


2005 Annual Report

Here
everyone
can fly



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 PR-GID

GOL
Linhas aéreas inteligentes



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Highlights

Mission

To provide safe and high-value passenger and cargo transportation through innovative solutions for our customers, shareholders, employees and society.

Vision

To be recognized by 2010 as the airline that popularized high-quality, low-fare air transportation in South America.

Values

To continue to improve the company's business model based on original, creative, ethical and fair initiatives which are focused on sustainable and long-lasting results and based on high-quality service and low fares for our clients. For our employees - respect, professional recognition and career opportunities, coupled with a spirit of solidarity and an attitude of social and environmental responsibility.

	2001	2002	2003	2004	2005
Selected Operating Data					
ASK - Available seat kilometers (in millions)	2,091	5,049	7,527	8,844	13,246
Operating revenue per available seat kilometer (R\$ cents)	11.0	13.4	18.6	22.2	20.1
Yield per passenger kilometer (R\$ cents)	17.8	20.4	27.7	29.8	26.1
Load-factor (%)	60.1	62.5	64.2	71.1	73.5

Selected Economic and Brazil data*

Real growth in GDP (%)	1.3	1.9	0.5	4.9	2.3
Inflation (IGP-M) (%)	10.4	25.3	8.7	12.4	1.2
Inflation (IPCA) (%)	7.7	12.5	9.3	7.6	5.7
CDI rate (%)	19.0	24.9	16.3	17.8	18.0
LIBOR (%)	1.9	1.4	1.1	2.4	4.5
Depreciation (appreciation) of the real vs. U.S. dollar (%)	19.0	52.3	(18.2)	(8.1)	(11.8)
Period-end exchange rate - BRL / US\$1.00	2.32	3.53	2.89	2.65	2.34
Average exchange rate - BRL / US\$1.00	2.35	3.00	3.06	2.92	2.41

*Sources: Fundação Getulio Vargas, Brazilian Central Bank and Bloomberg

Selected Financial Data

Total net operating revenues (R\$ thousand)	230,473	677,879	1,400,590	1,960,886	2,669,090
Operating margin (%) ¹	0.7	9.2	24.4	29.4	23.3
Net income (R\$ thousand)	(3,639)	35,357	175,459	384,710	513,230
ROE (Return on equity) (%) ²	NA	49.4	55.7	33.5	28.2
Earnings (loss) per share and per ADS, basic (R\$) ^{3 4}	(0.06)	0.36	1.07	2.14	2.66
Earnings (loss) per share and per ADS, diluted (R\$) ^{3 4}	(0.06)	0.36	1.07	2.13	2.65
Dividends and interests on capital per share and per ADS (R\$) ^{4 5}	-	-	0.16	0.32	0.51

(1) Operating income divided by net operating revenues

(2) Net income divided by average shareholders' equity

(3) GOL's common and preferred shares receive the same amount of dividends per share. Earnings (loss) per share is determined by dividing net income by the weighted average number of all classes of shares outstanding in the year

(4) Adjusted for the change in the ADS/share ratio in December 2005 from 1:2 to 1:1

(5) The 2005 amount is net of income tax withheld

Financial information related to GOL presented in this report in US GAAP

Growth with
profitability:
GOL's
management
trademark

Five years ago, when we began popularizing domestic skies, we innovated by introducing the low cost, low fare business model to air transportation in Brazil. Since we began operations, our exceptional results indicate that we are on the right track. There is not a Brazilian civil aviation record that we have not surpassed. No other airline carried one million passengers in less than a year of operation; we accomplished this in only seven months. Our turnaround times, efficient use of assets and technology, and financial indicators are unsurpassed. In every area, we are reaping the benefits of our disciplined work, while, most importantly, maintaining the highest standards of safety. Our efficient management systems have permitted for orderly and disciplined growth enabling GOL to become the vice-leader in the domestic aviation sector.

We continue to fly further, extending our operations in South America and reinforcing our virtuous cycle: lower costs allow us to offer lower fares, enabling us to have the highest load factors, in turn driving profits. Our results validate our sustainable growth. For the fourth consecutive year, we have achieved record earnings growth, with net income of R\$ 513.2 million, a growth of 33.4% over 2004, with net operating revenues of R\$2.7 billion and a net margin of 19.2%. In 2005, our fleet of Boeing 737s increased significantly, from 27 to 42 aircraft, translating into an approximately 50% growth in ASKs, without increasing costs. On the contrary, our operating cost per available seat-kilometer (CASK) actually decreased, demonstrating that GOL knows how to grow and consolidate its

management style without sacrificing its high profitability. And we are only just beginning.

In July, we increased our aircraft purchase contract with Boeing from 63 to 101 737-800 NGs, the largest order ever placed by a Latin American company with Boeing. These aircraft are not only larger and more comfortable, they were adapted to meet GOL's specific needs, allowing the company to better ensure excellent client service. The purchased fleet will contribute to further reductions in operating costs further, reinforcing GOL's virtuous cycle by allowing us to offer even more competitive fares, in turn stimulating even more growth.

Our managerial and operating capacity is further underlined by a host of other 2005 results: a domestic load factor of 74%, compared to a market average of 70%, and the best punctuality index in the industry for the final quarter of 2005. By the end of the year, we had carried 36 million passengers to date, approximately 10% who were first-time flyers. In 2005 alone, we carried 13 million passengers, 41% more than the year before. We continued to offer the most competitive fares on the market accompanied by outstanding service, reinforcing our commitment to our passengers.

At all times focused on new opportunities, we increased flight frequencies on already existing routes while inaugurating five new destinations in Brazil: Boa Vista, Campina Grande, João Pessoa, Petrolina and São José do Rio Preto. Currently, GOL is the only airline that flies to every state capital in Brazil. We also continued to expand in South America, initiating flights to



2005 growth:
420 flights
per day to 45
national and
international
destinations



five international destinations at the end of 2005 and in January, 2006: Santa Cruz de La Sierra, in Bolivia; Montevideo, in Uruguay; Asuncion, in Paraguay; and Córdoba and Rosário, in Argentina. By the end of last year we were operating 420 flights per day to 45 destinations domestic and international.

We initiated construction of the GOL Aircraft Maintenance Center in Confins (MG), with the first phase concluded in September. In addition to the benefits of an autonomous facility, the Center will also generate cost savings, permitting greater operational flexibility, increased productivity and an even higher quality of service. With the first phase of construction complete, 15 737-700 and 737-800 aircraft were serviced in the facility in 2005, allowing us to further control our high safety standards.

Best corporate governance practices, including transparency, easy access to information and equal treatment for all permeate every level of the company. In 2005, we perfected our internal controls over financial reporting, complying with the Sarbanes-Oxley 404 requirements a full year before this becomes mandatory for foreign companies. We were one of the first companies in South America to certify our internal controls and procedures and we expect to obtain several significant benefits from their implementation, in particular, enhanced risk management and improved control over our operations and financial activities.

In June, we celebrated the first anniversary of our simultaneous listing on both the São Paulo (Bovespa - Level 2) and New York Stock Exchanges. Two months earlier, we undertook our second public share issue, offering US\$ 236 million. GOL shares' impressive market performance, supported by increased liquidity, permitted their

inclusion in the IBrX and MSCI indices, and their appreciation was the highest among the world's low-cost, low-fare airlines.

Our commitment to social responsibility was also evident. We were the first company to receive the *Certificado Parceiro de Ouro da Pastoral 2005*, in recognition of our support for the children's charity, *Pastoral da Criança*. GOL also sponsors and supports various other institutions and NGOs in the social area, including *Fundação Gol de Letra*, *Expeditórios da Saúde*, *Expedição Vaga-Lume*, *Instituto Criar de TV e Cinema* and *Fundação SOS Mata Atlântica* (more details can be found in the Ethics and Social Responsibility section of this report).

However, GOL could not have achieved the success it has without an essential ingredient - the total dedication of our employees, as they applied team-work to the consolidation of a pro-active system. They are our true high-fliers! Finally, we would like to reaffirm our commitment to moving ahead in precisely the way we began - revolutionizing Brazil's airline industry and creating a new concept of flying, in preparation for even greater penetration of South America. We have total belief in our ability to grow and we foresee an exceptionally bright future for our Company.

Constantino de Oliveira Junior

President and CEO



The fastest-growing airline in South America

Since its inception, GOL Linhas Aéreas Inteligentes, whose founders have more than 50 years experience in passenger transportation, has become one of the most innovative, efficient and profitable airlines in the world and boasts the best cost-benefit ratio in the South American market.

The model is a simple and efficient one. Based on frameworks, systems and controls that prioritize the optimization of assets, service quality, technology, safety, fleet standardization, workforce motivation and productivity, GOL maintains a lean cost structure, allowing it to offer more seats at accessible prices to greater numbers of passengers flying to an increasing number of destinations.





In 2005, according to the DAC (Brazil's Civil Aviation Authority), GOL's load factor averaged 73.5%, the highest in the Brazilian market. The fleet expanded to 42 aircraft and the Company increased its domestic market share to 29%. During this period of high growth, CASK decreased to 15.5 cents of reais. Successful route-planning also played an important role in this performance: high network interconnectivity permits approximately one half of our passengers to make connections or stop-overs along our integrated network while *en route* to their final destinations. At the end of 2005, GOL operated 420 daily flights to 49 destinations in Brazil and to five other countries in South America.



By popularizing air transport, accompanied by accelerating growth and high profitability, GOL has expanded its operations and is already the largest low-cost, high-quality airline in South America.



Fifty years of experience in passenger transportation

GOL will continue to expand its network, adding direct and connecting flights in its existing markets and new routes in South America, fueling demand, bringing the continent closer and popularizing air travel in the region.

GOL's shares are traded on the Bovespa and NYSE and the Company closed 2005 with a market capitalization of US\$ 5.6 billion and average daily trading volume of US\$ 10.2 million in the fourth quarter of 2005, among the leading airlines traded.

GOL was one of the first companies in South America to implement internal controls and procedures in compliance with Section 404 of the Sarbanes-Oxley Act and to obtain the related certifications by its principal executives. The process was concluded one year before the SEC deadline.

A unique corporate culture, a united workforce of more than 5,000, a management team fully involved in the growth strategy, a controlling shareholder with more than 50 years of experience in passenger transport and independent Board members of exceptionally high repute - these are just some of the factors that have made GOL the fastest-growing airline in South America.



