physical delivery of notes in individual definitive form and will not be considered the owners or holders of the global note (or any notes represented thereby) under the relevant indenture or the notes. In addition, no beneficial owner of an interest in a global note will be able to transfer that interest except in accordance with DTC's applicable procedures (in addition to those under the indentures referred to herein and, if applicable, those of Euroclear and Clearstream).

Investors may hold interests in the Global Note through Euroclear or Clearstream, if they are participants in such systems, Euroclear and Clearstream will hold interests in the Global Notes on behalf of their account holders through customers' securities accounts in their respective names on the books of their respective depositaries, which, in turn, will hold such interests in the Global Note in customers' securities accounts in the depositaries' names on the books of DTC.

Payments of the principal of and interest on global notes will be made to DTC or its nominee as the registered owner thereof. Neither we, the trustee nor any agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We anticipate that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a global note representing any notes held by its nominee, will credit DTC Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global note as shown on the records of DTC or its nominee. We also expect that payments by DTC Participants to owners of beneficial interests in such global note held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

Transfers between DTC Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a global note to such persons may be limited. Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a global note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical individual definitive certificate in respect of such interest. Transfers between accountholders in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions available to the notes described above, cross-market transfers between DTC participants, on the one hand, and directly or indirectly through Euroclear or Clearstream account holders, on the other hand, will be effected at DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the Regulation S Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream account holders may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream account holder purchasing an interest in a global note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date and such credit of any transactions in interests in a global note settled during such processing day will be reported to the relevant Euroclear or Clearstream accountholder on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream account holder to a DTC Participant will be received for value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

DTC has advised that it will take any action permitted to be taken by holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more DTC Participants to whose account or accounts with DTC interests in the global notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such DTC Participant or DTC Participants has or have given such direction. However, in the limited circumstances described below, DTC will exchange the global notes for individual definitive notes (in the case of notes represented by the Restricted Global Note, bearing a restrictive legend), which will be distributed to its participants. Holders of indirect interests in the global notes through DTC Participants have no direct rights to enforce such interests while the notes are in global form.

The giving of notices and other communications by DTC to DTC Participants, by DTC Participants to persons who hold accounts with them and by such persons to holders of beneficial interests in a global note will be governed by arrangements between them, subject to any statutory or regulatory requirements as may exist from time to time.

DTC has advised as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial

Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act, DTC was created to hold securities for DTC Participants and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include security brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("indirect participants").

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the Regulation S Global Note and in the Restricted Global Note among participants and accountholders of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of us, the trustee or any agent will have any responsibility for the performance of DTC, Euroclear or Clearstream or their respective participants, indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Individual Definitive Notes

If (1) DTC or any successor to DTC is at any time unwilling or unable to continue as a depositary and a successor depositary is not appointed by us within 90 days or (2) any of the notes has become immediately due and payable in accordance with "Description of the New 2018 Notes—Events of Default," "Description of the New 2021 Notes—Events of Default" and "Description of the New 2028 Notes—Events of Default," the Issuer will issue individual definitive notes in registered form in exchange for the Regulation S Global Note and the Restricted Global Note, as the case may be. Upon receipt of such notice from DTC, we will use our best efforts to make arrangements with DTC for the exchange of interests in the global notes for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the trustee in sufficient quantities and authenticated by the registrar for delivery to the trustee. Persons exchanging interests in a global note for individual definitive notes will be required to provide to DTC (for delivery to the trustee) (a) written instructions and other information required by us and the trustee to complete, execute and deliver such individual definitive notes and (b) in the case of an exchange of an interest in a Restricted Global Note, a certification that such interest is not being transferred or is being transferred only in compliance with Rule 144A under the Securities Act. In all cases, individual definitive notes delivered in exchange for any global note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by DTC.

In the case of individual definitive notes issued in exchange for the Restricted Global Note, such individual definitive notes will bear, and be subject to, the legend described in "Transfer Restrictions" (unless we determine otherwise in accordance with applicable law). The holder of a restricted individual definitive note may transfer such note, subject to compliance with the provisions of such legend, as provided in "Description of the New 2018 Notes," "Description of the New 2021 Notes" and "Description of the New 2028 Notes." Upon the transfer, exchange or replacement of notes bearing the legend, or upon specific request for removal of the legend on a note, the Issuer will deliver only notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to us such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by us that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act. Before any individual definitive note may be transferred to a person who takes delivery in the form of an interest in any global note, the transferor will be required to provide the trustee with a Restricted Global Note Certificate or a Regulation S Global Note Certificate, as the case may be.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear, Clearstream or DTC.

SELLING RESTRICTIONS

We are not making an offer, or seeking offers for the New Notes in any jurisdiction where the offer is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you exchange or offer the New Notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your exchange or offer of the New Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such exchanges or offers. We will not have any responsibility therefor.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of the New Notes may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of the New Notes may be made at any time under the following exemptions under the Prospectus Directive:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any Brazilian placement agent of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to the New Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Notes to be offered so as to enable an investor to decide to exchange for the New Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

This offering memorandum is only being distributed to and is only directed at (1) persons who are outside the United Kingdom, or (2) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or the Order or (3) high net worth entities, and other persons to whom it may lawfully be communicated, falling with Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The New Notes are only available to, and any invitation, offer or agreement to subscribe, exchange or otherwise acquire such securities will be engaged in only with, relevant persons. In addition, this communication is, in any event only directed at persons who are "qualified investors" pursuant to the Prospectus Directive. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Luxembourg

This offering memorandum has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*, CSSF) or a competent authority of another EU Member State for notification to the CSSF, where applicable, for purposes of a public offering or sale in the Grand Duchy of Luxembourg ("Luxembourg"). Accordingly, the New Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this offering memorandum nor any other offering circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, from or published in, Luxembourg, except for the sole purpose of the admission of the New Notes to trading on the Euro MTF and listing on the Official List of the Luxembourg Stock Exchange, and except in circumstances which do not constitute an offer of securities to the public requiring the publication of a prospectus in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended, (the "Prospectus Act") and implementing the Prospectus Directive.

Brazil

The New Notes (and the related Guarantees) have not been, and will not be, registered with the CVM. The New Notes may not be offered or sold in Brazil, except in circumstances that do not constitute a public offering or distribution under Brazilian laws and regulations. The New Notes (and the related Guarantees) are not being offered in Brazil. Documents relating to the offering of the New Notes, as well as information contained therein, may not be supplied to the public in Brazil, nor be used in connection with any offer for subscription or sale of the New Notes to the public in Brazil.

Canada

The New Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the New Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

General

None of the New Notes has been offered, sold or delivered and will not be offered, sold or delivered any New Notes directly or indirectly, and neither this offering memorandum nor any other offering material relating to the New Notes in or from any jurisdiction will be distributed, except under circumstances that will result in compliance with the applicable laws and regulations thereof and that will not impose any obligations on us.

Investments in the New Notes outside the United States may be required to pay stamp taxes and other charges in compliance with the laws and practices of the country of investment in addition to the price to investors on the cover page of this offering memorandum.

The New Notes are a new issue of securities for which there is currently no market. Accordingly, no assurance can be given as to the development or liquidity of any market for the New Notes.

TRANSFER RESTRICTIONS

The New Notes (including the Guarantees) have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the New Notes are being offered hereby only (1) to QIBs, as defined in Rule 144A, and (2) in offers and sales that occur outside the United States to persons other than U.S. persons ("non-U.S. investors"), which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners (other than an estate or trust), in offshore transactions meeting the requirements of Rule 903 or Rule 904 of Regulation S under the Securities Act. As used herein, the terms "offshore transactions," "United States" and "U.S. person" have the respective meanings given to them in Regulation S.

Each investor in the New Notes will be deemed to have represented and agreed with the Issuer and the Guarantors as follows:

(1) It is purchasing the New Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is (a) a QIB, and is aware that the sale to it may be made in reliance on Rule 144A or (b) a non-U.S. investor that is outside the United States (or a non-U.S. investor that is a dealer or other fiduciary as referred to above);

(2) It acknowledges that the New Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the New Notes (including the Guarantees) have not been and will not be registered under the Securities Act and that the New Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) It shall not resell or otherwise transfer any such New Notes prior to (a) the date which is one year (or such other period of time as permitted by Rule 144(d) under the Securities Act or any successor provision thereunder) after the later of the date of original issuance of the New Notes and (b) such later date, if any, as may be required by applicable laws except:

- to the Issuer or the Guarantors;
- pursuant to a registration statement that has been declared effective under the Securities Act;
- to a QIB in compliance with Rule 144A;
- outside the United States to non-U.S. investors in offshore transactions meeting the requirements of Rule 903 or Rule 904 of Regulation S under the Securities Act; or
- pursuant to another exemption from the registration requirements of the Securities Act (if available);

(4) It agrees that it will give notice of any restrictions on transfer of such New Notes to each person to whom it transfers the New Notes;

(5) It understands that the certificates evidencing the New Notes (other than the Regulation S Global New Note) will bear a legend substantially to the following effect unless otherwise agreed by us and the trustee:

THIS NOTE (AND RELATED GUARANTEES) HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE, BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER

(1) REPRESENTS THAT

(A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT; OR

(B) IT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND

(2) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ONLY

(A) TO THE ISSUER;

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT;

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT;

(D) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT; OR

(E) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(E) ABOVE, THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY RULE 144 EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS LEGEND MAY ONLY BE REMOVED WITH CONSENT OF THE ISSUER;

(6) If it is a non-U.S. investor acquiring a beneficial interest in a Regulation S Global Note offered pursuant to this offering memorandum, it acknowledges and agrees that, until the expiration of the 40 day "distribution compliance period" within the meaning of Regulation S, any offer, sale, pledge or other transfer shall not be made by it in the United States or to, or for the account or benefit of, a U.S. person, except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a Restricted Global Note;

(7) (a) Either: (i) it is not, and is not purchasing the New Notes on behalf of, and for so long as it holds the New Notes or interests in the New Notes will not be, an employee benefit plan (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA")) subject to the provisions of part 4 of subtitle B of Title I of ERISA, a plan as defined in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or any entity whose underlying assets include "plan assets" by reason of such an employee benefit plan's and/or plan's investment in such entity, or a governmental plan, church plan, non-U.S. or other plan that is subject to any laws, regulations or rules that are substantially similar to Section 406 of ERISA or Section 4975 of the Code (collectively, "Similar Law"), or (ii) its acquisition, holding or disposition of the New Notes or interests in the New Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental plan, church plan, non-U.S. or other plan subject to Similar Law, a violation of any Similar Law); and (b) it will not transfer any such New Notes to any person unless such person could itself truthfully make the foregoing representations and agreements.

(8) It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the New Notes, as well as holders of the New Notes;

(9) It acknowledges that the Trustee will not be required to accept for registration of transfer any New Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer, the Guarantors and the trustee that the restrictions set forth herein have been complied with; and

(10) It acknowledges that the Issuer, the Guarantors, the trustee and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements, and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by it by its investment in the New Notes are no longer accurate, it shall promptly notify the Issuer, the Guarantors and the trustee; if it is acquiring the New Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

TAXATION

The following discussion, subject to the limitations set forth below, describes certain Luxembourg, Brazilian and United States federal tax considerations relating to this offering and your ownership and disposition of New Notes. This discussion does not purport to be a complete analysis of all tax considerations in Luxembourg, Brazil or the United States and does not address tax treatment of holders of Old Notes or New Notes under the laws of other countries or taxing jurisdictions. Holders of Old Notes or New Notes who are resident in countries other than Luxembourg, Brazil and the United States along with holders that are resident in those countries, are urged to consult with their own tax advisors as to which countries' tax laws could be relevant to them.

Luxembourg Taxation

This section provides for a general overview of the material Luxembourg tax consequences relating to this offering and your investment in the New Notes issued by the Issuer. This section is therefore not intended to provide for a comprehensive description of all the tax consequences related to your decision to invest in, hold or dispose of the New Notes.

Withholding tax

Under Luxembourg general tax laws currently in force there is no withholding tax on payments of principal, premium or interest made under the New Notes, nor on accrued but unpaid interest in respect of the New Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the New Notes to the benefit of non-resident noteholders, other than payments to certain related or interested noteholders that would not be made at market conditions.

Under Luxembourg general tax laws currently in force and subject to the law of December 23, 2005, as amended (the ''Luxembourg 2005 Tax Law''), mentioned below, there is no withholding tax on payments of principal, premium or interest made to the benefit of Luxembourg resident noteholders, nor on accrued but unpaid interest in respect of the New Notes nor is any Luxembourg withholding tax payable upon redemption or repurchase of New Notes to the benefit of Luxembourg resident noteholders.

In accordance with the Luxembourg 2005 Tax Law, payments of interest or similar income made or deemed to be made by a paying agent (within the meaning of the Luxembourg 2005 Tax Law) established in Luxembourg (i) to or for the benefit of an individual resident of Luxembourg who is not a tax resident of another state and who is the beneficial owner of such payment or (ii) to a residual entity within the meaning of the Luxembourg 2005 Tax Laws of 21 June 2005 implementing Council Directive (EC) 2003/48 of 3 June 2003 (as amended) (i.e. an entity without legal personality and whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, an undertaking for collective investment in transferrable securities or UCITS recognized in accordance with Council Directive 85/611/EEC as repealed and replaced) that has not opted for the exchange of information for the purpose of the application of Council Directive (EC) 2003/48 of 3 June 2003 (as amended) and that receives interest or similar income for the benefit of an individual resident of Luxembourg who is not a tax resident of another state, are subject to a final withholding tax of 10%. Responsibility for the withholding and payment of the tax will be assumed by the Luxembourg paying agent.

A draft bill was submitted on March 29, 2016 (number 6978) in order to amend the Luxembourg 2005 Tax Law and remove the reference to the residual entities.

An individual beneficial owner of interest or similar income (within the meaning of the Luxembourg 2005 Tax Law) who is a resident of Luxembourg and acts in the course of the management of his private wealth may opt in accordance with the Luxembourg 2005 Tax Law for a final tax of 10% when he receives or is deemed to receive such interest or similar income from a paying agent established in another member state of the European Union, in a member state of the European Economic Area which is not a member state of the European Union or in a state which has concluded a treaty directly in connection with the European Union Savings Directive. In such case, the 10% levy is calculated on the same amounts as for the payments made by Luxembourg resident paying agents. The option for the 10% final levy must cover all payments of interest or similar income made by the paying agents to the Luxembourg resident beneficial owner or, under certain circumstances, to a residual entity established in another member state of the European Union, during the entire year. The individual resident that is the beneficial owner of interest is responsible for the declaration and the payment of the 10% final tax.

On February 29, 2016, the Luxembourg Government presented its 2017 tax reform increasing the final withholding tax levied on savings income of Luxembourg residents from the current rate of 10% to 20% as of 2017. This measure has not been voted yet and therefore resident noteholders should consult their personal tax advisor in due course.

Taxes on income and capital gains

Holders of Old Notes and New Notes resident in Luxembourg are taxed for income and possibly gains derived from the offering and the New Notes depending on whether they hold the Old Notes and /or the New Notes in the context of carrying on an enterprise or in the context of managing their private wealth. Resident corporate holders of Old Notes and/or New Notes are always deemed to hold the Old Notes and/or the New Notes in the context of carrying on an enterprise.

If held in the context of carrying on an enterprise, any interest income, whether paid or accrued, and any capital gain or foreign exchange result whether realized or accrued, derived from the offering and/or the New Notes is subject to Luxembourg income taxes (income tax levied at progressive rates and municipal business tax for individuals, and corporate income tax and municipal business tax for corporate holders).

If held in the context of managing private wealth, interest income received under the New Notes is subject to income tax at progressive rates. Furthermore, capital gains realized upon the offering and /or the disposal of New Notes are taxable if realized within six months from the acquisition of the Old Notes or the New Notes as applicable.

Non-resident holders of New Notes are only subject to income taxes in Luxembourg in respect of the offering or their holding of New Notes if such offers or holding are effectively connected to a permanent establishment or a fixed place of business in Luxembourg, through which the relevant holder carries on an enterprise. In that case, any interest income, whether paid or accrued, and any capital gain or foreign exchange result whether realized or accrued, derived from the offering and/or the New Notes is subject to Luxembourg municipal business tax, and income tax levied at progressive rates in the case of individuals and corporate income tax in the case of companies.

Net wealth tax

A resident corporate holder of New Notes or non-resident corporate holder of New Notes that maintain a permanent establishment, permanent representative or a fixed place of business in Luxembourg to which such instruments are attributable, is subject to Luxembourg wealth tax at a rate of 0.5% on such New Notes, except if such holder is (i) a family wealth management company ("*Société de gestion de patrimoine familial*") subject to the law of May 11, 2007 (as amended), (ii) an undertaking for collective investment subject to the amended law of December 17, 2010 (amending the law of December 20, 2002), (iii) a securitization vehicle governed by and compliant with the law of March 22, 2004 (as amended) on securitization, (iv) a company governed by and compliant with the law of June 15, 2004 (as amended) on venture capital vehicles, or (v) a specialized investment fund governed by the law of February13, 2007 (as amended). However, if the holder of instruments is a vehicle listed above under (iii) and (iv), as from January 1, 2016, it may be subject (a) to a minimum net wealth tax of EUR 3,210, if it holds assets such as fixed financial assets, receivables owed to affiliated companies, transferable securities, postal checking accounts, checks and cash, in a proportion that exceeds 90 % of its total balance sheet value and if the total balance sheet value exceeds EUR 350,000 or (b) to a minimum net wealth tax between EUR 535 and EUR 32,100 based on its balance sheet total.

Individuals are not subject to Luxembourg net wealth tax.

Registration tax

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty due in Luxembourg by the holders of New Notes as a consequence of the issuance of the New Notes. No Luxembourg registration tax, stamp duty or other similar tax or duty is due either in case of a subsequent repurchase, redemption or transfer of the New Notes. There is no obligation to register the New Notes in Luxembourg. However, a registration duty may apply (i) upon voluntary registration of the New Notes in Luxembourg, (ii) in the case of legal proceedings before Luxembourg courts or (iii) in the case that the documents relating to the New Notes issuance must be produced before an official Luxembourg authority ("*autorité constitutée*").

Gift and inheritance tax

Inheritance tax is levied in Luxembourg at progressive rates (depending on the value of the assets inherited and the degree of relationship). No Luxembourg inheritance tax will be due in respect of the New Notes unless the holder of New Notes resides in

Luxembourg at the time of his decease. No Luxembourg gift tax is due upon the donation of New Notes unless such donation is registered in Luxembourg (which is generally not required).

Value added tax

No Luxembourg value added tax is levied with respect to (i) any payment made in consideration of the issuance of the New Notes, (ii) any payment of interest, (iii) any repayment of principal or upon redemption, and (iv) any transfer of the New Notes.

Brazilian Taxation

The following discussion is a general description of certain Brazilian tax aspects of the offering and the New Notes applicable to a holder of the Old Notes or the New Notes that is an individual, entity, trust or organization resident or domiciled outside Brazil for purposes of Brazilian taxation ("Non-Resident Holder").

The following discussion is based on the federal tax laws of Brazil as in effect on the date hereof, which are subject to change, possibly with retroactive effects, and to differing interpretations. The information set forth below is intended to be a general description only and does not address all possible tax consequences relating to this offering and an investment in the New Notes and is not applicable to all categories of investors, some of which may be subject to special rules. The discussion below does not address any tax consequences under the tax laws of any state or locality of Brazil. Therefore, each Non-Resident Holder should consult his/her/its own tax advisor concerning the Brazilian tax consequences in respect of the offering and the New Notes.

Investors should note that, as to the discussion below, other income tax rates or treatment may be provided for in any applicable tax treaty between Brazil and the country where the Non-Resident Holder is domiciled. This summary does not address any tax issues that affect solely our company, such as deductibility of expenses.

Payments Under the New Notes

Generally, a Non-Resident Holder is taxed in Brazil when income is derived from Brazilian sources or gains are realized on the disposition of assets located in Brazil. Therefore, as the Issuer will not be considered as resident or domiciled in Brazil for tax purposes, any income (including, interest, fees, commissions, expenses, and any other income) payable by the Issuer in respect of the New Notes issued in favor of Non-Resident Holders, is not subject to withholding or deduction in respect of Brazilian income tax or any other taxes, duties, assessments or governmental charges in Brazil, provided that such payments are made with funds held by the Issuer outside of Brazil.

Capital Gains

Capital gains realized on the disposition of assets located in Brazil by a Non-Resident Holder to another non-resident are subject to taxation in Brazil, according to Section 26 of Law No. 10,833, enacted on December 29, 2003 ("Law No. 10,833"). Based on the fact that the Old Notes and the New Notes are issued and registered abroad, they should not fall within the definition of assets located in Brazil for purposes of Law No. 10,833. Hence, gains arising from the disposition of the Old Notes pursuant to the offering or the sale or disposition of the New Notes made outside Brazil by a Non-Resident Holder to another non-Brazilian resident should not be subject to Brazilian taxes.

Payments made by the Brazilian Guarantors

If, by any chance, a Brazilian source is required, as a guarantor, to assume the obligation to pay any amount in connection with the New Notes to a Non-Resident Holder (including principal and interest, or any other amount that may be due and payable in respect of the New Notes), Brazilian tax authorities could attempt to impose withholding income tax at the rate of 15%, or 25%, the rate being variable depending on the nature of the payment and the location of the respective Non-Resident Holder. In this circumstance, another income tax rate may be provided for in an applicable tax treaty between Brazil and the country of residence of the Non-Resident Holder.

There is some uncertainty regarding the applicable tax treatment to payments of the principal amount by the Brazilian guarantor to a Non-Resident Holder. Although there is an argument according to which such payments made by the Brazilian guarantor do not convert the nature of the payment from principal into taxable income, there are no precedents from Brazilian courts endorsing that position and it is not possible to assure that such argument would prevail in the courts of Brazil.

Discussion on Favorable Tax Jurisdictions

On June 4, 2010, Brazilian tax authorities enacted Normative Ruling No. 1,037 listing (i) the countries and jurisdictions considered as Favorable Tax Jurisdictions (jurisdictions that tax income at a maximum rate below 20%) 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 ("Law No. 11,727"). On December 12, 2014 the Brazilian Revenue Service issued Rule 488 reducing the concept of Favorable Tax Jurisdictions to those that tax income at a maximum rate below 17% (the 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.

Although the interpretation of the current Brazilian tax legislation could lead to the conclusion that such concept of "Privileged Tax Regime" should apply solely for purposes of Brazilian transfer pricing and thin capitalization rules, it is not possible to assure 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-Resident Holder on payments under the New Notes and, consequently, increase the withholding income tax rate from 15% to 25% on such payments.

We recommend prospective investors to consult their own tax advisors from time to time to verify any possible tax consequences arising from Normative Ruling No. 1,037 and Law No. 11,727, and Rule 488. If the Brazilian tax authorities determine that payments are made to a Non-Resident Holder under a Privileged Tax Regime the withholding income tax applicable to such payments could be assessed at a rate up to 25%.

Other Brazilian Tax Considerations

Brazilian law imposes a Tax on Foreign Exchange Transactions (*Imposto sobre Operações de Câmbio*), or IOF/Exchange, on the conversion of *reais* into foreign currency and on the conversion of foreign currency into *reais,* including foreign exchange transactions in connection with payments made by a Brazilian guarantor under the Guarantee to Non-Resident Holders. Currently, the IOF/Exchange is 0.38% for most foreign exchange transactions, including foreign exchange transactions in connection with payments under the guarantee by a Brazilian guarantor to a Non-Resident Holders.

In any case, the Brazilian Federal Government may increase the current IOF/Exchange rate at any time, up to a maximum rate of 25%. Any such new rate would only apply to future foreign exchange transactions.

Generally, there are no stamp, transfer or other similar taxes in Brazil applicable to the transfer, assignment or sale of the Old Notes or the New Notes outside Brazil, nor any inheritance, gift or succession tax applicable to the ownership, transfer or disposition of the Old Notes or the New Notes, except for gift and inheritance taxes imposed in some states of Brazil on gifts and bequests by a Non-Resident Holder to individuals or entities domiciled or residing within such Brazilian states.

THE ABOVE DESCRIPTION IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL BRAZILIAN TAX CONSEQUENCES RELATING TO THIS OFFERING AND THE OWNERSHIP OF THE NEW NOTES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

Certain United States Federal Income Tax Considerations

The following summary sets forth certain U.S. federal income tax consequences of the offering and the ownership of the New Notes that may be relevant to holders of the Old Notes. This summary is based upon existing U.S. federal income tax law as at the date of this offering memorandum, which law is subject to change, possibly with retroactive effect, and different interpretations. This summary does not purport to discuss all aspects of U.S. federal income taxation which may be relevant to a holder's particular circumstances, and does not apply to holders subject to special tax rules, such as financial institutions, insurance companies, dealers in securities or currencies, traders in securities or currencies electing to mark their positions to market, regulated investment companies, U.S. expatriates, tax-exempt organizations, persons holding Old Notes or New Notes as part of a position in a "straddle" or as part of a hedging transaction, constructive sale or conversion transaction for U.S. tax purposes, U.S. Holders (defined below) whose functional currency is not the U.S. dollar, or persons subject to the alternative minimum tax. In addition, this summary does not discuss any non-U.S., state or local tax considerations, the Medicare tax on net investment income, the alternative minimum tax, or any aspect of U.S. federal tax law other than income taxation. This summary only applies to holders that hold the Old Notes and will hold the New Notes as "capital assets"

(generally, property held for investment) within the meaning of the U.S. Internal Revenue Code of 1986, as amended (the "Code") and the Treasury Regulations thereunder (the "Regulations"). Holders should consult their own tax advisors regarding the U.S. federal, state and local, as well as non-U.S., income and other tax considerations related to the offering and the ownership of the New Notes.

For purposes of this discussion, "U.S. Holder" means the beneficial owner of an Old Note or a New Note that for U.S. federal income tax purposes is

- a citizen or individual resident of the United States,
- a corporation organized in or under the laws of the United States or any political subdivision thereof,
- a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court or that has validly elected to be treated as a U.S. person, or
- an estate the income of which is subject to U.S. federal income taxation regardless of its source.

"Non-U.S. Holder" means a person that is a beneficial owner of an Old Note or a New Note other than a U.S. Holder or a partnership.

The treatment of partners in a partnership that owns Old Notes or New Notes may depend on the status of such partners and the status and activities of the partnership and such persons should consult their own tax advisors about the consequences to them of the offering and the ownership of the New Notes.

No rulings have been, or are expected to be, sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions.

Tendering Non-U.S. Holders

Subject to the discussion below under ("—Backup Withholding and Information Reporting"), any amount received in respect of accrued but unpaid interest and any gain realized by a Non-U.S. Holder on the exchange of an Old Note pursuant to an exchange will not be subject to U.S. federal income tax, unless (i) such interest or gain is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business (and, if a tax treaty applies, is attributable to such Non-U.S. Holder's permanent establishment in the United States) or (ii) in the case of gain, the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year in which the exchange occurs and certain other conditions are met.

Consequences of the Ownership and Disposition of New Notes

Interest on the New 2018 Notes

Stated interest required to be paid to a U.S. Holder in cash on the New 2018 Notes, and any additional amounts with respect to withholding tax on such payments (including the amount of tax withheld from payments of interest and additional amounts), will be includible in the U.S. Holder's gross income as ordinary interest income at the time interest and additional amounts are received or accrued in accordance with the U.S. Holder's regular method of tax accounting for U.S. federal income tax purposes.

If a debt instrument's stated redemption price at maturity exceeds its issue price by an amount equal to or greater than a statutorily defined de minimis amount, such instrument will be considered to be issued with original issue discount ("OID") for U.S. federal income tax purposes. An instrument's stated redemption price at maturity equals the amount of all payments due on the instrument other than payments of "qualified stated interest." Qualified stated interest is stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer), at least annually at a single fixed rate. The cash interest on the New 2018 Notes will be qualified stated interest, but PIK Interest (including any PIK Notes issued in respect of PIK Interest thereon) is not qualified stated interest. Because they have PIK Interest, the New 2018 Notes will therefore be issued with OID. In addition, any PIK Note issued in respect of a New 2018 Note will be treated as an increase to the principal amount of such New 2018 Note.

With respect to its New 2018 Notes, a U.S. Holder generally (i) will be required to include the OID in gross income as ordinary interest income as it accrues on a constant yield to maturity basis over the term of such Notes, in advance of the receipt of the cash attributable to such OID and regardless of the holder's method of accounting for U.S. federal income tax purposes, but (ii) will not be required to recognize additional income upon the receipt of any cash payment on such Notes that is attributable to previously accrued OID that has been included in its income. A U.S. Holder may elect to include in gross income all yield on a New 2018 Note (including stated interest) using a constant yield method. The constant yield election generally will apply only to the New 2018 Note with respect to which it is made and may not be revoked without the consent of the IRS.

Interest and any OID on the New 2018 Notes generally will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute "passive category income" or, in the case of certain U.S. Holders, "general category income" in computing foreign tax credits. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), a U.S. Holder generally will be entitled to a foreign tax credit in respect of any foreign income taxes withheld on interest payments on the New 2018 Notes. Alternatively, the U.S. Holder may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or a deduction for foreign taxes paid under their particular circumstances.

Sale, Exchange or Other Taxable Disposition of the New 2018 Notes

Upon the sale, exchange or other taxable disposition (including redemption) of a New 2018 Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition (other than amounts attributable to accrued but unpaid qualified stated interest, which will be taxable as interest to the extent not previously included in income) and the U.S. Holder's adjusted tax basis in the New 2018 Note. A U.S. Holder's adjusted tax basis in a New 2018 Note generally will be equal to its initial tax basis (as discussed above under "—Consequences of the Offering—Tendering U.S. Holders of 2017 Notes, 2020 Notes, 2022 Notes and 2023 Notes"), increased by any OID previously included in income with respect to the New 2018 Note and decreased by any payments on the New 2018 Note other than payments of qualified stated interest. Any such gain or loss generally will be U.S.-source capital gain or loss and generally will be long-term capital gain or loss if the New 2018 Note has been held for more than one year at the time of its sale, exchange or other taxable disposition. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

Contingent Payment Debt Instrument Treatment of the New 2021 Notes and New 2028 Notes

The New 2021 Notes and the New 2028 Notes will provide for certain additional payments, including the issuance of certain additional notes if at the end of any fiscal quarter ending on or after December 31, 2017, GLAI's consolidated earnings before interest and taxes for the previous 12 months exceed R$800.0 million. Accordingly, the New 2021 Notes and the New 2028 Notes should be subject to special rules that govern the tax treatment of contingent payment debt instruments ("CPDIs") under applicable Regulations (the "Contingent Payment Debt Regulations" and such Notes, "CPDI Notes"). The remainder of this discussion assumes that the New 2021 Notes and New 2028 Notes will be so treated.

However, the application of the Contingent Payment Debt Regulations to instruments such as the New 2021 Notes and New 2028 Notes is uncertain in several respects, and no rulings have been sought from the IRS with respect to any of the tax consequences discussed below. Accordingly, no assurance can be given that the IRS or a court will agree with the treatment described herein. Any differing treatment could affect the amount, timing and character of income, gain or loss recognized with respect to such Notes. In particular, a U.S. Holder might be required to accrue OID at a different rate and might recognize capital gain or loss upon a taxable disposition of the New 2021 Notes and New 2028 Notes. Holders should consult their tax advisors concerning the tax treatment of holding the New 2021 Notes and New 2028 Notes.

In the case of CPDIs treated as issued in exchange for publicly traded property, the Contingent Payment Debt Regulations require a U.S. Holder to accrue interest income on a constant yield basis, based on a "comparable yield," as described further below, regardless of whether such holder uses the cash or accrual method of accounting for U.S. federal income tax purposes. We believe and intend to take the position that the CPDI Notes will be issued for publicly traded property for this purpose.

Accrual of Income Under the Contingent Payment Debt Regulations

A U.S. Holder must accrue an amount of ordinary interest income, as OID for U.S. federal income tax purposes, for each accrual period prior to and including the maturity date of a CPDI Note equal to the product of:

- the "adjusted issue price" of the CPDI Note as of the beginning of the accrual period,
- the "comparable yield" of the CPDI Note, adjusted for the length of the accrual period and
- the number of days during the accrual period that the U.S. Holder held the CPDI Note divided by the number of
- days in the accrual period.

The "adjusted issue price" of a CPDI Note will be its "issue price" (determined as discussed above under "Consequences of the Offering"), increased by any interest income previously accrued, determined without regard to any adjustments to interest accruals described below, and decreased by the amount of non-contingent payments and the projected amount of any contingent payments (in accordance with the projected payment schedule described below) previously made with respect to the CPDI Note.

The Contingent Payment Debt Regulations require that we determine and provide to U.S. Holders, solely for U.S. federal income tax purposes, the "comparable yield" of each class of CPDI Notes (generally, the yield at which we would issue a fixed-rate, non-contingent debt instrument with terms and conditions otherwise comparable to the relevant CPDI Note) and a schedule of the projected amounts of payments on the relevant CPDI Note (a "Projected Payment Schedule").

A U.S. Holder may obtain the comparable yield and Projected Payment Schedule for the New 2021 Notes and New 2028 Notes by submitting a written request for it to us at our address on the inside back cover page of this offering memorandum, at the attention of the Chief Financial Officer. For U.S. federal income tax purposes, a U.S. Holder must use the comparable yield and the Projected Payment Schedule in determining OID accruals, and the adjustments thereto described below, unless such U.S. Holder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS (e.g., by explaining why the Projected Payment Schedule we provided is unreasonable).

The comparable yields and the Projected Payment Schedules are not used for any purpose other than to determine a U.S. Holder's interest accruals and adjustments thereto in respect of the CPDI Notes for U.S. federal income tax purposes. They do not constitute a projection or representation by us regarding the actual amounts that will be paid on the CPDI Notes.

If, during any taxable year, a U.S. Holder of a CPDI Note receives actual contingent payments with respect to such CPDI Note that, in the aggregate, exceed the total amount of projected contingent payments for that taxable year, the U.S. Holder will incur a "net positive adjustment" equal to the amount of such excess. The U.S. Holder will treat a net positive adjustment as additional interest income in that taxable year.

If a U.S. Holder receives in a taxable year actual contingent payments with respect to the CPDI Note that, in the aggregate, are less than the amount of projected payments for that taxable year, the U.S. Holder will incur a "net negative adjustment" equal to the amount of such deficit. This net negative adjustment:

- will first reduce the U.S. Holder's interest income on the CPDI Note for that taxable year;
- to the extent of any excess, will give rise to an ordinary loss to the extent of the U.S. Holder's interest income on the CPDI Note during prior taxable years, reduced to the extent such interest was offset by prior net negative adjustments; and
- to the extent of any excess after the application of the previous two bullet points, will be carried forward as a negative adjustment to offset future interest income with respect to the CPDI Note or to reduce the amount realized on a sale, exchange or retirement of the CPDI Note.

A net negative adjustment is not subject to the two percent floor limitation on miscellaneous itemized deductions.

If a U.S. Holder's basis in a CPDI Note differs from the adjusted issue price of such note immediately after the exchange, the holder must reasonably allocate any difference between adjusted issue price and basis to daily portions of

interest or projected payments. Such adjustments generally are treated as positive or negative adjustments and the regular rules governing market discount or premium for U.S. federal income tax purposes do not apply. Any such positive or negative adjustment would increase or decrease, respectively, the adjusted issue price and a U.S. Holder's adjusted tax basis in the CPDI Note.

In the case of any payment on a given CPDI Note that becomes fixed more than six months before it is due, a negative or positive adjustment arises on the date the contingent payment becomes fixed. The amount of the adjustment attributable to the contingent payment is equal to the difference between the present value of the amount that is fixed and the present value of the projected amount of the contingent payment. The present value of each amount is determined by discounting the amount from the date the payment is due to the date the payment becomes fixed, using a discount rate equal to the comparable yield on the CPDI Note. While not free from doubt, we intend to take the position that payments in respect of any Additional New 2021 Notes and Additional New 2028 Notes (as described above under "Description of the New 2021 Notes—Covenants—Issuance of Additional New 2021 Notes" and "Description of the New 2028 Notes— Covenants—Issuance of Additional New 2028 Notes") should be treated as a contingent payment with respect to the New 2021 Notes and New 2028 Notes issued pursuant to the offering (revising the amount of cash interest and principal payable at maturity to the U.S. Holder). Based on this treatment, contingent amounts paid in respect of the Additional New 2021 Notes and Additional New 2028 Notes in the form of additional notes would be subject to the treatment described in this paragraph if issued more than six months before maturity, and require modifications to the Projected Payment Schedule and positive adjustments that would be taken into account as income reasonably over the remaining life of the instrument. Any such positive or negative adjustment would increase or decrease, respectively, the adjusted issue price and a U.S. Holder's adjusted tax basis in the CPDI Note.

Sale, Exchange or Taxable Disposition of the CPDI Notes.

Generally, the sale, exchange or taxable disposition of a CPDI Note (including upon a redemption or retirement) will result in taxable gain or loss to a U.S. Holder. The amount of gain or loss on a sale, exchange or taxable disposition of a CPDI Note will be equal to the difference between (a) the amount of cash plus the fair market value of any other property received by the U.S. Holder (the "amount realized"), and (b) the U.S. Holder's adjusted tax basis in the CPDI Note. As discussed above, to the extent that a U.S. Holder has any net negative adjustment carryforward, the U.S. Holder may use such net negative adjustment from a previous year to reduce the amount realized on the sale, exchange or taxable disposition of the CPDI Note.

For purposes of determining the amount realized on the scheduled retirement of a CPDI Note, a U.S. Holder will be treated as receiving the projected amount of any contingent payment due at maturity. As previously discussed, to the extent that actual contingent payments with respect to the CPDI Note during the year of the scheduled retirement are greater or lesser than the projected payments for such year, a U.S. Holder will incur a net positive or negative adjustment, resulting in additional ordinary income or loss, as the case may be.

A U.S. Holder's adjusted tax basis in a CPDI Note generally will be equal to the U.S. Holder's initial tax basis for the CPDI Note, increased by any interest income previously accrued by the U.S. Holder (determined without regard to any adjustments to interest accruals described above) and decreased by the amount of any non-contingent payments made, and projected contingent payments that previously have been scheduled to be made, in respect of the CPDI Note (without regard to the actual amount paid).

Although not free from doubt, a U.S. Holder's adjusted tax basis in a CPDI Note should be allocated between the original CPDI Note and any PIK Notes received in respect of PIK Interest thereon or Additional New 2021 Notes or Additional New 2028 Notes (as described under "Description of the New 2021 Notes—Covenants—Issuance of Additional 2021 Notes" and "Description of the New 2028 Notes—Covenants—Issuance of Additional 2028 Notes"), in proportion to their relative principal amounts. A U.S. Holder's holding period in any PIK Note, Additional New 2021 Note or Additional New 2028 Note would likely be identical to its holding period for the original New 2021 Note or New 2028 Note with respect to which such payments were made.

Gain recognized by a U.S. Holder upon a sale, exchange or taxable disposition of a CPDI Note generally will be treated as foreign source ordinary interest income. Any loss will be foreign source ordinary loss to the extent of the excess of previous interest inclusions over the total net negative adjustments previously taken into account as ordinary losses in respect of the CPDI Note, and thereafter foreign source capital loss (which will be long-term if the CPDI Note has been held for more than one year). The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

Subject to the discussion of backup withholding below, interest (including OID and any gain from a disposition of a CPDI Note that is treated as interest income, as discussed above under "—Sale, Exchange or Taxable Disposition of the CPDI Notes") on a New Note paid to a Non-U.S. Holder is not subject to U.S. federal income tax, including withholding tax, provided that such interest is not effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (or, if a treaty applies, is not attributable to such Non-U.S. Holder's permanent establishment in the United States).

A Non-U.S. Holder generally will not be subject to U.S. federal income tax on gain from the sale, exchange or other taxable disposition (including redemption) of a New Note, unless that gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (and, if a treaty applies, is attributable to such Non-U.S. Holder's permanent establishment in the United States) or, in the case of gain realized by an individual Non-U.S. Holder upon the disposition of a New 2018 Note, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

"Specified Foreign Financial Asset" Reporting

Owners of "specified foreign financial assets" with an aggregate value in excess of US $50,000 (and in some circumstances, a higher threshold), may be required to file an information statement with respect to such assets with their U.S. federal income tax returns, currently on IRS Form 8938. The New Notes generally are expected to constitute "specified foreign financial assets" unless they are held in accounts maintained by financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the New Notes.

Backup Withholding and Information Reporting

Information reporting requirements may apply to the payment to a U.S. Holder of the Exchange Consideration or Total Exchange Consideration, interest on the New Notes (including OID) or proceeds from the sale, exchange or other taxable disposition of the New Notes. Any such reportable payment may be subject to backup withholding, unless a U.S. Holder provides the payor (such as the tendering U.S. Holder's broker) with the U.S. Holder's correct social security or taxpayer identification number, certifies that the U.S. Holder is not subject to backup withholding and otherwise complies with applicable requirements of the backup withholding rules. Certain U.S. Holders (including, among others, corporations) are not subject to these backup withholding requirements but may be required to provide evidence of their exemption from backup withholding.

Information reporting and backup withholding may also apply to any reportable payments described in the preceding paragraph that are paid to a Non-U.S. Holder, if the cash or property such holder receives is received in the United States or through certain U.S.-related financial intermediaries, unless such Non-U.S. Holder complies with certain certification procedures (typically, the provision of the applicable IRS Form W-8).

Backup withholding is not an additional tax. A holder of Notes generally will be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

INDEPENDENT APPRAISER

The references to Morten Beyer & Agnew and to its appraisal report, dated as of April 29, 2016, are included herein in reliance upon the authority of each such firm as an expert with respect to the matters contained in its appraisal report. Morten Beyer & Agnew's address is 2010 Wilson Boulevard, Suite 1001, Arlington, Virginia 22201. Morten Beyer & Agnew is certified by the International Society of Transport Aircraft Trading.

LEGAL MATTERS

Certain matters of U.S. law will be passed upon for us by Milbank, Tweed, Hadley & McCloy LLP. Certain matters of Brazilian law will be passed upon for us by Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados. Certain matters of Luxembourg law will be passed upon for us by NautaDutilh Avocats Luxembourg S.à r.l.

