2006 ANNUAL REPORT

Linhas aéreas inteligentes

GOL'S 2006 ANNUAL REPORT
WE HAVE INTERCONNECTED A COUNTRY; NOW WE ARE INTERCONNECTING A CONTINENT

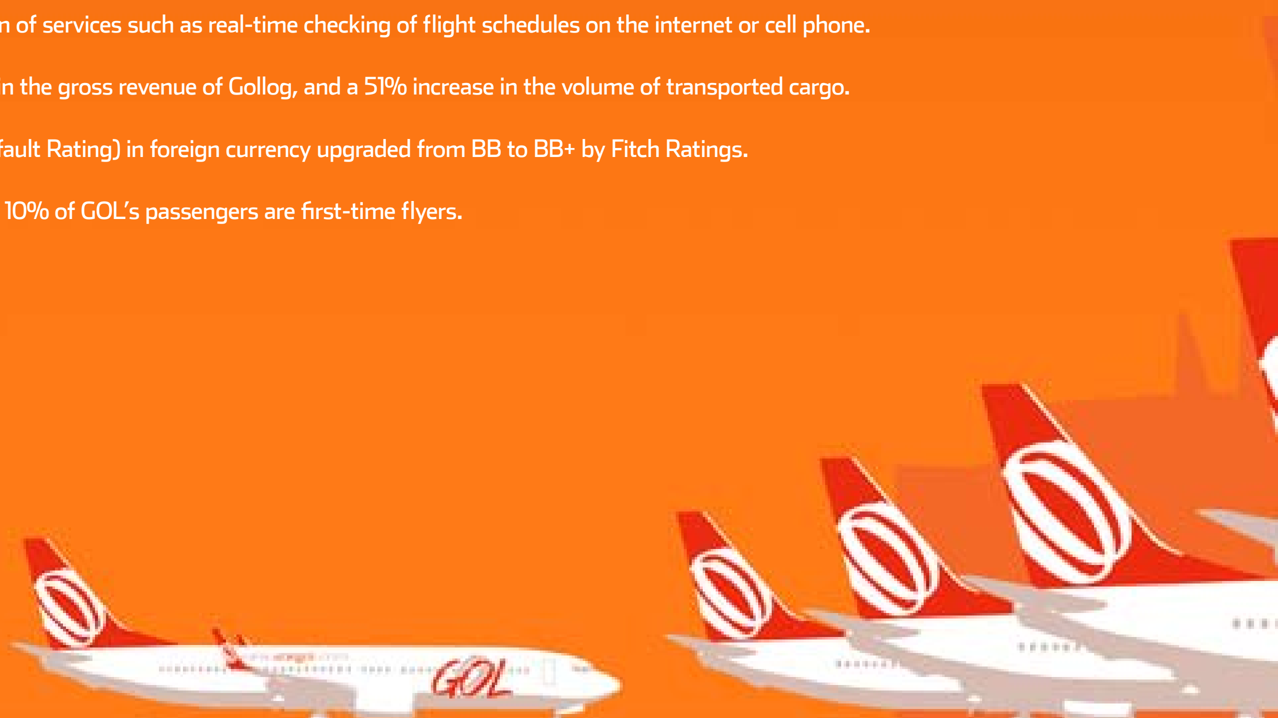

Panama City
Lima
Campo Grande
Santa Cruz
Rio de Janeiro
Asunción
São Paulo
Curitiba
Florianópolis
Cordoba
Porto Alegre
Rosario
Santiago
Montevideo
Buenos Aires
International routes directly operated by GOL
International route operated with partner

GOL'S VISION

TO BE RECOGNIZED BY 2010 AS THE AIRLINE THAT POPULARIZED HIGH-QUALITY, LOW-FARE AIR TRAVEL IN SOUTH AMERICA.

Our 2006 results and initiatives show that GOL is on the path to achieving its vision of the future:

- Over 17 million passengers transported in 2006; 55 million in six years.
- 37.1% share of the Brazilian domestic market, and 13.3% share of the international market by the end of the year.
- 600 daily flights to 55 destinations.
- Launch of five domestic destinations and five international destinations, totaling 48 domestic and seven to countries outside of Brazil.
- Inauguration of the GOL Aircraft Maintenance Center in Confins (MG).
- Average domestic load factor of 74%, the highest in the Brazilian passenger transportation sector.
- Purchase of the first 737 Short Field Performance (SFP) aircraft specially developed for GOL.
- Most punctual airline in Brazil, with domestic on-time arrivals of 90.4%.
- Leader in internet sales: 82% of tickets sold.
- 53% increase in revenue passenger kilometers (RPK) and a 53% increase in avaliable seat kilometers (ASK).
- Highest revenue per aircraft among world's low-cost carriers.
- Implementation of new payment mechanisms, such as the GOL Corporate MasterCard and the Voe Fácil (Fly Easy program).
- Implementation of services such as real-time checking of flight schedules on the internet or cell phone.
- 60% increase in the gross revenue of Gollog, and a 51% increase in the volume of transported cargo.
- IDR (Issuer Default Rating) in foreign currency upgraded from BB to BB+ by Fitch Ratings.
- Approximately 10% of GOL's passengers are first-time flyers.



In 2006, we made great progress towards achieving our objective of popularizing air transportation in South America, and we proved again that our virtuous circle (low costs, low fares, high load factors, state-of-the-art technology, and exemplary customer service) is very active, always with the goal of offering high-quality services while safely transporting our passengers.

Despite challenges faced during the year, we managed to remain one of the most efficient airlines in the world. It is thanks to the hard work and dedication of our employees that we were able to minimize the impact of the crisis that has affected the Brazilian airline industry. Our standardized fleet, streamlined and agile operations and no overbooking policy helped us mitigate flight delays and cancellations. We are ready to expand our low cost, low fare model in 2007.

Throughout the year, we increased our total operating capacity by 53%, and our capacity on international South-American routes increased by 141%. We started operations to Chile, Paraguay and Uruguay, and started service to two additional destinations in Argentina (Cordoba and Rosario). In the domestic market, we commenced service to five new destinations: Chapecó (SC), Imperatriz (MA), Juazeiro do Norte (CE), Ilhéus (BA) and Santarém (PA), and we increased the frequencies to expanding markets by 31%. We now fly to 55 destinations, of which seven are international. Our efforts enabled GOL to reach 37.1% and 13.3% share in the expanding domestic and international markets, respectively by the end of 2006, with an average load factor of 73.1% for the year.

The increase in our fleet enabled the expansion of the Company's operations. In 2006, we received 23 aircraft, of which 10 were Short Field Performance aircraft, developed for landing and take off on short runways, from the purchase agreement with Boeing, which provides purchase of up to 121 aircraft (87 firm orders and 34 options). Our fleet totals 65 aircraft, which enabled us to add 180 new frequencies to our network and end the year with 600 flights per day. The number of aircraft will increase to 80 by the end of 2007. In September, we opened our own Aircraft Maintenance Center at the International Airport of Confins, in Belo Horizonte (MG), which offers state-of-the-art technology for the maintenance of GOL's aircraft and is estimated to generate cost reductions of over R$ 4.5 million per year.

In 2006 we made great progress towards achieving our objective of popularizing air transportation in South America, opening five new destinations in the region

We are always investing to guarantee our planned and sustainable growth. With the exemplary effort and dedication of our "team of eagles" of almost nine thousand employees, we achieved the best average punctuality rate among the Brazilian airline companies during the year. Our continuous progress is possible because of our ability to innovate in the way we provide people with access to air transportation. We continue to focus on strict cost controls, with the aim of providing our clients with the lowest fares possible.

Our history is marked by a succession of performance records in the Brazilian airline industry. The data proves that the "GOL Effect" has changed the profile of the Brazilian airline industry and is now starting to have an impact on the South American airline industry. The average fare for domestic flights in Brazil was reduced by approximately 40% (prices indexed by inflation), comparing 2000 to 2006; the average load factors for domestic flights have never been so high (above 71%). The creation of the Agência Nacional de Aviação Civil (ANAC) was also an important step in the modernization of this industry.

Over 55 million passengers have already flown GOL, of which 5 million were flying for the first time in their lives.

Unfortunately, on September 29, an accident occurred on GOL's flight 1907. The aircraft, one of the new Boeing 737-800 NG, collided in mid-air with an Embraer Legacy aircraft owned by US air-taxi company ExcelAir Service. Mourning, we prioritized the support to the victims' families, as we kept on going with our basic functions, allowing millions of people to travel safely on our aircraft.

Furthermore, a troublesome period affected the airline industry during the last quarter of the year. Our employees, partners, customers and friends have been with us, and we are deeply thankful to all of them. We are proud that the "team of eagles" culture is deeply rooted in our corporate profile.

For the next five years, Boeing estimates an annual growth of 7.4% in air traffic for South America, the second largest regional growth in the world after China. Thus, in 2007, we expect a positive industry outlook, with encouraging demand prospects. And we are prepared to benefit from it. GOL will put into practice the benefits of the virtuous cycle and reiterate its commitment to low costs and low fares, with the vision of popularizing air transportation in South America.

This Annual Report is a summary of 2006 activity. Additional information is available on our website www.voegol.com.br.

Constantino de Oliveira Junior
PRESIDENT AND CEO

THE FASTEST GROWING AIRLINE IN SOUTH AMERICA

In only six years of existence, GOL Linhas Aéreas Inteligentes saw its fleet expand from 6 to 65 aircraft, thus establishing itself as the fastest growing low-cost/low fare airline company in the world.

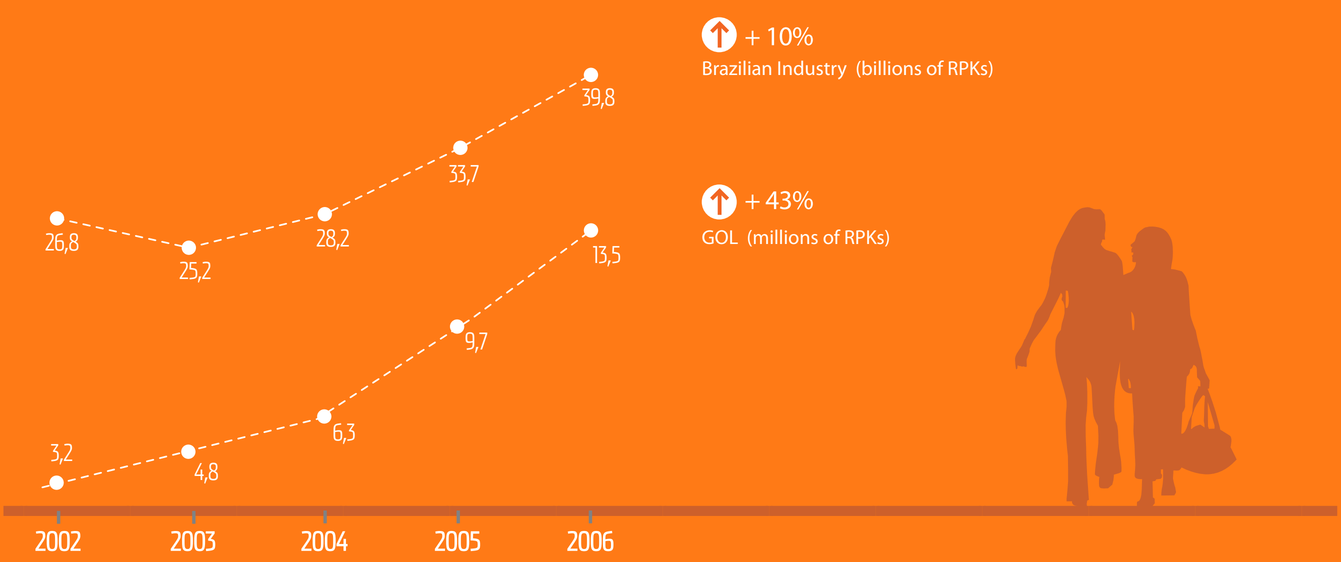
GOL's business model is based on procedures, systems and controls that privilege service quality, technology and safety, fleet standardization, team motivation and productivity, while keeping an unwavering focus on cost reductions, allowing the offering of more seats at accessible prices – the virtuous circle. In this way, GOL was able to democratize the skies of Brazil, a country which, until GOL's entrance in the market, lacked low-cost air transportation.

This strategy is based on asset utilization, with aircraft flying 14 block hours per day on average; innovative payment mechanisms; and night flights. These objectives were designed to attract customers who previously would not consider traveling by air because of price, as well as to maximize the use of the fleet. By offering low fares, our night flights became popular, with average load factors of over 90%.

This business model which the Company originally implemented in Brazil soon caused a shift in the airline industry. With accessible fares now available, many travelers migrated from road to air transportation, significantly increasing the number of air passengers. This is the "GOL effect", noticeable in all the cities to which GOL operates regular flights.

The Company is expanding the "GOL Effect" throughout South America. With this vision in mind, GOL had the largest fleet expansion to date in 2006, offering more low fare seats and, in so doing, ensuring a continuous growth in demand. Even with this rapid growth, in 2006, on-time arrivals were the best in the country, averaging 90.4% in the domestic market and 89.9% in the international market, a direct result of outstanding performance, highly-efficient operations and superior customer service.

THE GOL EFFECT



With a revenue growth rate of 75.2%[1], GOL is the world's fastest growing low-cost airline

GOL's aircraft fly an average of 14 block hours per day, and 1/3 of its fleet operates on a 24-hour basis

[1] As measured by Revenue CAGR (Compound Average Growth Rate) between 2001 and 2006.

In Brazil, the public that regularly uses air transportation has historically been mostly comprised of the higher-income economic bracket, in which the business sector is still prevalent – approximately 60% of GOL's passengers traveled on business in 2006.

This industry dynamic is favorable to the low-cost, low-fare model. The possibilities for expansion in Brazil are promising, with a potential audience of approximately 140 million passengers, the total number of interstate bus passengers in 2005. In comparison, passengers who traveled by air in the same period totaled 38.7 million on domestic flights and 5.8 million on international flights.

Also demonstrating the sector's potential, historically the growth in the passenger transportation market in the Country has always been higher than that of the Gross Domestic Product (GDP). Between 1998 and 2005, the airline industry grew at a compounded annual growth rate of 11.6% (measured in RPKs), as compared to a 2.3% growth in GDP (adjusted for inflation).

In 2006, domestic air transportation grew by 12.3% (measured in RPKs) –a record 39.8 billion revenue passenger kilometer, compared to 35.4 billion in 2005, according to the ANAC. Brazil's share of international flights was 17.8 billion revenue passengers kilometer.

On a comparative basis, the world air transportation growth totaled 5.9%, according to IATA – International Air Transportation Association.

REGULATORY ENVIRONMENT

In September 2005, the law determining the creation of ANAC was approved, furthering the industry's modernization. The ANAC played an important role overcoming obstacles and mitigating the crisis late in 2006, maintaining the Brazilian national aviation system as one of the leaders in the world.

In response to the operational challenges faced by the sector in the latter part of the year, the Federal Government has announced investments in infrastructure, equipment and training courses; as well as the addition of air traffic controllers late in the year and during 2007.

