

Gol Intelligent Airlines Inc.  
Form 6-K  
April 25, 2006

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

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**FORM 6-K**

**REPORT OF FOREIGN ISSUER**  
**PURSUANT TO RULE 13a-16 OR 15d-16 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**For the month of April, 2006**

**(Commission File No. 001-32221) ,**

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**GOL LINHAS AÉREAS INTELIGENTES S.A.**  
*(Exact name of registrant as specified in its charter)*

**GOL INTELLIGENT AIRLINES INC.**  
*(Translation of Registrant's name into English)*

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**Rua Tamoios 246**  
**Jardim Aeroporto**  
**04630-000 São Paulo, São Paulo**  
**Federative Republic of Brazil**  
*(Address of Registrant's principal executive offices)*

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Indicate by check mark whether the registrant files or will file  
annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the  
information contained in this Form is also thereby furnishing the  
information to the Commission pursuant to Rule 12g3-2(b) under  
the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicated below the file number assigned to the  
registrant in connection with Rule 12g3-2(b):

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*Quarterly Information*

*GOL Linhas Aéreas Inteligentes S.A.*

*March 31, 2006*

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

QUARTERLY INFORMATION

March 31, 2006

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**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, April 12, 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**

March 31, 2006 and December 31, 2005

(In thousands of reais)

|  | Note | Parent Company |            | Consolidated |            |
|--|------|----------------|------------|--------------|------------|
|  |      | 03.31.2006     | 12.31.2005 | 03.31.2006   | 12.31.2005 |
| <b>ASSETS</b>  |      |                |            |              |            |
| <b>Current assets</b>  |      |                |            |              |            |
| Cash and cash equivalents  | 3    | 32,670         | 36,632     | 186,530      | 129,304    |
| Short-term investments   | 3    | 160,598        | 210,408    | 726,275      | 739,731    |
| Accounts receivable  |      | -              | -          | 584,031      | 568,848    |
| Allowance for doubtful accounts  |      | -              | -          | (5,808)      | (4,890)    |
| Deferred taxes and carryforwards   | 4    | 12,709         | 11,037     | 25,593       | 20,022     |
| Inventories  |      | -              | -          | 38,039       | 40,683     |
| Prepaid expenses   |      | 844            | 864        | 47,934       | 39,907     |
| Dividends receivable   |      | 384,632        | 349,506    | -            | -          |
| Other receivables  |      | -              | -          | 7,068        | 13,102     |
| Total current assets   |      | 591,453        | 608,447    | 1,609,662    | 1,546,707  |
| <b>Non-current assets</b>  |      |                |            |              |            |
| Deposits for aircraft leasing contracts  |      | -              | -          | 28,790       | 29,618     |
| Deferred taxes and carryforwards   | 4    | 54,712         | 45,000     | 79,639       | 62,121     |
| Investments  | 5    | 1,210,441      | 1,038,677  | 1,692        | 1,829      |
| Property, plant and equipment (include advances for aircraft acquisition of R\$419,621 on March 31, 2006 and R\$356,765 on March 31, 2005) | 6    | -              | -          | 669,131      | 580,028    |
| Other  |      | 149            | 95         | 39,470       | 35,553     |
| Total non-current assets   |      | 1,265,302      | 1,083,772  | 818,722      | 709,149    |
| Total assets   |      | 1,856,755      | 1,692,219  | 2,428,384    | 2,255,856  |

|  | Note | Parent Company |            | Consolidated |            |
|--|------|----------------|------------|--------------|------------|
|  |      | 03.31.2006     | 12.31.2005 | 03.31.2006   | 12.31.2005 |
| <b>LIABILITIES</b>                               |      |                |            |              |            |
| Current liabilities                              |      |                |            |              |            |
| Suppliers  |      | -              | -          | 70,656       | 73,924     |
| Payroll and related charges                      |      | -              | -          | 28,104       | 39,947     |
| Provision for income tax and social contribution | 13   | 18,039         | 17,051     | 81,394       | 57,186     |
| Landing fees and duties payable                  |      | -              | -          | 26,604       | 26,564     |
| Airtraffic liability                             |      | -              | -          | 185,542      | 217,800    |
| Short-term borrowings                            | 7    | -              | -          | 104,459      | 54,016     |
| Dividends and interest on shareholders equity    | 10 b | 143,618        | 101,482    | 143,618      | 101,482    |
| Employee profit sharing                          | 15   | -              | -          | 37,691       | 31,691     |
| Other liabilities                                |      | 978            | 771        | 31,362       | 50,916     |
| Total current liabilities                        |      | 162,635        | 119,304    | 709,430      | 653,526    |
| Non-current liabilities                          |      |                |            |              |            |
| Accounts payable and provisions                  |      | -              | -          | 24,834       | 29,415     |
| Shareholders equity                              |      |                |            |              |            |
| Capital stock                                    | 10 a | 992,943        | 991,204    | 992,943      | 991,204    |
| Capital reserves                                 |      | 89,556         | 89,556     | 89,556       | 89,556     |
| Retained earnings                                |      | 602,952        | 485,744    | 602,952      | 485,744    |
| Total comprehensive income, net of taxes         | 16 a | 8,669          | 6,411      | 8,669        | 6,411      |
| Total shareholders equity                        |      | 1,694,120      | 1,572,915  | 1,694,120    | 1,572,915  |
| Total liabilities                                |      | 1,856,755      | 1,692,219  | 2,428,384    | 2,255,856  |

See accompanying notes to the Quarterly Information - ITR.

