

*Quarterly Information*

*GOL Linhas Aéreas Inteligentes S.A.*

*June 30, 2006*

**GOL LINHAS AÉREAS INTELIGENTES S.A.**

**QUARTERLY INFORMATION**

June 30, 2006

**Index**

Special Review Report .....	3
Quarterly Information - ITR	
Balance Sheets .....	4
Statements of Income .....	6
Statements of Changes in Shareholders' Equity .....	8
Statements of Changes in Financial Position .....	9
Notes to the Quarterly Information - ITR.....	11

## **SPECIAL REVIEW REPORT**

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

1. We have performed a special review of the Quarterly Information - ITR of Gol Linhas Aéreas Inteligentes S.A. and subsidiaries for the quarters ended March 31 2006 and 2005, comprising the balance sheets of the parent company and consolidated and the respective statements of income, the performance report and relevant information prepared in accordance with the accounting practices adopted in Brazil.
2. We conducted our review in accordance with standards of IBRACON – Brazilian Institute of Independent Auditors, coupled with the Federal Accounting Council, consisting mainly of: (a) inquiry and discussion with the managers in charge of the Company's accounting, financial and operating areas in relation to the main criteria adopted in the preparation of the Quarterly Information; and (b) review of information and subsequent events which have or may have relevant effects on the financial situation and operations of the Company.
3. Based on our special review, we are not aware of any material modification that should be made to the Quarterly Information referred to above for them to be in conformity with the accounting practices adopted in Brazil, in accordance with the rules issued by the Brazilian Securities and Exchange Commission, specifically applicable to the preparation of the Quarterly Information.

São Paulo, July 14, 2006

**ERNST & YOUNG**  
Auditores Independentes S.S.  
CRC-2SP015199/O-1

Maria Helena Pettersson  
Accountant CRC-1SP119891/O-0

**GOL LINHAS AÉREAS INTELIGENTES S.A.**

**BALANCE SHEETS**

June 30, 2006 and March 31, 2006

(In thousands of reais)

	Note	Parent Company		Consolidated	
		06.30.2006	03.31.2006	06.30.2006	03.31.2006
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	3	109,204	32,670	448,315	186,530
Short-term investments	3	349,274	160,598	807,008	726,275
Accounts receivable		-	-	562,297	584,031
Allowance for doubtful accounts		-	-	(6,591)	(5,808)
Deferred taxes and carryforwards	5	29,906	12,709	46,036	25,593
Inventories		-	-	49,060	38,039
Prepaid expenses		813	844	47,572	47,934
Dividends receivable		21,995	384,632	-	-
Other receivables		-	-	21,227	7,068
Total current assets		511,192	591,453	1,974,924	1,609,662
Non-current assets					
Deposits for aircraft leasing contracts		-	-	49,549	28,790
Deferred taxes and carryforwards	5	42,281	54,712	65,481	79,639
Investments	6	1,269,866	1,210,441	2,396	1,692
Property, plant and equipment (include advances for aircraft acquisition of R\$518,523 on June 30, 2006 and R\$419,621 on March 31, 2006)	7	-	-	802,841	669,131
Other		355	149	48,945	39,470
Total non-current assets		1,312,502	1,265,302	969,212	818,722
Total assets		1,823,694	1,856,755	2,944,136	2,428,384

	Note	Parent Company		Consolidated	
		06.30.2006	03.31.2006	06.30.2006	03.31.2006
<b>LIABILITIES</b>					
Current liabilities					
Suppliers		584	-	46,502	70,656
Payroll and related charges		-	-	58,389	28,104
Tax obligations		4,006	18,039	71,836	81,394
Landing fees and duties payable		-	-	16,720	26,604
Airtraffic liability		-	-	229,696	185,542
Short-term borrowings	8	-	-	107,409	104,459
Dividends and interest on shareholder's equity	11 b	61,542	143,618	27,836	143,618
Other liabilities		-	978	36,956	69,053
Total current liabilities		66,132	162,635	595,344	709,430
Non-current liabilities					
Long-term debt	8	-	-	565,895	-
Accounts payable and provisions		-	-	25,335	24,834
Shareholders' equity					
Capital stock	11 a	993,181	992,943	993,181	992,943
Capital reserves		89,556	89,556	89,556	89,556
Profit reserves		485,744	485,744	485,744	485,744
Retained earnings		183,326	117,208	183,326	117,208
Total comprehensive income, net of taxes	17 a	5,755	8,669	5,755	8,669
Total shareholders' equity		1,757,562	1,694,120	1,757,562	1,694,120
Total liabilities		1,823,694	1,856,755	2,944,136	2,428,384

See accompanying notes to the Quarterly Information - ITR.

## GOL LINHAS AÉREAS INTELIGENTES S.A.

### STATEMENTS OF INCOME (UNAUDITED)

Periods ended June 30, 2006 and 2005  
(In thousands of reais, except per share profit)

	Note	Parent Company			
		04.01.2006 to 06.30.2006	04.01.2005 to 06.30.2005	01.01.2006 to 06.30.2006	01.01.2006 to 06.30.2005
Gross operating revenue					
Passenger		-	-	-	-
Cargo		-	-	-	-
Other		-	-	-	-
		-	-	-	-
Income taxes and contributions		-	-	-	-
Net operating revenues		-	-	-	-
Cost of services rendered	12	-	-	-	-
Gross profit		-	-	-	-
Operating expenses (income)					
Commercial expenses	12	-	-	-	-
Administrative expenses	12	(2,960)	(78)	(4,707)	(277)
Interest expenses	13	(38,288)	(14,998)	(75,422)	(15,703)
Interest income	13	12,947	12,358	22,915	13,897
		(28,301)	(2,718)	(57,214)	(2,083)
Results of equity interest					
Equity accounting		89,653	46,462	234,141	158,299
Income before income tax and social contribution		61,352	43,744	176,927	156,216
Income tax and social contribution	14	4,765	-	14,477	-
Income before reversal of interest on shareholder's equity	11 b	66,117	43,744	191,404	156,216
Reversal of interest on shareholder's equity	13	32,052	-	67,443	-
Net income		98,169	43,744	258,847	156,216
Number of outstanding shares on the balance sheet date		196,206,466	195,269,054	196,206,466	195,269,054
Earnings per share (R\$)		0.50	0.22	1.32	0.80

See accompanying notes to the Quarterly Information - ITR.

## GOL LINHAS AÉREAS INTELIGENTES S.A.

### STATEMENTS OF INCOME (UNAUDITED)

Periods ended June 30, 2006 and 2005  
(In thousands of reais, except per share profit)

		Consolidated			
		04.01.2006	04.01.2005	01.01.2006	01.01.2006
		to	to	to	to
Note		06.30.2006	06.30.2005	06.30.2006	06.30.2005
	Gross operating revenue				
	Passenger	818,168	545,948	1,680,559	1,135,351
	Cargo	29,083	18,801	51,837	33,792
	Other	30,364	20,433	42,068	30,448
		877,615	585,182	1,774,464	1,199,591
	Income taxes and contributions	(33,587)	(23,014)	(67,420)	(48,264)
	Net operating revenues	844,028	562,168	1,707,044	1,151,327
	Cost of services rendered	12	(587,973)	(417,135)	(1,132,582)
	Gross profit	256,055	145,033	574,462	379,658
	Operating expenses (income)				
	Commercial expenses	12	(103,630)	(78,576)	(202,960)
	Administrative expenses	12	(33,070)	(11,325)	(57,269)
	Interest expenses	13	(77,917)	(34,680)	(131,320)
	Interest income	13	74,457	50,149	117,264
		(140,160)	(74,432)	(274,285)	(138,294)
	Income before income tax and social contribution	115,895	70,601	300,177	241,364
	Income tax and social contribution	14	(49,778)	(26,857)	(108,773)
	Income before reversal of interest on shareholder's equity	11 b	66,117	43,744	191,404
	Reversal of interest on shareholder's equity	13	32,052	-	67,443
	Net income	98,169	43,744	258,847	156,216
	Number of outstanding shares on the balance sheet date	196,206,466	195,269,054	196,206,466	195,269,054
	Earnings per share (R\$)	0.50	0.22	1.32	0.80

See accompanying notes to the Quarterly Information - ITR.