The revolution in the global airline industry

Low-cost carriers (LCCs) have grown worldwide, revolutionizing the sector in the countries where they operate. The concept was brought to South America by GOL in 2001, when the Company began operations in Brazil. In the region's other countries, however, traditional airlines still dominate the market.



Did you know that Brazil is the world's fifth largest domestic aviation market?

LCC evolution worldwide

Global Total

Flights/week: 62,367
Five-year growth: 87%

North America

Flights/week: 37,333
Five-year growth: 44%

South America

Flights/week: 2,710
Five-year growth: NA*

Europe

Flights/week: 15,642
Five-year growth: 201%

Asia

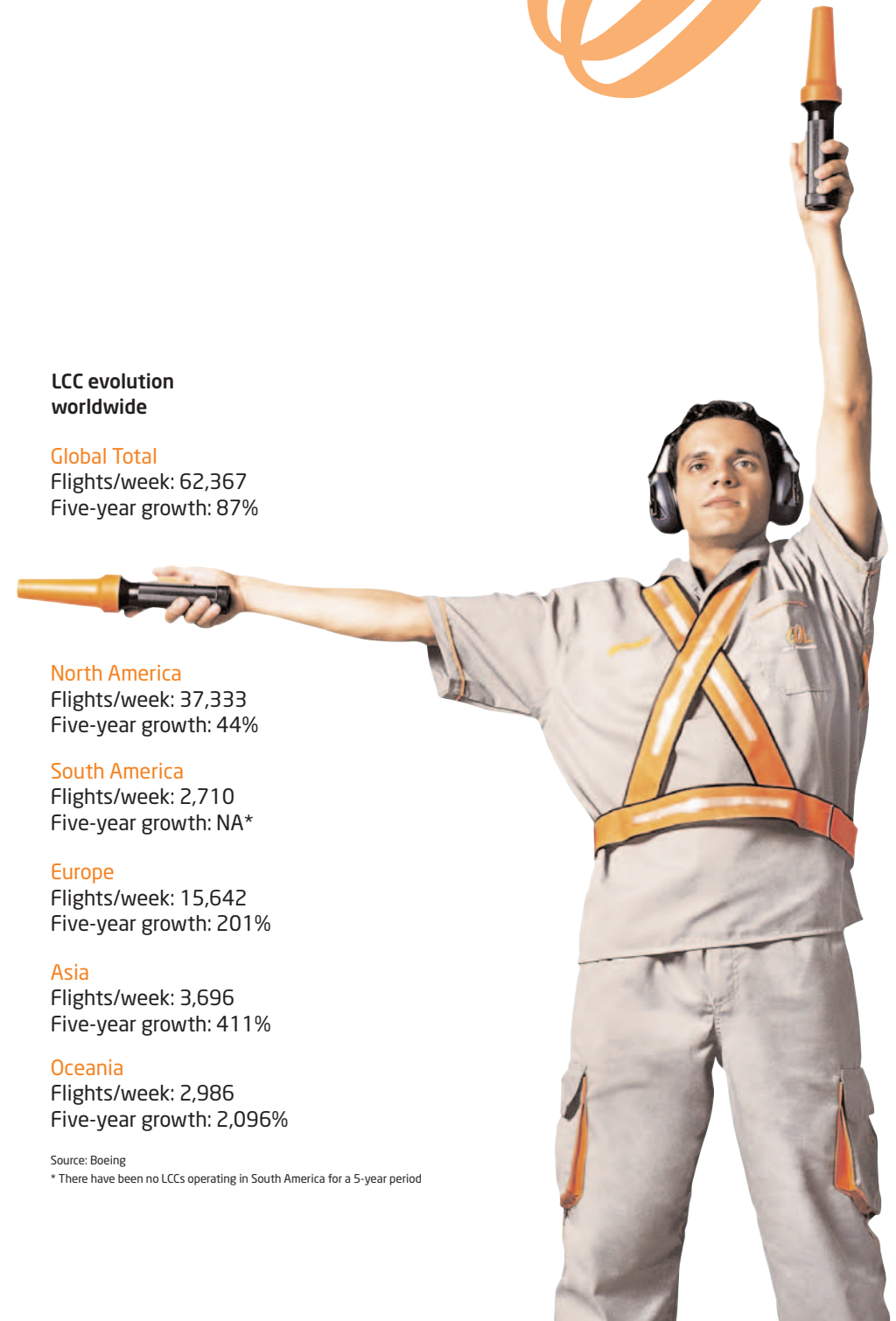
Flights/week: 3,696
Five-year growth: 411%

Oceania

Flights/week: 2,986
Five-year growth: 2,096%

Source: Boeing

* There have been no LCCs operating in South America for a 5-year period





The civil aviation sector in Brazil

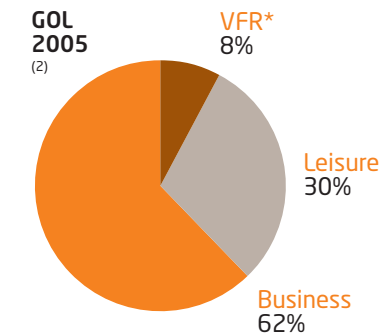
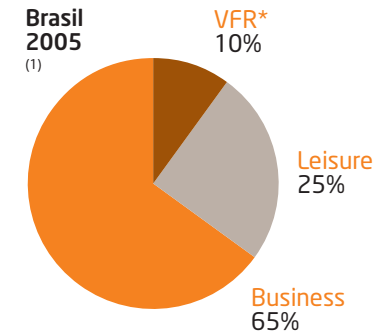
Did you know that GOL is the only airline that flies to all Brazil's state capitals? This is our commitment - to make air travel accessible to all Brazilians.

Traditionally, the ratio between civil aviation revenue growth and GDP has remained stable. However, this began to change with GOL's start-up and in 2005 the industry recorded its highest ever growth - 19.4%, more than eight times annual GDP, which the IBGE (Brazilian Institute of Geography and Statistics) estimated at 2.3%. This shows that the strategy of popularizing air travel (the "GOL Effect") has had a highly beneficial effect on the entire sector.

At the end of last year, according to the DAC, Brazil's three largest airlines held a joint market share of 97.7%, while ten airports handled almost 70% of passenger movement. In addition, according to tourist trade representatives, around 65% of the country's air traffic is generated by business trips.

Interstate buses are still the dominant means of long-distance transport in Brazil. According to the ANTT (Brazil's road transportation agency), there were approximately 136 million such journeys in 2004, versus just 7.5 million air trips in 2005, demonstrating the Brazilian aviation market's enormous growth potential.

REASONS FOR TRAVEL



(*) VFR: Visitors, friends and relatives
 (1) Source: Tourist trade
 (2) Source: September 2005 customer satisfaction survey by PI Pesquisas

Regulatory environment

In 2006, the DAC (Civil Aviation Department)'s duties will be assumed by the ANAC (National Civil Aviation Agency), which will operate as an independent agency. Its responsibilities include approving all flight routes, overseeing a competitive market and granting authorization for aircraft importation. It is worth highlighting that Brazil has one of the world's leading flight safety classifications.





The civil aviation sector in South America

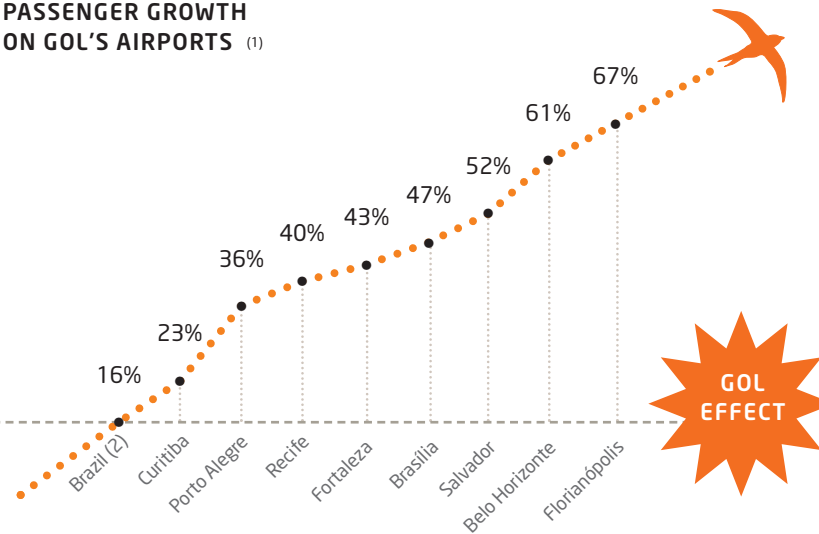
The popularization of air passenger transport in South America began in 2004, with GOL's inaugural flight from São Paulo to Buenos Aires. After eight months of building a solid performance in Argentina, GOL included Porto Alegre (RS) and Florianópolis (SC) on its Buenos Aires route. In 2005, GOL drew up a wide-ranging plan for the region and, in early November, added a second international destination:

Santa Cruz de la Sierra, in Bolivia. In the first two weeks of January, 2006, GOL initiated operations in Montevideo (Uruguay), Asuncion (Paraguay) and Córdoba and Rosário, in Argentina, giving a total of six destinations outside Brazil. Air traffic growth potential in South America is enormous, given the region's growing role in the international market and higher tourist flows, the latter fueled by GOL itself.

Did you know that the São Paulo - Buenos Aires flight proved so popular that GOL added a higher-capacity aircraft within the first nine months? This is the GOL effect spreading to South America.



PASSENGER GROWTH ON GOL'S AIRPORTS ⁽¹⁾



Popularizing air travel

With its culture of encouraging and rewarding constant innovation and client satisfaction, GOL is popularizing air travel in South America, driving demand by devising innovative promotions. After GOL's debut in 2001, clients have developed a habit of buying tickets on-line and planning their trips in advance. Not only are customers paying lower fares, but they can look forward to traveling in modern, safe aircraft, accompanied by high-quality on-time service.

Another highly successful demand-generating initiative was the introduction of Night Flights. These flights have a high average load factor and play an important role in boosting fleet productivity.

What is the "GOL Effect"?

Principally offering lower fares to destinations with development potential. Passenger volume on GOL's Brazilian routes grew by around 16% between 2000 and 2004. And for certain destinations, such as Florianópolis, growth was as high as 67%.



(1) Source: DAC, Infraero. Growth in the number of passenger (embarkations) in the period up to three years after GOL's entry into the market.
 (2) Growth in passenger numbers in Brazil's 50 leading airports.