The Empresa Brasileira de Infra-estrutura Aeroportuária (Infraero), a state-controlled corporation reporting to the High Command of Aeronautics, announced in January 2007 that it intends to invest approximately R$1.8 billion in the Brazilian airport system through 2010. The projects underway include an investment for the modernization of the passenger terminal, the improvement of the main and auxiliary runways and the construction of a new control tower at Congonhas Airport in São Paulo, the implementation of new runway extensions and construction of a new logistics center at Salgado Filho airport, in Porto Alegre, and the renovation of the runway systems and Cargo Terminal of Tom Jobim International Airport, in Rio de Janeiro.

Brazil is ranked "Level 1" in terms of flight safety worldwide along with the United States, Canada, France, the United Kingdom, Germany, Australia, Spain, Italy and Japan. Brazilian airplanes fly with the same safety standards as US companies, in compliance with the ICAO – International Civil Aviation Organization regulations.

Approximately 43.5 million passengers were transported by air in 2006

NEW AIRCRAFT

In line with GOL´s single-fleet strategy, GOL added 23 Boeing 737 aircraft in 2006, of which 13 were Boeing 737-800, a larger aircraft with 30% more seat capacity per flight. Ten of these 13 800s are new737-800 Short Field Performance (SFP) aircraft, especially adapted by Boeing for GOL to be used in shorter runways such as that of Santos Dumont Airport, in Rio de Janeiro.

In October 2006, the Company expanded its purchase agreement with Boeing from 101 to 121 737-800 (SFP) New Generation (NG) aircraft, to be delivered by 2012 (87 firm orders and 34 options). Fourteen new 737-800NG aircraft from this order and one operating leased aircraft are expected to be integrated into the fleet in 2007, totaling 80 aircraft by the end of the year.

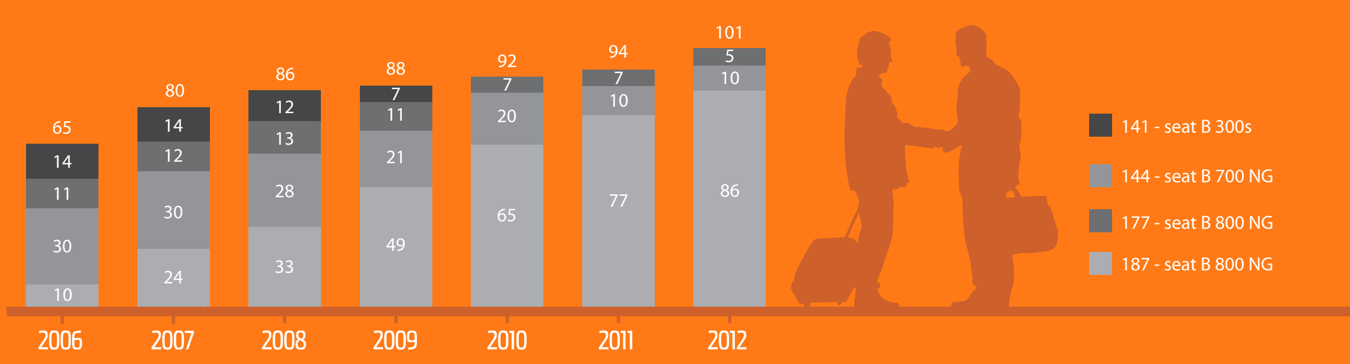
Of this new group of aircraft, 34 will be equipped with winglet systems[1], adding to the 19 that the Company currently operates. This technology allows for the annual saving of over 650 thousand liters of fuel per aircraft, a reduction in maintenance costs and meaningful improvement in performance during landings and take offs in short runways.

The renewed and simplified fleet is expected to produce an improved cost/benefit ratio as it allows for cost reductions in maintenance and training courses, facilitated inventory management, and promotes better aircraft utilization rates - the best in Brazil and one of the best in the world.

> GOL's aircraft utilization rate of 14.2 block hours per day is among the highest in the world

In addition to consuming approximately 30% less fuel per available seat-kilometer and transporting more passengers, these new additions contribute to improve another of GOL's principles: that of an airline with the youngest fleet in South America, with an average age of 7.8 years.

GOL FLEET PLAN



[1] The winglet is an extension in the tip of the aircraft's wing, projected to reduce the resistance to wind, thus allowing for fuel consumption reduction, and quieter and less pollutant flights.

BRAZIL'S LEADING E-COMMERCE COMPANY

GOL's primary distribution system is the Internet, the quickest, easiest and most cost-effective way of selling. The widespread use of the internet allows for the Company to save an average of 65% per ticket in comparison with other sales distribution systems, in addition to providing an easy, user-friendly sales process, eliminating the physical sale point, and consequently reducing costs for the company.

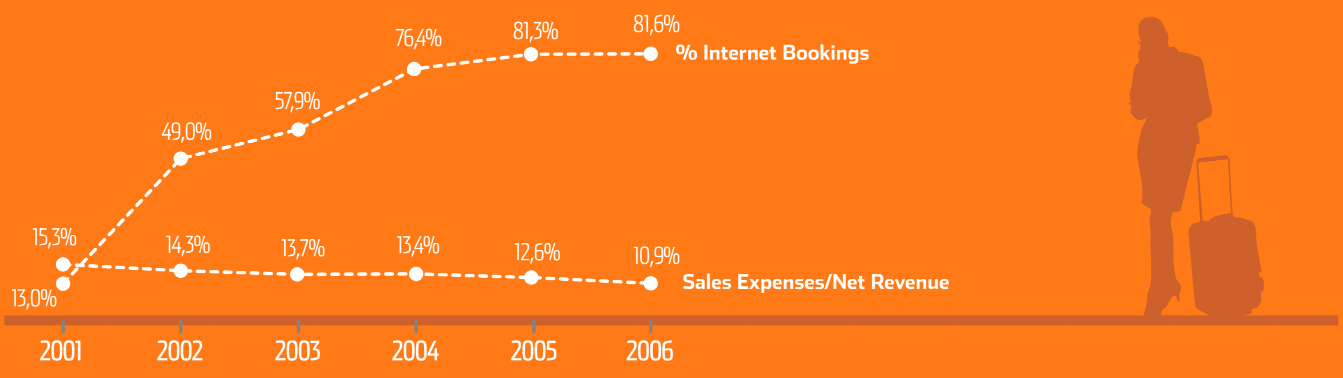
These cost reductions and streamlined process are passed on to the consumer, who ultimately benefits from the convenience of purchasing tickets without business hour constraints, not to mention the choice of three languages: Portuguese, Spanish and English.

In 2006, GOL sold R$ 3.7 billion in air tickets through its website www.voegol.com.br, which represented 82% of its gross sales, totaling R$ 4.6 billion. Its call center and airport counters accounted for 15% of the sold tickets and 3% were distributed through GDS (Global Distribution System). Throughout the year, the website received an average of 1.4 million unique visitors per month, a figure 67% higher than that of 2005.

The quick online service is also available for check-in, flight schedule changes and real time flight status. GOL's customer can choose to benefit from these services on the website, without having to wait in line. Both ticket purchases and check-in can also be made through mobile phone.

> Sales through the internet allow GOL to save an average of 65% per ticket as compared to other distribution systems

INTERNET BOOKINGS AND EFFICIENCY IN SALES EXPENSES



SPECIAL CUSTOMER SERVICE

In addition to uncomplicating the ticket purchase process, GOL strives to provide its passengers with efficient and differentiated support service by offering efficient and qualitative service. One of the novelties introduced by the Company was the implementation of a communication channel aimed at hearing impaired persons, who can call the Customer Support Center by means of a special telephone system called TS. All Persons with Special Needs are provided with special attention and guidance by flight attendants in the boarding and unboarding processes.

STIMULATING DEMAND

In order to stimulate demand, GOL invests in a tripod strategy based on low fares – targeted marketing - innovative payment mechanisms. The Company also makes more than 12 payment choices available for online purchases, including credit cards, debit cards and purchase in installments. The following are some of the programs that aim to make ticket purchase and payment easier:

GOL Fly Easy Program: A card that allows for ticket purchase in up to 36 installments, without fares, especially designed to make the purchase of our tickets easier for customers belonging to the broader income classes. Card users can buy tickets over the Internet without a credit card. On December 31, 2006, over 650,000 customers had registered for our Fly Easy program, 70% of whom were flying for the first time.

GOL Corporate Card MasterCard: Aimed at micro, small and medium-sized companies, this is a credit card that turns 1.9% of the invoices into credits for the purchase of future GOL tickets, allowing for expense reduction on business trips. The credits can be converted into reais and can be used once the balance reaches R$ 50 in the next invoice, within a period of 12 months. Among the offered services are Travel Accident Insurance and compensation for luggage loss. At the site www.cartaogolnegocios.com.br the customer can simulate the amount of credits that a company would have during a month, based on expenditures. The target market represents 98% of Brazil's companies.

Promotions: GOL has recurring promotions on its website. The campaigns offer tickets at very low fares during some holiday seasons and to some customer segments such as kids and elderly people. These campaigns increase the number of visitors to GOL's website.

Ticket Auctions: GOL promotes several ticket auctions through the internet for people who are traveling in groups. People interested can make a bid through GOL's/Milan Express auction portal and then wait until the tickets are sold. That allows customers to buy tickets for lower prices. The auctions occur weekly, on Tuesdays, between 0h00 and 22h00.

Aimed at small and medium-sized companies, the GOL Corporate Card turns expenses into GOL tickets

CONSTANT COST REDUCTIONS

GOL's objective is to remain one of the airlines with the lowest costs in the world. With that purpose in mind, the Company works relentlessly to continually reduce expenses and, consequently, increase profitability. The purchase of new 737-800 SFP NG aircraft in 2006 is an example of how the Company invests to meet this objective. Standardized, new, more modern and fuel-efficient aircraft translate into less expenditure with aircraft servicing and fuel, and a larger number of available seats.

The new fleet also contributes to another of GOL's strategies: to maximize aircraft utilization. Its route management – designed to offer maximum connectivity and flexibility at each stop over, provides the passengers with a larger number of choices – including stops in major cities to where most passengers travel on business. After meeting demand on the busiest routes, the aircraft connects several other destinations. This system benefits a varied spectrum of travelers and a larger number of locations, at the same time, maximizing the use of the aircraft.

> Standardized, new, more modern and fuel-efficient aircraft translats into less expenditure in aircraft servicing and fuel, and a larger number of available seats

GOL is continuously working to improve turnaround times at airports and for efficient use of fuel – pilots are trained in fuel control techniques, and fueling procedures take place in locations where fuel prices are more advantageous. Owing to these systems and to its fuel hedge program, the Company reduced its fuel expenditures per ASK by 11% during the year, even in an increasing oil price environment.

NEW MAINTENANCE CENTER

A key component of the on-going cost-reduction plan is the modern Aircraft Maintenance facility, which started operating on September 5, 2006. The Center will provide GOL with scheduling autonomy and reduce expenditures relating to outsourced aircraft repairs. Cost reductions are estimated to amount to R$ 4.5 million per year, providing the possibility to generate additional revenue in the future by providing services to other airlines.

Total investment amounted to approximately R$ 30.5 million. The Maintenance Center uses state-of-the-art technology and occupies an area of 17,300 m² next to the Tancredo Neves International Airport, in Confins, a metropolitan region of Belo Horizonte, the capital city of the state of Minas Gerais.

The Maintenance Center has the capacity to perform maintenance on four aircraft simultaneously

The two hangars have the capacity to repair four aircraft at the same time, and are programmed to operate 24 hours a day. The facility is one of the first to fully implement phased maintenance technology, a system that allows for pre-emptive daily maintenance, by scheduling maintenance servicing during the downtime of the aircraft, which helps to maximize utilization without sacrificing profitability, reducing the Company's costs.

The Facility´s construction in Confins produced a positive social impact, as it generated 350 new jobs (direct and indirect). The facility also reflects GOL's concern for the environment. Among other initiatives, the garbage collection and sewage systems are fully compliant with the regulations established by the State Foundation for the Environment.

CARGO TRANSPORTATION

Gollog, GOL's cargo transportation service, is integrated into the platform offered to passengers. Customers can fill out forms, access documents and track down cargo through the Internet. In 2006, GOL launched another user-friendly product: the first prepaid cargo service in the country, which allows for the shipment of packages up to one kilo, to any domestic destination at a single tariff. The purpose is to simplify in order to lower prices.

With two privately-owned units - in Congonhas, São Paulo, and at the airport of Cumbica, in Guarulhos - Gollog relies on 42 franchised units. The quick service is supported by the Company's 600 daily flights, as the cargo travel inside the aircraft's cargo compartment. Plans for expansion to South America are extending to cargo transportation, as well.

In 2006, Gollog recorded an increase of 51% in transported volume – from 27,300 tons in 2005 to 41,200 tons – and an increase of 60% in gross revenue, which jumped from R$ 78.6 million to R$ 126.1 million during the same period.

In 2006, GOL launched the Brazil's first prepaid cargo service for the shipment of parcels of up to one kilo to any domestic destination at a single tariff

SAFETY

The safety of its passengers and employees has always been a priority for GOL. All pilots have more than 10,000 hours of flight and, together with the co-pilots, are given training courses with flight simulation and seminars on the latest developments in the industry. The Maintenance Center will also be used as a new center for training courses for everyone involved in the Company's operations, from maintenance personnel to flight attendants and technicians.

The Company has implemented the Quality Control System for Flight Operations, which maximizes accident prevention by analyzing the flight's data recording system, and all of its aircraft are equipped with a program that monitors and records the engine's performance and conditions.

GOL is a member of the Flight Safety Foundation – an entity that fosters the exchange of information on flight safety.

EXPANSION IN SOUTH AMERICA

GOL's strategy is to expand the low cost and low fare air transportation platform to other South American countries, offering competitive prices in comparison to conventional airlines and road transportation.

In order to fulfill this vision, GOL is applying the same principles that have worked so well in Brazil: low operating costs, intelligent aircraft utilization, night flights, implementation of new flights in busy routes and, at the same time, opening of routes to underserved locations with a strong demand potential. The idea is to implement the same route planning techniques, which allows for profitable operations in multiple cities, and keep the same high standards of aircraft utilization.

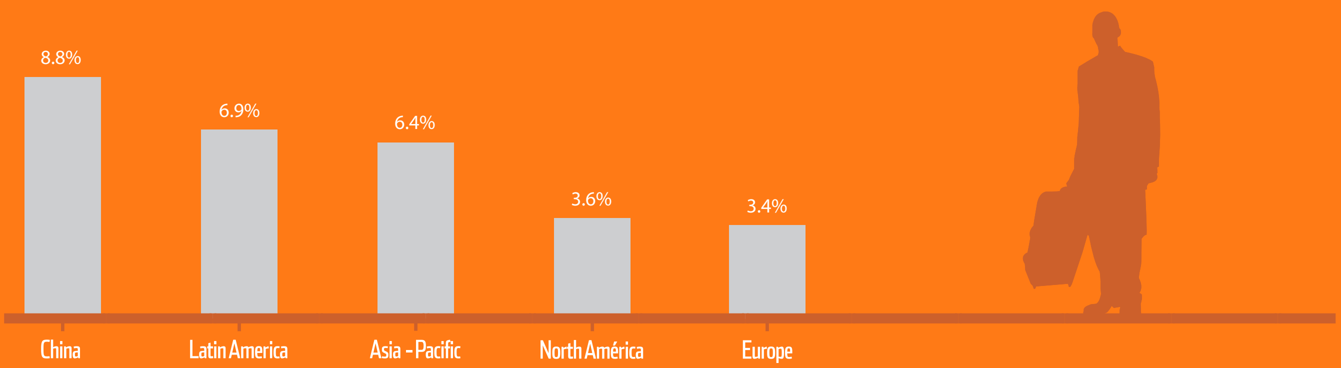
Throughout 2006, five new destinations were opened in South America: Montevideo (Uruguay), Asunción (Paraguay), Cordoba and Rosario (Argentina), and Santiago (Chile). Cities already being serviced by GOL were benefited from with additional flights, such as Buenos Aires, the capital of Argentina – the first destination of the Company abroad. On December 31, 2006, GOL operated seven international destinations, including Santa Cruz de la Sierra (Bolivia).