**GOL LINHAS AÉREAS INTELIGENTES S.A.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
June 30, 2006 and March 31, 2006  
(In thousands of reais)

	<u>Capital stock</u>		<u>Capital reserves</u>		<u>Profit reserves</u>		<u>Accumulated other comprehensive income</u>	<u>Retained earnings or accumulated deficit</u>	<u>Total</u>
	<u>Subscribed capital</u>	<u>Unrealized capital</u>	<u>Goodwill in share transfer</u>	<u>Subsidiary's special goodwill reserve</u>	<u>Legal reserve</u>	<u>Reinvestment reserve</u>			
Balances at December 31, 2005	992,943	(1,739)	60,369	29,187	33,215	452,529	6,411	-	1,572,915
Realized capital increase	-	1,739	-	-	-	-	-	-	1,739
Total comprehensive income, net of taxes	-	-	-	-	-	-	2,258	-	2,258
Net income for the period	-	-	-	-	-	-	-	160,678	160,678
Profit allocation:									
Dividends and interest on own capital	-	-	-	-	-	-	-	(43,470)	(43,470)
Balances at March 31, 2006 (unaudited)	992,943	-	60,369	29,187	33,215	452,529	8,669	117,208	1,694,120
Realized capital increase	<b>711</b>	<b>(473)</b>	-	-	-	-	-	-	<b>238</b>
Total comprehensive income, net of taxes	-	-	-	-	-	-	<b>(2,914)</b>	-	<b>(2,914)</b>
Net income for the period	-	-	-	-	-	-	-	<b>98,169</b>	<b>98,169</b>
Profit allocation:									
Dividends and interest on own capital	-	-	-	-	-	-	-	<b>(32,051)</b>	<b>(32,051)</b>
Balances at June 30, 2006 (unaudited)	<b>993,654</b>	<b>(473)</b>	<b>60,369</b>	<b>29,187</b>	<b>33,215</b>	<b>452,529</b>	<b>5,755</b>	<b>183,326</b>	<b>1,757,562</b>

See accompanying notes to the Quarterly Information - ITR.



# GOL LINHAS AÉREAS INTELIGENTES S.A.

## STATEMENTS OF INCOME (UNAUDITED)

Periods ended June 30, 2006 and 2005

(In thousands of reais, except per share profit)

	Note	Parent Company			
		04.01.2006	04.01.2006	01.01.2006	01.01.2006
		to	to	to	to
		03.31.2006	03.31.2005	03.31.2006	03.31.2005
<b>FINANCIAL RESOURCES PROVIDED BY</b>					
Resourced generated by (used in) operations:					
Net Income for the period		98,169	51,520	258,847	162,775
From operations:					
Items that not affect working capital:					
Equity accounting		(54,835)	(46,462)	(234,141)	(158,299)
Depreciation and amortization	7	-	-	-	-
Deferred taxes	14	(4,765)	-	(14,477)	-
		38,569	5,058	10,229	4,476
From shareholders:					
Capital payment		238	-	1,977	-
Capital increase		-	271,330	-	271,330
		238	271,330	1,977	271,330
From third-parties:					
Decrease in non-current assets		-	383,209	-	384,905
Increase in non-current liabilities		-	51,402	-	51,402
Total sources		38,807	710,999	12,206	712,113
<b>USE OF RESOURCES</b>					
In operations:					
Proposed dividends and interest on shareholder's equity		32,052	-	75,522	-
Investments in subsidiaries		4,590	-	(2,952)	-
Acquisition of property, plant and equipment		-	437,320	-	260,342
Decrease in non-current liabilities		-	-	-	-
Total comprehensive income, net of taxes	17	2,914	-	656	-
Investments in non-current assets		(16,991)	-	(16,937)	-
Total investments		22,565	437,320	56,289	260,342
Increase in net working capital		16,242	273,679	(44,083)	451,771
Change in net working capital					
Current assets:					
At end of the period		511,192	479,637	511,192	479,637
At beginning of the period		591,453	(264,678)	608,447	(86,465)
		(80,261)	214,959	(97,255)	393,172
Current liabilities:					
At end of the period		66,132	2,524	66,132	2,524
At beginning of the period		162,635	(61,244)	119,304	(61,123)
		(96,503)	(58,720)	(53,172)	(58,599)
Increase in working capital		16,242	273,679	(44,083)	451,771

See accompanying notes to the Quarterly Information - ITR.

# GOL LINHAS AÉREAS INTELIGENTES S.A.

## STATEMENTS OF INCOME (UNAUDITED)

Periods ended June 30, 2006 and 2005

(In thousands of reais, except per share profit)

		Consolidated			
		04.01.2006 to 03.31.2006	04.01.2006 to 03.31.2005	01.01.2006 to 03.31.2006	01.01.2006 to 03.31.2005
FINANCIAL RESOURCES PROVIDED BY	Note				
Resourced generated by (used in) operations:					
Net Income for the period		98,169	51,520	258,847	162,775
From operations:					
Items that not affect working capital:					
Depreciation and amortization	7	15,282	8,445	27,677	15,419
Deferred taxes	14	(3,877)	3,659	(20,552)	619
		109,574	63,624	265,972	178,813
From shareholders:					
Capital payment		238	-	1,977	-
Capital increase		-	271,330	-	271,330
		238	271,330	1,977	271,330
From third-parties:					
Decrease in non-current assets		-	1,644	-	-
Increase in non-current liabilities		566,396	-	561,815	-
Total sources		676,208	336,598	829,764	450,143
USE OF RESOURCES					
In operations:					
Proposed dividends and interest on shareholder's equity		32,052	-	75,522	-
Investments in subsidiaries		-	633	-	239
Acquisition of property, plant and equipment, including pre-delivery deposits of R\$ 518,523 in the consolidated (R\$ 170,215 on March 30, 2005)		148,992	72,922	250,490	177,083
Decrease in non-current liabilities		-	10,465	-	5,401
Total comprehensive income, net of taxes	17	2,914	-	656	-
Investments in non-current assets		12,902	2,163	16,697	6,283
Total investments		196,860	86,183	343,365	188,767
Increase in net working capital		479,348	250,415	486,399	261,376
Change in net working capital					
Current assets:					
At end of the period		1,974,924	1,523,900	1,974,924	1,523,900
At beginning of the period		1,609,662	(1,285,511)	1,546,707	(1,317,974)
		365,262	238,389	428,217	205,926
Current liabilities:					
At end of the period		595,344	462,364	595,344	462,364
At beginning of the period		709,430	(474,390)	653,526	(517,814)
		(114,086)	(12,026)	(58,182)	(55,450)
Increase in working capital		479,348	250,415	486,399	261,376

# GOL LINHAS AÉREAS INTELIGENTES S.A.

## NOTES TO THE QUARTERLY INFORMATION (UNAUDITED)

Period April 1 to June 30 2006 and 2005

(In thousands of reais)

### 1. Business Overview

Gol Linhas Aéreas Inteligentes S.A. (Company or GLAI) is the parent company of Gol Transportes Aéreos S.A. (GOL), a low-cost low-fare airline company based in Brazil, which provides regular air transportation services among the main Brazilian cities and also for cities in Argentina, Bolivia, Paraguay and Uruguay. The Company's strategy is to grow and increase results of its businesses, popularizing and stimulating demand for safe air transportation in South America for business and leisure passengers, keeping its costs among the lowest in the industry world wide. The Company's fleet, simplified and with a single class of services, ranks among the sector's newest and most modern, with low maintenance, fuel and training costs and high utilization and efficiency levels.

GOL started its operations at January 15, 2001 and at June 30, 2006 it operated a 50-aircraft fleet, comprised of 9 Boeing 737-800, 26 Boeing 737-700 and 15 Boeing 737-300. During the six first months of 2006, the Company inaugurated 5 new destinations, increasing served destinations to 50 (44 in Brazil, 3 in Argentina, 1 in Bolivia, 1 in Paraguay and 1 in Uruguay).

At June 30, 2006 and March 31, 2006, the Company's share ownership structure is as follows:

	03.31.2006			12.31.2005		
	Common	Preferred	Total	Common	Preferred	Total
Aeropar Participações S.A.	-	-	-	100.00%	-	55.85%
Fundo de Investimento ASAS	98.30%	40.16%	72.60%	-	40.27%	17.78%
Others	1.70%	-	0.95%	-	-	-
Market	-	59.84%	26.46%	-	59.73%	26.37%
	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

The Company incorporated in March 2006 two new subsidiaries, GAC Inc. and Gol Finance, located in Cayman Islands, whose activities are relate to aircraft acquisition and financing.