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

## STATEMENTS OF INCOME (UNAUDITED)

Periods ended March 31, 2006 and 2005

(In thousands of reais, except per share profit)

|   | Note | Parent Company |            | Consolidated |            |
|---|------|----------------|------------|--------------|------------|
|   |      | 03.31.2006     | 03.31.2005 | 03.31.2006   | 03.31.2005 |
| Gross operating revenue                           |      |                |            |              |            |
| Passenger   |      | -              | -          | 862,391      | 589,403    |
| Cargo   |      | -              | -          | 22,754       | 14,991     |
| Other   |      | -              | -          | 11,704       | 10,015     |
|   |      | -              | -          | 896,849      | 614,409    |
| Income taxes and contributions                    |      | -              | -          | (33,833)     | (25,250)   |
| Net operating revenues                            |      | -              | -          | 863,016      | 589,159    |
| Cost of services rendered                         | 11   | -              | -          | (544,609)    | (354,534)  |
| Gross profit                                      |      | -              | -          | 318,407      | 234,625    |
| Operating expenses (income)                       |      |                |            |              |            |
| Commercial expenses                               | 11   | -              | -          | (99,330)     | (72,081)   |
| Administrative expenses                           | 11   | (1,747)        | (199)      | (24,199)     | (12,168)   |
| Interest expenses                                 | 12   | (37,134)       | (705)      | (56,271)     | (17,609)   |
| Interest income                                   | 12   | 9,968          | 1,539      | 45,675       | 37,996     |
|   |      | (28,913)       | 635        | (134,125)    | (63,862)   |
| Results of equity interest                        |      |                |            |              |            |
| Equity accounting                                 |      | 144,488        | 111,837    | -            | -          |
| Income before income tax and social contribution  |      | 115,575        | 112,472    | 184,282      | 170,763    |
| Income tax and social contribution                | 13   | 9,712          | -          | (58,995)     | (58,291)   |
| Income before reversal of interest on own capital | 10 b | 125,287        | 112,472    | 125,287      | 112,472    |
| Reversal of interest on shareholder's equity      | 12   | 35,391         | -          | 35,391       | -          |
| Net income  |      | 160,678        | 112,472    | 160,678      | 112,472    |
| Number of outstanding shares on the               |      |                |            |              |            |

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|                          |             |             |             |             |
|--------------------------|-------------|-------------|-------------|-------------|
| balance sheet date       | 195,972,633 | 187,543,243 | 195,972,633 | 187,543,243 |
| Earnings per share (R\$) | 0.82        | 0.60        | 0.82        | 0.60        |

See accompanying notes to the Quarterly Information - ITR.



**GOL LINHAS AÉREAS INTELIGENTES S.A.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
 March 31, 2006 and December 31, 2005  
 (In thousands of reais)

|  | Capital stock      |                    | Capital reserves           |                                     | Profit reserves |                      | Accumulated other comprehensive income | Retained earnings or accumulated deficit |
|--|--------------------|--------------------|----------------------------|-------------------------------------|-----------------|----------------------|--|--|
|  | Subscribed capital | Unrealized capital | Goodwill in share transfer | Subsidiary special goodwill reserve | Legal reserve   | Reinvestment reserve |  |  |
| Balances on December 31, 2004                  | 719,474            | -                  | 60,369                     | 29,187                              | 11,990          | 167,123              | -                                      | -  |
| Capital increase at April 27, 2005             | 193,890            | -                  | -                          | -                                   | -               | -                    | -                                      | -  |
| Capital increase at May 2, 2005                | 77,440             | -                  | -                          | -                                   | -               | -                    | -                                      | -  |
| Capital increase at October 25, 2005           | 400                | -                  | -                          | -                                   | -               | -                    | -                                      | -  |
| Capital increase at December 21, 2005          | 1,739              | (1,739)            | -                          | -                                   | -               | -                    | -                                      | -  |
| Total comprehensive income, net of taxes       | -                  | -                  | -                          | -                                   | -               | -                    | 6,411                                  | -  |
| Net income for the year                        | -                  | -                  | -                          | -                                   | -               | -                    | -                                      | 424,501                                  |
| Profit allocation:                             |                    |                    |                            |                                     |                 |                      |  |  |
| Legal Reserve                                  | -                  | -                  | -                          | -                                   | 21,225          | -                    | -                                      | (21,225)                                 |
| Dividends and interest on shareholders' equity | -                  | -                  | -                          | -                                   | -               | -                    | -                                      | (117,870)                                |
| Reinvestment                                   | -                  | -                  | -                          | -                                   | -               | 285,406              | -                                      | (285,406)                                |

reserve

Balances at  
December 31,  
2005

|  |                |                |               |               |               |                |              |                 |
|--|----------------|----------------|---------------|---------------|---------------|----------------|--------------|-----------------|
|  | <b>992,943</b> | <b>(1,739)</b> | <b>60,369</b> | <b>29,187</b> | <b>33,215</b> | <b>452,529</b> | <b>6,411</b> |                 |
| Realized<br>capital<br>increase                                      | -              | <b>1,739</b>   | -             | -             | -             | -              | -            |                 |
| Total<br>comprehensive<br>income, net of<br>taxes                    | -              | -              | -             | -             | -             | -              | <b>2,258</b> |                 |
| Net income<br>for the period   | -              | -              | -             | -             | -             | -              | -            | <b>160,678</b>  |
| Profit<br>allocation:<br>Dividends<br>and interest on<br>own capital | -              | -              | -             | -             | -             | -              | -            | <b>(43,470)</b> |
| Balances at<br>March 31, 2006<br>(unaudited)                         | <b>992,943</b> | -              | <b>60,369</b> | <b>29,187</b> | <b>33,215</b> | <b>452,529</b> | <b>8,669</b> | <b>117,208</b>  |

See accompanying notes to the Quarterly Information - ITR.