One of the novelties during the year on the international front was the startup of routes that interconnect South-American cities without connecting in Brazil, connecting Asunción, Buenos Aires and Santiago. In 2007, the Company included Lima (Peru) among its international destinations, with a flight that connects the cities of Santiago and Buenos Aires. The Peruvian capital city will also have flights to the airports of Guarulhos, São Paulo and Galeão, Rio de Janeiro. Venezuela and Colombia are also going to be part of this network in 2008.

This integration generates opportunities to increase traffic throughout the network, which increases load factors and stimulates demand for the Company's services. This is fundamental to extending the network over more countries in the region and establishing GOL as the only low-fare airline in South America.

Brazil plays a significant role in this strategy. The South-American travelers that elect GOL have the advantage of choosing among the 48 destinations within the Country, in an increasingly growing domestic network: in 2006 alone, five new Brazilian destinations were added to the network: Chapecó (SC), Juazeiro do Norte (CE), Ilhéus (BA), Santarém (PA) and Imperatriz (MA).

PROJECTED ANNUAL PASSENGERS GROWTH PER REGION



Source: Morgan Stanley Research

GOL started integrating South American countries in 2006 by taking a relevant step to meet its aim to establish itself as the only low-cost airline company operating in the region

Every part of the GOL culture is rooted in a low cost, customer friendly policy. The Company relies on a dedicated and motivated team, committed to maintaining the high quality service offered to passengers.

Having a highly motivated team is a privilege of companies that believe in the potential and decision-making skills of their employees. GOL provides employees with Career Plans and Profit Participation, rewarding employees based on the Company's global performance and each individual performance. The Company also has in place a stock options plan for key employees – a proven competitive advantage.

> The philosophy practiced by GOL of recognizing its employees proved to be a major competitive advantage in the industry

TRAINING AND DEVELOPMENT

The Company also invests in training courses as a manner to foster its employees' expertise and professional development. In addition to technical training courses aimed at pilots, co-pilots and flight attendants, it provides them with opportunities for career development through Business Management programs, in partnership with Fundação Getúlio Vargas [Getúlio Vargas Foundation], as well as e-learning tools and online training courses.

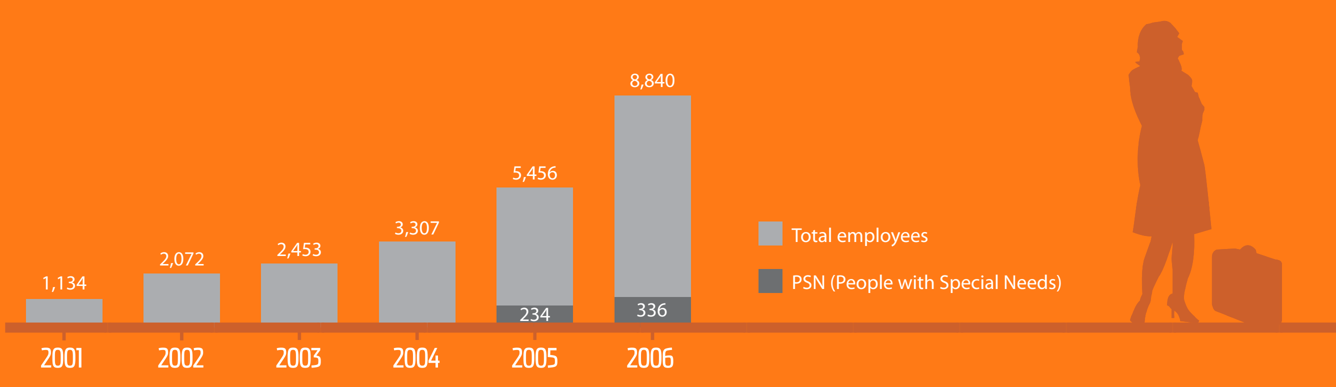
In 2006, 4.2% of GOL's net revenue was invested in programs related to employee health, work safety, training, social-security contributions, food and transportation, in addition to participation in profits and results.

DIVERSITY

The Company has always been concerned about providing all of its employees with equal opportunities, by respecting ethnic, cultural and racial diversity. For this reason, it maintains inclusion programs for seniors, apprentices and persons who have special needs.

The emphasis is on the project aimed at persons with special needs (PNEs); this project's purpose is to encourage the hiring of these workers, as well as to allow for their integration with all the other employees. By the end of 2006, 336 persons with special needs had been allocated to a number of sectors in the Company.

ACTIVE EMPLOYEES AT THE END OF THE PERIOD

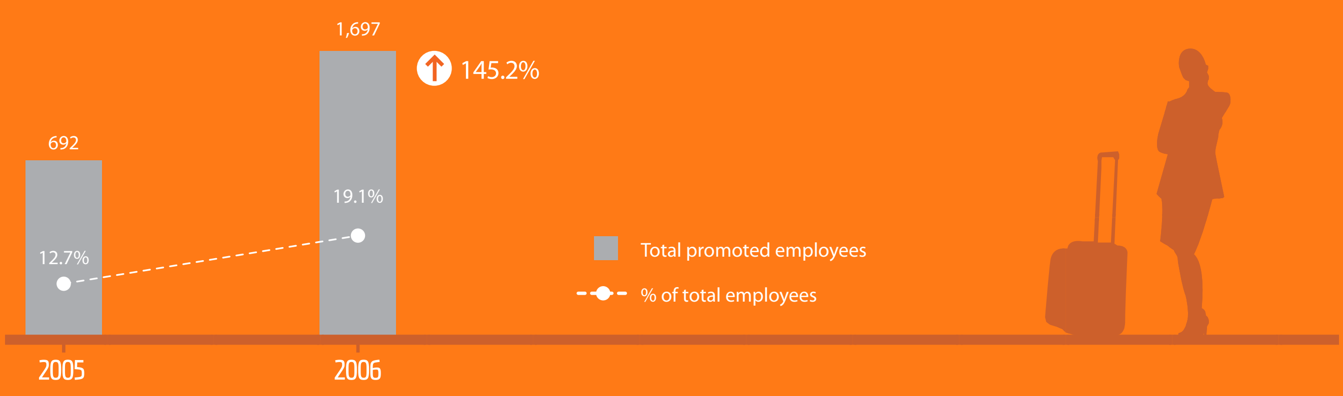


RECOGNITION

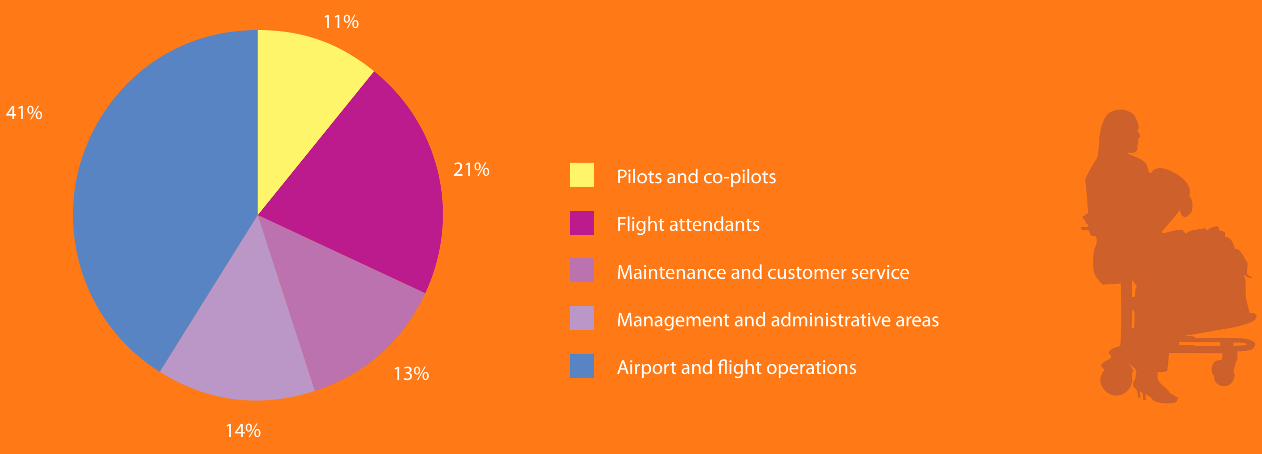
The selection and promotion criteria for all of GOL's employees are, among others, based on their skills and merits. In 2006, 3,384 new employees were hired, and 1,697 other employees were promoted, of whom 60 are PNEs.

GOL takes pride in stating that the 8,840 people who constitute its supporting pillar exceeded all expectations in those moments of greatest challenges throughout 2006.

PROMOTED EMPLOYEES



BREAKDOWN OF EMPLOYEES BY ACTIVITY 2006



GOL is managed by a Board of Directors and a Board of Executive Officers. The Board of Directors, which is responsible for setting forth the Company's strategic general policies, is comprised of eight members and three independent members, according to the criteria of the NYSE and Bovespa. The Board Executive Officers, responsible for the daily management of the businesses, is comprised of five members.

To support the Board, the Company also counts on the Audit Committee, Corporate Governance and Nomination Committee, Financial Policy Committee, Risk Policies Committee, and People Management Committee, whose tasks involve supervising activities of the Board of Directors and Board of Executive Officers, assisting and approving policies and practices, ensuring a qualified and independent management.

GOL is committed to maintaining transparency in its businesses and to following best practices in corporate governance. The Company complies with Bovespa's Corporate Governance Level 2 requirements and it was one of the first non-American companies to comply with Sarbanes-Oxley Act Section 404, which determines an annual evaluation of internal controls and procedures for issuance of financial reports, requiring that independent auditors certify the administration evaluation in terms of its efficiency.

Attributions of the Board of Directors, Board of Executive Officers and Committees of GOL, as well as the qualifications of their members and the description of its Corporate Governance practices are available at the Investor Relations website: www.voegol.com.br/ir.

NEW INVESTOR RELATIONS SITE

In June 2006, GOL released its new investor relations' site, with specific information directed to different target audiences: analysts, institutional investors and individual investors. Easy to browse, the website even includes guidelines for people who are interested in investing in the capital market for the first time.

At www.voegol.com.br/ir, investors and analysts find comprehensive information, including financial statements, press releases, stock quotes, coverage and analyst recommendations, and profit estimates by the market. The site also features basic information for those starting in the financial market.

SHAREHOLDERS

GOL is controlled by the Asas Investment Fund, which held, at the end of 2006, 71.0% of the Company's capital.

Asas Investment Fund	Executives and Board members	Public Market
100 % ONs 35.8 % PNs 71.0 % Total	3.0 % PNs 1.4% Total	61.2% PNs 27.6 % Total

GOL Linhas Aéreas Inteligentes S.A.

PERFORMANCE

Since GOL´s IPO, in June 2004, through the end of 2006, GOL's shares, which are listed on the São Paulo Stock Exchange (Bovespa), have appreciated 142.7%, 24.8 percentage points above the Ibovespa for the same period. Similarly, GOL´s American Despositary Shares (ADS), listed on the New York Stock Exchange (NYSE), appreciated 237.3%, while the Dow Jones index increased 19.3% during the same period.

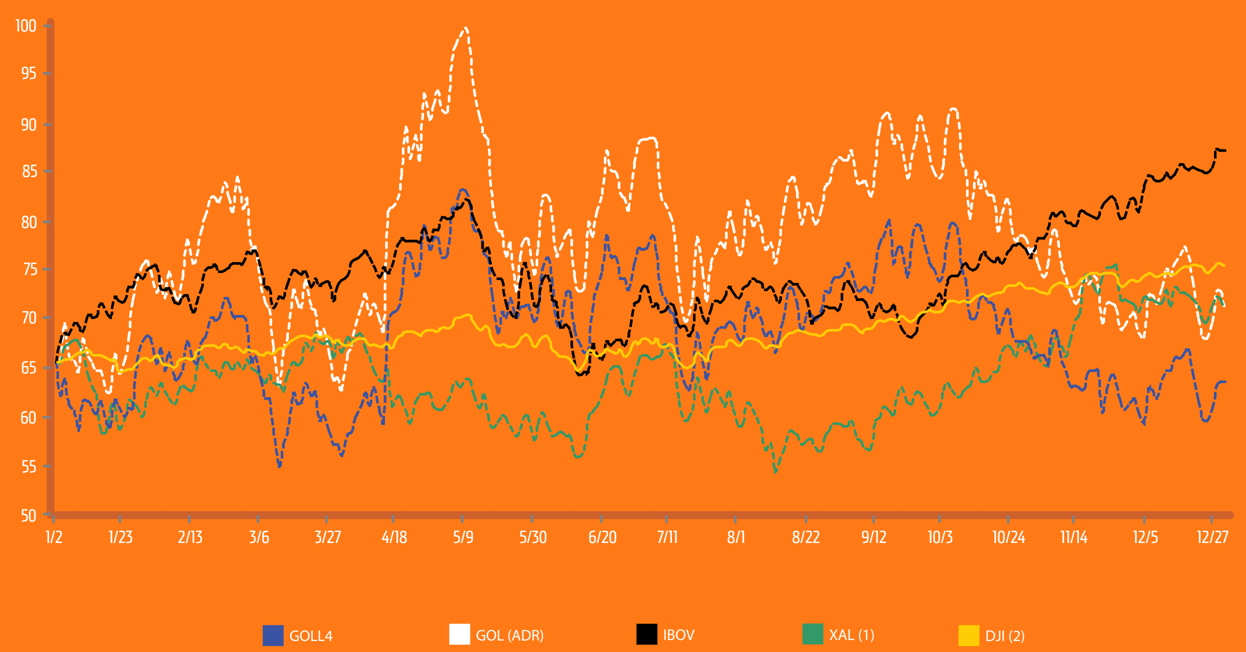
The average daily volume of GOL's shares traded on both the Bovespa and NYSE, amounted to approximately US$ 38 million at the end of 2006. In May 2006, GOLL4 shares were also included in IBX-50 index, by Bovespa, which measures the total return of a portfolio comprised of the 50 most traded shares, in terms of liquidity. In October, the shares were maintained in the theoretical portfolio of the Corporate Sustainability Index (ISE) by Bovespa, comprised of companies with responsible attitudes towards the environment, company, customers, suppliers, and other stakeholders.