Sustainable margins and constant cost reductions

The Company's profitable growth is ensured by controls and operations that are both streamlined and carefully managed. Reductions in operating costs are grounded in a set of strategies aimed at minimizing expenses and maintaining the Company's high quality standards and profitability.

GOL is much more than just a low-cost airline: it is an intelligent airline that knows how to combine the best of the low-cost business models with 50 years of experience in passenger transportation and shape the result to the needs of the South American market.

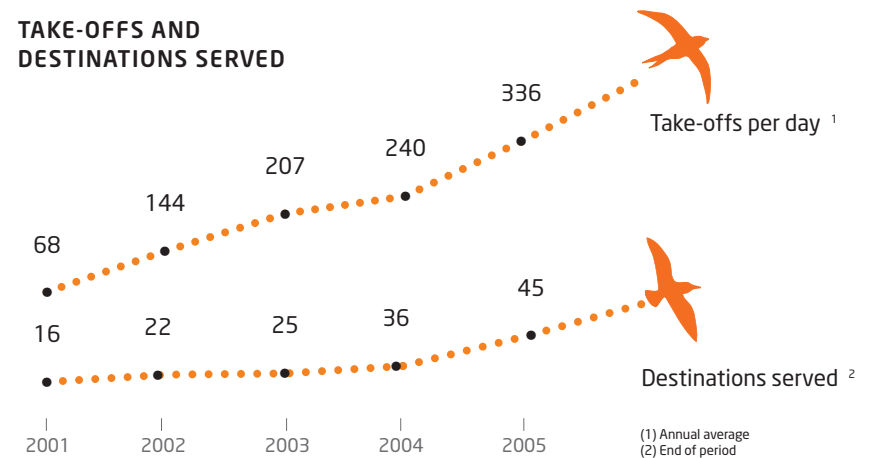


Easy payment mechanisms

To attract clients who do not have a credit card, while reinforcing GOL's pioneering approach of stimulating more demand, the Company launched at the end of 2005 the *Voe Fácil* (Easy Fly) program, which permits payments for tickets in up to 36 monthly installments - the longest terms in the market.



TAKE-OFFS AND DESTINATIONS SERVED





Expansion in South America

Eight months after the inauguration of the Brazil - Buenos Aires route, GOL verified an exceptionally high satisfaction ratio among Argentinean passengers, with 83% of interviewees approving of the Company's services. The survey, carried out between April and July, 2005 by Databrain Pesquisas Inteligentes, also highlighted extremely strong customer loyalty: 89% said they would not hesitate to use GOL again, while no less than 92% affirmed that they would "certainly" recommend the Company to friends and acquaintances and 62% said it was their favorite airline. It is worth pointing out that 56% of the passengers using this route are from Argentina.

These figures encouraged us to continue expanding our routes in the region and we added two more Argentinean destinations - Córdoba and Rosario - in the first two weeks of January, 2006. No other Brazilian airline flies to as many destination in that country.

Did you know there are more Argentines than Brazilians on our flights between Brazil and Argentina? A clear sign that they recognize the quality of GOL's services.



Growth and productivity

In 2005, GOL added 15 aircraft to its fleet, maintaining its policy of a standardized Boeing 737 fleet. The Company boosted productivity by increasing aircraft utilization, which reached an average of 14 block hours/day - the highest in the Brazilian industry and above the best international standards.

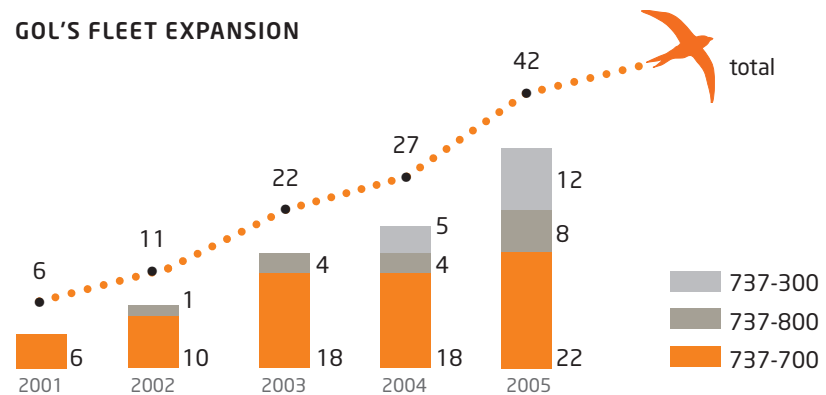
The Company carried 13 million passengers during the year, 41% more than 2004.

In addition, GOL's record turnaround time of 25 minutes is one of the lowest among its international peers. Low turnaround means more time in the air, with higher productivity, in turn allowing lower fares.

In December 2005, every 1 minute and 40 seconds, a GOL departure or landing was happening somewhere in South America.

Did you know that the more an aircraft flies, the more efficient and economical it is?
 GOL is the global leader in aircraft utilization:
 14 block hours per day!*

GOL'S FLEET EXPANSION



* Source: GOL



Did you know that GOL is ranked among the safest airlines in the world and is an associate of the Flight Safety Foundation, the world's most renowned flight safety body?

GOL's technicians and engineers make up the most experienced team in Brazil, with an average 25 years experience in the aviation industry. Safety procedures include strict aircraft maintenance, and the constant updating and training of technicians and flight crew. GOL maintains exclusive safety management systems in its aircraft and is the only Brazilian airline to use the FOQA, MOQA and LOSA systems in 100% of its fleet. These systems monitor and control operational results, increasing flight safety even more.



Did you know that GOL is one of few airlines in the world to use the phased maintenance system?

Together with Boeing, and with the authorization of the Regulatory Agencies, GOL has developed an ingenious way of maintaining its aircraft without removing them from daily operations. Using a modern logistics system, a highly skilled technical team and the most advanced technology, the Company conducts periodic check-ups of its aircraft. With this phased system, preventive maintenance can be programmed with greater regularity and reconciled with aircraft use, thus increasing block hours and reducing costs. GOL can therefore keep its aircraft fully operational for the entire year, and with increased safety.

09:10	PRÉ-PAGO	324	ENVIADO
09:25	PREÇO ÚNICO	059	RECEBIDO
09:40	SEM BUROCRACIA	057	ENVIADO
09:51	COMPRAS PELA WEB	450	RECEBIDO
10:20	ENTREGA		RECEBIDO
5	COMODIDADE	004	ENVIADO
5	EFICIÊNCIA	132	RECEBIDO

Gollog:
cargo
transport

GOL once more lived up to its pioneering reputation by introducing cargo transport in its business model, one of the world's first LCCs to do so. The Company is also changing the conventional DNA of the cargo system by replacing the concept of "weight x distance" with "time x convenience". As a result, we are now carrying 260,000 items per month between the 39 Brazilian destinations served by Gollog.

In 2005, we began planning to include the system in our international flights and created the *Gollog Pré-Pago* project - Brazil's first pre-paid air cargo service. Both became operational in the beginning of 2006.



One of the most valuable brands in the Brazil

After less than five years of operations, GOL was ranked Brazil's most valuable brand in its segment and 8th overall in a survey conducted by *IstoÉ Dinheiro* magazine and the local subsidiary of Interbrand, the renowned U.S. branding consultancy. The survey valued the Company brand at US\$ 326 million. The criteria analyzed included marketing concepts and financial performance.



Quality

GOL boasts the market's best cost-benefit ratio and high quality indices. According to the DAC, the Company's punctuality index in the final quarter of 2005 was 97%, versus the industry average of 87% in the same period, and it also recorded one of the industry's best operational efficiency indices. This commitment to quality is essential for solidifying passenger loyalty.



Recognition

In August 2005, GOL was voted the Best Airline in Latin America by Global Finance Magazine, underlining the success of the Company's decision to expand its high-quality, low-fare service to South America. It also received a further 27 honors and awards during the year, in virtually all performance areas. Particularly worth mentioning are the iBEST 2005 Brazil Award in the Transportation category, for the excellent design, content and browsability of its website; the Best of Money Award in the Financial Management category, granted by *IstoÉ Dinheiro* magazine; and the Super Top Marketing ADVB 2005 award, from the ADVB (Brazilian Association of Sales and Marketing Executives) for its *O Brasil pede Gol - A História Continua* campaign.

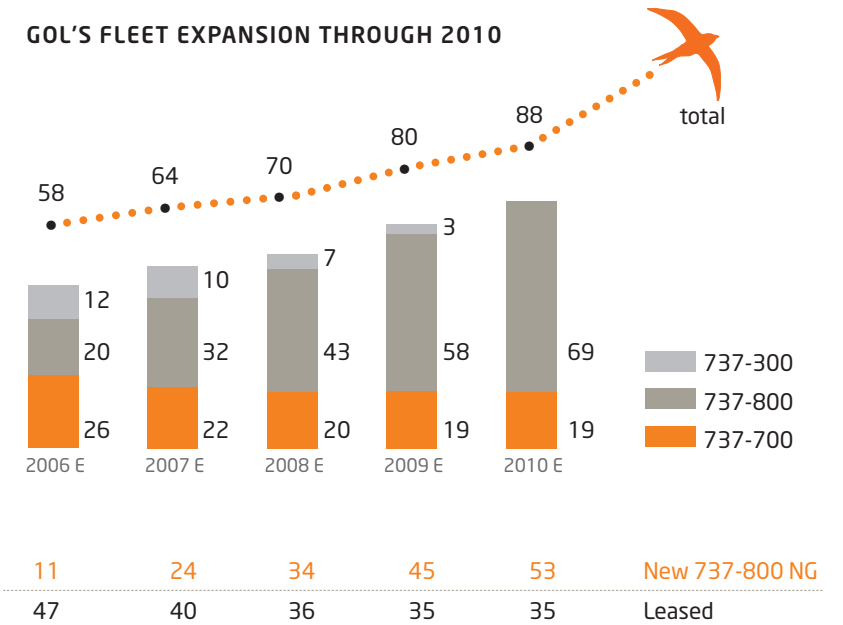


Fleet

GOL's purchase agreement with Boeing consists of 101 New Generation 737-800 aircraft, of which 65 were firm orders and 36 were purchase options at the end of 2005. When they join the fleet, GOL will not only maintain the most modern fleet in South America, but also the youngest.

The Company's new aircraft will be equipped with winglets, which not only economize on fuel and maintenance costs, but also significantly improve aircraft performance during landing and take-off on short runways, such as those at Santos Dumont airport, in Rio de Janeiro, and Congonhas, in São Paulo.