|  | Note | Parent Company |            | Consolidated |            |
|--|------|----------------|------------|--------------|------------|
|  |      | 03.31.2006     | 03.31.2005 | 03.31.2006   | 03.31.2005 |
| <b>FINANCIAL RESOURCES PROVIDED BY</b>                                     |      |                |            |              |            |
| Resources generated by (used in) operations:                               |      |                |            |              |            |
| Net Income for the period  | 10 b | 160,678        | 112,472    | 160,678      | 112,472    |
| From operations:   |      |                |            |              |            |
| Items that not affect working capital:                                     |      |                |            |              |            |
| Equity accounting  |      | (144,488)      | (111,837)  | -            | -          |
| Depreciation and amortization  | 11   | -              | -          | 12,395       | 6,974      |
| Deferred taxes   | 13   | (9,712)        | -          | (16,675)     | (3,040)    |
|  |      | 6,478          | 635        | 156,398      | 116,406    |
| From shareholders:   |      |                |            |              |            |
| Capital payment  |      | 1,739          | -          | 1,739        | -          |
| Capital increase   |      | -              | 25,772     | -            | -          |
|  |      | 1,739          | 25,772     | 1,739        | -          |
| From third-parties:  |      |                |            |              |            |
| Total comprehensive income, net of taxes                                   | 16   | 2,258          | -          | 2,258        | -          |
| Increase in non-current liabilities  |      | -              | -          | -            | 5,064      |
| Total sources  |      | 10,475         | 26,407     | 160,395      | 121,470    |
| <b>USE OF RESOURCES</b>  |      |                |            |              |            |
| In operations:   |      |                |            |              |            |
| Proposed dividends and interest on shareholder s equity                    |      | 43,470         | -          | 43,470       | -          |
| Investments in subsidiaries  |      | 27,276         | -          | -            | -          |
| Acquisition of property, plant and equipment, including                    |      |                |            |              |            |
| advances for aircraft acquisition of R\$ 62,856 (R\$ 78,875 on 03.31.2005) |      | -              | -          | 101,498      | 104,332    |
| Decrease in non-current liabilities  |      | -              | -          | 4,581        | -          |
| Investments in non-current assets  |      | 54             | 204,020    | 3,795        | 6,656      |
| Total investments  |      | 70,800         | 204,020    | 153,344      | 110,988    |
| Increase in net working capital  |      | (60,325)       | (177,613)  | 7,051        | 10,482     |
| Change in net working capital  |      |                |            |              |            |

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|                             |          |           |           |           |
|-----------------------------|----------|-----------|-----------|-----------|
| Current assets:             |          |           |           |           |
| At end of the period        | 591,453  | 61,561    | 1,609,662 | 1,279,425 |
| At beginning of the period  | 608,447  | 61,123    | 1,546,707 | 1,312,050 |
|                             | (16,994) | 438       | 62,955    | (32,625)  |
| Current liabilities:        |          |           |           |           |
| At end of the period        | 162,635  | 258,592   | 709,430   | 474,707   |
| At beginning of the period  | 119,304  | 80,541    | 653,526   | 517,814   |
|                             | 43,331   | 178,051   | 55,904    | (43,107)  |
| Increase in working capital | (60,325) | (177,613) | 7,051     | 10,482    |

See accompanying notes to the Quarterly Information - ITR.

**GOL LINHAS AÉREAS INTELIGENTES S.A.****NOTES TO THE QUARTERLY INFORMATION (UNAUDITED)**

Period January 1 to March 31 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 March 31, 2006 it operated a 45-aircraft fleet, comprised of 8 Boeing 737-800, 24 Boeing 737-700 and 13 Boeing 737-300. During the first quarter of 2006, the Company inaugurated 4 new destinations, increasing served destinations to 49 (43 in Brazil, 3 in Argentina, 1 in Bolivia, 1 in Paraguay and 1 in Uruguay).

At March 31, 2006 and December 31, 2005, the Company's share ownership structure is as follows:

|                             | 03.31.2006     |                |                | 12.31.2005     |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                             | Common         | Preferred      | Total          | Common         | Preferred      | Total          |
| Aeroper Participações S.A.  | 100.00%        | -              | <b>55.85%</b>  | 100.00%        | 36.40%         | 71.92%         |
| Comporte Participações S.A. | -              | -              | -              | -              | 3.87%          | 1.71%          |
| Fundo de Investimento ASAS  | -              | 40.27%         | <b>17.78%</b>  | -              | -              | -              |
| Market                      | -              | 59.73%         | <b>26.37%</b>  | -              | 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 companies, GAC Inc. and Gol Finance, located in Cayman Islands, whose activities are relate to aircraft acquisition and financing. At March 31, 2006, there were no material transactions registered in these companies.

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

The consolidated 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 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 January 1 to March 31 2006 and 2005  
(In thousands of reais)

**2. Basis of Preparation and Presentation of the Quarterly Information** Continued

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 entered into an Agreement for the Adoption of 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 with 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 transport segment, especially the allocation of maintenance expenses to income. At March 31, 2006, the net income for the year, in accordance with accounting practices adopted in Brazil (BRGAAP), was R\$ 19,112 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\$ 270,554 (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 January 1 to March 31 2006 and 2005  
 (In thousands of reais)

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

|                                   | Parent Company |            | Consolidated   |            |
|-----------------------------------|----------------|------------|----------------|------------|
|                                   | 03.31.2006     | 12.31.2005 | 03.31.2006     | 12.31.2005 |
| <b>Cash and cash equivalents</b>  |                |            |                |            |
| <b>Cash and banks</b>             | <b>8,064</b>   | 210        | <b>62,899</b>  | 25,964     |
| <b>Financial Investments</b>      |                |            |                |            |
| Fixed income                      | <b>1,064</b>   | 236        | <b>26,996</b>  | 44,197     |
| Variable income                   | -              | 619        | -              | 619        |
| Government securities             | -              | 34,567     | <b>2,966</b>   | 34,567     |
| Bank Deposit Certificates CDB     | <b>23,542</b>  | 1,000      | <b>93,669</b>  | 23,957     |
|                                   | <b>32,670</b>  | 36,632     | <b>186,530</b> | 129,304    |
| <b>Short-term Investments</b>     |                |            |                |            |
| Bank Deposit Certificates CDB     | <b>10,479</b>  | 32,687     | <b>215,392</b> | 286,800    |
| Government securities             | <b>150,119</b> | 177,721    | <b>349,826</b> | 452,931    |
| Fixed Income Investments Overseas | -              | -          | <b>161,057</b> | -          |
|                                   | <b>160,598</b> | 210,408    | <b>726,275</b> | 739,731    |

Financial investments in CDB (Bank Deposit Certificate) have an average remuneration, net of taxes, of approximately 1.29% a 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 and earn interest of 78% of CDI.

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 January 1 to March 31 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. Information concerning risk management policies and the positions of open derivative financial instruments are detailed in Note 16.