IN THE MAIN MARKET INDEXES

GOL's shares are included in IBX-50, IGC, and Itag, indexes created by Bovespa to differentiate companies with best corporate governance practices, as well as in the MSCI, which is calculated by Morgan Stanley Capital International. GOL shares are also part of the ISE (Corporate Sustainability Index).

Information on shares – 2006	(R$)	NYSE GOL (US$)
Opening quote	66.42	28.21
Closing quote	64.40	28.67
Average year quote	68.35	31.51
Maximum year quote	82.80	40.24
Minimum year quote	54.13	25.25
Year variation (%)	-3.0%	1.6%
Ibovespa/Dow Jones year variation (%)	35.6%	16.6%
Daily average financial volume	15,331.6	29,265.6
Daily average trades closed	228,641	938,784
Market value on 31/12/2006	12.6 billion	5.6 billion

2006 PRICE GRAPH



DIVIDEND DISTRIBUTION

GOL's By-Laws provide for the payment to holders of common and preferred shares of mandatory dividends in a minimum of 25% of the annual adjusted net income (income after legal reserve discount), according to the Corporations Law.

In 2006, the Company distributed a gross amount equal to R$181.1 million (R$ 162.6 million net[1] – representing 25% of base income to shareholders). R$ 105.3 million as interest on shareholders' equity and R$ 57.3 million as complementary dividends, summing R$ 0.83 net of income tax per common and preferred share.

In 2007, GOL will distribute fixed quarterly dividends equal to R$ 0.35 per share, representing an expected payment of 26-29% of the base net income and an estimated dividend yield of 2.0%.

* Considering 15% of IRRF (Withholding Tax)
(1) American Stock Exchange Airline Index
(2) Dow Jones Industrial Average

GOL is subject to numerous movements in fuel prices, foreign exchange rates and interest rates. GOL actively monitors such movements in order to reduce earnings volatility. Because international prices for jet fuel are denominated in U.S. dollars, fuel costs, though payable in Reais, are subject not only to price fluctuations but also to exchange rate fluctuations.

GOL maintains a fuel and foreign exchange hedging program, based upon best practices, under which the Company enters into fuel and currency hedging agreements with various counterparties providing for price protection in connection with the purchase of fuel. The hedging practices cover short-term periods, and are adjusted weekly or more frequently as conditions require. The general policy is to hedge on a short-term basis a majority of the fuel expected to be consumed and the U.S. dollar exchange rate exposure, so as to minimize the effects of adverse changes in the fuel or foreign exchange markets. As part of GOL's risk management program, exposure limits, hedge ratios, instruments and programmed price triggers are established. The Company uses a variety of financial instruments, including petroleum call options, petroleum fixed-price swap agreements, and foreign currency forward contracts. In addition, GOL believes that its corporate-wide high standards of internal control reduce its risk exposure. GOL was one of the first foreign private issuers in Latin America to certify its internal controls over financial reporting.

The Company's hedging practices are executed by its internal risk management committee and overseen by the Risk Policies Committee of the Board of Directors. The Risk Policies Committee of the Board of Directors meets quarterly to assess the effectiveness of the hedging policies and recommends amendments where appropriate. The Company requires that all of its risk management instruments be liquid so as to allow the Company to make position adjustments and have prices that are widely disclosed. The Company also avoids concentration of credit and product risk.

GOL has always considered corporate responsibility as a part of its businesses. The objective is to obtain sustained results, encouraging social, cultural and environmental activities.

In 2006, the Company invested approximately R$3 million in social responsibility in Brazil. The company sponsored the collection of food and school supplies, encouraged cultural promotion and education activities, as well as initiatives in environmental protection.

Entities supported by the Company include SOS Mata Atlântica, AACD, Ashoka, Fundação Gol de Letra, Futebol dos Atores, Canto Cidadão, Projeto Felicidade, Care Brasil, Eu Quero Ajudar, Expedicionários da Saúde, Pastoral da Criança, Centro Infantil Boldrini, Expedição Vaga Lume, and Instituto Criar de TV.

During the year, the Company also sponsored the donation of 1,200 tickets (for national and international destinations), the collection of 17 tons of food and 48 thousand units of school supplies, as well as the planting of 15 thousand trees. In 2006, the Company also implemented an internal process for recycling and selective waste collection. During the year, the Company collected 20 tons of paper, cardboard and plastic. From this total, approximately 10 tons of plastic will be turned into new products, saving 123 trees.

GOL understands its image is not built only on social actions. The Company has a strong brand and, therefore, it imposes ethical principles in its work relations and in the conduction of businesses. In 2004, it published the Company´s Code of Ethics, available at www.voegol.com.br/ir.

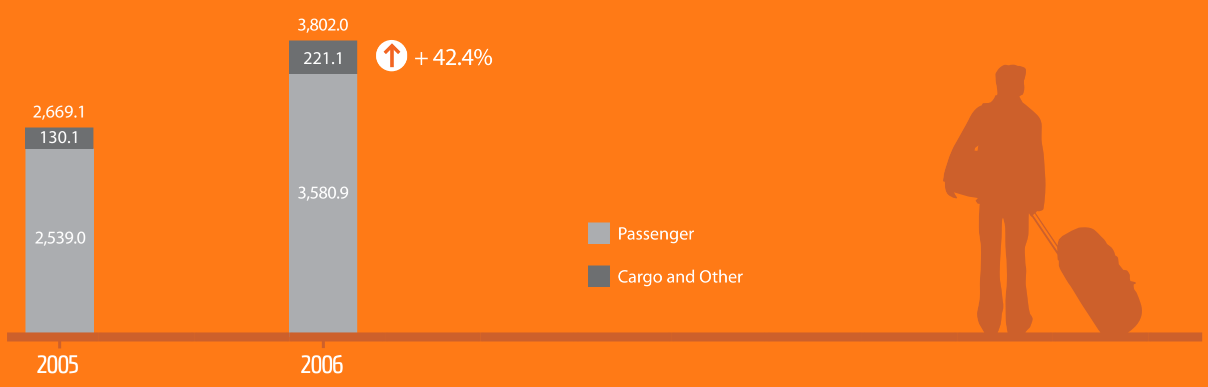
2006 Corporate Responsibility Balance Sheet of GOL is also available on the Company's website. Visit to learn the details on the projects and people involved in GOL's corporate responsibility activities.

Gol Social

OPERATING REVENUE

Net operating revenues increased 42.4%, or R$1,132.9 million, due primarily to a 41% increase in passenger revenues to R$ 1,042.0 million. Increased passenger revenues resulted primarily from a 52.6% increase in revenue passenger kilometers, which was due to a 36.1% increase in departures, a 2.0% increase in the average fares based on strong underlying demand for air transportation services and an increase in the average number of aircraft in service from 34.3 to 50.1. The increase in revenue passenger kilometers was partially offset by a 7.6% decrease in yields, mainly due to a 15.2% increase in average stage length and a 0.4 point decrease in load factors from 73.5% in 2005 to 73.1% in 2006. Cargo and other revenue increased by R$91.0 million due primarily to increases in revenues from the Company's cargo service operations.

NET OPERATING REVENUE (IN R$ MILLION)

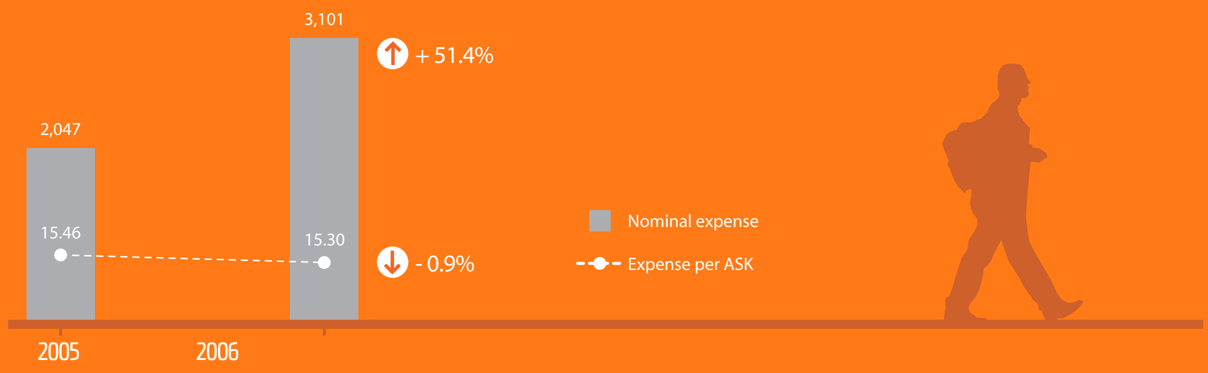


OPERATING EXPENSES

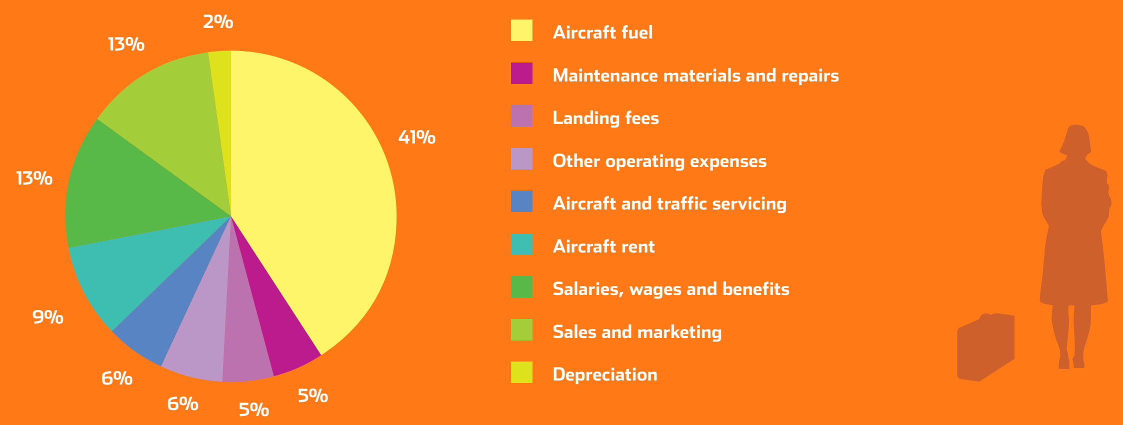
Operating expenses increased 51.4%, or R$1,052.8 million, due primarily to the operation of an average 16 additional aircraft during 2006, leading to an increase in flight departures during the period, in the average number of liters of jet fuel consumed, in cost per liter of jet fuel consumed, and in salaries expenses, aircraft and traffic servicing expenses and maintenance, materials and repair expenses. To a large extent, changes in operating expenses for airlines are driven by changes in capacity, or available seat kilometers. Operating capacity increased by 53.4% to 20,261 million available seat kilometers due to scheduled capacity increases and high aircraft utilization at 14.2 block hours per day.

Operating expenses per available seat kilometer decreased 0.9% to R$15.3 cents primarily due to the use of additional larger, more fuel efficient and winglet equipped aircraft; a reduction in aircraft rent and sales and marketing expenses; a 0.7% decrease in fuel expense on a per available seat kilometer basis and the spreading of the fixed costs over a larger fleet, despite an increase in aircraft and traffic servicing expenses, increased depreciation and an increase in landing fees, each on a per seat kilometer basis.

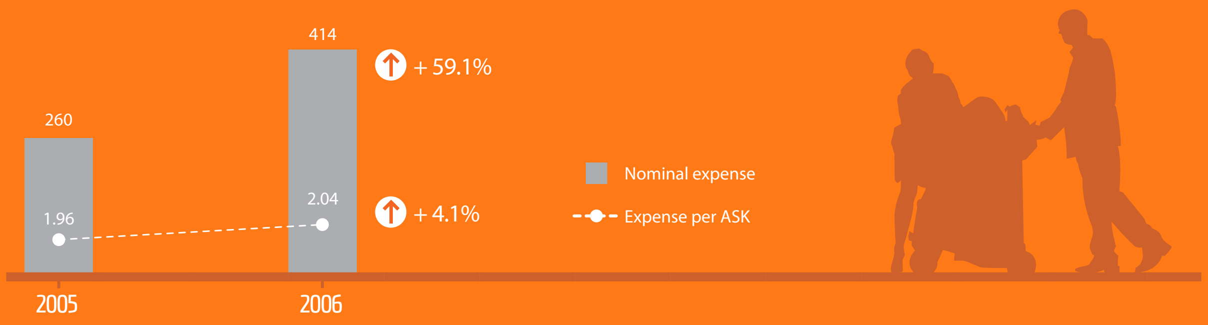
TOTAL OPERATING EXPENSES



BREAKDOWN OF 2006 OPERATING EXPENSES

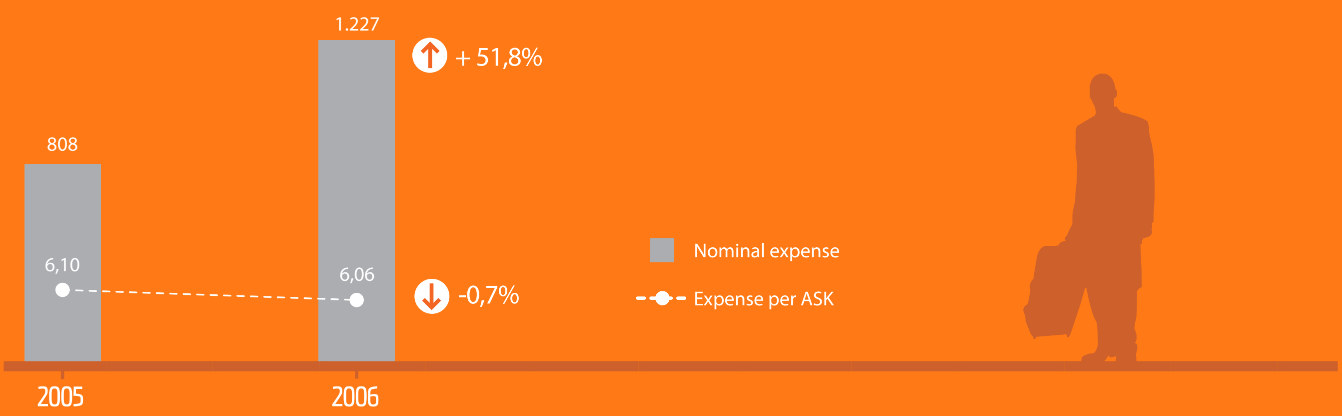


SALARIES, WAGES AND BENEFITS



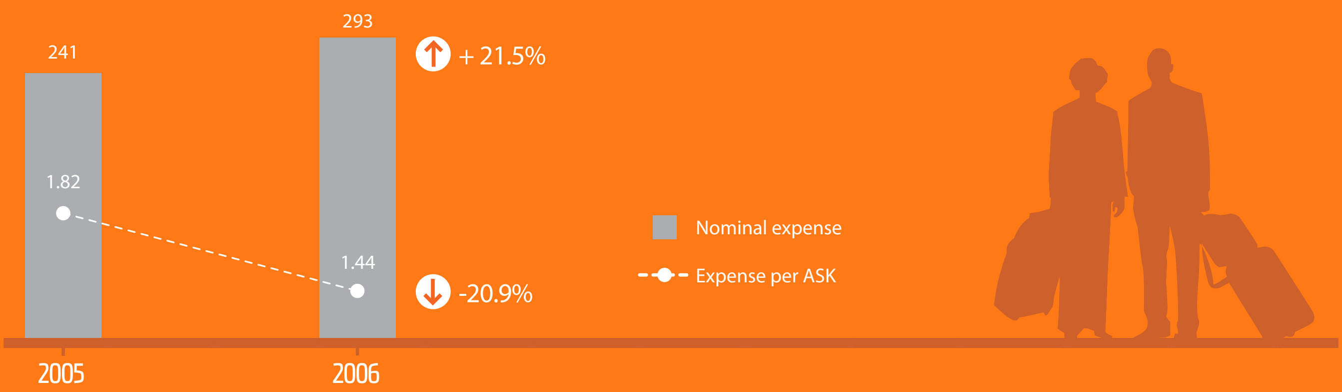
Salaries, wages and benefits increased 59.1%, or R$153.8 million, due to a 6.0% cost of living increase on salaries in December 2005 and a 62% increase in the number of full-time employees, to 8,840, related to planned capacity expansion. Salaries, wages and benefits per available seat kilometer increased 4.1% due to a 5.6% increase in headcount on a per seat kilometer basis, partially offset by increased productivity.