INDEPENDENT AUDITORS

Our consolidated financial statements for the year ended December 31, 2013, prepared in accordance with IFRS, incorporated in this offering memorandum by reference from our Annual Report on Form 20-F for the year ended December 31, 2015, have been audited by Deloitte Touche Tohmatsu Auditores Independentes, independent auditors, registered with the São Paulo State Counsel of Accounting (*Conselho Regional de Contabilidade do Estado de São Paulo*), or CRC, as set forth in their report which is incorporated herein by reference.

Our consolidated financial statements as of and for the years ended December 31, 2015 and 2014, incorporated in this offering memorandum by reference from our Annual Report on Form 20-F for the year ended December 31, 2015, have been audited by Ernst & Young Auditores Independentes S.S., independent auditors, registered with CRC, as stated in their report which is incorporated herein by reference from our Annual Report on Form 20-F for the year ended December 31, 2015.

With respect to our unaudited interim condensed consolidated financial information as of March 31, 2016 and for the three-month periods ended March 31, 2016 and 2015, incorporated in this offering memorandum by reference from our report on Form 6-K furnished to the SEC on May 16, 2016, Ernst & Young Auditores Independentes S.S. reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated May 11, 2016, incorporated by reference herein, states that they did not audit and they do not express an opinion on that unaudited interim condensed consolidated financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

LISTING AND GENERAL INFORMATION

1. The notes have been accepted for clearance through DTC, Euroclear and Clearstream. The CUSIP, ISIN and Common Code numbers for the notes are as follows:

	Restricted Global Note	Regulation S Global Note
New 2018 Notes		
CUSIP	38045L AB6	L4441P AB6
ISIN	US38045LAB62	USL4441PAB69
Common Code	144182812	144182952
New 2021 Notes		
CUSIP	38045L AD2	L4441P AC4
ISIN	US38045LAD29	USL4441PAC43
Common Code	144182243	144182944
New 2028 Notes		
CUSIP	38045L AF7	L4441P AD2
ISIN	US38045LAF76	USL4441PAD26
Common Code	144182936	144182782

2. Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and admission to trading has been made on the Euro MTF Market of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange and the holders of the New Notes will be informed upon issuance of Additional New 2021 Notes and Additional New 2028 Notes.

3. So long as the notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, we shall appoint and maintain a paying agent in Luxembourg, where the notes may be presented or surrendered for payment or redemption, in the event that the global notes are exchanged for definitive certificated notes. In addition, in the event that the global notes are exchanged for definitive certificated notes, announcement of such exchange shall be made through the Luxembourg Stock Exchange and such announcement will include all material information with respect to the delivery of the definitive certificated notes, including details of the paying agent in Luxembourg.

4. The Issuer will provide to the trustee a semi-annual appraisal of the Collateral. mba, an independent aviation appraisal and consulting firm, has prepared an appraisal of the Spare Parts owned by us and included in the Collateral as of March 2016. The report by mba is annexed to this offering memorandum as Annex A.

5. The Issuer accepts responsibility for the information contained in this offering memorandum for purposes of Luxembourg Law. This offering memorandum constitutes a prospectus for the purpose of the Luxembourg law dated July 10, 2005 on Prospectuses for Securities, as amended, and may only be used for the purposes for which it has been published.

6. For so long as the notes are admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and to listing on the Official List of the Luxembourg Stock Exchange and the rules and regulations of that exchange so require, copies of the following documents in English may be inspected and obtained at our expense at the specified office of the trustee and the paying agent in Luxembourg during normal business hours on any weekday:

- the Issuer's articles of incorporation (which may also be inspected at the Luxembourg Register of Commerce and Companies Register during normal business hours) and the Guarantors' organizational documents (*estatuto social*);
- any present and future annual and interim reports of GLAI (GLAI does not prepare annual or interim financial statements on a non-consolidated basis.) and annual reports of VRG and the Issuer to the extent published (the Issuer and VRG do not produce interim financial statements), including the last two financial years; and
- the Indenture, which includes the guarantees and the form of the notes.

7. The issuance of the notes was authorized by the Issuer's board of directors on July 5, 2016 and the guarantee of the Notes was authorized by VRG's board of directors on June 17, 2016 and by GLAI's board of directors on June 20, 2016. The Issuer and each of the Guarantors have obtained all necessary consents, approvals, authorizations or other orders for the issue of the Notes and other documents to be entered into by the Issuer in connection with the issue of the notes in Luxembourg.

8. The articles of incorporation of the Issuer were published in the Luxembourg Official Gazette (*Mémorial, Recueil des Sociétés et Associations*) on August 27, 2013, Number 2080, p. 99825.

9. Except as disclosed in this offering memorandum, there has been no material adverse change in GLAI's, VRG's or the Issuer's financial position since December 31, 2015, the date of the latest audited financial statements incorporated by reference in this offering memorandum.

10. Except as disclosed in this offering memorandum, none of GLAI, VRG or the Issuer is involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor so far as any of GLAI, VRG or the Issuer is aware is any such litigation or arbitration pending or threatened.

11. The Issuer's statutory auditor has a business address at Praça Comandante Linneu Gomes, S/N, Portaria 3, Jardim Aeroporto, CEP 04626-020, São Paulo, SP, Brazil, and is a member of the regional accounting board of the Sate of Rio de Janeiro (*Conselho Regional de Contabilidade – Rio de Janeiro*).

Individual and Consolidated Financial Statements

GOL Linhas Aéreas Inteligentes S.A.
December 31, 2016
with Independent Auditors' Report

Gol Linhas Aéreas Inteligentes S.A.

Individual and consolidated financial statements
December 31, 2016

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Management's Report

As previously guided, GOL's load factors in the Brazilian summer have remained high and yields have risen as result of GOL's network and fleet restructuring completed during the year to adjust capacity to the Brazilian economic contraction. GOL responded to the weaker environment by continuing to improve customer experience and cutting costs.

In the fourth quarter of 2016 GOL improved its high service quality and achieved net revenues of R$2.7 billion and continued to rationalize operations. While reducing the number of seats available for sale by 17%, full-year 2016 net revenues were a record R$10 billion, a result made possible due the flight network restructuring effected in May 2016. According to the ANAC, in 2016 GOL was the leading airline in the Brazilian domestic market with a share of 36% of RPKs (passenger demand per kilometers). According to ABRACORP - Brazilian Association of Travel Agencies, GOL was the leader in market share and number of tickets issued and sold to corporate clients.

GOL further consolidated its position as Brazil's No. 1 airline. The dedication and teamwork of GOL's employees contributed to improved operating results in the fourth quarter. GOL is proud of its status as Brazil's lowest cost carrier for the 16th consecutive year based its standardized single fleet generating smaller crew costs, smart spare parts management and best in class maintenance and lean and productive operations, low fixed costs. The Company's order for new B-737 MAX 8s and investments in technology will maintain its cost leadership.

The Company strives to provide the best overall flying experience to its clients. GOL was most on-time airline in 2016 in the Brazilian market, with an 84.6% rating, according to OAG (Official Airline Guide), a specialized independent company that monitored over 54 million flights worldwide. For the fourth consecutive year, GOL remained the most on-time Brazilian airline with a 94.8% rate of flights taking off on schedule, according to the data from Infraero and airports concessionaires, which considers as a delay any departure with a delay of over 30 minutes.

The Company's 4Q16 operating profit (EBIT) registered R$198 million with an operating margin of 7.4%. In 4Q16, GOL increased aircraft utilization rates while maintaining market cost leadership. Passengers transported in 4Q16 decreased 15.4% over 4Q15. GOL's load factor increased 2.2 percentage points to 77.6% due to the maturity of the new network launched in May 2016 that achieved a 19.0% reduction in seats availability in the period. Aircraft utilization was at 11.7 block hours per day (increases 5.7% over 4Q15). Operating costs per ASK, excluding fuel and non-operating expenses, decreased approximately 6.8% to 13.97 cents (R$). Fuel costs per available seat kilometer (ASK) decreased 17.3% to 5.75 cents (R$). Cost reductions per ASK were driven by lower aircraft rent expenses due to fleet restructuring. The absolute market cost leadership is key to the value proposition of GOL and allowed GOL to provide the best fares and service in the market, even during a challenging industry environment.

Full year operating profit (EBIT) registered R$697 million, with the EBIT margin registering 7.1%. In 4Q16, the EBIT was R$198 million with an EBIT margin of 7.4% compared to a negative 3.6% margin in 4Q15.

In terms of future perspectives, besides maintain high levels of productivity and profitability, short-term results will be driven by the maintenance of capacity discipline. GOL remains committed to its strategy of profitable growth based on a low cost structure and high quality customer service. GOL is proud that almost 400 million passengers have chosen to fly GOL, and continues to make every effort to offer its customers the best in air travel: new, modern aircraft, frequent flights in major markets, an integrated route system and low fares. All of which is made possible by its dedicated team of employees, who are the key to GOL' success. By remaining focused on its low-cost business model, while continues to grow, innovate and provide low fares, GOL will create value for its customers, employees and shareholders.

Operating and Financial Indicators

Traffic data – GOL	4Q16	4Q15	% Var.	2016	2015	% Var.
RPK GOL – Total	**9,161**	9,440	-3.0%	**35,928**	38,410	-6.5%
RPK GOL – Domestic	**8,230**	8,415	-2.2%	**32,031**	33,901	-5.5%
RPK GOL – International	**931**	1,025	-9.1%	**3,897**	4,509	-13.6%
ASK GOL – Total	**11,800**	12,518	-5.7%	**46,329**	49,742	-6.9%
ASK GOL – Domestic	**10,568**	11,071	-4.5%	**41,104**	43,447	-5.4%
ASK GOL – International	**1,232**	1,447	-14.9%	**5,226**	6,295	-17.0%
GOL Load Factor – Total	**77.6%**	75.4%	2.2 p.p	**77.5%**	77.2%	0.3 p.p
GOL Load Factor – Domestic	**77.9%**	76.0%	1.9 p.p	**77.9%**	78.0%	-0.1 p.p
GOL Load Factor – International	**75.6%**	70.8%	4.8 p.p	**74.6%**	71.6%	2.9 p.p
Operating data	**4Q16**	**4Q15**	**% Var.**	**2016**	**2015**	**% Var.**
Average Fare (R$)	**289.0**	242.7	19.0%	**265.2**	220.7	20.1%
Revenue Passengers – Pax on board ('000)	**8,106.1**	9,583.5	-15.4%	**32,622.8**	38,867.9	-16.1%
Aircraft Utilization (Block Hours/Day)	**11.7**	11.1	5.7%	**11.2**	11.3	-1.0%
Departures	**63,860**	79,377	-19.5%	**261,514**	315,902	-17.2%
Average Stage Length (km)	**1,084**	933	16.2%	**1,043**	933	11.7%
Fuel Consumption (mm liters)	**350**	391	-10.7%	**1,391**	1,551	-10.3%
Full-time Employees (at period end)	**15,261**	16,472	-7.4%	**15,261**	16,472	-7.4%
Average Operating Fleet	**112**	132	-14,9%	**117**	129	-9,1%
On-time Arrivals	**94.0%**	95,1%	-1.1 p.p	**94.8%**	95.4%	-0.6 p.p
Flight Completion	**98.3%**	90.9%	7.4 p.p	**94.2%**	91.9%	2.3 p.p
Passenger Complaints (per 1000 pax)	**1.7329**	1.7061	1.6%	**1.9960**	2.0379	-3.5%
Lost Baggage (per 1000 pax)	**2.15**	2.13	0.9%	**2.23**	2.64	-15.5%
Financial data	**4Q16**	**4Q15**	**% Var.**	**2016**	**2015**	**% Var.**
Net YIELD (R$ cents)	**25.57**	24.64	3.8%	**24.14**	22.35	8.0%
Net PRASK (R$ cents)	**19.85**	18.58	6.8%	**18.72**	17.26	8.5%
Net RASK (R$ cents)	**22.58**	21.19	6.6%	**21.30**	19.66	8.3%
CASK (R$ cents)	**20.93**	21.94	-4.6%	**19.79**	20.02	-1.1%
CASK ex-fuel (R$ cents)	**15.17**	14.99	1.2%	**13.97**	13.38	4.4%
CASK (R$ cents) adjusted[4]	**19.73**	21.94	-10.1%	**19.74**	20.02	-1.4%
CASK ex-fuel (R$ cents) adjusted[4]	**13.97**	14.99	-6.8%	**13.92**	13.38	4.0%
Breakeven Load Factor	**72.0%**	78.1%	-6.1 p.p.	**72.1%**	78.6%	-6.5 p.p.
Average Exchange Rate [1]	**3.2953**	3.8441	-14.3%	**3.4878**	3.3313	4.7%
End of period Exchange Rate [1]	**3.2591**	3.9048	-16.5%	**3.2591**	3.9048	-16.5%
WTI (avg. per barrel, US$) [2]	**49.3**	42.2	16.9%	**43.4**	48.8	-11.1%
Price per liter Fuel (R$) [3]	**1.94**	2.22	-12.7%	**1.94**	2.13	-8.7%
Gulf Coast Jet Fuel (avg. per liter, US$)[2]	**0.38**	0.34	11.3%	**0.33**	0.40	-18.6%

1. Source: Central Bank; 2. Source: Bloomberg; 3. Fuel expenses/liters consumed; 4. Excluding non-recurring results on return of aircraft under finance lease contracts and sale-leaseback transactions; 5. Traffic operational data for 2015 were updated according to information obtained on the website of the National Civil Aviation Agency (ANAC) *Certain variation calculations in this report may not match due to rounding.

Domestic market – GOL

Domestic supply decreased by 4.5% in the quarter and 5.4% from January to December of 2016 compared to the same period of 2015, reflecting the network adjustments in May 2016.

Domestic demand decreased by 2.2% in 4Q16 and 5.5% in 2016, resulting in a domestic load factor of 77.9%, an increase of 1.9 p.p. compared to 4Q15, and a decrease of 0.1 p.p. compared to 2015.

GOL transported 7.7 million passengers in the domestic market in the quarter and 30.7 million in the full year, representing a decrease of 15.8% and 16.4%, respectively, when compared to the same periods in 2015. The Company is the leaderin the number of transported passengers in Brazil's domestic aviation market.

International market – GOL

GOL's international supply decreased 14.9% in the quarter and 17.0% in 2016, compared to 2015. International demand showed a decrease of 9.1% between October and December, registering load factor of 75.6%, and, in 2016, a decrease of 13.6%, leading the international load factor to 74.6%.

During the quarter, GOL transported 454.1 thousand passengers in the international market, 8.3% less than in 2015. For 2016, the Company transported 1,885.7 thousand passengers, a decrease of 10.2% compared to the same period in 2015.

Volume of departures and Total seats – GOL

The volume of departures in the overall system was reduced by 19.5% and 17.2% in the fourth quarter and full year of 2016, respectively, in line with the guidance released for 2016 of approximately a 17% reduction. The total number of seats available of the market fell 19.0% in 4Q16 and 16.9% in 2016, also in line with the guidance released for 2016 of approximately a 17% reduction.

PRASK, Yield and RASK

Net PRASK grew by 6.8% and 8.5%, RASK improved 6.6% and 8.3% and yield increased by 3.8% and 8.0%, in comparison with 4Q15 and 2015, respectively. It is worth noting the ASK decreased 5.7% in the quarter and 6.9% from January to December of 2016.

Operational fleet

Final	4Q16	4Q15	Var.	3Q16	Var.
Boeing 737-NGs	**130**	**144**	*-14*	**135**	*-5*
737-800 NG	102	107	*-5*	102	*0*
737-700 NG	28	37	*-9*	33	*-5*
Opening for rent Type	**4Q16**	**4Q15**	**Var.**	**3Q16**	**Var.**
Financial Leasing (737-NG)	34	46	*-12*	34	*0*
Operating Leasing	96	98	*-2*	101	*-5*

At the end of 4Q16, out of a total of 130 Boeing 737-NG aircraft, GOL was operating 121 aircraft on its routes. Of the nine remaining aircraft, seven were in the process of being returned to lessors and two were sub-leased to other another airline.

GOL has 96 aircraft under operating leases and 34 under finance leases, 31 of which have a purchase option for when their leasing contracts expire.

The average age of the fleet was 8.0 years at the end of 4Q16. In order to maintain this low average, the Company has 120 firm aircraft acquisition orders with Boeing for fleet renewal by 2027.

The next B737 aircraft is expected to be received by the Company in July 2018.

Fleet plan

Fleet plan	2016	2017	2018	>2018	Total
Fleet (End of Period)	130	115	121		
Aircraft Commitments (R$ million)*	-	-	1,787.4	46,245.0	48,032.4
Pre-Delivery Payments (R$ million)	-	286.8	483.5	5,954.2	6,724.5

*Considers aircraft list price

Capex

Capital expenditures for quarter ended December 31, 2016 were R$207.8 million, primariy related to engines. For more details on changes in property, plant and equipment, see Note 14 in the interim financial statements.

Relationship with Independent Auditors

When hiring services that are not related to external auditing from its independent auditors, the Company bases its conduct on principles that preserve the auditor's independence. Pursuant to internationally accepted standards, these principles consist of: (a) the auditors must not audit their own work, (b) the auditors must not execute managing functions for their clients and (c) the auditors must not represent their clients' legal interests.

Based on the subparagraph III, article 2 of the CVM Instruction 381/2003, the Company adopts a formal procedure to hire services other than external auditing from our auditors. The procedure consists of consulting its Audit Committee to ensure that those services shall not affect the independence and the objectivity, required for the independent audit performance. Additionally, formal statements are required from the auditors regarding their independence while providing such services.

The Company informs that its independent auditor for the period, Ernst & Young Auditores Independentes ("EY") did not provide additional services not related to auditing in the 2016 fiscal year.

Annual report of the Statutory Audit Committee (CAE)

General Information and Responsibilities

The Statutory Audit Committee (CAE) is a statutory body linked to the Board of Directors of Gol Linhas Aéreas Inteligentes S.A. ("Company"), which is composed of three independent members of the Board of Directors, who are elected by the Board members on annual basis, one of whom must be qualified as a Financial Expert. The CAE is responsible for overseeing the quality and integrity of financial reports and statements; compliance with legal, regulatory and statutory standards; the suitability of risk management processes, internal control policies and procedures; internal audit activities. It is also responsible for overseeing the independent auditors' work, including their independence and the quality and appropriateness of the services provided, as well as any differences of opinion with the management. It determines the registration and exercise of the independent audit within the scope of the Brazilian Securities and Exchange Commission (CVM) and performs the function of an Audit Committee, in compliance with the Sarbanes Oxley Act, to which the Company is subject to, since it is registered at the Security Exchange Commission – SEC. The CAE is also responsible for overseeing related-party transactions and operating the complaints channel.

CAE's Activities in 2016: In order to discuss the matters related to the year ended December 31, 2016, the CAE met seven times and, within its scope, carried out the following activities:

1. Its coordinator established the agendas and presided over the meetings;

2. It assessed the annual work plan and discussed the results of the activities performed by the independent auditors in 2016;

3. It supervised the activities and performance of the Company's internal audit, analyzing the annual work plan, discussing the result of the activities and reviews. Any issues raised by the internal audit about improvements in the internal control environment are discussed with the respective managers/officers in order to implement continuous improvements. It supervised and analyzed the effectiveness, quality and integrity of internal control mechanisms in order to, among others, monitor compliance with the provisions related to the integrity of the financial statements, including quarterly financial information and other interim financial statements;

4. It supervised, together with management and the internal audit, the different agreements entered into between the Company or its subsidiaries, on the one hand, and the controlling shareholder, on the other hand, in order to verify compliance with the Company's policies and controls regarding related-party transactions;

5. It met with the independent auditors, Ernst & Young, and addressed the following topics: the relationship and communication between the CAE and the internal and external auditors, the scope of the auditors' work, and the findings based on the implementation of the independent auditor's work plan, among others; and

6. It prepared the CAE's activities and operation report in 2016, in accordance with good corporate governance practices and the applicable regulation.

Internal Control Systems

Based on the agenda defined for 2016, the CAE addressed the main topics related to the Company's internal controls, assessing risk mitigation initiatives and the senior management's commitment to its continuous improvement. As a result of the meetings with the Company's internal areas, the Statutory Audit Committee had the opportunity to make suggestions to the Board of Directors for improvements in the processes, overseeing the results already obtained in 2016.

Considering that in 2016, the Company received requests from the Internal Revenue Service to provide clarifications on specific expenses incurred in 2012 and 2013, the CAE installed a Special Committee to start a procedure to monitor the Company's controls, as well as overlook the external independent audit contracted to analyze and clarify the all the facts.

Based on the information obtained, the Statutory Audit Committee recommended improvement on the internal control. With the implementation of these changes, but recognizing that research still in process, the CAE considers the internal control systems of the Company and its subsidiaries to be suitable for the size and complexity of their businesses and structured in order to ensure the efficiency of their operations and the systems that generate the financial reports, as well as compliance with applicable internal and external regulations.

Corporate Risk Management

CAE members, in the exercise of their duties and legal responsibilities, have analyzed the main external, internal and continuity risks, making recommendations to increase the effectiveness of the risk management processes directly at Board of Directors' meetings, contributing to and ratifying the initiatives implemented in 2016.

Conclusion

The CAE considers that the facts that have been presented to it, based on the works carried out and described in this Report to be appropriate, and recommended, in its report, the approval of the Company's audited financial statements for December 31, 2016, duly audited.

São Paulo, February 16, 2017.

André Béla Jánszky
Member of the Statutory Audit Committee

Antônio Kandir
Member of the Statutory Audit Committee

Francis James Leahy Meaney
Member of the Statutory Audit Committee

Declaration of the officers on the financial statements

In compliance with the provisions of CVM Instruction No. 480/09, the Executive Board declares that it has discussed, reviewed and approved the financial statements for the year ended December 31, 2016.

São Paulo, February 16, 2017.

Paulo Sérgio Kakinoff
Chief Executive Officer

Richard Freeman Lark Jr.
Chief Financial Officer

Declaration of the officers on the independent auditor's report

In compliance with the provisions of CVM Instruction No. 480/09, the Executive Board declares that it has discussed, reviewed and approved the conclusions expressed in the independent auditor's report on the financial statements for the year ended December 31, 2016.

São Paulo, February 16, 2017.

Paulo Sérgio Kakinoff
Chief Executive Officer

Richard Freeman Lark Jr.
Chief Financial Officer

Independent Auditor's report on the individual and consolidated financial statements

(A free translation from Portuguese into English of the independent auditor's report originally issued in Portuguese)

Independent auditor's report on the individual and consolidated financial statements

To the shareholders and Board members and Officers of
Gol Linhas Aéreas Inteligentes S.A.
São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of GOL Linhas Aéreas Inteligentes S.A. (the "Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheets as at December 31, 2016, and the statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of the Company as at December 31, 2016, and of its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with the Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the individual and consolidated financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Accountants (*Código de Ética Profisssional do Contador*) and the professional requirements issued by the Federal Accounting Council (*Conselho Federal de Contabilidade*), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As mentioned in Note 1, the Company's Management initiated an investigation to ascertain in a specific and concrete manner the matters related to payments to companies under investigation by the public authorities. The actions taken to investigate these payments are currently in progress and, at this moment, it is not possible to predict the future developments arising from the investigation conducted by the public authorities, and whose leniency agreement with the Federal Public Ministry signed on December 12, 2016 is still pending of final approval, or the possible effects on the Company's businesses. Our opinion is not qualified in relation to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition from passenger transportation

Revenue recognition from passenger transportation is highly dependent on information technology (IT) systems and their internal controls for the revenue recognition from passenger transportation when the air transportation service is provided. This process also takes into consideration other complex aspects that may affect the proper revenue recognition, such as recording of tickets sold but not used, unused tickets recorded as credits to passengers, and subject to expiration, in addition to agreements with other airline companies, interline and codeshare agreements with other airline companies. Revenues recognized by the Company are disclosed in Note 22 and the recognition criteria are described in Note 2.2 (k).

This subject was considered significant to our audit due to the complexity of the technology environment and its respective controls related to revenue recognition, including ticket prices in different currencies, as well as, the acquisition of tickets through miles programs.

How our audit addressed this matter:

Our audit procedures included, among others, the involvement of systems specialists to support us in assessing the operational design and effectiveness of IT controls and internal controls that comprise the process of ticket sales, registration, execution of passenger transportation and revenue recognition; the execution of audit tests with the purpose of assessing the integrity of the data in the IT systems involved in the revenue recognition process, through selection of tickets samples for each revenue group and tests on tickets used and unused; other passenger revenues, and passenger no-show, rebooking and cancellation charges.

Additionally, we assessed the adequacy of disclosures made by the Company on this matter, included in Notes 2.2 (k) and 22 to the financial statements.

Breakage revenue

The Company's revenues take into consideration the estimated number of tickets and miles that are not expected to be used or redeemed up to their expiration date, and are recognized as breakage revenue based on a statistical calculation of tickets and miles with high potential for expiration due to their expiration or no use. The analyses and assumptions for the revenue recognition of breakage is reviewed annually by the Company's Management to take into consideration the historical trend of tickets and miles expired, as well, as those with high potential to expire.

This matter was considered significant to our audit, considering the subjectivity involved in this analysis and the high level of judgment adopted by Management to determine the

assumptions used to determine the expected number of tickets and miles that will expire.

How our audit addressed this matter:

Our audit procedures included, among others, the assessment of the design and operational effectiveness of controls implemented by Management for the revenue recognition of breakage; assessment of the reasonableness of assumptions related to the tickets and miles expected to expire, based on the historical data of tickets and miles expired; tests on a sampling based of miles earned, redeemed and expired; and analysis of the reasonableness of the other assumptions and methodology adopted by Management to determine the breakage rate used to recognize revenue.

Additionally, we assessed the adequacy of disclosures made by the Company on this matter, included in Notes 2.2 (k) e 2.2 (q) to the financial statements.

Impairment of intangible assets – goodwill and airport operating rights

The Company is required to perform at least annually an impairment test on intangible assets with indefinite useful lives (goodwill and airport operating rights). At December 31, 2016, the balances of goodwill was R$ 542,302 thousand and airport operating rights was R$ 1,038,900 thousand.

This matter was considered significant to our audit due to the materiality of the amounts involved and, considering that the impairment test of these intangible assets is complex and involves a high level of subjectivity, and is based on several assumptions, such as: economy growth rates (GDP), foreign exchange rate (principally the US dollar), kerosene barrel price, and interest rates. These assumptions may be materially affected by the market conditions or future economic scenarios.

How our audit addressed this matter:

Our audit procedures included, among others, the use of specialists to support us in assessing the assumptions and the methodology used by the Company. We also assessed the adequacy of disclosures made by the Company regarding the assumptions used to test these intangible assets for impairment, as disclosed in Note 15 to the financial statements.

Realization of maintenance reserve and deposits

At December 31, 2016, the Company had a balance of maintenance reserve and deposits of R$604,744 thousand, as disclosed in Note 9. The Company pays in advance for the maintenance of aircraft and engines under certain aircraft lease agreements. The amounts paid are accumulated by lessors in maintenance reserve and deposit accounts and are mainly realized through the maintenance of engines and aircraft. The Company analyzes annually the realization of these assets considering the expected use through maintenance entitled to reimbursement, realization of balances through reimbursable maintenance performed by lessors and reimbursement of amounts paid upon return of the aircraft. Additionally, considering that the Company has no expectation of carrying out maintenance until the return date and/or using the reimbursable asset to maintenance, payments are then

recorded in profit or loss for the year as additional aircraft lease expenses.

This matter was considered significant to our audit due to the materiality of amounts and the complexity of analyses made by the Company to determine the realization of these assets. The realization analysis is subject to a certain level of subjectivity, as well as the technical analyses conducted by the aeronautical engineering team, and the expectation of use of engines and aircraft in line with the Company's business plan for the next years.

How we audit addressed this matter:

Our audit procedures included, among others, analyses and tests of the assumptions used by the Company to assess the realization of assets, review of the aircraft maintenance schedule, segregated by components, and analysis of the aircraft return schedule, in accordance with the Company's business plan, including the number of aircrafts and fleet renewal.

Additionally, we assessed the adequacy of disclosures made by the Company on this matter, included in Note 9 to the financial statements.

Other matters

Statements of value added

The individual and consolidated statements of value added for the year ended December 31, 2016, prepared under the responsibility of the Company's Management and presented as supplementary information under IFRS, were submitted to the same audit procedures performed in accordance with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria provided for in Accounting Pronouncement CPC 9 - Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in Accounting Pronouncement CPC 9 and are consistent with the overall individual and consolidated financial statements as a whole.

Other information accompanying the individual and consolidated financial statements and the auditor's report

The Company's Management is responsible for other information that includes the Management Report. Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion on the Management Report.

In connection with the audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or based on our knowledge obtained in the audit, or otherwise, whether this report appears to be materially misstated. If based on our work performed, we conclude that there is material misstatement in the Management Report, we are required to report this fact. We have nothing to report on this matter.

Responsibilities of Management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 16, 2017

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

Vanessa Martins Bernardi
Accountant CRC-1SP244569/O-3

Statements of financial position

As of December 31, 2016 and 2015
(In thousands of Brazilian reais - R$)

	Note	Parent Company 2016	Parent Company 2015	Consolidated 2016	Consolidated 2015
Assets					
Current assets					
Cash and cash equivalents	3	**57,378**	387,323	**562,207**	1,072,332
Short-term investments	4	**49**	195,293	**431,233**	491,720
Restricted cash	5	**-**	59,324	**-**	59,324
Trade receivables	6	**-**	-	**760,237**	462,620
Inventories	7	**-**	-	**182,588**	199,236
Recoverable taxes	8,1	**9,289**	5,980	**27,287**	58,074
Rights on derivative transactions	27	**-**	-	**3,817**	1,766
Other credits		**64,770**	35,812	**113,345**	116,494
		131,486	683,732	**2,080,714**	2,461,566
Noncurrent assets					
Deposits	9	**38,760**	31,281	**1,188,992**	1,020,074
Restricted cash	5	**32,656**	23,459	**168,769**	676,080
Recoverable taxes	8,1	**17,286**	17,283	**72,060**	73,385
Deferred taxes	8,2	**13,409**	7,952	**107,159**	107,788
Other credits		**-**	-	**4,713**	39,861
Credits with related parties	10	**1,873,350**	882,641	**-**	-
Investments	12	**281,758**	213,219	**17,222**	18,424
Property, plant and equipment	14	**323,013**	982,819	**3,025,010**	4,256,614
Intangible assets	15	**-**	-	**1,739,716**	1,714,605
		2,580,232	2,158,654	**6,323,641**	7,906,831
Total		**2,711,718**	2,842,386	**8,404,355**	10,368,397

The accompanying notes are an integral part of the financial statements.

Statements of financial position

As of December 31, 2016 and 2015
(In thousands of Brazilian reais - R$)

	Note	Parent Company		Consolidated	
		2016	2015	2016	2015
Liabilities					
Current liabilities					
Loans and financing	16	**277,219**	127,598	**835,290**	1,396,623
Suppliers		**1,314**	6,873	**1,097,997**	900,682
Salaries, wages and benefits		**309**	384	**283,522**	250,635
Taxes payable	17	**119**	302	**146,174**	118,957
Taxes and landing fees		**-**	-	**239,566**	313,656
Transportation commitments	18	**-**	-	**1,185,945**	1,206,655
Mileage program	19	**-**	-	**781,707**	770,416
Advances from customers		**-**	-	**16,823**	13,459
Provisions	20	**-**	-	**66,502**	206,708
Obligations on derivative transactions	27	**-**	-	**89,211**	141,443
Other current liabilities		**2,252**	870	**106,005**	222,774
		281,213	136,027	**4,848,742**	5,542,008
Noncurrent liabilities					
Loans and financing	16	**2,984,495**	4,238,782	**5,543,930**	7,908,303
Provisions	20	**-**	-	**723,713**	663,565
Mileage program	19	**-**	-	**219,325**	221,242
Deferred taxes	8,2	**-**	-	**338,020**	245,355
Taxes payable	17	**-**	-	**42,803**	39,054
Liabilities with related parties	10	**21,818**	27,237	**-**	-
Provision for loss on investment	12	**3,074,190**	2,986,802	**-**	-
Other noncurrent liabilities		**-**	-	**44,573**	71,310
		6,080,503	7,252,821	**6,912,364**	9,148,829
Equity (deficit)	21				
Capital stock		**3,080,110**	3,080,110	**3,080,110**	3,080,110
Cost of issued shares		**(42,290)**	(41,895)	**(155,618)**	(155,223)
Treasury shares		**(13,371)**	(22,699)	**(13,371)**	(22,699)
Capital reserves		**91,399**	98,861	**91,399**	98,861
Equity valuation adjustments		**(147,229)**	(178,939)	**(147,229)**	(178,939)
Share-based payments	11	**113,918**	103,126	**113,918**	103,126
Effects of changes in equity interest		**693,251**	690,379	**693,251**	690,379
Accumulated losses		**(7,425,786)**	(8,275,405)	**(7,312,458)**	(8,162,077)
Equity (deficit) attributable to controlling shareholders		**(3,649,998)**	(4,546,462)	**(3,649,998)**	(4,546,462)
Non-controlling interests of Smiles		**-**	-	**293,247**	224,022
Total equity (deficit)		**(3,649,998)**	(4,546,462)	**(3,356,751)**	(4,322,440)
Total		**2,711,718**	2,842,386	**8,404,355**	10,368,397

The accompanying notes are an integral part of the financial statements.

Statements of income

Fiscal years ended December 31, 2016 and 2015

(In thousands of Brazilian reais - R$, except basic and diluted earnings (loss) per share)

	Note	Parent Company		Consolidated	
		2016	2015	2016	2015
Net Revenue					
Passenger		-	-	**8,671,442**	8,583,388
Cargo and other		-	-	**1,195,893**	1,194,619
	22	-	-	**9,867,335**	9,778,007
Cost of services provided	23	-	-	**(7,558,122)**	(8,260,357)
Gross profit		-	-	**2,309,213**	1,517,650
Operating income (expenses)					
Selling expenses	23	-	-	**(1,004,476)**	(1,041,041)
Administrative expenses	23	**(7,276)**	(15,044)	**(709,460)**	(682,140)
Other operating income, net	23	**219,434**	25,695	**102,548**	25,695
		212,158	10,651	**(1,611,388)**	(1,697,486)
Equity results	12	**(18,955)**	(3,321,762)	**(1,280)**	(3,941)
Operating profit (loss) before income taxes and financial result		**193,203**	(3,311,111)	**696,545**	(183,777)
Financial result	24				
Financial income		**384,650**	26,212	**568,504**	332,567
Financial expenses		**(363,016)**	(291,082)	**(1,271,564)**	(1,328,891)
Exchange variation, net		**629,325**	(813,782)	**1,367,937**	(2,266,999)
		650,959	(1,078,652)	**664,877**	(3,263,323)
Income (loss) before income and social contribution taxes		**844,162**	(4,389,763)	**1,361,422**	(3,447,100)
Income and social contribution taxes					
Current		-	(11,031)	**(257,944)**	(196,140)
Deferred		**5,457**	(60,089)	**(1,114)**	(648,000)
	8	**5,457**	(71,120)	**(259,058)**	(844,140)
Net Income (loss) for the year before non-controlling interests		**849,619**	(4,460,883)	**1,102,364**	(4,291,240)
Attributable to controlling shareholders		**849,619**	(4,460,883)	**849,619**	(4,460,883)
Attributable to non-controlling Interests of Smiles		-	-	**252,745**	169,643
Basic earnings (loss) per common share	13	**0.070**	(0.422)	**0.070**	(0.422)
Basic earnings (loss) per preferred share	13	**2.455**	(14.764)	**2.455**	(14.764)
Diluted earnings (loss) per common share	13	**0.070**	(0.422)	**0.070**	(0.422)
Diluted earnings (loss) per preferred share	13	**2.450**	(14.765)	**2.450**	(14.764)

The accompanying notes are an integral part of the financial statements.

Statements of comprehensive income

Fiscal years ended December 31, 2016 and 2015
(In thousands of Brazilian reais - R$)

	Note	Parent Company		Consolidated	
		2016	2015	2016	2015
Net Income (loss) for the year		**849,619**	(4,460,883)	**1,102,364**	(4,291,240)
Other comprehensive income (loss) to be reclassified to profit or loss	27				
Cash flow hedges		**123,889**	(60,949)	**123,889**	(60,949)
Tax effect		**(92,179)**	20,723	**(92,179)**	20,723
		31,710	(40,226)	**31,710**	(40,226)
Total comprehensive income (loss) for the year		**881,329**	(4,501,109)	**1,134,074**	(4,331,466)
Comprehensive income attributable to:					
Controlling shareholders		**881,329**	(4,501,109)	**881,329**	(4,501,109)
Non-controlling interests of Smiles		**-**	-	**252,745**	169,643

Changes in the equity valuation adjustment account for the years ended December 31, 2016 and 2015 are as follows:

	Note	Parent Company and Consolidated		
		Cash flow hedges	Tax effect (*)	Total other comprehensive income (loss)
Balances as of December 31, 2015		**(271,118)**	**92,179**	**(178,939)**
Realized losses from financial instruments transferred to profit or loss	27	**128,731**	**(92,179)**	**36,552**
Fair value variation		**(4,842)**	-	**(4,842)**
Balances as of December 31, 2016		**(147,229)**	-	**(147,229)**

(*) The amounts related to deferred tax credits were fully reversed, pursuant to Note 8.2

	Parent Company and Consolidated		
	Cash flow hedges	Tax effect	Total other comprehensive income (loss)
Balances as of December 31, 2014	(210,170)	71,457	(138,713)
Realized losses from financial instruments transferred to profit or loss	66,253	(22,526)	43,727
Fair value variation	(127,201)	43,248	(83,953)
Balances as of December 31, 2015	(271,118)	92,179	(178,939)

The accompanying notes are an integral part of the financial statements.

Statements of changes in equity - Parent Company

Fiscal years ended December 31, 2016 and 2015

(In thousands of Brazilian reais - R$)

						Capital reserves		Equity valuation adjustments	
	Note	Capital stock	Shares to be issued	Cost of issued shares	Treasury shares	Goodwill on transfer of shares	Special goodwill reserve of subsidiary	Unrealized hedge gain (losses)	Share-based payments
Balances as of January 1, 2015		2,618,748	51	(36,886)	(31,357)	32,387	70,979	(138,713)	93,763
Other comprehensive income (loss), net		-	-	-	-	-	-	(40,226)	-
Net loss for the year		-	-	-	-	-	-	-	-
Capital increase for exercise of stock option		89	(51)	-	-	-	-	-	-
Capital increase		461,273	-	-	-	-	-	-	-
Cost of issued shares		-	-	(5,009)	-	-	-	-	-
Stock options		-	-	-	-	-	-	-	13,516
Equity interest dilution effects		-	-	-	-	-	-	-	-
Transfer of restricted shares		-	-	-	8,658	(4,505)	-	-	(4,153)
Balances as of December 31, 2015		3,080,110	-	(41,895)	(22,699)	27,882	70,979	(178,939)	103,126
Other comprehensive income (loss), net		-	-	-	-	-	-	31,710	-
Cost of issued shares	21	-	-	(395)	-	-	-	-	-
Stock options	21	-	-	-	-	-	-	-	12,658
Equity interest dilution effects	12	-	-	-	-	-	-	-	-
Net income for the year		-	-	-	-	-	-	-	-
Transfer of restricted shares	11	-	-	-	9,328	(7,462)	-	-	(1,866)
Balances as of December 31, 2016		3,080,110	-	(42,290)	(13,371)	20,420	70,979	(147,229)	113,918

The accompanying notes are an integral part of the financial statements.

Statements of changes in equity - Consolidated

Fiscal years ended December 31, 2016 and 2015

(In thousands of Brazilian reais - R$)

	Note	Capital stock	Shares to be issued	Cost of issued shares	Treasury shares	Capital reserves		Equity valuation adjustments	Share-based payments	Effects of changes in equity interest	Acc d
						Goodwill on transfer of shares	Special goodwill reserve of subsidiary	Unrealized hedge gain (losses)			
Balances as of January 1, 2015		2,618,748	51	(150,214)	(31,357)	32,387	70,979	(138,713)	93,763	687,163	(3,
Other comprehensive income (loss), net		-	-	-	-	-	-	(40,226)	-	-	
Net loss for the year		-	-	-	-	-	-	-	-	-	(4,
Capital increase for exercise of stock options		89	(51)	-	-	-	-	-	-	-	
Capital increase		461,273									
Cost of issued shares		-	-	(5,009)	-	-	-	-	-	-	
Stock options		-	-	-	-	-	-	-	13,516	-	
Equity interest dilution effects		-	-	-	-	-	-	-	-	3,216	
Transfer of restricted shares		-	-	-	8,658	(4,505)	-	-	(4,153)	-	
Interest on equity distributed		-	-	-	-	-	-	-	-	-	
Dividends distributed		-	-	-	-	-	-	-	-	-	
Balances as of December 31, 2015		3,080,110	-	(155,223)	(22,699)	27,882	70,979	(178,939)	103,126	690,379	(8,
Other comprehensive income (loss), net		-	-	-	-	-	-	**31,710**	-	-	
Capital increase for exercise of stock option in subsidiary		-	-	-	-	-	-	-	-	-	
Cost of issued shares	21	-	-	**(395)**	-	-	-	-	-	-	
Stock options	21	-	-	-	-	-	-	-	**12,658**	-	
Equity interest dilution effects	12	-	-	-	-	-	-	-	-	**2,872**	
Net income for the year		-	-	-	-	-	-	-	-	-	
Transfer of restricted shares	11	-	-	-	**9,328**	**(7,462)**	-	-	**(1,866)**	-	
Interest on equity distributed		-	-	-	-	-	-	-	-	-	
Dividends distributed		-	-	-	-	-	-	-	-	-	
Balances as of December 31, 2016		**3,080,110**	-	**(155,618)**	**(13,371)**	**20,420**	**70,979**	**(147,229)**	**113,918**	**693,251**	**(7,**

The accompanying notes are an integral part of the financial statements.