**4. Deferred Taxes, Recoverable Taxes or Carryforwards, Short and Long-Term**

|  | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|--|-----------------------|-------------------|---------------------|-------------------|
|  | <b>03.31.2006</b>     | <b>12.31.2005</b> | <b>03.31.2006</b>   | <b>12.31.2005</b> |
| <b>Recoverable taxes or carryforwards</b>          |                       |                   |                     |                   |
| PIS and Cofins credits                             | -                     | 448               | <b>806</b>          | 520               |
| Prepayment of IRPJ and CSSL                        | <b>5,799</b>          | 5,799             | <b>7,802</b>        | 6,221             |
| Credit of IRRF on financial investments            | <b>5,031</b>          | 4,790             | <b>6,592</b>        | 4,790             |
| Other  | <b>989</b>            | -                 | <b>4,556</b>        | 2,605             |
|  | <b>11,819</b>         | 11,037            | <b>19,756</b>       | 14,136            |
| <b>Deferred income tax and social contribution</b> |                       |                   |                     |                   |
| Accumulated tax losses and social contribution     |                       |                   |                     |                   |
| negative basis                                     | <b>55,602</b>         | 45,000            | <b>54,712</b>       | 45,000            |
| Tax credits arising from incorporation             | -                     | -                 | <b>17,999</b>       | 19,458            |
| Temporary differences                              | -                     | -                 | <b>12,765</b>       | 3,549             |
|  | <b>55,602</b>         | 45,000            | <b>85,476</b>       | 68,007            |
| Short-Term   | <b>(12,709)</b>       | (11,037)          | <b>(25,593)</b>     | (20,022)          |
| Long-Term  | <b>54,712</b>         | 45,000            | <b>79,639</b>       | 62,121            |

Tax credits resulting from accumulated deficit and social contribution negative basis were recorded based on the expectation of the generation of future taxable income. Management estimates, based on the Company's business plans, approved by the Board of Directors, that the credits will be realized in a 3-year term as of 2006.



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**5. Investments in Subsidiaries**Turnover of investments:

|  | <b>Gol<br/>Transportes<br/>Aéreos S.A</b> | <b>Gol Finance<br/>LLP</b> | <b>Total<br/>investments</b> |
|--|---|----------------------------|------------------------------|
| Balances at December 31, 2005          | 685,699                                   | 352,978                    | 1,038,677                    |
| Capital increase in foreign subsidiary | -   | 60,144                     | 60,144                       |
| Equity accounting                      | 146,640                                   | (2,152)                    | 144,488                      |
| Unrealized hedge results               | 2,258                                     | -                          | 2,258                        |
| Dividends to distribute                | (35,126)                                  | -                          | (35,126)                     |
| Balance at March 31, 2006              | <b>799,471</b>                            | <b>410,970</b>             | <b>1,210,441</b>             |

The subsidiary GOL distributed dividends corresponding to 25% of the base income for the quarter ended March 31, 2006.

**6. Property, Plant and Equipment**

|   |   | <b>03.31.2006</b> |                                     | <b>12.31.2005</b> |                  |
|---|---|-------------------|-------------------------------------|-------------------|------------------|
|   | <b>Annual<br/>depreciation<br/>rate</b> | <b>Cost</b>       | <b>Accumulated<br/>Depreciation</b> | <b>Net value</b>  | <b>Net value</b> |
| <b>Flight equipment</b>                         |   |                   |                                     |                   |                  |
| Spare engines                                   | 20%                                     | 54,132            | -                                   | <b>54,132</b>     | 53,401           |
| Replacement part kits                           | 20%                                     | 185,347           | 73,355                              | <b>111,992</b>    | 105,123          |
| Aircraft and safety equipment                   | 20%                                     | 805               | 180                                 | <b>625</b>        | 635              |
| Tools   | 10%                                     | 2,280             | 307                                 | <b>1,973</b>      | 1,700            |
|   |   | 242,564           | 73,842                              | <b>168,722</b>    | 160,859          |
| <b>Property, plant and equipment in service</b> |   |                   |                                     |                   |                  |
| Software licenses                               | 20%                                     | 20,405            | 6,929                               | <b>13,476</b>     | 12,772           |
| Vehicles  | 20%                                     | 1,841             | 913                                 | <b>928</b>        | 1,017            |
| Machinery and equipment                         | 10%                                     | 5,698             | 655                                 | <b>5,043</b>      | 3,438            |
| Furniture and fixtures                          | 10%                                     | 4,894             | 1,059                               | <b>3,835</b>      | 3,571            |
| Computers and peripherals                       | 20%                                     | 7,693             | 3,056                               | <b>4,637</b>      | 3,739            |

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|  |     |         |        |                |         |
|--|-----|---------|--------|----------------|---------|
| Communication equipment                  | 10% | 1,145   | 228    | <b>917</b>     | 877     |
| Facilities                               | 10% | 1,951   | 206    | <b>1,745</b>   | 942     |
| Brand names and patents                  | -   | 37      | -      | <b>37</b>      | 37      |
| Leasehold improvements                   | 4%  | 3,589   | 779    | <b>2,810</b>   | 22,519  |
| Work in progress                         | -   | 51,573  | 4,213  | <b>47,360</b>  | 13,492  |
|  |     | 98,826  | 18,038 | <b>80,788</b>  | 62,404  |
|  |     | 341,390 | 91,880 | <b>249,510</b> | 223,263 |
| <b>Advances for aircraft acquisition</b> | -   | 419,621 | -      | <b>419,621</b> | 356,765 |
|  |     | 761,011 | 91,880 | <b>669,131</b> | 580,028 |

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 (17 aircraft at December 31, 2005), as further explained in Note 14, and capitalized interest of R\$ 23,706 are included (R\$ 20,357 at December 31, 2005).

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

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**7. Short-Term Borrowings**

At March 31, 2006, the Company maintains 11 short-term credit lines with 6 financial institutions that allow borrowings up to R\$ 400,000. Six of those lines are guaranteed by promissory notes which allow borrowings up to R\$ 78,000. At March 31, 2006, there were no outstanding borrowings under these facilities. Two of those lines are guaranteed by accounts receivable from credit card providers in the limit of R\$ 220,000. At March 31, 2006, there were loans of R\$ 104,459 using these instruments.

