Q4 2008 Earnings Call

Company Participants

- Anna Cecilia Bettencourt, Finance Director
- Constantino de Oliveira Junior, President and CEO
- Leonardo Pereira, CFO

Other Participants

- Caio Dias, Analyst
- Dan McGoey, Analyst
- Daniela Bretthauer, Analyst
- Isabella Veche, Analyst
- Jamie Baker, Analyst
- Nick Sebrell, Analyst
- Rodrigo Goes, Analyst
- Unidentified Participant, Analyst

Presentation

Operator

Good morning, ladies and gentlemen. At this time, we would like to welcome everyone to the Gol Linhas Aereas Inteligentes 4Q '08 results conference call. Today with us we have Mr. Constantino de Oliveira Junior, President and CEO, Mr. Leonardo Pereira, CFO and Investor Relations Officer. And Ms. Anna Cecilia Bettencourt, Finance Director. We would like to inform you that this event is recorded and all participants will be in a listen-only mode during the Company's presentation. After Gol's remarks, there will be a question-and-answer session for industry analysts. And then for press. At that time, further instructions will be given. (Operator Instructions)

Today's live webcast, including both audio and slideshow, may be accessed through Gol's website, at www.voegol.com.br/ir. Before proceeding, let me mention that forward-looking statements will be made under the safe harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of Gol management and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Gol. And could cause results to differ materially from those expressed in such forward-looking statements. Now, I'll turn the conference over to the President and CEO, Mr. Constantino Oliveira, who will begin the presentation. Mr. Oliveira, you may begin your conference.

Constantino de Oliveira Junior {BIO 16843720 <GO>}

Good afternoon. Welcome to Gol's Fourth Quarter 2008 Results Conference Call. I would like to start on slide number one with an overview of 2008, followed by our strategic vision for 2009. The second half of 2008 was marked by significant content promotion at Gol, the integration of Gol and Varig to benefit from the companies' complementary competitive advantages. Since October last year, we have operated as one strong company, with a new integrated live [ph] network, selling the Company's unified institutes [ph].

The new network gives us more efficiencies and enables us to create -- sorry. And enables the creation of nonstop flights between cities that were until now unconnected. The unified operations outsource [ph] enable us to create new products and services that are attractive for all types of customers, developing a diversified portfolio of revenues. I would like to emphasize the following three subjects.

First, we decide to concentrate operations on the leading traffic generating centers of Brazil and South America, with low operating costs, promoting with more diversified customer segments and this decision also makes those operations more attractive to international long-haul players. For instance, we have recently entered two key interline agreements with American Airlines and Air France and catered to business travelers by introducing medium-haul flights in South America.

One of the highlights is the Smiles program, the largest frequent flyer program in South America. This program makes the Company more attractive to discerning passengers, meeting the needs of both business, seasonal. And leisure passengers. With Smiles, Gol has the opportunity to penetrate the business travel, the business travel market, even further, creating more opportunities for our revenue generation.

Turning miles [ph] directly to business partners such as banks, credit cards companies and gas stations, it's another opportunity to generate revenue, since customers are attracted to products that offer miles as an additional reward for their purchase. As a result, the Smiles program also attracts large corporations that are interested in connecting their products and service to our well-known brand, while creating a means of providing advantage to their customers.

The third highlight consisted of international partnership of greater significance, such as the code-share agreements which will be possible with IOSA certification. This certification, combined with our current position in the market, will enable us to make significant progress in international partners, increasing traffic [ph] volume in our route network and adding even more value to the Smiles program since passengers will be able to use their miles for long-haul flights through these partnerships.

The next slide shows key highlights for our strategy for 2009. To increase revenues, despite the current adverse macroeconomic scenario, we are going to continue to offer low fares, develop new revenue-generating channels and focus on our customers, offering quality, sales, flights and arrive on time. To continue focusing on customers, we are continuing to improve our route network, optimizing every part of the process, such as expanding new comfortable [ph] routes and creating new benefits for different passenger segments, to frequent high-traffic and high-competition routes.