Statements of cash flows

Fiscal years ended December 31, 2016 and 2015
(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	2016	2015	2016	2015
Net Income (loss) for the year	849,619	(4,460,883)	1,102,364	(4,291,240)
Adjustments to reconcile net lincome to net cash provided by operating activities				
Depreciation and amortization	-	-	447,668	419,691
Allowance for doubtful accounts	-	-	9,806	39,287
Provisions for legal proceedings	-	-	189,244	44,460
Reversal for inventory obsolescence	-	-	-	(414)
Deferred taxes	(5,457)	60,089	1,114	648,000
Equity results	18,955	3,321,762	1,280	3,941
Share-based payments	775	3,992	13,524	14,352
Exchange and monetary variations, net	(463,800)	133,681	(1,149,616)	1,723,441
Interest on loans and financial lease	239,368	247,024	682,188	600,410
Unrealized derivative results	-	-	82,990	18,475
Provision for profit sharing	-	-	56,238	10,633
Write-off of property, plant and equipment and intangible assets	104,287	-	181,308	25,069
Losses from capital increase in subsidiary	-	-	1,368	-
Other provisions	-	-	16,232	-
Securities buyback effect	(286,799)	-	(286,799)	-
Adjusted net income (loss)	456,948	(694,335)	1,348,909	(743,895)
Changes in operating assets and liabilities:				
Trade receivables	-	-	(307,574)	(149,623)
Short-term investments	179,077	658,506	83,062	309,749
Inventory	-	-	16,648	(60,140)
Deposits	(7,479)	(4,575)	(323,641)	21,077
Suppliers	(5,559)	6,436	204,184	210,474
Transportation commitments	-	-	(20,710)	105,044
Mileage program	-	-	9,374	211,940
Advances from customers	-	-	3,364	10,263
Salaries, wages and benefits	(75)	(135)	(23,351)	(15,438)
Taxes and landing fees	-	-	(74,090)	(1,492)
Taxes payable	(183)	8,600	257,464	233,930
Rights (obligations) on derivative transactions	-	-	(13,384)	(6,267)
Provisions	-	-	(253,643)	(61,386)
Other assets (liabilities)	29,871	11,520	(94,774)	98,625
Interest paid	(325,397)	(207,032)	(606,405)	(548,773)
Income tax paid	-	(11,034)	(226,500)	(213,555)
Net cash generated (used) in operating activities	327,203	(232,049)	(21,067)	(599,467)
Transactions with related parties	(1,160,978)	(731,174)	-	-
Short-term investments	-	-	(45,651)	(254,416)
Restricted cash	46,091	(60,762)	542,107	(403,854)
Capital increase in associate	-	-	(3,439)	-
Capital increase in subsidiary	(191,587)	(570,897)	-	-
Advances for property, plant and equipment acquisition, net	555,519	(121,132)	536,444	(167,646)
Property, plant and equipment	-	-	(409,709)	(391,731)
Intangible assets	-	-	(29,656)	(42,812)
Dividends received	166,411	161,189	1,993	1,302
Net cash generated (used) in investing activities	(584,544)	(1,322,776)	592,089	(1,259,157)
Loan funding	-	1,064,404	-	2,468,531
Securities repurchase costs	(27,249)	-	(27,249)	-
Loan payments	(50,298)	-	(520,519)	(1,632,039)
Finance lease payments	-	-	(342,791)	(409,519)
Dividends paid to non-controlling interests of Smiles	-	-	(163,134)	(119,256)

Statements of cash flows

Fiscal years ended December 31, 2016 and 2015
(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Interest on equity paid to non-controlling interests of Smiles	-	-	**(8,695)**	(17,566)
Capital increase	-	461,311	-	461,311
Capital increase from non-controlling interests of Smiles	-	-	-	3,737
Cost of issued shares	**(395)**	(5,009)	**(395)**	(5,009)
Transactions with related parties	**(1,161)**	(155,876)	-	-
Net cash generated (used) in financing activities	**(79,103)**	1,364,830	**(1,062,783)**	750,190
Exchange variation on cash in foreign subsidiaries	**6,499**	117,954	**(18,364)**	281,993
Net increase in cash and cash equivalents	**(329,945)**	(72,041)	**(510,125)**	(826,441)
Cash and cash equivalents at beginning of the year	**387,323**	459,364	**1,072,332**	1,898,773
Cash and cash equivalents at end of the year	**57,378**	387,323	**562,207**	1,072,332

The accompanying notes are an integral part of the financial statements.

Value added statements

Fiscal years ended December 31, 2016 and 2015
(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	2016	2015	2016	2015
Revenue				
Passengers, cargo and other	-	-	**10,547,831**	10,383,999
Other operating income	**299,177**	25,695	**336,933**	25,695
Allowance for doubtful accounts	-	-	**16,207**	33,448
	299,177	25,695	**10,900,971**	10,443,142
Inputs acquired from third parties (including ICMS and IPI)				
Suppliers of fuel and lubricants	-	-	**(2,753,918)**	(3,373,404)
Material, power, third-party services and other	**(84,198)**	(9,716)	**(3,105,132)**	(2,965,855)
Aircraft insurance	-	-	**(35,938)**	(29,791)
Sales and marketing	**(215)**	(348)	**(572,388)**	(651,147)
Gross value added	**214,764**	15,631	**4,433,595**	3,422,945
Depreciation and amortization	-	-	**(447,668)**	(419,691)
Value added produced	**214,764**	15,631	**3,985,927**	3,003,254
Value added received in transfer				
Equity results	**(18,955)**	(3,321,762)	**(1,280)**	(3,941)
Financial income	**1,166,664**	445,273	**3,580,594**	3,707,628
Value added for distribution (distributed)	**1,362,473**	(2,860,858)	**7,565,241**	6,706,941
Distribution of value added:				
Salaries	**2,605**	5,087	**1,306,615**	1,259,919
Benefits	-	-	**152,874**	159,288
F.G.T.S.	**(57)**	(143)	**102,676**	100,473
Employees	**2,548**	4,944	**1,562,165**	1,519,680
Federal taxes	**(4,065)**	73,039	**916,170**	1,433,437
State taxes	-	-	**36,171**	29,536
Municipal taxes	-	-	**3,554**	1,746
Tax, charges and contributions	**(4,065)**	73,039	**955,895**	1,464,719
Interest	**514,371**	1,522,042	**2,883,728**	6,754,984
Rent	-	-	**1,059,007**	1,093,048
Other	-	-	**2,082**	165,750
Third-party capital remuneration	**514,371**	1,522,042	**3,944,817**	8,013,782
Income (loss) net for the year	**849,619**	(4,460,883)	**849,619**	(4,460,883)
Income for the year attributable to non-controlling interests of Smiles	-	-	**252,745**	169,643
Remuneration of own capital	**849,619**	(4,460,883)	**1,102,364**	(4,291,240)
Value added for distribution (distributed)	**1,362,473**	(2,860,858)	**7,565,241**	6,706,941

The accompanying notes are an integral part of the financial statements.

1. Operations

Gol Linhas Aéreas Inteligentes S.A. (the "Company" or "GLAI") is a publicly-listed company established on March 12, 2004, in accordance with Brazilian corporate legislation. The Company is engaged in controlling its subsidiaries: (i) Gol Linhas Aéreas S.A. (currently "GLA", formerly "VRG Linhas Aéreas S.A." prior to the change in the corporate name on September 22, 2016), 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., which mainly operates (a) the development and management of its own or third party's customer loyalty program, and (b) the sale of redemption rights of rewards 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") and Gol Dominicana Lineas Aereas SAS ("Gol Dominicana"), and indirect parent Company of Webjet Participações S.A. ("Webjet").

The Company's registered office is at Pça. Comandante Linneu Gomes, s/n, portaria 3, prédio 24, Jardim Aeroporto, São Paulo, Brazil.

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.

GLA is highly sensible to the volatility of the U.S. dollar, since approximately 50% of its costs are denominated in U.S. dollar. To overcome the challenges faced throughout 2016, the Company implemented a plan to maintain its liquidity and resume its operating margin. The plan, executed in 2016, was a success even in a scenario of adversities, due to the following actions:

(a) Implementation of liquidity initiatives through negotiations with customers and strategic suppliers to maintain solvency in the short term;

(b) Change in the route network to focus on the operation's most profitable routes.

(c) Adjustment and reduction on the number of aircraft maintained in the operation, which reduced the number of seats available, allowing the alignment between supply and demand in the domestic market. In 2016, the Company removed 19 aircraft from its fleet, contributing to the maintenance of the cost structure in sustainable levels.

(d) Adjustment of the debt and leasing structure, revising the values of the lease agreements, the early settlement of agreements under finance and operational lease, and the offer to exchange debt instruments, which, in addition to the impact from the appreciation of the Brazilian real, resulted in a reduction of approximately R$2 billion in total gross nominal debt.

As a result, for the year ended December 31, 2016, the Company maintained in safe levels its liquidity and ability to respond effectively to the adverse events caused by the instability of the Brazilian economic scenario.

The Company established several initiatives to adjust capacity based on short- and long-term liquidity. The diligent work performed to adjust the fleet size to economic growth and matching seat supply to demand are some of the initiatives implemented to maintain a high load factor. The Company will maintain a solid strategy by means of liquidity initiatives, such as the adjustment of the route network, initiatives to reduce costs and the adjustment of its debt structure.

It is worth noting that, even in a scenario with an outlook for improvement, the Company does not rule

out uncertainties in Brazil's economic and political scenario that may directly impact the effectiveness of the expected returns.

Management understands that the business plan prepared, presented and approved by the Board of Directors on January 31, 2017, shows strong elements to continue as going concern.

On October 21, 2016, the Company announced that it has received requests from the IRS under a supervision to provide specific and concrete clarification of certain expenses incurred during the years 2012 and 2013. After these requests, the Company initiated an internal investigation and hired an independent external audit in order to perform a full investigation and clarification of the facts.

Due to this supervision, on December 12, 2016, the Company entered into a Leniency Agreement with the Federal Prosecutor Office, whereby it undertook, among other things, to pay fines and penalties if the Federal Prosecutor Office did not press criminal or civil charges related to the activities that are the object of the agreement that may represent administrative corruption, among others. There is no evidence that any of the employees, representatives and current managers of the Company were involved in the negotiation of said contracts, or that they were aware of any illegal purposes or that the Company illegally benefitted from said contracts. The external independent audit continues in progress and the Company is not aware of any impacts related to this disclosure that may affect its businesses.

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

These financial statements were approved by the Board of Directors and had their publication authorized at a meeting held on February 16, 2017.

2.1. Statement of compliance

The Company's individual and consolidated financial statements have been prepared in accordance with the accounting practices generally accepted in Brazil, the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), implemented in Brazil through the Accounting Pronouncements Committee ("CPC") and its technical interpretations ("ICPC") and guidelines ("OCPC"), approved by the Brazilian Securities and Exchange Commission ("CVM") and Federal Accounting Council ("CFC").

When preparing the financial statements, the Company uses the following disclosure criteria: (i) regulatory requirements; (ii) the relevance and specificity of the information on the Company's operations provided to users; (iii) the information needs of the users of the financial statements; and (iv) information from other entities in the same sector, mainly in the international market. Accordingly, Management confirms that all the material information presented in these financial statements is being demonstrated and corresponds to the information used by Management in the course of its duties.

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 measured using the equity method.

The Company's individual and consolidated financial statements for the years ended December 31, 2016 and 2015 have been prepared assuming that it will continue as going concern, realizing assets and the settling liabilities in the normal course of business.

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

Except for the subsidiary Gol Dominicana, whose functional currency is the U.S. dollar, the functional currency of all the other group entities is the Brazilian real. The presentation currency of the consolidated financial statements is the Brazilian real.

Consolidation criteria

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

Entity	Date of constitution	Location	Operational activity	Type of control	% equity interest 12/31/2016	% equity interest 12/31/2015
Extensions (*):						
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	Luxembourg	Financial funding	Direct	**100.0**	100.0
Subsidiaries:						
GLA	04/09/2007	Brazil	Flight transportation	Direct	**100.0**	100.0
Webjet	08/01/2011	Brazil	Flight transportation	Indirect	**100.0**	100.0
Smiles	06/10/2012	Brazil	Frequent flyer program	Direct	**53.8**	54.1
Gol Dominicana	02/28/2013	Dominican Republic	Non-operational	Direct	**100.0**	100.0
Jointly controlled:						
SCP Trip	04/27/2012	Brazil	Flight magazine	Indirect	**60.0**	60.0
Associate:						
Netpoints	11/08/2013	Brazil	Frequent flyer program	Indirect	**25.4**	21.3

(*) These are entities constituted with the specific purpose of pursuing with the Company's operations or which represent rights and/or obligations established solely to meet the Company's needs. They have no management bodies and cannot take independent decisions. The assets and liabilities of these companies are consolidated line by line in the Parent Company's financial statements.

The Company maintained the same accounting practices applied in previous years in all consolidated entities. All transactions, balances, revenues and expenses between the consolidated entities are fully excluded from the consolidated financial statements.

The summary of the main accounting policies adopted by the Company and its subsidiaries is as follows:

a) Cash and cash equivalents, short-term investments and restricted cash

The Company classifies under cash equivalents investment funds and securities with immediate liquidity, which, pursuant to the Company's assessment, are readily convertible to a known amount of cash with insignificant risk of change in value. Restricted cash comprises mainly financial investments measured at fair value through profit or loss, used as guarantees linked to financial instruments and short- and long-term financing. Short-term investments also include exclusive investment funds, which are fully consolidated.

b) Trade receivables

Trade receivables are measured based on cost (net of estimated losses from doubtful accounts) and approximate their fair value, given their short-term nature. An allowance for doubtful accounts is recorded for accounts more than 90 days overdue related to cargo sales and sales carried out by travel agencies paid in installments, and for accounts more than 180 days overdue related to sales carried out by partner airlines. Additionally, the Company carries out a case-by-case analysis to assess the risk of default in specific cases.

c) Inventories

They consist mainly of spare parts and maintenance and replacement materials. Costs are calculated based on the average cost and include the expenses incurred in the acquisition and transportation to their current location. Provisions for inventory obsolescence are recorded for items that are not expected to be realized.

d) Financial assets and liabilities

The Company measures financial assets and liabilities based on the categories below. The subsequent measurement of a specific item depends on the classification of the instrument, which is determined at initial recognition and annually reviewed in accordance with the Company's intentions. Said instruments comprise financial investments, investment in debt instruments, trade receivables and other receivables, loans and financing, other payables, other debt and derivative contracts.

Measured at amortized cost: with fixed or determinable payments not quoted in an active market, they are measured at amortized cost based on the effective interest rate method. Monetary restatement, interest and exchange variation, less impairment losses (where applicable), are recognized as financial revenue or expenses in profit or loss, when incurred. The Company's main assets in this category are the balances of trade receivables, deposits and other receivables, short-and long-term loans and financing (including finance leases) and trade payables.

Measured at fair value through profit or loss or held for trading: interest rates, monetary restatement, exchange variation and variations arising from the fair value measurement are recognized in profit or loss under as finance income or expenses. The Company has investments classified as cash equivalents, short-term investments and restricted cash in this category. The Company does not hold financial instruments held for trading.

Derivatives: changes in fuel prices, interest rates and exchange rates expose the Company and its subsidiaries to risks that may affect their financial performance. In order to mitigate said risks, the Company contracts derivative financial instruments that may or may not be designated for hedge accounting. If they are designated for hedge accounting, they are classified as cash flow hedge or fair value hedge.

- Not designated for hedge accounting: the Company can contract derivative financial instruments not designated for hedge accounting when the Risk Management goals do not require this classification. Changes in the fair value of operations not designated for hedge accounting are booked directly in the financial result.

- Designated as cash flow hedge: hedge future revenues or expenses against interest rate variations. The effectiveness of said variations is estimated based on statistical methods of correlation and on the ratio between hedging gains and losses and the variation of hedged costs and expenses. The instruments are effective when the change in the value of the derivatives offsets between 80% and 125% of the impact of the variation of the hedged risk.

Effective fair value variations are booked in equity under "Other comprehensive income" until the hedged revenue is recognized in the same line of the income statement in which said item is recognized, while ineffective variations are booked in profit or loss under "Financial Result", based on the change in the fair value of the instrument. The deferred taxes over hedge transactions are recognized under "Other comprehensive results", net of taxes, only when there is expectation of the tax credit realization.

Derecognition and write-off: the Company only writes off a financial item when the contractual rights and obligations of the cash flows arising from this item expire, or when it transfers substantially all its risks and benefits to a third party. If the Company does not transfer or retain substantially all the risks and benefits together with the ownership of the financial item, but continues to control or maintain an obligation regarding said object, it recognizes the interest held and the respective liability in payables. If it retains substantially all the risks and benefits of ownership of the transferred financial asset, the asset will continue being recognized by the Company.

Hedge accounting is likely to be discontinued prospectively when (i) the Company and its subsidiaries cancel the hedge relationship; (ii) the derivative instrument matures or is sold, terminated or executed, (iii) the hedged object is unlikely to be realized, or (iv) it no longer qualifies as hedge accounting. If the operation is discontinued, any gains or losses previously recognized under "Other comprehensive income" and accrued in equity until that date are recognized in profit or loss when the transaction is also recorded in profit or loss. When the transaction is unlikely to occur, gains or losses accrued and deferred in equity are immediately booked in the result.

e) Deposits

Deposits for aircraft and engine maintenance: refer to payments in U.S. dollars to lessors for the future maintenance of aircraft and engines. These assets are substantially realized when the deposits are used to pay workshops for maintenance services or through the receipt of funds, in accordance with the negotiations carried out with the lessors. The exchange variation of payments, net of the use for maintenance, is recognized as revenue or expense in the financial result. Management carries out periodical analyses of the recovery of these deposits based on such amounts values on future maintance events, if applicable, and believes that the amounts recorded in the statements of financial position can be realized.

Some agreements establish that the amounts deposited for said operation are not refundable if maintenance is not carried out and said deposits are not used. These amounts are withheld by the lessor and represent payments made for the use of the parts until the date of return. Amounts classified in this category are directly recognized in profit or loss, based on the payments made, under "Maintenance services".

Additionally, the Company maintains agreements with some lessors to replace deposits with letters of credit, which can be executed by the lessors if aircraft and engine maintenance does not occur in accordance with the inspection schedule. Several aircraft lease agreements do not require maintenance deposits and have the letters of credit to ensure that maintenance occurs in the scheduled periods. Until December 31, 2016, no letter of credit had been executed against the Company.

Deposits and collateral for lease agreements: deposits and guarantees are denominated in U.S. dollar and monthly adjusted for the exchange variation, without interest income, and refundable to the Company at the end of the lease agreements.

f) Operating leases and sale-leaseback

The portions arising from lease agreements classified as operating leases are recorded as an expense in profit or loss on a straight-line basis during the term of the agreement and presented under "aircraft lease". The future payments of these agreements do not represent an obligation recorded in the statements of financial position; however, the commitments assumed are presented in Note 26.

Gains or losses arising from the Company's sale-leaseback transactions classified after the sale of rights as operating lease are recognized as follows:

- Immediately in profit or loss when the transaction was measured at fair value;
- If the transaction price was established below or above the fair value, gains or losses are immediately recognized in profit or loss, unless the result is offset by future lease payments below market value (gains or losses are deferred and amortized in proportion to the lease payments during the year the asset is expected to be used);

The balance of deferred losses is recognized as a prepaid expense, while the balance of deferred gains is recognized as other obligations. The segregation between short and long term is recognized in accordance with the contractual term of the lease that originated such transaction.

g) Property, plant and equipment

Property, plant and equipment items, including rotables, are recorded at the acquisition or construction cost and include interest and other financial charges. Each component of the property, plant and equipment item that has a significant cost in relation to the total amount of the asset is depreciated separately. The estimated economic useful life of property, plant and equipment items, for depreciation purposes, is shown in Note 14.

The estimated market value at the end of the useful life of the item is used as an assumption to calculate the residual value of Company's property, plant and equipment items. Except for aircraft classified as finance leases, other items do not have a residual value. The assets' residual value and useful lives are annually reviewed by the Company: any variations arising from changes in the expected realization of these items result in prospective changes, in which the residual value is depreciated based on the remaining period of the new expected useful life.

Property, plant and equipment is tested for impairment when facts or changes in the circumstances show that the carrying amount is higher than the estimated recoverable value.

A property, plant and equipment item is written-off after sale or when there are no future economic benefits resulting from the asset's continuous use. Any gain or loss from the sale or write-off of an item is determined by the difference between the amount received for the sale and the carrying amount of the asset and is recognized in profit or loss.

Additionally, the Company adopts the following treatment for the groups below:

Advances for aircraft acquisition: refer to prepayments in U.S. dollars to Boeing for the acquisition of 737-800 Next Generation and 737-MAX aircraft. The advances are converted at the historical rate.

Lease agreements: in cases of finance leases agreement, in which the risks and benefits of the leased asset are transferred to the Company, the asset is recognized in the statements of financial position. At the beginning of the lease term, the Company recognizes finance leases as assets and liabilities at amounts equivalent to the fair value of the leased asset or, if lower, at the present value of the lease's minimum payments. The initially recognized liability is held as

financing.

Leased assets are depreciated throughout their useful lives. However, when there is no reasonable certainty that the Company will obtain ownership at the end of the lease, the asset is depreciated throughout its estimated useful lives or during the lease term, whichever is lower.

Other aircraft and engine leases are classified as operating lease and payments are recognized as an expense on a straight-line basis during the term of the agreement.

Aircraft reconfiguration expenses: the Company makes additions to provisions for aircraft reconfiguration, estimating the costs inherent in returns, considering the contractual conditions of the leased aircraft, pursuant to Note 14. After initial recognition, the asset is depreciated on a straight-line basis for the term of the agreement.

Capitalization of major engine and aircraft maintenance expenses: major maintenance expenses (including labor and replacement parts) are only capitalized when the estimated useful life of the engine or aircraft is extended. These costs are capitalized and depreciated until the next major maintenance stoppage. Any incurred expenses that do not extend the useful life of engines or aircraft, or those related to other aircraft components, are directly recognized in profit or loss.

h) Intangible assets

These are non-monetary assets without physical property, which are tested for impairment on an annual basis or when there is strong evidence of changes in the circumstances that indicate that the carrying amount may not be recovered.

Goodwill based on the expectation of future profitability: Goodwill is annually tested for impairment by comparing the carrying amount with the recoverable fair value of the cash-generating unit (GLA and Smiles). Management makes judgements and assumptions to assess the impact of macroeconomic and operational changes in order to estimate future cash flows and measure the recoverable value of assets.

Airport operation rights: acquired in the acquisition of GLA and da Webjet and recognized at fair value on the acquisition date, they are not amortized. The estimated useful life of these rights was considered indefinite due to several factors and considerations, including permission authorizations and requirements to operate in Brazil and the limited availability of use rights in major airports in terms of air traffic volume. These rights, together with GLA's cash-generating unit (route network), are tested for impairment on an annual basis or when there are changes in the circumstances that indicate that the carrying amount may not be recovered. No impairment losses have been recorded until now.

Software: software acquisition or development costs that can be separated from a hardware item are separately capitalized and amortized on a straight-line basis during the contract term.

i) Income and social contribution taxes

Income and social contribution tax expenses consist of the sum of current and deferred taxes.

Current taxes: the provision for income and social contribution taxes is based on taxable income for the year. The calculation is in compliance with the current tax legislation.

Deferred taxes: are recognized on temporary differences, income tax losses and negative basis of social contribution at the end of each reporting period between the asset and liability balances reported in the financial statements and the corresponding tax bases used to calculate taxable income.

The book value of deferred tax assets is reviewed at each reporting date and written off when it is likely that taxable income will no longer be available to allow deferred tax assets to be realized in full or in part.

Deferred taxes of items directly recorded in equity are recorded in equity, rather than in the income statement. Deferred tax items are recognized in accordance with the transaction that originated the deferred tax, in comprehensive income or directly in equity, and evaluated together with other temporary differences regarding their likelihood of realization.

Tax credits arising from tax losses and negative basis of social contribution are recorded based on the expected generation of future taxable income of the parent company and its subsidiaries, pursuant to legal limitations.

The projections of future taxable income on tax losses and negative basis of social contribution are prepared based on the business plans, reviewed annually and approved by the Company's Board of Directors.

j) Provisions

Provisions are recognized when the Company has a legal or constructive obligation arising from a past event, and it is likely that it will disburse funds to settle it.

Provision for aircraft return: aircraft under operating lease have a contractual obligation to return the equipment based on pre-defined operating capacity. In these cases, the Company records provisions for return costs, since these are present obligations arising from past events that will generate future disbursements, which are measured with reasonable certainty. These expenses refer mainly to aircraft reconfiguration (interior and exterior), the obtaining of licenses and technical certifications, painting, etc., pursuant to contractual return clauses. The estimated cost is initially recorded at present value. The corresponding entry for the provision for aircraft return is "aircraft reconfiguration/improvements" in property, plant and equipment (see Note 14). After initial recognition, liabilities are restated using the discount rate estimated by the Company by crediting the financial result. Changes in the estimate of expenses to be incurred are recorded prospectively.

Provision for engines return: are estimated based on the minimum contractual conditions in which the equipment must be returned to the lessor, observing the historical costs incurred and the equipment conditions at the moment of the evaluation. Said provisions are recorded in profit or loss as of the time the contractual requirements are met and the next maintenance is scheduled for a date after the engines are expected to be returned. The Company estimates the provision for engine return in accordance with the costs to be incurred and, when the amount can be reliably estimated, the amount of a provision will be the present value of the expenses expected to be required to settle the obligation. The term will be based on the expected date of return of the leased aircraft, i.e., the duration of the lease agreement.

Provision for legal proceedings: Provisions are recognized and reassessed for all lawsuits that represent probable losses in accordance with the individual assessment of each proceeding taking into account the estimated financial outlay. If the Company expects the provision to be reversed in full or in part, the reversal is recognized as separate asset. Expenses related to any provision are recorded in profit or loss for the year, net of any reversals.

k) Revenue recognition

Passenger revenue is recognized when air transportation services are effectively provided. Tickets sold but not yet used are recorded as transportation services to be provided and represent deferred revenue of tickets sold to be used on a future date, net of tickets that will

expire in accordance with the Company's expectation (breakage). Breakage is the statistical calculation, based on historical figures, of tickets that expire without being used, i.e., passengers who acquired tickets and are not likely to use them. The Company periodically updates breakage balances in order to reflect the behavior of the expired tickets.

From a consolidated perspective, the revenue recognition cycle related to miles exchanged for flight tickets is only complete when the passengers are effectively transported.

Cargo revenue is recognized when transportation is provided. Other revenues include charter services, sales on board, ticket exchange fees and other additional services and are recognized when the service is performed.

l) Deferred revenue and miles revenue

The purpose of the Smiles Program is to increase customer loyalty by granting mileage credit to its members. The obligation generated by the issue of miles is measured based on the price at which miles are sold to airline and non-airline partners of Smiles, classified as the fair value of the transaction. Revenue is recognized in profit or loss for the year when miles are redeemed by the members of the Smiles Program in exchange for rewards with its partners.

m) Share-based payments

Stock options: the fair value of stock options granted to the executives is estimated on the grant date using the Black-Scholes pricing model and the expense is recognized in profit or loss during the vesting period, based on estimates of which shares granted will eventually be acquired with a corresponding increase in equity.

Restricted shares: restricted shares are transferred to the beneficiaries three years after the grant date, provided that the beneficiary maintains its employment relationship up to the end of this period. The transfer occurs through shares held in treasury, whose value per share is determined by the market price on the date it is transferred to the beneficiary. Gains from changes in the fair value of the share between the grant date and the transfer date of the restricted shares are recorded in equity, under "Goodwill on the transfer of shares".

The impact of the revision of the number of stock options or restricted shares that will not be acquired in relation to the original estimates, if any, is recognized in profit or loss so that the accrued expense reflects the revised estimates with the corresponding adjustment in equity.

n) Segments

The Company has two operating segments:

Air transportation segment: its operations originate from its subsidiary GLA for the provision of air transportation services and the main assets that generate revenue are the company's aircraft. Other revenues are mainly originated from cargo operations, excess baggage and cancellation fees, all of which are directly related to air transportation services.

Loyalty program segment: the operations of this segment are represented by the sale of mileage to air and non-air partner companies. This includes the management of the program, the sale of reward redemption rights and the creation and management of an individual and corporate database. The main cash-generating asset is the program's member portfolio.

o) Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate in effect on the transaction date. Monetary assets and liabilities designated in foreign currency are calculated based on the

exchange rate on the reporting sheet date and any difference arising from currency translation is recorded under "Exchange variation, net" in the statement of income.

p) Value added statement ("DVA")

Its goal is to demonstrate the wealth created by the Company and its distribution in a given year; it is presented by the Company as required by Brazilian Corporation Law as part of its individual financial statements and as supplementary information to the consolidated financial statements, since it is not provided for or required by IFRS. The value added statements were prepared based on information obtained in the accounting records, pursuant to CPC 09 – "Value added statements".

q) Main accounting estimates and assumptions adopted

The preparation of these financial statements often requires Management to make assumptions, judgments and estimates that may affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates since they are based on past experience and several factors deemed appropriate given the circumstances. The revisions of accounting estimates are recognized on the same year in which the assumptions are prospectively revised.

The estimates and assumptions that represent a significant risk of material adjustments to the book value of assets and liabilities are presented below:

Impairment of financial assets: the Company tests all its financial assets for impairment on each reporting date or when there is evidence that the carrying amounts may not be recovered. Any difficulty and/or restriction in the use of financial assets belonging to the Company is an evidence that the impairment test should be performed.

Impairment of non-financial assets: at the end of each year, the Company tests all non-financial assets, especially property, plant and equipment and intangible assets for impairment. The recoverable amounts are calculated by their value in used based on a five-year period, using discounted cash flow assumptions. Any amount below the asset's carrying amount should be recognized as an impairment loss in profit or loss for the year when it occurred. For further information, see Note 14.

Income tax: The Company believes that the tax positions assumed are reasonable, but recognizes that authorities may question such positions, which may result in additional tax and interest liabilities. The Company recognizes provisions based on considerable judgement by Management. These provisions are reviewed and adjusted to reflect changes in circumstances, such as the expiration of the applicable statute of limitation, tax authorities' conclusions, additional exposure based on the identification of new legal issues or decisions impacting certain tax issues. Actual results may differ from the estimates.

Breakage: as part of the revenue recognition process, issued tickets that will not be used and mileage that will not be redeemed are estimated and recognized as revenue during the term of maturity of the client's right to use them. These estimates, referred to as breakage, are annually reviewed and are based on historical data of expired tickets and mileage.

Allowance for doubtful accounts: an allowance for doubtful accounts is recognized in an amount considered sufficient to cover eventual losses in the realization of trade receivables. The Company assesses its receivables portfolio on a regular basis and, based on historical data and risk analyses on a customer by customer basis, recognizes a provision for securities with low expectation of being realized.

Provision for legal proceedings: the provision is recognized based on the assessment of available evidence, including the opinion of the Company's internal and external legal counsel, the nature of the proceedings and past experience. In addition, provisions are reviewed on a regular basis and Management believes that the amounts recognized are compatible with the likelihood of loss of each proceeding. Nevertheless, material changes in court rulings may significantly impact the Company's financial statements.

Provision for aircraft return: the Company records a provision for aircraft return considering the costs to be incurred when the aircraft is returned and contractual conditions by debiting property, plant and equipment.

Provision for engine return: is calculated based on the estimate corresponding to the contractual obligation for the return of each engine and for recorded in profit or loss in interval between the last maintenance and the date of return of the components.

Fair value of financial instruments: when the fair value of financial assets and liabilities presented in the statements of financial position cannot be quoted in active markets, it is determined using valuation techniques, including the discounted cash flow method. The data used in these methods are based on those practiced by the market, when possible; however, when this is not possible, a certain level of judgment is required to determine the fair value. The judgment includes considerations about the data used, such as liquidity risk, credit risk and volatility. Changes in the assumptions about these factors could affect the fair value of the financial instruments.

2.3. New standards, amendments and interpretations of standards

IFRS 9 (CPC 48) – Financial instruments:

In July 2014, IASB issued the final version of "IFRS 9 – Financial Instruments", which reflects all the phases of the financial instrument project and replaces "IAS 39 – Financial Instruments: Recognition and Measurement" and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption being permitted. The Company intends to adopt the standard on the effective date. This standard must be applied retrospectively; however, it is not mandatory to present comparative data. The adoption of IFRS 9 will affect the classification and measurement of the Company's financial assets and, based on the instruments in effect until the moment, the Company does not expect significant impacts on the classification and measurement of its financial liabilities.

IFRS 15 (CPC 47) – Revenue from Contracts with Customers

In 2014, the International Accounting Standards Board (IASB) issued standard IFRS15 - Revenue from Contracts with Customers, which will be in effect for fiscal years beginning on or after January 1, 2018. IFRS15 (CPC47 - under public hearing process) presents revenue recognition principles based on a five-step model to be applied to all contracts with customers, in accordance with the entity's performance requirements. The Company expects to adopt the new standard on the date it becomes effective using the full retrospective method. In 2016, the Company carried out a preliminary assessment of IFRS 15, which is subject to changes due to more detailed analyses that are still in progress. Among the main challenges for the adoption of IFRS 15, the Company believes that the recognition of the following revenues may change compared with the current format:

a) Passenger revenue arising from shared flight agreements: corresponds to agreements where two or more airlines unite to deliver air transportation services. In situations when the Company will work as the principal, revenue will be recognized based on the gross value of the transaction (price of the ticket to the final customer), rather than on the portion that

corresponds only to the service provided by the Company.

b) Ancillary revenue: comprises all revenue linked to air transportation services, such as excess baggage, rebooking fees, refunds, among others. These revenues must be assessed and classified as "distinct" or "related to the main service", and are recognized when incurred. In this regard, the Company does not expect significant changes, since these revenues are already recognized based on their nature, at the moment of recognition of passenger transportation revenue. Accordingly, the recognition of ancillary revenue is already aligned with the new standard.

c) Recognition of revenue from the loyalty program: considering that the Smiles program works as a separate entity and that the allocation of the fair value corresponds to the amount for which the mile has been sold, the Company does not expect any material impact on the calculation of the transaction price for separate performance obligations.

d) Breakage revenue: comprises the expectation of mileage and tickets that are not likely to be used by the customer. To recognize these revenues, the Company uses analysis tools and statistical data that allow the estimate to be calculated with a reasonable level of certainty. Given the standard's specific requirements regarding this, the Company does not believe that the implementation of IFRS 15 will cause material impacts.

Although the pronouncement allows for early adoption as of January 1, 2017, the Company will only adopt the new standard as of January 1, 2018. Additionally, the Company will continue assessing the impacts from the adoption of the new standard and will disclose additional impacts as the analyses are concluded.

IFRS 16 – Leases

In January 2016, the IASB issued the final version of "IFRS 16 – Leases", which establishes the principles for recognizing, measuring and disclosing leases. IFRS 16 will be effective for annual periods beginning on or after January 1, 2019. Internationally, initial adoption is permitted as of January 01, 2018, but in Brazil early adoption of this standard is not permitted by the CVM. IFRS 16 establishes that, for most leases, the lessor will recognize an asset related to the right of use of the identified asset, as well as the liability related to the lease. Since 96 of the Company's 130 aircraft are leased, the adoption of this standard will have a material impact on the Company, with the potential increase in the assets corresponding to the right of use and liabilities corresponding to leases, which will be recorded in the statements of financial position as of the adoption date.

Additionally, the following new standards, amendments and interpretations were issued or revised by IASB and applied for the first time in 2016:

· Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization – The amendments are applicable prospectively for annual periods beginning on or after January 1, 2016;

· Amendments to IAS 27 – Equity Accounting in Separate Financial Statements – The amendments are applicable prospectively for annual periods started on or after January 1, 2016;

Annual improvements –2012-2014 Cycle – Applicable to annual periods started on or after July 1, 2016;

· IFRS 7 Financial Instruments – Disclosure: (i) clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset and, (ii) the applicability of the amendments to IFRS 7 to the condensed interim financial information. This amendment must be applied retrospectively;

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

· IAS 34 Preparation and disclosure of interim financial reporting. This amendment must be applied retrospectively;

· Amendment to IAS 1 – Disclosure Initiative – The amendments are applicable prospectively to annual periods beginning on January 1, 2016, with early adoption being allowed;

· Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception – The amendments are applicable prospectively to annual periods beginning on January 1, 2016, with early adoption being allowed.

According to Management, there are no other standards and interpretations issued and not yet adopted that may have a significant impact on the result or equity disclosed by the Company.

3. Cash and cash equivalents

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Cash and bank deposits	**17,978**	369,924	**246,528**	629,638
Cash equivalents	**39,400**	17,399	**315,679**	442,694
	57,378	387,323	**562,207**	1,072,332

The breakdown of cash equivalents is as follows:

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Private bonds	**31,267**	17,018	**45,882**	207,997
Investment funds	**8,133**	381	**269,797**	234,697
	39,400	17,399	**315,679**	442,694

As of December 31, 2016, the private securities were comprised by private bonds (Bank Deposit Certificates - "CDBs"), repos and time deposits, paid at a weighted average rate equivalent to 52% (97% as of December 31, 2015) of CDI rate.

Investment funds classified as cash equivalents have high liquidity and are readily convertible to a known amount of cash with insignificant risk of change in value.

4. Short-term investments

	Parent Company		Consolidated	
	2016	**2015**	**2016**	**2015**
Private bonds	-	195,293	**77,080**	196,283
Government bonds	-	-	**41,104**	12,769
Investment funds	**49**	-	**313,049**	282,668
	49	195,293	**431,233**	491,720

As of December 31, 2016, the private bonds were represented by time deposits and short-term investments with first-rate financial institutions, paid at a weighted average rate equivalent to 38% (110% as of December 31, 2015) of CDI rate.

Government bonds are primarily represented by LFT, LTN and NTN yielding an average 102% (98% as of December 31, 2015) of the CDI rate.

Investment funds include private funds and bonds remunerated at a weighted average rate of 101%

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

(83% as of December 31, 2015) of the CDI rate, subject to significant changes in the amounts.

5. Restricted cash

	Parent Company		Consolidated	
	2016	2015	2016	2015
Margin deposit for hedge transactions (a)	-	-	-	101,075
Escrow deposits for letter of guarantee (b)	2,114	3,134	15,721	359,604
Escrow deposits (c)	29,360	30,577	67,345	63,978
Escrow deposits - Leases (d)	-	-	78,015	158,835
Escrow deposits - Citibank (e)	-	48,810	-	48,810
Other restricted deposits	1,182	262	7,688	3,102
	32,656	82,783	168,769	735,404
Current	-	59,324	-	59,324
Noncurrent	32,656	23,459	168,769	676,080

(a) The balance as of December 31, 2015 refers to US$27,411, denominated in U.S. dollars and remunerated by Libor rate (average remuneration of 0.5% p.a.).
(b) In the year ended December 31, 2016, the Company repaid loans from Banco Safra and therefore redeemed the amount of R$117,618 related to GLA's guaranteed operations and R$68,333 related to Webjet's guaranteed operations. Additionally, the Company redeemed R$100,000 relating to Finimp transactions settled (see Note 16). The remaining amounts relate primarily to court deposits related to labor claims and Finimp agreements.
(c) The amount of R$29,360 (parent company and consolidated) refers to a contractual guarantee for STJs related to PIS and Cofins on interest attributable to shareholders' equity paid to GLAI as described in Note 20. The other amounts relate to guarantees of GLA letters of credit.
(d) Related to deposits required to obtain letters of credit for aircraft operating leases from GLA.
(e) The balance as of December 31, 2015 refers to additional escrow deposits with Delta Air Lines for issuing credit with surety. In the year ended December 31, 2016, the Company had not exceeded the contractual limits that would require a deposit of this type, therefore the balance was fully redeemed.

6. Trade Receivables

	Consolidated	
	2016	2015
Local currency:		
Credit card administrators	345,798	115,236
Travel agencies	228,089	248,644
Cargo agencies	41,926	31,916
Airline partner companies	4,153	3,056
Other	66,774	52,651
	686,740	451,503
Foreign currency:		
Credit card administrators	49,104	32,725
Travel agencies	16,323	9,704
Cargo agencies	2,215	321
Airline partner companies	31,200	18,756
Other	8,837	-
	107,679	61,506
	794,419	513,009
Allowance for doubtful accounts	(34,182)	(50,389)
	760,237	462,620

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

The aging list of trade receivables is as follows:

	Consolidated	
	2016	2015
Not yet due	664,317	420,194
Overdue until 30 days	19,117	14,253
Overdue 31 to 60 days	5,623	7,500
Overdue 61 to 90 days	7,843	3,376
Overdue 91 to 180 days	23,109	10,071
Overdue 181 to 360 days	24,279	21,199
Overdue above 360 days	50,131	36,416
	794,419	513,009

The changes in allowance for doubtful accounts are as follows:

	Consolidated	
	2016	2015
Balance at the beginning of the year	(50,389)	(83,837)
Additions	(9,806)	(39,287)
Write-off of unrecoverable amounts	16,250	57,514
Recoveries	9,763	15,221
Balance at the end of the year	(34,182)	(50,389)

7. Inventories

	Consolidated	
	2016	2015
Consumables	27,281	28,677
Parts and maintenance materials	160,884	176,804
Other	6,867	6,199
Provision for obsolescence	(12,444)	(12,444)
	182,588	199,236

The changes in provision for inventory obsolescence are as follows:

	Consolidated	
	2016	2015
Balances at the beginning of the year	(12,444)	(12,858)
Additions	-	(2,273)
Write-off and reversal	-	2,687
Balances at the end of the year	(12,444)	(12,444)

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

8. Deferred and recoverable taxes

8.1. Recoverable taxes

	Parent Company		Consolidated	
	2016	2015	2016	2015
Prepaid and recoverable income and social contribution taxes	24,377	23,097	51,215	78,775
Withholding income tax (IRRF)	2,198	166	9,601	6,803
PIS and COFINS	-	-	16,908	17,465
Withholding tax of public institutions	-	-	8,130	14,378
Recoverable value added tax - IVA	-	-	12,044	11,252
Other	-	-	1,449	2,786
Total	26,575	23,263	99,347	131,459
Current	9,289	5,980	27,287	58,074
Noncurrent	17,286	17,283	72,060	73,385

8.2. Deferred tax assets (liabilities) – Long term

	GLAI		GLA		Smiles		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
Income tax losses	9,149	5,122	-	-	-	-	9,149	5,122
Negative basis of social contribution	3,294	1,844	-	-	-	-	3,294	1,844
Temporary differences:								
Mileage program	-	-	9	5,422	-	-	9	5,422
Allowance for doubtful accounts and other credits	-	-	13,697	13,817	126	163	13,823	13,980
Provision for losses on GLA's acquisition	-	-	143,350	143,350	-	-	143,350	143,350
Provision for legal proceedings and tax liabilities	966	986	16,352	11,076	169	456	17,487	12,518
Aircraft return	-	-	32,515	39,731	-	-	32,515	39,731
Derivatives classified in Other comprehensive income (a)	-	-	-	92,179	-	-	-	92,179
Derivative transactions not settled	-	-	7,484	(4,453)	-	-	7,484	(4,453)
Derivative transactions settled	-	-	(5,849)	-	-	-	(5,849)	-
Tax benefit due to goodwill incorporation (b)	-	-	-	-	29,177	43,765	29,177	43,765
Flight rights	-	-	(353,226)	(353,226)	-	-	(353,226)	(353,226)
Depreciation of engines and parts for aircraft maintenance	-	-	(148,581)	(167,577)	-	-	(148,581)	(167,577)
Reversal of goodwill amortization on GLA's acquisition	-	-	(127,659)	(127,659)	-	-	(127,659)	(127,659)
Aircraft leases	-	-	30,589	75,051	-	-	30,589	75,051
Other (c)	-	-	53,299	26,934	33,193	29,039	117,577	82,386
Total deferred income and social contribution taxes - Noncurrent	13,409	7,952	(338,020)	(245,355)	62,665	73,423	(230,861)	(137,567)

(a) The Company analyzed the expectation of realization of the asset together with the realization of negative temporary differences and, as a result, recorded a write-off in the year ended December 31, 2016 with a corresponding entry in "other comprehensive income" in equity

(b) Related to the tax benefit from the reverse merger of G.A. Smiles Participações S.A. by Smiles. Under the terms of the current tax legislation, goodwill arising from the transaction will be a deductible expense when calculating income and social contribution taxes.