GOL'S FLEET EXPANSION THROUGH 2010



What are winglets?

Winglets are installed on the tip of the aircraft's wings and are designed to reduce wind resistance, in turn reducing fuel consumption and noise.





Investing
to reduce
costs

GOL Aircraft Maintenance Center

One of the 2005 highlights was undoubtedly the conclusion of the first phase of GOL's Aircraft Maintenance Center in Confins airport (MG), which will have a total facility area of 17,300 m² and will require investments of around R\$ 30.5 million. The first maintenance hangar, certified in September by the DAC, has already received 15 737-700 and 800 aircraft and the cost savings were considerable.

When the facility is complete, we expect to generate savings of around US\$ 2 million per year. In addition, given that we are expanding our fleet, this will ensure autonomy, high quality, improved efficiency, the application of preventive procedures and greater maintenance flexibility, all of which will help increase aircraft utilization.

GOL also intends to provide maintenance services for other airlines, generating a further source of revenue.

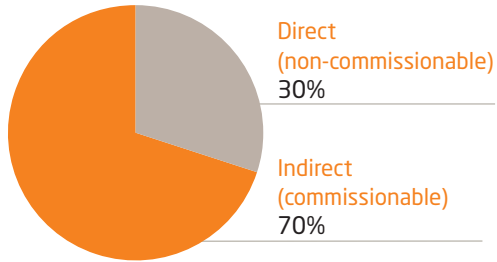


Low-cost low-fare flying in Mexico

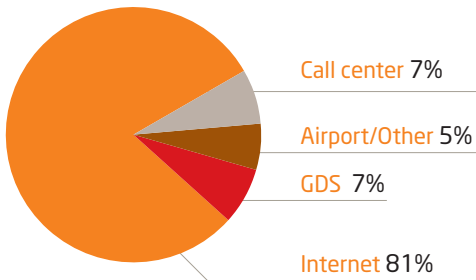
In December 2005, GOL formed a Mexican-controlled joint venture to start an LCC to operate in the Mexican market, along the same lines as the successful low-cost, low-fare model adopted by GOL in South America.

Investing
in Mexico

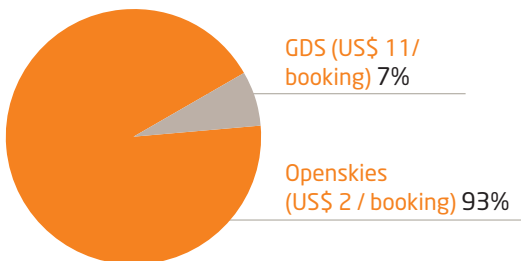
CUSTOMER



SALES CHANNEL



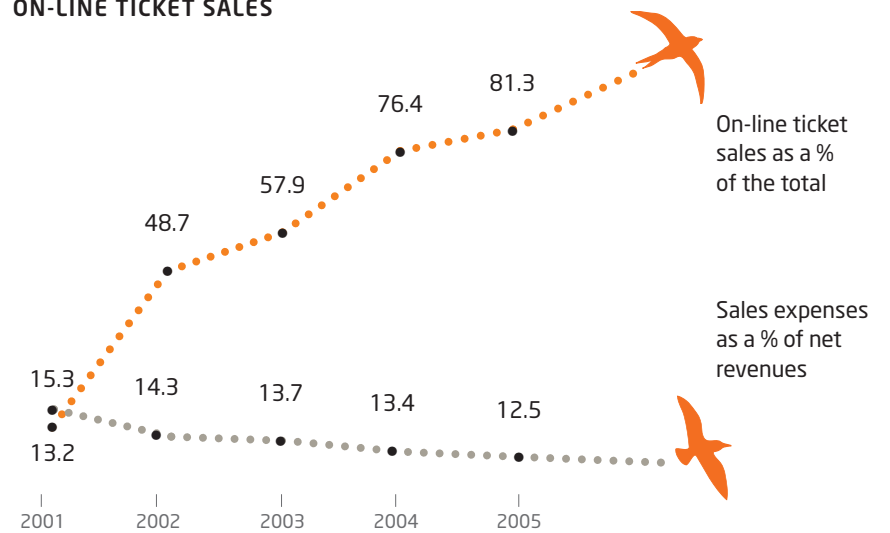
SYSTEMS USED



On-line sales

GOL revolutionized the sale of passenger flights in Brazil when it eliminated the issue of the traditional paper ticket, simultaneously reducing costs and simplifying passengers' access to services. In addition to purchases, check-in and flight alterations can also be carried out on-line. With its insistence on developing new ways to make passengers' lives easier, GOL has also introduced ticket purchases and check-in via WAP-equipped cell phones.

ON-LINE TICKET SALES

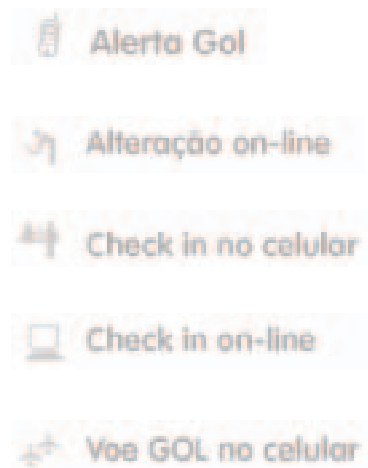


Did you know that at every two seconds, an e-ticket is sold on GOL's website? In 2005, the site received around 10 million unique visitors, generating more than two billion hits. In December alone, we sold 1.2 million tickets on-line.

Implementation of the COBIT system

In order to achieve even higher standards of excellence in IT governance, GOL implemented the COBIT system in 2005. COBIT is an IT governance framework, and its implementation provided the Company with an invaluable tool in its drive to adapt to the controls stipulated by the Sarbanes-Oxley Act, which will be mandatory for NYSE-listed firms by the end of 2006.

According to a 2005 global survey on Information Security by Ernst & Young involving 1,300 companies, government bodies and non-profit organizations in 55 countries, only 18% had implemented COBIT and only 25% had a secure information policy based on ISO 17790 norms. GOL is proud to number itself among this select group.



Active communication with passengers

With the development of the Alerts software, a system which allows rapid and efficient client communications on-line or via cell-phone texting, flight confirmations and alterations began to be sent automatically, ensuring more rapid contact with passengers and reducing operating costs.

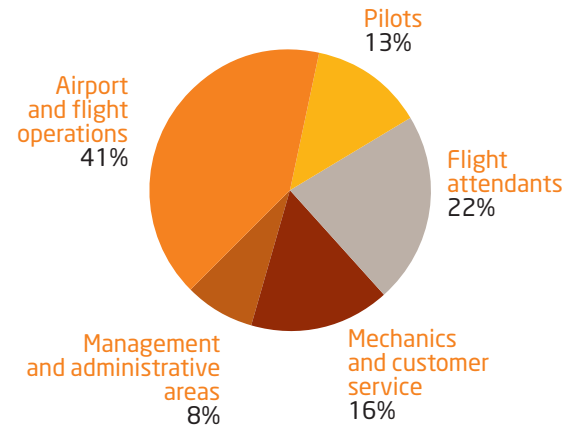
Another novelty was the implementation of a VPN (Virtual Private Network) in the Company's international data communications system, which also generated substantial cost savings.

Did you know that GOL was a pioneer in the large-scale use of the internet for air-ticket sales? In 2005, according to B2B Magazine, GOL recorded the highest e-commerce volume in Brazil, selling R\$ 2.6 billion worth of air tickets via its website (www.voegol.com.br), equivalent to 81% of its total sales.

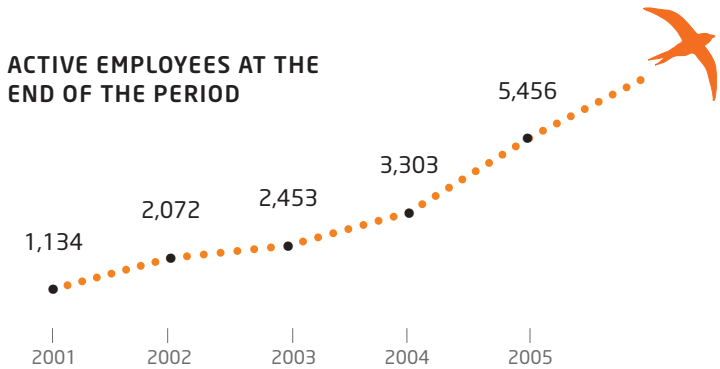


The people that build GOL's culture: a Team of Eagles

BREAKDOWN OF EMPLOYEES BY ACTIVITY
DECEMBER 2005



ACTIVE EMPLOYEES AT THE END OF THE PERIOD



Human capital is the most valuable of GOL's assets. It was the motivation and dedication of our employees that turned a fledgling company into the vice-leader of the Brazilian market in less than five years, helping to create new jobs and rekindle the economy. GOL closed 2005 with over 5,456 employees, 65% up over 2004.

GOL firmly believes that a motivated team of professionals generates satisfied clients. In turn, we show our appreciation for our employees' achievements through career plans and a profit-sharing program, which rewards them in line with the Company's performance - the better the performance, the higher the rewards. In 2005, 692 employees received promotions, including co-pilots, flight attendants, maintenance crew, administrative staff and interns. Annual training investments totaled R\$ 8.7 million.

The Company respects ethnic, cultural and racial diversity and invests in programs for the inclusion of people with special needs. Up to the end of 2005, 234 such individuals had been hired and trained to work in GOL's various operational areas.

The Company, which has increased its share of the Brazil and international markets year after year, spreading its unique pioneering culture, can be compared to an eagle soaring above every obstacle in its path. That's why GOL refers to its professionals as a "Team of Eagles".

If you want to be a part of our team, just click on the *Trabalhe na Gol* (career opportunities) link at www.voegol.com.br.



See the significant differences between GOL's corporate governance practices and the NYSE standards at www.voegol.com.br/ir, Corporate Governance section.

Exemplary corporate governance

GOL's corporate governance goes beyond best practices. Controlling shareholders' commitment to minority shareholders is demonstrated day after day through the transparency of their actions. GOL's shares are listed at Bovespa on Level 2 of Corporate Governance. Quarterly financial statements are prepared in accordance with Brazilian Corporate Law and U.S. GAAP, and the Company's by-laws include approval rights for minority shareholders for certain transactions and the establishment of a one-year mandate for members of the Board of Directors. And GOL has gone still further - it grants 100% **tag along** rights to all shareholders, proof that its investor relations are built firmly on respect.