### 2. Basis of Preparation and Presentation of the Quarterly Information

The Quarterly Information were prepared in accordance with the generally accepted accounting principles in Brazil and the provisions contained in the Brazilian Corporation Law, in the Chart of Accounts prepared by the Civil Aviation Department – DAC (now Civil Aviation National Agency – ANAC) and the supplementary rules of the Brazilian Securities and Exchange Commission – CVM, consistently applied to the financial statements for the year ended December 31, 2005.

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
Period April 1 to June 30 2006 and 2005  
(In thousands of reais)

### 2. Basis of Preparation and Presentation of the Quarterly Information – Continued

The Quarterly Information includes the accounts of Gol Linhas Aéreas Inteligentes S.A. and its controlled enterprises Gol Transportes Aéreos S.A., GAC Inc., Gol Finance LLP e Gol Finance. The consolidation process of patrimonial and result accounts consolidation consists in summing horizontally the balances of the assets, liabilities, revenues and expenses accounts, according to their nature, added to the elimination of the parent company's participation in the equity.

The Quarterly Information are presented in compliance with the pronouncement of IBRACON NPC 27 – Accounting Statements – Presentation and Disclosures.

The Quarterly Information includes in the appendix I, as supplementary information, the statement of cash flow – prepared by the indirect method, from accounting records, based on the guidelines of IBRACON – Brazilian Institute of Independent Auditors. Management considers this information material to the market.

The Company has adopted the Level 2 Differentiated Corporate Governance Practices with the São Paulo Stock Exchange – BOVESPA, starting to integrate indices of Shares with Differentiated Corporate Governance – IGC, Shares with Differentiated Tag Along – ITAG and Corporate Sustainability – ISE, created to differ companies committed to adopting differentiated corporate governance practices. The Company's Quarterly Information comprise the additional requirements of BOVESPA *Novo Mercado*.

#### a) Information on disclosures made based on USGAAP

The accounting practices adopted in Brazil differ from accounting principles generally accepted in the United States – USGAAP applicable to the air transportation segment, especially the allocation of maintenance expenses to income. At June 30, 2006, the net income for the year, in accordance with accounting practices adopted in Brazil (BRGAAP), was R\$ 27,629 lower (R\$ 88,729 at December 31, 2005) due to this difference and the respective tax effects in comparison with net income under USGAAP. At this same date, shareholder's equity presented in the Company's corporate Quarterly Information was R\$ 279,752 (R\$ 249,416 at December 31, 2005) lower due to, mainly, the accumulated difference in the allocation of maintenance expenses and respective tax effects, also as the result of the accounting for stock options granted to executives and employees. There are also certain differences in the classification of assets, liabilities and income items. The Company discloses significant information on transactions in a consistent way in the corporate Quarterly Information and in accordance with USGAAP.

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
 Period April 1 to June 30 2006 and 2005  
 (In thousands of reais)

### 3. Cash and Cash Equivalents and short-term investments

	Parent Company		Consolidated	
	03.31.2006	03.31.2006	03.31.2006	03.31.2006
<b>Cash and cash equivalents</b>				
<b>Cash and banks</b>	3,831	8,064	58,258	62,899
<b>Financial Investments</b>				
Fixed income	41,618	1,064	83,287	26,996
Variable income	156	-	487	-
Government securities	-	-	-	2,966
Government securities overseas	-	-	212,313	-
Bank Deposit Certificates – CDB	63,599	23,542	93,970	93,669
	<u>109,204</u>	<u>32,670</u>	<u>448,315</u>	<u>186,530</u>
<b>Short-term Investments</b>				
<b>Local currency</b>				
Bank Deposit Certificates – CDB	235,992	10,479	280,611	215,392
Government securities	113,282	150,119	113,282	349,826
Fixed income investments overseas	-	-	413,115	161,057
	<u>349,274</u>	<u>160,598</u>	<u>807,008</u>	<u>726,275</u>

Financial investments in CDB (Bank Deposit Certificate) have an average remuneration, net of taxes, of approximately 1.16% per month, based on the CDI (Interbank Deposit Certificate) variation, and may be redeemed at any time without loss of the recognized revenue. Fixed income investments overseas refer to government securities issued by the Austrian Government that earn interest, net of taxes, of 1.03% per month and government securities issued by the U.S. Government (T-Bills) and securities issued by international banks (“time deposits” and swaps) that conjunctly bear interest of approximately 1.14% per month.

The Company and its subsidiary Gol Transportes Aéreos S.A. hold 100% of the quotas of exclusive investment funds, constituted as mutual fund with indefinite term and with tax neutrality, resulting in benefits to their quota holders. Investments in exclusive investment funds have daily liquidity. The exclusive fund portfolio management is carried out by external managers who follow the investment policies established by the Company.

Based on the financial statements of the exclusive funds, prepared according to the rules of the Central Bank of Brazil – BACEN, these investments are classified as securities for trading, appraised at market value, whose earnings are reflected in financial revenues.

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
Period April 1 to June 30 2006 and 2005  
(In thousands of reais)

### 3. Cash and Cash Equivalents and short-term investments – Continued

Financial assets integrating fund portfolios are recorded, as applicable, in the Special System for Settlement and Custody – SELIC, in the Brazilian Custody and Settlement Chamber – CETIP or on the Brazilian Mercantile and Futures Exchange – BM&F.

Investment funds take part in operations comprising financial derivative instruments recorded in equity or compensation accounts that aim to manage the Company's exposure to market risks and foreign exchange rates. The value of financial investments linked to hedge agreement guarantees was R\$17,325 as of June 30, 2006. Information concerning risk management policies and the positions of open derivative financial instruments are detailed in Note 17.

### 4. Accounts receivable

	Consolidated	
	June 30, 2006	March 31, 2006
Credit Cards Administrators	444,283	491,205
Travel Agencies	88,896	78,497
Cargo Agencies	10,371	6,388
Other	18,747	7,941
	<u>562,297</u>	<u>584,031</u>
Allowance for doubtful accounts	(6,591)	(5,808)
	<u>555,706</u>	<u>578,223</u>

The variation in the allowance for doubtful accounts is as follows:

	Consolidated	
	June 30, 2006	March 31, 2006
Balances in the beginning of the period	5,808	4,890
Additions	1,314	1,326
Recoveries	(531)	(408)
Final balances of the period	<u>6,591</u>	<u>5,808</u>

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
 Period April 1 to June 30 2006 and 2005  
 (In thousands of reais)

### 4. Accounts receivable (Continued)

The ageing of the accounts receivable is as follows:

	<b>Consolidated</b>	
	<b>June 30, 2006</b>	<b>March 31, 2006</b>
Not past-due	<b>552,907</b>	576,516
Past-due for less than 30 days	<b>2,799</b>	1,707
Past-due for 31 to 60 days	<b>602</b>	751
Past-due for 61 to 90 days	<b>791</b>	770
Past-due for 91 to 180 days	<b>2,025</b>	1,896
Past-due for 181 to 360 days	<b>2,533</b>	1,359
Past-due for more than 360 days	<b>640</b>	1,032
	<b>562,297</b>	584,031

### 5. Deferred Taxes, Recoverable Taxes or Carryforwards, Short and Long-Term

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>03.31.2006</b>	<b>03.31.2006</b>	<b>03.31.2006</b>	<b>03.31.2006</b>
<b>Recoverable taxes or carryforwards</b>				
PIS and Cofins credits	26	-	2,033	806
Prepayment of IRPJ and CSSL	6,985	5,799	8,553	7,802
Credit of IRRF on financial investments	5,275	5,031	6,593	6,592
Other	423	989	5,828	4,556
	12,709	11,819	23,007	19,756
<b>Deferred income tax and social contribution</b>				
Accumulated tax losses and social contribution negative basis	59,478	55,602	59,478	54,712
Tax credits arising from incorporation	-	-	16,540	17,999
Temporary differences	-	-	12,492	12,765
	59,478	55,602	88,510	85,476
Short-Term	(29,906)	(12,709)	(46,036)	(25,593)
Long-Term	42,281	54,712	65,481	79,639