**8. Provision for Contingencies**

|                                   | <b>Consolidated</b> |                   |
|-----------------------------------|---------------------|-------------------|
|                                   | <b>03.30.2006</b>   | <b>12.31.2005</b> |
| Provision for labor contingencies | <b>541</b>          | 292               |
| Provision for civil contingencies | <b>2,804</b>        | 2,045             |
| Provision for tax contingencies   | <b>20,017</b>       | 19,294            |
|                                   | <b>23,362</b>       | 21,631            |

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

**9. Transactions with Related Parties**

GOL maintains an agreement with the 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).

The balances payable to the associated companies, in the amount of R\$ 89 (R\$ 97 at December 31, 2005) are included in the suppliers' balance jointly with third-party operations. The amount of expenses which affected the income for the first quarter of 2006 is R\$ 761 (R\$ 389 in the first quarter of 2005).

**10. Shareholders' Equity**a) Capital stock

i. On March 31, 2006, the capital stock is represented by 109,448,497 common shares and 86,524,136 preferred shares.

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**10. Shareholders Equity** Continueda) Capital stock Continued

ii. ii. The authorized capital stock at March 31, 2006 is R\$ 1,223,119. 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 March 31, 2006, on the São Paulo Stock Exchange - BOVESPA, corresponded to R\$58.05 and US\$ 26.80 on the New York Stock Exchange - NYSE. The equity value per share at March 31, 2006 is R\$ 8.69 (R\$ 8.03 at December 31, 2005).

b) Dividends and Interest on Own Capital

In accordance with the Company's policy for quarterly dividends distribution in 2006, the management recommends the payment to the shareholders of 25% of the base income for the first quarter ended March 31, 2006.

The base income for the determination of intercalary dividends amounts R\$152,644 - the income for the quarter ended March 31, 2006 adjusted under the terms of the Article 202 of the Corporation Law applicable for calculation of annual mandatory minimum dividend.

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**10. Shareholders Equity** Continuedb) Dividends and Interest on Own Capital Continued

In accordance with Law #9,249, as of December 26, 1995 the Company opted, in the first quarter of 2006, the 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).

The proposal of intercalary dividends related to the quarter ended March 31, 2006, which is being sent by the Management to the Board of Directors for approval, is in the amount of R\$ 8,079.

Such dividends and interest on shareholder's equity will be inputed to the mandatory minimum dividend for the first quarter of 2006. The proposed dividends and interest on shareholder's equity will be paid on May 23, 2006.

**11. Cost of Services Rendered, Sales and Administrative Expenses**

|                                 | <b>Consolidated</b>                      |                           |                                    |                   |              |              |          |  |
|---------------------------------|--|---------------------------|------------------------------------|-------------------|--------------|--------------|----------|--|
|                                 | <b>03.31.2006</b>                        |                           |                                    | <b>03.31.2005</b> |              |              |          |  |
|                                 | <b>Cost of<br/>services<br/>rendered</b> | <b>Sales<br/>expenses</b> | <b>Administrative<br/>expenses</b> | <b>Total</b>      | <b>%</b>     | <b>Total</b> | <b>%</b> |  |
| Salaries, wages and benefits    | <b>59,139</b>                            | -                         | <b>20,318</b>                      | <b>79,457</b>     | <b>11.9</b>  | 52,518       | 12.0     |  |
| Aircraft fuel                   | <b>254,306</b>                           | -                         | -                                  | <b>254,306</b>    | <b>38.1</b>  | 146,170      | 33.3     |  |
| Aircraft leasing                | <b>66,487</b>                            | -                         | -                                  | <b>66,487</b>     | <b>10.0</b>  | 51,869       | 11.8     |  |
| Supplementary leasing           | <b>30,118</b>                            | -                         | -                                  | <b>30,118</b>     | <b>4.5</b>   | 28,749       | 6.6      |  |
| Maintenance material and repair | <b>26,115</b>                            | -                         | -                                  | <b>26,115</b>     | <b>3.9</b>   | 13,848       | 3.2      |  |
| Aircraft and traffic servicing  | <b>29,465</b>                            | -                         | <b>2,156</b>                       | <b>31,621</b>     | <b>4.7</b>   | 17,766       | 4.0      |  |
| Sales and marketing             | -  | <b>99,330</b>             | -                                  | <b>99,330</b>     | <b>14.9</b>  | 72,081       | 16.4     |  |
| Landing fees                    | <b>30,341</b>                            | -                         | -                                  | <b>30,341</b>     | <b>4.5</b>   | 19,046       | 4.3      |  |
| Depreciation and amortization   | <b>11,862</b>                            | -                         | <b>533</b>                         | <b>12,395</b>     | <b>1.9</b>   | 6,974        | 1.6      |  |
| Other expenses                  | <b>36,776</b>                            | -                         | <b>1,192</b>                       | <b>37,968</b>     | <b>5.6</b>   | 29,762       | 6.8      |  |
|                                 | <b>544,609</b>                           | <b>99,330</b>             | <b>24,199</b>                      | <b>668,138</b>    | <b>100.0</b> | 438,783      | 100.0    |  |





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

Salaries, wages and benefits expenses include provision for 2006 employee profit sharing in an estimated amount of R\$ 6,000 (R\$ 4,500 in the first quarter of 2005).

At March 31, 2006, aircraft fuel expenses include R\$ 628, 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.

