

**Embraer - Empresa
Brasileira de Aeronáutica S.A.**
Review Report of Independent Accountants
on Quarterly Information
March 31, 2009

Review Report of Independent Accountants

To the Board of Directors and Stockholders
Embraer – Empresa Brasileira de Aeronáutica S.A.
São José dos Campos - SP

- 1 We have reviewed the accounting information included in the Quarterly Information (ITR) of Embraer – Empresa Brasileira de Aeronáutica S.A. (parent company and consolidated) for the quarter ended March 31, 2009, comprising the balance sheets, the statement of operations, of changes in stockholders' equity and of cash flows, the management report and the explanatory notes. This Quarterly Information is the responsibility of the Company's management.
- 2 Our review was carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted in the preparation of the Quarterly Information, and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of the Company.
- 3 Based on our review, we are not aware of any material modifications that should be made to the accounting information included in the Quarterly Information referred to above in order that such information be stated in accordance with the standards established by the Brazilian Securities Commission (CVM).

- 4 As mentioned in Note 2 to the Quarterly Information, as a result of the changes in accounting practices adopted in Brazil which occurred during 2008, the statement of operations and of cash flows for the quarter ended March 31, 2008, presented for purposes of comparison, have been adjusted and are being republished in accordance with Accounting Standards and Procedures (NPC) No. 12 - Accounting Practices, changes in Accounting Estimates and Correction of Errors, approved by CVM Ruling No. 506/06.

São Paulo, April 27, 2009

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Valdir Augusto de Assunção
Contador CRC 1SP135319/O-9

EMBRAER - EMPRESA BRASILEIRA DE AERONÁUTICA S.A.

BALANCE SHEETS
AT MARCH 31, 2009 AND DECEMBER 2008
(In thousands of Brazilian reais)

<u>ASSETS</u>	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>03.31.2009</u>	<u>12.31.2008</u>	<u>03.31.2009</u>	<u>12.31.2008</u>
CURRENT ASSETS				
Cash and cash equivalents	173.616	2.098.167	1.402.150	3.341.888
Temporary cash investments	2.107.637	1.523.911	2.465.714	1.780.196
Marketable securities	759	759	26.611	22.786
Trade accounts receivable	326.743	408.106	1.065.565	1.107.044
Accounts receivable from subsidiaries	302.971	273.857	-	-
Customer financing	-	-	32.560	20.123
Collateralized accounts receivable	-	-	26.713	26.886
Provision for doubtful accounts	(12.409)	(12.139)	(81.867)	(82.782)
Inventories	5.740.587	5.233.945	7.363.899	6.906.358
Taxes recoverable	132.225	157.970	218.345	246.101
Other credits	161.071	166.526	295.075	316.089
Deferred income tax and social contribution on net income	288.729	373.276	319.337	404.508
Prepaid expenses	28.399	70.896	36.858	76.351
	<u>9.250.328</u>	<u>10.295.274</u>	<u>13.170.960</u>	<u>14.165.548</u>
NON-CURRENT ASSETS				
Long-term receivables				
Marketable securities	482	473	142.971	159.633
Trade accounts receivable	-	-	12.778	13.689
Customer financing	75.124	77.009	214.984	264.538
Collateralized accounts receivable	-	-	1.083.364	1.091.720
Inventories	-	-	215.022	194.745
Taxes recoverable	70.311	67.255	85.883	76.472
Accounts receivable from subsidiaries	1.951.913	2.138.251	-	-
Guarantee deposits	448.363	18.691	1.147.801	1.152.636
Other credits	26.186	20.462	29.096	28.137
Deferred income tax and social contribution on net income	239.415	338.237	323.678	424.559
Prepaid expenses	-	-	15.085	16.786
Investments	2.881.625	2.865.319	12	10
Property, plant and equipment	1.298.311	1.291.557	2.421.532	2.300.207
Intangible assets	<u>1.557.402</u>	<u>1.531.270</u>	<u>1.639.302</u>	<u>1.610.490</u>
	<u>8.549.132</u>	<u>8.348.524</u>	<u>7.331.508</u>	<u>7.333.622</u>
TOTAL ASSETS	<u>17.799.460</u>	<u>18.643.798</u>	<u>20.502.468</u>	<u>21.499.170</u>

EMBRAER - EMPRESA BRASILEIRA DE AERONÁUTICA S.A.