(c) The R$31,085 portion of taxes on unrealized profits from transactions between GLA and Smiles is recognized directly in Consolidated (R$26,413 as of December 31, 2015).

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

The Company and its directly held subsidiary GLA and indirectly held subsidiary Webjet show income tax losses and negative basis of social contribution on taxable income to be offset against 30% of annual taxable income, with no prescription period, in the following amounts:

	Parent Company (GLAI)		Directly held subsidiary (GLA)		Indirectly held subsidiary (Webjet)	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Income tax losses	**190,125**	175,583	**3,971,845**	3,202,891	**867,403**	870,646
Negative basis of social contribution	**190,125**	175,583	**3,971,845**	3,202,891	**867,403**	870,646

On December 31, 2016, tax credits arising from tax losses and negative basis of social contribution were recognized based on the expected generation of future taxable income of the parent company and its subsidiaries, pursuant to legal limitations. The projections of future taxable income tax losses and negative basis of social contribution were prepared based on the business plans and approved by the Company's Board of Directors on January 31, 2017.

The Company's Management considers that the deferred assets and liabilities recognized as of December 31, 2016 arising from temporary differences will be realized in proportion to realization of their bases and the expectation of future results.

The analysis of the realization of deferred tax assets was prepared on a company basis, as follows:

GLAI: the Company has tax credits of R$65,618, of which R$64,643 is related to tax losses and negative base for social contribution and R$975 is related to temporary differences, with realization supported by the long-term plan of the Company. However, in the year ended December 31, 2016, the Company assessed the projections of results and did not recognize the amount of R$52,201 related to credits on tax losses and negative base for social contribution.

GLA: GLA has tax credits arising from tax losses and negative basis of social contribution in the amount of R$1,350,427. However, in view of recent events on the political scenario in Brazil, instability of the economic environment, constant fluctuations in the U.S. dollar exchange rate and other variables that significantly affect the projections of future results, as well as the history of losses in recent years, GLA did not recognize tax credits arising from tax losses and negative basis of social contribution in their entirety. Additionally, the Company analyzed the realization of deferred tax assets on temporary differences and limited the recognition based on the expected realization of deferred tax liabilities on temporary differences. As a result, the Company did not recognize the net amount of R$538,668 of deferred income and social contribution taxes on temporary difference.

Smiles: Smiles does not have tax losses and negative calculation base for social contribution. Therefore, the deferred tax credit is composed only by temporary differences which, according to the history and projections of taxable results, have an expectation of realization.

Webjet: the forecast did not present sufficient taxable income to be realized over future periods and, as a result, tax credits of R$294,917 have not been recorded.

The reconciliation of effective income tax rates and social contribution charges for the year ended December 31, 2016 is as follows:

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

	Parent Company		Consolidated	
	2016	2015	2016	2015
Income (loss) before income and social contribution taxes	844,162	(4,389,763)	1,361,422	(3,447,100)
Combined tax rate	34%	34%	34%	34%
Income and social contribution tax credits at the combined tax rate	(287,015)	1,492,519	(462,883)	1,172,014
Adjustments to calculate the effective tax rate:				
Equity results	(6,445)	(1,129,399)	(435)	(1,340)
Tax Income (losses) from wholly-owned subsidiaries	56,239	(81,841)	56,239	(83,702)
Income tax on permanent differences and others	-	59	3,803	1,920
Nontaxable revenues (nondeductible expenses), net	(442)	(1,691)	(41,913)	(111,828)
Interest on equity	(4,134)	(5,505)	3,543	4,673
Exchange variation on foreign investments	246,721	(292,530)	242,190	(502,938)
Tax benefit on tax losses and temporary differences not constituted	533	(52,732)	(59,602)	(1,322,939)
Income and social contribution tax expenses	5,457	(71,120)	(259,058)	(844,140)
Current income and social contribution taxes	-	(11,031)	(257,944)	(196,140)
Deferred income and social contribution taxes	5,457	(60,089)	(1,114)	(648,000)
	5,457	(71,120)	(259,058)	(844,140)
Effective rate	-	-	(19.03%)	-

9. Deposits

	Parent Company		Consolidated	
	2016	2015	2016	2015
Judicial deposits (a)	38,760	31,281	432,182	329,248
Maintenance deposits (b)	-	-	584,149	515,940
Deposits in guarantee for lease agreements (c)	-	-	172,661	174,886
	38,760	31,281	1,188,992	1,020,074

(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 judicial deposits is related to civil and labor claims arising from 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, 2016, the blocked amounts regarding Varig's succession lawsuit and third-party lawsuits were R$101,352 and R$77,695, respectively (R$92,496 and R$75,406 as of December 31, 2015, respectively).

(b) Maintenance deposits

The Company 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, as lessee, neither from the contractual obligations relating to maintenance nor from risk associated with maintenance activities. The Company holds the right to select any of the maintenance service providers or to perform such services internally.

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

The Company has two categories of maintenance deposits:

i. Maintenance guarantee: refers to individual deposits refunded at the end of the agreement, which may also be used in maintenance events, depending on negotiations with lessors. The balance as of December 31, 2016 was R$336,318 (R$254,758 as of December 31, 2015).

ii. Maintenance reserve: refers to amounts paid monthly based on the use of the parts, which can be used in maintenance events, pursuant to the agreement. As of December 31, 2016, the balance of these reserves was R$247,831 (R$261,182 as of December 31, 2015).

(c) Deposits in guarantee for lease agreements

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

10. Transactions with related parties

10.1. Loan agreements - noncurrent assets and liabilities

Parent Company

The Company's asset and liability inter-company accounts with GLA have no sureties or guarantees, as shown in the table below:

	Assets		Liabilities	
	2016	2015	2016	2015
GLAI - GLA	**37,855**	61,711	-	1,503
GAC - GLA	**281,630**	98,085	**21,490**	25,734
Gol LuxCo - GLA (*)	**1,553,865**	722,845	**328**	-
	1,873,350	882,641	**21,818**	27,237

(*) In the year ended December 31, 2016, GLA carried out several loan operations totaling US$275,000. These funds originate from the settlement of the outstanding operations between Gol LuxCo and GAC.

Additionally, the Parent company has inter-company accounts involving Gol LuxCo, Finance and GAC, as shown below:

	Assets		Liabilities	
	2016	2015	2016	2015
GAC - GLAI	-	3,514	**123,298**	151,240
GAC - Gol Finance	-	-	**1,096,749**	1,297,931
Gol LuxCo - GAC	**437,559**	1,418,629	-	-
Gol LuxCo - GLAI	-	-	**23,675**	-
Gol LuxCo - Gol Finance	**863,596**	795,232	**734,848**	880,438
	1,301,155	2,217,375	**1,978,570**	2,329,609

These transactions are eliminated in the Parent company's accounts since they took place in offshore entities considered extensions of the Company's own operations, as per Note 2.2.a.

10.2. Transportation and consulting services

All agreements related to transportation and consulting services were entered into by GLA, our subsidiary. The companies with which the Company entered into agreements are listed below, together with the object of the agreements and their main contractual conditions:

Breda Transportes e Serviços S.A.: provides airport shuttle services for passengers, luggage and employees. Pursuant to the agreement, prices may be adjusted at 12-month intervals to hold for the same period through an amendment to be signed by the parties, monetarily restated annually based on the IGPM fluctuation (General Market Price Index from Getulio Vargas Foundation). This agreement is currently being renewed.

Expresso União Ltda.: provides transportation to employees, and the agreement expires on April 2, 2018.

Pax Participações S.A.: provides consulting and advisory services, and the agreement expires on April 30, 2017.

Aller Participações: provides air cargo transportation services, and the agreement has no expiration date.

Limmat Participações S.A.: provides air cargo transportation services, and the agreement has no expiration date.

As of December 31, 2016, the GLA subsidiary recognized a total expense related to these services in the amount of R$13,013 (R$16,106 as of December 31, 2015). On the same date, the balance payable to the 'related companies - suppliers' line item was R$800 (R$2,085 as of December 31, 2015), and was mainly related to services provided by Breda Transportes e Serviços S.A.

10.3. Agreements to open UATP ("Universal Air Transportation Plan") account with credit limit granted

In September 2011, GLA entered into agreements with the related parties Pássaro Azul Taxi Aéreo Ltda., Empresa de Ônibus Pássaro Marrom S/A., Viação Piracicabana Ltda., Thurgau Participações S.A., Comporte Participações S.A., Quality Bus Comércio De Veículos Ltda., Empresa Princesa Do Norte S.A., Expresso União Ltda., Breda Transporte e Serviços S.A., Oeste Sul Empreendimentos Imobiliários S.A. Spe., Empresa Cruz De Transportes Ltda., Expresso Maringá do Vale S.A., Glarus Serviços Tecnologia e Participações S.A., Expresso Itamarati S.A., Transporte Coletivo Cidade Canção Ltda., Limmat Participações S.A., Turb Transporte Urbano S.A. and Vaud Participações, all with no expiration date, whose purpose is to issue credits to airline tickets purchase issued by the Company. The UATP account (virtual card) is accepted as a payment method on the purchase of airline tickets and related services, seeking to simplify billing and facilitate payment between participating companies.

10.4. Financing contract for engine maintenance

GLA has a line of funding for maintenance of engines services, which is drawn on by issuing Guaranteed Notes. As of December 31, 2016, GLA holds one series of Guaranteed Notes for maintenance of engines issued on March 13, 2015, maturing within three years. Delta Air Lines is the guarantor for the Guaranteed Notes.

As of December 31, 2016, the balance of engine maintenance funding recorded under "loans and financing" item was R$53,417 (R$136,885 as of December 31, 2015), as described in Note 16.

In the year ended December 31, 2016, expenses incurred for engine maintenance services provided by Delta Air Lines amounted to R$210,220 (R$307,658 as of December 31, 2015).

10.5. Term loan guarantee

On August 31, 2015, through its Gol LuxCo subsidiary, the Company issued a term loan in the amount of US$300,000 through Morgan Stanley, with a term of 5 years and effective interest rate

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

of 6.7% p.a. The Company had an additional backstop guarantee from Delta Air Lines. For further information, see Notes 5e and 16.

10.6. Strategic business partnership

On February 19, 2014, the Company signed a strategic partnership agreement for long-term business cooperation with Air France-KLM with the purpose of improving sales activities and expanding flight and benefits sharing through mileage programs between 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, fully paid to the Company. The agreement will mature within 5 years and the installments will be amortized on a monthly basis. As of December 31, 2016, the Company has deferred revenues in the amount of R$22,430 and R$26,169 recorded under "Other liabilities" in the current and noncurrent liabilities, respectively (R$28,130 and R$48,599 as of December 31, 2015, in the current and noncurrent liabilities, respectively).

10.7. Remuneration of key management personnel

	Consolidated	
	2016	**2015**
Salaries and benefits (*)	**38,134**	28,700
Related taxes and charges	**4,690**	5,352
Share-based payments	**11,226**	10,469
	54,050	44,521

(*) Includes the Board of Directors' and Audit Committee's compensation.

As of December 31, 2016 and 2015, the Company did not offer post-employment benefits, and there were no severance benefits or other long-term benefits for its employees. Specific benefits can be evaluate to the Company's key management personnel, limited to a short-term period.

11. Share-based payments

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

GLAI

a) Stock options plan

The beneficiaries of the Company's stock option plan are allowed to purchase shares at the price agreed on the grant date after three years from the grant date, provided that they maintain their employment relationship up to the end of this period.

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. All stock options may also be exercised within 10 years after the grant date. In all option plans, the expected volatility of the options is based on the historical volatility of 252 working days of the Company's shares traded on the BM&FBOVESPA.

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

Stock options plan									
Option year	Date of Board Meeting	Total options granted	Number of options outstanding	Average exercise price (in Reais)	Average fair value at grant date (in Reais)	Estimated volatility of share price	Expected dividend yield	Risk-free return rate	Average remaining maturity (in years)
2008	12/20/2007	190,296	29,066	45.46	29.27	40.95%	0.86%	11.18%	0.8
2009 (a)	02/04/2009	1,142,473	149,000	10.52	8.53	76.91%	-	12.66%	2.0
2010 (b)	02/02/2010	2,774,640	832,836	20.65	16.81	77.95%	2.73%	8.65%	3.0
2011	12/20/2010	2,722,444	739,062	27.83	16.07 (c)	44.55%	0.47%	10.25%	3.9
2012	10/19/2012	778,912	430,272	12.81	5.32 (d)	52.25%	2.26%	9.00%	5.7
2013	05/13/2013	802,296	460,247	12.76	6.54 (e)	46.91%	2.00%	7.50%	6.3
2014	08/12/2014	653,130	432,846	11.31	7.98 (f)	52.66%	3.27%	11.00%	7.6
2015	08/11/2015	1,930,844	1,450,939	9.35	3.37 (g)	55.57%	5.06%	13.25%	8.6
2016	06/30/2016	5,742,732	4,467,787	2.62	1.24 (h)	98.20%	6.59%	14.25%	9.5
		16,737,767	**8,992,055**	**9.14**					**7.7**

a) In April 2010, an additional grant of 216,673 shares referring to the 2009 plan was approved.
b) In April 2010, an additional grant of 101,894 shares referring to the 2010 plan was approved.
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).
g) The fair value is calculated by the average value from R$3.60, R$3.30 and R$3.19 for the respective periods of vesting (2015, 2016 and 2017).
h) On July 27, 2016, an additional grant of 900,000 shares referring to the 2016 plan was approved. The fair value was calculated by the average value from R$1.29, R$1.21 and R$1.22 for the respective periods of vesting (2017, 2018 and 2019).

Changes in stock options in the year ended December 31, 2016:

	Number of stock options	Weighted average exercise price
Options outstanding as of December 31, 2015	**5,359,460**	**16.35**
Options granted	5,742,732	2.62
Options cancelled and adjustments in estimated prescribed rights	(2,110,137)	9.54
Options outstanding as of December 31, 2016	**8,992,055**	**9.14**
Number of options exercisable as of:		
December 31, 2015	4,079,448	18.43
December 31, 2016	**6,214,124**	**13.66**

b) Restricted share plan

The Company's restricted share plan was approved at the Extraordinary Shareholders' Meeting of October 19, 2012, and the first grants were approved at the Board of Directors' Meeting of November 13, 2012.

Restricted shares plan				
Option year	Date of Board Meeting	Total shares granted	Shares outstanding	Average fair value at grant date (in Reais)
2014	08/13/2014	804,073	504,775	11.31
2015	04/30/2015	1,207,037	910,174	9.35
2016	06/30/2016	4,007,081	3,194,307	2.62
		6,018,191	**4,609,256**	

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

Changes in restricted shares in the year ended December 31, 2016:

	Total restricted shares
Vested shares as of December 31, 2015	**2,009,193**
Restricted shares granted	4,007,081
Restricted shares transferred (*)	(632,976)
Restricted shares cancelled and adjustments in estimated expired rights	(774,042)
Vested shares as of December 31, 2016	**4,609,256**

(*) The restricted shares transferred totaled R$1,866.

Smiles

Stock options plan

The beneficiaries of the Company's stock option plan are allowed to purchase shares at the price agreed on the grant date after three years from the grant date, provided that they maintain their employment relationship up to the end of this period.

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. All stock options may also be exercised within 10 years after the grant date. In all option plans, the expected volatility of the options is based on the historical volatility of 252 working days of the Company's shares traded on the BM&FBOVESPA.

		Stock options plan							
Option year	Date of Board Meeting	Total options granted	Number of options outstanding	Exercise price of the option (in Reais)	Average fair value at grant date (in Reais)	Estimated volatility of share price	Expected dividend yield	Risk-free return rate	Average remaining maturity (in years)
2013	08/08/2013	1,058,043	54,003	21.70	4.25 (a)	36.35%	6.96%	7.40%	6.6
2014	02/04/2014	1,150,000	429,050	31.28	4.90 (b)	33.25%	10.67%	9.90%	7.0
		2,208,043	**483,053**						

(a) Average fair value in Brazilian reais calculated for the stock options was R$4.84 and R$4.20 for the vesting periods in 2013 and 2014, and R$3.73 for the vesting periods in 2015 and 2016.
(b) Average fair value In Brazilian reais calculated for the stock options was R$4.35, R$4.63, R$4.90, R$5.15 and R$5.37 for the respective periods of vesting from 2014 to 2018.

Changes in stock options in the year ended December 31, 2016:

	Number of stock options	Weighted average exercise price
Options outstanding as of December 31, 2015	1,039,728	29.59
Options exercised	(556,675)	12.74
Options outstanding as of December 31, 2016	**483,053**	**30.21**

In the year ended December 31, 2016, the Company recorded in equity share-based payments in the amount of R$12,658 attributable to controlling shareholders and R$413 to non-controlling interests of Smiles (R$13,516 attributable to controlling shareholders and R$836 to non-controlling interests of Smiles in the year ended December 31, 2015) for the above-mentioned plans, with a counter entry in profit or loss under personnel costs.

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

12. Investments

Investments in the GAC, Gol Finance and Gol LuxCo offshore subsidiaries were essentially seen as an extension of the Company and summed line by line with the GLAI parent company. Therefore, only Smiles, GLA and Gol Dominicana are treated as investments in the GLAI parent company.

The balance of investments in the consolidated figures reflects the 25.4% share of the capital of Netpoints Fidelidade S.A. held by the Smiles subsidiary, together with the investment in SCP Trip held by the GLA subsidiary, both recognized under the equity method.

Investments for the year ended December 31, 2016:

	Parent Company				Consolidated		
	Gol Dominicana	GLA	Smiles	Total	Trip	Netpoints (d)	Total
Relevant information of the subsidiaries as of December 31, 2016:							
Total number of shares	-	4,619,138,156	123,626,952		-	130,492,408	
Capital stock	9,376	4,102,670	181,822		2,083	75,351	
Interest	100.0%	100.0%	53.8%		60.0%	25.4%	
Total equity	-	(3,074,190)	635,347		3,395	(14,991)	
Unrealized accumulated profits (a)	-	-	(60,343)		-	-	
Goodwill on investments	-	-	-		-	15,184	
Adjusted equity (b)	-	(3,074,190)	281,758		2,038	15,184	
Net income (loss) for the year	8	(304,847)	544,129		2,081	(29,050)	
Unrealized profits in the year (a)	-	-	(9,644)		-	-	
Adjusted net income for the year	8	(304,847)	285,884		1,250	(2,530)	
Changes in investments:							
Balances as of December 31, 2015	**(1,115)**	**(2,985,687)**	**213,219**	**(2,773,583)**	**2,781**	**15,643**	**18,424**
Equity results	8	(304,847)	285,884	(18,955)	1,250	(2,530)	(1,280)
Exchange variation from subsidiaries abroad	1,107	-	-	1,107	-	-	-
Unrealized gains (losses) on hedges	-	31,710	-	31,710	-	-	-
Equity interest dilution effects	-	-	2,872	2,872	-	-	-
Capital increase	-	-	-	-	-	3,439	3,439
Advances for capital increase	-	191,587	-	191,587	-	-	-
Effects of changes in equity interest	-	-	-	-	-	(1,368)	(1,368)
Dividends and interest on equity	-	-	(220,217)	(220,217)	(1,993)	-	(1,993)
Amortization of losses on sale-leaseback transactions (c)	-	(6,953)	-	(6,953)	-	-	-
Balances as of December 31, 2016	**-**	**(3,074,190)**	**281,758**	**(2,792,432)**	**2,038**	**15,184**	**17,222**

(a) Corresponds to transactions involving revenue from mileage redemption for airline tickets by members in the Smiles Program which, for the purposes of consolidated statements are only accrued when program members are actually transported by GLA.
(b) Adjusted shareholders' equity corresponds to the percentage of total shareholders' equity net of unrealized profits.
(c) The subsidiary GAC has a net balance of deferred losses and gains on sale-leaseback, whose deferral is subject to the payment of contractual installments made by its subsidiary GLA. Accordingly, the net balance to be deferred is essentially part of the net investment of the Parent Company in GLA. The net balance to be deferred in the year ended December 31, 2016 was R$9,960 (R$16,913 in the year ended December 31, 2015). For further information, see Note 26.2.
(d) In September 2016, the Board of Directors of Smiles approved the subscription of the capital increase of its associate Netpoints through the issue of 20,230,201 new shares. Accordingly, the interest in Netpoints from Smiles increased from 21.3% to 25.4%.

13. Earnings 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. Preferred shares hold economic power and the right to 35 times more dividends than common shares. The Company believes that the economic power of preferred shares is more than that of common shares. Accordingly, the result of the year attributed to the controlling shareholders is

proportionally allocated in relation to the total economic participation of the amount of common and preferred shares.

Basic earnings per share are calculated by dividing the year's net income attributable to controlling shareholders by the weighted average number of all classes of shares outstanding during the year.

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding by instruments potentially convertible into shares. The Company has only one category of potentially dilutive shares, namely stock options, as described in Note 11. For the years ended December 31, 2016 and 2015, only the option plan granted in 2016 had exercise prices higher than the accumulated market average price (in the money) and, therefore, has a dilutive effect. The other plans, presented lower exercise prices than the average of the accumulated market prices (out of money), and have non-dilutive effect, so were not considered in the total number of shares in circulation. .

	Parent Company and Consolidated			
	2016		2015	
	Common	Preferred	Common	Preferred
Numerator				
Net income (loss) for the year attributable to controlling shareholders	**353,129**	**496,490**	(2,123,945)	(2,336,938)
	353,129	**496,490**	(2,123,945)	(2,336,938)
Denominator				
Weighted average number of outstanding shares (in thousands) (*)	**5,035,037**	**202,261**	5,035,037	158,285
Dilutive securities effect	-	**347**	-	-
Adjusted weighted average number of outstanding shares and diluted conversions summarized (in thousands) (*)	**5,035,037**	**202,607**	5,035,037	158,285
Basic earnings (losses) per share	**0.070**	**2.455**	(0.422)	(14.764)
Diluted earnings (losses) per share	**0.070**	**2.450**	(0.422)	(14.764)

(*) The weighted average considers the split of one common share for 35 common shares approved at the Extraordinary Shareholders' Meeting held on March 23, 2015. The earnings per share presented herein reflects the economic rights of each class of shares.

14. Property, plant and equipment

Parent Company

On December 31, 2016, the Company did not have balances of advances for the acquisition of aircraft related to contract renegotiations carried out throughout the year, due to the change in the aircraft delivery schedule (R$555,519 as of December 31, 2015). In addition, the residual value of the ownership rights on the aircraft totaled R$323,013 (R$427,300 as of December 31, 2015), both realized by the GAC subsidiary.

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

Consolidated

	2016				2015
	Weighted annual depreciation rate	Cost	Accumulated depreciation	Net amount	Net amount
Flight equipment:					
Aircraft held under finance leases (a)	5.6%	2,146,115	(734,183)	**1,411,932**	2,081,973
Sets of replacement parts and spare engines	5.6%	1,256,494	(451,520)	**804,974**	823,875
Aircraft reconfigurations/overhauling	13.1%	1,432,398	(816,586)	**615,812**	611,068
Aircraft and safety equipment	20%	877	(410)	**467**	723
Tools	10%	30,763	(16,146)	**14,617**	12,834
		4,866,647	(2,018,845)	**2,847,802**	3,530,473
Impairment losses (b)	-	(30,726)	-	**(30,726)**	(28,904)
		4,835,921	(2,018,845)	**2,817,076**	3,501,569
Property, plant and equipment in use:					
Vehicles	20%	11,200	(9,540)	**1,660**	1,825
Machinery and equipment	10%	57,635	(35,292)	**22,343**	24,298
Furniture and fixtures	10%	26,345	(16,284)	**10,061**	7,852
Computers and peripherals	20%	41,184	(33,783)	**7,401**	9,364
Communication equipment	10%	2,656	(1,833)	**823**	865
Facilities	10%	1,553	(1,221)	**332**	445
Maintenance center - Confins	10%	107,127	(69,031)	**38,096**	49,779
Leasehold improvements	20%	26,854	(18,606)	**8,248**	14,752
Construction in progress	-	31,571	-	**31,571**	22,022
		306,125	(185,590)	**120,535**	131,202
		5,142,046	(2,204,435)	**2,937,611**	3,632,771
Advances for property, plant and equipment acquisition	-	87,399	-	**87,399**	623,843
		5,229,445	(2,204,435)	**3,025,010**	4,256,614

(a) The Company changed lessors for 6 agreements classified as financial lease agreements in the year ended December 31, 2016 through sale-leaseback transactions. Although the Company will continue to have these aircraft in its fleet, factors such as exchanging lessors, new contractual terms and particularly shorter contractual durations characterize these agreements as new contracts under IAS17 and CPC06 criteria. As of February 11, 2016, therefore, these aircraft have been classified as operating leases and the related payments are now recognized under Costs as "aircraft leases". In addition, the Company terminated an agreement for 4 aircraft early and did not enter into any other types of agreement.

(b) Refers to provisions for impairment losses for rotable items, classified under the heading "spare parts and spare engines", made by the Company in order to present its assets according to their actual capacity for generating economic benefits.

During the year ended December 31, 2016, the Company reviewed the useful life of its assets and made the following changes in depreciation rates:

	From	To
Property, plant and equipment under finance lease	4.0%	**5.6%**
Sets of replacement parts and spare engines	4.0%	**5.6%**
Engine maintenance costs (*)	30.0%	**14.3%**

(*) Included under “Aircraft reconfigurations/overhauling”.

The change in useful life was made on a prospective basis.

These adjustments are supported by technical analyses and their purpose is to reflect the Company's current outlook for the use of its assets.

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

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

	Property, plant and equipment under finance lease	Other flight equipment	Advances for property, plant and equipment acquisition	Other	Total
As of December 31, 2014	2,079,724	935,209	456,197	130,904	3,602,034
Additions	141,524	730,460	608,660	32,500	1,513,144
Write-off	-	(23,280)	(441,014)	(1,789)	(466,083)
Depreciation	(139,275)	(222,793)	-	(30,413)	(392,481)
As of December 31, 2015	2,081,973	1,419,596	623,843	131,202	4,256,614
Additions	-	**425,218**	**71,503**	**27,400**	**524,121**
Write-off	**(597,136)**	**(122,487)**	**(607,947)**	**(9,911)**	**(1,337,481)**
Depreciation	**(72,905)**	**(317,183)**	-	**(28,156)**	**(418,244)**
As of December 31, 2016	**1,411,932**	**1,405,144**	**87,399**	**120,535**	**3,025,010**

15. Intangible assets

	Goodwill	Airport operating rights	Software	Total
Balances as of December 31, 2014	557,485	1,038,900	117,801	1,714,186
Additions	-	-	42,812	42,812
Transfers (*)	(15,183)	-	-	(15,183)
Amortization	-	-	(27,210)	(27,210)
Balances as of December 31, 2015	542,302	1,038,900	133,403	1,714,605
Additions	-	-	**55,316**	**55,316**
Write-off	-	-	**(781)**	**(781)**
Amortization	-	-	**(29,424)**	**(29,424)**
Balances as of December 31, 2016	**542,302**	**1,038,900**	**158,514**	**1,739,716**

(*) Refers to goodwill determined on the acquisition of the interest in Netpoints by Smiles, transferred to 'investments'.

On December 31, 2016 and 2015, goodwill and other intangible assets were tested for impairment using the discounted cash flow of each cash-generating unit, originating the value in use.

In order to assess the recoverable value, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units). In order to determine the carrying amount of each cash-generating unit, the Company considers the intangible assets recorded and all necessary tangible assets, given that it will only generate economic benefits by using the combination of both.

The Company allocates goodwill to two cash-generating units: GLA and Smiles, and the airport operating rights are fully allocated to GLA's cash-generating unit, as shown below:

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

	Goodwill – GLA	Goodwill – Smiles	Airport operating rights
December 31, 2016			
Book value	325,381	216,921	1,038,900
Book value - UGC	2,433,861	56,880	-
Value in use	3,636,201	9,476,173	4,816,306
Discount rate before taxes	23.92%	14.51%	27.34%
Perpetuity growth rate	3.50%	3.50%	8.50%
December 31, 2015			
Book value	325,381	216,921	1,038,900
Book value - UGC	3,248,245	141,101	-
Value in use	6,339,072	5,678,811	6,168,302
Discount rate before taxes	17.21%	19.84%	18.65%
Perpetuity growth rate	3.50%	3.50%	8.50%

The results obtained were compared with the carrying amount of each cash-generating unit and, as a result, the Company did not recognize impairment losses on its CGUs.

The assumptions adopted in the impairment testing of intangible assets are based on internal projections for a five-year period; for longer periods, the Company uses the perpetuity growth rate and the operational plans, both of which have been analyzed and approved by the Company's management. The discounted cash flow that determined the value in use of the cash-generating units was prepared in accordance with Company's business plan, which was approved on January 31, 2017.

The main assumptions taken into consideration by the Company to determine the value in use of the cash-generating units are:

Capacity and fleet: considers the use, the aircraft capacity used in each flight and the projected size of the fleet in use.

Demand: market efficiency is the main input to estimate the Company's demand growth. Management considers market efficiency to be the ratio between its market share and its seat share. This indicator reflects how efficiently the Company uses its share of the market's total supply based on how much demand for air transportation it absorbs.

Revenue per passenger: considers the average price charged by GLA and the effects of market variables (see the variables used below).

Operating costs related to the business: based on the historical cost and adjusted by indicators, such as inflation, supply, demand and variation of the U.S. dollar.

The Company also considered market variables, including the GDP (source: Brazilian Central Bank), the U.S. dollar (source: Brazilian Central Bank), kerosene prices (per barrel) (source: Brazilian National Agency of Petroleum, Natural Gas and Biofuels - ANP) and interest rates (source: Bloomberg).

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

16. Loans and financing

	Maturity of the contract	Interest rate	Parent Company 2016	Parent Company 2015	Consolidated 2016	Consolidated 2015
Current						
In local currency:						
BNDES - Direct (a)	Jul 2017	TJLP+1.40% p.a.	-	-	-	3,111
Debentures VI (b)	Sep 2019	132% of DI	-	-	-	125,194
Safra (c)	May 2018	128% of DI	-	-	**9,690**	33,571
Safra working capital (d)	Mar 2016	111% of DI	-	-	-	116,035
Interest	-	-	-	-	**45,026**	22,026
In foreign currency (US$):						
J.P. Morgan (e)	Mar 2018	1.09% p.a.	-	-	**42,275**	72,141
Finimp (f)	Oct 2017	4.57% p.a.	-	-	**174,428**	389,275
Engine Facility (Cacib) (g)	Jun 2021	Libor 3m+2.25% p.a.	-	-	**16,889**	20,920
Senior Bonds I (h)	Apr 2017	7.60% p.a.	**182,418**	-	**182,418**	-
Interest	-	-	**94,801**	127,598	**97,670**	126,462
			277,219	127,598	**568,396**	908,735
Finance leases	Jul 2025	4.52% p.a.	-	-	**266,894**	487,888
Total current			**277,219**	127,598	**835,290**	1,396,623
Noncurrent						
In local currency:						
BNDES - Direct (a)	Jul 2017	TJLP+1.40% p.a.	-	-	-	1,813
Debentures VI (b)	Sep 2019	132% of DI	-	-	**1,005,242**	925,623
Safra (c)	May 2018	128% of DI	-	-	**4,871**	49,562
In foreign currency (US$):						
J.P. Morgan (e)	Mar 2018	1.09% p.a.	-	-	**11,142**	64,744
Engine Facility (Cacib) (g)	Jun 2021	Libor 3m+2.25% p.a.	-	-	**156,917**	212,758
Senior Bonds I (h)	Apr 2017	7.60% p.a.	-	322,407	-	322,407
Senior Bonds II (i)	Jul 2020	9.64% p.a.	**368,000**	617,376	**368,000**	617,376
Senior Bonds III (j)	Feb 2023	9.24% p.a.	**68,053**	137,379	**68,053**	128,195
Senior Bonds IV (k)	Jan 2022	11.30% p.a.	**889,595**	1,251,902	**889,595**	1,251,902
Senior Bonds V (l)	Dec 2018	9.71% p.a.	**43,010**	-	**43,010**	-
Senior Bonds VI (m)	Jul 2021	9.87% p.a.	**120,631**	-	**120,631**	-
Senior Bonds VII (n)	Dec 2028	9.84% p.a.	**52,721**	-	**52,721**	-
Perpetual Bonds (o)	-	8.75% p.a.	**498,291**	780,961	**428,436**	698,959
Term Loan (p)	Aug 2020	6.70% p.a.	**944,194**	1,128,757	**944,194**	1,128,757
			2,984,495	4,238,782	**4,092,812**	5,402,096
Finance leases	Jul 2025	4.52% p.a.	-	-	**1,451,118**	2,506,207
Total noncurrent			**2,984,495**	4,238,782	**5,543,930**	7,908,303
Total			**3,261,714**	4,366,380	**6,379,220**	9,304,926

(a) Credit line obtained on June 27, 2012 for the expansion of the Aircraft Maintenance Center ("CMA"). As of April 15, 2016, the GLA subsidiary fully settled this amount in advance.
(b) 105,000 debentures issued by the GLA subsidiary on September 30, 2015 for early lump-sum repayment of Debentures IV and V.
(c) Credit line obtained by the Webjet subsidiary.
(d) Working capital funding raised by the subsidiary GLA on June 30, 2015.
(e) Issuance of 3 series of Guaranteed Notes to finance engine maintenance, as per Note 10.4.
(f) Credit line with Banco do Brasil used to finance imports of spare parts and aircraft equipment.
(g) Credit line raised on September 30, 2014 with Credit Agricole.
(h) Issuance of Senior Bonds series I by Gol Finance on March 22, 2007, which was used to prepay aircraft purchases.
(i) Issuance of Senior Bonds series II by Gol Finance on July 13, 2010 in order to repay debts held by the Company.
(j) Issuance of Senior Bonds series III by GLA on February 7, 2013 in order to finance the prepayment of debts due within the next 3 years. The total amount of bonds was transferred to Gol LuxCo along with the financial investments acquired on the date of issuance, and a portion of the loan was prepaid.
(k) Issuance of Senior Bonds series IV by Gol LuxCo on September 24, 2014 in order to finance partial buyback of Senior Bonds I, II and III.
(l) Issuance of Senior Bonds series V by Gol LuxCo on July 7, 2016, as a result of the private swap offering of Senior Bonds I, II, III, IV and Perpetual Bonds.

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

(m) Issuance of Senior Bonds series VI by Gol LuxCo on July 7, 2016, as a result of the private swap offering of Senior Bonds I, II, III, IV and Perpetual Bonds.
(n) Issuance of Senior Bonds series VII by Gol LuxCo on July 7, 2016, as a result of the private swap offering of Senior Bonds I, II, III, IV and Perpetual Bonds.
(o) Issuance of Perpetual Bonds by Gol Finance on April 5, 2006 to repay bank loans and purchase aircraft.
(p) Term Loan issued by Gol LuxCo on August 31, 2015 for aircraft purchases and bank loan repayment, with backstop guarantee from Delta Airlines. For further information, see Note 10.5.

Total loans and financing includes funding costs of R$97,433 (R$106,450 as of December 31, 2015) which will be repaid over the term of the related loans and financing.

The maturities of loans and financing, except long-term financial lease agreements, as of December 31, 2016 are as follows:

	2018	2019	2020	2021	2021 onwards	Without maturity date	Total
Parent Company							
In foreign currency (US$):							
Senior Bonds II	-	-	368,000	-	-	-	**368,000**
Senior Bonds III	-	-	-	-	68,053	-	**68,053**
Senior Bonds IV	-	-	-	-	889,595	-	**889,595**
Senior Bonds V	43,010	-	-	-	-	-	**43,010**
Senior Bonds VI	-	-	-	120,631	-	-	**120,631**
Senior Bonds VII	-	-	-	-	52,721	-	**52,721**
Perpetual Bonds	-	-	-	-	-	498,291	**498,291**
Term Loan	-	-	944,194	-	-	-	**944,194**
Total	43,010	-	1,312,194	120,631	1,010,369	498,291	**2,984,495**
Consolidated							
In local currency:							
Debentures VI	400,000	605,242	-	-	-	-	**1,005,242**
Safra	4,871	-	-	-	-	-	**4,871**
In foreign currency (US$):							
J.P. Morgan	11,142	-	-	-	-	-	**11,142**
Engine Facility (Cacib)	17,077	17,077	17,077	105,686	-	-	**156,917**
Senior Bonds II	-	-	368,000	-	-	-	**368,000**
Senior Bonds III	-	-	-	-	68,053	-	**68,053**
Senior Bonds IV	-	-	-	-	889,595	-	**889,595**
Senior Bonds V	43,010	-	-	-	-	-	**43,010**
Senior Bonds VI	-	-	-	120,631	-	-	**120,631**
Senior Bonds VII	-	-	-	-	52,721	-	**52,721**
Perpetual Bonds	-	-	-	-	-	428,436	**428,436**
Term Loan	-	-	944,194	-	-	-	**944,194**
Total	476,100	622,319	1,329,271	226,317	1,010,369	428,436	**4,092,812**

The fair value of senior and perpetual bonds as of December 31, 2016 is as follows:

	Parent Company		Consolidated	
	Book value	Market value	Book value	Market value
Senior Bonds	1,724,428	1,255,900	1,724,428	1,255,900
Perpetual Bonds	498,291	310,151	428,436	272,237

Market values for Senior and Perpetual bonds are obtained through current market quotations.

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

16.1. Covenants

On December 31, 2016, long-term financing (excluding perpetual bonds and finance leases) in the total amount of R$3,664,376 (R$4,703,129 as of December 31, 2015) involved restrictive covenants, 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 on the Term Loan with Morgan Stanley and Debentures VI with the following financial institutions: Bradesco and Banco do Brasil. In the term loan, the Company must make deposits for reaching contractual limits of the debt pegged to the U.S. dollar. On December 31, 2016, the Company does not have collateralized deposits pegged to the contractual limits of the Term Loan, pursuant to Note 5. The Debentures' indicators are measured every six months. On December 31, 2016, Debentures VI were subject to the following covenants: (i) net debt/EBITDAR below 6.35 and (ii) debt coverage ratio (ICSD) of at least 1.15. According to the most recent measurements on December 31, 2016, the ratios obtained were: (i) net debt/EBITDAR of 5.76; and (ii) debt coverage ratio (ICSD) of 1.63. As a result, the Company met the minimum required levels for the above covenants and, consequently, it was in compliance with the covenants. The next measurement will be for the end of the first half of 2017.

16.2. Restructuring of loans and financing during the year ended December 31, 2016

Import financing (Finimp): through its GOL subsidiary, the Company renegotiated contracts of this type that are part of a credit line maintained by the Company for import financing in order to purchase spare parts and aircraft equipment. These renegotiations are shown below:

Original date of funding	Financial institution	Amount funded (US$)	Amount funded (R$)	Interest rate (p.a.)	New date of Maturity
02/03/2016	Banco do Brasil	5,245	18,668	4.45%	01/13/2017
02/22/2016	Banco do Brasil	8,595	30,589	4.53%	02/01/2017
03/03/2016	Banco do Brasil	4,815	17,136	4.54%	02/11/2017
04/28/2016	Banco do Brasil	4,274	13,718	4.23%	04/20/2017
07/01/2016	Banco do Brasil	9,638	31,287	4.56%	07/26/2017
07/21/2016	Banco do Brasil	7,823	25,394	4.67%	07/14/2017
07/22/2016	Banco do Brasil	10,436	33,879	4.66%	07/14/2017
11/04/2016	Banco do Brasil	2,694	8,703	4.90%	10/30/2017

Senior Notes and Perpetual Bonds Exchange Offer: During the year ended December 31, 2016, the Company carried out private swap offers of Senior Notes maturing in 2017, 2020, 2022, 2023 and Perpetual Bonds in order to restructure its debt. As a result, subsidiary Gol LuxCo issued new debt with discounts set forth by the offer, reducing the Company's debt, as shown in the table below:

	Cancelled debt (a)	New issues (b)	Premium paid	Total gains (c)	Payments	Debt reduced
Senior Bond 2017 (i)	27,937	(19,556)	(1,233)	7,148	(6,243)	13,391
Senior Bond 2020 (ii)	41,139	(18,513)	(1,440)	21,186	(3,189)	24,375
Senior Bond 2022 (ii)	46,270	(20,822)	(1,488)	23,960	(3,536)	27,496
Senior Bond 2023 (ii)	14,301	(6,435)	(513)	7,353	(1,104)	8,457
Perpetual Bond (iii)	46,099	(16,135)	(1,949)	28,015	-	28,015
Total in USD	**175,746**	**(81,461)**	**(6,623)**	**87,662**	**(14,072)**	**101,734**
Total in R$	**574,971**	**(266,508)**	**(21,664)**	**286,799**	**(46,034)**	**332,833**

a) Related to the previous debt amount cancelled on the Exchange Offer.
b) The new issuances hold the following maturities: (i) Senior Bond on December 20, 2018; (ii) Senior Bond on July 20, 2021; (iii) Senior Bond on December 20, 2028.
c) The total amount of R$286,799 is related to the net gain from the Exchange Offer.