For example, we have reinstated a Rio-Sao Paulo shuttle, offering flights every half hour and expanded the Smiles program to include those passengers as well. We are also continuing to invest in our (inaudible), which allows customers to purchase tickets in up to 36 installment, offering fare and payments (inaudible) similar to purchasing an interstate bus ticket [ph]. Buses can take up to three days to arrive at their final destinations, while an airplane takes less than five hours, including time spent in layovers.

Talking about quality and security. We are working more and more to provide greater quality service and are always investing in security and systems or procedures that include punctuality, make the ticket purchase easier for our customers, increase mileage utilization and improve our customer service in our call centers.

Talking about costs. On the other hand, lowering costs is also a key strategy of our business model. And we are working to meet several important goals this year. We have moved our headquarters to Congonhas Airport to reduce G&A expenses and we continue to develop our route network. To increase aircraft efficiency, we are standardizing the fleet with a modern airplane such as a Boeing 737 Next Generation. And Gol is the only company in the world which practically does not require glove [ph] checks, leading to cost reduction and the maximization of the aircraft use. That means we do a basic maintenance check.

Finally, our continued focus on financial measurement. At the end of the presentation, our CFO, our new CFO, Leonardo Pereira, will disclose the details of Friday's capital increase announcement, designed to keep the Company highly competitive and reinforce our shareholders' confidence in the business. First, though, first off I would like to pass the floor to Anna Cecilia, our Finance Director, who will comment on the quarter's financial and operating performance. Thank you.

Anna Cecilia Bettencourt

Thank you, Antonio. Good afternoon, everyone. On slide number three, we have the quarter's main highlights. Gol revenue reached BRL1.5 billion this quarter, up 5.2% from Fourth Quarter 2007. Revenue from passenger transportation, which recorded an increase of 6.1% to nearly BRL1.5 billion is a result of increased use from the new integrated route network that eliminated overlapping routes. And flight frequencies between Gol and Varig. In this context, RPK decreased by 14.3%, while ASK decreased 2.5%. As a result of raising revenue per available seat kilometer, CASK increased 7.9% to BRL0.1637 in the Fourth Quarter 2008.

The average CASK rose 23.8%, BRL266. Flights frequency rates declined 8.2percentage points to close the quarter at 59.5%, at the same time breakeven load factor fell 3.9percentage points to 57.4%. CASK [ph] fell 1.2% in the quarter. This drop was a result of a reduction in fuel price and the resurfaced [ph] route network, which no longer operates inefficient intercontinental flights. Ex-fuel costs increased 3.1% to BRL10.68. The key track [ph] to increasing ex-fuel costs were non-recurring expenses of approximately BRL58 million, with maintenance reaching an excess occurrence [ph] entering the quarter, in addition to the fact of the depreciation of the real against the dollar.

Even considering non-recurring expenses, the CASK spread was BRL0.57, compared to a negative BRL0.82 in the Fourth Quarter 2007, leading to a growth of 169.1% in EBITDAR to BRL296.5 million in the quarter.

Operating profit reached BRL54 million with a margin of 3.5%. On slide number fourth, which is in the Fourth Quarter 2008 net income compared to Fourth Quarter 2007 net income. Among the main differences from Fourth Quarter 2007 results, we see higher revenue and lower jet fuel consumption in flights [ph]. The negative financial results in the quarter was due to the net exchange rate variation, with no cash effect on the Company's assets and liabilities as the main driver of the net loss of BRL687 million in the quarter.

On slide number five, we have a disciplined approach fleet plan, updating for the upcoming needs, which will result in the average age of our fleet. These new aircrafts have lower rational [ph] costs and are more fuel efficient. We expect with the incorporation of the new 737-800 aircrafts to the fleet generated significant cost savings.

These new aircrafts (inaudible), which saves up to 3% in the consumption of fuel in the year, bringing better performance and without stopping in more distant flights. The fleet plan will be comprised mostly of Boeing 737 NGs and have a projected growth of 108 aircraft by the end of 2009, 115 aircraft by 2010, 121 by 2011 and 127 by 2012, representing a 4% compound average growth rate between 2009 and 2012.

When we first started 2009, those fleet numbers were more than were more than the dates included [ph], we'll replace four old jets with five Next Generation models, maintaining Fourth Quarter fleet capacity levels in the domestic international markets. On slide number six, we have provided general guidance for 2009, for 2009, for the investors and analysts who project our results. Changed again to previous guidance referred to the revision to the exchange rate, fuel costs, tax rate and estimated domestic market growth of between 2% and 4%.