BALANCE SHEETS
 AT MARCH 31, 2009 AND DECEMBER 31, 2008
 (In thousands of Brazilian reais)

<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>03.31.2009</u>	<u>12.31.2008</u>	<u>03.31.2009</u>	<u>12.31.2008</u>
CURRENT LIABILITIES				
Loans and financing	676.725	930.096	981.930	1.259.809
Recourse and non-recourse debt	-	-	317.529	321.753
Suppliers	2.545.542	2.212.076	2.785.851	2.520.208
Accounts payable	69.938	89.830	146.469	163.503
Contributors from partners	-	-	4.110	5.823
Accounts payable to subsidiaries	149.712	109.585	-	-
Advances from customers	2.436.760	2.401.225	2.741.208	2.691.041
Taxes and social charges payable	51.736	81.366	113.108	148.009
Other provisions	446.576	802.133	536.156	891.737
Contingencies	23.850	20.957	25.010	22.137
Dividends	175	188	1.989	2.002
Deferred income tax and social contribution on net income	105.797	74.714	115.241	84.737
Unearned income	266.220	258.098	271.433	264.259
	<u>6.773.031</u>	<u>6.980.268</u>	<u>8.040.034</u>	<u>8.375.018</u>
NON-CURRENT LIABILITIES				
Long-term liabilities				
Loans and financing	2.342.332	2.696.902	2.664.476	3.039.870
Recourse and non-recourse debt	-	-	848.825	857.391
Fornecedores	-	-	-	-
Accounts payable	2.819	2.820	43.401	41.218
	-	-	-	-
Contributions from partners	128.214	65.484	193.611	103.453
Advances from customers	882.521	1.039.978	890.264	1.049.800
Taxes and social charges payable	548.973	539.696	556.162	547.027
Contingencies	58.541	60.049	63.719	80.114
Other provisions	241.732	235.902	238.263	235.902
Deferred income tax and social contribution on net income	689.135	865.627	748.303	921.430
Unearned income	7.770	7.948	7.770	7.949
Deferred income	102.867	105.880	103.342	105.973
	<u>5.004.904</u>	<u>5.620.286</u>	<u>6.358.136</u>	<u>6.990.127</u>
Minority interests	-	-	158.143	163.494
Stockholders' equity				
Capital	4.789.617	4.789.617	4.789.617	4.789.617
Treasury shares	(320.250)	(320.250)	(320.250)	(320.250)
Revenue reserves	1.578.001	1.578.001	1.487.677	1.487.677
Retained earnings	41.586	-	38.256	-
Cumulative translation adjustments	(67.429)	(4.124)	(49.145)	13.487
	<u>6.021.525</u>	<u>6.043.244</u>	<u>5.946.155</u>	<u>5.970.531</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>17.799.460</u>	<u>18.643.798</u>	<u>20.502.468</u>	<u>21.499.170</u>

EMBRAER - EMPRESA BRASILEIRA DE AERONÁUTICA S.A.