AIRCRAFT FUEL



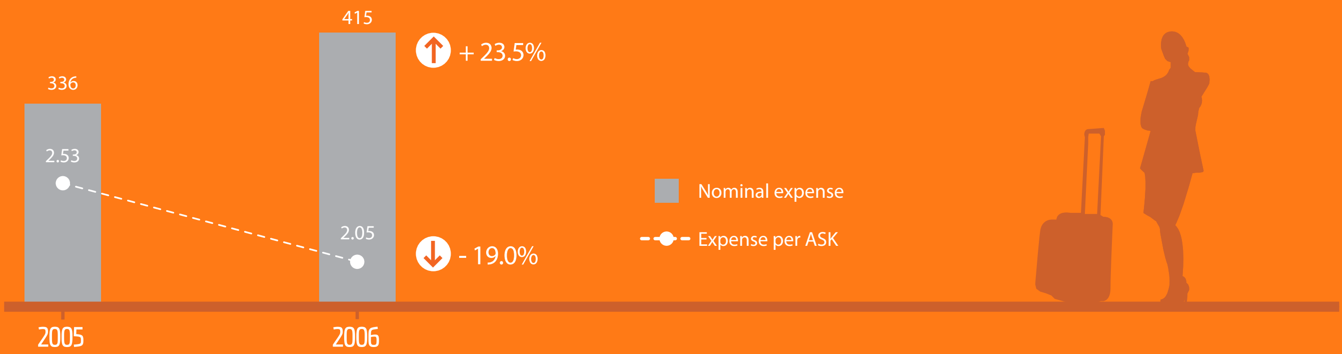
Aircraft fuel expense increased 51.8%, or R$418.7 million, primarily due to a 49.6% increase in the liters of fuel consumed, or 236.3 million liters, and an increase in fuel price per liter of 4.1%, partially offset by an improvement in fuel efficiency of the fleet due to additional larger, more fuel efficient winglet equipped 737-800 SFP aircraft. Aircraft fuel per available seat kilometer decreased 0.7% due primarily to the use of more fuel efficient aircraft and a 10.7% appreciation of the real against the U.S. Dollar during the year, a factor influencing the determination of Brazilian jet fuel prices. As of December 31, 2006, the Company had hedged approximately 87%, 75% and 21% of projected fuel requirements for the first, second and third quarters of 2007, respectively.

AIRCRAFT RENT



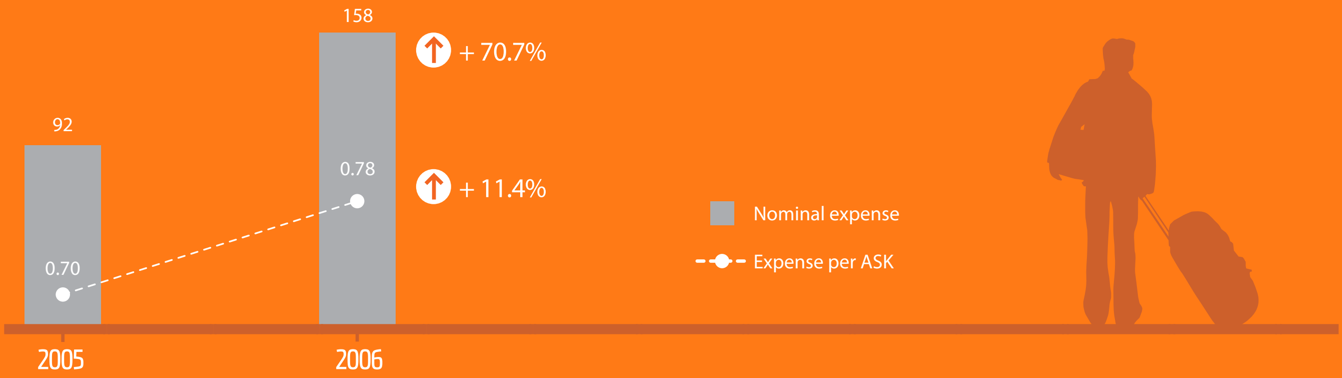
Aircraft rent, which are incurred in U.S. dollars, increased 21.5%, or R$51.7 million, due to an increase in the average size of the fleet from 34.3 aircraft to 50.1, partially offset by the appreciation of the real versus the U.S. Dollar during the year and amortized gains of R$16.0 million on sale-leaseback transactions for eight 737-800 aircraft during 2006 (amortized over the term of the leases). Aircraft rent per available seat kilometer decreased 20.9% due to a high aircraft utilization rate, which increased to 14.2 block hours per day compared to 13.9 block hours in 2005, and the 10.7% appreciation of the real versus the U.S. Dollar during the year.

SALES AND MARKETING



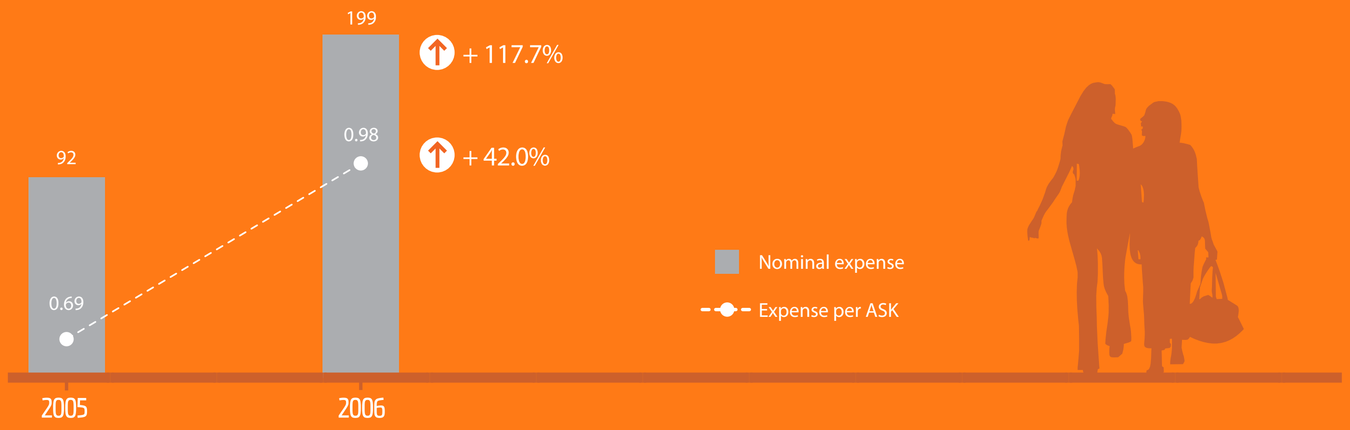
Sales and marketing expense increased 23.5%, or R$78.9 million, primarily due to higher bookings and costs associated with the opening of new bases and higher credit card fees resulting from increased passenger revenues. GOL booked a majority of its ticket sales through the website (81.6%) and call center (10.8%) . Travel agents accounted for 69.6% of total sales in 2006, 81.0% of which through the internet. Sales and marketing per available seat kilometer decreased 19.0%, primarily due to a suspension of marketing activities during the fourth quarter in memoriam of the victims of the Flight 1907, and, to a lesser extent, an increase in direct non-commissioned ticket sales to 30.4% of total ticket sales.

LANDING FEES



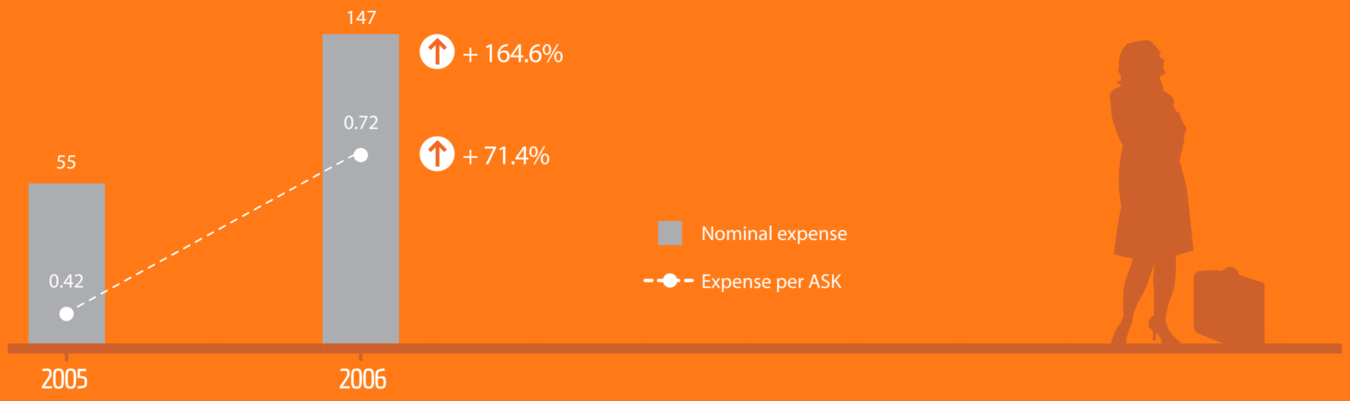
Landing fees increased 70.7%, or R$65.3 million, due to a 36.1% increase in the number of departures and a 21.0% increase in average landing fee rates. This increase in domestic landing fee rates in 2006 was substantially higher than the average increases in prior years. Landing fees per available seat kilometer increased 11.4% due to the increase in landing fee rates and an increase in landings at international airports (which have higher rates), partially offset by increased average stage length of 15.2%, and a higher aircraft utilization rate.

AIRCRAFT AND TRAFFIC SERVICING



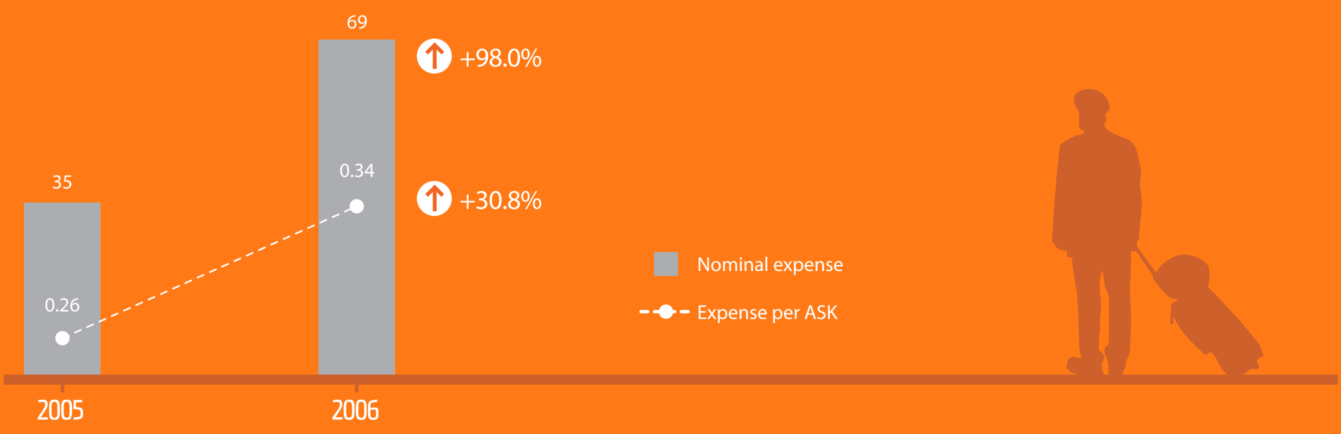
Aircraft and traffic servicing expense increased 117.7%, or R$107.8 million, primarily due to an increase in operations from 45 to 55 airports served, an increase in third party services in the amount of R$33.4 million and a 36.1% increase in departures. Aircraft and traffic servicing per available seat kilometer increased 42.0%, mainly due to the increase in third party services related to technology and systems implementation and higher ground handling services expenses, mainly due to the increase in international destinations (with relatively higher ground handling costs), partially offset by an increased average stage length and higher aircraft utilization.

MAINTENANCE, MATERIALS AND REPAIRS



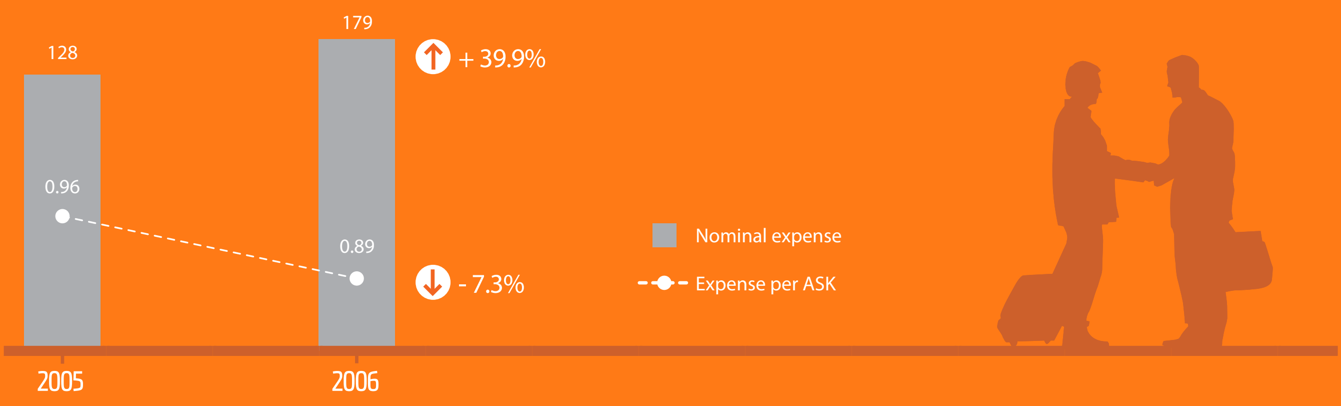
Maintenance, materials and repairs increased 164.6%, or R$91.1 million, due to 16 average additional aircraft in operation as well as the scheduled maintenance of 23 engines, in the amount of R$77.1 million, mainly on Boeing 737-300 aircraft, repair of rotable materials, in the amount of R$34.3 million, and the use of spare parts inventory, in the amount of R$20.1 million. Maintenance, materials and repairs per available seat kilometer increased 71.4% primarily due to a higher number of scheduled maintenance services, partially offset by a 10.7% appreciation of the real against the U.S. Dollar.