Do you know Sarbanes-Oxley Section 404? SOX 404 establishes the need for an annual assessment of internal controls and procedures over financial reporting. It also requires the company's independent auditors to issue a separate report attesting to management's assertions concerning the effectiveness of internal controls and procedures.



GOL's compliance with the Sarbanes-Oxley Act



After complying with the Sarbanes-Oxley Act (SOX) Section 302 Certification and creating a Disclosure Committee in 2004, GOL complied with Section 404 in 2005. Internal controls and procedures relating to the preparation of financial reports were tested and certified, in line with 404 requirements.

GOL assessed the effectiveness of its internal controls over the financial statements for the year ended December 31, 2005 using the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). GOL was one of the first companies in South America to present the certification of key officers' regarding compliance with these controls and procedures. By involving all Company areas in the project, GOL went to great lengths to ensure the integration with its creative and innovative culture. More than simply complying with the regulations, GOL expects to obtain significant benefits from the implementation of these procedures, including more effective risk management and more efficient controls over operational and financial issues, as well as further cost reductions.

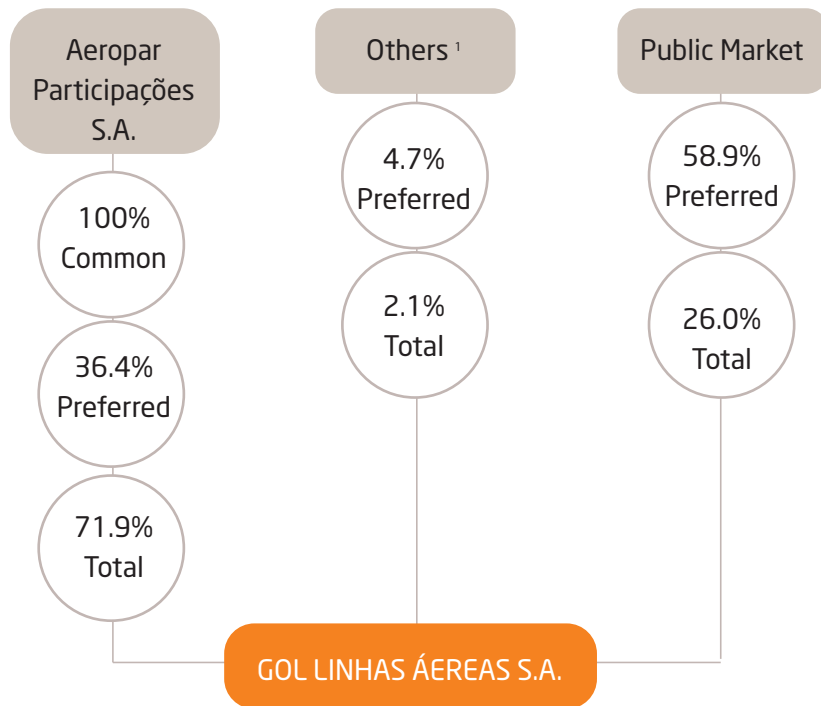


Management,
Board of Directors
and Committees

GOL's controlling shareholder is Aeropar Participações S.A., a holding company that held 72% of the Company's total capital at the end of 2005.

Also at the end of the year, 26% of GOL's total capital was held by the public market and 88% of the Company's free float was traded in the form of ADRs on the NYSE. Of the eight members of GOL's Board of Directors, five were appointed by Aeropar and **three are independent members**, in compliance with NYSE's and Bovespa's independence requirements. The Board of Executive Officers is composed of at least two and a maximum of six officers who are elected by the Board of Directors for a one-year mandate. Any officer may be removed from office by the Board before his or her mandate has expired.

You can verify the background of the Board of Directors and the Board of Executive Officers on the Investor Relations section of the Company's website (www.voegol.com.br/ir).



⁽¹⁾ Comporte Participações S.A. (3.87% Preferred) and Executive Officers and Directors as a group (0.81% Preferred)*.



Management, Board of Directors and Committees

In order to ensure management quality and independence, GOL has established several committees to support the Board of Directors and Executive Officers. It has also invited renowned specialists in their respective fields to act as independent members on both the Board and the committees.

GOL's by-laws stipulate a non-permanent Fiscal Committee, elected exclusively by the shareholders at a General Shareholders' Meeting. The Committee's responsibilities include supervising management activities, reviewing the Company's financial statements and reporting its findings to the shareholders.

Audit Committee: Its primary responsibilities include assisting the Board in issues related to financial accounting, internal controls, financial reports and compliance, as well as assessing the effectiveness of the Company's internal financial controls.

All Audit Committee members must comply with the SEC's independence and other NYSE listing requirements. Luiz Kaufmann is the committee's "financial expert", in line with the SEC and NYSE requirements.

Corporate Governance and Nomination Committee: Its main responsibility is to coordinate, implement and periodically review corporate governance best practices. It also monitors and informs the Board of Directors of any legal or market recommendations concerning these practices.

Compensation Committee: Its main duty is to review and make recommendations to the Board concerning the compensation of board members and executive officers, including salaries, bonuses and stock option plans, and to analyze and recommend revisions to these compensation policies, as well as to career and succession plans.

Financial Policy Committee: It is primarily concerned with approving the Company's corporate financial policy, as well as monitoring and assessing its implementation and effectiveness, including investment and financing plans and their impact on the Company's capital structure and results.

Risk Policies Committee: It is chiefly responsible for approving risk management policies, conducting periodic reviews of measures taken to protect the Company from exposure to variations in exchange rates, interest rates and jet fuel prices, assessing the effectiveness of hedging activities and recommending policy measures.



Exceptional performance

Since the Company's listing and the end of 2005, GOL's shares appreciated by 150.3%, 89.6 percentage points higher than the Ibovespa (Bovespa Index) in the same period. Similarly, its ADS, traded on the NYSE, appreciated by 231.9%, versus just 2.3% for the Dow Jones. Annual average daily traded volume, combining Bovespa and NYSE, was approximately US\$ 10 million, placing GOL among the most traded airlines.

Second Share Offering

In April 2005, the Company conducted its second public offering of shares, which was as successful as its IPO. The total offering was of US\$ 236 million, with US\$ 103 million going to the cash resources of the Company.

Change in ADS ratio

In order to increase liquidity of its ADSs, GOL approved in November a change in the ADS/ preferred share ratio under its ADR program, from one ADS for every two preferred shares to one ADS for every preferred share. The shares have been trading with the new ratio since December 13, 2005.



Inclusion in main market indices

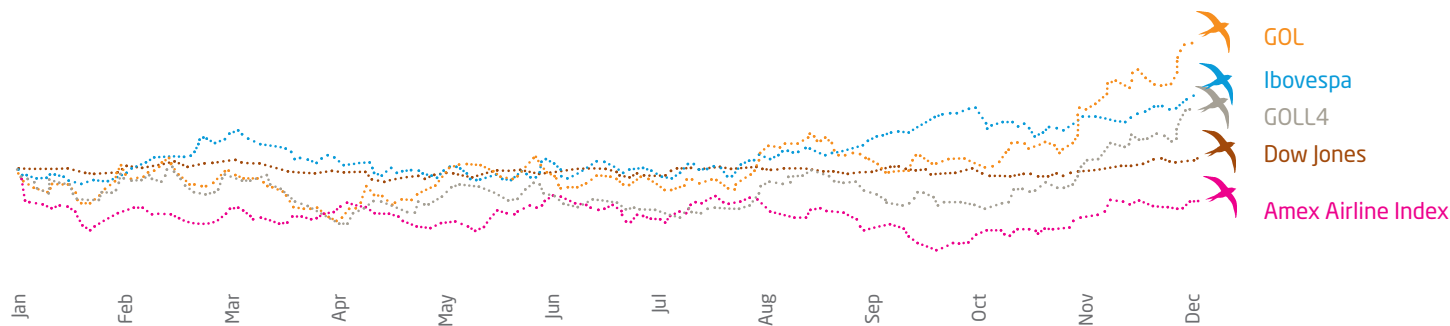
GOL's shares have been included in the IBrX100, IGC and ITAG, indices created by the Bovespa to distinguish companies with outstanding corporate governance practices, as well as the MSCI indices. In addition, in 2005 GOL was one of 28 companies selected for inclusion in the Bovespa's Corporate Sustainability Index (ISE), the first in Latin America to be made up of companies taking a responsible attitude towards the environment, society, clients, suppliers and other stakeholders.

SHARE INFORMATION- 2005

	BOVESPA GOLL4 (R\$)	NYSE GOL (US\$)
Opening price	41.33	15.88 ¹
Closing price	66.42	28.21
Year's average price	40.00	16.57 ¹
Year's maximum price	66.90	28.74
Year's minimum price	32.24	12.20 ¹
Appreciation in the year (%)	60.71%	77.6%
Ibovespa/Dow Jones appreciation in the year (%)	27.7%	-0.6%
<hr/>		
Average daily trading volume	4.0	8.2
Average daily trading (number of transactions)	98,878	498,096
<hr/>		
Market capitalization	13,016	5,573

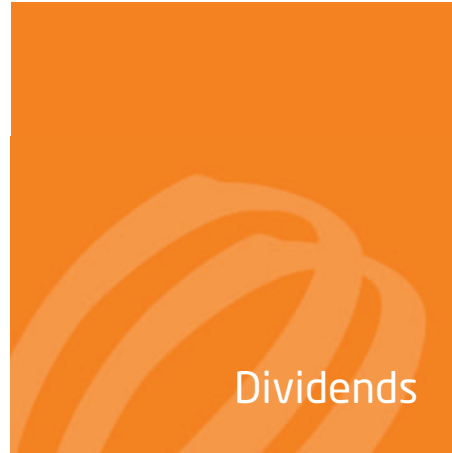


SHARE PERFORMANCE
2005





Did you know that GOL supports transparent information disclosure? GOL has always emphasized transparency, respect and equality of treatment for its shareholders, and is one of the few South American companies where Sarbanes-Oxley standards have already been implemented. Everyone can invest in GOL!



GOL paid its shareholders total dividends of R\$ 100.8 million on 2005 results, consisting of the net amount of R\$ 96.6 million as interest on capital and R\$ 4.2 million as supplementary dividends. Each shareholder received the net amount of R\$ 0.51 per share/ADS. This amount complies with the rights guaranteed to shareholders by the Company's by-laws of mandatory minimum dividends of 25% of annual net adjusted profits, in accordance to the Brazilian Corporate Law. At the end of 2005, GOL's Board of Directors approved the Board of Executive Officers' recommendation to change the dividend payment periodicity from annual to quarterly, effective as of the first quarter of 2006.