Tax credits resulting from accumulated deficit and social contribution negative basis were recorded based on the expectation of the generation of future taxable income observing legal limitations. According to Instruction No. 371 of July 27, 2002, the following table shows the expectancy of the generation of a positive basis of calculation to be realized in the following years in an amount sufficient for the realization of the tax credits, accounted for by the Company and supported by its business plans approved by the Board of Directors:

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
 Period April 1 to June 30 2006 and 2005  
 (In thousands of reais)

### 4. Deferred Taxes, Recoverable Taxes or Carryforwards, Short and Long-Term – Continued

	2007	2008	2009	2010	Total
Forecasted realization	23,029	31,957	22,946	10,578	88,510

### 6. Investments in Subsidiaries

Turnover of investments:

	Gol Transportes Aéreos S.A.	Gol Finance LLP	GAC Inc.	Gol Finance	Total investments
Balances at March 31, 2006	799,471	410,970	-	-	1,210,441
Capital increase	-	-	-	-	-
Equity accounting	59,093	(7,607)	2,181	3	53,670
Unrealized hedge results	5,755	-	-	-	5,755
Balance at June 30, 2006	<b>864,319</b>	<b>403,363</b>	<b>2,181</b>	<b>3</b>	<b>1,269,866</b>

### 7. Property, Plant and Equipment

	Annual depreciation rate	06.30.2006		03.31.2006	
		Cost	Accumulated Depreciation	Net value	Net value
<b>Flight equipment</b>					
Spare engines	20%	54,202	-	54,202	54,132
Replacement part kits	20%	207,678	(83,004)	124,674	111,992
Aircraft and safety equipment	20%	912	(208)	704	625
Tools	10%	2,886	(371)	2,515	1,973
		265,678	(83,583)	182,095	168,722
<b>Property, plant and equipment in service</b>					
Software licenses	20%	20,981	(7,906)	13,075	13,476
Vehicles	20%	2,287	(1,019)	1,268	928
Machinery and equipment	10%	6,758	(814)	5,944	5,043
Furniture and fixtures	10%	6,626	(1,208)	5,418	3,835
Computers and peripherals	20%	9,847	(3,512)	6,335	4,637
Communication equipment	10%	1,252	(259)	993	917
Facilities	10%	2,243	(261)	1,982	1,745
Brand names and patents	-	37	-	37	37
Leasehold improvements	4%	3,589	(1,173)	2,416	2,810
Work in progress	-	72,036	(7,281)	64,755	47,360
		125,656	(23,433)	102,223	80,788
		391,334	(107,016)	284,318	249,510
<b>Advances for aircraft acquisition</b>	-	518,523	-	518,523	419,621
		909,857	(107,016)	802,841	669,131

Advances for aircraft acquisition refer to prepayments made based on the agreements entered into with Boeing Company for the purchase of 67 Boeing 737-800 Next Generation (31 aircraft at March 31, 2006), as further explained in Note 15, and capitalized interest of R\$ 26,496 are included (R\$ 23,706 at March 31, 2006).

Work in progress is related mainly to the Aircraft Maintenance Center construction in Minas Gerais and construction in new bases.



## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
 Period April 1 to June 30 2006 and 2005  
 (In thousands of reais)

### 8. Short-Term Borrowings

	Annual Interest rate	Consolidated	
		June 30, 2006	March 31, 2006
Current:			
Brazilian Currency			
Working capital	17.7 %	107,409	104,459
Long term:			
Foreign Currency			
Perpetual notes	8.75%	455.180	-
Bank Loans	5.0%	110.715	-
Total long-term borrowings and financings		565.895	-

#### ( a ) Working Capital

At June 30, 2006, the Company maintained 11 short-term credit lines with six financial institutions that allowed borrowings up to R\$ 400,000. Six of those lines are guaranteed by promissory notes which allow borrowings up to R\$ 218,000 and at June 30, 2006, there were outstanding borrowings under these facilities amounting R\$ 107,409. Five of those lines are guaranteed by accounts receivable from credit card providers in the limit of R\$ 240,000.

#### ( b ) Perpetual Notes

In April 2006, the company, through its wholly-owned subsidiary Gol Finance, issued R\$ 455 million (US\$ 200 million) guaranteed by GOL. The notes have no fixed final maturity date and are callable at par by the Company after five years of the issuance date. The Company intends to use the resource to finances the acquisition of aircraft as a complement to its own cash resources, and to the bank financings guaranteed by the U.S. Exim Bank.

#### ( c ) Bank Loans

In April 2006, the Company, through its wholly-owned subsidiary GAC Inc., arranged firm an up to R\$ 130 million (US\$ 60 million) borrowing facility with Credit Suisse guaranteed by promissory notes. The tenor of the loan is 2.7 years with an annual interest rate of Libor. At June 30, 2006, there was R\$ 106 million (US\$ 49 million) outstanding under this facility.

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
Period April 1 to June 30 2006 and 2005  
(In thousands of reais)

### 8. Short-Term Borrowings – Continued

#### (d) Other Financings

In June 2006, GOL signed long term borrowing agreements for R\$ 75.7 million with the BNDES (the Brazilian Development Bank) and for R\$ 108 million (US\$ 50 million) with the International Finance Corporation (IFC). As of June 30, 2006, no funds had been drawn under the agreements.

The BNDES credit line will finance a major portion of the construction and expansion of the Gol Aircraft Maintenance Center at the International Airport of Confins, in the state of Minas Gerais, the acquisition of national equipment and materials. The loan has a term of six years with interest of TJLP + 2.65% p.a. and is guaranteed by accounts receivable.

The financings with the International Finance Corporation (IFC) will be used to acquire aircraft spare parts inventories and working capital. The loan has a term of seven years with interest of LIBOR + 1.875% p.a. and is guaranteed by spare parts.

### 9. Provision for Contingencies

	Consolidated	
	June 30, 2006	March 31, 2006
Provision for labor contingencies	617	541
Provision for civil contingencies	3,360	2,804
Provision for tax contingencies	20,195	20,017
	<u>24,172</u>	<u>23,362</u>

There were no significant changes in the status of the proceedings as disclosures in the Financial Statements of the year ended December 31, 2005.

### 10. Transactions with Related Parties

GOL maintains an agreement with associated companies for passenger and luggage transportation between airports and for the transportation of employees, executed under normal market conditions.

GOL is the tenant of the property located at Rua Tamoios, 246, in the city of São Paulo, State of São Paulo, owned by the associated company whose agreement expires at March 31, 2008 and has an annual price restatement clause based on the General Market Price Index (IGP-M).

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
Period April 1 to June 30 2006 and 2005  
(In thousands of reais)

### 10. Transactions with Related Parties – Continued

The balances payable to the associated companies, in the amount of R\$ 130 (R\$ 89 at March 31, 2006) are included in the suppliers' balance jointly with third-party operations. The amount of expenses which affected the income for the second quarter of 2006 is R\$ 945 (R\$ 469 in the second quarter of 2005).

### 11. Shareholders' Equity

#### a) Capital stock

- i. On June 30, 2006, the capital stock is represented by 109,448,497 common shares and 86,757,969 preferred shares.
- ii. The authorized capital stock at June 30, 2006 is R\$ 2,000,000. Within the authorized limit, the Company may, by means of the Board of Directors' resolution, increase the capital stock regardless of any amendment to the Bylaws, through issue of shares, without keeping any proportion between the different classes of shares. The Board of Directors shall determine the conditions for the issue, including the payment price and period. At the discretion of the Board of Directors, the preemptive right may be excluded, or the period for its exercise be reduced, in the issue of preferred shares, placement of which is made through sale on a stock exchange or by public subscription, or also through the exchange for shares, in a control acquisition public offering, as provided for by the law. Issue of beneficiary parties is prohibited under the terms of the Company's Bylaws.
- iii. Preferred shares have no voting rights, except concerning the occurrence of specific facts allowed by the Brazilian legislation. These shares have as preference: priority in the reimbursement of capital, without premium and right to be included in the public offering arising from the sale of control, at the same price paid per share of the controlling block, assuring dividend at least equal to that of common shares.
- iv. The quote of the shares of Gol Linhas Aéreas Inteligentes S.A., at June 30, 2006, on the São Paulo Stock Exchange – BOVESPA, corresponded to R\$77.00 and US\$35.50 on the New York Stock Exchange – NYSE. The equity value per share at June 30, 2006 is R\$ 9.00 (R\$ 8.69 at March 31, 2006).