DEPRECIATION AND AMORTIZATION



Depreciation increased 98.0%, or R$34.3 million, due primarily to an increase in inventory of aircraft spare parts and, to a lesser extent, an increase in technology equipment resulting from the expansion of operations and the addition of five new aircraft subject to depreciation to the fleet. Depreciation per available seat kilometer increased 30.8% due to an increase in fixed assets to R$185.5 million subject to depreciation and an increase of R$0.9 million related to depreciation of three new 737-800 NG aircraft which entered the fleet in 4Q06, and two 737-700 aircraft classified as capital leases.

OTHER OPERATING EXPENSES



Other operating expenses increased 39.9%, or R$51.2 million, due to an increase in general and administrative expenses related to the expansion of operations, and interrupted flights. Other operating expenses per available seat kilometer decreased 7.3% due to decreases in insurance expenses, a decrease of 9.9% in direct passenger expenses and flight crew lodging. Insurance expenses, at R$0.15 cents per available seat kilometer or R$30.2 million decreased 33.7%, due to a reduction in average premium rates, a 10.7% appreciation of the real against the U.S. Dollar, and a higher aircraft utilization rate.

NET INCOME

Net income in 2006 increased to R$ 569.1 million, a 10.9% annual growth, and representing a net income magin of 15.0%. Net income per share, basic and diluted, was R$ 2.90 (US$ 1.36 per ADS).

PROFITABILITY AND RETURNS

GOL ended 2006 with some of the higher return on assets and capital in the low cost air transportation sector. Return on equity (ROE) was 25.8% and on assets (ROA) 13.2%. Return on invested capital (ROIC) was 17.1%. Net revenue per aircraft was US$ 34.9 million, representing one of the higher productivity levels in the world. The great cost advantage compared to its peers, combined with a strong capital structure, enables GOL to be one of the world leaders in profitability and return.

Return (in thousands of US$)	2006	2005	Var %
Net Revenue / Aircraft	34,874	31,955	9.1%
Operating Profit / Aircraft	6,434	7,439	-13.5%
ROIC [1]	17.1%	27.4%	-10.3 pp
ROE [2]	25.8%	28.2%	-2.4 pp
ROA [3]	13.2%	20.1%	-6.9 pp

(1) Net Profit / (Equity + Total Debt)

(2) Net Profit / Equity

(3) Net Profit / Total Assets

LIQUIDITY AND CAPITAL RESOURCES

One of GOL's policy priorities is to keep a solid financial position, with an appropriate cash balance and appropriate financial leverage. On December 31, 2006, the Company recorded R$ 281.0 million in cash, R$ 1.425.0 million in short term investments and R$ 659.3 million in accounts receivable. By the end of the year, GOL had 9 open credit lines with 5 institutions, enabling loans of up to R$ 332 million.

CASH FLOW

GOL depends mainly on cash flow arising out of operations to obtain working capital for current and future operations. Current operations cash flow summed up to R$ 530.4 million in 2006 and R$ 353.7 million in 2005. The increase in operational cash flow in the above mentioned periods is mainly due to business growth.

Net cash flow used for investing and financing purposes was R$ 355.8 million in 2006 R$ 653.1 million in 2005. Main reasons for the increase in net cash flow from financing activities in 2006 are listed below in Financing.

Net cash provided by financing activities in 2006 was mainly due to a US$200 million perpetual bond issuance of 8.75% interest rate in April, 2006, a R$75.7 million long-term financing from BNDES (Social and Economical Development National Bank) in July, 2006, a US$50 million long-term financing from International Finance Corporation in July, 2006 and a US$78.3 million long-term financing from Private Export Funding Corporation (PEFCO) in November, 2006.

The Company's operational cash flow are affected by obligations provided by some commercial aircraft lease agreements entered that set forth the existence of reserve funds for aircraft maintenance, which shall contain minimum amounts set forth therein. On December 31, 2006, GOL recorded US$ 263.6 million in deposits under the terms in aircraft operational leases, for maintenance. Some resources will be withdrawn from maintenance reserve accounts for purposes of reimbursement with structural maintenance incurred costs. The Company believes that deposited amounts, and amounts to be deposited, as well as its own cash resources, shall be sufficient to cover future costs with aircraft and maintenance during the term of the applicable leases.

CAPITAL EXPENDITURES

In 2006, capital expenditures amounted to R$ 553.2 million, including R$ 489.8 million related to the acquisition of fixed assets and R$ 63.4 million of pre-delivery deposits in aircraft acquisitions. Investment activities amounted to R$ 1.234.1 million, including above capital expenses and R$ 662.7 million in short term investment acquisitions. In 2005, investments amounted to R$ 482.8 million, including investments and R$ 169.4 million regarding asset and equipment acquisition and R$ 313.3 million of pre-delivery deposits in aircraft acquisitions. Investment activities amounted to R$ 801.8 million, including above investments and R$ 319.3 million with short term investments.

FINANCING ACTIVITIES

Financing activities in 2006 included mainly:

- issuance of Perpetual Bonds with an 8.75% interest rate in the amount of US$ 200 million in April in 2006;
- six year financing in the amount of R$ 75.7 million with Banco Nacional de Desenvolvimento Econômico e Social (BNDES) guaranteed by accounts receivable and with interest rate 2.65% above the long term loan rate in Brazil, which on December 31, 2006 was 6.95% per year in reais;
- long term financing of US$ 50 million with International Finance Corporation (IFC) in June 2006, with a Libor based floating interest rate (interest rate on December 31, 2006 equal to 7.24% per year), guaranteed by collateral represented by aircraft parts and turbines;
- long term financing of US$ 60 million with commercial banks in September 2006, with a Libor based floating interest rate (interest rate on December 31, 2006 equal to 5.37% per year); and
- twelve year debt financing, of US$ 78.3 million with Private Export Funding Corporation (PEFCO), for the acquisition of new Boeing 737-800 NG aircrafts, guaranteed by the Export Import Bank (Exim) of the United States.

Long-term financings include usual covenants and restrictions, some of those obligate the Company to keep specific financial indexes. As of December 31, 2006, the Company is in full accordance with all of them and none of which will have an adverse material effect on the Company's business. Refer to Note 7 from the Consolidated Financial Statement for further information.

Financing activities during 2005 consisted mainly of a R$ 279.1 million increase in a follow-on share issuance in May, 2005, partially offset by a R$64.3 million reduction in short-term borrowings.

The Company intends to increase its long-term debt mainly from loans from private financial institutions, capital market financings and financial leases for aircraft acquisition.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Awards granted to GOL in 2006, include:

- Best Transport and Logistics Company in the sixth Valor 1000 Yearbook;
- Best Airline in the world in 2005, according to the Aviation Week and Space Technology;
- Award of best airline among medium-sized airlines with innovative strategies and best management, granted by LatinFinance magazine;
- Award Melhores e Maiores 2006 for Best Company in Transport in Brazil, granted by Exame magazine;
- Most Competitive Airline, in a list published by America Economia Magazine;
- Award for Leadership in the Air Transportation World Market, granted by Air Transport World;
- Number 1 in Best Disclosure Practices in Latin America for the second consecutive year, the main award in the sector and listing among 5 best websites of Investor Relations, in the 9th edition of IR Global Rankings.
- Award FGV for Corporate Excellence in Transportation Service category.

BOARD OF DIRECTORS

NAME	TITLE
Constantino de Oliveira	Chairman
Constantino de Oliveira Junior	Director
Henrique Constantino	Director
Joaquim Constantino Neto	Director
Ricardo Constantino	Director
Álvaro de Souza	Director
Antonio Kandir	Director
Luiz Kaufmann	Director

EXECUTIVE OFFICERS

NAME	TITLE
Constantino de Oliveira Junior	President and Chief Executive Officer
David Barioni Neto	Executive Vice President - Technical
Richard F. Lark, Jr.	Executive Vice President – Finance, Chief Financial Officer and Investor Relations Officer
Tarcísio Geraldo Gargioni	Executive Vice President - Marketing and Services
Wilson Maciel Ramos	Executive Vice President - Planning and Information Technology

COMMITTEES

Audit Committee

Álvaro de Souza
Antonio Kandir
Luiz Kaufmann (financial expert)

People Policies Committee

Henrique Constantino
Marco Antonio Piller
Marcos Roberto Morales

Financial Policy Committee

Henrique Constantino
Richard F. Lark, Jr.

Corporate Governance and Nomination Committee

Betania Tanure de Barros
Charles Barnsley Holland
Paulo César Aragão

Risk Policies Committee

Barry Siler
Henrique Constantino
Richard F. Lark, Jr.

Shares traded on the Bovespa

Custody agent:
Banco Itaú S.A.
Shareholders Department
Av. Engº. Armando de Arruda Pereira,
707 – 9º andar
04344-902 – São Paulo-SP

Note: Shareholder services are provided by Bank branches.

Shares traded on the NYSE

Specialist Firm:

Fleet Specialist, Inc.
Anna G. Sakalis
Director, Latin America
14 Wall Street, 21st floor
New York, NY 10005-1901 USA
Tel.: 1-212-589-0106
Fax: 1-212-589-0452
E-mail: anna.sakalis@fleetspecialist.com
www.fleet-specialist.com

ADS Program Deposity Bank:

The Bank of New York
Shareholder Relations
PO BOX 11258 – Church Street Station
New York, NY 10286-1258 EUA
Tel. (toll free): 1-888-BNY-ADRS (269-2377)
Tel. (international): 1-610-312-5315
E-mail: shareowner-svcs@bankofny.com
www.adrbny.com

Independent Auditors

Ernst & Young Auditores Independentes
Av. Presidente Juscelino Kubitschek, 1830
Torre II 6º andar
04543-900 São Paulo SP
Tel.: (55 11) 3523-5200

Investor Relations

Richard F. Lark, Jr.
Executive Vice-President-Finance, Chief Financial Officer
and Investor Relations Officer
Rua Gomes de Carvalho 1629
04547-006 São Paulo – SP - Brasil
Tel: (+55 11 3169 6800)
ri@golnaweb.com.br

PUBLICATIONS AND INFORMATION

All the relevant facts of GOL Linhas Aéreas Inteligentes and its subsidiaries are disclosed simultaneously to regulating authorities and bodies in Brazil and in the United States, and to the market.

Quarterly and annual financial statements follow accounting standards defined by the Brazilian Corporation Law, and U.S. accounting standards (US-GAAP). Additionally, as required by Law, full financial statements are published annually in Valor Econômico and the Diário Oficial of the state of São Paulo.

Quarterly and annual financial statements, corporate information, press releases, presentations, relevant facts and notices to shareholders are available in our area of Investor Relations and at the IR website (www.voegol.com.br). Other information on the company may be found at the websites of the São Paulo Stock Exchange (www.bovespa.com.br), New York Stock Exchange (www.nyse.com), Comissão de Valores Mobiliários (www.cvm.gov.br) and Securities and Exchange Commission (www.sec.gov).

This report includes future considerations regarding business perspectives, estimates of operational and financial results, and GOL's growth perspectives. These are merely projections and, as such, are based exclusively in GOL's management expectations regarding the future of the business and its continuous access to capitals to fund the Company business plan. These future considerations depend, substantially, on changes to market conditions, governmental rules, competition pressures, sector performance and the Brazilian economy, among other factors, as well as risks in promotion documents filed by GOL and, therefore, are subject to changes without notice.

FINANCIAL STATEMENTS UNDER USGAAP
GOL LINHAS AÉREAS INTELIGENTES S.A.

YEARS ENDED AT DECEMBER 31, 2006 AND 2005, WITH REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

INDEX

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Gol Linhas Aéreas Inteligentes S.A. and subsidiaries as of December 31, 2006 and 2005 and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years ended in the period December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gol Linhas Aéreas Inteligentes S.A. and subsidiaries at December 31, 2006 and 2005, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Gol Linhas Aéreas Inteligentes S.A.'s internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated January 29, 2007 expressed an unqualified opinion thereon.

São Paulo, January 29, 2007

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

Maria Helena Pettersson
CRC-1SP119891/O-0

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2006 AND 2005
(IN THOUSANDS OF BRAZILIAN REAIS)

			Translation into thousands of US$
	2005	2006	2006
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	R$ 106,347	R$ 280,977	US$ 131,420
Short-term investments	762,688	1,425,369	666,683
Receivables, less allowance (2005 – R$ 4,890; 2006 – R$ 10,366, US$ 4,848)	563,958	659,306	308,375
Inventories	40,683	75,165	35,157
Deposits with lessors	-	232,960	108,962
Recoverable taxes	13,953	60,396	28,249
Prepaid expenses	39,907	64,496	30,167
Other current assets	13,102	42,219	19,747
TOTAL CURRENT ASSETS	1,540,638	2,840,888	1,328,760
PROPERTY AND EQUIPMENT			
Pre-delivery deposits	356,765	436,911	204,355
Flight equipment	225,724	671,247	313,960
Other property and equipment	75,619	129,260	60,458
	658,108	1,237,418	578,773
Accumulated depreciation	(79,508)	(147,809)	(69,134)
PROPERTY AND EQUIPMENT, NET	578,600	1,089,609	509,639
OTHER ASSETS			
Deposits with lessors	408,776	304,875	142,598
Other	27,829	63,033	29,482
TOTAL OTHER ASSETS	436,605	367,908	172,080
TOTAL ASSETS	R$ 2,555,843	R$ 4,298,405	US$ 2,010,479

See accompanying notes to consolidated financial statements

	2005	2006	Translation into thousands of US$ 2006
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings	R$ 54,016	R$ 128,304	US$ 60,011
Current portion of long-term debt	-	41,298	19,316
Accounts payable	73,924	124,110	58,050
Salaries, wages and benefits	71,638	87,821	41,076
Sales tax and landing fees	83,750	139,394	65,198
Air traffic liability	217,800	335,268	156,814
Insurance premium payable	25,371	44,897	21,000
Dividends payable	101,482	42,961	20,094
Deferred gains on sale and leaseback transactions	-	10,128	4,737
Other accrued liabilities	18,244	46,165	21,592
TOTAL CURRENT LIABILITIES	646,225	1,000,346	467,888
NON-CURRENT LIABILITIES			
Long-term debt	-	988,957	462,562
Deferred income taxes, net	63,694	28,064	13,997
Deferred gains on sale and leaseback transactions	-	48,219	22,553
Other	23,593	27,661	12,939
	87,287	1,092,901	511,180
SHAREHOLDERS' EQUITY			
Preferred shares, no par value; 88,615,674 issued and outstanding in 2006 and 86,524,136 issued and 85,952,136 outstanding in 2005	843,714	846,125	395,755
Common shares, no par value; 107,590,792 and 109,448,497 issued and outstanding in 2006 and 2005, respectively	41,500	41,500	19,411
Additional paid-in capital	32,273	35,430	16,572
Appropriated retained earnings	39,577	39,577	18,511
Unappropriated retained earnings	858,856	1,246,848	583,184
Accumulated other comprehensive income	6,411	(4,322)	(2,022)
TOTAL SHAREHOLDERS' EQUITY	1,822,331	2,205,158	1,031,411
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	R$ 2,555,843	R$ 4,298,405	US$ 2,010,479