GOL constantly monitors fluctuations in its key financial risk factors - fuel prices, exchange rates and interest rates - in order to minimize their possible impact on results. The Company's general policy is to protect itself against short-term oscillations in fuel prices and the U.S. dollar by hedging a portion of estimated exposure. As part of its risk management program, GOL establishes exposure limits and hedge indices and maintains high standards of internal controls to reduce its risk exposure even further.



Ethics and Social Responsibility

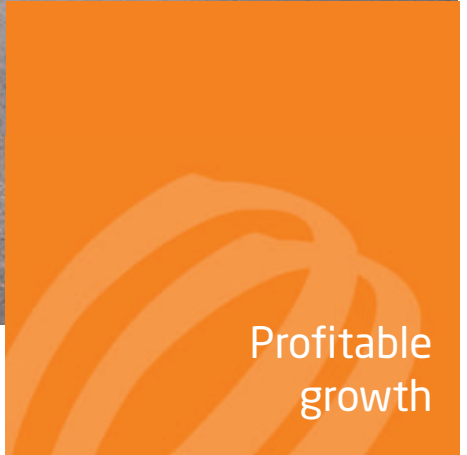


Since its foundation, GOL's day-to-day activities have been governed by social responsibility and a desire to contribute to society's development.

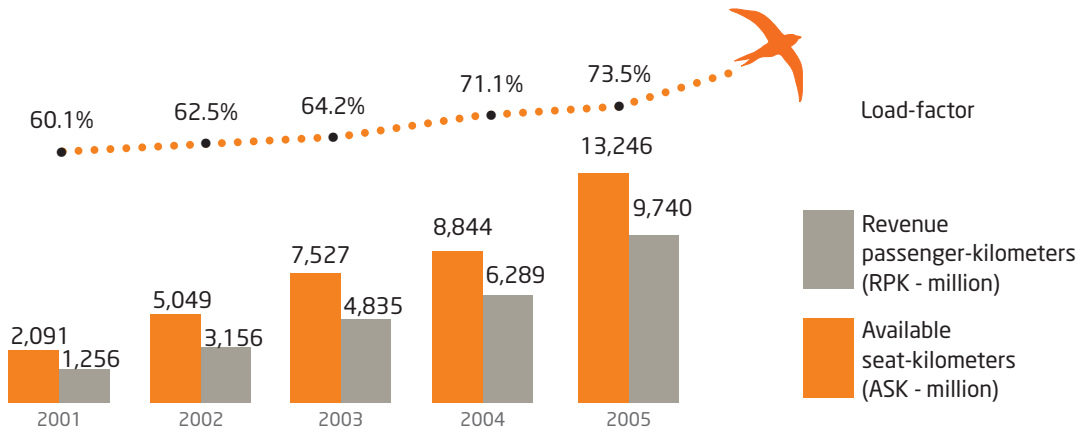
The Company's values are underpinned by growth, respect and motivated team work, as well as full compliance with social and environmental obligations. All of GOL's working relations and business practices are guided by ethical principles. This was underlined in 2004, when we implemented our Code of Ethics, making it clear to our employees and the public at large precisely what we understand by ethical conduct.

The Company is the main sponsor of *Pastoral da Criança* (Children's Mission), an NGO that cares for more than 1.8 million children in Brazil, aged between 0 and 6. Over the past three years, we have donated around R\$ 1 million to the *Pastoral* and were the first recipient of the *Certificado Parceiro de Ouro da Pastoral 2005* (Gold Pastoral Partner Certificate 2005).

The Company has also contributed to the *Fundação Gol de Letra* (Gol de Letra Foundation), an NGO that develops educational, cultural and sports programs for children and teenagers. It also continued to sponsor the *Projeto Felicidade* (Happiness Project), which helps children with cancer by offering them a five-day program of activities and outings in São Paulo, including a visit to GOL's headquarters. We also sponsor several other projects, including *Expedicionários da Saúde* (Health Outreach), an association that provides medical assistance for indigenous communities living along the Rio Negro in the state of Amazonas; *Expedição Vaga Lume* (Firefly Expedition), a São Paulo-based NGO which installs libraries in towns in the Amazon region; and the *Programa Voe Alto* (Fly High Program), developed by the *Instituto Criar de TV e Cinema* (TV and Cinema Institute), which promotes meetings between its students and professionals in the audiovisual field.



ASK, RPK AND LOAD-FACTOR



Net Operating Revenues

Net operating revenues increased 36.1% to R\$ 2.7 billion, or R\$ 708.2 million, due primarily to increased passenger and cargo revenues directly related to a 40% increase in departures, an increase in the average fleet from 22.3 to 34.3 and a 3.4% increase in load factor to 74%, partially offset by a 13% decrease in yield due to a 4% decrease in average fare and a 5% increase in average stage length.



Operating Expenses

Operating expenses per seat kilometer excluding fuel decreased 10.6%, during 2005. Total costs per available seat kilometer decreased 1.3% to R\$15.46 cents primarily due to a reduction in maintenance expense on a per available seat kilometer basis and the spreading of fixed costs over a 50% increase in operating capacity to 13.25 billion available seat kilometers, despite a 17.5% increase in the average cost of jet fuel and a 7.5% increase in landing fees, each on a per seat kilometer basis.

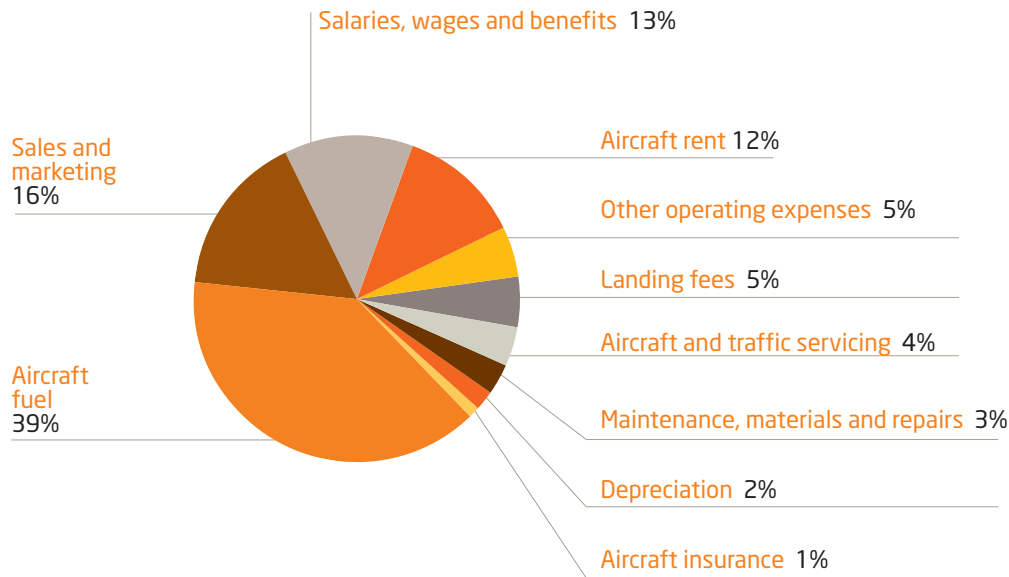
Salaries, wages and benefits per available seat kilometer decreased 5.1% to 1.96 cents, mainly due to increased productivity and higher capacity, partially offset by a 65.0% increase in full-time equivalent employees from 3,307 in 2004 to 5,456 in 2005, related to the international expansion of the operations and the internalization of certain services, as well as to a 6.0% increase in wage rates.

Aircraft fuel expense per available seat kilometer increased 17.5% to 9.10 cents, primarily due to a 17.2% rise in the average fuel cost per liter, partially offset by the appreciation of the real against the U.S. dollar and the effects of our hedging program.

Aircraft rent per available seat kilometer decreased 17.7% to 1.82 cents primarily due to a 11.8% appreciation of the real against the U.S. dollar during the year, the effects of our hedging program and a higher aircraft utilization.

Aircraft insurance expense per available seat kilometer decreased 22.6% to 0.22 cents due to a 11.8% appreciation of the real against the U.S. dollar during the year, a decrease in average insurance premium rates and the effects of our hedging program.

BREAKDOWN OF OPERATING EXPENSES





Operating Expenses

Sales and marketing expense decreased 14.4% to 2.53 cents, due to increased internet sales (81.3% in 2005 compared to 76.4% in 2004), and lower sales and travel agent commissions. Travel agents accounted for approximately 70% of our sales in 2005, 63% of which through the internet.

Landing fees per available seat kilometer increased 7.5% to 0.70 cents due to a 26% increase in average landing tariffs because of increased international traffic, partially offset by increased average stage length.

Aircraft and traffic servicing expense per available seat kilometer decreased 18.3% to 0.69 cents as a result of fixed costs being spread over a 49% increase in capacity.

Maintenance, materials and repairs decreased 28.6% to 0.42 cents due to the appreciation of the real against the U.S. dollar and lower maintenance costs for airframe checks and engine repairs.

Depreciation increased 10.1% to 0.74 cents due primarily to an increase in inventory of aircraft spare parts offset by higher aircraft utilization.

Other operating expenses per available seat kilometers increased 21.4% to 0.74 cents due to an increase in general and administrative expenses related to the expansion of operations.

Other Income (Expense)

Interest expense and financial income (expense), net increased R\$85.2 million, due primarily to an of R\$106.0 million increase in interest income on cash balances.

Income taxes, as a percentage of income before taxes, decreased to 28% in 2005 from 34% in 2004. The reduction was principally due to the payment of a portion of a mandatory minimum dividend as interest in shareholder's equity, which is deductible for corporate tax purposes.

Record net
income and
dividends



Net Income

Net income for the year 2005 increased to R\$513.2 million, a 33.4% increase over 2004, representing a net income margin of 19.2%.

Net earnings per share, basic, amounted to R\$2.66 (US\$1.14 per ADS).

Net earnings per share, diluted, amounted to R\$2.65 (US\$1.13 per ADS).

A net payout of R\$100.8 mm (R\$0,51 per share and US\$0.22 per ADS), corresponding to 25% of adjusted net income in BR GAAP, was approved at the March 9th, 2006, Board Meeting, to be paid as dividends and interest on shareholder's equity on April 27th, 2006.