We expect to transport 28 million passengers, with 41 billion ASKs and 24 billion RPKs. We expect to close the year with a fleet of 108 aircraft. We project an average fuel cost per liter at 1.62 for 2009. We estimate non-fuel costs will reach BRL0.095, partially due to net cost of returned aircraft and lower aircraft utilization rate. We expect the addition of large and more cost-efficient aircraft will partially offset the occasional increase in the fuel price.

We will now invite our Finance and Investor Relations Vice President, Leonardo Pereira, to comment on our capital structure. Leonardo, please?

Leonardo Pereira {BIO 1960081 <GO>}

Thank you, Anna. Good afternoon, everyone. Let's look at slide seven. But before going to the slide specifically, as Constantino and Anna have already indicated, our operations have already been adjusted following Varig's acquisition and the integration of both operations. It's very clear that in the last few quarters, the operating revenue minus operating cost advantages [ph]. In other words, our operation is a profitable operation.

Although our operation, cash position and trailing 12 months net revenue is at the moment below our previous year [ph], one of our aims in 2009 is to improve penetration. And having a profitable operation is a clear indication we are on the right track.

The capital increase announced last Friday is a clear indicator also that the Company has been doing the right thing. It shows the support from the controlling shareholders and gives belief that the management team in place is implementing correctly the business stands [ph]. But has the clear aim to keep operations on the (inaudible).

The objective of this capital increase is to assure that the Company can maintain its key long-term investments and confirm the position of having a low-cost operation with a young and efficient fleet. Even under this scenario of cash losses that are lower than what would be ideal, if we look at slide seven, it's clear that we have a comfortable position in terms of meeting our short-term debt obligations.

Our total cash and cash equivalents, plus receivables in the amount of BRL937 million, or BRL760 million, if we exclude intrinsic [ph] cash, is quite adequate to cover our short-term financial debt of BRL112 million, that consists of short-term notes. Going to the short-term financial obligations that amount to BRL158 million, if we take a closer look at our operations, those are also -- operations above totally sufficient to cover those monthly payments.

The short-term balance sheet of BRL698 million that refer to the pre-delivery deposits was (inaudible) expense payments that are made before aircraft delivery, according to the previously disclosed delivery schedule, are backed by the BRL957 million pre-delivery deposits booked as PP&E in our balance sheets.

In other words, once aircraft were delivered, we are currently financing the total amount of CDP receivables to clearly [ph] bank loan currency by Exane Bank. And we have already structured two funding mechanisms to meet 100% of our 2009 and 2010 delivery schedules.

Let's move below to the financing lease obligations, where BRL1.4 billion represent the long-term portion of the 25 aircraft financial aircraft financial lease and an additional BRL609 million in loans taken in regarding the cost [ph]. The first costs are senior notes that mature in 2017. The second component is the long-term loans that take BRL127 million that mature in the next years, or BRL25 million per year. This is an adequate payment schedule for our current position. And fourth, we have the perpetual bonds which that have no effect on the quarterly cash flow and should be viewed as capitalized [ph].

So in summary, we have our listed assets are more than sufficient to cover our short-term debt obligations and we have no pressure and no scenario where we cannot meet those obligations. But now for more detail on the capital increase, we can look at slide eight. We have a total amount of new issue of BRL204 million and we adjusted to strengthen the Company's capital structure, reaffirm, as I mentioned, support, our long-term business plan. We are pleased by our shareholders' continued support, which show a strong commitment we are doing in the Company and we feel that with such an increase we will align even further management strategy and shareholders' objectives to provide additional transactions for the Company in the short term and in the medium term.

To conclude, I just would like to mention that Gol has a balanced position between its short-term listed assets and its short-term debt obligations. Additionally, it's very important again to emphasize that the concept [ph] is generating positive operating cash flow. Thank you, everyone. And now I'd like to begin the Q&A session.

Questions And Answers

Operator

Thank you. The floor is now open for questions. (Operator Instructions)

Your first question comes from the line of Raymond James.