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004
(IN THOUSANDS OF BRAZILIAN REAIS, EXCEPT PER SHARE AMOUNTS)

	2004	2005	2006	Translation into thousands of US$ 2006
NET OPERATING REVENUES				
Passenger	R$ 1,875,475	R$ 2,539,016	R$ 3,580,919	US$ 1,674,892
Cargo and Other	85,411	130,074	221,098	103,413
TOTAL NET OPERATING REVENUES	1,960,886	2,669,090	3,802,017	1,778,305
OPERATING EXPENSES				
Salaries, wages and benefits	183,037	260,183	413,977	193,628
Aircraft fuel	459,192	808,268	1,227,001	573,901
Aircraft rent	195,504	240,876	292,548	136,833
Sales and marketing	261,756	335,722	414,597	193,918
Landing fees	57,393	92,404	157,695	73,758
Aircraft and traffic servicing	74,825	91,599	199,430	93,279
Maintenance materials and repairs	51,796	55,373	146,505	68,524
Depreciation	21,242	35,014	69,313	32,420
Other operating expenses	79,840	128,300	179,494	83,954
TOTAL OPERATING EXPENSES	1,384,585	2,047,739	3,100,560	1,450,215
OPERATING INCOME	576,301	621,351	701,457	328,090
OTHER INCOME (EXPENSE)				
Interest expense	(13,445)	(19,383)	(66,378)	(31,047)
Capitalized interest	3,216	17,113	16,733	7,826
Interest and investment income	34,159	140,204	174,354	81,550
Other expenses, net	(12,951)	(41,763)	(27,204)	(12,724)
TOTAL OTHER INCOME	10,979	96,171	97,505	45,605
INCOME BEFORE INCOME TAXES	587,280	717,522	798,962	373,695
Income taxes	(202,570)	(204,292)	(229,825)	(107,495)
NET INCOME	R$ 384,710	R$ 513,230	R$ 569,137	US$ 266,200
EARNINGS PER COMMON AND PREFERRED SHARE:				
Basic	R$ 2.14	R$ 2.66	R$ 2.90	US$ 1.36
Diluted	R$ 2.13	R$ 2.65	R$ 2.90	US$ 1.36

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004
(IN THOUSANDS OF BRAZILIAN REAIS)

		2004		2005		2006		Translation in thousands of US$ 2006
CASH FLOWS FROM OPERATING ACTIVITIES								
Net income	R$	384,710	R$	513,230	R$	569,137	US$	266,200
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation		31,300		35,519		69,313		32,420
Deferred income taxes		36,860		20,926		(27,882)		(13,041)
Allowance for doubtful accounts receivable		(213)		1,343		5,476		2,561
Capitalized interest		(3,244)		(17,113)		(16,733)		(7,826)
Changes in operating assets and liabilities:								
Receivables		(145,581)		(178,931)		(100,824)		(47,158)
Inventories		(7,468)		(19,645)		(34,482)		(16,128)
Accounts payable and other accrued liabilities		15,355		37,488		50,186		23,473
Deposits with lessors		(104,237)		(119,661)		(110,858)		(51,851)
Air traffic liability		36,498		57,909		117,468		54,943
Dividends payable		-		40,806		(58,521)		(27,372)
Other, net		(4,060)		(18,126)		38,591		18,049
NET CASH PROVIDED BY OPERATING ACTIVITIES		**239,920**		**353,745**		**500,871**		**234,271**
CASH FLOWS FROM INVESTING ACTIVITIES								
Deposits for aircraft leasing contracts		(4,263)		301		(18,204)		(8,514)
Acquisition of property and equipment		(41,971)		(169,443)		(500,176)		(233,946)
Pre-delivery deposits		(43,447)		(313,318)		(63,413)		(29,660)
Purchase of available-for-sale securities		(1,386,991)		(456,418)		(2,021,593)		(945,553)
Sale of available-for-sale securities		943,629		137,091		1,358,912		635,600
NET CASH USED IN INVESTING ACTIVITIES		**(533,043)**		**(801,787)**		**(1,244,474)**		**(582,073)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Short-term borrowings		79,443		(64,333)		74,288		34,746
Proceeds from issuance of long-term debt		-		-		1,030,255		481,878
Issuance of preferred shares		470,434		279,080		-		-
Tax benefit contributed by shareholders		29,188		-		-		-
Dividends paid		(26,503)		(60,676)		(181,145)		(84,726)
Other, net		-		(5,412)		(5,165)		(2,416)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**552,562**		**148,659**		**918,233**		**429,482**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**259,439**		**(299,383)**		**174,630**		**81,679**
Cash and cash equivalents at beginning of the year		146,291		405,730		106,347		49,741
Cash and cash equivalents at end of the year	R$	405,730	R$	106,347	R$	280,977	US$	131,420
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Interest paid	R$	12,223	R$	19,383	R$	65,207	US$	30,499
Income taxes paid	R$	162,663	R$	168,975	R$	257,706	US$	120,536
NON CASH INVESTING ACTIVITIES								
Tax benefit contributed by shareholders	R$	29,188	R$	-	R$	-	US$	-
Accrued capitalized interest	R$	3,244	R$	17,113	R$	16,733	US$	7,826

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004
(IN THOUSANDS OF BRAZILIAN REAIS, EXCEPT FOR SHARE INFORMATION)

	Common Shares	
	Shares	Amount
BALANCE AT DECEMBER 31, 2003	116,200,000	R$41,500
Net income	-	-
Proceeds from public offering, net	(6,751,503)	-
Deferred income taxes on public offering issuance costs, net	-	-
Tax benefit contributed by shareholders	-	-
Deferred compensation	-	-
Amortization of deferred compensation	-	-
Dividends payable	-	-
Transfer to appropriated retained earnings	-	-
BALANCE AT DECEMBER 31, 2004	109,448,497	R$41,500
Comprehensive income:		
Net income	-	-
Unrealized gain on derivative instruments, net of taxes	-	-
Total Comprehensive income		
Proceeds from public offering, net	-	-
Issuance of preferred shares pursuant to employee stock option plan	-	-
Unpaid subscribed capital	-	-
Deferred income taxes on public offering issuance costs, net	-	-
Deferred compensation	-	-
Amortization of deferred compensation	-	-
Dividends payable and interest on shareholders' equity	-	-
Transfer to appropriated retained earnings	-	-
BALANCE AT DECEMBER 31, 2005	109,448,497	R$41,500
Comprehensive income:		
Net income	-	-
Change in fair value of derivative instruments, net of taxes	-	-
Total Comprehensive income		
Paid-in subscribed capital	(1,857,705)	
Deferred compensation	-	-
Amortization of deferred compensation	-	-
Dividends payable and interest on shareholders' equity	-	-
BALANCE AT DECEMBER 31, 2006	107,590,792	R$ 41,500

See accompanying notes to consolidated financial statements.

Preferred Shares				Retained Earnings			
Shares	Amount	Additional paid-in capital	Deferred compensation	Appropriated	Unapropriated	Accumulated other comprehensive income	Total
52,592,985	R$ 94,200	-	-	R$ 5,579	R$ 173,460	-	R$ 314,739
-	-	-	-	-	384,710	-	384,710
25,501,761	459,185	-	-	-	-	-	459,185
-	11,249	-	-	-	-	-	11,249
-	-	29,188	-	-	-	-	29,188
-	-	20,117	(20,117)	-	-	-	-
-	-	-	10,058	-	-	-	10,058
-	-	-	-	-	(60,676)	-	(60,676)
-	-		-	12,773	(12,773)	-	-
78,094,746	R$ 564,634	R$ 49,305	R$ (10,059)	R$ 18,352	R$ 484,721	-	R$ 1,148,453
-	-	-	-	-	513,230	-	513,230
-	-	-	-	-	-	6,411	6,411
							519,641
7,725,811	258,123	-	-	-	-	-	258,123
703,579	17,238	(15,099)	-	-	-	-	2,139
(572,000)	(1,739)	-	-	-	-	-	(1,739)
-	5,458	-	-	-	-	-	5,458
-	-	428	(428)	-	-	-	-
-	-	-	8,126	-	-	-	8,126
-	-	-	-	-	(117,870)	-	(117,870)
-	-	-	-	21,225	(21,225)	-	-
85,952,136	R$ 843,714	R$ 34,634	R$ (2,361)	R$ 39,577	R$ 858,856	R$ 6,411	R$ 1,822,331
-	-	-	-	-	569,137	-	569,137
-	-	-	-	-	-	(10,733)	(10,733)
							558,404
2,663,538	2,411	-	-	-	-	-	2,411
-	-	4,641	(4,641)	-	-	-	-
-	-	-	3,157	-	-	-	3,157
-	-	-	-	-	(181,145)	-	(181,145)
88,615,674	R$ 846,125	R$ 39,275	R$ (3,845)	R$ 39,577	R$ 1,246,848	R$ (4,322)	R$ 2,205,158

FINANCIAL STATEMENTS UNDER BRGAAP GOL LINHAS AÉREAS INTELIGENTES S.A.

YEARS ENDED AT DECEMBER 31, 2006 AND 2005, WITH REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

INDEX

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the consolidated balance sheets of GOL Linhas Aéreas Inteligentes S.A. and its subsidiaries, drawn up on December 31, 2006 and 2005, and related consolidated statements of income, statements of shareholders' equity and statements of changes in financial position, corresponding to the year ended on those dates, prepared under the responsibility of its Management. Our responsibility is to express an opinion on these consolidated financial statements.

We conducted our audits in accordance with the auditing rules applicable in Brazil and comprised: (a) planning our audits taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of the Company, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements, and (c) assessing the accounting principles used and significant estimates adopted by the Companies' Management, as well as evaluating the overall financial statement presentation.

In our opinion, the aforementioned financial statements fairly represent, in all material aspects, the consolidated equity and financial position of GOL Linhas Aéreas Inteligentes S.A. and its subsidiaries on December 31, 2006 and 2005, the related consolidated results of operations, the pro forma shareholders' equity, and consolidated changes in financial position referring to the year ended on those dates, pursuant to the accounting practices adopted in Brazil.

We conducted our audits with the purpose of issuing an option about the financial statements referred to in the first paragraph. The consolidated social balance sheet and the statements of cash flow and the value added of the parent company and consolidated prepared according to the accounting practices adopted in Brazil are being presented to provide additional information on the Company, although they are not required as part of the financial statements. These statements have been submitted to audit procedures described in the second paragraph and, in our opinion, are fairly presented in all material aspects concerning the financial statements taken as a whole.

The accounting practices in Brazil differ in some significative aspects to the accounting practices applicable in the United States of America. The information relative to the nature and effect of such differences are presented in the Note 2 to the financial statements.

São Paulo, January 29, 2007

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

Maria Helena Pettersson
CRC-1SP119891/O-0

BALANCE SHEETS

DECEMBER 31, 2006 AND 2005
(IN THOUSANDS OF REAIS)

		Parent Company		Consolidated	
	Note	2006	2005	2006	2005
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	3	136,332	36,632	699,990	129,304
Short-term investments	3	473,166	210,408	1,006,356	739,731
Accounts receivable	4	-	-	659,306	563,958
Deferred taxes and carryforwards	5	13,467	11,037	73,451	20,022
Inventories	6	-	-	75,165	40,683
Prepaid expenses		464	864	64,496	39,907
Dividends receivable	7	173,372	349,506	-	-
Other credits		86,312	-	145,817	13,102
TOTAL CURRENT ASSETS		883,113	608,447	2,724,581	1,546,707
NON-CURRENT ASSETS					
Deposits for aircraft leasing contracts		-	-	40,787	29,618
Deferred taxes and carryforwards	5	-	45,000	23,466	62,121
Credits with lease companies		130,068	95	145,593	35,553
Investments	7	1,179,229	1,038,677	2,281	1,829
Property, plant and equipment (include advances for aircraft acquisition of R$ 436,911 in 2006 and R$356,765 in 2005)	8	-	-	795,430	580,028
Deferred and judicial deposits		-	-	48,030	-
TOTAL NON-CURRENT ASSETS		1,309,297	1,083,772	1,055,587	709, 149
TOTAL ASSETS		2,192,410	1,692,219	3,780,168	2,255,856

See accompanying notes to the financial statements.

	Note	Parent Company 2006	Parent Company 2005	Consolidated 2006	Consolidated 2005
LIABILITIES					
CURRENT LIABILITIES					
Short-term borrowings	9	-	-	140,688	54,016
Suppliers		185	-	124,110	73,924
Payroll and related charges		-	-	64,954	39,947
Tax obligations	5	44,478	17,051	100,177	57,186
Landing fees and duties		-	-	39,217	26,564
Airtraffic liability	2a	-	-	335,268	217,800
Dividends and interest on shareholder's equity	12d	42,961	101,482	42,961	101,482
Employee profit sharing	16	-	-	22,867	31,691
Insurance		-	-	44,897	25,371
Other liabilities		36,827	771	40,376	25,545
TOTAL CURRENT LIABILITIES		124,451	119,304	955,515	653,526
NON-CURRENT LIABILITIES					
Long-term borrowings	9	-	-	726,981	-
Provision for contingencies and others	10	-	-	29,713	29,415
SHAREHOLDERS' EQUITY					
Capital stock	12 a	993,654	991,204	993,654	991,204
Capital reserves	12 b	89,556	89,556	89,556	89,556
Profit reserves	12 c	989,071	485,744	989,071	485,744
Total comprehensive income, net of taxes	2r e 17	(4,322)	6,411	(4,322)	6,411
TOTAL SHAREHOLDERS' EQUITY		2,067,959	1,572,915	2,067,959	1,572,915
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,192,410	1,692,219	3,780,168	2,255,856

See accompanying notes to the financial statements.

STATEMENTS OF INCOME

YEARS ENDED ON DECEMBER 31, 2006 AND 2005
(IN THOUSANDS OF REAIS, EXCEPT PER SHARE PROFIT)

		Parent Company		Consolidated	
	Note	2006	2005	2006	2005
GROSS OPERATING REVENUE					
Passenger	2a	-	-	3,722,046	2,642,699
Cargo	2a	-	-	126,096	78,599
Others		-	-	103,716	56,786
		-	-	3,951,858	2,778,084
Income taxes and contributions		-	-	(149,841)	(108,994)
Net operating revenues		-	-	3,802,017	2,669,090
Cost of services rendered	13	-	-	(2,577,111)	(1,745,565)
GROSS PROFIT		-	-	1,224,906	923,525
OPERATING EXPENSES (INCOME)					
Commercial expenses	13	-	-	(414,597)	(335,722)
Administrative expenses	13	(8,664)	(1,733)	(201,367)	(77,341)
Interest expenses	14	(135,128)	(127,661)	(256,565)	(219,072)
Interest income	14	238,201	31,518	399,376	185,730
Others income		48,665	-	-	-
		143,074	(97,876)	(473,153)	(446,405)
Results of equity interest					
Equity accounting		536,315	375,429	-	-
Non-operating results	8	-	-	98,071	-
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		679,389	277,553	849,824	477,120
Income tax and social contribution	5	(118,804)	33,278	(289,239)	(166,289)
INCOME BEFORE REVERSAL OF INTEREST ON SHAREHOLDER´S EQUITY	12 a	560,585	310,831	560,585	310,831
Reversal of interest on shareholder's equity	12	123,887	113,670	123,887	113,670
NET INCOME		684,472	424,501	684,472	424,501
Number of outstanding shares on the balance sheet date		196,206,466	195,972,633	196,206,466	195,972,633
EARNINGS PER SHARE (R$)		3.49	2.17	3.49	2.17

See accompanying notes to the financial statements.