STATEMENTS OF INCOME

FOR THE QUARTERS ENDED MARCH 31, 2009 AND 2008

(In thousands of Brazilian reais, except for earnings per share)

	Parent company		Consolidated	
	03.31.2009	03.31.2008	03.31.2009	03.31.2008
GROSS SALES				
Sales:				
Domestic market	36.898	38.327	99.261	72.495
Foreign market	2.279.759	2.062.546	2.597.361	2.336.418
Taxes and deductions from sales	(9.266)	(16.882)	(29.233)	(87.230)
NET SALES	2.307.391	2.083.991	2.667.389	2.321.683
COST OF SALES	(1.988.980)	(1.685.363)	(2.211.352)	(1.893.224)
GROSS PROFIT	318.411	398.628	456.037	428.459
OPERATING INCOME (EXPENSE)				
Administrative	(61.981)	(70.300)	(85.462)	(91.748)
Selling	(126.120)	(207.145)	(152.090)	(162.143)
Other income (expense), net	(112.789)	(29.887)	(109.294)	(41.101)
Equity in earnings of subsidiaries/ investees	50.301	56.774	-	271
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSE)	67.822	148.070	109.191	133.738
FINANCIAL INCOME (EXPENSE)				
Financial expense	(71.890)	(57.907)	(85.751)	(65.688)
Financial income	71.503	48.062	74.414	73.355
Indexation and foreign exchange gains/losses net	17.888	7.612	5.447	17.441
PROFIT BEFORE TAXATION	85.323	145.837	103.301	158.846
Income tax and social contribution on net income for the year	-	(18.811)	(15.583)	(27.439)
Deferred income taxes and social contribution on the net income	(43.738)	22.635	(49.216)	22.635
NET INCOME AFTER TAXES	41.585	149.661	38.502	154.042
MINORITY INTERESTS	-	-	(246)	(1.991)
NET INCOME FOR THE QUARTER	41.585	149.661	38.256	152.051

EMBRAER - EMPRESA BRASILEIRA DE AERONÁUTICA S.A.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY - PARENT COMPANY
FOR THE QUARTER ENDED MARCH 31, 2009

(In thousands of Brazilian reais)

	Revenue reserves				Treasury shares	Retained earnings	Cumulative translation adjustments	Total
	Capital	Investment subsidy	Legal reserve	For investments and working capital				
AT DECEMBER 31, 2008	<u>4.789.617</u>	<u>21.210</u>	<u>157.760</u>	<u>1.399.031</u>	<u>(320.250)</u>	<u>-</u>	<u>(4.124)</u>	<u>6.043.244</u>
Net income for the quarter	-	-	-	-	-	41.586	-	41.586
Cumulative translation adjustments	-	-	-	-	-	-	(63.305)	(63.305)
AT MARCH 31, 2009	<u>4.789.617</u>	<u>21.210</u>	<u>157.760</u>	<u>1.399.031</u>	<u>(320.250)</u>	<u>41.586</u>	<u>(67.429)</u>	<u>6.021.525</u>

EMBRAER - EMPRESA BRASILEIRA DE AERONÁUTICA S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY - CONSOLIDATED
FOR THE QUARTER ENDED MARCH 31, 2009

(In thousands of Brazilian reais)

	Revenue reserves				Treasury shares	Retained earnings	Cumulative translation adjustments	Total
	Capital	Investment subsidy	Legal reserve	For investments and working capital				
AT DECEMBER 31, 2008	<u>4.789.617</u>	<u>21.210</u>	<u>157.760</u>	<u>1.308.707</u>	<u>(320.250)</u>	<u>-</u>	<u>13.487</u>	<u>5.970.531</u>
Net income for the quarter	-	-	-	-	-	38.256	-	38.256
Cumulative translation adjustments	-	-	-	-	-	-	(62.632)	(62.632)
AT MARCH 31, 2009	<u>4.789.617</u>	<u>21.210</u>	<u>157.760</u>	<u>1.308.707</u>	<u>(320.250)</u>	<u>38.256</u>	<u>(49.145)</u>	<u>5.946.155</u>

EMBRAER - EMPRESA BRASILEIRA DE AERONÁUTICA S.A.
 Statements of Cash Flows
 For the quarters ended Mar 31, 2009 and 2008
 (In thousands of Brazilian reais)