Q - Unidentified Participant

Hi, thanks for taking the question. I'm going to ask one and I think Jim has a follow-up. Just with regard to your load factor guidance, it looks like it's 59% for '09, versus the 64% that you had previously. Can you just talk about what you're seeing that would lead you to take your load factor assumptions down and specifically any commentary you have around the yield environment now or going forward, versus when you had that 64% load factor assumption.

A - Constantino de Oliveira Junior {BIO 16843720 <GO>}

Good morning. The load factor revision that we present is related to lower demand growth for '09 and we expect a lower GDP growth for the economy in the country than we were expecting at the end of last year. So because of that I adjusted our guidance and also we adjust our load factor as the ASKs remained at the same level. Regarding the yields we are not providing guidance for the yields at this time. But the market, we are already going on '09, in 2009. And we are seeing at this time, during the first and Second Quarter during the year, that's the seasonal period where the yield comes down a little bit with promotion. And we kind of think for the whole year. And also for this quarter, I cannot give you what is the yields, as we don't provide guidance for yields.

Q - Unidentified Participant

In the past, you've I think described the yield environment as rational and I'm just wondering in the context of sort of high single digit capacity growth, looks like 14% growth by TAM here in January and February, would you describe the yield environment as still rational, or are you seeing increased competition?

A - Constantino de Oliveira Junior {BIO 16843720 <GO>}

That we follow the follow the movement some time and if you compare that with their fixed [ph] plan projections, I guess they did most of the largest part of their growth during this Fourth Quarter. This means they increased a lot of ASKs. I cannot tell you that creates a relationship environment for you, for sure, that keep as very competitive strength and -- but I cannot tell you that creates a relationship environment.

Q - Unidentified Participant

Thank you, Junior. And I think Jim has a question.

Junior. Good morning. Just I'd like an update on the prospects for placing, subleasing or selling the seven Boeing 767s that you have a carryover from Varig's long haul. What's the status of those aircraft? What are the prospects that you may be able to sublease or sell those aircraft?

A - Constantino de Oliveira Junior {BIO 16843720 <GO>}

Jim, at this time, we still have all the 767s in our fleet. They are grounded and we have some LOIs signed to place -- they will have LOIs for three of them. But LOI doesn't mean that we closed the deal. But we are working to do that, to replace them with a sublease or a lat [ph] lease or something like that, to really reduce these losses. And even for our further increasing our revenues. But at this time we still have all the 767s now.

Q - Unidentified Participant

Okay. Then secondly, Junior, with regard to Azul, a recently start up airline that's growing pretty rapidly, I think operating from Campinas. I believe you have some flights from there, as well. What is Gol doing to compete with Azul. And also Azul recently gained the right, as did Gol, I believe, to fly from Santos Dumont in Rio to Sao Paulo or Campinas. Is Gol going to initiate flights from Santos Dumont to Campinas? What are you doing with regard to competing with Azul?

A - Constantino de Oliveira Junior {BIO 16843720 <GO>}

Okay, Jim, thank you. We have been working really hard to provide to our customers a reliable service. And working to be the most punctual airline in our country and have been doing that in a few months in '09 and not only in Campinas or where we are competing with Azul. But everywhere.

Regarding Campinas and Santos Dumont, we are serving Santos Dumont with shuttle service between Rio and Sao Paulo and between Santo de Monte and Conjuen [ph] with almost 26 flights per day. And also we request for another 16 flights per day with ANAC to serve Santo de Monte flights to Victoria, (inaudible) to Campinas, to Belo Horizonte and also to Brasilia at this time.

So probably we will have to select just three of these definitions to provide a better service, using this 16 new flights or new flights from Santos Dumont at this time. So considering that, we will be able to compete in Santos Dumont. We still have a good presence in that airport, as we are serving a shuttle between Sao Paulo and here. And also we will be able to fly Next Generation aircraft with a great performance at that airport that we support our organization, linking these three destinations. As I said, these three destinations will come between Brasilia, Belo Horizonte, Victoria and Campinas. So we are now working on our plans to select three from these four destinations to really start our flights in April when the April 22.

Q - Unidentified Participant

Okay. Thank you.

A - Constantino de Oliveira Junior {BIO 16843720 <GO>}

You're welcome.