**12. Net Financial Income**

|   | <b>Parent Company</b> |                   | <b>Consolidated</b> |                   |
|---|-----------------------|-------------------|---------------------|-------------------|
|   | <b>03.31.2006</b>     | <b>03.31.2005</b> | <b>03.31.2006</b>   | <b>03.31.2005</b> |
| <b>Financial Expenses:</b>                  |                       |                   |                     |                   |
| Interest on loans                           | -                     | -                 | <b>(3,263)</b>      | (4,810)           |
| Foreign exchange variations on liabilities  | <b>(1,498)</b>        | -                 | <b>(10,233)</b>     | (7,197)           |
| Losses in investment funds                  | -                     | -                 | -                   | -                 |
| Losses on financial instruments             | -                     | -                 | <b>(228)</b>        | -                 |
| CPMF tax                                    | <b>(242)</b>          | (386)             | <b>(2,576)</b>      | (2,478)           |
| Monetary variations on liabilities          | -                     | -                 | <b>(419)</b>        | (397)             |
| Interest on own capital                     | <b>(35,391)</b>       | -                 | <b>(35,391)</b>     | -                 |
| Other                                       | <b>(3)</b>            | (319)             | <b>(4,161)</b>      | (2,727)           |
|   | <b>(37,134)</b>       | (705)             | <b>(56,271)</b>     | (17,609)          |
| <b>Financial income:</b>                    |                       |                   |                     |                   |
| Interest and gains on financial investments | <b>390</b>            | 1,539             | <b>2,726</b>        | 7,032             |
| Foreign exchange variations on assets       | <b>1,150</b>          | -                 | <b>6,661</b>        | 4,478             |
| Gains on financial instruments              | <b>8,428</b>          | -                 | <b>31,246</b>       | 26,310            |
| Capitalized interest                        | -                     | -                 | <b>3,350</b>        | -                 |
| Monetary variations on assets               | -                     | -                 | <b>479</b>          | 139               |
| Other                                       | -                     | -                 | <b>1,213</b>        | 37                |
|   | <b>9,968</b>          | 1,539             | <b>45,675</b>       | 37,996            |
| Net financial income                        | <b>(27,166)</b>       | 834               | <b>(10,596)</b>     | 20,387            |

**13. Income Tax and Social Contribution**

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

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**13. Income Tax and Social Contribution** Continued

| Description   | Consolidated |            |
|---|--------------|------------|
|   | 03.31.2006   | 03.31.2005 |
| Income before income tax and social contribution                  | 184,282      | 170,763    |
| Combined tax rate   | 34%          | 34%        |
| Income tax and social contribution based on the combined tax rate | 62,656       | 58,059     |
| Other permanent differences                                       | (3,661)      | 232        |
| Income tax and social contribution debited to the result          | 58,995       | 58,291     |
| Effective rate  | 32.0%        | 34.1%      |
| Current income tax and social contribution                        | 75,670       | 61,331     |
| Deferred income tax and social contribution                       | (16,675)     | (3,040)    |
|   | 58,995       | 58,291     |

**14. Commitments**

The Company leases its operating aircraft, airport terminals, other airport facilities, offices and other equipment. At March 31, 2006 the Company carried operational lease agreements on 45 aircraft (42 at December 31, 2005), 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 March 31, 2006:

|            | R\$      |         |         | US\$ (in thousand) |         |         |
|------------|----------|---------|---------|--------------------|---------|---------|
|            | Aircraft | Engines | Total   | Aircraft           | Engines | Total   |
| 2006       | 191,929  | 7,955   | 199,884 | 88,349             | 3,662   | 92,011  |
| 2007       | 244,647  | 9,913   | 254,560 | 112,616            | 4,563   | 117,179 |
| 2008       | 179,466  | 8,299   | 187,765 | 82,612             | 3,820   | 86,432  |
| 2009       | 137,204  | 4,388   | 141,592 | 63,158             | 2,020   | 65,178  |
| 2010       | 52,507   | 2,090   | 54,597  | 24,170             | 962     | 25,132  |
| After 2010 | 76,534   | -       | 76,534  | 35,230             | -       | 35,230  |

|         |        |         |         |        |         |
|---------|--------|---------|---------|--------|---------|
| 882,287 | 32,645 | 914,932 | 406,135 | 15,027 | 421,162 |
|---------|--------|---------|---------|--------|---------|

During the first quarter of 2006 the Company entered into new operating lease agreements for one Boeing 737-300 and two Boeing 737-700, which are not subject to deposits for leasing contracts.

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**14. Commitments** Continued

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\$ 10,155 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<br/>Delivery<br/>Firm<br/>Orders</b> | <b>R\$</b>        | <b>US\$<br/>(in<br/>thousand)</b> |
|------------|--|-------------------|-----------------------------------|
| 2006       | 11   | 1,534,688         | 706,448                           |
| 2007       | 13   | 1,867,528         | 859,661                           |
| 2008       | 10   | 1,471,595         | 677,405                           |
| 2009       | 11   | 1,675,878         | 771,441                           |
| 2010       | 8  | 1,272,451         | 585,735                           |
| After 2010 | 14   | 2,332,795         | 1,073,833                         |
|            | <b>67</b>  | <b>10,154,935</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 up to 85% through long-term financing agreements guaranteed by the US Eximbank.

**15. 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 March 31, 2006, the provision made based on Management's estimates and expectations is R\$ 6,000 (R\$ 4,500 in the first quarter of 2005).

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.



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**15. Employees** Continued

The transactions are summarized below:

|   | Stock<br>options | Weighted<br>average<br>price for the<br>year |
|---|------------------|--|
| Outstanding at December 31, 2005                        | 321,251          | 11.21  |
| Granted   | 99,816           | 47.30  |
| Exercised   | -                | -  |
| Outstanding at March 31, 2006                           | 421,067          | 19.76  |
| Quantity of shares to be exercised at December 31, 2004 | 507,765          | 3.04   |
| Quantity of shares to be exercised at December 31, 2005 | 158,353          | 6.50   |
| Quantity of shares to be exercised at December 31, 2006 | 254,573          | 6.91   |

The weighted average fair values on the granting dates of the stock options, at March 31, 2006, were R\$ 21.53, R\$ 25.89 and R\$ 46.50 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 43%, a weighted average risk free rate of 15% and a average maturity of 3.9 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 would have been R\$ 2,027 lower (R\$ 1,365 in the first 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 March 31, 2006 are summarized below:

| Outstanding Options        |   |  |  | Options to be exercised                  |  |
|----------------------------|---|--|--|--|--|
| Exercise price<br>interval | Outstanding<br>options at<br>03/31/2006 | Remaining<br>weighted<br>average<br>maturity | Weighted<br>average<br>exercise<br>price | Options to be<br>exercised<br>03/31/2006 | Weighted<br>average<br>exercise<br>price |
| 3.04                       | 233,833                                 | 1.80   | 3.04                                     | 218,209                                  | 3.04                                     |
| 33.06                      | 87,418                                  | 8.75   | 33.06                                    | 31,373                                   | 33.06                                    |



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|           |         |      |       |         |       |
|-----------|---------|------|-------|---------|-------|
| 47.30     | 99,816  | 9.75 | 47.30 | 4,991   | 47.30 |
| 3.04-47.3 | 421,067 | 5.13 | 19.76 | 254,573 | 7.61  |

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**16. Derivative Financial 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 quotaholders are used as means for the risk coverage contracting according to the Company's risk management policies.