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

The new senior bonds have a senior guarantee by the Company, with semi-annual interest payments of 8.50% p.a. and 1% p.a. to be incorporated into the principal amount (PIK), in addition to guarantees of aircraft sets of replacement parts. Costs from the swap offering totaled R$27,249 (US$8,393).

Other loans and financing have not been affected by contractual alterations during the year ended December 31, 2016.

16.3. Finance leases

The future payments of finance agreements indexed to U.S. dollar are detailed as follows:

	Consolidated	
	2016	**2015**
2016	**-**	629,340
2017	**350,883**	559,721
2018	**328,931**	550,431
2019	**307,027**	460,848
2020	**267,885**	328,506
2021 onwards	**634,933**	863,647
Total minimum lease repayments	**1,889,659**	3,392,493
Less total interest	**(171,647)**	(398,398)
Present value of minimum lease payments	**1,718,012**	2,994,095
Less current portion	**(266,894)**	(487,888)
Noncurrent portion	**1,451,118**	2,506,207

The discount rate used to calculate present value of the minimum lease payments was 4.52% as of December 31, 2016 (4.91% as of December 31, 2015). 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 by payment in full at the end of the lease agreement. As of December 31, 2016, amounts of withdrawals for the repayment at maturity date of the lease agreements totaled R$217,065 (R$276,851 as of December 31, 2015) and they have been added to the 'loans and financing' line item in Noncurrent liabilities.

17. Taxes payable

	Parent Company		Consolidated	
	2016	2015	**2016**	2015
PIS and COFINS	**33**	128	**89,332**	75,811
ICMS installments (Refis)	**-**	-	**4,852**	1,107
Withholding income tax on salaries	**-**	2	**29,519**	27,606
ICMS	**-**	-	**43,226**	39,234
Tax on import	**-**	-	**3,454**	3,467
IRPJ and CSLL payable	**-**	-	**12,489**	-
Other	**86**	172	**6,105**	10,786
	119	302	**188,977**	158,011
Current	**119**	302	**146,174**	118,957
Noncurrent	**-**	-	**42,803**	39,054

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

18. Advance ticket sales

As of December 31, 2016, the balance of transportation commitments classified in current liabilities was R$1,185,945 (R$1,206,655 as of December 31, 2015) and is represented by 4,447,824 tickets sold and not yet used (4,464,876 as of December 31, 2015) with an average use of 46 days (36 days as of December 31, 2015).

19. Mileage program

As of December 31, 2016, the balance of Smiles loyalty program deferred revenue was R$781,707 (R$770,416 as of December 31, 2015) and R$219,325 (R$221,242 as of December 31, 2015) classified in current and noncurrent liabilities, respectively.

20. Provisions

	Consolidated			
	Insurance provision	Provision for aircraft and engines return (a)	Provision for legal proceedings (b)	Total
Balances as of December 31, 2015	**742**	**725,176**	**144,355**	**870,273**
Additional provisions recognized (*)	4,237	97,423	189,244	**290,904**
Utilized provisions	(4,237)	(121,855)	(127,551)	**(253,643)**
Exchange variation	-	(116,803)	(516)	**(117,319)**
Balances as of December 31, 2016	742	583,941	205,532	**790,215**
As of December 31, 2015				
Current	742	205,966	-	206,708
Noncurrent	-	519,210	144,355	663,565
	742	725,176	144,355	870,273
As of December 31, 2016				
Current	742	65,760	-	**66,502**
Noncurrent	-	518,181	205,532	**723,713**
	742	583,941	205,532	**790,215**

(*) The additions of provisions for the return of aircraft and engines also include adjustment effects to present value.

(a) Provision for aircraft and engines return

Provision for returns considers the costs that meet the contractual conditions for the return of engines maintained under operating leases, as well as the costs to reconfigure aircraft when returned as described in the return conditions of the lease contracts. The corresponding debit entry is capitalized in property, plant and equipment (aircraft reconfigurations/overhauling), as per Note 2.2.h.

(b) Provision for legal proceedings

As of December 31, 2016, the Company and its subsidiaries are parties to 27,742 (8,557 labor and 19,185 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 claims for recognition of the succession of former Varig S.A. obligations).

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

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

	Operational	Succession	Total
Civil lawsuits	17,310	291	17,601
Civil proceedings	1,584	-	1,584
Labor lawsuits	5,736	2,609	8,345
Labor proceedings	210	2	212
	24,840	**2,902**	**27,742**

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, risk premium and wage differences.

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

	2016	2015
Civil	**73,356**	69,892
Labor	**132,163**	74,293
Tax	**13**	170
	205,532	144,355

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 of R$31,598 for civil claims and R$79,532 for labor claims as of December 31, 2016 (R$22,176 and R$53,764 as of December 31, 2015, 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, 2016:

- GLAI is discussing the non-incidence of taxation of PIS and COFINS on revenues generated by interest attributable to shareholders' equity in the amount of R$57,793 related to the years from 2006 to 2008, paid by its subsidiary GTA Transportes Aéreos S.A., succeeded by GLA 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$29,360 as disclosed in Note 5.
- Tax on Services (ISS), the amount of R$19,443 (R$17,091 as of December 31, 2015) 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 possible risk of loss is a result from the matters under discussion being interpretative and involving discussions of factual and evidential materials on which there is no final positioning of the Superior Courts.
- Customs Penalty in the amount of R$45,689 (R$18,283 as of December 31, 2015) 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 is a result of the absence of a final positioning of the Superior Courts.
- BSSF goodwill (BSSF Air Holdings), in the amount of R$47,572 (R$45,292 as of December 31, 2015) related to an infraction notice due to the deductibility of the goodwill allocated to future profitability. The classification of possible risk is a result of the absence of a final positioning of

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the Superior Courts.

- GLA's goodwill in the amount of R$72,687 (R$65,929 as of December 31, 2015) resulted from an assessment notice related to the deductibility of the goodwill classified as future profitability. The classification of possible risk is a result of the absence of a final positioning of the Superior Courts.

- Tax on Industrialized Products ("IPI"): supposedly levied on the importation of aircraft in the amount of R$115,136 (R$101,448 as of December 31, 2015).

There are other lawsuits considered by the Company's Management and its legal counsels as possible risk, in the estimated amount of R$78,541 (R$58,151 as of December 31, 2015) which added to the lawsuits mentioned above, totaled R$436,861 as of December 31, 2016 (R$364,078 as of December 31, 2015).

21. Equity

21.1. Capital stock

As of December 31, 2016, the Company's capital stock was R$3,080,110, represented by 5,238,421,108 shares, comprised by 5,035,037,140 common shares and 203,383,968 preferred shares. The Fundo de Investimento em Participações Volluto is the Company's controlling shareholder, which is equally controlled by Constantino de Oliveira Junior, Henrique Constantino, Joaquim Constantino Neto and Ricardo Constantino.

The Company's shares are held as follows:

	2016			2015		
	Common	Preferred	Total	Common	Preferred	Total
Fundo Volluto	**100.00%**	**33.88%**	**61.28%**	100.00%	33.88%	61.28%
Delta Airlines, Inc.	-	**16.19%**	**9.48%**	-	16.19%	9.48%
Treasury shares	-	**0.44%**	**0.26%**	-	0.75%	0.44%
Other	-	**1.11%**	**0.65%**	-	1.05%	0.61%
Free float	-	**48.38%**	**28.34%**	-	48.13%	28.19%
	100.00%	**100.00%**	**100.00%**	100.00%	100.00%	100.00%

The authorized capital stock as of December 31, 2016 was R$4.0 billion. Within the authorized limit, the Company can, once approved by the Board of Directors, increase its capital regardless of any amendment to its by-laws, by issuing shares, without necessarily maintaining the proportion between the different types of shares. Under the law terms, in case of capital increase within the authorized limit, the Board of Directors will define the issuance conditions, including pricing and payment terms.

21.2. Dividends

The Company's By-laws provide for a mandatory minimum dividend to be paid to common and preferred shareholders, at least 25% of annual adjusted net income after allocation to reserves in accordance with Brazilian Corporation Law (6404/76).

21.3. Treasury shares

During the year ended December 31, 2016, the Company transferred 632,976 restricted shares to its beneficiaries (557,106 restricted shares in the year ended December 31, 2015).

As of December 31, 2016, the Company had 893,793 treasury shares, totaling R$13,371, with a

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market value of R$4,129 (1,526,769 treasury shares, totaling R$22,699 in treasury shares, with a market value of R$3,847 as of December 31, 2015).

22. Revenue

	Consolidated	
	2016	**2015**
Passenger transportation	**8,948,170**	8,954,034
Cargo	**324,492**	318,573
Mileage revenue	**622,567**	421,348
Other revenue (*)	**652,602**	690,044
Gross revenue	**10,547,831**	10,383,999
Related tax	**(680,496)**	(605,992)
Net Revenue	**9,867,335**	9,778,007

(*) Of the total amount, R$430,898 consists of revenues from unused passenger tickets, reissued tickets and cancellation of flight tickets (R$449,263 as of December 31, 2015).

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

Revenues by geographical location is as follows:

	2016	**%**	**2015**	**%**
Domestic	**8,395,364**	**85.1**	8,670,023	88.7
International	**1,471,971**	**14.9**	1,107,984	11.3
Net Revenue	**9,867,335**	**100.0**	9,778,007	100.0

23. Costs of services provided, selling and administrative expenses

23.1. Parent Company

	2016	**%**	**2015**	**%**
Personnel (a)	**(2,597)**	**(1.2)**	(4,974)	(46.7)
Services provided	**(4,679)**	**(2.2)**	(9,496)	(89.2)
Sale-leaseback transactions (b)	**233,483**	**110.0**	25,695	241.3
Other expenses	**(14,049)**	**(6.6)**	(574)	(5.4)
	212,158	**100.0**	10,651	100.00

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

23.2. Consolidated

	2016					
	Cost of services provided	Selling expenses	Administrative expenses	Other operating revenues, net	Total	%
Personnel (a)	(1,200,280)	(87,163)	(369,342)	-	**(1,656,785)**	**18.1**
Fuels and lubricants	(2,695,390)	-	-	-	**(2,695,390)**	**29.4**
Aircraft leases	(996,945)	-	-	-	**(996,945)**	**10.9**
Aircraft insurance	(35,938)	-	-	-	**(35,938)**	**0.4**
Maintenance and repair materials	(593,090)	-	-	-	**(593,090)**	**6.5**
Services	(538,044)	(309,174)	(220,957)	-	**(1,068,175)**	**11.6**
Sales and marketing	-	(555,984)	-	-	**(555,984)**	**6.1**
Landing and takeoff tariffs	(687,366)	-	-	-	**(687,366)**	**7.5**
Depreciation and amortization	(430,604)	-	(17,064)	-	**(447,668)**	**4.9**
Sale-leaseback transactions (b)	-	-	-	233,483	**233,483**	**(2.6)**
Other, net (c)	(380,465)	(52,155)	(102,097)	(130,935)	**(665,652)**	**7.2**
	(7,558,122)	(1,004,476)	(709,460)	102,548	**(9,169,510)**	**100.0**

	2015					
	Cost of services provided	Selling expenses	Administrative expenses	Other operating revenues, net	Total	%
Personnel (a)	(1,287,222)	(58,487)	(234,822)	-	(1,580,531)	15.9
Fuels and lubricants	(3,301,368)	-	-	-	(3,301,368)	33.2
Aircraft leases	(1,106,583)	-	-	6,497	(1,100,086)	11.1
Aircraft insurance	(29,791)	-	-	-	(29,791)	0.3
Maintenance and repair materials	(603,925)	-	-	-	(603,925)	6.1
Services	(439,029)	(301,115)	(279,689)	-	(1,019,833)	10.2
Sales and marketing	-	(617,403)	-	-	(617,403)	6.2
Landing and takeoff tariffs	(681,378)	-	-	-	(681,378)	6.8
Depreciation and amortization	(359,889)	-	(59,802)	-	(419,691)	4.2
Sale-leaseback transactions (b)	-	-	-	19,198	19,198	(0.2)
Other, net (c)	(451,172)	(64,036)	(107,827)	-	(623,035)	6.2
	(8,260,357)	**(1,041,041)**	**(682,140)**	**25,695**	**(9,957,843)**	**100.0**

(a) The Company recognizes expenses for the Audit Committee and the Board of Directors in the "Personnel" line item.
(b) During the year ended December 31, 2016, the amount of R$235,563 is related to sale-leaseback transactions fully recognized from 7 aircraft, of which 6 aircraft is related to the negotiation described in Note 14 and 1 aircraft on sale-leaseback transaction, and the amount of R$6,953 is related to deferred net losses from 2006 to 2009 aircraft.
(c) During the year ended December 31, 2016, the amount includes the net losses of R$24,991 related to the early settlement of the lease agreement from 4 aircraft.

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

24. Financial income (expenses)

	Parent Company		Consolidated	
	2016	2015	2016	2015
Financial income				
Income from derivative financial instruments	-	-	**120,403**	174,693
Income from short-term Investments and investment funds	**10,906**	6,837	**152,656**	178,147
Monetary variation	**2,198**	2,503	**12,411**	14,531
(-) Taxes on financial income (a)	**(1,262)**	(1,853)	**(23,041)**	(47,588)
Gains from the buyback of securities (b)	**286,799**	-	**286,799**	-
Other	**86,009**	18,725	**19,276**	12,784
	384,650	26,212	**568,504**	332,567
Financial expenses				
Losses from derivatives	-	-	**(277,183)**	(124,536)
Interest on loans and financing	**(310,615)**	(274,197)	**(787,661)**	(885,947)
Bank charges and expenses	**(38,563)**	(9,080)	**(96,515)**	(60,760)
Monetary variation	-	-	**(3,867)**	(3,921)
Other	**(13,838)**	(7,805)	**(106,338)**	(253,727)
	(363,016)	(291,082)	**(1,271,564)**	(1,328,891)
Exchange variation, net	**629,325**	(813,782)	**1,367,937**	(2,266,999)
Total	**650,959**	(1,078,652)	**664,877**	(3,263,323)

(a) Relative to taxes on financial income (PIS and COFINS), according to Decree 8,426 of April 1, 2015.
(b) Related to the total amount of the Exchange Offer from Senior Bonds and Perpetual Bond, net of costs from the previous debts of R$11,081.

25. Segments

Operating segments are defined as business activities from which it may earn revenues and incur expenses, whose 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: flight transportation and the Smiles loyalty program.

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, 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 were 46.2% and 45.9% as of December 31, 2016 and 2015, respectively.

The information below presents the summarized financial position related to reportable segments for the years ended December 31, 2016 and 2015:

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

25.1. Assets and liabilities of the operating segments

	2016				
	Flight transportation	Frequent flyer program	Combined information	Eliminations	Total consolidated
Assets					
Current	1,426,750	1,413,422	2,840,172	(759,458)	2,080,714
Noncurrent	6,474,404	513,456	6,987,860	(664,219)	6,323,641
Total assets	7,901,154	1,926,878	9,828,032	(1,423,677)	8,404,355
Liabilities					
Current	4,767,322	1,061,806	5,829,128	(980,386)	4,848,742
Noncurrent	6,782,835	229,725	7,012,560	(100,196)	6,912,364
Total equity (deficit)	(3,649,003)	635,347	(3,013,656)	(343,095)	(3,356,751)
Total liabilities and equity (deficit)	7,901,154	1,926,878	9,828,032	(1,423,677)	8,404,355

	2015				
	Flight transportation	Frequent flyer program	Combined information	Eliminations	Total consolidated
Assets					
Current	1,717,370	1,447,318	3,164,688	(703,122)	2,461,566
Noncurrent	7,850,454	217,950	8,068,404	(161,573)	7,906,831
Total assets	9,567,824	1,665,268	11,233,092	(864,695)	10,368,397
Liabilities					
Current	5,325,604	954,746	6,280,350	(738,342)	5,542,008
Noncurrent	8,788,682	222,582	9,011,264	137,565	9,148,829
Total equity (deficit)	(4,546,462)	487,940	(4,058,522)	(263,918)	(4,322,440)
Total liabilities and equity (deficit)	9,567,824	1,665,268	11,233,092	(864,695)	10,368,397

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

25.2. Revenues and results of the operating segments

	2016				
	Flight transportation	Frequent flyer program	Combined information	Eliminations	Total consolidated
Net Revenue					
Passenger (a)	8,340,545	-	8,340,545	330,897	**8,671,442**
Cargo and other (a)	729,096	-	729,096	426	**729,522**
Miles revenue (a)	-	1,548,109	1,548,109	(1,081,738)	**466,371**
Cost of services provided (b)	(7,406,974)	(792,856)	(8,199,830)	641,708	**(7,558,122)**
Gross profit	1,662,667	755,253	2,417,920	(108,707)	**2,309,213**
Operating income (expenses)					
Selling expenses	(1,007,202)	(93,696)	(1,100,898)	96,422	**(1,004,476)**
Administrative expenses (c)	(648,947)	(56,612)	(705,559)	(3,901)	**(709,460)**
Other operating income (expenses), net	102,731	(1,368)	101,363	1,185	**102,548**
	(1,553,418)	(151,676)	(1,705,094)	93,706	**(1,611,388)**
Equity results	287,134	(2,530)	284,604	(285,884)	**(1,280)**
Financial result					
Financial income	395,901	212,758	608,659	(40,155)	**568,504**
Financial expenses	(1,311,940)	(168)	(1,312,108)	40,544	**(1,271,564)**
Exchange variation, net	1,362,145	5,792	1,367,937	-	**1,367,937**
	446,106	218,382	664,488	389	**664,877**
Income before income and social contribution taxes	842,489	819,429	1,661,918	(300,496)	**1,361,422**
Income and social contribution taxes	7,130	(271,156)	(264,026)	4,968	**(259,058)**
Net income for the year	849,619	548,273	1,397,892	(295,528)	**1,102,364**
Income (loss) attributable to controlling shareholders	849,619	295,528	1,145,147	(295,528)	**849,619**
Income (loss) attributable to non-controlling interests of Smiles	-	252,745	252,745	-	**252,745**

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

	2015				
	Flight transportation	Frequent flyer program	Combined information	Eliminations	Total consolidated
Net Revenue					
Passenger (a)	8,294,463	-	8,294,463	288,925	8,583,388
Cargo and other (a)	941,928	47,199	989,127	(19,198)	969,929
Miles revenue (a)	-	1,172,322	1,172,322	(947,632)	224,690
Cost of services provided (b)	(8,260,355)	(676,506)	(8,936,861)	676,504	(8,260,357)
Gross profit	976,036	543,015	1,519,051	(1,401)	1,517,650
Operating expenses					
Selling expenses	(884,773)	(87,207)	(971,980)	(69,061)	(1,041,041)
Administrative expenses (c)	(677,961)	(39,953)	(717,914)	35,774	(682,140)
Other operating income, net	25,695	-	25,695	-	25,695
	(1,537,039)	(127,160)	(1,664,199)	(33,287)	(1,697,486)
Equity results	179,377	(5,932)	173,445	(177,386)	(3,941)
Financial result					
Financial income	287,058	156,042	443,100	(110,533)	332,567
Financial expenses	(1,424,321)	(15,104)	(1,439,425)	110,534	(1,328,891)
Exchange variation, net	(2,264,750)	(2,248)	(2,266,998)	(1)	(2,266,999)
	(3,402,013)	138,690	(3,263,323)	-	(3,263,323)
Loss before income and social contribution taxes	(3,783,639)	548,613	(3,235,026)	(212,074)	(3,447,100)
Income and social contribution taxes	(677,244)	(178,691)	(855,935)	11,795	(844,140)
Net loss for the year	(4,460,883)	369,922	(4,090,961)	(200,279)	(4,291,240)
Income (loss) attributable to controlling shareholders	(4,460,883)	200,279	(4,260,604)	(200,279)	(4,460,883)
Income (loss) attributable to non-controlling interests of Smiles	-	169,643	169,643	-	169,643

(a) Eliminations are related to transactions between GLA and Smiles.
(b) Includes depreciation and amortization expenses in the amount of R$430,604 in the year ended December 31, 2016 allocated to the following segments: R$422,523 for flight transportation and R$8,081 for the Smiles loyalty program (R$357,054 and R$2,835 in the year ended December 31, 2015, respectively).
(c) Includes depreciation and amortization expenses in the amount of R$17,064 in the year ended December 31, 2016 allocated to the following segments: R$16,649 for flight transportation and R$415 for the Smiles loyalty program (R$59,802 fully recorded in flight transportation in the year ended December 31, 2015).

In the financial statements of the subsidiary Smiles, which corresponds to the Loyalty Program segment, and in information provided to the main operational decision makers, revenue is recognized when miles are redeemed by participants. From the perspective of this segment, this measurement is appropriate since this is when the revenue recognition cycle is complete, and Smiles transfers to GLA 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 results, as well as for equity method of accounting and consolidation purposes, the Company performs, in addition to eliminations, an adjustment to transactions as yet unrealized in the Smiles Program's revenues. In this case, from the consolidated perspective, the miles used to redeem airline tickets are only recognized as revenues when passengers are transported, in accordance with accounting practices adopted by the Company.

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

26. Commitments

As of December 31, 2016, the Company had 120 firm orders for aircraft acquisitions with Boeing. These aircraft acquisition commitments include estimated contractual price increases during the construction phase. The approximate amount of firm orders, not including contractual discounts, is R$48,032,429 (corresponding to US$14,737,943 on the reporting date), classified by year as shown below:

	2016	2015
2016	-	1,337,753
2017	-	-
2018	**1,787,388**	2,141,509
2019	**2,917,833**	3,495,921
2020	**4,471,172**	5,357,011
2021 onwards	**38,856,036**	46,554,279
	48,032,429	58,886,473

As of December 31, 2016, of the above-mentioned commitments, the Company has to pay the amount of R$6,724,541 (corresponding to US$2,063,312 on the reporting date) in advance payments for aircraft acquisition, by year, as shown below:

	2016	2015
2016	-	6,672
2017	**286,829**	343,657
2018	**483,518**	579,313
2019	**658,930**	789,479
2020	**835,468**	1,000,993
2021 onwards	**4,459,796**	4,660,379
	6,724,541	7,380,493

The portion financed by long-term loans with U.S. Ex-Im Bank guarantees for aircraft corresponds to approximately 85% of the aircraft total cost. Other agents finance the acquisitions with equal or higher percentages, reaching up to 100%.

The Company is making payments for aircraft acquisitions using its own funds, loans, cash provided by operating activities, short-and medium-term credit facilities and supplier financing.

The Company leases its entire fleet of aircraft through a combination of operating and finance lease agreements. As of December 31, 2016, the total fleet consisted of 130 aircraft, 96 of which were operating leases and 34 finance leases. The Company has 31 aircraft under finance leases with purchase options. During the year ended December 31, 2016, the Company returned 10 aircraft under operating lease contracts.

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

26.1. Operating leases

Future payments of non-cancelable operational lease contracts denominated in U.S. dollars are as follows:

	2016	2015
2016	-	-
2017	**857,747**	1,270,284
2018	**839,343**	1,127,820
2019	**889,940**	1,001,212
2020	**873,692**	904,590
2021 onwards	**2,786,003**	3,445,126
Total minimum lease repayments	**6,246,725**	7,749,032

26.2. Sale-leaseback transactions

The Company recorded a net gain of R$233,483 arising from 7 aircraft sale-leaseback transactions (gain of R$32,191 related to 6 aircraft as of December 31, 2015). Since gains or losses on sale-leaseback transactions will not be offset against future lease payments and were negotiated at fair value of aircraft, these gains were recognized directly in the profit or loss for the year.

The Company also has balances of deferred losses from transactions carried out between 2006 and 2009, in the amount of R$9,959 (R$16,913 on December 31, 2015).

27. Financial instruments and risk management

Operational activities expose the Company and its subsidiaries to market risk (fuel prices, currency exchange rate and interest rate), credit risk and liquidity risk. These risks may be mitigated through the use of oil market, U.S. dollar and interest-rate swap derivatives, futures and options.

Financial instruments are managed by the Risk Committee in line with the Risk Management Policy approved by the Risk Policy Committee and submitted to the Board of Directors. The Risk Policy Committee sets guidelines and limits and monitors controls, including mathematical models used to continuously monitor exposures and potential financial impacts, and also prevents the use of financial instruments for speculative trading.

The Company does not hedge its total risk exposure, and is, therefore, subject to market fluctuations for a significant portion of its exposed assets and liabilities. Decisions on the portion to be hedged depend on the financial risks and costs of hedging and are determined and reviewed at least quarterly in line with Risk Policy Committee strategies. Gains or losses arising from these transactions and the application of risk management controls are part of the Committee's monitoring remit and have been satisfactory to the proposed objectives.

The accounting classifications of the Company's consolidated financial instruments on December 31, 2016 and 2015 are shown below:

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

	Measured at fair value through profit or loss		Measured at amortized cost (c)	
	2016	2015	2016	2015
Assets				
Cash and cash equivalents	**308,548**	737,343	**253,659**	334,989
Short-term investments (a)	**121,491**	227,628	**309,742**	264,092
Restricted cash	**168,769**	676,080	-	59,324
Rights on derivative transactions	**3,817**	1,766	-	-
Trade receivables	-	-	**760,237**	462,620
Deposits (b)	-	-	**756,810**	690,826
Other credits	-	-	**118,058**	59,069
	-	-	-	-
Liabilities				
Loans and financing	-	-	**6,379,220**	9,304,926
Suppliers	-	-	**1,097,997**	900,682
Obligations on derivative transactions	**89,211**	141,443	-	-

(a) The Company manages part of its financial investments as 'held for trading' in order to meet its near-term cash needs.
(b) Excluding judicial deposits, as described in Note 9.
(c) Items classified as amortized cost refer to credits, obligations or debt issues involving private institutions in which, in any cases of early settlement, there are no substantial alterations in relation to the amounts recognized except amounts related to Perpetual Bonds and Senior Notes as disclosed in Note 16. Fair values are approximately the same as book values due to the short term-maturities of these assets and liabilities. During the year ended December 31, 2016, there was no change on the classification between categories of the financial instruments.

As of December 31, 2016 and 2015, the Company did not have financial assets classified as available for sale.

The Company's derivative financial instruments were recorded in the following line items:

	Fuel	Foreign currency	Interest rate	Total
Assets (Liabilities) as of December 31, 2015 (*)	-	1,766	(141,443)	**(139,677)**
Fair value variations:				
Gains (losses) recognized in profit or loss (a)	309	(40,931)	(1)	**(40,623)**
Losses recognized in other comprehensive income (loss)	-	-	(4,842)	**(4,842)**
Settlements during the year	3,508	39,165	57,075	**99,748**
Assets (liabilities) as of December 31, 2016 (*)	3,817	-	(89,211)	**(85,394)**

Changes in other comprehensive income	Fuel	Foreign currency	Interest rate	Total
Balances as of December 31, 2015	-	-	(178,939)	**(178,939)**
Fair value adjustments during the year	-	-	(4,842)	**(4,842)**
Net reversals to profit or loss (b)	-	-	128,731	**128,731**
Tax effect	-	-	(92,179)	**(92,179)**
Balances as of December 31, 2016	-	-	(147,229)	**(147,229)**
Effects on profit/loss (a)-(b)	309	(40,931)	(128,732)	**(169,354)**
Recognized in operating income	-	-	(12,574)	**(12,574)**
Recognized in financial income	309	(40,931)	(116,158)	**(156,780)**

(*) Classified as "Rights on derivative transactions" if the balance is an asset or "Obligations on derivative transactions" if the balance is a liability.

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

The Company may adopt hedge accounting for derivatives contracted to hedge cash flow and that qualify for this classification as per CPC38 - Financial Instruments - Recognition and Measurement. As of December 31, 2016, the Company adopts cash flow hedge only for the interest rate (mainly Libor rate). Cash flow hedges are scheduled to be realized and consequently reclassified to expenses, as shown below:

	2017	2018	2019	2020	2021	2021 onwards
Expected realization	14,242	14,092	16,350	15,578	13,844	73,123

27.1 Market risks

a) Fuel risk

Aircraft fuel prices vary due to the volatility of the price of crude oil and its by-products. In order to mitigate any losses from changes in the fuel market, the Company contracts derivative financial instruments referenced mainly to crude oil and, as of December 31, 2016, the Company held the purchase option (call and put) attached to WTI. In the year ended December 31, 2016, the Company recognized a gain with fuel hedge transactions in the amount of R$309 (a loss of R$29,964 in the year ended December 31, 2015). The Company does not hold derivatives operations designated as "hedge accounting".

b) Foreign currency risk

Currency risk arises from the possibility of unfavorable fluctuation of foreign currencies to which the Company's liabilities or cash flows are exposed. The Company contracts derivative financial instruments in U.S. dollars. In the year ended December 31, 2016, the Company recognized a loss on foreign exchange hedges for derivatives agreements of future U.S. foreign exchange in the amount of R$40,931 (a gain of R$102,969 in the year ended December 31, 2015).

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

Exposure to exchange rates is summarized below:

	Parent Company		Consolidated	
	2016	2015	2016	2015
Assets				
Cash, short-term investments and restricted cash	**49,646**	565,184	**548,792**	971,986
Trade receivables	-	-	**104,800**	57,104
Deposits	-	-	**756,810**	690,827
Gains (losses) on derivative transactions	-	-	**3,817**	1,766
Other	-	36	**10,184**	4,202
Total assets	**49,646**	565,220	**1,424,403**	1,725,885
Liabilities				
Foreign suppliers	**604**	34	**341,026**	113,280
Loans and financing	**3,261,714**	4,366,380	**3,596,379**	5,033,900
Finance lease payable	-	-	**1,718,012**	2,994,094
Other leases payable	-	-	**982**	179,030
Provision for aircraft and engines return	-	-	**583,941**	725,176
Payables to related companies	-	27,237	-	-
Total liabilities	**3,262,318**	4,393,651	**6,240,340**	9,045,480
Total currency exposure	**3,212,672**	3,828,431	**4,815,937**	7,319,595
Commitments not recorded in the statements of financial position				
Future commitments resulting from operating leases	-	-	**6,246,725**	7,749,032
Future commitments resulting from firm aircraft orders	**48,032,429**	58,886,473	**48,032,429**	58,886,473
Total	**48,032,429**	58,886,473	**54,271,092**	66,635,505
Total foreign currency exposure R$	**51,245,101**	62,714,904	**59,095,091**	73,955,100
Total foreign currency exposure US$	**15,723,697**	16,060,977	**18,132,334**	18,939,536
Exchange rate (R$/US$)	**3.2591**	3.9048	**3.2591**	3.9048

The Company's foreign currency exposure essentially comprises U.S. Dollar rate.

c) Interest rate

The Company is exposed to future finance lease transactions including installments to be paid that are exposed to LIBOR variations through the date of aircraft delivery. In order to mitigate these risks, the Company holds swap derivatives based on LIBOR. In the year ended December 31, 2016, the Company recognized a total loss with interest hedge transactions in the amount of R$128,732 (R$35,725 in the year ended December 31, 2015).

As of December 31, 2016 and 2015, the Company and its subsidiaries hold LIBOR derivatives recorded as hedge accounting.

27.2 Credit risk

The 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 credit card operators, travel agencies, installments sales and

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

government entities, which leaves the Company exposed to a small portion of the credit risk of individuals and other entities. Credit limits are set for all customers based on internal credit rating criteria and carrying amounts represent the maximum credit risk exposure. Customer creditworthiness is assessed based on an internal system of extensive credit rating. Outstanding trade receivables are frequently monitored by the Company.

Derivative financial instruments are contracted in the over-the-counter market (OTC) with counterparties rated investment grade or higher, or in a commodities and futures exchange (BM&FBOVESPA or NYMEX), thus substantially mitigating credit risk. Financial assets are realized with counterparties rated investment grade or higher by S&P or Moody's. The Company's obligation is to evaluate counterparty risk involved in financial instruments and periodically diversify its exposure.

27.3 Liquidity risk

The Company is exposed to two different types of liquidity risk: (i) market liquidity, which varies depending on the types of assets and markets in which assets are traded, and (ii) cash flow liquidity related to difficulties in meeting our contracted operating obligations at the maturity dates. In order to manage liquidity risk, the Company invests its funds in liquid assets (government bonds, CDBs and investment funds with daily liquidity) and its Cash Management Policy requires the weighted average maturity of its debt to be longer than the weighted average term of its investment portfolio.

The schedule of maturity of the Company's consolidated financial liabilities on December 31, 2016 is as follows:

	Less than 6 months	6 - 12 months	1 - 5 years	More than 5 years	Total
Loans and financing	499,542	335,748	2,654,007	2,889,923	**6,379,220**
Suppliers	1,088,859	-	9,138	-	**1,097,997**
Obligations on derivative transactions	89,211	-	-	-	**89,211**
As of December 31, 2016	1,677,612	335,748	2,663,145	2,889,923	**7,566,428**

	Less than 6 months	6 - 12 months	1 - 5 years	More than 5 years	Total
Loans and financing	336,664	1,059,959	3,110,282	4,798,021	9,304,926
Suppliers	797,124	103,558	-	-	900,682
Obligations on derivative transactions	141,443	-	-	-	141,443
As of December 31, 2015	1,275,231	1,163,517	3,110,282	4,798,021	10,347,051

27.4 Capital management

The Company uses alternative sources of capital to meet its operational requirements and to ensure that its capital structure takes into account suitable parameters for the financial costs, the maturities of funding and its guarantees. The Company monitors its financial leverage ratio, which corresponds to net debt, including short and long-term loans. The following table shows the financial leverage as of December 31, 2016 and 2015:

	Consolidated	
	2016	**2015**
Total loans and financing	**6,379,220**	9,304,926
(-) Cash and cash equivalents	**(562,207)**	(1,072,332)
(-) Short-term investments	**(431,233)**	(491,720)
(-) Restricted cash	**(168,769)**	(735,404)
A - Net debt	**5,217,011**	7,005,470
B – Total equity	**(3,356,751)**	(4,322,440)
C = (B+A) – Total capital	**1,860,260**	2,683,030

27.5 Sensitivity analysis of financial instruments

The sensitivity analysis of financial instruments has been prepared in accordance with CVM Instruction 475/08 in order to estimate the impact on fair value of financial instruments traded by the Company in three scenarios for each risk variable: the most likely scenario in the Company's assessment (which is levels of demand remaining unchanged); a 25% deterioration (possible adverse scenario) in the risk variable; a 50% deterioration (remote adverse scenario).

The estimates shown do not necessarily reflect amounts to be stated in the next financial statements. The use of different methodologies may have a material effect on estimates.

The tables below show sensitivity analyses for exposure to foreign currency exchange rates, outstanding derivatives positions and interest rate variations as of December 31, 2016 for market risks that management believes are material. The positive amounts shown are net asset exposures (assets greater than liabilities) while negative values shown are net liability exposures (liabilities greater than assets).

Parent Company

a) Currency risk

As of December 31, 2016, the Company had a net foreign exchange exposure of R$3,212,672. On the same date, the Company adopted this amount and the R$3.2591/US$ closing rate of the month announced by the Central Bank of Brazil as probable scenario, as shown below:

	Exchange rate	Liabilities, net
As of December 31, 2016	**3.2591**	**(3,212,672)**
Dollar depreciation (-50%)	1.6296	(1,606,336)
Dollar depreciation (-25%)	2.4443	(2,409,503)
Dollar appreciation (+25%)	4.0739	(4,015,893)
Dollar appreciation (+50%)	4.8887	(4,819,007)

Consolidated

a) Fuel risk

Due to the low liquidity of jet fuel derivatives traded in commodities exchanges, the Company and its subsidiaries contract 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, 2016, the Company and its subsidiaries held options and Brent contacts.

The fair value of the contracts on December 31, 2016 totaled R$3,817. The table below shows information on the hedged exposure:

	1Q17	2Q17	3Q17	4Q17	Total 12M
Percentage of fuel exposure hedged	55%	0%	0%	0%	4%
Amount in barrels (thousand barrels)	391	-	-	-	391
Future rate agreed per barrel (US$) (*)	53	-	-	-	53
Total in thousands of Brazilian reais (**)	**67,538**	-	-	-	**67,538**

(*) Weighted average between call strikes.

(**) The exchange rate: R$3.2591/US$1.00.

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

b) Currency risk

As of December 31, 2016, the Company held U.S. dollar derivative contracts in the notional amount of US$68,250,000 maturing through June 2017, and a net foreign exchange exposure of R$4,815,937. On the same date, the Company adopted this amount and the R$3.2591/US$ closing rate of the month announced by the Central Bank of Brazil as probable scenario, as shown below:

	Exchange rate	Liabilities, net	Derivatives, net	Total exposure
As of December 31, 2016	**3.2591**	**(4,815,937)**	**(85,394)**	**(4,901,331)**
Dollar depreciation (-50%)	1.6296	(2,407,968)	(42,697)	**(2,450,665)**
Dollar depreciation (-25%)	2.4443	(3,611,953)	(64,046)	**(3,675,999)**
Dollar appreciation (+25%)	4.0739	(6,019,921)	(106,743)	**(6,126,664)**
Dollar appreciation (+50%)	4.8887	(7,223,905)	(128,091)	**(7,351,996)**

c) Interest-rate risk

As of December 31, 2016, the Company held financial investments and debt with different types of rates and position in LIBOR derivatives. Its sensitivity analysis of non-derivative financial instruments examined the impact on annual interest rates only for positions with material amounts on December 31, 2016 (see Note 16) that were exposed to fluctuations in interest rates, as the scenarios below show:

Instrument	Risk	Referential rate	Exposure amount (probable scenario **)	Possible adverse scenario 25%	Remote adverse scenario 50%
Financial debt net of short-term investments (*)	Increase in the CDI rate	13.63%	(180,034)	(100,924)	(121,109)
Derivatives	Decrease in the LIBOR rate	2.12%	(89,211)	(27,013)	(56,469)

(*) Total invested and raised in the financial market at the CDI rate. A negative amount means more funding than investment.

(**) Book value registered as of December 31, 2016.

Fair value measurement 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:

- Level 1: Fair value measurements obtained from prices quoted (not adjusted) in identical active or passive markets;
- Level 2: Fair value measurements obtained through variables other than the price quotes included in Level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices); and
- Level 3: Fair value measurements obtained by using valuation methods that include the asset or liability but are not based on observable market data (unobservable data).

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

The following table shows a summary of the Company's and its subsidiaries' financial instruments measured at fair value, including their respective classifications of valuation methods as of December 31, 2016 and 2015:

	2016		2015	
	Book value	Other significant observable factors (Level 2)	Book value	Other significant observable factors (Level 2)
Cash and cash equivalents	**308,548**	**308,548**	737,343	737,343
Short-term investments	**121,491**	**121,491**	227,628	227,628
Restricted cash	**168,769**	**168,769**	735,404	735,404
Rights on derivative transactions	**3,817**	**3,817**	1,766	1,766
Obligations on derivative transactions	**(89,211)**	**(89,211)**	(141,443)	(141,443)

28. Non-cash transactions

On December 31, 2016, the Company increased its property, plant and equipment by R$97,423 (R$259,673 on December 31, 2015) of which related to the increase in the provision for aircraft return. Additionally, the Company renegotiated financial leasing agreements amounted R$549,144, with counterpart on property, plant and equipment under finance lease.

In the year ended December 31, 2016, the subsidiary Smiles acquired the right to use additional software licenses, in the amount of R$25,660, with a corresponding entry in "suppliers".

29. Insurance

As of December 31, 2016, insurance coverage, by nature, for the aircraft fleet and in relation to maximum indemnifiable amounts denominated in U.S. dollars is as follows:

Aviation	In Brazilian Reais	In U.S. dollars
Guarantee - hull/war	**12,319,398**	3,780,000
Civil liability per event/aircraft (*)	**2,444,325**	750,000
Inventories (local) (*)	**684,411**	210,000

(*) Amounts per event and annual aggregate.

Under Law 10744 of October 9, 2003, the Brazilian government will cover any civil-liability expenses to third parties caused by acts of war or terrorism in Brazil or elsewhere up to a total of the equivalent of US$1,000,000,000 in Brazilian Reais as of September 10, 2001, through which GLA may be subject to claims.

30. Subsequent events

On January 30, 2017, the Company approved the fourth disbursement of tranche B of the agreement entered into on February 26, 2016 referring to the early purchase of tickets and the agreement of fiduciary assignment of receivables and rights on accounts and other covenants, entered into between subsidiaries GLA and Smiles. The amount paid on February 3, 2017 was R$120,000.

On January 13, 2017, the subsidiary Smiles entered into an amendment to the Smiles Partnership Agreement with a financial institution, in the amount of R$143,000 for the early acquisition of miles to be used until the end of 2018.

On January 31, 2017, the subsidiary GLA entered into a Loan Agreement with Delta Air Lines Inc., ("Delta"), in the amount of US$50,000, maturing on December 31, 2020, with a refund obligation to be performed by the Company, GLA and Gol LuxCo, pursuant to the refund agreement entered into on August 19, 2015, with personal guarantee granted by the Company to the subsidiary GAC.

ANNEX A – MORTEN BEYER & AGNEW APPRAISAL

mba | morten beyer & agnew

aviation consulting

Desktop Appraisal of:
Component Inventory,
Consisting of 74,590 Line Items

Client:
Gol Linhas Aéreas Inteligentes S.A

Date:
April 29, 2016

HQ – Washington D.C.
2101 Wilson Boulevard
Suite 1001
Arlington, Virginia 22201
USA
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ISTAT

www.mba.aero

I. Introduction and Executive Summary

Table of Contents:

Morten Beyer & Agnew ("mba") has been retained by Gol Linhas Aéreas Inteligentes S.A (the "Client") to provide a Desktop Appraisal stating the Current Market Value of a Component Inventory consisting of 74,590 line items and 20,899 Unique Line Items at multiple stations provided by the Client, as of March 2016. The Component Inventory further identified in Section V.