Solid financial situation

Liquidity and Capital Resources

One of GOL's priorities is to maintain a solid financial situation, with adequate cash balances and appropriate financial leverage. On December 31, 2005, the Company had R\$106.3 million in cash and cash equivalents, R\$762.7 million in short-term investments and R\$564.0 million in accounts receivable. By year end, 11 lines of credit with six institutions were in place, allowing for borrowings of up to R\$340.0 million.

GOL relies on cash from operations to provide working capital for current and future operations. Cash flow from operating activities totaled R\$353.7 million in 2005, a R\$113.8 increase over 2004, primarily due to the growth of the business, while net cash flow used for investing and financing activities was R\$653.1 million. During 2005, our investing activities totaled R\$801.8 million, including capital expenditures of R\$482.8 million, which included R\$169.4 million related to acquisitions of property, equipment and R\$313.3 million of pre-delivery deposits for aircraft acquisitions, and R\$319.3 million of short term investments. Financing activities consisted primarily of a reduction in short term borrowings of R\$64.3 million offset by the proceeds from the issuance of R\$279.1 million of preferred shares in a follow-on public offering completed in May 2005.



Glossary

FINANCIAL TERMS

ADR: American Depositary Receipt. A negotiable certificate issued by a U.S. bank, which represents shares issued by a company outside the United States. Many Brazilian companies have their shares traded on the New York Stock Exchange using ADRs

ADS: American Depositary Share. Receipts of shares traded abroad.

Bovespa: the São Paulo Stock Exchange

BR GAAP: Brazilian generally accepted accounting principles

Capital market: financial market where medium - and long - term securities are traded, including government bonds, medium and long-term securities issued by financial institutions, and corporate bonds and shares

Cash flow: the amount of cash being received and spent by a company during a given period of time

Common share: shares that give their holders the right to vote at shareholders' meetings

Corporate governance: a set of procedures that ensure the rights and equitable treatment of shareholders, in addition to transparency and accountability in financial reporting. An important part of corporate governance is that it allows shareholders to monitor a company's board of executive officers

CVM: Brazilian Securities and Exchange Commission. Regulates and oversees the Brazilian securities market

Dividend: a payment made, almost always in cash, to a company shareholder as a return on investment

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization (LAJIDA in Portuguese)

EBITDAR: Earnings before Interest, Taxes, Depreciation, Amortization and Rent (LAJIDAR in Portuguese). EBITDAR is useful for comparing airlines as aircraft leasing represents a significant operating expense

Earnings per share: the net income allocated to a share after payment of income taxes, divided by the number of shares

GDP: Gross Domestic Product. A country's GDP is the primary measure of the size of its economy. It represents the total value of goods and services produced in the country

IBrX - 50: an index that measures the performance of the Bovespa's 50 most-traded stocks

Level 2: a Bovespa corporate governance classification for publicly-held companies. Companies classified as Level 2, undertake to adopt all Level 1 governance practices plus a range of practices mainly related to minority shareholders rights

Liquidity: the ability of an institution to immediately meet its financial obligations. When applied to financial instruments, it refers to the ease with which a given security can be traded

Net income: net revenue(s) less cost of goods sold, operating expenses and period income tax

Net margin: income after income taxes, divided by net revenue(s)

Net revenue(s): total operating income less taxes and deductions

Operating income: net revenue(s) less total expenses, except income tax and other items not related to the company's core business

Operating margin: operating income divided by net revenue(s)



Glossary

Primary surplus: when a government's total revenue(s) exceeds its expenditures, after discounting interest expenses and the monetary adjustment of debt, a primary surplus is recorded

Revenue(s): the total amount received from the sales of a company's products or services

SEC: Securities and Exchange Commission, the agency that regulates the U.S. securities market

Share Issue: the placement of a company's shares on the market

Social responsibility: a form of corporate conduct that in which the company becomes an active partner in promoting social development. A socially responsible company respects the interests of all parties involved (shareholders, service providers, suppliers, consumers, the community, government and the environment) and includes them in its planning

U.S. GAAP: United States generally accepted accounting principles

AVIATION INDUSTRY TERMS

Aircraft utilization: the average number of hours operated per day per aircraft for the total aircraft fleet

ANAC: National Civil Aviation Agency

Available seat kilometers (ASK): aircraft seating capacity multiplied by the number of kilometers the seats are flown

Average stage length: the average number of kilometers flown per flight

Block hours: the elapsed time between an aircraft leaving an airport gate and arriving at an airport gate

Breakeven load factor: the passenger load factor that will result in passenger revenues being equal to operating expenses

DAC: Civil Aviation Department

Load-factor: represents the percentage of aircraft seating capacity that is actually utilized (calculated by dividing revenue passenger kilometers by available seat kilometers)

Operating expenses per available seat kilometer (CASK): operating revenues divided by available seat kilometers

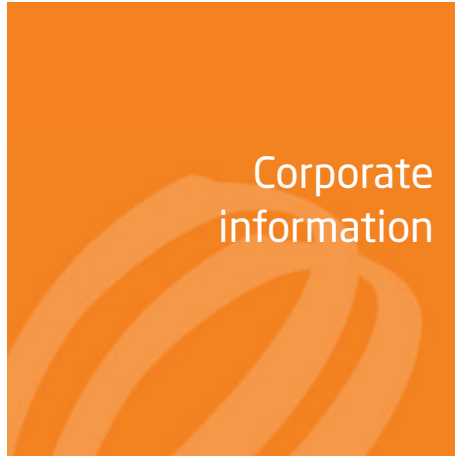
Operating revenue per available seat kilometer (RASK): operating revenues divided by available seat kilometers

Passenger revenue per available seat kilometer: passenger revenue divided by available seat kilometers

Revenue passengers: represents the total number of paying passengers flown on all flight segments

Revenue passenger kilometers (RPK): the numbers of kilometers flown by revenue passengers

Yield per passenger kilometer: the average amount one passenger pays to fly one kilometer



Board of Executive Officers

Constantino de Oliveira Júnior
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

Board of Directors

Constantino de Oliveira
Director

Constantino de Oliveira Júnior
Director

Henrique Constantino
Director

Joaquim Constantino Neto
Director

Ricardo Constantino
Director

Álvaro de Souza
Director

Antonio Kandir
Director

Luiz Kaufmann
Director

Audit Committee

Álvaro Souza
Antonio Kandir
Luiz Kaufmann

Corporate Governance and Nomination Committee

Henrique Constantino
Charles Barnsley Holland
Paulo César Aragão
Betania Tanure de Barros

Compensation Committee

Henrique Constantino
Marco Antonio Piller
Marcos Roberto Morales

Financial Policy Committee

Henrique Constantino
Richard F. Lark, Jr.

Risk Policies Committee

Henrique Constantino
Richard F. Lark, Jr.
Barry Siler



Shares Traded on the Bovespa

Custodian Bank:

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

Note: Shareholders are served by the Bank's network of 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
Email: anna.sakalis@fleetspecialist.com
www.fleet-specialist.com

ADS Program Depositary Bank:

The Bank of New York
Shareholder Relations
PO BOX 11258 - Church Street Station
New York, NY 10286-1258 USA
Tel: (toll free): 1-888-BNY-ADRS (269-2377)
Tel: (international): 1-610-312-5315
Email: 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.
CFO and IRO
Rua Tamoios, 246
Jd. Aeroporto - São Paulo - SP
Tel: (55 11) 5033-4393
Fax: (55 11) 5033-4224
ri@golnaweb.com.br

Publications and Information

All material facts pertaining to GOL Linhas Aéreas Inteligentes and its subsidiaries are disclosed simultaneously to the market and the authorities and regulatory bodies in Brazil and the United States. Quarterly and annual financial statements are presented in line with the accounting standards defined by Brazilian Corporate Law, as well as those standards prevailing in the United States (USGAAP). Additionally, as required by law, the complete financial statements are published annually in the *Gazeta Mercantil* and *Diário Oficial do Estado de São Paulo* newspapers.

Quarterly and annual financial statements, press releases, presentations, material facts and notices to shareholders are available from our Investor Relations area and on the IR section of our website (www.voegol.com.br). Other Company information can be obtained from the sites of the São Paulo Stock Exchange (www.bovespa.com.br), the New York Stock Exchange (www.nyse.com), the Comissão de Valores Mobiliários (www.cvm.gov.br) and the Securities and Exchange Commission (www.sec.gov).

This release contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to growth prospects of GOL. These are merely projections and, as such, are based exclusively on the expectations of GOL's management concerning the future of the business and its continued access to capital to fund the Company's business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors and risks disclosed in GOL's filed disclosure documents and are, therefore, subject to change without prior notice.



CONSOLIDATED BALANCE SHEETS

December 31, 2005 and 2004
(In thousands of Brazilian Reais)

	R\$	R\$	Translation into thousands of US\$
	2004	2005	2005
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	405,730	106,347	45,434
Short-term investments	443,361	762,688	325,837
Receivables, less allowance (2004 - R\$ 3,547; 2005 - R\$ 4,890, US\$ 2,089)	386,370	563,958	240,936
Inventories	21,038	40,683	17,381
Recoverable taxes and current deferred tax	10,657	13,953	5,961
Prepaid expenses	34,184	39,907	17,049
Other current assets	3,389	13,102	5,597
Total current assets	1,304,729	1,540,638	658,195
PROPERTY AND EQUIPMENT			
Pre-delivery deposits	43,447	356,765	152,418
Flight equipment	102,197	225,724	96,434
Other property and equipment	29,703	75,619	32,306
	175,347	658,108	281,158
Less accumulated depreciation	(43,989)	(79,508)	(33,968)
Property and equipment, net	131,358	578,600	247,190
OTHER ASSETS			
Deposits for aircraft leasing contracts	22,884	22,583	9,648
Prepaid aircraft and engine maintenance	266,532	386,193	164,990
Other	8,781	27,829	11,889
Total other assets	298,197	436,605	186,527
TOTAL ASSETS	1,734,284	2,555,843	1,091,912