Operator

Your next question comes from the line of Luiz Campos with Credit Suisse.

Q - Unidentified Participant

Hi, this is actually Natalia [ph]. My question regards to the hedge position. You registered in 4Q '08 losses of 140 million. And I wanted to understand what exactly impacted, because I was expecting a positive impact from the FX hedge. Thanks.

A - Anna Cecilia Bettencourt

Well the FX hedge that was recognized this quarter was related to the number that we do the hedging accounting, which means that this quarter, this number impacting our income statement are related to past hedges that we were on loan during the Third Quarter. And they are -- there is no position related that we maintain. Remember that at the end of Third Quarter we had 2% of our hedges were maintained for the First Quarter. So basically, the hedge results in this quarter were made and were unwinded in the Third Quarter 2008.

Q - Unidentified Participant

Okay. Thanks.

Operator

Your next question comes from the line of Nick Sebrell from Morgan Stanley.

Q - Nick Sebrell {BIO 7321622 <GO>}

Hi, two questions from me. First is a follow-on on Santos Dumont. Opening that airport to regional flights is kind of a big deal. I know some politicians were not in favor of it. Do you see any other opportunities for airports to be liberalized, thinking specifically of the city airport in Belo Horizonte or maybe any others, if you could talk about that for a bit. Then the second question regards fleet flexibility.

If the weak economy, both in the world. But also in Brazil, continues for significantly longer, what kind of flexibility might you have to change the fleet composition in 2010? Thank you.

A - Constantino de Oliveira Junior {BIO 16843720 <GO>}

Well talking about the central airport and therefore routes, we have to understand that the law which creates ANAC, the agency, says that the agency will have to work, to follow the policies of freedom [ph] for the commercial airline market. That means ANAC will announce probably in the future will not create any restrictions to flights in any airport that has conditions to receive certain kinds of airplanes. That means if the aircraft capacity allows the airline there to operate with the fleet, or with the right aircraft, probably ANAC will create restrictions for that.

For instance, if I'm not wrong, they will follow the policy that creates the agency and will open the market for every airport. That doesn't mean all the airports will be able to return to these same situation like we had in the past, airports like San Pulia [ph], where all the flights to and from Belo Horizonte were operating there. Probably now with the new rules their restriction will be the airport capacity. But not talking about any kind of legal restriction.

For the second part of your question, talking about fleet flexibility, for 2010 we still have a window of opportunity to discuss with the Boeing Company, with the manufacturer [ph], to postpone some deliveries. But that discussion is not closed yet. But it's a possibility. And also we still have the opportunity to execute the kind of early return for some NGs. But there are some costs more than others. So it's a second option to take.

Q - Nick Sebrell {BIO 7321622 <GO>}

Then if we look forward to 2011, are there leases coming due that you could return, or is it a similar picture to 2010?

A - Constantino de Oliveira Junior {BIO 16843720 <GO>}

From 2011 and beyond, we will have these terminations going forward and we will have the flexibility to review or not decisions and even adjust our fleet network to the right position in comparison with demand.

Q - Nick Sebrell {BIO 7321622 <GO>}

Okay. Thank you.

A - Constantino de Oliveira Junior {BIO 16843720 <GO>}

You're welcome.

Operator

The next question comes from the line of Daniela Bretthauer with Goldman Sachs.

Q - Daniela Bretthauer {BIO 13380169 <GO>}

Hi. Good morning. Anna, perhaps could you explain to us what were the main changes for Gol as it relates to IFRS accounting? I mean, it looks like part of your BRL500 million loss for currency could be related to that? So could you just clarify a little bit on the IFRS impact? And so that's it going forward, then would you provide restated statements for the historical? Thanks.

A - Anna Cecilia Bettencourt

In terms of our financing on the full-quarter basis we will be using IFRS so we will have the ability to work with the comparisons. So in terms of the main differences is I would say that in general terms they are more or less similar. But they have some specific lines that change the -- if you go into deep details as each line, the content is the same but the application might be a bit different.

I would say that the financial lease treatments, compared to operating lease. But in general terms what really changes as a concept is the provisions that we made comparing to the US GAAP and IFRS.