In performing this appraisal, mba relied on industry knowledge and intelligence, confidentially obtained data points, its market expertise and current analysis of market trends and conditions.

Based on the information set forth in this report, it is our opinion that the total Current Market Value of the spare parts portfolio is as set forth below, Section V.

Component Category	Component Inventory	Current Market Value (US$)
Rotables	8,596 Line Items	**$162,777,074**
Non-Rotable	65,994 Line Items	**$59,897,757**
Total Parts	74,590 Line Items	**$222,674,831**

Section II of this report presents definitions of various terms, such as Current Base Value and Current Market Value as promulgated by the Appraisal Program of the International Society of Transport Aircraft Trading (ISTAT). ISTAT is a non-profit association of management personnel from banks, leasing companies, airlines, manufacturers, brokers, and others who have a vested interest in the commercial aviation industry and who have established a technical and ethical certification program for expert appraisers.

II. Definitions

Full Appraisal

A full appraisal is one that includes an inspection of the assets and its maintenance records. This inspection is aimed solely at determining the overall condition of the aircraft and records to support the value opinions of the appraiser. A full appraisal would normally provide a value that includes adjustments for the Assets condition to account for the actual condition of the asset, and possibly other adjustments to reflect the findings of the inspection of the asset and its records.

Market Value

ISTAT defines Market Value (or Current Market Value) as the appraiser's opinion of the most likely trading price that may be generated for an asset under market circumstances that are perceived to exist at the time in question. Current Market Value assumes that the asset is valued for its highest, best use, and the parties to the hypothetical sale transaction are willing, able, prudent and knowledgeable and under no unusual pressure for a prompt transaction. It also assumes that the transaction would be negotiated in an open and unrestricted market on an arm's-length basis, for cash or equivalent consideration, and given an adequate amount of time for effective exposure to prospective buyers.

Market Value of a specific asset will tend to be consistent with its Base Value in a stable market environment. In situations where a reasonable equilibrium between supply and demand does not exist, trading prices, and therefore Market Values, are likely to be at variance with the Base Value of the asset. Market Value may be based upon either the actual (or specified) physical condition or maintenance time or condition status of the asset, or alternatively upon an assumed average physical condition and mid-life, mid-time maintenance status.

Qualifications

mba is a recognized provider of aircraft and aviation-related asset appraisals and inspections. mba and its principals have been providing appraisal services to the aviation industry for over 20 years; and its employees adhere to the rules and ethics set forth by the International Society of Transport Aircraft Trading ("ISTAT"). mba employs four ISTAT Certified Appraisers, one of the largest certified staff in the industry. mba's clients include most of the world's major airlines, lessors, financial institutions, and manufacturers and suppliers. mba maintains offices in North America, Europe, and Asia.

mba publishes the semiannual Future Aircraft Values (FAV) *redbook*, a two-volume compendium of current and projected aircraft values for the next 20 years for over 150 types of jet, turboprop, and cargo aircraft.

mba also provides consulting services to the industry relating to operations, marketing, and management with an emphasis on financial/operational analysis, airline safety audits and certification, utilizing hands-on solutions to current situations. mba also provides expert testimony and witness support on cases involving collateral/asset disputes, bankruptcies, financial operations, safety, regulatory and maintenance concerns.

III. Current Market Conditions

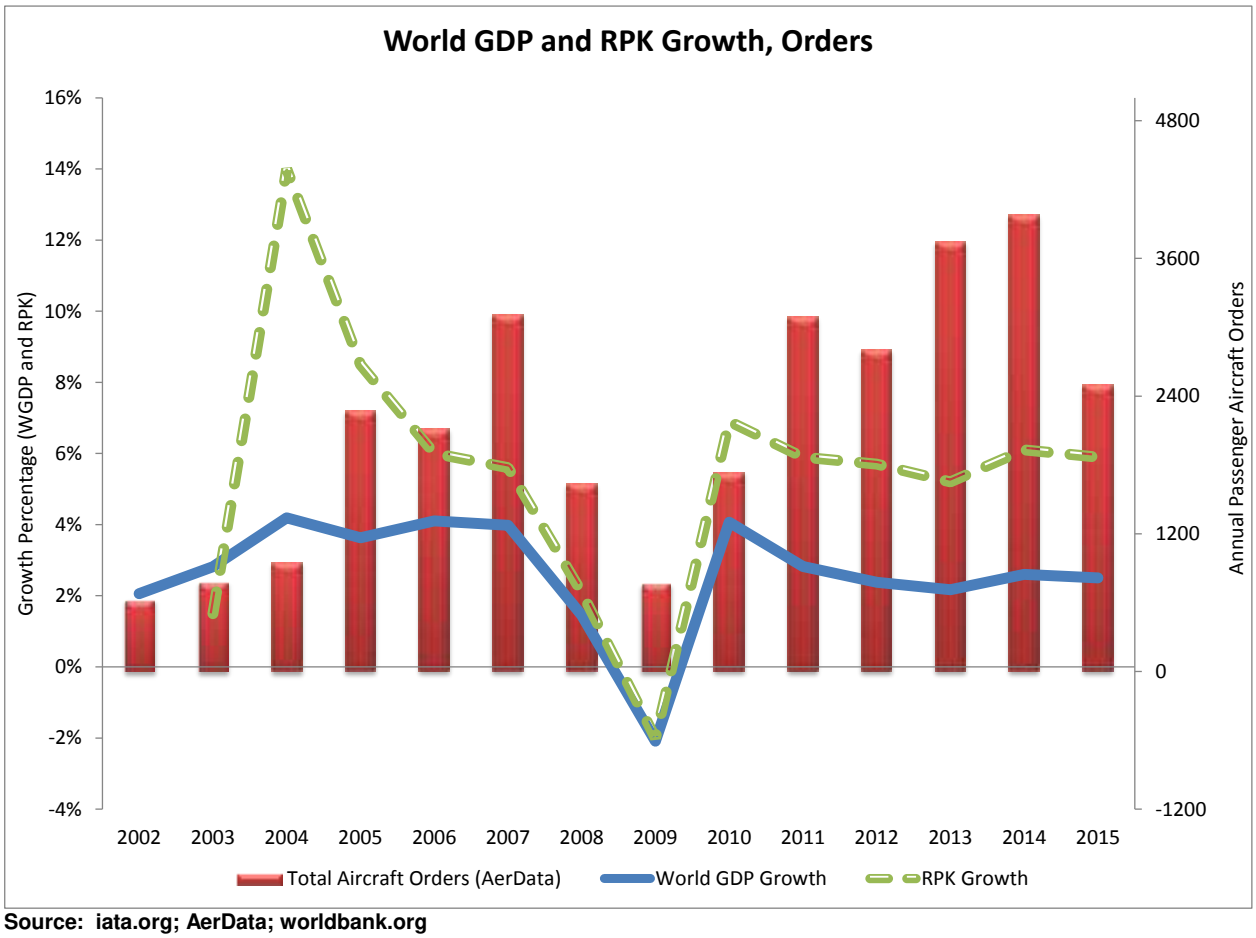
General Market Observation – 1st Quarter 2016

Values for spare parts are ties to the health of the aviation industry as a whole and more specifically to the specific market for the aircraft which they service. An essential consideration in any appraisal is market condition at the time the valuation is rendered. This section describes market conditions associated with the valuation as well as with the specific aircraft for which the components are utilized for.

An essential consideration in any appraisal is market condition at the time the valuation is rendered. This section defines market conditions associated with this valuation. The first part of the section provides general market commentary, highlighting major factors currently influencing aircraft values. The second part of the section details mba's view of the current market situation for each aircraft type examined in this valuation.

Passenger demand and jet fuel prices are two of the most significant factors influencing commercial transport aircraft values. Increases in passenger demand have a positive impact, while variations in fuel price have a different impact depending on the technology level of the asset. There are many other considerations that drive values of a specific aircraft type and model including: age, number of operators, regional distribution, total number in use, production status, and order backlog, among others.

Over the years, passenger demand has been shown to have a strong correlation with Gross Domestic Product ("GDP"). As presented in the following chart, this correlation also extends to orders for new aircraft.



Source: iata.org; AerData; worldbank.org

Underlying all of this is the historical and future predicted passenger growth of 5.0% per year by manufacturers and government agencies alike, which exceeds short-term World Bank global GDP predictions. Global GDP growth slowed to 2.5% in 2015, and is expected to recover at a slower pace than previously envisioned, with 2016 projected growth at 2.8%. The World Bank put this down to the weak performance of major emerging markets, mostly BRICs nations, impacting the overall growth of the global economy.

The International Air Transport Association ("IATA") reports that global passenger traffic ("RPK")[1] experienced year-on-year growth of 5.9% from Q4 2014 to Q4 2015. In addition, a year-on-year comparison of Q4 2015 illustrates a 5.6% increase in international RPKs worldwide, and an increase in domestic RPKs of 6.4% worldwide. International travel was relatively strong on average, however towards the end of the fourth quarter, and strikes resulting in temporary airline shutdowns in Germany and Russia negatively impacted international traffic growth for Europe and CIS countries, ultimately putting downward pressure on global passenger travel. Despite the tempering of global economic growth, air traffic managed to grow, likely owing to lower air fares attracting more passengers. According to IATA's November Market Analysis, the first 10 months of 2015 saw a 5.0% drop in average fares, which supported the increase in passengers of about 3.0%.

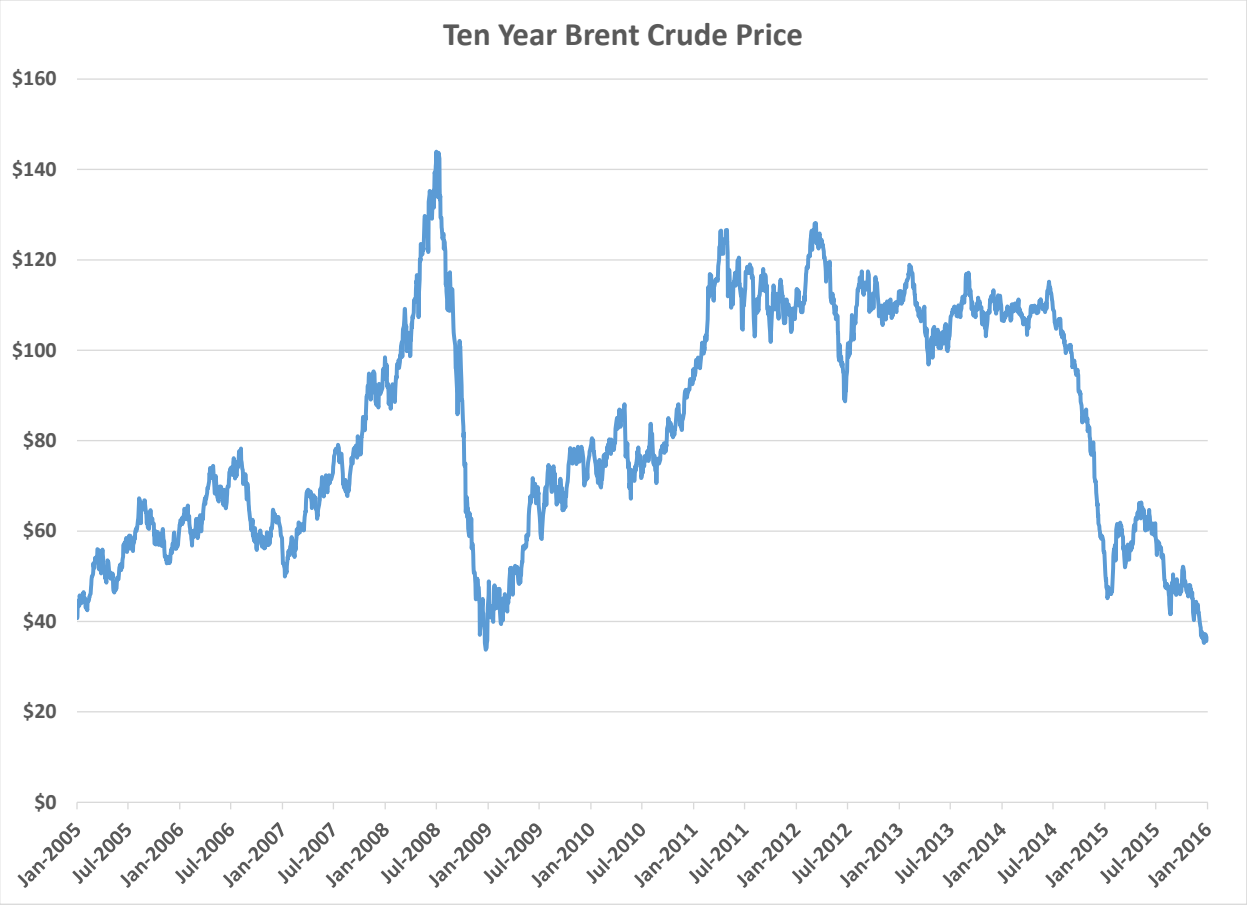
According to the IATA Air Freight Market Analysis in November of 2015, air freight volumes were 1.2% lower than the same point last year, this however was mostly down to an atypically strong November 2014. FTK[2]s numbers from the last quarter of 2015 suggests that the earlier declines in air freight appear to now be bottoming out. This trend is consistent with trade volumes steadying and even though the long term outlook for air freight is still somewhat fragile, an increase in Eurozone stability and low fuel price is having some impact.

At the end of Q4 2015, Airbus had booked 1,036 net orders, while Boeing booked 869 net orders. The large variance between the two manufactures is mainly attributed to Indigo's order of 250 A320neo aircraft in August 2015 and Wizz Air's order of 110 A321neo aircraft in September 2015. Throughout 2015, Airbus delivered 635 aircraft, while Boeing delivered 762 aircraft. The current order rate is approximately 86 aircraft and 72 aircraft per month for Airbus and Boeing respectively, and steady delivery rates of approximately 53 aircraft and 64 aircraft per month for Airbus and Boeing respectively. Boeing's higher delivery rate can be attributed to the 787 ramping up to 12 aircraft per month in 2016 and the 777 maintaining its 8.3 per month rate. While Boeing will be slowing 777 production to 7 per month in 2017, and the 747 to 0.5 per month in 2016, the annual deliveries are expected to remain high as 787 and 737MAX production lines increase output.

[1] RPK – Revenue Passenger Kilometers
[2] Freight Ton Kilometers.

Airbus' A350 is still only producing an average of two aircraft per month, but is planning to increase to 5 per month in 2016, with a goal of ultimately producing 10 per month. On top of the lower production rate for the A350 compared to the 787, Airbus is decreasing A330 production to six aircraft per month in 2016. However, the A320 line will be increasing to 60 per month by mid-2019 compared to Boeing's 737 aimed at 57 per month by the same time. While Boeing is likely to remain the top manufacturer in terms of deliveries, Airbus will lessen the gap as production ramps up for new generation and re-engined aircraft.

Prices tumbled to approximately US$48.00 per barrel by the end of January 2015 and despite an increase up to US$65.00 in Q2 2015, prices have fallen again to US$36.00 per barrel by the end of Q4 2015. The longer oil remains at the low price, the more questions arise about whether this price is sustainable. Oil-price.net offers the opinion that the supply-demand balance will favor a lower plateau due to continued production for the major oil supplies and a reduction in demand worldwide. However, OPEC believes oil prices will rise back up within the next two years as oil producers are forced to cut production.



Source: Energy Information Agency, www.eia.gov

After a stable market in the beginning of 2015, Q2 and Q3 proved comparatively unstable. China experienced the lowest GDP growth rate in Q3 2015 since 2009, despite the government's attempt to inject cash into the markets to stimulate the economy. Nearing the end of 2015, the World Trade Organization lowered its global trade growth forecast to 2.8% for 2015 compared to the 3.3% it originally forecasted. China's economy has created rifts in other global markets such as the mining and commodities in Australia and Brazil, both of which have been impacted by decreased demand from the Chinese market.

U.S. markets have also been affected with investors nervous over the Chinese economy and U.S. corporate earnings. In an effort to calm the market, the Federal Government went against predications and did not raise interest rates until December 2015. However, U.S. mortgage giant, Fannie Mae, previously speculated the Federal Government would continue to raise interest rates three more times in 2016, but has since lowered predictions to two raises in 2016 due to a slowdown in the U.S. economy. While an economic slowdown could impact passenger traffic, the lower fuel prices have kept fares low and attractive. In addition, the low fuel prices have provided excess cash to the airlines allowing them to replace aging aircraft, lessening the likelihood of order cancellation or delays by U.S. operators.

Another significant occurrence in the wider global economy is the reauthorization of the U.S. Export-Import Bank ("Ex-Im Bank"). The bank suffered a temporary lapse in authority of over five months which raised concerns over the impact on Boeing's financial competitiveness compared to Airbus and the potential movement of manufacturing to outside the U.S. The five month legislative battle, delayed and allegedly, lost orders for U.S. manufacturers. Despite reauthorization, Ex-Im Bank still cannot approve any transaction over US$10 million due to a lack of the required number of directors on their board and the bank must wait for the U.S. Senate to appoint new directors. Boeing is optimistic the funding issue will be resolved, however it is only forecasting 9.0% of deliveries in 2016 to receive backing from Ex-Im, potentially impacting future campaigns when up against competing Airbus aircraft.

In summary, China's recent economic woes have caused an overall slowdown in global economic growth creating a state of ambiguity in the global market. With Asia being the fastest growing region in passenger traffic and aircraft orders, there is concern that orders could be pushed back or cancelled. However, continuingly low oil prices have had a positive impact on the commercial aviation industry with passenger traffic up and airlines turning profits again, allowing investment in upgraded fleets and expansion.

Boeing 737-700 Current Market

The 737-700 entered service in 1998 with Southwest Airlines. The aircraft was developed as a direct replacement for the 737-300. This variant is the basis for the Boeing Business Jet ("BBJ") and is also available in a convertible version (the 737-700C).

Overview

Positive

- Second most popular member of highly successful 737NG family.
- Large fleet is operated by significant number of operators, and in every major world region.
- Low percentage of existing fleet currently parked.
- Sole source engines ease remarketing to secondary operators.

Neutral

- May have a popular freighter conversion program in the long-term, based on successful conversions of predecessor 737-300 & -400 aircraft; however, competing A320 family aircraft may provide better freighter platform and will almost certainly beat 737-700 to market with conversion options. Also likely to face tough competition from 737-800 for freight use.

Negative

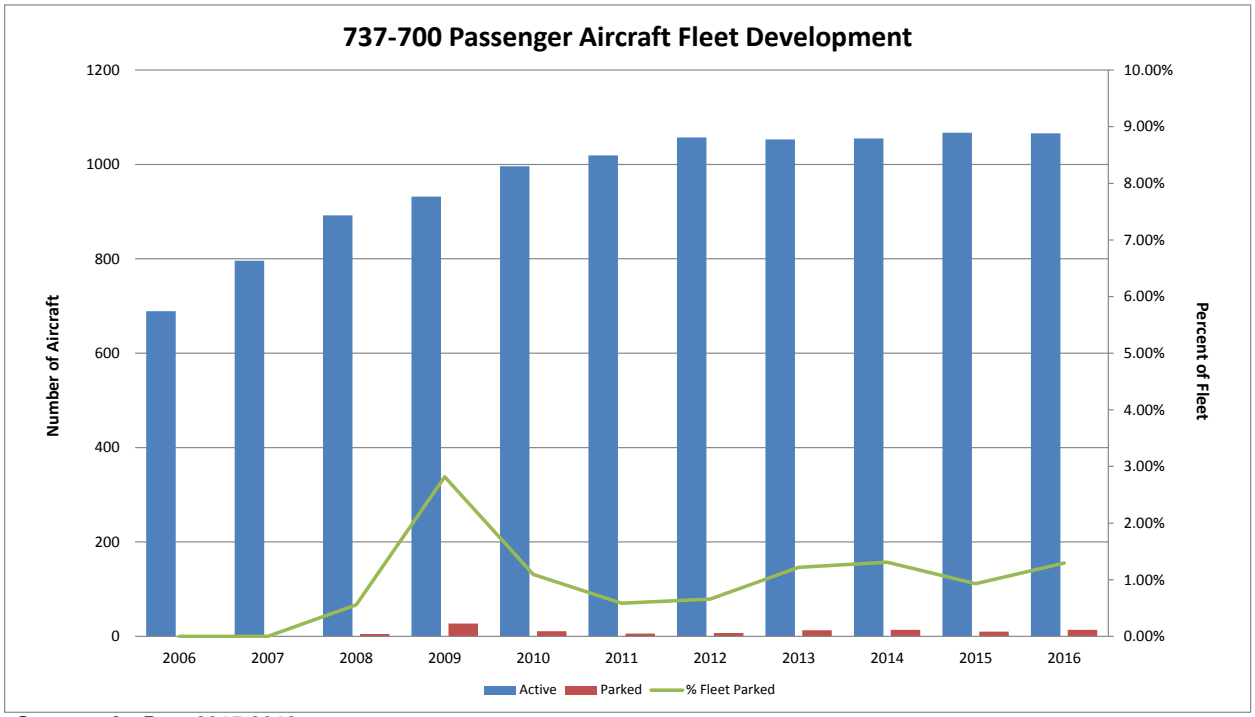
- Recent backlog for 737NG aircraft has shifted in favor of larger variants.
- Backlog going forward likely to fade in favor of 737MAX family, due to enter service in 2017.
- Fleet concentration in hands of largest operator may have negative impact in future when Southwest decides to phase out fleet.

As of January 2016, there are 1,066 active 737-700 passenger-configured aircraft with 89 operators.

Fleet Status	737-700
Net Orders	1,152
Backlog	36
Delivered	1,116
Destroyed/Retired	36
Not in Service/Parked	14
Active Aircraft	1,066
Number of Operators	89
Average Daily Utilization (Hrs)	9.8
Average Fleet Age (Yrs)	11.40

Source: AerData January 2016

The 737-700 fleet has grown steadily over the past ten years, with the number of active aircraft more than tripling during the period. However, over the past year, backlog has begun to fall off with new Boeing narrowbody orders favoring its larger siblings the 737-800 and 737-900ER, as such, the 737-700 backlog now stands at its lowest level in a decade. The 737-700 has also had a very low percentage of the existing fleet reported as parked during the same period, with the percentage of fleet parked peaking at 5.0% in 2002, but has not reached higher than 2.8% since. The chart below depicts 737-700 fleet development by year, as of January of each year.



Source: AerData 2015-2016

Recent Developments

In February 2016, United Airlines announced it would be ordering an additional 25 737-700 aircraft to replace its regional fleet (Airways News).

In January 2016, United Airlines announced an order of 40 737-700 aircraft with deliveries beginning in 2017. The aircraft are intended to replace United Airlines' regional 50 seater aircraft (airwaysnews.com).

In January 2016, Southwest Airlines announced it was converting 25 of its 737-700 orders to 737-800 aircraft with deliveries due before the end of the decade (The Motley Fool).

Demographics & Availability

The largest operator of the 737-700 fleet is Southwest Airlines, who dominates the fleet with 475 aircraft or 44.0% of the total fleet. The second largest operator, Canadian carrier, WestJet, has only 58 737-700 aircraft, representing only 5.4% of the total fleet.

Boeing 737-700 Passenger-Configured Aircraft *Current Fleet by Operator*				
Operator	**In Service**	**Parked**	**Total**	**Total %**
SOUTHWEST AIRLINES	473	2	475	44.0%
WESTJET	58		58	5.4%
CHINA EASTERN	44		44	4.1%
UNITED AIRLINES	40		40	3.7%
GOL TRANSPORTES AEREOS	35	1	36	3.3%
SAS	29		29	2.7%
CHINA SOUTHERN	28		28	2.6%
AIR CHINA	20		20	1.9%
AEROLINEAS ARGENTINAS	19		19	1.8%
AEROMEXICO	19		19	1.8%
KLM	18		18	1.7%
XIAMEN AIRLINES	17		17	1.6%
COPA	14		14	1.3%
ALASKA AIRLINES	14		14	1.3%
SHANGHAI AIRLINES	11		11	1.0%
ALL OTHERS	227	11	238	22.0%
Grand Total	**1066**	**14**	**1080**	**100.0%**

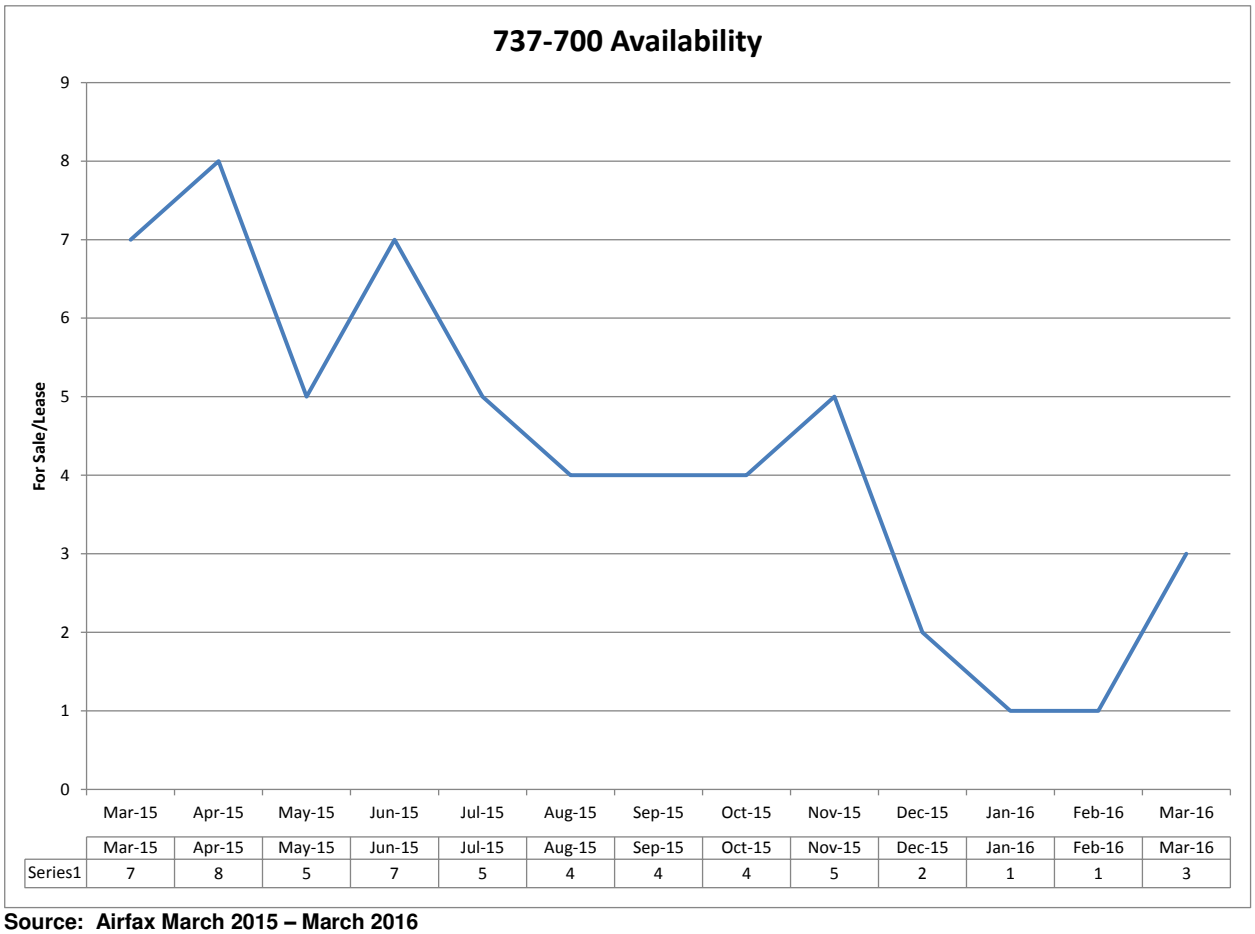
Source: AerData January 2016

Over half of the current fleet of in-service and parked 737-700 aircraft are allocated in North America, mainly due to the large Southwest Airlines' fleet. Asia and Europe follow far behind with 19.2% and 10.1% of the total fleet, respectively.

Boeing 737-700 Passenger-Configured Aircraft *Current Fleet by Region*				
Region	**In Service**	**Parked**	**Total**	**Total %**
North America	611	6	617	57.1%
Asia	207		207	19.2%
Europe	104	5	109	10.1%
South America	59	1	60	5.6%
Africa	39	1	40	3.7%
Central America and Caribbean	33		33	3.1%
Middle East	9		9	0.8%
Australia and Pacific	4		4	0.4%
Undisclosed		1	1	0.1%
Grand Total	**1066**	**14**	**1080**	**100.0%**

Source: AerData January 2016

According to Airfax, as of March 2016, there are three Boeing 737-700 aircraft advertised for sale or lease. The number of aircraft available is extremely low, representing less than 0.28% of the existing fleet.

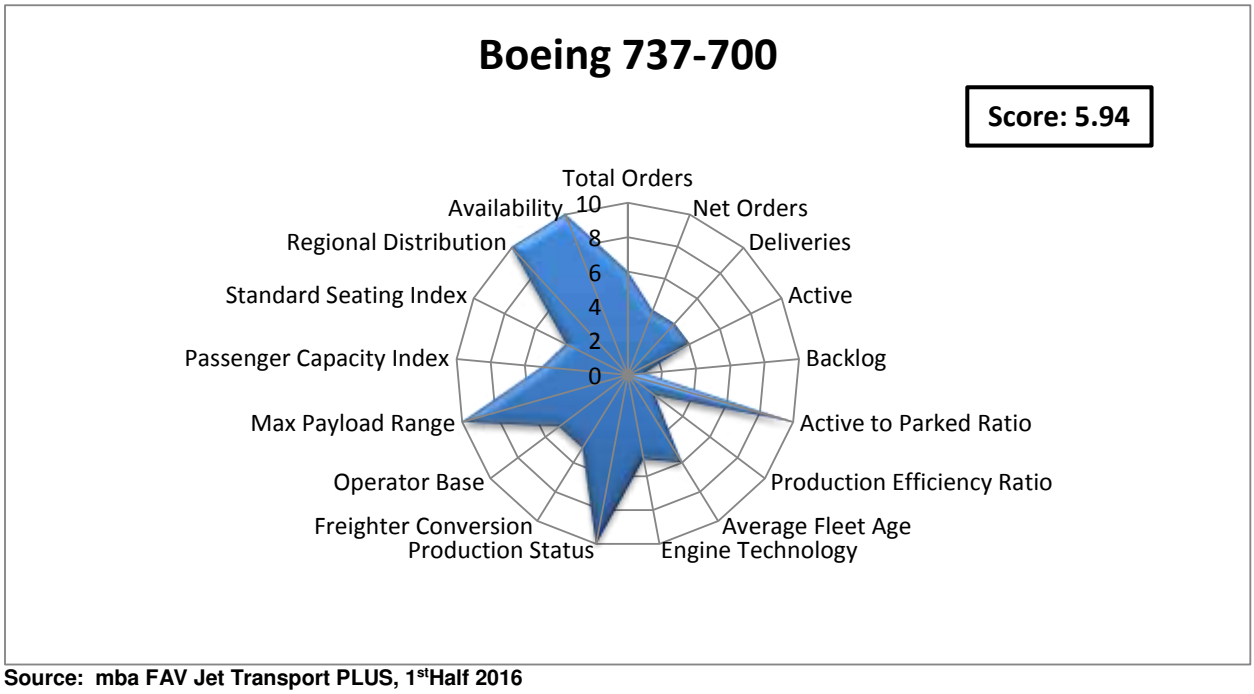


	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Series1	7	8	5	7	5	4	4	4	5	2	1	1	3

Source: Airfax March 2015 – March 2016

Aircraft Ranking

mba's Aircraft Ranking model takes into account numerous factors that affect an aircraft's market standing, on a scale specifically developed for each asset class. These ranking factors are individually weighted and compared against each other to develop mba's overall ranking score for each aircraft type, which is expressed in a scale of 1.00 to 10.00. The most prevalent aircraft configurations are used in the ranking analysis which can be further identified in mba's Future Aircraft Value *redbook* publication or its web based valuation service.



Source: mba FAV Jet Transport PLUS, 1st Half 2016

Outlook

The short- to mid-term outlook for the 737-700 is neutral, prior to the Entry Into Service of the 737MAX variants. The aircraft has a large fleet, of which a very low percentage reported as parked. It is the direct replacement for the most popular of the 737 Classics, the 737-300. However, of late the preference of operators has skewed toward larger narrowbodies, with orders for the smaller 737-700 and A319 diminishing. The order book for the 737-700 has declined to its lowest level in a decade, with many recent 737NG orders favoring larger variants in the family. Additionally, new orders being placed now favor the 737MAX variant. The long term outlook will be shaped by the presumed success of the 737MAX. While not a true clean-sheet replacement, the modified variant represents a break in production, and the last 737-700s manufactured will suffer the most from a value perspective. However, no technical obsolesence is expected for the foreseeable future as a result of the 737MAX Entry Into Service.

An unknown variable at this time is the future of the 737-700 as a freighter. Boeing 737-300 and 737-400 aircraft have long been successfully converted as freighters, however, the values of 737-700s are currently too high to support freighter conversion. Though the aircraft from a technical perspective would likely make a good narrowbody freighter, there is plenty of much cheaper feed stock from the 737 Classic fleet, and among current production aircraft, the A320-200 will likely beat the 737-700 and 737-800 to the freighter conversion market, which may also reduce freighter conversion prospects for the 737-700. While the A319 will remain a direct competitor to the 737-700, the narrowbody market has been able to handily accommodate large fleets of both types and mba expects this to continue into the future.

Boeing 737-800 Current Market

The 737-800 entered service with Hapag-Lloyd Flug (TUIfly) in 1998. It is a stretched version of the 737-700 and a replacement for the 737-400 Classic. Many carriers in the United States also utilized the aircraft to replace Boeing 727-200s, as well as MD-80 and MD-90 aircraft.

Overview

Positive

- Most popular member of highly successful 737NG family.
- Large operator base is geographically diverse, by number and type of operators.
- Very low percentage of existing fleet currently parked.
- Sole source engines ease remarketing to secondary operators.

Neutral

- Introduction of 737MAX variant delays clean sheet replacement, but will likely affect values of only the youngest 737-800 aircraft produced.
- May have a popular freighter conversion program in the long-term, based on successful conversions of predecessor 737-300 and -400 aircraft; however, the competing A320 may provide better freighter platform and will almost certainly beat 737-800 to market with conversion options.

Negative

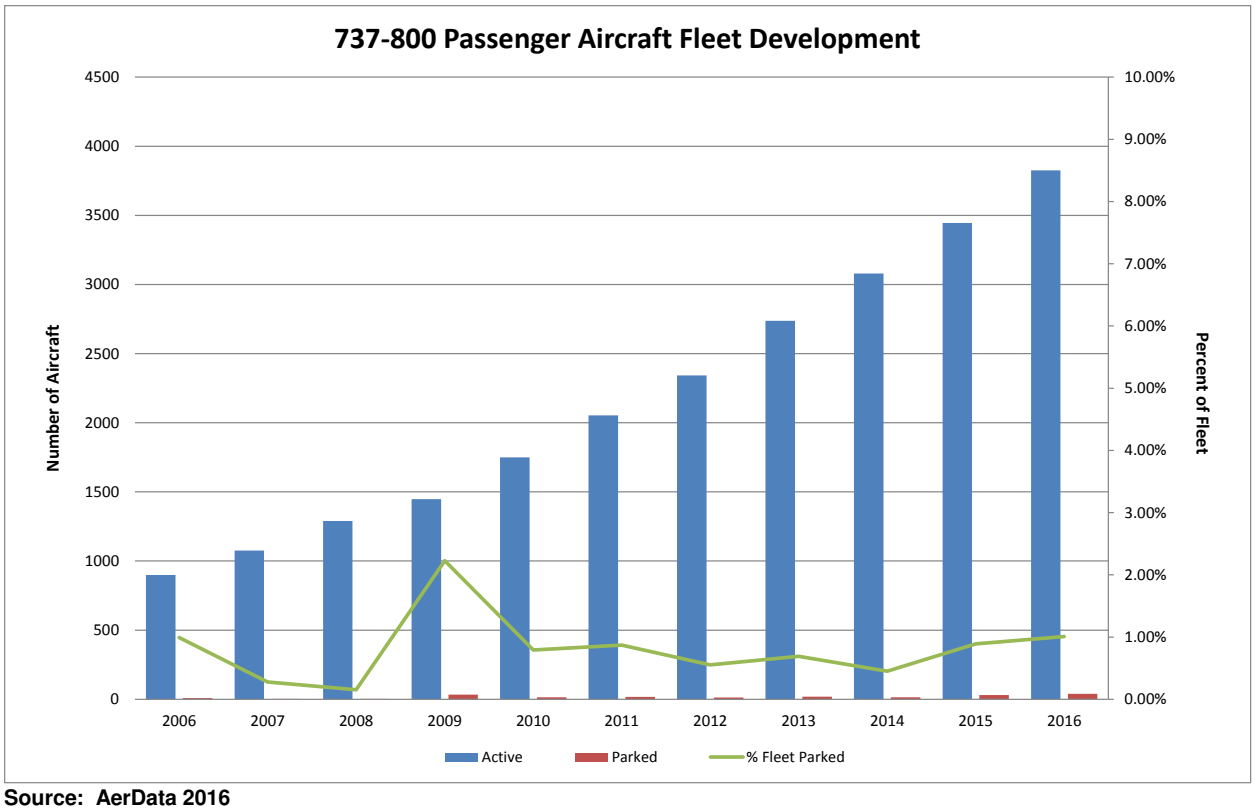
- Backlog going forward likely to fade in favor of 737MAX, due to enter service in 2017.
- Lease rates have been under pressure recently, particularly for younger vintages, as major lessors are providing inventory at low lease rental factors in order to place their aircraft. However, 737-800 lease rates appear to be holding up slightly better than those of competing A320-200.

As of January 2016, there were 3,825 active passenger-configured 737-800 aircraft in service with 185 operators.

Fleet Status	737-800
Net Orders	4,996
Backlog	1,115
Delivered	3,881
Destroyed/Retired	17
Not in Service/Parked	39
Active Aircraft	3,825
Number of Operators	185
Average Daily Utilization (Hrs)	10.3
Average Fleet Age (Yrs)	6.8

Source: AerData January 2016

The 737-800 fleet has grown rapidly over the past ten years, with the number of active aircraft more than quadrupling during the period. The 737-800 has also had an extremely low percentage of the existing fleet reported as parked during the same period, with the percentage of fleet parked peaking at 2.2% in 2009. The chart below depicts 737-800 fleet development by year, as of January of each year.



Source: AerData 2016

Recent Developments

In February 2016, Boeing announced it will be launching a passenger to freighter conversion program for the 737-800, in a bid to compete with other third party conversion programs such as AEI (mronetwork.com).

In January 2016, Japan Transocean Air (JTA) took delivery of its first of twelve B737-800s on order from Boeing (ch-aviation.com).

In January 2016, Southwest Airlines acquired thirty-three more B737-800s following the placement of an order in December last year. In addition to the order, Southwest has also converted its remaining twenty-five B737-700 options to -800s (ch-aviation.com).

In December 2015, UK Leisure Airline, Jet2.com, finalized an order today for three Next Generation 737-800s. (boeing.com)

Demographics & Availability

European carrier, Ryanair, operates the largest fleet of 737-800s with 8.3% of the current total fleet. American Airlines is the second largest operator of the type with 6.8% of the total fleet.