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
 Period April 1 to June 30 2006 and 2005  
 (In thousands of reais)

### 11. Shareholders' Equity – Continued

#### b) Dividends and Interest on Shareholder's Equity

In accordance with Law No. 9,249, as of December 26, 1995 the Company made a payment to shareholders of interest on shareholder's equity, calculated on the accounts of the shareholders' equity and limited to the "pro rata die" variation of the Long-Term Interest Rate – TJLP, in the amount of R\$ 35.391 (including the IRRF in the amount of R\$ 5.309) referring to the first quarter of 2006.

The proposed interest on shareholder's equity, in the amount of R\$ 32.051 (including the IRRF in the amount of R\$ 4.808) referring to the second quarter of 2006 will be paid on August 15, 2006. Such interest on shareholder's equity will be inputed to the mandatory minimum dividend for the year ended December 31, 2006.

### 12. Cost of Services Rendered, Sales and Administrative Expenses

	2Q06		Consolidated				04.01.2005 to 06.30.2005	
	04.01.2006 to 06.30.2006		04.01.2006 to 06.30.2006	04.01.2006 to 06.30.2006	04.01.2006 to 06.30.2006	04.01.2006 to 06.30.2006	04.01.2005 to 06.30.2005	
	Cost of services rendered	Sales expenses	Administrative expenses	Total	%	Total	%	
Salaries, wages and benefits	88,320	-	1,174	89,494	12.3	55,318	10.9	
Aircraft fuel	283,756	-	-	283,756	39.2	192,618	38.0	
Aircraft leasing	73,442	-	-	73,442	10.1	62,391	12.3	
Supplementary leasing	12,385	-	-	12,385	1.7	30,801	6.1	
Maintenance material and repair	34,097	-	-	34,097	4.7	10,447	2.1	
Aircraft and traffic servicing	20,583	-	19,977	40,560	5.6	19,605	3.9	
Sales and marketing	-	103,630	-	103,630	14.3	78,576	15.5	
Landing fees	31,668	-	-	31,668	4.4	21,395	4.2	
Depreciation and amortization	12,760	-	2,521	15,281	2.1	8,445	1.7	
Other expenses	30,962	-	9,398	40,360	5.6	27,440	5.4	
	<b>587,973</b>	<b>103,630</b>	<b>33,070</b>	<b>724,673</b>	<b>100.0</b>	<b>507,036</b>	<b>100.0</b>	

**GOL LINHAS AÉREAS INTELIGENTES S.A.**

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued

Period April 1 to June 30 2006 and 2005

(In thousands of reais)

**12. Cost of Services Rendered, Sales and Administrative Expenses - Continued**

2S06	Consolidated						
	06.30.2006					06.30.2005	
	Cost of services rendered	Sales expenses	Administrative expenses	Total	%	Total	%
Salaries, wages and benefits	147,459	-	21,492	<b>168,951</b>	<b>12.1</b>	107,836	11.4
Aircraft fuel	538,062	-	-	<b>538,062</b>	<b>38.6</b>	338,788	35.8
Aircraft leasing	139,929	-	-	<b>139,929</b>	<b>10.0</b>	114,260	12.1
Supplementary leasing	42,503	-	-	<b>42,503</b>	<b>3.1</b>	59,550	6.3
Maintenance material and repair	60,212	-	-	<b>60,212</b>	<b>4.3</b>	24,295	2.6
Aircraft and traffic servicing	50,048	-	22,133	<b>72,181</b>	<b>5.2</b>	37,371	4.0
Sales and marketing	-	202,960	-	<b>202,960</b>	<b>14.6</b>	150,657	15.9
Landing fees	62,009	-	-	<b>62,009</b>	<b>4.5</b>	40,441	4.3
Depreciation and amortization	24,622	-	3,054	<b>27,676</b>	<b>2.0</b>	15,419	1.6
Other expenses	67,738	-	10,590	<b>78,328</b>	<b>5.6</b>	57,202	6.0
	<b>1,132,582</b>	<b>202,960</b>	<b>57,269</b>	<b>1,392,811</b>	<b>100.0</b>	945,819	100.0

At June 30, 2006, aircraft fuel expenses include R\$ 5,359, arising from results with derivatives represented by fuel hedge contract results expired in the period and measured as effective to hedge the expenses against fuel price fluctuations.

The Company has letters of credit in the amount of R\$ 17,505 as guarantee of payments for future maintenance services of leased aircraft.

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
 Period April 1 to June 30 2006 and 2005  
 (In thousands of reais)

### 13. Net Financial Income

	Parent Company		Consolidated	
	04.01.2006	01.01.2006	04.01.2006	01.01.2006
	to	to	to	to
	06.30.2006	06.30.2006	06.30.2006	06.30.2006
<b>Financial Expenses:</b>				
Interest on loans	-	-	(23,649)	(26,912)
Foreign exchange variations on liabilities	(4,770)	(6,268)	(14,235)	(24,468)
Losses on financial instruments	-	-	(1,481)	(1,709)
CPMF tax	(1,258)	(1,500)	(4,565)	(7,141)
Monetary variations on liabilities	-	-	(968)	(1,387)
Interest on shareholder's equity	(32,052)	(67,443)	(32,052)	(67,443)
Other	(208)	(211)	(967)	(2,260)
	<u>(38,288)</u>	<u>(75,422)</u>	<u>(77,917)</u>	<u>(131,320)</u>
<b>Financial income:</b>				
Interest and gains on financial investments	-	390	15,830	18,556
Foreign exchange variations on assets	-	1,150	13,410	20,071
Gains on financial instruments	12,947	21,375	38,020	69,266
Capitalized interest	-	-	4,355	7,705
Monetary variations on assets	-	-	994	1,473
Other	-	-	1,849	193
	<u>12,947</u>	<u>22,915</u>	<u>74,457</u>	<u>117,264</u>
Net financial income	<u>(25,341)</u>	<u>(52,507)</u>	<u>(3,460)</u>	<u>(14,056)</u>

	Parent Company		Consolidated	
	04.01.2005	01.01.2005	04.01.2005	01.01.2005
	to	to	to	to
	06.30.2005	06.30.2005	06.30.2005	06.30.2005
<b>Financial Expenses:</b>				
Interest on loans	-	-	(5,635)	(10,445)
Foreign exchange variations on liabilities	(2,195)	(2,195)	(13,438)	(15,026)
CPMF tax	(1,310)	(1,803)	(9,015)	(5,609)
Monetary variations on liabilities	-	-	(479)	(876)
Public offering expenses	(11,493)	(11,493)	-	(11,493)
Other	-	(212)	(6,113)	(8,840)
	<u>(14,998)</u>	<u>(15,703)</u>	<u>(34,680)</u>	<u>(52,289)</u>
<b>Financial income:</b>				
Interest and gains on financial investments	316	1,855	6,502	13,534
Foreign exchange variations on assets	2,996	2,996	6,764	11,242
Gains on financial instruments	7,024	7,024	34,661	60,971
Monetary variations on assets	-	-	122	261
Other	2,022	2,022	2,100	2,137
	<u>12,358</u>	<u>13,897</u>	<u>50,149</u>	<u>88,145</u>
Net financial income	<u>(2,640)</u>	<u>(1,806)</u>	<u>15,469</u>	<u>35,856</u>

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
 Period April 1 to June 30 2006 and 2005  
 (In thousands of reais)

### 14. Income Tax and Social Contribution

The reconciliation of income tax and social contribution expenses, calculated by applying combined statutory tax rates and the amounts presented in the result, is set forth below:

Description	Parent Company		Consolidated	
	06.30.2006	06.30.2005	06.30.2006	06.30.2005
Income before income tax and social contribution	<b>176,927</b>	156,216	<b>300,177</b>	241,364
Combined tax rate	<b>34%</b>	34%	<b>34%</b>	34%
Income tax and social contribution based on the combined tax rate	<b>60,155</b>	53,113	<b>102,060</b>	82,064
Equity accounting and other permanent differences	<b>(74,632)</b>	(53,113)	<b>6,713</b>	3,084
Income tax and social contribution debited to the result	<b>(14,477)</b>	-	<b>108,773</b>	85,148
Effective rate	<b>(8.2%)</b>	-	<b>36.2%</b>	35,3%
Current income tax and social contribution	-	-	<b>129,325</b>	84,529
Deferred income tax and social contribution	<b>(14,477)</b>	-	<b>(20,552)</b>	619
	<b>(14,477)</b>	-	<b>108,773</b>	85,148

### 15. Commitments

The Company leases its operating aircraft, airport terminals, other airport facilities, offices and other equipment. At June 30, 2006 the Company carried operational lease agreements on 50 aircraft (45 at March 31, 2006), with expiration dates from 2006 to 2014.