	Parent company		Consolidated	
	03.31.2009	03.31.2008	03.31.2009	03.31.2008
Operating activities				
Net income for the quarter	41.585	149.661	38.256	152.051
Items not affecting cash and cash equivalents				
Depreciation and amortization	79.751	79.412	100.384	93.928
Losses on the sale of property, plant and equipment	62	607	2.295	1.180
Provision for obsolescence	15.472	5.401	22.565	(8.943)
Reversal of provision for losses	(3.465)	(181)	(32)	(636)
Deferred income tax and social contribution on net income	43.737	(22.634)	49.217	(22.634)
Unrealized interest on taxes and loans payable in installments	(19.309)	3.026	(33.118)	(5.671)
Provision for doubtful accounts	342	(188)	973	(1.032)
Equity in earnings of subsidiaries/ investees	(50.301)	(56.774)	-	(271)
Indexation and foreign exchange gains/losses net	13.964	19.378	(3.053)	47.960
Minority interest	-	-	245	1.992
Other	-	1.368	376	(287)
Changes in assets and liabilities	(1.370.841)	860.180	(1.213.189)	533.092
Trade accounts receivable	211.920	442.457	31.882	41.628
Collateralized accounts receivable	-	-	(1.902)	(3.869)
Customer financing	1.165	876	34.404	3.307
Prepaid expenses	41.765	10.831	40.256	11.594
Inventories	(569.999)	(284.180)	(564.470)	(232.707)
Other credits	(2.009)	(19.051)	20.918	(204.757)
Unearned income	10.408	(4.970)	9.520	(15.149)
Guarantee deposits	(429.121)	(195)	(5.908)	(13.609)
Taxes recoverable	20.552	(15.262)	15.310	(53.524)
Suppliers	353.503	348.995	288.664	344.410
Recourse and non-recourse debt	-	-	(1.789)	7.259
Income tax and social contribution on net income payable	-	19.696	15.289	26.181
Taxes payable	(14.533)	9.176	(34.540)	25.504
Contributions from partners	50.562	(16.614)	78.297	(16.354)
Contingencies	2.138	(23.310)	(12.546)	(21.727)
Advances from customers	(89.669)	182.848	(74.347)	237.872
Deferred income	(2.022)	(1.521)	(1.641)	(1.243)
Temporary investments	(596.932)	205.597	(689.821)	360.983
Minority interests	-	-	(4.066)	4.889
Other provisions	(339.471)	52.872	(342.124)	69.751
Accounts payable	(19.098)	(48.065)	(14.575)	(37.347)
Net cash provided by (used in) operating activities	(1.249.003)	1.039.256	(1.035.081)	790.729

EMBRAER - EMPRESA BRASILEIRA DE AERONÁUTICA S.A.
 Statements of Cash Flows
 For the quarters ended Mar 31, 2009 and 2008
 (In thousands of Brazilian reais)

	Parent company		Consolidated	
	03.31.2009	03.31.2008	03.31.2009	03.31.2008
Investing activities:				
Sales of property, plant and equipment	238	148	514	-
Additions to property, plant and equipment	(50.326)	(59.754)	(195.200)	(65.915)
Additions to intangible assets	(76.173)	(92.997)	(82.011)	(104.613)
Marketable securities	-	-	-	1.119
Dividends received	-	2.671	-	-
Restricted cash reserved for construction of assets	-	-	(4.103)	(398)
Net cash used in investing activities	(126.261)	(149.932)	(280.800)	(169.807)
Financing activities:				
Loans paid	(788.799)	(481.117)	(1.035.624)	(590.750)
New loans obtained	262.301	181.209	446.164	298.828
Dividends and interest on the own capital	-	(77.790)	-	(78.595)
Treasury shares	-	(317.963)	-	(317.963)
Net cash used in financing activities	(526.498)	(695.661)	(589.460)	(688.480)
Net increase (decrease) in cash and cash equivalents	(1.901.762)	193.663	(1.905.341)	(67.558)
Effects of foreign currency translation	(22.789)	(229)	(34.397)	(29.459)
Cash and cash equivalents at the end of the period	173.616	311.248	1.402.150	2.218.721
Cash and cash equivalents at the beginning of the period	2.098.167	117.814	3.341.888	2.315.738