For instance, we made provisions with IFRS, the provisions. It did not have a provision related to maintenance for the engines, for the total engines. Right now, with the IFRS, the provisions being made. In addition, we have in terms of the lease again, the provision is for the returning of the aircraft. With the US GAAP, this provision was made 12 months prior to the return, while with the IFRS this provision is made at inception [ph] of the aircraft. So this change is also in a certain extent the monetary variation [ph] impact on the Company's results.

Q - Daniela Bretthauer {BIO 13380169 <GO>}

Would you be able to tell us, like of this 501 FX, non-cash impact in the quarter, how much is due to IFRS and how much is due to the normal mismatch between assets and liabilities in dollars? Because I thought the number was kind of twice what I was expecting. And when you look at it, that was an increase in your short-term and long-term debt, which may be a function of just the FX impact, because in the quarter there was only like BRL51 million of actual new debt that you took on. But going back to the comment of only $700 million unhedged, it looks like it was twice that amount. So I'm just having a difficulty to understand why the 500 million was much higher than we were expecting.

A - Anna Cecilia Bettencourt

Well first of all, Daniela, this is IFRS and to provide a take [ph] or reconciliation from one to the other is something that it would not be very meaningful. But what we can tell you is that these revisions that we made represent BRL247 million provisions, additional provisions that the Company made, which certainly affect the monetary and exchange variation.

Q - Daniela Bretthauer {BIO 13380169 <GO>}

It could be half of that, roughly?

A - Anna Cecilia Bettencourt

Yes, I mean, maybe, if we go line by line it's not as simple as you were making. But BRL247 million need to be balanced and changed from the impacts of the total component [ph] results.

Q - Daniela Bretthauer {BIO 13380169 <GO>}

Okay. Thank you.

A - Anna Cecilia Bettencourt

Okay?

Operator

Next question comes from the line of Jamie Baker with JPMorgan.

Q - Jamie Baker {BIO 3406456 <GO>}

Yes. Good morning, everybody. I realize that you are reluctant to give any yield forecast. I was hoping, then, that you could give us a feel, month by month, by how RASK [ph] decelerated in the Fourth Quarter. RASK was up I believe about 22% in the Third Quarter, about 9% in the Fourth Quarter. Does that imply in the final part of the year that RASK was in fact negative?

A - Anna Cecilia Bettencourt

RASK was positive. If you look in that First Quarter 2009, RASK has been positive, yield has been we said [ph]. This year is going to be the year of the passenger. We have seen a rational market. We will keep assimilating demand. But if you look to so far the yields in the First Quarter, they have been in the RASK, consequently the RASK for the Fourth Quarter of 2009 has been positive, comparing or maintained or even positive on a monthly basis, compared to last year.

Q - Jamie Baker {BIO 3406456 <GO>}

Okay. And secondly, would you be able to provide --

A - Anna Cecilia Bettencourt

I'm sorry.

Q - Jamie Baker {BIO 3406456 <GO>}

Excuse me. Would you be able to provide system ASKs by quarter? I didn't see that in the release. Just on a percentage change basis is fine.

A - Anna Cecilia Bettencourt

On a quarterly basis, ASK total systems -- I mean, Fourth Quarter, comparing to Fourth Quarter, it will be pretty much flat, as we mentioned. Then it will be more or less maintained. I mean, it will be a slight increase in the Second Quarter and then maintained for the end of the year.

Q - Jamie Baker {BIO 3406456 <GO>}

Okay. Thank you very much.

A - Anna Cecilia Bettencourt

We will be reaching 40.5 ASKs, as we guided the market.

Q - Jamie Baker {BIO 3406456 <GO>}

Thank you.

A - Anna Cecilia Bettencourt

You're welcome.

Operator

Thank you. Our next question comes from Gustavo Moreira, with UBS.

Q - Rodrigo Goes {BIO 6232382 <GO>}

Good afternoon. This is actually Rodrigo Goes. A quick question on the loss associated with fuel and FX hedges, which totaled BRL112 million during the quarter. I was wondering. And you might have already talked about this. But wondering if this is a cash loss. If not, how much of it was a cash loss. And also if you could provide us with some color as to how this -- what this will look like in the First Quarter, given that we're already now, with WTI and the effects did during the quarter? Thanks.