The future payments of leases under the operating lease agreements, denominated in US dollar, have the following breakdown per year at June 30, 2006:

	R\$			US\$ (in thousand)		
	Aircraft	Engines	Total	Aircraft	Engines	Total
2006	144,621	7,828	152,449	66,821	3,617	70,438
2007	276,072	12,148	288,220	127,557	5,613	133,170
2008	211,134	9,371	220,505	97,553	4,330	101,883
2009	169,032	5,476	174,508	78,100	2,530	80,630
2010	80,218	3,186	83,403	37,064	1,472	38,536
After 2010	161,669	93	161,762	74,698	43	74,741
	<b>1,042,746</b>	<b>38,102</b>	<b>1,080,847</b>	<b>481,793</b>	<b>17,605</b>	<b>499,398</b>

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
Period April 1 to June 30 2006 and 2005  
(In thousands of reais)

### 15. Commitments – Continued

The Company entered into sale-leaseback agreements for six Boeing 737-800 Next Generation aircraft to be delivered during the third quarter of 2006.

The Company has an agreement with Boeing to purchase 101 Boeing 737-800 Next Generation aircraft, 67 of which are firm orders and 34 purchase options. The approximate amount of the firm orders is R\$ 10,117 million (corresponding to approximately US\$ 4,675 million), based on the aircraft list price, including estimates for contractual increases in prices and deposits during the aircraft construction stage as shown below:

	<b>Expected Delivery Firm Orders</b>	<b>R\$</b>	<b>US\$ (in thousand)</b>
2006	11	1,528,965	706,448
2007	13	1,860,564	859,661
2008	10	1,466,108	677,405
2009	11	1,669,630	771,441
2010	8	1,267,706	585,735
After 2010	14	2,324,097	1,073,833
	<b>67</b>	<b>10,117,070</b>	<b>4,674,523</b>

The Company has made initial payments for the aircraft acquisition using its own funds originating from the primary share offering and loans contracted through short-term credit lines and supplier financing.

The Company expects that aircraft purchase obligations will be financed through long-term financing agreements guaranteed by the US Exim Bank.

The Company has letters of credit in the amount of R\$ 20,027 as guarantee of payments for aircraft leasing.

### 16. Employees

The Company has a profit sharing plan and stock option plans.

The employee profit sharing plan is linked to the economic and financial results measured based on the Company's performance indicators that assume the achievement of the Company's, its business units' and individual performance goals.

At January 2, 2006, the Compensation Committee, within the scope of its functions and in conformity with the Company's Stock Option Plan, approved the granting of 99,816 options for the purchase of the Company's preferred shares at the price of R\$ 47.30 per share.



## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
 Period April 1 to June 30 2006 and 2005  
 (In thousands of reais)

### 16. Employees – Continued

The transactions are summarized below:

	<b>Stock options</b>	<b>Weighted average price for the year</b>
Outstanding at December 31, 2005	321,251	11.21
Granted	99,816	47.30
Exercised	-	-
Outstanding at March 31, 2006	421,067	19.76
Granted	-	-
Exercised	233,833	3.04
Outstanding at June 30, 2006	187,234	40.65
Quantity of options to be exercised at December 31, 2004	507,765	3.04
Quantity of options to be exercised at December 31, 2005	158,353	6.50
Quantity of options to be exercised at March 31, 2006	254,573	6.91
Quantity of options to be exercised at June 30, 2006	36,984	36.90

The weighted average fair values on the granting dates of the stock options, at June 30, 2006, were R\$ 25.70 and R\$ 46.39 respectively, and they were estimated based on the Black-Scholes stock option pricing model, assuming a 1.5% dividend payment, an expected volatility of approximately 40%, a weighted average risk free rate of 15.5% and a average maturity of 9.03 years.

The accounting practices adopted in Brazil do not require recognition of compensation expenses through the Company's stock options. If the Company had recorded in its results the compensation expenses by means of stock options, based on the fair value on the date of the options granting, the income of the second quarter of 2006 would have been R\$ 681 lower (R\$ 1,224 in the second quarter of 2005 and R\$ 8,632 in the year of 2005).

The exercise price interval and the remaining weighted average maturity of the outstanding options, as well as the exercise price interval for the options to be exercised at June 30, 2006 are summarized below:

	<b>Outstanding Options</b>			<b>Options to be exercised</b>	
	Exercise price interval	Outstanding options at 06/30/2006	Remaining weighted average maturity	Weighted average exercise price	Options to be exercised 06/30/2006
33.06	87,418	8.50	33.06	27,002	33.06
47.30	99,816	9.50	47.30	9,982	47.30
33.06-47.30	187,234	9.03	40.65	36,984	36.90

## **GOL LINHAS AÉREAS INTELIGENTES S.A.**

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
Period April 1 to June 30 2006 and 2005  
(In thousands of reais)

### **17. Financial Derivative Instruments**

The Company is exposed to several market risks arising from its operations. Such risks involve mainly the effects of changes in fuel price and foreign exchange rate risk, in view that its revenues are generated in Reais and the Company has significant commitments in US dollars, credit risks and interest rate risks. The Company uses derivative financial instruments to minimize those risks. The Company maintains a formal risk management policy under the management of its executive officers, its Risk Policy Committee and its Board of Directors.

The management of these risks is performed through control policies, establishing limits, as well as other monitoring techniques, mainly mathematical models adopted for the continuous monitoring of exposures. The exclusive investment funds in which the Company and its subsidiary Gol are quota holders are used as means for the risk coverage contracting according to the Company's risk management policies.

Airlines are exposed to aircraft fuel price change effects. Aircraft fuel consumption in the second quarter of 2006 and 2005 represented approximately 39.2% and 38.0% of the Company's operating expenses, respectively. The Company periodically uses future contracts, swaps and oil options and its derivatives to manage those risks. The purpose of the fuel hedge is the fuel acquisition operating expenses. As the aircraft fuel is not traded on a commodities exchange, the liquidity and alternatives for contracting hedge operations of that item are limited. However, the Company has found effective commodities to hedge aircraft fuel costs, mainly crude oil. Historically, oil prices have been highly related to aircraft fuel prices, which makes oil derivatives effective in compensating oil price fluctuations, in order to provide short-term protection against sudden fuel price increases. The futures contracts are listed on NYMEX, swaps are contracted with prime international banks and the options can be either those listed on NYMEX or those traded with prime international banks.

The Company also engages in financial derivative instruments agreements with first-tier banks for cash management purposes. The financial derivative instruments are composed of synthetic fixed income option agreements and swaps contracts to obtain the Brazilian overnight deposit rate for investments made at fixed-rates or denominated in dollars.

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
 Period April 1 to June 30 2006 and 2005  
 (In thousands of reais)

### 17. Derivative Financial Instruments – Continued

#### a) Fuel price risk

The Company's derivatives contracts, at June 30, 2006, are summarized as follows (in thousands, except otherwise indicated):

	06.30.2006	12.31.2005
Fair value of derivative financial instruments at the end of the period	-	R\$ 8,464
Average term (months)	6	8
Hedged volume (barrels)	1,038,000	1,431,000
<b>Period ended:</b>	<b>06.30.2006</b>	<b>06.30.2005</b>
Gains with hedge effectiveness recognized as aircraft fuel expenses	R\$ 4,367	R\$ 2,223
Gains with hedge ineffectiveness recognized as financial income	R\$ 16,263	R\$ 1,097
Current percentage of hedged consumption (during the quarter)	57%	61%

The Company used financial derivatives for short and long terms and keeps its positions for future months. At June 30, 2006 the Company holds a combination of call options, collar structures and swaps to hedge approximately 54% and 15% of its jet fuel consumption for the third and fourth quarters of 2006, respectively, at average oil prices equivalent to approximately US\$ 73 and US\$81 per barrel, respectively.