1. OPERATIONS

The operations of Embraer - Empresa Brasileira de Aeronáutica S.A.(Embraer or Parent Company; together with its subsidiaries, Consolidated or the Company), a corporation with its headquarters in the city of São José dos Campos, State of São Paulo, Brazil are the development, production and sale of jet and turboprop aircraft for civil and defense aviation, aircraft for agricultural use, structural components, mechanical and hydraulic systems and technical activities related to the production and maintenance of aerospace material.

The consolidated financial statements include the accounts of the Company and of all the subsidiaries in which Embraer directly or indirectly holds a majority of the capital or of the management control.

Special Purpose Companies - SPCs - The Company organizes some of its aircraft sale financing transactions through SPCs, in which the Company has no direct or indirect interest. The SPCs are consolidated in the financial statements of the parent company. Although it has no equity interests, the Company controls their operations or takes a majority share of their risks and rewards. The consolidated SPCs are: Barca Nine Ltd., Corcim Inc., Sampa Gold Inc., PM Limited, Refine Inc., RS Limited, River One Ltd., Fifth Feathers Ltd. and Port One Ltd. Other SPCs were not consolidated, based on technical analyses made by management, which concluded that Embraer is not the “primary beneficiary” and that they have no continuous involvement with the Company.

Exclusive Investment Funds - in line with its business strategies, the Company has exclusive investment funds which are consolidated in the financial statements. The balances of marketable securities and investments maintained through these Funds are recorded in the Cash and cash equivalents or Temporary cash investments accounts, taking into consideration the original maturities of the securities and the fund investment strategies, which provide for negotiation of these securities in periods that reflect the immediate liquidity of the amounts (Note 4).

2. PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements (parent company and consolidated) have been prepared in accordance with Brazilian corporate legislation and are presented in conformity with accounting practices adopted in Brazil and additional regulations of the Brazilian Securities Commission (CVM). These principles, methods and criteria are consistent with those of the financial statements of the previous year.

The preparation of financial statements requires management to make estimates and adopt assumptions relating to the assets and liabilities reported, the disclosure of contingent assets and liabilities on the date of the financial statements and to the amounts of revenues and expenses reported in the corresponding years. The actual results may differ from these estimates.

Amendments to Brazilian Corporate Law

Law No. 11638,, enacted on December 28, 2007 and amended by Provisional Measure - MP No. 449, of December 4, 2008, amended and introduced new provisions in Brazilian corporate legislation. The main objective of this Law and of the MP was to update Brazilian corporate legislation in order to bring accounting practices adopted in Brazil into line with the international accounting standards issued by the International Accounting Standards Board - IASB. Application of the Law and MP is mandatory for annual financial statements of years beginning on or after January 1, 2008.

The Company adopted Law No. 11638, and Provisional Measure - MP No. 449 for the first time in the financial statements for the year ended December 31, 2008, applied retroactively to 2007 for purposes of comparison, and the adjustments have been made to the interim financial statements for the quarter ended March 31, 2008.