STATEMENTS OF SHAREHOLDERS' EQUITY

YEARS ENDED ON DECEMBER 31, 2006 AND 2005 (IN THOUSANDS OF REAIS)

	Capital Stock		Capital reserves		Profit reserves				
	Subscribed capital	Unrealized capital	Tax incentives	Subsidiary's special goodwill reserve	Legal reserve	Reinvestment reserve	Accumulated other comprehensive income	Retained earnings	Total
BALANCE ON DECEMBER 31, 2004	**719,474**	**-**	**60,369**	**29,187**	**11,990**	**167,123**	**-**	**-**	**988,143**
Capital increase on April 27, 2005	193,890	-	-	-	-	-	-	-	193,890
Capital increase on May 2, 2005	77,440	-	-	-	-	-	-	-	77,440
Capital increase on October 25, 2005	400	-	-	-	-	-	-	-	400
Capital increase on December 21, 2005	1,739	(1,739)	-	-	-	-	-	-	-
Total comprehensive income, net of taxes	-	-	-	-	-	-	6,411	-	6,411
Net income	-	-	-	-	-	-	-	424,501	424,501
Proposed profit allocation:									
Legal reserve	-	-	-	-	21,225	-	-	(21,225)	-
Dividends and interest on own capital	-	-	-	-	-	-	-	(117,870)	(117,870)
Reinvestment reserve	-	-	-	-	-	285,406	-	(285,406)	-
BALANCE ON DECEMBER 31, 2005	**992,943**	**(1,739)**	**60,369**	**29,187**	**33,215**	**452,529**	**6,411**	**-**	**1,572,915**
Realized capital increase	711	1,739	-	-	-	-	-	-	2,450
Total comprehensive income, net of taxes	-	-	-	-	-	-	(10,733)	-	(10,733)
Net income	-	-	-	-	-	-	-	684,472	684,472
Proposed profit allocation:									
Legal reserve	-	-	-	-	34,224	-	-	(34,224)	-
Dividends and interest on own capital	-	-	-	-	-	-	-	(181,145)	(181,145)
Reinvestment reserve	-	-	-	-	-	469,103	-	(469,103)	-
BALANCE ON DECEMBER 31, 2006	**993,654**	**-**	**60,369**	**29,187**	**67,439**	**921,632**	**(4,322)**	**-**	**2,067,959**

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

YEAR ENDED ON DECEMBER 31, 2006 AND 2005
(IN THOUSANDS OF REAIS)

	Note	Parent Company 2006	Parent Company 2005	Consolidated 2006	Consolidated 2005
FINANCIAL RESOURCES					
Resources generated by operations					
Net income		684,472	424,501	684,472	424,501
From operations:					
Items that not affection working capital:					
Equity accounting		(536,315)	(375,429)	-	-
Depreciation and amortization	13	-	-	58,252	36,206
Deferred taxes	5	(37,782)	(33,278)	(31,533)	(23,287)
		110,375	15,794	711,191	437,420
From shareholders:					
Tax benefit contributed by shareholders		2,450	-	2,450	-
Capital increase	12 a	-	271,730	-	271,730
		2,450	271,730	2,450	271,730
From third-parties:					
Decrease in non-current assets		-	390,788	-	-
Increase in non-current liabilities		-	-	727,279	5,889
Decrease in investments		395,763	-	-	-
Total comprehensive income, net of taxes	17	-	6,411	-	6,411
TOTAL RESOURCES		508,588	684,723	1,440,920	721,450
USE OF RESOURCES					
In operations:					
Proposed dividends and interest on shareholder's equity		181,145	117,870	181,145	117,870
Investments in subsidiaries		-	97,032	452	569
Acquisition of property, plant and equipment, including pre-delivery deposits		-	-	273,654	484,129
Decrease in non-current liabilities		-	-	-	7,865
Total comprehensive income, net of taxes		10,733	-	10,733	-
Investments in others non-current assets		47,191	96	99,051	12,072
TOTAL INVESTMENTS		239,069	214,998	565,035	622,505
Increase in net working capital		269,519	469,725	875,885	98,945
Change in net working capital					
Current assets:					
At end of the year		883,113	608,447	2,724,581	1,546,707
At beginning of the year		608,447	80,541	1,546,707	1,312,050
		274,666	527,906	1,177,874	234,657
Current liabilities:					
At end of the year		124,451	119,304	955,515	653,526
At beginning of the year		119,304	61,123	653,526	517,814
		5,147	58,181	301,989	135,712
Increase in net working capital		269,519	469,725	875,885	98,945

See accompanying notes to the financial statements.

APPENDIX I – CASH FLOW STATEMENTS

DECEMBER 31, 2006 AND 2005
(IN THOUSANDS OF REAIS)

	Parent Company		Consolidated	
	2006	2005	2006	2005
Net income	684,472	424,501	684,472	424,501
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation and amortization	-	-	58,252	36,206
Provision for doubtful accounts receivable	-	-	5,476	1,343
Capitalized interest	-	-	(33,068)	(17,113)
Deferred income taxes	(37,782)	(33,278)	(31,533)	(23,287)
Equity accounting	(536,315)	(375,429)	-	-
Variations in operating assets and liabilities:				
Receivables	-	-	(100,824)	(178,931)
Inventories	-	-	(34,482)	(19,645)
Prepaid expenses, taxes recoverable and other receivables	(135,533)	378,887	(298,615)	(41,358)
Suppliers	185	-	50,186	28,250
Operating leases payable	-	-	-	1,047
Airtraffic liability	-	-	117,468	57,909
Taxes payable	27,427	16,999	42,991	22,092
Insurance payable	-	-	44,897	1,311
Payroll and related charges	-	-	25,007	16,087
Provisions for contingencies	-	-	298	11,281
Dividends and interest on shareholder's equity	(58,521)	-	(58,521)	-
Other liabilities	36,056	(16,013)	(6,711)	10,763
NET CASH GENERATED (USED) IN OPERATING ACTIVITIES	(20,011)	395,667	465,293	330,456
Financial investments	(262,758)	(210,408)	(266,625)	(296,370)
Investments	571,897	(97,032)	(452)	(569)
Deposits for leasing contracts	-	-	(11,169)	3,941
Property, plant and equipment acquisition includes deposits for aircraft acquisition	-	(95)	(240,586)	(467,016)
NET CASH USED IN INVESTMENT ACTIVITIES	309,139	(307,535)	(518,832)	(760,014)
FINANCING ACTIVITIES:				
Short term borrowings	-	-	813,653	(64,333)
Tax benefit contributed by shareholders	-	-	-	-
Capital increase – incorporation of the Company	2,450	-	2,450	-
Capital increase – public share offering	-	271,730	-	271,730
Dividends paid	(181,145)	(60,676)	(181,145)	(60,676)
Total comprehensive income, net of taxes	(10,733)	6,411	(10,733)	6,411
Liabilities with associated companies	-	(273,267)	-	-
NET CASH GENERATED IN FINANCING ACTIVITIES	(189,428)	(55,802)	624,225	153,132
Net cash addition	99,700	32,330	570,686	(276,426)
Cash and cash equivalents at the beginning of the year	36,632	4,302	129,304	405,730
Cash and cash equivalents at the end of the year	136,332	36,632	699,990	129,304
Transactions not affecting cash				
Tax benefit contributed by shareholders	5,838	5,837	5,838	5,837
Additional information:				
Interests paid	-	-	64,786	19,383
IIncome tax and social contribution paid for the year	81,022	-	251,868	168,975

APPENDIX II– VALUE ADDED STATEMENTS

DECEMBER 31, 2006 AND 2005
(IN THOUSANDS OF REAIS)

	Parent Company		Consolidated	
	2006	2005	2006	2005
REVENUES				
Passenger, cargo and other transportation revenues	-	-	3,951,858	2,778,084
Provision for doubtful accounts receivable	-	-	(10,366)	(4,890)
INPUT ACQUIRED FROM THIRD PARTIES (INCLUDES ICMS AND IPI)				
Fuel and lubricant suppliers	(8,664)	-	(1,227,001)	(828,268)
Material, energy, third-party services and other	-	(1,733)	(666,954)	(212,458)
Aircraft insurance	-	-	(30,169)	(29,662)
Sales and marketing	-	-	(414,597)	(335,722)
GROSS VALUE ADDED	(8,664)	(1,733)	1,602,771	1,367,084
RETENTIONS				
Depreciation and amortization	-	-	(58,252)	(36,207)
NET VALUE ADDED GENERATED BY THE COMPANY	(8,664)	(1,733)	1,544,519	1,330,877
VALUE ADDED RECEIVED IN TRANSFER				
Results of the Corporate Interest	396,901	375,429	-	-
Interest income (expense)"	291,152	31,518	207,597	185,730
TOTAL VALUE ADDED TO BE DISTRIBUTED	679,389	405,214	1,752,116	1,516,607
VALUE ADDED DISTRIBUTION				
Employees	-	-	(410,820)	(252,057)
Government	(118,804)	33,278	(439,080)	(367,687)
Financing companies	-	(13,991)	(64,786)	(105,401)
Leasers	-	-	(276,845)	(366,961)
Shareholders	(181,145)	(117,870)	(181,145)	(117,870)
Reinvested	(379,440)	(306,631)	(379,440)	(306,631)
TOTAL DISTRIBUTED VALUE ADDED	(679,389)	(405,214)	(1,752,116)	(1,516,607)

APPENDIX III – ENVIRONMENTAL AND SOCIAL NATURE INFORMATION STATEMENT (NOT AUDITED)

DECEMBER 31, 2006 AND 2005
(IN THOUSANDS OF REAIS)

1) CALCULATION BASIS	2006	2005
Net revenues (NR)	3,802,017	2,669,090
Operating income (OI)	751,753	477,120
Gross payroll (GP)	123,432	100,895

	2006			2005		
2) INDICADORES SOCIAIS INTERNOS	Value (R$000)	% of FPB	% of RL	Value (R$000)	% of FPB	% of RL
Food	20,702	16.77	0.54	10,324	10.23	0.39
Mandatory social charges	84,390	68.37	2.22	53,847	53.37	2.02
Professional development and qualification	4,652	3.77	0.12	8,650	8.57	0.32
Private Pension	-	0.00	0.00	3,609	3.58	0.14
Employees transportation	4,320	3.50	0.11	2,106	2.09	0.08
Safety and industrial medicine	1,570	1.27	0.04	40	0.04	-
Profit sharing	44,517	36.07	1.17	30,535	30.26	1.14
Total Internal Social Indicators	160,151	129.75	4.20	109,111	108.14	4.09

	2006			2005		
3) EXTERNAL SOCIAL INDICATORS	Value (R$mil)	% of FPB	% of RL	Value (R$mil)	% of FPB	% of RL
Education	85	0.07	0.00	163	0.16	0.01
Culture	2,577	2.09	0.07	5,628	5.58	0.21
Sports and leisure	255	0.21	0.01	425	0.42	0.02
Health and sanitation	533	0.43	0.01	680	0.67	0.03
Taxes (social charges excluded)	448,747	363.56	11.80	277,969	275.50	10.41
Total External Social Indicators	452,197	366.36	11.89	284,865	282.33	10.68

4) STAFF INDICATORS	2006	2005
Number of employees at the end of the year	8,840	5,456
Number of employees	8,828	5,444
Number of outsourced	3,538	1,926
Number of administrators	12	12
Gross remuneration segregated by :		
Employees	120,746	97,616
Administered	2,686	3,279
Third-parties	76,388	51,128

APPENDIX III – ENVIRONMENTAL AND SOCIAL NATURE INFORMATION STATEMENT (NOT AUDITED) – Continued

DECEMBER 31, 2006 AND 2005
(IN THOUSANDS OF REAIS)

4) STAFF INDICATORS – CONTINUED	2006	2005
Relation between the largest and the smallest remuneration , considering employees and administered (salary)	96	107
Number of outsourced service providers	49	26
Number of hiring in the year	4,019	2,496
Number of lay-offs in the year	635	343
Number of interns	43	172
Number of special needs people	299	230
Total employees by age:		
Less than 18 years old	12	9
From 18 to 35 years old	6,809	4,138
From 36 to 60 years old	1,999	1,305
Above 60 years old	20	4
Total of employees by highest level of education:		
Illiterate	-	-
Elementary and Junior-High	79	66
High-School	5,626	3,387
Technical School	-	-
Higher Education	3,064	1,966
Graduates	71	37
Number of women working in the Company	3,487	2,170
Percentage of women in leadership positions	17%	40%
Number of black people working in the Company	147	168
Labor suit, segregated by:		
Number of suits against the Company	189	138
Number of proven case	75	128
Number of unproven case	38	10
Total value of indemnity and tickets paid by justice' decision	243	296
Clients' interaction data:		
Number of complaints received straightly by the entity	342	196
Number of complaints received through consumer and protection defense agency	562	251
Number of complaints received by the Justice	2,421	1,235
Number of complaints answered by each listed jurisdiction	738	327
Amount of tickets and indemnity to clients, some consumer protection and defense agency or by the Justice	1,160	-
Suits undertook by the Company to heal or minimize the causes of the complaints	2,329	30

4) STAFF INDICATORS – CONTINUED	2006	2005
Environment		
Investments and expenses for the maintenance of operating process to improve the environment	175	146
Investments and expenses with the preservation and/or recovery of ruined environments	-	50
Amount of environmental , administrative and legal processes against the Company	-	-
Value of tickets and indemnities concerning environmental material, determined administrative and/or legally.	-	-
Liabilities and environmental contingencies	-	-

5) RELEVANT INDICATORS REGARDING THE CORPORATE CITIZENSHIP PRACTICE IN 2006 AND 2005

	2006	2005
Total number of job related accidents	110	23

The social and environmental projects developed by the Company were defined by its:	( ) officers	(X) officers and managers	( ) all employees
The work environment health and safety standards were defined by its :	( ) officers	(X) officers and managers	( ) all employees

APPENDIX III – ENVIRONMENTAL AND SOCIAL NATURE INFORMATION STATEMENT (NOT AUDITED) – Continued

DECEMBER 31, 2006 AND 2005
(IN THOUSANDS OF REAIS)

5) RELEVANT INDICATORS REGARDING THE CORPORATE CITIZENSHIP PRACTICE IN 2006 AND 2005 – CONTINUED

The profit sharing comprises:	( ) officers	( ) officers and managers	(X) all employees
When choosing suppliers, the same ethical, environmental and social responsibility standards adopted by the Company	( ) are not considered	( ) are suggested	(X) are required
Regarding employees' participation in volunteering programs, the Company:	( ) does not involve itself	(X) supports and encourages	( ) organizes
Interaction indicators with customers:	( ) does not involve itself	(X) supports and encourages	( ) organizes
Environment indicators:	( ) does not involve itself	(X) supports and encourages	( ) organizes