A - Anna Cecilia Bettencourt

Thank you, Rodrigo. Just for everyone to understand, the Company used and we maintain with the IFRS the same and the previous concept that we have in terms of accounting for our hedges. So what we recognized this past is really resolved from the unwind that we did in the Third Quarter and the 3% position that we had in the Third Quarter related to the Fourth Quarter. So this represents past results that were accounted today. So there is not a large portion of our cash related to this, because most of our hedges were unwound during the Third Quarter of 2008.

We built up our hedge position during the Fourth Quarter. Currently what we have is more or less about 20% of our fuel consumption hedged for 2009. And we are -- and these hedges were made with an average of around $60 per WTI. Okay?

Q - Rodrigo Goes {BIO 6232382 <GO>}

Okay. All right. Thank you.

A - Anna Cecilia Bettencourt

You're welcome.

Operator

The next question comes from the line of Dan McGoey with Deutsche Bank.

Q - Dan McGoey {BIO 1539496 <GO>}

Good morning. My question's related to the rights offering. And apologies if I missed it. But did you explicitly state the level of commitment from the controlling shareholders committed to fully subscribe to their portions? And how about on any non-picking up [ph] rights form the market as a whole.

A - Leonardo Pereira {BIO 1960081 <GO>}

This is Leonardo speaking. What we have said is that the controlling shareholders is they have been proportionally all equivalent to its current state and they may consider taking leftovers.

Q - Dan McGoey {BIO 1539496 <GO>}

Okay. Thank you.

Operator

Your next question comes from the line of Caio Dias with Santander.

Q - Caio Dias {BIO 21849043 <GO>}

My first question was already answered. My second question is still related to the offering. In the case of the Company did not opt for this share issuance, would there be any risk of the Company exceeding its covenants or, I don't know, not meeting any of the short-term obligations.

A - Leonardo Pereira {BIO 1960081 <GO>}

Okay, this is Leonardo again. The reason behind the share issuances has nothing to do with the covenants. And as I mentioned before, if you look at our current liquidity position and our short-term obligations for 2008, we are quite comfortable and our ratios, it's very confident in meeting those obligations. The main reason behind the share issuances is first to assure that our long-term business plan can be implemented, that in a situation of high volatility that we have a strand of caution. So in other words it was a proactive measure from the controlling shareholders. And showed a very strong -- of course was a very strong indicator that we're confident that the way our management is implementing the business plan was correct.

Q - Caio Dias {BIO 21849043 <GO>}

Okay. All right. Thank you.

Operator

Your last question comes from Isabella Veche [ph] with JPMorgan.

Q - Isabella Veche

Hi, guys. My question is related to the financing. I understand that your commitments for 2009 in terms of CapEx is 170 million in pre-delivered deposits, plus almost 2 billion in aircraft acquisitions. I wanted to understand exactly how much of that you have already financing committed and now also if you have any credit lines currently not used, that you also can tap this year. Thank you.

A - Anna Cecilia Bettencourt

Isabella, it's Anna speaking. What we can tell you is that 2009 and almost all deliveries [ph] of 2010 are pretty much financed, committed, financed. This is related to aircraft.

In terms of pre-deposit payments, deposits, we have a facility that covers aircraft to be delivered up to -- which were moved due to the Boeing strike. But up to the temporary [ph] now it's up to February. But related to the delay that Boeing caused related to their strikes. And in terms of unused credit lines, what we have is that we have -- it's an uncommitted facility related to credit card receivables that we are not using. We are attacking this credit card directly with the credit card companies.

Q - Isabella Veche

Okay. And how much is that? Can you tell us?

A - Anna Cecilia Bettencourt

If you look at the total receivables that we have, this is the total assets that we have that we can anticipate that.

Q - Isabella Veche

Okay. Thank you.

Operator

This concludes the question-and-answer session. At this time, I would like to turn the floor back to Mr. Constantino de Oliveira Junior for any closing remarks.

A - Constantino de Oliveira Junior {BIO 16843720 <GO>}

Okay, once again, thank you very much for an interesting call.

Operator

Thank you. This concludes today's Gol Linhas Aereas Inteligentes 4Q '08 results conference call. You may now disconnect.