The changes in Corporate Law have the following main impacts on the Company's financial statements, adopted retroactively to the quarter ended March 31, 2008:

- a) Investments in marketable securities: securities for trading are now valued at fair value against income for the year (Note 6).
- b) Adjustment to present value - trade accounts receivable with long-term maturities were adjusted to present value, based on specific interest rates.
- c) Derivative financial instruments – the Company now records financial derivatives at fair value (Note 25).
- d) Finance leases – The Company now records finance leases under Loans and financing in current and non-current liabilities, based on the value of the outstanding amounts payable at the transaction date (Note 15). Prior to Law 11638,/07, finance lease agreements were recorded as operating leases.
- e) Reclassifications: expenditure on the development of new products capitalized and recorded in deferred charges was reclassified to intangible assets.
- f) Business combinations and determination of goodwill - in addition to the changes described above resulting from the changes in Corporate Law, the Company

recorded the negative goodwill on the purchase of the remaining 40% of the subsidiary ELEB Equipamentos do Brasil Ltda., on July 3, 2008. This negative goodwill is stated in Deferred income in the consolidated financial information.

- g) First-time adoption - As permitted by CPC (Brazilian Accounting Pronouncements Committee) Technical Pronouncement 13 - First-time Adoption of Law No. 11638,/07 and MP No. 449/08, Company management chose January 1, 2007 as the transition date. The changes in accounting practices affected stockholders' equity at March 31, 2008 and income for the quarter then ended.
- h) Functional currency - After analyzing Embraer's operations and business, with reference to the applicability of CPC Technical Pronouncement No. 2, approved by CVM (Brazilian Securities Commission) Resolution No. 534 of January 29, 2008, relating mainly to the factors involved in the determination of its functional currency, management concluded that the Company's functional currency is the US dollar. This conclusion was based on analysis of the following indicators, as set out in CPC Technical Pronouncement No. 2, approved by CVM Resolution No. 534 of January 29, 2008:
- Currency with the greatest influence on the prices of goods and services;
 - Currency of the country whose competitive forces and regulations have the greatest influence on the determination of the selling price of the products and services;
 - Currency with the greatest influence on labor, materials and other costs of the provision of products or services;
 - Currency in which the funds for financial operations are largely obtained;
 - Currency in which the amounts received from operations are usually invested.

The items included in the Company's individual and consolidated financial statements were measured using the functional dollar currency, which best reflects the economic environment in which the Company operates and the way in which the company is effectively managed.

- i) Currency for purposes of presentation of the financial statements - The financial statements are presented in Brazilian reais, as permitted by CVM Resolution No. 534, translating the functional currency (US dollar) into reais at the closing rate of exchange for the period for assets and liabilities and the average quarterly rate for income statement accounts, as shown below. The stockholders' equity is maintained at the historic formation value. The exchange variations resulting from this translation of assets, liabilities, income and stockholders' equity are not recorded in the income statement, as the changes in the exchange rate have little or no effect on the current and future operating cash flows, and are therefore recorded in the specific stockholders' equity account Cumulative Translation Adjustments.

	Average rate for <u>the 1st quarter</u>	Closing rate for the <u>1st quarter</u>
2008	1.7379	1.7491
2009	2.3113	2.3152

The consolidated balance sheet and statement of income in functional currency (US dollar) translated into the presentation currency (Brazilian reais), prepared in accordance with accounting practices adopted in Brazil, are presented below.

BALANCE SHEETS
 AT MARCH 31, 2009 AND DECEMBER 2008
 (In thousands)