Airline companies are exposed to aircraft fuel price change effects. Aircraft fuel consumption in the first quarter of 2006 and 2005 represented approximately 38.1% and 33.3% 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 are 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.

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**16. Derivative Financial Instruments** Continueda) Fuel price risk

The Company's derivatives contracts, at March 31, 2006, are summarized as follows (in thousands, except otherwise indicated):

|   | 03.31.2006        | 12.31.2005 |
|---|-------------------|------------|
| <b>On March 31:</b>   |                   |            |
| Fair value of derivative financial instruments at the end of the period | <b>R\$ 13,817</b> | R\$ 8,464  |
| Average term (months)   | <b>7</b>          | 8          |
| Hedged volume (barrels)   | <b>1,116,000</b>  | 1,431,000  |
| <b>Year ended March 31:</b>   |                   |            |
| Gains with hedge effectiveness recognized as aircraft fuel expenses     | <b>R\$ 628</b>    | R\$ 3,084  |
| Gains with hedge ineffectiveness recognized as financial income         | -                 | -          |
| Current percentage of hedged consumption (during the quarter)           | <b>55%</b>        | 61%        |

The Company used financial derivatives for short and long terms and keeps its positions for future months. At March 31, 2006 the Company holds a combination of call options, collar structures and swaps to hedge approximately 55% and 17% of its jet fuel consumption for the second quarter and second semester of 2006, respectively, at average oil prices equivalent to approximately US\$ 60.15 and US\$ 60.40 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. At March 31, 2006, the unrealized gain recorded in shareholders' equity was R\$ 9,119, net of taxes. Ineffective hedges arise when the change in the value of derivatives is not between 80% and 120% of the hedged fuel value variation. 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. The effective hedge results are recorded as fuel acquisition cost reduction or increase, and the hedge results that are not effective are recognized as financial revenue or expense. When the aircraft fuel is consumed and the related derivative financial instrument is settled, the gains or losses recorded in shareholders' equity are recognized as aircraft fuel expenses. 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.

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NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) Continued  
 Period January 1 to March 31 2006 and 2005  
 (In thousands of reais)

**16. Derivative Financial Instruments** Continueda) Fuel price risk Continued

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.

b) Exchange rate risk At March 31, 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 March 31, 2006 is set forth below:

|  | <b>Consolidated</b> |                   |
|--|---------------------|-------------------|
|  | <b>03.31.2006</b>   | <b>12.31.2005</b> |
| <b>Assets</b>  |                     |                   |
| Cash and cash equivalents and financial investments        | <b>176,614</b>      | 11,120            |
| Deposits for aircraft leasing contracts                    | <b>29,048</b>       | 22,583            |
| Prepaid leasing expenses                                   | <b>14,069</b>       | 14,133            |
| Advances to suppliers                                      | <b>14,157</b>       | 48,793            |
| Other  | <b>9,648</b>        | 9,713             |
| Total obligations in US dollar                             | <b>243,536</b>      | 106,342           |
| <b>Liabilities</b>   |                     |                   |
| Foreign suppliers  | <b>8,671</b>        | 15,628            |
| Operating leases payable                                   | <b>28,727</b>       | 13,127            |
| Insurance premium payable                                  | <b>9,562</b>        | 25,371            |
|  | <b>46,960</b>       | 54,126            |
| Foreign exchange exposure in R\$                           | <b>196,576</b>      | 52,216            |
| Total foreign exchange exposure in US\$                    | <b>90,488</b>       | 22,308            |
| <b>Obligations not recorded in the balance sheet</b>       |                     |                   |
| Operating lease agreements                                 | <b>914,932</b>      | 902,658           |
| Obligations arising from firm orders for aircraft purchase | <b>10,154,935</b>   | 10,614,923        |
| Total foreign exchange exposure in R\$                     | <b>10,873,291</b>   | 11,465,365        |
| Total foreign exchange exposure in US\$                    | <b>5,005,197</b>    | 4,898,263         |



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NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) Continued  
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**16. Derivative Financial Instruments** Continuedb) 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.

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 hedge 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>03.31.2006</b>  | <b>12.31.2005</b> |
|---|--------------------|-------------------|
| <b>At March 31:</b>   |                    |                   |
| Fair value of derivative financial instruments at the end of the period | <b>R\$ (682)</b>   | R\$ 1,249         |
| Remaining longer period (months)  | <b>1</b>           | 1                 |
| Hedged volume   | <b>R\$ 30,000</b>  | R\$ 135,129       |
| <b>Year ended March 31:</b>   |                    |                   |
| Losses with hedge effectiveness recognized in operating expenses        | <b>R\$ (5,383)</b> | R\$ (998)         |
| Gains with hedge ineffectiveness recognized in financial expenses       | <b>R\$ (227)</b>   | -                 |
| Current percentage of hedged consumption (during the quarter)           | <b>65%</b>         | 60%               |

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

## NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) Continued

Period January 1 to March 31 2006 and 2005

(In thousands of reais)

**16. Derivative Financial Instruments** Continuedb) Exchange rate risk Continued

The Company accounts its futures derivative instruments of foreign currencies as cash flow hedges. At March 31, 2006, the unrealized loss in the shareholders' equity was R\$ (450), net of taxes.