The Company classifies fuel hedge as “cash flow hedge”, and recognizes the changes of market fair value of effective hedges accounted in the shareholders' equity until the hedged fuel is consumed. The fuel hedge effectiveness is estimated based on correlation statistical methods or by the proportion of fuel purchase expense variations that are offset by the fair market value variation of derivatives. Effective hedge results are recorded as decrease or increase in the cost of acquisition of fuel, and the hedge results that are not effective are recognized as financial income/expenses. Ineffective hedges arise when the change in the value of derivatives is not between 80% and 125% of the hedged fuel value variation. When the aircraft fuel is consumed and the related derivative financial instrument is settled, the unrealized gains or losses recorded in shareholders' equity are recognized as aircraft fuel expenses. The Company is exposed to the risk that periodic changes will not be effective, as defined, or that the derivatives will no longer qualify for recording unrealized gains or losses in the equity. As periodic changes in the fair value of derivatives are ineffective, such “ineffectiveness” is recognized in the same period as the estimated fuel consumption occurs.

## **GOL LINHAS AÉREAS INTELIGENTES S.A.**

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued

Period April 1 to June 30 2006 and 2005

(In thousands of reais)

### **17. Derivative Financial Instruments – Continued**

#### a) Fuel price risk – Continued

Ineffectiveness is inherent in hedging jet fuel with derivative positions based in other crude oil related commodities, especially given the magnitude of the current fair market value of the Company's fuel hedge derivatives and the recent volatility in the prices of refined products. The increase in the amount of hedge ineffectiveness and unrealized gains on derivative contracts settling in future periods recorded during the second quarter was due to the significant fluctuation in energy prices, the derivative positions the Company holds, and the volatility of the different types of instruments the Company uses in hedging. The Company has determined that specific hedges will not regain effectiveness in the time period remaining until settlement. Any changes in fair value of the derivative instruments are marked to market through earnings in the period of change.

During the three months ended June 30, 2006, the Company recognized approximately R\$ 16 million (US\$ 7 million) of additional net gains in Financial Income, related to the ineffectiveness of its hedges and the loss of hedge accounting for certain hedges. Of this net total, approximately R\$ 2 million (US\$ 1 million) was ineffectiveness expense and mark-to-market losses related to contracts that settled during second quarter 2006. On June 30, 2006, there was no unrealized gain or loss of fuel hedges recorded in shareholder's equity.

The fair market value of swaps is estimated by discounted cash flow methods, and the fair value of the options is estimated by the Black-Scholes model adapted to commodities options.

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
 Period April 1 to June 30 2006 and 2005  
 (In thousands of reais)

### 17. Derivative Financial Instruments – Continued

#### a) Fuel price risk – Continued

Market risk factor: Jet fuel price  
 Exchange market  
 Future contracts bought

	3Q06	4Q06	1Q07	2Q07	Total
Nominal volume in barrels (thousands)	597	180	63	198	1,038
Nominal volume in liters (thousands)	94,326	28,440	9,954	31,284	164,004
Future agreed rate per barrel (USD)*	72.6	80.5	82.0	79.8	73.9
Total in Reais **	93,862	31,361	11,181	34,175	170,579

\* Weighted average between the strikes of the collars and callspreads.

\*\* The exchange rate at 06/30/2006 was R\$ 2.1643 / US\$ 1.00

#### b) Exchange rate risk

At June 30, 2006, the main assets and liabilities denominated in foreign currency are related to aircraft leasing and acquisition operations.

The Company's foreign exchange exposure at June 30, 2006 is set forth below:

	Consolidated	
	06.30.2006	03.31.2006
<b>Assets</b>		
Cash and cash equivalents and financial investments	631,716	176,614
Deposits for aircraft leasing contracts	32,711	29,048
Prepaid leasing expenses	15,093	14,069
Advances to suppliers	14,157	14,157
Other	13,741	9,648
	707,418	243,536
<b>Liabilities</b>		
Foreign suppliers	9,792	8,671
Operating leases payable	25,867	28,727
Insurance premium payable	4	9,562
	35,663	46,960
Foreign exchange exposure in R\$	671,755	196,576
Total foreign exchange exposure in US\$	310,380	90,488
<b>Obligations not recorded in the balance sheet</b>		
Operating lease agreements	1,080,847	914,932
Obligations arising from firm orders for aircraft purchase	10,117,070	10,154,935
Total foreign exchange exposure in R\$	11,869,672	11,266,443
Total foreign exchange exposure in US\$	5,484,301	5,186,173

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
 Period April 1 to June 30 2006 and 2005  
 (In thousands of reais)

### 17. Derivative Financial Instruments – Continued

#### b) Exchange rate risk – Continued

The foreign exchange exposure concerning payable amounts resulting from operating lease operations, insurances, maintenance, and the exposure to fuel price variations caused by the foreign exchange rate are managed by hedge strategies with US dollar futures contracts and US dollar options listed on BM&F (Brazilian Mercantile and Futures Exchange). The expenses accounts that are the purpose of foreign exchange rate hedge are: fuel, lease, maintenance, insurance and international IT services expenses.

The Company's Management believes that the derivatives it uses are extremely correlated to the US dollar/real foreign exchange rate in order to provide short-term protection to foreign exchange rate changes. The Company classifies the US dollar hedge as "cash flow hedges" and recognizes the fair market value variations of highly effective hedges in the same period the estimated expenses which are the purpose of the hedge occur. The market value changes of the highly effective hedges are recorded in Financial Revenues or Expenses until the period the hedged item is recognized, then they are recognized as decrease or increase in incurred expenses. The market value changes of hedges that are not highly effective are recognized as financial revenue or expense. The US dollar hedge effectiveness is estimated by statistical correlation methods or by the proportion of expenses variation that are offset by the fair market value variation of the derivatives.

The fair market value of swaps is estimated by discounted cash flow methods; the fair value of options is estimated by the Black-Scholes model adapted to the currency options; and the futures fair value refers to the last owed or receivable adjustment already accounted and not settled yet.

The Company uses short-term derivative financial instruments. The following table summarizes the position of the foreign exchange derivative contracts (in thousands, except otherwise indicated):

	<b>06.30.2006</b>	<b>12.31.2005</b>
Fair value of derivative financial instruments at the end of the period	R\$ 8,720	R\$ 1,249
Remaining longer period (months)	2	1
Hedged volume	R\$ 136,040	R\$ 135,129
<b>Period ended:</b>	<b>06.30.2006</b>	<b>06.30.2005</b>
Gains with hedge effectiveness recognized in operating expenses	R\$ 1,408	R\$ 22,337
Gains with hedge ineffectiveness recognized in financial expenses	-	R\$ 655
Current percentage of hedged consumption (during the quarter)	50%	50%

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
Period April 1 to June 30 2006 and 2005  
(In thousands of reais)

### 17. Derivative Financial Instruments – Continued

#### b) Exchange rate risk – Continued

The Company accounts its futures derivative instruments of foreign currencies as cash flow hedges. At June 30, 2006, the unrealized gain in the shareholders' equity was R\$ 5,755, net of taxes.

Market risk factor: Exchange rate

Exchange market

Future agreements bought

	<u>July 2006</u>	<u>August 2006</u>	<u>Total</u>
Nominal value in dollars	33,750	25,250	59,000
Future agreed rate	2.34	2.26	2.31
Total in Reais	<u>78,975</u>	<u>57,065</u>	<u>136,040</u>

#### c) Credit risk of financial derivative instruments

The derivative financial instruments used by the Company are conducted with top quality credit counterparts, AA+ or better rated international banks, according to Moody's and Fitch agencies or international futures exchange or the Brazilian Mercantile and Futures Exchange (BM&F). The Company believes that the risk of not receiving the owed amounts by its counterparts in the derivatives operations is not material.

#### d) Interest rate risk

The Company's results are affected by fluctuations in international interest rates in US dollar due to the impact of such changes in expenses of operating lease agreements. At June 30, 2006, there were no open hedge contracts for the international interest rate risk.

## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
Period April 1 to June 30 2006 and 2005  
(In thousands of reais)

### 17. Derivative Financial Instruments – Continued

#### d) Interest rate risk – Continued

The Company's results are also affected by fluctuations in the interest rates in Brazil, applicable both to financial investments, short-term investments, liabilities in real and to those applicable to US dollar indexed obligations, due to the impact of such changes in the market value of derivative financial instruments conducted in Brazil, in the market value of prefixed securities in real and in the remuneration of the cash balance and financial investments. The Company uses Interbank Deposit futures of the Brazilian Mercantile and Futures Exchange (BM&F) to protect itself from domestic interest rate fluctuations on the prefixed portion of its investments. At June 30, 2006, the nominal value of Interbank Deposit futures contracts traded on the Brazilian Mercantile and Futures Exchange (BM&F) totaled R\$ 58,007 with periods of up to 1.7 years, with a total fair market value of R\$ 110 corresponding to the last owed or receivable adjustment, already estimated and not yet settled. The total variations in market value, payments and receivables related to the DI futures are recognized as increase or decrease in financial revenues in the same period they occur.

#### e) Derivatives contracts applied in cash management

The Company utilizes financial derivatives instruments for cash management purposes. The Company enters into option contracts known as boxes with first tier banks and registered in the Brazilian CETIP clearing house with the objective of investing cash at pre-fixed rates. As of June 30, 2006, the total amount invested in boxes was R\$ 70,614 with average tenor of 31 days. The Company also utilizes swaps contracts to change the remuneration of part of its short term investments to the Brazilian overnight deposit rate, the CDI. Investments in box combinations are swapped from fixed rate to a percentage of the CDI. Investments in dollar-denominated securities are swapped from dollar-based remuneration to Brazilian reais plus a percentage of CDI rate. As of June 30, 2006, the notional amount of fixed-rate swaps to CDI was R\$ 70,614 with a fair value of R\$ (17); and the notional amount of currency swaps to CDI was R\$ 274,902 with a fair value of R\$ 532. The changes in fair value of these swaps is reflected in financial income in the period of change.



## GOL LINHAS AÉREAS INTELIGENTES S.A.

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued  
Period April 1 to June 30 2006 and 2005  
(In thousands of reais)

### 18. Insurance Coverage

Company Management maintains an insurance coverage in amounts that it deems necessary to cover possible accidents, due to the nature of its assets and the risks inherent to its activity, observing the limits established in lease agreements. On June 30, 2006 the insurance coverage, by nature, considering GOL's aircraft fleet and in relation to the maximum indemnifiable amounts, is the following:

<u>Aeronautic Type</u>	<u>R\$</u>	<u>US\$</u>
Warranty – Hull	2,972,305	1,373,333
Civil Liability per occurrence/aircraft	1,623,225	750,000
Warranty – Hull/War	2,972,305	1,373,333
Inventories	384,711	177,753

By means of Law 10,605, as of December 18, 2002, the Brazilian government undertook to supplement possible civil liability expenses against third parties caused by acts of war or terrorist attacks, occurred in Brazil or abroad, for which GOL may be demanded, for the amounts that exceed the insurance policy limit effective at September 10, 2001, limited to the equivalent in reais to one billion US dollar.

## GOL LINHAS AÉREAS INTELIGENTES S.A.

### NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued

Period April 1 to June 30 2006 and 2005

(In thousands of reais)

#### APPENDIX I – STATEMENTS OF CASH FLOW

	Parent Company			
	04.01.2006	04.01.2005	01.01.2006	01.01.2006
	to	to	to	to
	06.30.2006	06.30.2005	06.30.2006	06.30.2005
Net income for the period	98,169	43,744	258,847	156,216
<b>Adjustments to reconcile net income to net cash generated</b>				
<b>by operating activities:</b>				
Deferred income taxes	(4,765)	-	(14,477)	-
Equity accounting	(54,835)	(46,462)	(234,141)	(158,299)
Variations in operating assets and liabilities:				
Prepaid expenses, taxes recoverable and other	-	-	-	-
receivables	(176)	(5,983)	(1,882)	(5,666)
Credit with associated companies	-	390,788	-	264,277
Suppliers	584	-	584	-
Taxes payable	(14,033)	-	(13,045)	-
Interest on shareholder's equity	(32,052)	-	(75,522)	-
Other liabilities	(977)	1,283	(770)	1,404
<b>Net cash generated (used) in operating activities</b>	<b>(8,085)</b>	<b>383,370</b>	<b>(80,406)</b>	<b>257,932</b>
<b>Investment activities:</b>				
Financial investments	(188,676)	(245,960)	(138,866)	(245,960)
Investments	358,047	(437,320)	330,463	(260,342)
<b>Net cash used in investment activities</b>	<b>169,371</b>	<b>(683,280)</b>	<b>191,597</b>	<b>(506,302)</b>
<b>Financing activities:</b>				
Capital paid	238	-	1,977	-
Capital increase	-	271,330	-	271,330
Total comprehensive income, net of taxes	(2,914)	-	(656)	-
Dividends paid	(82,076)	(60,003)	(39,940)	(60,003)
Liabilities with associated companies	-	51,402	-	51,402
<b>Net cash generated in financing activities</b>	<b>(84,752)</b>	<b>262,729</b>	<b>(38,619)</b>	<b>262,729</b>
Net cash addition	76,534	(37,181)	72,572	14,359
Cash and cash equivalents at the beginning of the year	32,670	55,842	36,632	4,302
Cash and cash equivalents at the end of the year	<b>109,204</b>	<b>18,661</b>	<b>109,204</b>	<b>18,661</b>
<b>Transactions not affecting cash</b>				
Additional information:				
Interest paid during the quarter	-	-	-	-
Income tax and social contribution paid during the quarter	-	-	-	-

## GOL LINHAS AÉREAS INTELIGENTES S.A.

### NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) – Continued

Period April 1 to June 30 2006 and 2005

(In thousands of reais)

#### APPENDIX I – STATEMENTS OF CASH FLOW

	Consolidated			
	04.01.2006	04.01.2005	01.01.2006	01.01.2006
	to 06.30.2006	to 06.30.2005	to 06.30.2006	to 06.30.2005
Net income for the period	98,169	43,744	258,847	156,216
<b>Adjustments to reconcile net income to net cash generated by operating activities:</b>				
Depreciation and amortization	15,282	8,445	27,677	15,419
Provision for doubtful accounts receivable	783	439	1,701	686
Deferred income taxes	(3,877)	3,659	(20,552)	619
Variations in operating assets and liabilities:				
Receivables	21,734	(34,416)	6,551	(98,260)
Inventories	(11,021)	(2,681)	(8,377)	(2,973)
Prepaid expenses, taxes recoverable and other receivables	(25,680)	(10,982)	(36,004)	(11,076)
Suppliers	(24,154)	(10,698)	(27,422)	(12,608)
Airtraffic liability	44,154	54,757	11,896	31,302
Taxes payable	(9,558)	(909)	14,650	(5,929)
Payroll and related charges	30,285	(14,406)	18,442	(5,621)
Provisions for contingencies	501	-	(4,080)	-
Interest on shareholder's equity	(32,052)	-	(75,522)	-
Other liabilities	(41,980)	(6,404)	(55,494)	(14,199)
<b>Net cash generated (used) in operating activities</b>	<b>62,586</b>	<b>30,548</b>	<b>110,313</b>	<b>53,576</b>
<b>Investment activities:</b>				
Financial investment	(80,733)	42,381	(67,277)	(174,468)
Investments	(704)	(633)	(567)	(239)
Deposits for leasing contracts	(20,759)	5,732	(19,931)	2,693
Acquisition of property, plant and equipment	(148,992)	(75,085)	(250,490)	(179,869)
<b>Net cash used in investment activities</b>	<b>(251,188)</b>	<b>(27,605)</b>	<b>(338,265)</b>	<b>(351,883)</b>
<b>Financing activities:</b>				
Short-term borrowings	568,845	15,172	619,288	6,207
Capital paid	238	-	1,977	-
Capital increase	-	271,330	-	271,330
Total comprehensive income, net of taxes	(2,914)	-	(656)	-
Dividends paid	(115,782)	(60,003)	(73,646)	(60,003)
<b>Net cash generated in financing activities</b>	<b>450,387</b>	<b>226,499</b>	<b>546,963</b>	<b>217,534</b>
Net cash addition	261,785	229,442	319,011	(80,773)
Cash and cash equivalents at the beginning of the year	186,530	95,515	129,304	405,730
Cash and cash equivalents at the end of the year	<b>448,315</b>	<b>324,957</b>	<b>448,315</b>	<b>324,957</b>
<b>Transactions not affecting cash</b>				
Additional information:				
Interest paid during the quarter	23,649	5,285	26,912	10,445
Income tax and social contribution paid during the quarter	52,516	23,198	129,325	84,529