ASSETS	3.31.2009		12.31.2008	
	US\$	R\$	US\$	R\$
CURRENT ASSETS				
Cash and cash equivalents	605,628	1,402,150	1,429,990	3,341,888
Temporary cash investments	1,065,011	2,465,714	761,744	1,780,196
Marketable securities	11,494	26,611	9,750	22,786
Trade accounts receivable	460,248	1,065,565	473,703	1,107,044
Customer financing	14,063	32,560	8,610	20,123
Collateralized accounts receivable	11,538	26,713	11,504	26,886
Provision for doubtful accounts	(35,361)	(81,867)	(35,422)	(82,782)
Inventories	3,180,675	7,363,899	2,955,225	6,906,358
Taxes recoverable	94,309	218,345	105,306	246,101
Other credits	127,451	295,075	135,254	316,089
Deferred income tax and social contribution on net income	137,931	319,337	173,088	404,508
Prepaid expenses	15,920	36,858	32,672	76,351
	<u>5,688,907</u>	<u>13,170,960</u>	<u>6,061,424</u>	<u>14,165,548</u>
NON-CURRENT ASSETS				
Long-term receivables				
Marketable securities	61,753	142,971	68,307	159,633
Trade accounts receivable	5,519	12,778	5,857	13,689
Customer financing	92,858	214,984	113,196	264,538
Collateralized accounts receivable	467,935	1,083,364	467,146	1,091,720
Inventories	92,874	215,022	83,331	194,745
Taxes recoverable	37,095	85,883	32,722	76,472
Guarantee deposits	495,767	1,147,801	493,212	1,152,636
Other credits	12,567	29,096	12,040	28,137
Deferred income checks and social contribution on net income	139,806	323,678	181,668	424,559
Prepaid expenses	6,516	15,085	7,183	16,786
Investments	5	12	4	10
Property, plant and equipment	1,045,928	2,421,532	984,256	2,300,207
Intangible assets	708,061	1,639,302	689,128	1,610,490
	<u>3,166,684</u>	<u>7,331,508</u>	<u>3,138,050</u>	<u>7,333,622</u>
TOTAL ASSETS	<u>8,855,591</u>	<u>20,502,468</u>	<u>9,199,474</u>	<u>21,499,170</u>

BALANCE SHEETS
 AT MARCH 31, 2009 AND DECEMBER 31, 2008
 (In thousands of Brazilian reais)

<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	3.31.2009		12.31.2008	
	<u>US\$</u>	<u>R\$</u>	<u>US\$</u>	<u>R\$</u>
CURRENT LIABILITIES				
Loans and financing	424,123	981,930	539,071	1,259,809
Recourse and non-recourse debt	137,150	317,529	137,678	321,753
Suppliers	1,203,287	2,785,851	1,078,395	2,520,208
Accounts payable	63,264	146,469	69,963	163,503
Contributions from partners	1,775	4,110	2,492	5,823
Advances from customers	1,184,005	2,741,208	1,151,494	2,691,041
Taxes and social charges payable	48,855	113,108	63,333	148,009
Other provisions	231,580	536,156	381,574	891,737
Contingencies	10,802	25,010	9,472	22,137
Dividends	859	1,989	857	2,002
Deferred income tax and social contribution on net income	49,776	115,241	36,259	84,737
Unearned income	117,240	271,433	113,074	264,259
	<u>3,472,716</u>	<u>8,040,034</u>	<u>3,583,662</u>	<u>8,375,018</u>
NON-CURRENT LIABILITIES				
Long-term liabilities				
Loans and financing	1,150,862	2,664,476	1,300,757	3,039,870
Recourse and non-recourse debt	366,631	848,825	366,877	857,391
Accounts payable	18,746	43,401	17,637	41,218
Contributions from partners	83,626	193,611	44,267	103,453
Advances from customers	384,530	890,264	449,208	1,049,800
Taxes and social charges payable	240,222	556,162	234,072	547,027
Contingencies	27,522	63,719	34,280	80,114
Other provisions	102,914	238,263	100,943	235,902
Deferred income tax and social contribution on net income	323,213	748,303	394,279	921,430
Unearned income	3,356	7,770	3,402	7,949
Deferred income	44,636	103,342	45,347	105,973
	<u>2,746,258</u>	<u>6,358,136</u>	<u>2,991,069</u>	<u>6,990,127</u>
Minority interests	<u>68,306</u>	<u>158,143</u>	<u>69,959</u>	<u>163,494</u>
Stockholders' equity				
Capital	1,438,007	4,789,617	1,438,007	4,789,617
Treasury shares	(183,743)	(320,250)	(183,742)	(320,250)
Revenue reserves	1,304,330	1,525,933	1,287,777	1,487,677
Cumulative translation adjustments	9,717	(49,145)	12,742	13,487
	<u>2,568,311</u>	<u>5,946,155</u>	<u>2,554,784</u>	<u>5,970,531</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>8,855,591</u>	<u>20,502,468</u>	<u>9,199,474</u>	<u>21,499,170</u>