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 changes in international interest rates in US dollar due to the impact of such changes in interest expenses of operating lease agreements. At March 31, 2006, there were no open hedge contracts for the international interest rate risk.

The Company's results are affected by changes in the interest rates in Brazil, both those applicable to deposits and liabilities in real and those applicable to US dollar indexed securities, 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) solely to protect itself from domestic interest rate impacts on the prefixed portion of its investments. At March 31, 2006, the nominal value of Interbank Deposit futures contracts traded on the Brazilian Mercantile and Futures Exchange (BM&F) totaled R\$ 184,500 with periods of up to 21 months, with a total fair market value of R\$ (38), 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.

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

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) Continued  
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**17. Insurance Coverage**

Management holds 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 March 31, 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>                  | <b>R\$</b> | <b>US\$</b> |
|---|------------|-------------|
| Warranty Hull                           | 2,698,844  | 1,242,333   |
| Civil Liability per occurrence/aircraft | 1,629,300  | 750,000     |
| Warranty Hull/War                       | 2,698,844  | 1,242,333   |
| Inventories                             | 387,339    | 178,300     |

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.

**18. Subsequent events**

On April 5, 2006, the Company's wholly-owned subsidiary Gol Finance closed an offering of US\$200 million 8.75% perpetual notes in an offering exempt from SEC and CVM registration. Gol and its subsidiary Gol Transportes Aéreos S.A. guarantee the perpetual notes. The issue was assigned a credit rating of Ba2 by Moody's. The perpetual notes are senior unsecured debt obligations of Gol Finance and have no fixed final maturity date, and are callable at par at the option of the issuer after five years. Gol intends to use the proceeds to finance a portion of its cash payments related to its fleet expansion plan.



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

NOTES TO THE QUARTERLY INFORMATION (UNAUDITED) Continued  
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**APPENDIX I STATEMENTS OF CASH FLOW**

|   | Parent Company   |            | Consolidated     |            |
|---|------------------|------------|------------------|------------|
|   | 03.31.2006       | 03.31.2005 | 03.31.2006       | 03.31.2005 |
| Net income for the period   | <b>160,678</b>   | 112,472    | <b>160,678</b>   | 112,472    |
| <b>Adjustments to reconcile net income to net cash generated by operating activities:</b>               |                  |            |                  |            |
| Depreciation and amortization   | -                | -          | <b>12,395</b>    | 6,974      |
| Provision for doubtful accounts receivable  | -                | -          | <b>918</b>       | 247        |
| Deferred income taxes   | <b>(9,712)</b>   | -          | <b>(16,675)</b>  | (3,040)    |
| Equity accounting   | <b>(144,488)</b> | (111,837)  | -                | -          |
| Variations in operating assets and liabilities:   |                  |            |                  |            |
| Receivables   | -                | -          | <b>(15,183)</b>  | (63,844)   |
| Inventories   | -                | -          | <b>2,644</b>     | (292)      |
| Prepaid expenses, taxes recoverable and other receivables   | <b>(1,706)</b>   | 317        | <b>(12,324)</b>  | 2,171      |
| Credit with associated companies  | -                | 76,239     | -                | -          |
| Suppliers   | -                | -          | <b>(3,268)</b>   | (1,910)    |
| Deposits for leasing contracts  | -                | -          | -                | (129)      |
| Airtraffic liability  | -                | -          | <b>(32,258)</b>  | (23,455)   |
| Taxes payable   | <b>988</b>       | -          | <b>24,208</b>    | (5,020)    |
| Insurance payable   | -                | -          | -                | 6,172      |
| Payroll and related charges   | -                | -          | <b>(11,843)</b>  | 8,784      |
| Provisions for contingencies  | -                | -          | <b>(4,581)</b>   | 2,996      |
| Interest on shareholder's equity  | <b>(43,470)</b>  | -          | <b>(43,470)</b>  | -          |
| Other liabilities   | <b>42,343</b>    | 118        | <b>28,622</b>    | (19,107)   |
| <b>Net cash generated (used) in operating activities</b>  | <b>4,633</b>     | 77,309     | <b>89,863</b>    | 23,019     |
| <b>Investment activities:</b>   |                  |            |                  |            |
| Financial investment  | <b>49,810</b>    | -          | <b>13,456</b>    | (216,840)  |
| Investments   | <b>(62,402)</b>  | (25,769)   | <b>137</b>       | 394        |
| Deposits for leasing contracts  | -                | -          | <b>828</b>       | (3,039)    |
| Acquisition of property, plant and equipment, including advances for aircraft acquisition of R\$ 62,856 | -                | -          | <b>(101,498)</b> | (104,784)  |
| <b>Net cash used in investment activities</b>   | <b>(12,592)</b>  | (25,769)   | <b>(87,077)</b>  | (324,269)  |
| <b>Financing activities:</b>  |                  |            |                  |            |
| Short-term borrowings   | -                | -          | <b>50,443</b>    | (8,965)    |
| Capital increase  | <b>1,739</b>     | -          | <b>1,739</b>     | -          |
| Total comprehensive income, net of taxes  | <b>2,258</b>     | -          | <b>2,258</b>     | -          |

|  |                |        |                |           |
|--|----------------|--------|----------------|-----------|
| <b>Net cash generated in financing activities</b>          | <b>3,997</b>   | -      | <b>54,440</b>  | (8,965)   |
| Net cash addition  | <b>(3,962)</b> | 51,540 | <b>57,226</b>  | (310,215) |
| Cash and cash equivalents at the beginning of the year     | <b>36,632</b>  | 4,302  | <b>129,304</b> | 405,730   |
| Cash and cash equivalents at the end of the year           | <b>32,670</b>  | 55,842 | <b>186,530</b> | 95,515    |
| <b>Transactions not affecting cash</b>                     |                |        |                |           |
| Additional information:                                    |                |        |                |           |
| Interest paid during the quarter                           | -              | -      | <b>3,263</b>   | 5,160     |
| Income tax and social contribution paid during the quarter | -              | -      | <b>76,809</b>  | 61,331    |