Boeing 737-800 Passenger-Configured Aircraft
Current Fleet by Operator

Operator	In Service	Parked	Total	% of Fleet
RYANAIR	321	1	322	8.3%
AMERICAN AIRLINES	264		264	6.8%
UNITED AIRLINES	129		129	3.3%
CHINA SOUTHERN	124		124	3.2%
AIR CHINA	116		116	3.0%
HAINAN AIRLINES	114		114	3.0%
SOUTHWEST AIRLINES	104		104	2.7%
XIAMEN AIRLINES	104		104	2.7%
GOL TRANSPORTES AEREOS	104		104	2.7%
NORWEGIAN AIR SHUTTLE	92	1	93	2.4%
SHANDONG AIRLINES	85		85	2.2%
SHENZHEN AIRLINES	81		81	2.1%
GARUDA INDONESIA	79		79	2.0%
DELTA	73		73	1.9%
CHINA EASTERN	71		71	1.8%
All Others	1964	37	2001	51.8%
Grand Total	**3825**	**39**	**3864**	**100.0%**

Source: AerData January 2016

Statements of financial position

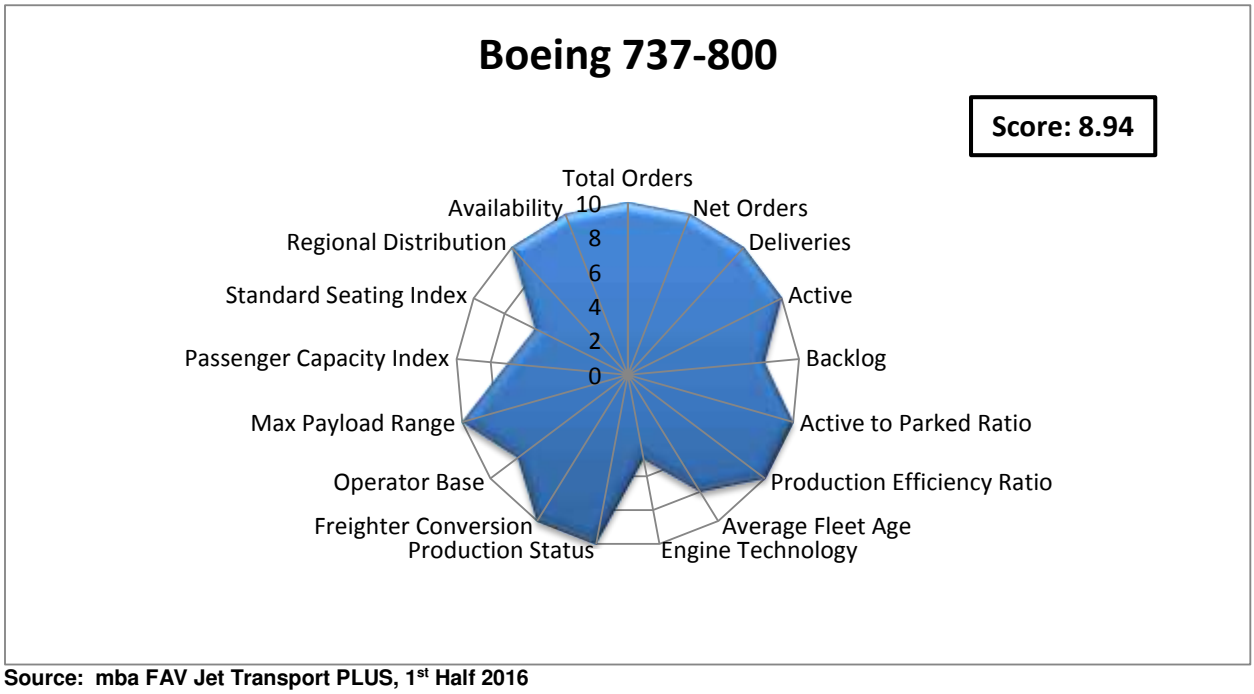
As of December 31, 2016 and 2015
(In thousands of Brazilian reais - R$)

	Note	Parent Company 2016	Parent Company 2015	Consolidated 2016	Consolidated 2015
Liabilities					
Current liabilities					
Loans and financing	16	**277,219**	127,598	**835,290**	1,396,623
Suppliers		**1,314**	6,873	**1,097,997**	900,682
Salaries, wages and benefits		**309**	384	**283,522**	250,635
Taxes payable	17	**119**	302	**146,174**	118,957
Taxes and landing fees		**-**	-	**239,566**	313,656
Transportation commitments	18	**-**	-	**1,185,945**	1,206,655
Mileage program	19	**-**	-	**781,707**	770,416
Advances from customers		**-**	-	**16,823**	13,459
Provisions	20	**-**	-	**66,502**	206,708
Obligations on derivative transactions	27	**-**	-	**89,211**	141,443
Other current liabilities		**2,252**	870	**106,005**	222,774
		281,213	136,027	**4,848,742**	5,542,008
Noncurrent liabilities					
Loans and financing	16	**2,984,495**	4,238,782	**5,543,930**	7,908,303
Provisions	20	**-**	-	**723,713**	663,565
Mileage program	19	**-**	-	**219,325**	221,242
Deferred taxes	8,2	**-**	-	**338,020**	245,355
Taxes payable	17	**-**	-	**42,803**	39,054
Liabilities with related parties	10	**21,818**	27,237	**-**	-
Provision for loss on investment	12	**3,074,190**	2,986,802	**-**	-
Other noncurrent liabilities		**-**	-	**44,573**	71,310
		6,080,503	7,252,821	**6,912,364**	9,148,829
Equity (deficit)	21				
Capital stock		**3,080,110**	3,080,110	**3,080,110**	3,080,110
Cost of issued shares		**(42,290)**	(41,895)	**(155,618)**	(155,223)
Treasury shares		**(13,371)**	(22,699)	**(13,371)**	(22,699)
Capital reserves		**91,399**	98,861	**91,399**	98,861
Equity valuation adjustments		**(147,229)**	(178,939)	**(147,229)**	(178,939)
Share-based payments	11	**113,918**	103,126	**113,918**	103,126
Effects of changes in equity interest		**693,251**	690,379	**693,251**	690,379
Accumulated losses		**(7,425,786)**	(8,275,405)	**(7,312,458)**	(8,162,077)
Equity (deficit) attributable to controlling shareholders		**(3,649,998)**	(4,546,462)	**(3,649,998)**	(4,546,462)
Non-controlling interests of Smiles		**-**	-	**293,247**	224,022
Total equity (deficit)		**(3,649,998)**	(4,546,462)	**(3,356,751)**	(4,322,440)
Total		**2,711,718**	2,842,386	**8,404,355**	10,368,397

The accompanying notes are an integral part of the financial statements.

Aircraft Ranking

mba's Aircraft Ranking model takes into account numerous factors that affect an aircraft's market standing, on a scale specifically developed for each asset class. These ranking factors are individually weighted and compared against each other to develop mba's overall ranking score for each aircraft type, which is expressed in a scale of 1.00 to 10.00. The most prevalent aircraft configurations are used in the ranking analysis which can be further identified in mba's Future Aircraft Value *redbook* publication or its web based valuation service.



Source: mba FAV Jet Transport PLUS, 1st Half 2016

Outlook

The short- to mid-term outlook for the 737-800 is quite favorable prior to the 737MAX variants entering service. The aircraft seems to be well positioned in terms of passenger capacity vis-à-vis the current demand in the narrowbody sector, particularly when compared to smaller aircraft, such as the 737-700 and A319, which have not been as successful of late. The order book for the 737-800 remains robust, at over 1,100 units, even though many new orders being placed now favor the 737MAX variant. The long-term outlook will be shaped by the presumed success of the 737MAX. While not a true clean-sheet replacement, the modified variant represents a break in production and the last 737-800s manufactured will suffer the most from a value perspective. However, no technical obsolesence is expected for the foreseeable future as a result of the 737MAX entering service. An unknown variable at this time is the future of the 737-800 as a freighter. Boeing 737-300 and 737-400 aircraft have long been successfully converted as freighters. The values of 737-800s are currently too high to support freighter conversion. Though the aircraft from a technical perspective would likely make a good narrowbody freighter, there is plenty of much cheaper feed stock from the 737 Classic fleet, and among current production aircraft, the A320-200 will likely beat the 737-800 to the freighter conversion market, which may also reduce freighter conversion prospects for the 737-800. While the A320-200 will surely be remain a successful competitor to the 737-800, the narrowbody market has been able to handily accommodate very large fleets of both types and it is mba's expectation that this will continue into the future.

IV. Parts Appraisal Methodology

Valuation Methodology

In order to verify the currency of the data provided for the Valuation, mba performed an on-site Inspection of the Inventory at two locations which it is housed. At each location, mba performed a statistical sampling of the Inventory for the purpose of determining the following:

- Presence of the Component;
- Correct Quantity of the Component;
- Correct Condition Specified;
- Correct and Accurate Documentation accompanying each Component (i.e. Federal Aviation Administration ("FAA") 8130-3, and
- European Aviation Safety Agency ("EASA") Form One, Certificate of Conformance, etc.).

The results of the statistical sampling is a stratification inspection proportionate to value in order to appropriately asses the rotable serviceable, rotable unserviceable, repairable, and consumable portions of the inventory to a confidence level of 95.0%.

For this report mba performed a sampling inspection at two stations, Confins International Airport (CNF) and Sao Paulo-Congonhas Airport (CGH). As a result of stratified sampling process a total of 407 line items were selected to sample using a random number generator, 282 line items of inventory at CNF and 123 at CGH which were divided among rotable and serviceable components according to proportion of value of the overall inventory. The inspection consisted of the inspector verifying the physical presence of the component(s), the quantity of the available components and the verification of acceptable documentation for each component via the presence of an FAA 8130-3, EASA Form One or a Certificate of Conformance showing the component was manufactured in accordance with an approved design specification. The results of the inspection yielded 7 line items and CNF and 8 at CGH, which were zero stock. Of the zero stock items, the inspector was able to trace outgoing inventory requests for them which substantiates their lack of availability for the inspection. With regards to quantity of each line item reported by the Client and inspected at each station, there were slight variations in a minimum number of line items. These slight variations are considered to be normal in a dynamic inventory environment as stock is consumed and replenished. The results of the inventory sampling inspection were considered to be consistent with the Client's provided inventory with a minimal degree of variation, therefore no value impact to the inventory was assigned.

In its Valuation Model, mba obtained third-party market data on the Inventory, including recent quote, number of vendors, number of components, avref price, and etc. These Values are adjusted based on the market availability and component condition to reach a Current Market Value for each line item in the stated condition. Depending on the results of the statistical sampling, a verification ratio is applied to the Inventory, after which mba identifies a total Current Market Value of the Inventory. In addition to its basic valuation methodology, mba:

i. Reviewed the parts inventory report supplied for the Client;
ii. Reviewed mba's internal database for relevant information with regards to the inventory to be valued;
iii. Developed a representative sampling of a reasonable number of the different Qualified Spare Parts included in the Collateral;
iv. Checked other sources, such as manufacturers and aviation listing services, for current market transactions;
v. Established an assumed ratio of Serviceable Parts to Unserviceable Parts as of the applicable Valuation date based upon information provided by the client and the relevant appraiser's limited physical review of the Collateral;
vi. Visited two (2) locations where the Pledged Spare Parts are kept; and
vii. Conducted a limited review of the inventory reporting system applicable to the Pledged Spare Parts, including checking information reported in such system against information determined through physical inspection.

The Appraisal consisted of 74,590 Line Item Part Numbers ("P/N"), totaling 20,899 Unique Line Items and 1,820,837 rotable, repairable and expendable parts in varied condition. The definition detailing the category of each part was provided by the Client; therefore the market definition for each P/N was used in determining the category of each Line Item.

All information was provided by the Client from their inventory control system in MSExcel format. mba has extensively analyzed this data and relied upon the Client, in part, to derive the appraised values herein. The following identifies the different classifications of the components.

The spare parts included in the Collateral fall into two categories, “Rotables,” and “Non-Rotables.” Non-rotables includes parts often described in the industry as “repairables” and “expendables” or “consumables.” Rotables, Repairables, and Expendables are defined below.

Rotable Items[1]: A rotable item is defined as an item that can be economically restored to a serviceable condition and, in the normal course of operations, can be repeatedly rehabilitated to a fully serviceable condition over a period of time approximating the life of the flight equipment to which it is related. Examples include avionics units, landing gears, auxiliary power units, major engine accessories, and etc.

Repairable Items[1]: A replaceable part or component, commonly economical to repair, and subject to being rehabilitated to a fully serviceable condition over a period of time less than the life of the flight equipment to which it is related. Examples include many engine blades and vanes, some tires, seats, and galleys.

Expendable Items[1]: Items for which no authorized repair procedure exists, and for which cost of repair would normally exceed that of replacement. Expendable items include nuts, bolts, rivets, sheet metal, wire, light bulbs, cable, and hoses.

mba was furnished with: Part Number, Part Description, Condition, Quantity, and Station Location. A sampling of parts was conducted in order for mba to verify the conditions provided by the Client and assumed to be certified by either a FAA 8130-3 or EASA Form One, with a bench check as a minimum.

[1] ISTAT definition.

Inventory Data

The Component Inventory data was sent to third-party vendors to identify parts available in the secondary market. This process is performed for all spare parts. The scan for the 20,899 discrete part P/Ns contained in this Appraisal returned over 95,000 quote responses by P/N.

mba applied percentage discounts to List Price (OEM catalogue price) that represent its opinion of value and liquidity – Value-in-Use, and compared them to current market pricing by adjusting the components to a baseline value, and further discounted for the condition of parts based on market depreciation and demand. The resulting values represent the mba appraised value. Where sufficient market data was not available for the valuation of individual P/Ns.

Where no quote data or List Price was available in the market, a minimum Value analysis was applied to parts utilizing common nomenclature such as: Spring, Clip, Bolt, Nut, Seal, Packing, Washer, Rivet, Bearing, Bushing, Lamp, Placard, and Screw. This method consisting of analyzing similarly identified components that returned Value data from the market and applying a discount to the average Value of each in order to assign a Conservative Value to these commonly named parts. The resulting Values represent the mba Appraised Value

Component Condition

Components removed from an aircraft at part out are generally considered to be in an "as removed" condition with no repair station certifying documents other than the removal tag attached at removal. In the market, these components are considered to be less valuable as many operators require a certifying document such as an FAA 8130-3 or EASA Form One prior to installation validating, at a minimum, the serviceability of the unit. The most cost effective method a certification can be obtained is an appropriately authorized repair station performing a "bench check" or operational test of the component and completing a thorough inspection. The level of complexity for the "bench check" varies by component type as the requirements for the test to assure serviceability will vary. Components that are un-serviceable may then be repaired or overhauled to return them to service. Overhauled components are disassembled and returned as close as possible to new specifications while repaired components are returned to service.
The condition codes below were used in this Appraisal:

NE – New
NS – New Surplus
OH – Overhauled
AR – As Removed
SV – Serviceable

V. Valuation

In developing the Values of the Component Inventory, mba did perform a physical inspection sampling of inventory and documentation, and relied on information supplied by the Client. This information was independently verified by mba through the sampling inspection process. mba used certain assumptions that are generally accepted industry practice to calculate the value of the Component Inventory when more detailed information is not available.

The principal assumptions for the aircraft in this portfolio are as follows:

1. The components are in good overall condition;
2. All components valued assumed in the condition specified;
3. Each component is assumed to have a Certificate of Conformance, FAA 8130-3 or EASA Form One certifying document;
4. There is no history of accident or incident damage; and
5. In the case of Market Value, no accounting is made for lease revenues, obligations, or terms of ownership unless otherwise specified.

Inventory Valuation (Spares Inventory Serviceable Condition) (US$)		
Description	**P/N**	**Current Market Value in Serviceable Condition**
Rotable	Various	$162,777,074
Non-Rotable	Various	$59,897,757
Total Parts	Various	$222,674,831

The category “Non-Rotable” includes parts that are classified as Repairable and Expendable components.

VI. Covenants

This report has been prepared for the exclusive use of Gol Linhas Aéreas Inteligentes S.A and shall not be provided to other parties by mba without the express consent of Gol Linhas Aéreas Inteligentes S.A.
mba certifies that this report has been independently prepared and that it fully and accurately reflects mba's opinion as to the values as requested. mba further certifies that it does not have, and does not expect to have, any financial or other interest in the Component Inventory or similar Line Items.

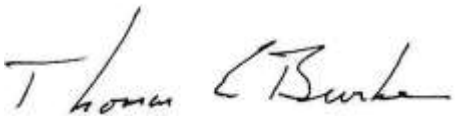
This report represents the opinion of mba as to the values of the Component Inventory as requested and is intended to be advisory only, in nature. Therefore, mba assumes no responsibility or legal liability for any actions taken, or not taken, by Gol Linhas Aéreas Inteligentes S.A or any other party with regard to the subject aircraft and engine. By accepting this report, all parties agree that mba shall bear no such responsibility or legal liability.

PREPARED BY:

David Tokoph
Chief Operating Officer
Morten Beyer & Agnew
ISTAT Certified Appraiser

April 29, 2016

REVIEWED BY:



Thomas E. Burke
Managing Director – Valuations
Morten Beyer & Agnew
ISTAT Certified Appraiser

mba | morten beyer & agnew

aviation consulting

Desktop Appraisal of:
Component Inventory,
Consisting of 24,430 Line Items

Client:
Gol Linhas Aéreas Inteligentes S.A

Date:
October 13, 2016

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Statements of financial position

As of December 31, 2016 and 2015
(In thousands of Brazilian reais - R$)

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Non-controlling interests of Smiles		**-**	-	**293,247**	224,022
Total equity (deficit)		**(3,649,998)**	(4,546,462)	**(3,356,751)**	(4,322,440)
Total		**2,711,718**	2,842,386	**8,404,355**	10,368,397

The accompanying notes are an integral part of the financial statements.

II. Definitions

Full Appraisal

A full appraisal is one that includes an inspection of the assets and its maintenance records. This inspection is aimed solely at determining the overall condition of the aircraft and records to support the value opinions of the appraiser. A full appraisal would normally provide a value that includes adjustments for the Assets condition to account for the actual condition of the asset, and possibly other adjustments to reflect the findings of the inspection of the asset and its records.

Market Value

ISTAT defines Market Value (or Current Market Value) as the appraiser's opinion of the most likely trading price that may be generated for an asset under market circumstances that are perceived to exist at the time in question. Current Market Value assumes that the asset is valued for its highest, best use, and the parties to the hypothetical sale transaction are willing, able, prudent and knowledgeable and under no unusual pressure for a prompt transaction. It also assumes that the transaction would be negotiated in an open and unrestricted market on an arm's-length basis, for cash or equivalent consideration, and given an adequate amount of time for effective exposure to prospective buyers.

Market Value of a specific asset will tend to be consistent with its Base Value in a stable market environment. In situations where a reasonable equilibrium between supply and demand does not exist, trading prices, and therefore Market Values, are likely to be at variance with the Base Value of the asset. Market Value may be based upon either the actual (or specified) physical condition or maintenance time or condition status of the asset, or alternatively upon an assumed average physical condition and mid-life, mid-time maintenance status.

Qualifications

mba is a recognized provider of aircraft and aviation-related asset appraisals and inspections. mba and its principals have been providing appraisal services to the aviation industry for over 20 years; and its employees adhere to the rules and ethics set forth by the International Society of Transport Aircraft Trading ("ISTAT"). mba employs four ISTAT Certified Appraisers, one of the largest certified staff in the industry. mba's clients include most of the world's major airlines, lessors, financial institutions, and manufacturers and suppliers. mba maintains offices in North America, Europe, and Asia.

mba publishes the semiannual *redbook*, a two-volume compendium of current and projected aircraft values for the next 20 years for over 150 types of jet, turboprop, and cargo aircraft.

mba also provides consulting services to the industry relating to operations, marketing, and management with an emphasis on financial/operational analysis, airline safety audits and certification, utilizing hands-on solutions to current situations. mba also provides expert testimony and witness support on cases involving collateral/asset disputes, bankruptcies, financial operations, safety, regulatory and maintenance concerns.

III. Current Market Conditions

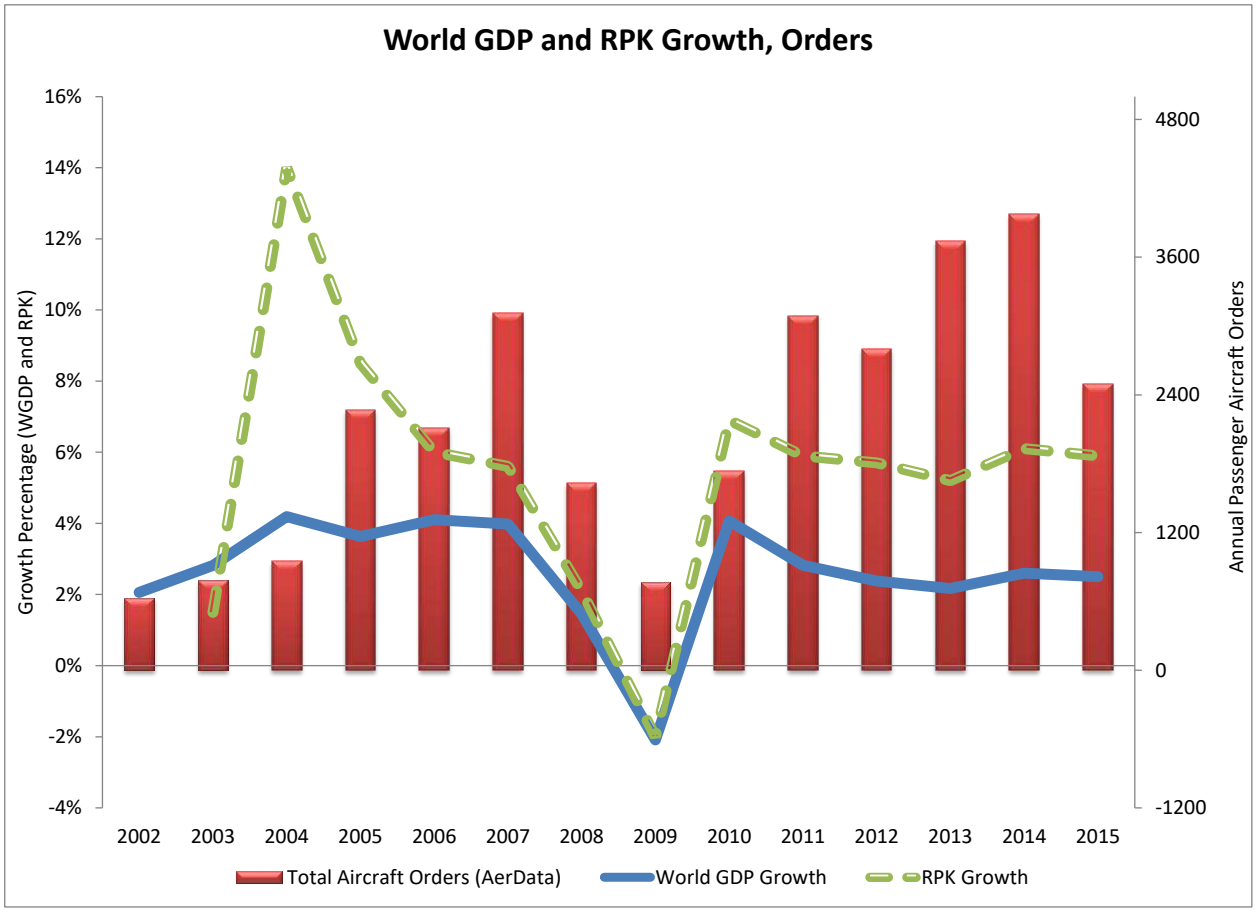
General Market Observation 3rd Quarter 2016

Values for spare parts are ties to the health of the aviation industry as a whole and more specifically to the specific market for the aircraft which they service. An essential consideration in any appraisal is market condition at the time the valuation is rendered. This section describes market conditions associated with the valuation as well as with the specific aircraft for which the components are utilized for.

An essential consideration in any appraisal is market condition at the time the valuation is rendered. This section defines market conditions, including general market commentary, highlighting major factors currently influencing aircraft values, as well as mba's view of the current market situation for each aircraft type examined in this valuation.

Passenger Traffic

Passenger demand and jet fuel prices are two of the most significant factors influencing commercial transport aircraft values. Increases in passenger demand have a positive impact, while variations in fuel price have a different impact, depending on the technology level of the asset. Additional considerations that drive values of a specific aircraft type and model include: age, number of operators, regional distribution, total number in use, production status, and order backlog, among others. Over the years, passenger demand has demonstrated a strong correlation with Gross Domestic Product ("GDP"). As presented in the following chart, this correlation also extends to orders for new aircraft.



Source: iata.org; AerData; worldbank.org

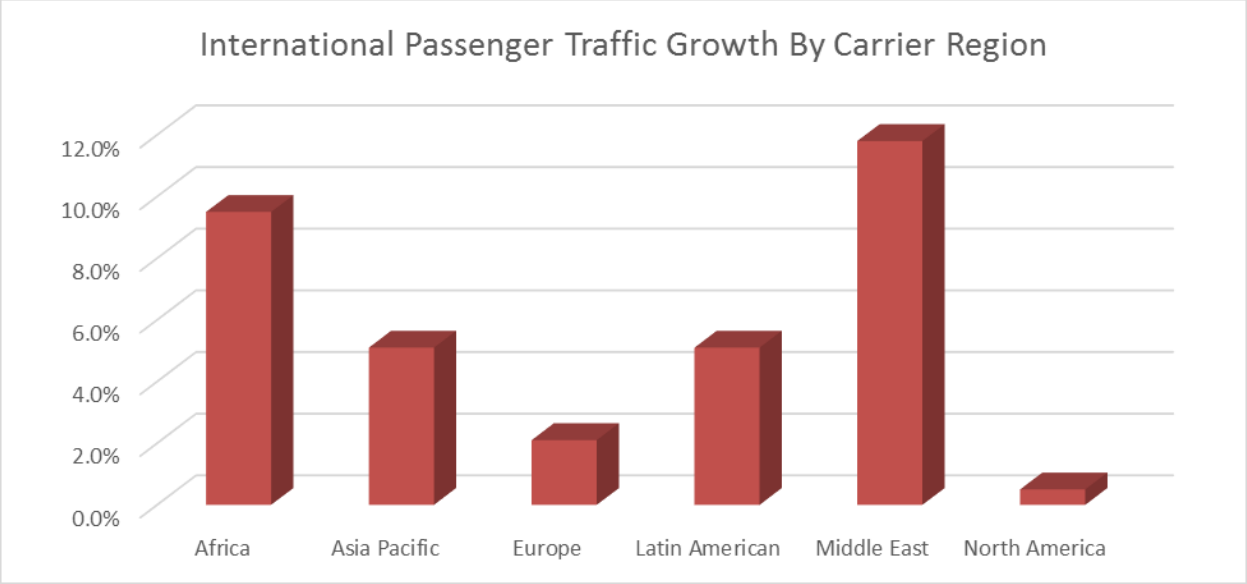
Underlying all of this is the historical and future predicted passenger growth of 5.0% per year by manufacturers and government agencies alike, which exceeds short-term World Bank global GDP predictions. Global GDP growth slowed to 2.5% in 2015, and is expected to recover at a slower pace than previously envisioned. In January 2016, The World Bank projected growth at 2.9%, however, in June 2016, their projections were lowered to 2.4%. The World Bank attributed this to the weak performance of major emerging markets, mostly BRICs nations, as well as lower commodity prices and lagging global trade impacting the overall growth of the global economy.

The International Air Transport Association ("IATA") reports that the global air passenger market increased by 5.3% this year to date, after correcting for the Leap Year. A year-on-year comparison of May 2016 illustrates a 4.6% increase in international Revenue Passenger Kilometers ("RPKs") worldwide, its slowest pace since January 2015, and in contrast to the growth experienced only a few months before in February where international RPKs increased at the fastest pace since March 2012. This decrease in RPKs is thought to be partially attributed to the March 22, 2016 terrorist attacks in Brussels, as the majority of the decline applies to European carriers.

The Middle East region leads the pack recording international growth year-on-year of 11.8%. Even though African airlines make up less than 2.0% of international traffic, they continue to display healthy international traffic growth at a rate of 9.5% year-on-year. International traffic in the Asia Pacific and Latin American regions both increased at the same annual pace in May; 5.1%. Both regions have witnessed some retraction in their growth in recent months, with seasonally-adjusted RPKs dropping since the start of the year.

North American based carriers have been experiencing a downward trend in international traffic since this time last year due to their growing focus on competing in the robust and competitive domestic market environment.

Brazil and Russia are being hit hard by recessions, and while domestic passenger traffic in Russia fell 3.5%, load factors have increased. The Brazilian domestic market has not fared as well with RPKs declining 10.0% year-on-year in May, marking the biggest contraction since June 2003. Brazil, as a major exporter of crude oil, has been sorely hurt by the decline in oil prices and is also coping with a Zika virus outbreak and continued political uncertainty. On the other hand, the 2016 Summer Olympics in Rio de Janeiro should afford a spike in air travel to and from Brazil during the August games.



Source: iata.org

Freighter Traffic

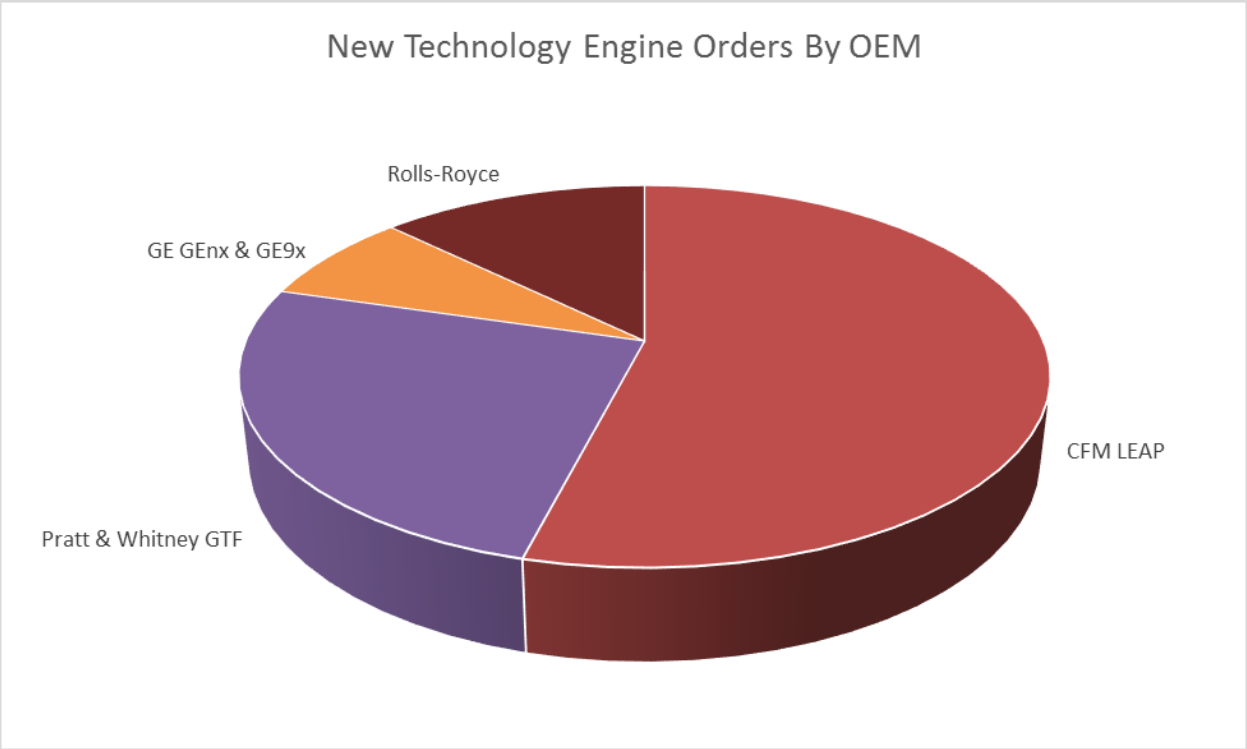
According to the IATA Air Freight Market Analysis, air freight volumes fell to 0.9% year-on-year in May 2016, losing the upward momentum previously seen in the second half of 2015. Although IATA had predicted an increase in Freight Ton Kilometers ("FTKs") of 2.1% in 2016, given the weak start to the year, the actual number is likely to be considerably lower. Air freight volumes across the Pacific were down 12.0% during the first four months of 2016 compared to the same period in 2015. Europe and the Middle East were the only regions to see FTK growth year-on-year. The slow recovery of the freighter market has kept aircraft values for large widebody freighters suppressed for seven years now. A significant number of air freight operators were forced to shrink, or go out of business, resulting in a capacity reduction of freight only service. Despite the reduced capacity of mainly large widebody freighters, there was an increase of belly freight on passenger flights, which continue to offer an excess of supply in the market. The increase of widebody aircraft in the market has opened additional competition in the air freight market as operators are able to offer cheaper rates on routes already being flown by revenue passengers. By mid-2016, prices for global freight had dropped by over 15.0% compared to 2015, and operators have begun to seek alternative methods to turn air freight profitable again.

Commercial Aircraft Orders

As of June 30, 2016, Airbus had booked 227 net orders, while Boeing booked 310. The variance between the two manufacturers is mainly attributed to a high-number of 737NG and 737 MAX orders. Large orders attributing to the MAX include those from United Airlines, Inc. which placed an order for 41 737s, while VietJet placed an order for 100 of the type.

Through June 2016, Airbus delivered 298 aircraft, while Boeing delivered 375 aircraft. The manufacturers current order rates are approximately 38 aircraft, and 52 aircraft per month for Airbus and Boeing, respectively, while delivery rates are approximately 50 aircraft and 63 aircraft per month, respectively. Boeing's higher delivery rate is likely attributed to the 787 ramping up to 12 aircraft per month in 2016 and the 777 maintaining its 8.3 per month rate. While Boeing plans to slow 777 production to seven per month in 2017, and the 747 to 0.5 per month throughout 2016, Boeing's annual deliveries are expected to remain high as 787 and 737 MAX production lines increase output. Airbus' A350 is still only producing an average of two aircraft per month, but is planning to increase to five per month in late 2016, with a goal of ultimately producing ten per month. In addition to the lower production rate for the A350, as compared to the 787, Airbus is also decreasing A330 production to six aircraft per month in 2016. However, the A320 line will be increasing to 60 per month by mid-2019, compared to Boeing's 737 aimed at 57 per month by the same time.

With new technology coming in, and orders for new aircraft programs growing, it is important to be cognizant of the market value impacts on current generation aircraft. In order to avoid a gap in production, OEMs have to sell enough current technology aircraft to keep the production line moving and supply chain steady so as to be ready to ramp up production rates for the re-engined aircraft. While Airbus and Boeing were able to capitalize on the high demand for narrowbody aircraft, fully booking production slots for A320ceo and 737NG aircraft quickly, other production lines have taken longer to fill. For Airbus and Embraer it is keeping the A330 and E-Jet lines running until the neo and E2 models enter the market in late 2017 and 2018. Boeing has a longer production line to fill with the 777 and will have to stretch orders until at least 2020, when the new 777X is due to enter service. Though, it should be noted, most OEMs prefer to have current technology aircraft overlap new technology by a year or two to keep the production line and supply chain stable during the transition. Compounding the pressure for OEMs to fill the production line, are the values for last off-the-line aircraft, which tend to have steeper residual value curves and shorter economic lives, causing the desirability of the aircraft to weaken.

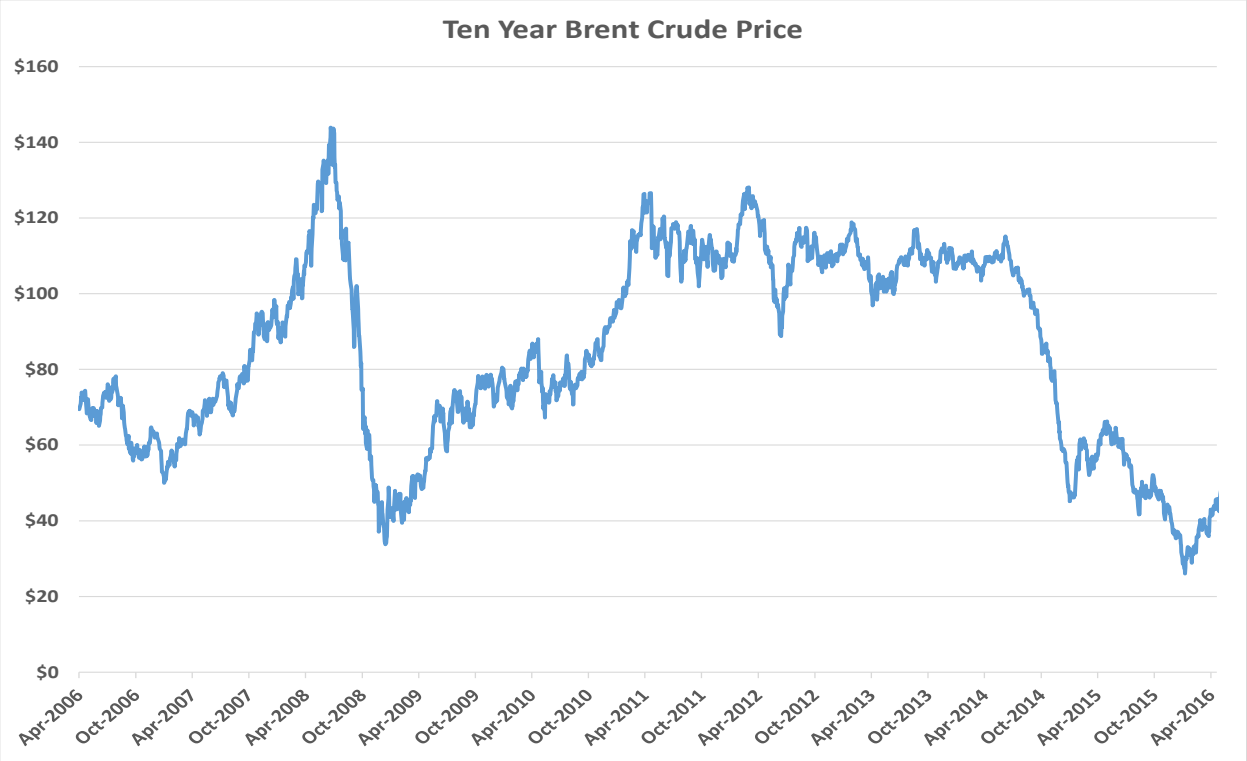


Source: OEM data

Engine OEMs face a related but dissimilar dilemma when faced with the challenge of boosting their assembly lines in order to meet the demand for the new technology aircraft. Pratt & Whitney's Geared Turbo Fan (GTF) engine will be fitted on Airbus' A320neo family, Embraer's E2 family, Mitsubishi's MRJ-90, Bombardier's CSeries, and Irkut's MC-21 aircraft, all delivering before the end of the decade, and stand with a current backlog at 2,248 aircraft or 4,496 new technology engines, not including options or spares. Even more impressive is CFM International's LEAP engine, which will be delivered on the A320neo family, Boeing's 737 MAX, and Comac's C919, with an order book of 4,757 aircraft or 9,514 new technology engines. In the new technology widebody aircraft category, the engine manufacturers have smaller order books, though remain at record highs for the asset class. GE Aviation's GEnx and GE9x engines currently found on Boeing's 787, 747-8I/-8F, and 777X aircraft, have a firm backlog, exclusive of spares and options, at 656 aircraft, or 1,352 engines. Rolls-Royce, fitted on Airbus' A350 and A330neo, and Boeing's 787, has a firm backlog of 1,122 aircraft, or 2,244 engines. As competition for the majority of the market share increases between the airframe manufacturers, engine manufacturers are being heavily relied upon to develop better efficiencies, in both fuel burn and performance. With nearly half of the new generation aircraft being marketed as re-engined, airframe OEMs are relying on the engine OEM's ability to deliver better products to the market faster than would be possible with clean sheet replacements.

Oil Prices

Oil prices fell to approximately US$36.00 per barrel by the end of Q4 2015 but have since seen a gradual increase, reaching approximately US$44.00 per barrel at the beginning July 2016. The longer oil price remains low, the more questions arise about its sustainability. Oil-price.net offers the opinion that the supply-demand balance will favor a lower plateau due to continued production for the major oil supplies and a reduction in demand worldwide. However, OPEC believes oil prices will rise within the next two years as oil producers cut production to sustain higher revenues.



Source: Energy Information Agency, www.eia.gov

The lifting of the embargo on Iranian oil has yet to have a significant effect on oil prices. According to the country's Oil Minister, Iran is currently ramping up its production, aiming to increase output by close to 1.5 million barrels by the end of 2016, taking daily production to 4.2 million. While this has the potential to decrease already low oil prices, experts believe this growing output could incentivize Iran to co-operate with its fellow OPEC countries to limit supply in an attempt to stabilize the oil market and maximize Iranian profits.

Low oil prices have resulted in airlines extending use of older aircraft, as operating economics are profitable. The secondary aircraft market is also rebounding for the same reason, which has benefited those airlines not able to purchase new fleets. This has led to a slight firming of market values for aging aircraft with out-of-production programs, and four engine aircraft in particular. While low fuel costs provide more flexibility

to airlines who have the option to operate older jets longer, the same could deter airlines from investing in newer, more fuel-efficient models. This scenario has led to cost saving benefits of the newer models becoming less of a draw, and the marketed 10.0%-15.0% fuel burn improvement offering less savings per trip. In mba's opinion, this resulted in slightly lower than anticipated premiums for some current generation and new technology aircraft.

Since the beginning of 2016, the price of oil has steadily increased, driving the thought that Energy Information Administration's (EIA) prediction of US$60.00/barrel by the end of 2017 as a possibility. Though pricing would need to be near or above US$100.00/barrel for oil prices to have a significant negative impact on the financial performance of airlines, the increase could be enough to incentivize airlines to park older models and source newer technology. However, regardless of the price of oil, as mentioned above, the demand for new and more fuel efficient aircraft is still relevant as orders for aircraft continue to be placed, with order books being filled through the middle of the next decade.

Global Events' Impact on Aviation

Beyond macroeconomic factors, aviation can be heavily influenced by regional economic, political, and risk-related factors. After a stable market in the beginning of 2015, the remainder of the year showed increased uncertainty. Markets in China have seen significant declines in growth, with the stock market decreasing precipitously in mid-2015 and tumbling 22.6% in January 2016, marking the country's worst month since October 2008. The Chinese government intervened in both cases, pumping significant amounts of money into the economy and implementing price limits on its exchange, to avoid further downward market movement. Instability in a major aviation market and the world's fastest growing economy has caused some uncertainty over short-term growth potential.

U.S. markets started the year in a rout, with investors nervous about the Chinese economy and U.S. corporate earnings, however, encouraging jobs data and increasing oil prices have facilitated a Wall Street rebound to record highs in July 2016. As of July 1, 2016, the Standard & Poor's 500 has grown approximately 5.5% since January 1, 2016. In an effort to sedate the market, the Federal Reserve Board went against predications and waited to raise interest rates until December 2015 and further, have not raised the rate since. U.S. mortgage giant, Fannie Mae, previously speculated the Federal Reserve Board would continue to raise interest rates three more times in 2016, but has since lowered predictions to two raises in 2016 due to ever-present fears of a slowdown in the U.S. economy. However, the Federal Reserve is stated to only be planning for one potential rate hike by the September, or at least by the end of the year. An increase in interest rates could boost investor confidence and in combination with the continued lower fuel prices, passenger traffic could receive an additional bump.

In addition, the US dollar has shown great strength in the past months as currency traders choose preference over the British Pound and the Euro. While this could damage American exports, as global consumers may not be willing to pay the increased cost of American goods, a strong dollar may increase domestic and international air travel within and from the U.S., which is one of the largest aviation markets in the world.

Asian economies also continue to struggle. With Asia being the fastest growing region in overall passenger traffic and aircraft orders, there is some concern that aircraft orders could be pushed back or cancelled. The passenger traffic growth in Asia is mainly down to the emerging markets with Asian Low-Cost Carriers ("LLCs") being big drivers of the aircraft orders. Vietnam's LCC, Vietjet, is taking delivery an aircraft every month in 2016 and like many airlines in the region, there is a reasonable amount of doubt around the company's cash-flow. This could also be the case for countries such as Malaysia and Indonesia, which host AirAsia, an LCC with over 400 aircraft on order but only 175 in service, and LionAir which has over 450 orders and only a few over 100 aircraft in service. These airlines with large order books and high anticipated growth, could be struck particularly hard if their currencies continue to weaken. In addition, cancellation of such large order books could severely impact Boeing and Airbus' production lines and potentially aircraft values if an oversupply occurs. However, Asia's passenger traffic growth is expected to continue growing at strong rates, driving the demand and need for additional aircraft in the region, with a particular emphasis on narrowbody aircraft.

Latin America is not exempt from financial challenges, with Brazil and Venezuelan economies struggling in particular. The region as a whole is besieged with a lack of infrastructure development and inhibitive taxes and regulations all of which are slowing the growth of the region. But even though the short term economic outlook is challenging for Latin America, the long-term prospects for the region are more promising with airline fleet growth and passenger traffic on the rise.