LIABILITIES AND SHAREHOLDERS' EQUITY

	R\$	R\$	Translation into thousands of US\$
	2004	2005	2005
CURRENT LIABILITIES			
Accounts payable	36,436	73,924	31,582
Salaries, wages and benefits	51,041	71,638	30,605
Sales tax and landing fees	51,515	83,750	35,780
Air traffic liability	159,891	217,800	93,049
Short-term borrowings	118,349	54,016	23,077
Dividends payable	60,676	101,482	43,355
Other accrued liabilities	39,906	43,615	18,633
Total current liabilities	517,814	646,225	276,081
NON-CURRENT LIABILITIES			
Deferred income taxes, net	44,493	64,694	27,212
Other	23,524	23,593	10,079
Total	68,017	87,287	37,291
COMMITMENTS AND CONTINGENCIES			
SHAREHOLDERS' EQUITY			
Preferred shares, no par value; 86,524,136 and 78,094,746 issued and outstanding in 2005 and 2004, respectively	564,634	843,714	360,454
Common shares, no par value; 109,448,497 issued and outstanding in 2005 and 2004	41,500	41,500	17,730
Additional paid-in capital	49,305	34,634	14,796
Deferred compensation expenses	(10,059)	(2,361)	(1,009)
Appropriated retained earnings	18,352	39,577	16,908
Unappropriated retained earnings	484,721	858,856	366,923
Accumulated other comprehensive gain	-	6,411	2,738
Total shareholders' equity	1,148,453	1,822,331	778,540
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,734,284	2,555,843	1,091,912

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2005, 2004 and 2003

(In thousands of Brazilian Reais, except per share amounts)

	R\$ 2003	R\$ 2004	R\$ 2005	Translation into thousands of US\$ 2005
NET OPERATING REVENUES				
Passenger	1,339,191	1,875,475	2,539,016	1,084,725
Cargo and Other	61,399	85,411	130,074	55,571
Total net operating revenues	1,400,590	1,960,886	2,669,090	1,140,296
OPERATING EXPENSES				
Salaries, wages and benefits	137,638	183,037	260,183	111,156
Aircraft fuel	308,244	459,192	808,268	345,310
Aircraft rent	188,841	195,504	240,876	102,908
Aircraft insurance	25,850	25,575	29,662	12,672
Sales and marketing	191,280	261,756	335,722	143,428
Landing fees	47,924	57,393	92,404	39,477
Aircraft and traffic servicing	58,710	74,825	91,599	39,133
Maintenance materials and repairs	42,039	51,796	55,373	23,657
Depreciation	13,844	21,242	35,014	14,959
Other operating expenses	44,494	54,265	98,638	42,140
Total operating expenses	1,058,864	1,384,585	2,047,739	874,840
OPERATING INCOME	341,726	576,301	621,351	265,456
OTHER INCOME (EXPENSE)				
Interest expense	(20,910)	(13,445)	(19,383)	(8,281)
Capitalized interest	-	3,216	17,113	7,311
Exchange loss	(16,938)	(5,926)	(8,967)	(3,831)
Interest income	1,815	34,159	140,204	59,898
Other	(41,558)	(7,025)	(32,796)	(14,011)
Total other income (expenses)	(77,591)	10,979	96,171	41,086
INCOME BEFORE INCOME TAXES	264,135	587,280	717,522	306,542
Income taxes	(88,676)	(202,570)	(204,292)	(87,279)
NET INCOME	175,459	384,710	513,230	219,263
EARNINGS PER COMMON AND PREFERRED SHARE:				
Basic	1,07	2,14	2,66	1,14
Diluted	1,07	2,13	2,65	1,13

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2005, 2004 and

(In thousands of Brazilian Reais)

	R\$ 2003	R\$ 2004	R\$ 2005	Translation into thousands of US\$ 2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	175,459	384,710	513,230	219,263
Adjustments to reconcile net income to net cash provided by provided by				
Depreciation and amortization	13,844	31,300	35,519	15,175
Deferred income taxes	27,929	36,860	20,926	8,940
Provision for doubtful accounts receivable	2,455	(213)	1,343	574
Changes in operating assets and liabilities				
Receivables	(137,785)	(145,581)	(178,931)	(76,443)
Accounts payable and other accrued liabilities	8,525	15,355	37,488	16,016
Deposits for aircraft and engine maintenance	(62,409)	(104,237)	(119,661)	(51,122)
Air traffic liability	52,829	36,498	57,909	24,740
Other, net	4,388	(14,772)	(14,078)	(6,014)
Net cash provided by operating activities	85,235	239,920	353,745	151,129
CASH FLOWS FROM INVESTING ACTIVITIES				
Deposits for aircraft leasing contracts	3,473	(4,263)	301	129
Acquisition of property and equipment	(42,736)	(41,971)	(169,443)	(72,390)
Pre-delivery deposits	-	(43,447)	(313,318)	(133,857)
Change in short term securities, net	-	(443,362)	(319,327)	(136,424)
Net cash used in investing activities	(39,263)	(533,043)	(801,787)	(342,542)
CASH FLOWS FROM FINANCING ACTIVITIES				
Short-term borrowings, net	16,106	79,443	(64,333)	(27,485)
Issuance of preferred shares	94,200	470,434	279,080	119,229
Tax benefit contributed by shareholders	-	29,188	-	-
Dividends paid	-	(26,503)	(60,676)	(25,922)
Other, net	(19,439)	-	(5,412)	(2,312)
Net cash provided by financing activities	90,867	552,562	148,659	63,510
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	136,839	259,439	(299,383)	(127,903)
Cash and cash equivalents at beginning of the period	9,452	146,291	405,730	173,337
Cash and cash equivalents at end of the period	146,291	405,730	106,347	45,434
Supplemental disclosure of cash flow information				
Interest paid	20,910	12,223	19,383	8,281
Income taxes paid	73,454	162,663	168,975	72,190
Disclosure of non cash transactions		29,188		
Tax benefit contributed by shareholders	175,459	384,710	513,230	219,263

See accompanying notes to Consolidated Financial Statements.



STATEMENTS OF ENVIRONMENTAL AND SOCIAL INFORMATION

	2005			2004		
1) BASIS OF CALCULATION Amount (R\$ thou.)						
Net Revenue (NR)						
Operating Result (OR)						
Gross Payroll (GP)						
	2,669,090			1,960,886		
	477,120			454,612		
	100,895			117,308		
2) INTERNAL SOCIAL INDICATORS	Amount (R\$ thou.)	As % of GP	As % of NR	Amount (R\$ thou.)	As % of GP	As % of NR
Food	10,324	10.23	0.39	6,807	5.80	0.35
Mandatory payroll taxes	53,847	53.37	2.02	32,554	27.75	1.66
Training and professional development	8,650	8.57	0.32	6,473	5.52	0.33
Private social security	3,609	3.58	0.14	-	-	-
Employee transportation	2,106	2.09	0.08	3,666	3.13	0.19
Labor safety and workplace health	40	0.04	-	211	0.18	0.01
Profits/results sharing	30,535	30.26	1.14	27,181	23.17	1.39
Total - Internal Social Indicators	109,111	108.14	4.09	76,892	65.55	3.93
3) EXTERNAL SOCIAL INDICATORS	Amount (R\$ thou.)	As % of GP	As % of NR	Amount (R\$ thou.)	As % of GP	As % of NR
Education	163	0.16	0.01	-	-	-
Culture	5,628	5.58	0.21	1,730	1.47	0.09
Sport and leisure	425	0.42	0.02	-	-	-
Health and sanitation	680	0.67	0.03	500	0.43	0.03
Taxes (excluding payroll taxes)	277,969	275.50	10.41	271,378	231.34	13.84
Total - External Social Indicators	284,865	282.33	10.68	273,608	233.24	13.96

	2005	2004
4) EMPLOYEE INDICATORS		
No. of employees at the end of the period	5,456	3,303
No. of direct employees	5,444	3,293
No. of outsourced employees	1,926	1,421
No. of officers	12	10
Gross payroll for:		
Direct employees	97,616	75,978
Officers	3,279	2,162
Outsourced employees	51,128	34,377
Ratio between highest and lowest salary, considering employees and managers	107	117
No. of outsourced service providers	26	14
No. of employees hired during the period	2,496	850
No. of dismissals during the period	343	298
No. of trainees/interns	172	180
No. of employees with disabilities or special needs	230	0
Total employees per age group:	5,456	3,303
Less than 18 years	9	4
From 18 to 35	4,138	2,444
From 36 to 60	1,305	853
Over 60	4	2
Total employees per educational level:		
Illiterate	-	N/A
Primary education	66	N/A
Secondary education	3,387	N/A
Technical college education	-	N/A
University education	1,966	N/A
Post-graduates	37	N/A
No. of women working in the company	2,170	1,420
% of management positions occupied by women	40%	42%
No. of Afro-Brazilians working in the company	168	38
No. of labor suits, as per:		
No. of suits filed against the company	134	90
No. of suits accepted	124	85
No. of suits dismissed	10	5
Total value of judicially determined indemnities and fines paid	296	192



STATEMENTS OF ENVIRONMENTAL AND SOCIAL INFORMATION

	2005	2004
4) EMPLOYEE INDICATORS		
Interaction with clients:		
No. of direct complaints received by the company	196	
No. of complaints received through consumer defense and protection bodies	251	142
No. of complaints received through justice	1,235	582
No. of complaints answered by each listed jurisdiction	327	327
Value of fines and indemnities paid to clients determined by consumer defense and protection bodies or judicially	-	-
Actions taken by the company to eliminate or minimize the causes of the complaints	30	15
Environment		
Investments in and expenditure on the maintenance of operational processes to improve the environment	146	-
Investments in and expenditure on the preservation and/or restoration of degraded environments	50	-
No. of environmental proceedings, administrative and judicial, filed against the company	-	-
Value of environmentally-related fines and indemnities determined administratively and/or judicially	-	-
Environmental liabilities and contingencies	-	-

5) CORPORATE RESPONSIBILITY INDICATORS

	23 in 2005		24 in 2004	
Total no. of work-related accidents	23 in 2005		24 in 2004	
Company-sponsored social and environmental projects were decided by:	()	(X)	()	()
	top-level executives	top-level executives and mid-level management	all employees	
Safety and health standards in the workplace were set by:	()	(X)	()	()
	top-level executives	top-level executives and mid-level management	all employees	
The profit/results sharing program covers:	()	()	(X)	()
	top-level executives	top-level executives and mid-level management	all employees	
In the selection of suppliers, the same standards of ethics and social and environmental responsibility adopted by the company:	()	()	(X)	()
	are not taken into consideration	são suggested	are required	
With relation to volunteer work by employees, the company:	()	()	(X)	()
	does not become involved	apóia e incentiva	organizes it	
With relation to client interaction indicators, the company:	()	()	(X)	()
	does not become involved	supports and encourages it	organizes it	
With relation to environmental indicators, the company:	()	(X)	()	()
	does not become involved	supports and encourages it	organizes it	