Great Britain's exit from the European Union ("EU") on June 23, 2016 is causing a considerable amount of uncertainty in the market and will continue to do so until the precise details of the exit are fully resolved. No formal mechanisms exist to guide countries exit from the EU once it invokes Article 50, which begins the exit process. It could be over two years for the United Kingdom ("UK") and EU to agree on all aspects of the "Brexit" and as there are both regulatory and economic impacts, with the sterling exchange rate being the factor causing the most immediate variability, it would be beneficial for deals to be struck sooner rather than later. If the British Government fails to negotiate freedom of movement between Europe and the UK, demand for air travel between mainland Europe and the UK will fall, as bilateral agreements between the EU and other foreign entities may no longer apply to the UK, a huge aviation market and home to London Heathrow Airport, one of the world's largest airports. Ryanair is already reducing its operations in the UK, with the airline planning to cut capacity and frequency on many routes from London Stanstead Airport.

The airline EasyJet has warned investors that it has already seen its costs for operating in the UK increase, and British Airways has begun to cut back on services and routes in response to lost revenues due to the weak GBP.

The impact of a stronger dollar against the Euro and the British Pound ranges between carrier and region. Like low oil prices, impacts from exchange rates are not immediate and are felt over time as currency hedges expire. If the dollar remains stronger against other leading currencies, Europeans Airlines are likely to see lower load factors on routes to the U.S with the opposite being true for American based airlines. Airbus is likely to also see some benefit once their currency hedges expire in the next one to two years as the OEM trades aircraft in US dollars, yet the majority of the production occurs in Euros and Sterling.

The overall picture of the global economy is marked by uncertainty. Concerns over the "Brexit" are still very much warranted, and recent terror attacks in France and the attempted coup in Turkey are causing economic volatility. However passenger numbers continue to go up and new technology aircraft continue to maintain large backlogs. In terms of the commercial aviation market mba's outlook is cautiously optimistic. The industry as a whole is seeing a fair amount of volatility, with certain aircraft types within each asset class performing better than others, creating both opportunities and threats in the market for airlines, lessors, financiers, and manufacturers.

Boeing 737-700 Current Market

The 737-700 entered service in 1998 with Southwest Airlines, who made the first order for the Next Generation of 737 series five years earlier. The aircraft was developed as a direct replacement for the 737-300 and competitor to Airbus' A319. This variant is the basis for the Boeing Business Jet (BBJ) and is also available in a convertible version (the 737-700C).

Overview

Positive

- Second most popular member of highly successful 737NG family.
- Large fleet is operated by significant number of operators, and in every major world region.
- Low percentage of existing fleet currently parked.
- Sole source engines ease remarketing to secondary operators.

Neutral

- The freighter conversion program is likely to be very popular in the long-term, based on successful conversions of predecessor 737-300 & -400 aircraft; however, competing A320 family aircraft may provide better freighter platform and will almost certainly beat 737-700 to market with conversion options. Also likely to face tough competition from 737-800 for freight use.

Negative

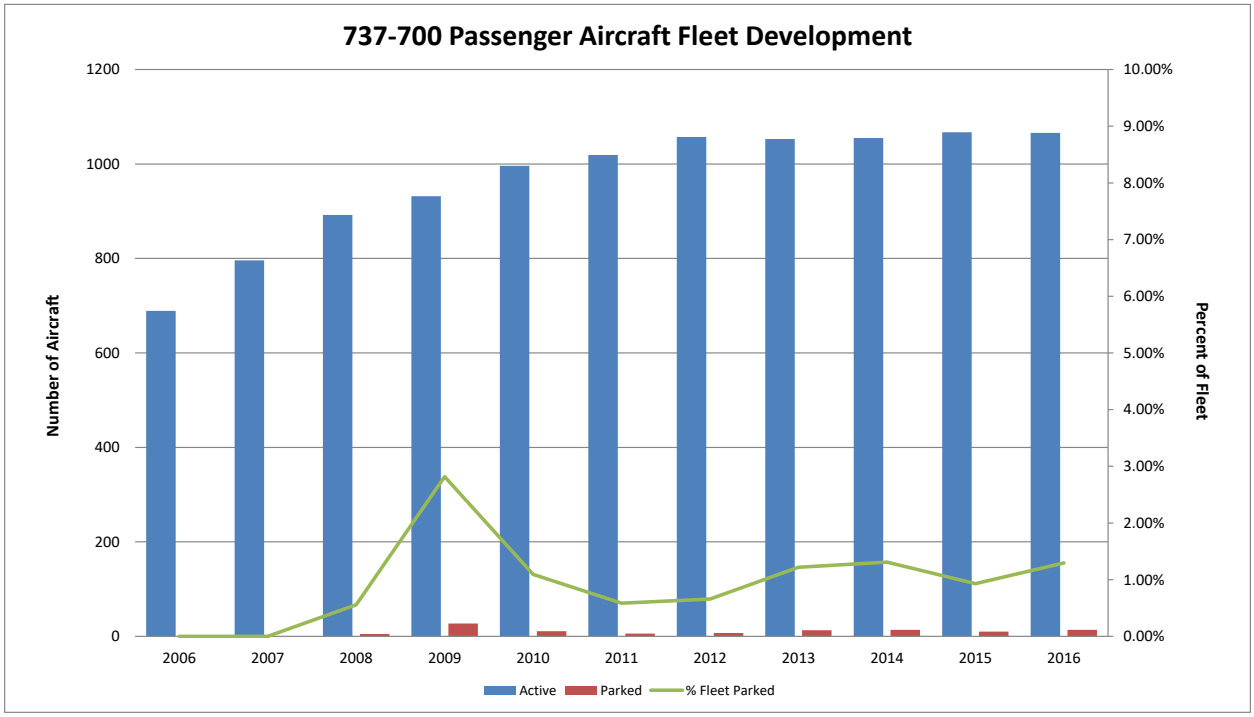
- Recent backlog for 737NG aircraft has shifted in favor of larger variants.
- Backlog going forward likely to fade in favor of 737 MAX family, due to enter service in 2017.
- Fleet concentration in hands of largest operator may have negative impact in future when Southwest decides to phase out fleet.

As of January 2016, there are 1,066 active 737-700 passenger-configured aircraft with 89 operators.

Fleet Status	737-700
Net Orders	1,152
Backlog	36
Delivered	1,116
Destroyed/Retired	36
Not in Service/Parked	14
Active Aircraft	1,066
Number of Operators	89
Average Daily Utilization (Hrs)	9.8
Average Fleet Age (Yrs)	11.40

Source: AerData January 2016

The 737-700 fleet has grown steadily over the past ten years, with the number of active aircraft more than tripling during the period. However, over the past year, backlog has begun to fall off with new Boeing narrowbody orders favoring its larger siblings the 737-800 and 737-900ER, as such, the 737-700 backlog now stands at its lowest level in a decade. The 737-700 has also had a very low percentage of the existing fleet reported as parked during the same period, with the percentage of fleet parked peaking at 5.0% in 2002, but has not reached higher than 2.8% since. The chart below depicts 737-700 fleet development by year, as of January of each year.



Source: AerData 2015-2016

Recent Developments

In June 2016, Alaska Airlines announced (US) it expects first of three B737-700Fs to enter service by January 2017, with other due by end of 1Q 2017 as five B737-400Cs and one B737-400F are phased out by end of 2017 (aviator.aero).

In May 2016, El Al Israel Airlines ended B737-700 operations, as the last model, serial 29961, was ferried to Capstar Aviation (US) (aviator.aero).

In March 2016, Avtrade (UK) purchased two serviceable B737-700s, serials 28088, and 28089. Currently based in Tucson, Arizona, components from both aircraft will be parted out (aviator.aero).

Demographics & Availability

The largest operator of the 737-700 fleet is Southwest Airlines, who dominates the fleet with 475 aircraft or 44.0% of the total fleet. The second largest operator, Canadian carrier, WestJet, has only 58 737-700 aircraft, representing only 5.4% of the total fleet.

Boeing 737-700 Passenger-Configured Aircraft
Current Fleet by Operator

Operator	In Service	Parked	Total	Total %
SOUTHWEST AIRLINES	473	2	475	44.0%
WESTJET	58		58	5.4%
CHINA EASTERN	44		44	4.1%
UNITED AIRLINES	40		40	3.7%
GOL TRANSPORTES AEREOS	35	1	36	3.3%
SAS	29		29	2.7%
CHINA SOUTHERN	28		28	2.6%
AIR CHINA	20		20	1.9%
AEROLINEAS ARGENTINAS	19		19	1.8%
AEROMEXICO	19		19	1.8%
KLM	18		18	1.7%
XIAMEN AIRLINES	17		17	1.6%
COPA	14		14	1.3%
ALASKA AIRLINES	14		14	1.3%
SHANGHAI AIRLINES	11		11	1.0%
ALL OTHERS	227	11	238	22.0%
Grand Total	**1066**	**14**	**1080**	**100.0%**

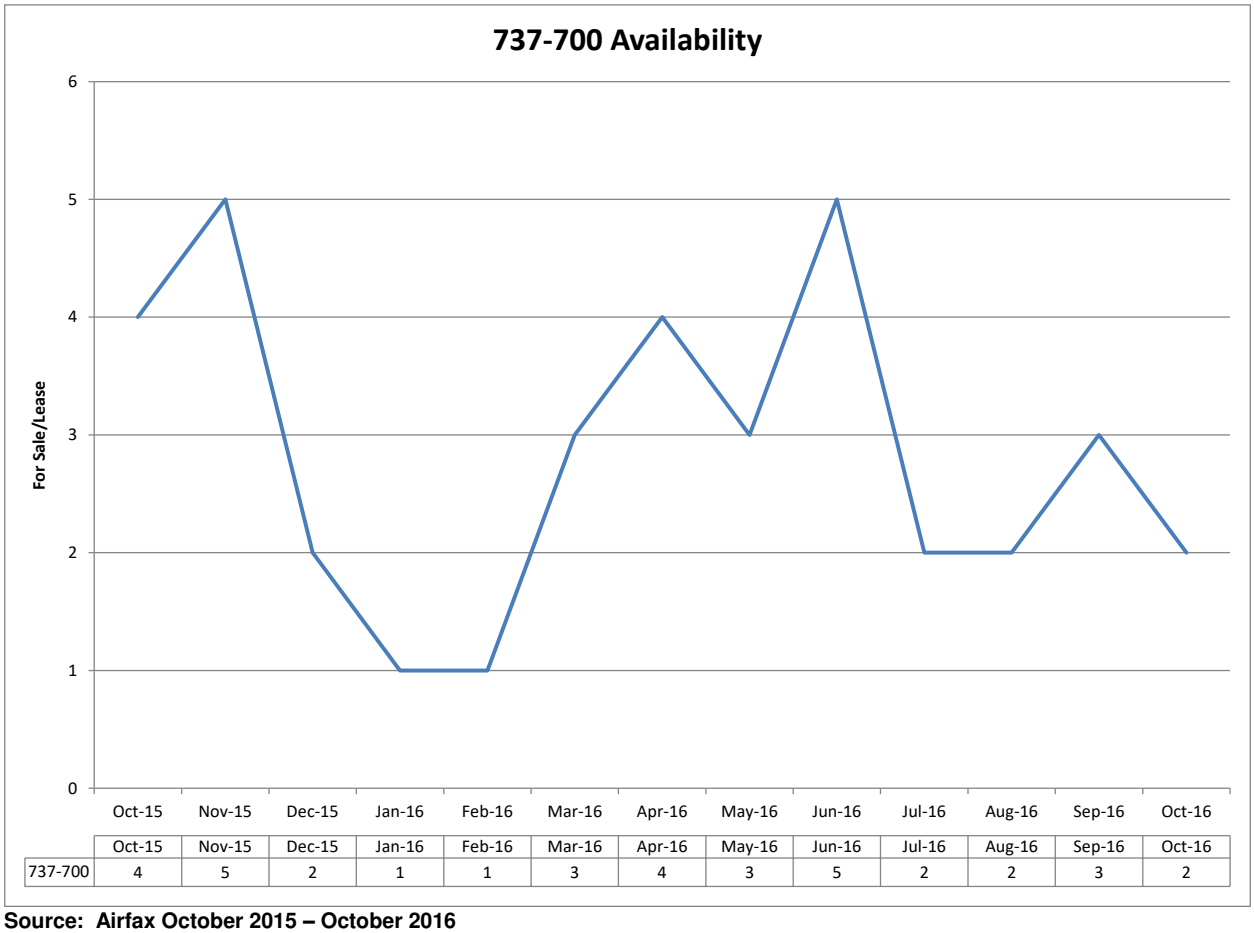
Source: AerData January 2016

Over half of the current fleet of in-service and parked 737-700 aircraft are allocated in North America, mainly due to the large Southwest Airlines' fleet. Asia and Europe follow far behind with 19.2% and 10.1% of the total fleet, respectively.

Boeing 737-700 Passenger-Configured Aircraft *Current Fleet by Region*				
Region	**In Service**	**Parked**	**Total**	**Total %**
North America	611	6	617	57.1%
Asia	207		207	19.2%
Europe	104	5	109	10.1%
South America	59	1	60	5.6%
Africa	39	1	40	3.7%
Central America and Caribbean	33		33	3.1%
Middle East	9		9	0.8%
Australia and Pacific	4		4	0.4%
Undisclosed		1	1	0.1%
Grand Total	**1066**	**14**	**1080**	**100.0%**

Source: AerData January 2016

According to Airfax, as of October 2016, there are two Boeing 737-700 aircraft advertised for sale or lease. The number of aircraft available is extremely low, representing less than 0.2% of the existing fleet.

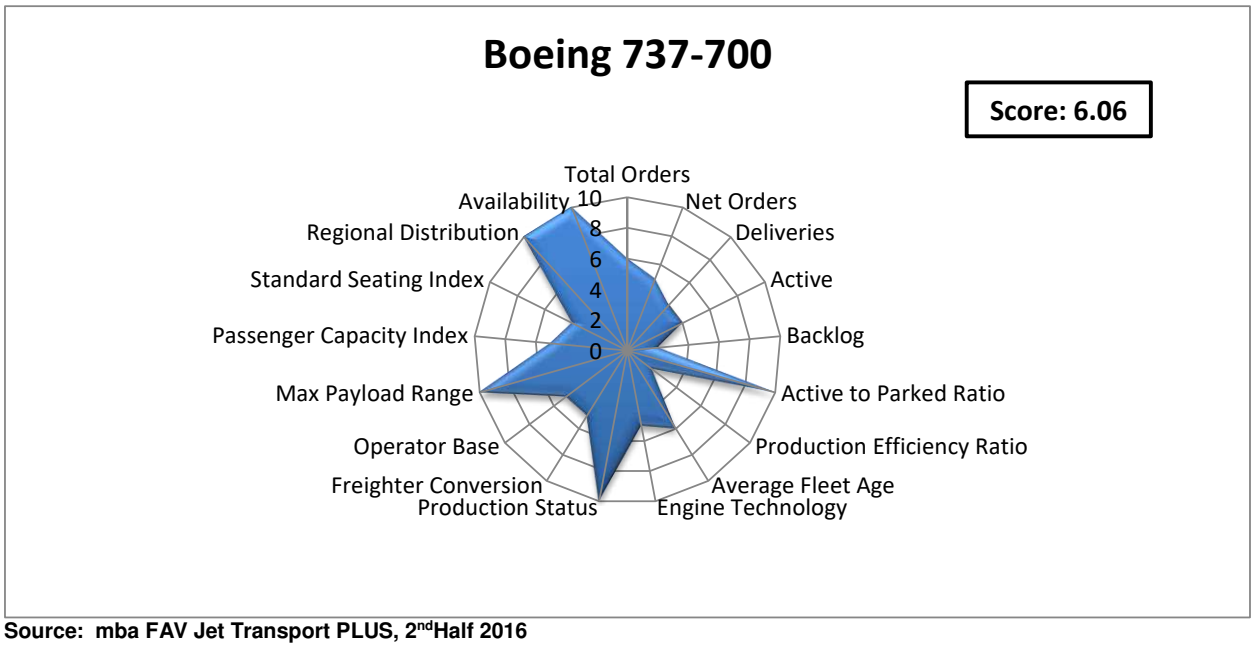


	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
737-700	4	5	2	1	1	3	4	3	5	2	2	3	2

Source: Airfax October 2015 – October 2016

Aircraft Ranking

mba's Aircraft Ranking model takes into account numerous factors that affect an aircraft's market standing, on a scale specifically developed for each asset class. These ranking factors are individually weighted and compared against each other to develop mba's overall ranking score for each aircraft type, which is expressed in a scale of 1.00 to 10.00. The most prevalent aircraft configurations are used in the ranking analysis which can be further identified in mba's *redbook* publication or its web based valuation service.



Source: mba FAV Jet Transport PLUS, 2nd Half 2016

Outlook

The short to mid-term outlook for the 737-700 is neutral, prior to the Entry Into Service of the 737 MAX variants. The aircraft has a large fleet, of which a very low percentage reported as parked. It is the direct replacement for the most popular of the 737 Classics, the 737-300. However, over the last several years the preference of operators has skewed toward larger narrowbodies, with orders for the smaller 737-700 and A319 diminishing. The order book for the 737-700 has declined to its lowest level in a decade, with many recent 737NG orders favoring larger variants in the family. Additionally, new orders being placed now favor the 737 MAX variant. The long term outlook will be shaped by the presumed success of the 737 MAX. While not a true clean-sheet replacement, the modified variant represents a break in production, and the last 737-700s manufactured will suffer the most from a value perspective. However, no technical obsolesence is expected for the foreseeable future as a result of the 737 MAX entering service.

An unknown variable at this time is the future of the 737-700 as a freighter. Boeing 737-300 and 737-400 aircraft have long been successfully converted as freighters, and are currently cheaper feed stock than their Next Generation conterparts. Israel Aerospace Industries launched the 737-700 passenger to freighter conversion in 2015, with first delivery in late 2016 or late 2017.

While the A319 will remain a direct competitor to the 737-700, the narrowbody market has been able to handily accommodate large fleets of both types and mba expects this to continue into the future.

Boeing 737-800 Current Market

The 737-800 entered service with Hapag-Lloyd Flug (TUIfly) in 1998. It is a stretched version of the 737-700 and a replacement for the 737-400 Classic. Many carriers in the United States also utilized the aircraft to replace Boeing 727-200, as well as MD-80 and MD-90 aircraft. The aircraft operates with sole-source CFM56-7B engines.

Overview

Positive

- Most popular member of highly successful 737NG family.
- Large operator base is geographically diverse, by number and type of operators.
- Very low percentage of existing fleet currently parked.
- Sole source engines ease remarketing to secondary operators.

Neutral

- Based on demand for conversions of its predecessor the 737-400, it is likely to become a successful freighter conversion; however, the competing A320 may provide better freighter platform and may beat 737-800 to market with conversion options.

Negative

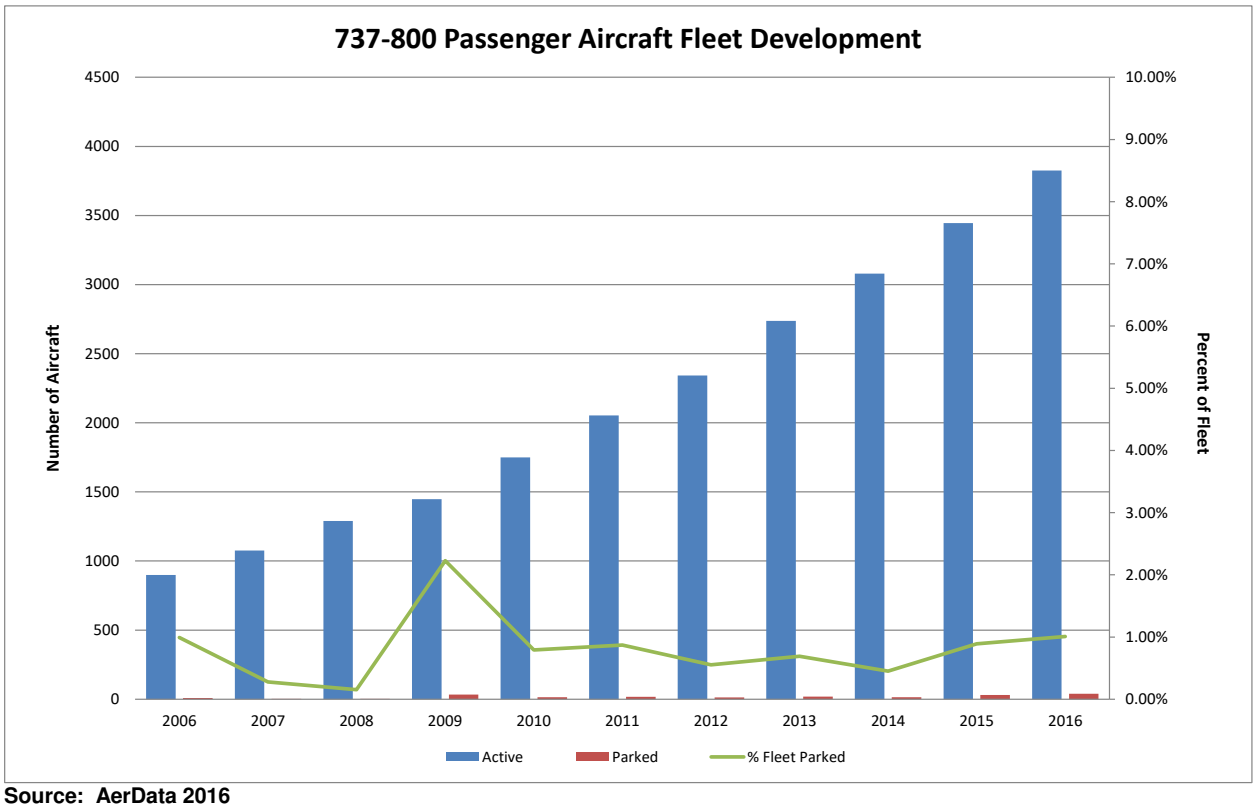
- Backlog favoring 737 MAX, due to enter service in 2017.
- Introduction of 737 MAX variant delays clean sheet replacement, but will affect values of the 737-800 aircraft in the long term.

As of January 2016, there were 3,825 active passenger-configured 737-800 aircraft in service with 185 operators.

Fleet Status	737-800
Net Orders	4,996
Backlog	1,115
Delivered	3,881
Destroyed/Retired	17
Not in Service/Parked	39
Active Aircraft	3,825
Number of Operators	185
Average Daily Utilization (Hrs)	10.3
Average Fleet Age (Yrs)	6.8

Source: AerData January 2016

The 737-800 fleet has grown rapidly over the past ten years, with the number of active aircraft more than quadrupling during the period. The 737-800 has also had an extremely low percentage of the existing fleet reported as parked during the same period, with the percentage of fleet parked peaking at 2.2% in 2009. The chart below depicts 737-800 fleet development by year, as of January of each year.



Source: AerData 2016

Recent Developments

In August 2016, Aeroflot added four 737-800s to its fleet, and phased out one older 737-800 (aviator.aero).

In August 2016, BOC Aviation (Singapore) placed six 737-800s with China Airlines (Taiwan) (aviator.aero).

In July 2016, Air India Express added three 737-800 aircraft to its fleet, and is set to add three more by the end of 2016 (aviator.aero).

Demographics & Availability

European carrier, Ryanair, operates the largest fleet of 737-800 with 8.3% of the current total fleet. American Airlines is the second largest operator of the type with 6.8% of the total fleet.

Boeing 737-800 Passenger-Configured Aircraft
Current Fleet by Operator

Operator	In Service	Parked	Total	% of Fleet
Ryanair	321	1	322	8.3%
American Airlines	264		264	6.8%
United Airlines	129		129	3.3%
China Southern	124		124	3.2%
Air China	116		116	3.0%
Hainan Airlines	114		114	3.0%
Southwest Airlines	104		104	2.7%
Xiamen Airlines	104		104	2.7%
Gol Transportes Aereos	104		104	2.7%
Norwegian Air Shuttle	92	1	93	2.4%
Shandong Airlines	85		85	2.2%
Shenzhen Airlines	81		81	2.1%
Garuda Indonesia	79		79	2.0%
Delta	73		73	1.9%
All Others	2035	37	1934	50.1%
Grand Total	**3825**	**39**	**3864**	**100.0%**

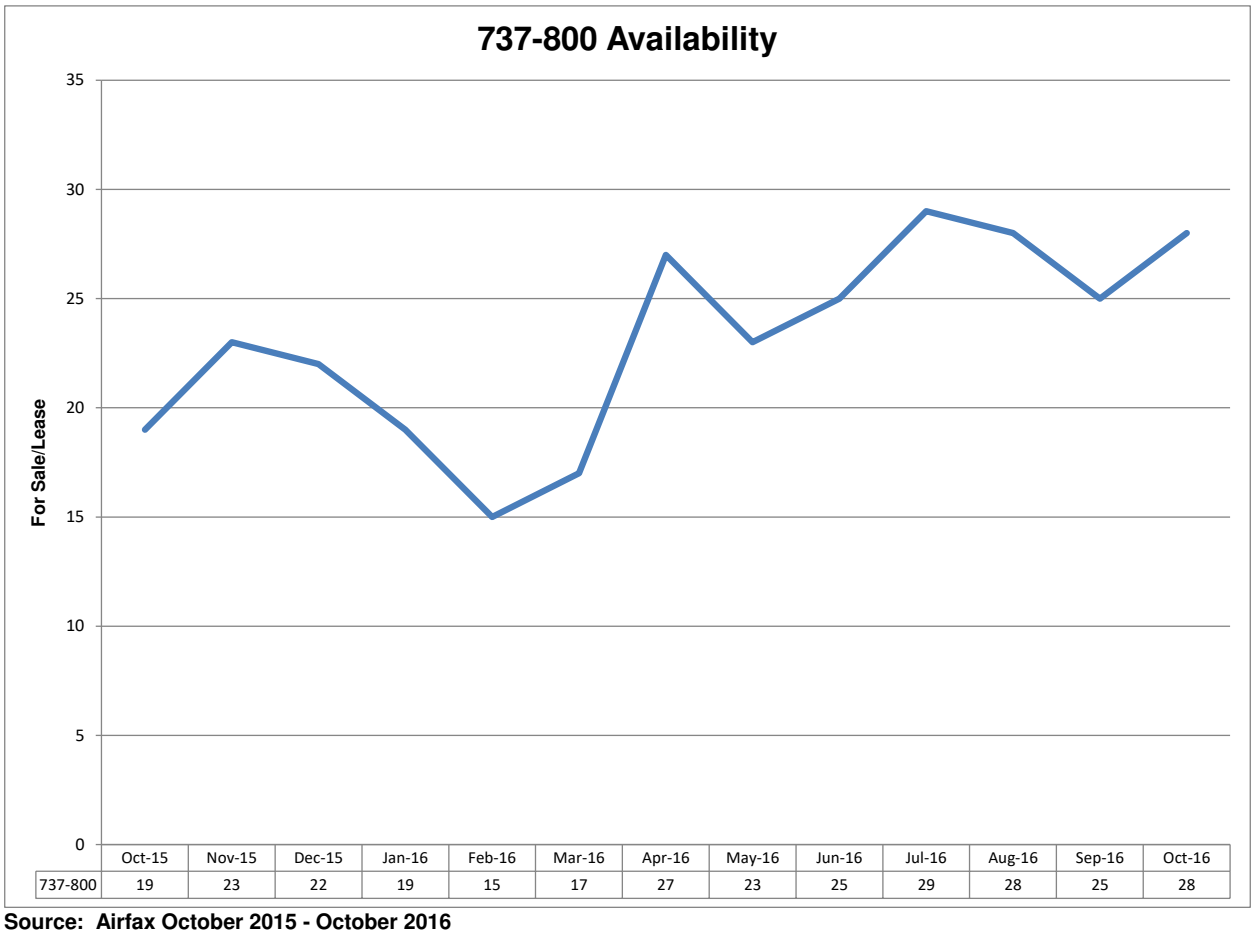
Source: AerData January 2016

Asia is the most popular region with over one-third of the current fleet, followed closely by Europe with 26.3% of the fleet.

Boeing 737-800 Passenger-Configured Aircraft *Current Fleet by Region*				
Region	**In Service**	**Parked**	**Total**	**% of Fleet**
Asia	1471	12	1483	38.4%
Europe	993	22	1015	26.3%
North America	728	2	730	18.9%
Australia and Pacific	158	2	160	4.1%
Africa	144	1	145	3.8%
South America	128		128	3.3%
Central America and Caribbean	107		107	2.8%
Middle East	95		95	2.5%
Undisclosed	1		1	0.0%
Grand Total	**3825**	**39**	**3864**	**100.0%**

Source: AerData January 2016

According to Airfax, as of October 2016, there are 28 Boeing 737-800 available for sale or lease, amounting to approximately 0.7% of the total current fleet.



Source: Airfax October 2015 - October 2016

Aircraft Ranking

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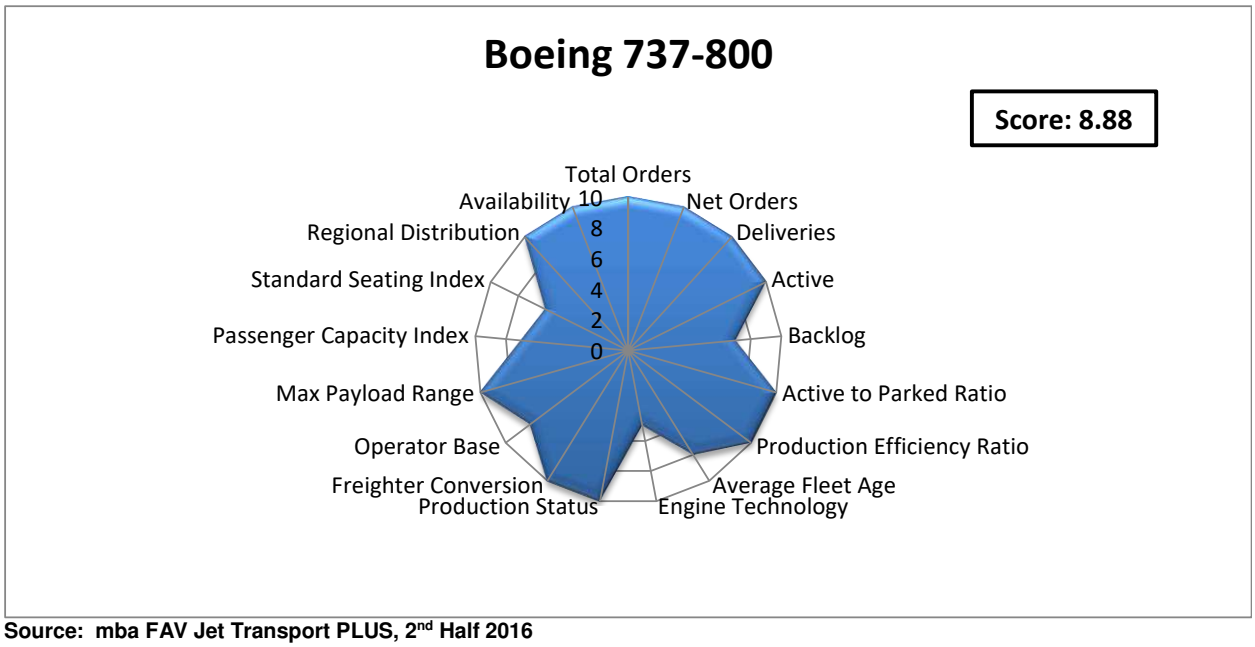

Source: mba FAV Jet Transport PLUS, 2nd Half 2016

Outlook

The short- to mid-term outlook for the 737-800 is favorable prior to the 737 MAX variants entering service. The aircraft seems to be well positioned in terms of passenger capacity vis-à-vis the current demand in the narrowbody sector, particularly when compared to smaller aircraft, such as the 737-700 and A319, which have not been as successful. The order book for the 737-800 remains robust, with nearly 900 aircraft on backlog as of August 2016, even though many new orders being placed now favor the 737 MAX variant. The long-term outlook will be shaped by the presumed success of the 737 MAX. While not a true clean-sheet replacement, the modified variant represents a break in production and the last 737-800 manufactured will suffer the most from a value perspective. The MAX will offer a 15.0% fuel burn improvement over the current 737-800 aircraft as well as longer maintenance intervals for the C check, which is now every three years and the Heavy Check which is now every nine years. However, with fuel prices remaining low, the cost of ownership for the 737-800 over the 737 MAX 8 may help values remain stable in the mid-term.

In addition, freighter conversion programs from Aeronautical Engineers (AEI) and Boeing may help 737-800 values. As the market is saturated with the MAX, more NG's will become feasible candidates for freighter conversion and presumably an ideal replacement for 727F, and eventually 737-300F and 737-400F aircraft. The first Boeing converted 737-800BCF will be delivered in the fourth quarter of 2017, just ahead of Airbus' first delivered EFW A320P2F in 2018. Boeing's 737-800BCF is due to carry 12 pallets and 23.9 tons of cargo 2,000nm. Airbus' A320P2F, being built in conjunction with ST Aerospace, will hold 11 pallets and 21 tons of cargo 2,100nm. Though the current market has strongly supported the 737-400F, there have been no Airbus equivalents competing with the type. Having two competitng narrowbody freighters, under multiple STC's, saturating the already fragile air freight market could have a detrimental impact to narrowbody freighter value stability, though they could also be easily absorbed in the right market conditions. Irrespective, Boeing's larger cargo capacity and operator familliarity with previous generation 737 freighters will likely put the 737 freighter aircraft in the more optimal situation.

There is still demand for passenger narrowbody aircraft in the secondary market as well as from first tier carriers capitalizing on low fuel prices. While a large number of NG's and ceos are due off lease in the early 2020s, in the past, the narrowbody market has been able to accommodate large fleets of both types and mba expects this will continue into the future.

IV. Parts Appraisal Methodology

Valuation Methodology

In order to verify the currency of the data provided for the Valuation, mba performed an on-site Inspection of the Inventory at two (2) locations of which it is housed. At each location, mba performed a statistical sampling of the Inventory for the purpose of determining the following:

- Presence of the Component;
- Correct Quantity of the Component;
- Correct Condition Specified;
- Correct and Accurate Documentation accompanying each Component (i.e. Federal Aviation Administration ("FAA") 8130-3, and
- European Aviation Safety Agency ("EASA") Form One, Certificate of Conformance, etc.).

The results of the statistical sampling is a stratification inspection proportionate to value in order to appropriately asses the rotable serviceable, rotable unserviceable, repairable, and consumable portions of the inventory to a confidence level of 95.0%.

For this Valuation, mba performed a sampling inspection at two (2) stations, Confins International Airport ("CNF") and Sao Paulo-Congonhas Airport ("CGH"). As a result of stratified sampling process, a total of 407 line items were selected to sample using a random number generator, 282 line items of inventory at CNF and 123 at CGH, which were divided among rotable and serviceable components according to proportion of value of the overall inventory. The inspection consisted of the inspector verifying the physical presence of the component(s), the quantity of the available components, and the verification of acceptable documentation for each component via the presence of an FAA 8130-3, EASA Form One or a Certificate of Conformance showing the component was manufactured in accordance with an approved design specification. The results of the inspection yielded seven (7) line items and CNF and eight (8) at CGH, which were zero stock. Of the zero stock items, the inspector was able to trace outgoing inventory requests for them which substantiates their lack of availability for the inspection. With regards to quantity of each line item reported by the Client and inspected at each station, there were slight variations in a minimum number of line items. These slight variations are considered to be normal in a dynamic inventory environment as stock is consumed and replenished. The results of the inventory sampling inspection were considered to be consistent with the Client's provided inventory with a minimal degree of variation, therefore no value impact to the inventory was assigned.

In its Valuation Model, mba obtained third-party market data on the Inventory, including recent quote, number of vendors, number of components, avref price, and etc. These Values are adjusted based on the market availability and component condition to reach a Current Market Value for each line item in the stated condition. Depending on the results of the statistical sampling, a verification ratio is applied to the Inventory, after which mba identifies a total Current Market Value of the Inventory. In addition to its basic valuation methodology, mba:

i. Reviewed the parts inventory report supplied for the Client;
ii. Reviewed mba's internal database for relevant information with regards to the inventory to be valued;
iii. Developed a representative sampling of a reasonable number of the different Qualified Spare Parts included in the Collateral;
iv. Checked other sources, such as manufacturers and aviation listing services, for current market transactions;
v. Established an assumed ratio of Serviceable Parts to Unserviceable Parts as of the applicable Valuation date based upon information provided by the client and the relevant appraiser's limited physical review of the Collateral;
vi. Visited two (2) locations where the pledged Spare Parts are kept; and
vii. Conducted a limited review of the inventory reporting system applicable to the Pledged Spare Parts, including checking information reported in such system against information determined through physical inspection.

The Appraisal consisted of 24,430 Line Item Part Numbers ("P/N"), totaling 23,269 Unique Line Items and 2,675,625 rotable, repairable and expendable parts in varied condition. The definition detailing the category of each part was provided by the Client; therefore the market definition for each P/N was used in determining the category of each Line Item.

All information was provided by the Client from their inventory control system in MSExcel format. mba has extensively analyzed this data and relied upon the Client, in part, to derive the appraised values herein. The following identifies the different classifications of the components.

The spare parts included in the Collateral fall into two (2) categories, “Rotables,” and “Non-Rotables.” Non-rotables includes parts often described in the industry as “repairables” and “expendables” or “consumables.” Rotables, Repairables, and Expendables are defined below.

Rotable Items[1]: A rotable item is defined as an item that can be economically restored to a serviceable condition and, in the normal course of operations, can be repeatedly rehabilitated to a fully serviceable condition over a period of time approximating the life of the flight equipment to which it is related. Examples include avionics units, landing gears, auxiliary power units, major engine accessories, and etc.

Repairable Items[1]: A replaceable part or component, commonly economical to repair, and subject to being rehabilitated to a fully serviceable condition over a period of time less than the life of the flight equipment to which it is related. Examples include many engine blades and vanes, some tires, seats, and galleys.

Expendable Items[1]: Items for which no authorized repair procedure exists, and for which cost of repair would normally exceed that of replacement. Expendable items include nuts, bolts, rivets, sheet metal, wire, light bulbs, cable, and hoses.

mba was furnished with: Part Number, Part Description, Condition, Quantity, and Station Location. A sampling of parts was conducted in order for mba to verify the conditions provided by the Client and assumed to be certified by either a FAA 8130-3 or EASA Form One, with a bench check as a minimum.

[1] ISTAT definition.

Inventory Data

The Component Inventory data was sent to third-party vendors to identify parts available in the secondary market. This process is performed for all spare parts. The scan for the 22,269 discrete part P/Ns contained in this Appraisal returned over 95,000 quote responses by P/N.

mba applied percentage discounts to List Price (OEM catalogue price) that represent its opinion of value and liquidity – Value-in-Use, and compared them to current market pricing by adjusting the components to a baseline value, and further discounted for the condition of parts based on market depreciation and demand. The resulting values represent the mba appraised value. Where sufficient market data was not available for the valuation of individual P/Ns.

Where no quote data or List Price was available in the market, a minimum Value analysis was applied to parts utilizing common nomenclature such as: Spring, Clip, Bolt, Nut, Seal, Packing, Washer, Rivet, Bearing, Bushing, Lamp, Placard, and Screw. This method consisting of analyzing similarly identified components that returned Value data from the market and applying a discount to the average Value of each in order to assign a Conservative Value to these commonly named parts. The resulting Values represent the mba Appraised Value

Component Condition

Components removed from an aircraft at part out are generally considered to be in an "as removed" condition with no repair station certifying documents other than the removal tag attached at removal. In the market, these components are considered to be less valuable as many operators require a certifying document such as an FAA 8130-3 or EASA Form One prior to installation validating, at a minimum, the serviceability of the unit. The most cost effective method a certification can be obtained is an appropriately authorized repair station performing a "bench check" or operational test of the component and completing a thorough inspection. The level of complexity for the "bench check" varies by component type as the requirements for the test to assure serviceability will vary. Components that are un-serviceable may then be repaired or overhauled to return them to service. Overhauled components are disassembled and returned as close as possible to new specifications while repaired components are returned to service.
The condition codes below were used in this Appraisal:[1]

NE – New
NS – New Surplus
OH – Overhauled
AR – As Removed
USV-Unserviceable
SV – Serviceable

[1] If no condition code was provided, the appraiser assumed part to be in serviceable condition.

V. Valuation

In developing the Values of the Component Inventory, mba did perform a physical inspection sampling of inventory and documentation, and relied on information supplied by the Client. This information was independently verified by mba through the sampling inspection process. mba used certain assumptions that are generally accepted industry practice to calculate the value of the Component Inventory when more detailed information is not available.

The principal assumptions for the aircraft in this portfolio are as follows:

1. The components are in good overall condition;
2. All components valued assumed in the condition specified;
3. Each component is assumed to have a Certificate of Conformance, FAA 8130-3 or EASA Form One certifying document;
4. There is no history of accident or incident damage; and
5. In the case of Market Value, no accounting is made for lease revenues, obligations, or terms of ownership unless otherwise specified.

Inventory Valuation (Spares Inventory Serviceable Condition) (US$)		
Description	**P/N**	**Current Market Value in Serviceable Condition**
Rotables	Various	$225,401,380
Non-Rotable	Various	$36,599,619
Total Parts	Various	$262,000,999

The category “Non-Rotable” includes parts that are classified as Repairable and Expendable components.

VI. Covenants

This report has been prepared for the exclusive use of Gol Linhas Aéreas Inteligentes S.A and shall not be provided to other parties by mba without the express consent of Gol Linhas Aéreas Inteligentes S.A.
mba certifies that this report has been independently prepared and that it fully and accurately reflects mba's opinion as to the values as requested. mba further certifies that it does not have, and does not expect to have, any financial or other interest in the Component Inventory or similar Line Items.

This report represents the opinion of mba as to the values of the Component Inventory as requested and is intended to be advisory only, in nature. Therefore, mba assumes no responsibility or legal liability for any actions taken, or not taken, by Gol Linhas Aéreas Inteligentes S.A or any other party with regard to the subject aircraft and engine. By accepting this report, all parties agree that mba shall bear no such responsibility or legal liability.

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