STATEMENTS OF OPERATIONS
FOR THE QUARTERS ENDED MARCH 31, 2009 AND 2008
(In thousands, except for earnings per share)

	3.31.2009		3.31.2008	
	US\$	R\$	US\$	R\$
GROSS SALES	1,166,717	2,696,622	1,386,106	2,408,913
Taxes and deductions from sales	<u>(12,648)</u>	<u>(29,233)</u>	<u>(50,193)</u>	<u>(87,230)</u>
NET SALES	1,154,069	2,667,389	1,335,913	2,321,683
COST OF SALES	(956,761)	(2,211,352)	(1,089,374)	(1,893,224)
GROSS PROFIT	197,308	456,037	246,539	428,459
OPERATING INCOME (EXPENSE)				
Administrative	(36,912)	(85,462)	(52,793)	(91,748)
Selling	(65,867)	(152,090)	(93,298)	(162,144)
Other income (expense), net	(47,287)	(109,294)	(23,650)	(41,100)
Equity in the earnings of subsidiaries	-	-	156	271
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSE)	47,242	109,191	76,954	133,738
FINANCIAL INCOME (EXPENSE)				
Financial expense	(37,101)	(85,751)	(37,797)	(65,688)
Financial income	32,196	74,414	42,208	73,355
Indexation and foreign gains/losses, net	2,357	5,447	10,036	17,441
PROFIT BEFORE TAXATION	44,694	103,301	91,401	158,846
Income tax and social contribution on net income for the year	(6,742)	(15,583)	(15,788)	(27,439)
Deferred income taxes and social contribution	(21,294)	(49,216)	13,024	22,635
NET INCOME AFTER TAXES	16,658	38,502	88,637	154,042
MINORITY INTEREST	(106)	(246)	(1,146)	(1,991)
NET INCOME FOR THE QUARTER	<u>16,552</u>	<u>38,256</u>	<u>87,491</u>	<u>152,051</u>

Consolidation and translation

The Company prepares its financial statements in functional currency and translates them into the presentation currency as described in item “i”.

The Company’s consolidated financial statements include those of its subsidiaries. Intercompany balances, transactions and unrealized profits are eliminated on consolidation, including investments, current accounts, dividends receivable, revenues and expenses between consolidated companies, and unearned income. The minority stockholders’ interest in the subsidiaries has been disclosed separately in the consolidated financial statements.

The reconciliation between the stockholders’ equity and the net income for the year (parent company and consolidated) is shown below:

	Net income for the <u>quarters ended</u>		Translation adjustments <u>as of</u>		Stockholders’ equity at	
	<u>3.31.2009</u>	<u>3.31.2008</u>	<u>3.31.2009</u>	<u>3.31.2008</u>	<u>3.31.2009</u>	<u>12.31.2008</u>
Parent company	41,585	149,661	(86,450)	(30,161)	6,021,525	6,043,244
Unearned profits (i)	<u>(3,329)</u>	<u>2,390</u>	<u>231,963</u>	<u>231,290</u>	<u>(75,370)</u>	<u>(72,713)</u>
Consolidated	<u>38,256</u>	<u>152,051</u>	<u>145,513</u>	<u>201,129</u>	<u>5,946,155</u>	<u>5,970,531</u>

(i) These refer mainly to unearned profits on sales of spare parts and aircraft by the Parent Company to the subsidiaries and the related taxes, which are not eliminated in the subsidiaries for purposes of stating the investment on the equity method of accounting, based on CVM Resolution No. 247/96.

The financial statements of subsidiaries located abroad are prepared in accordance with accounting practices compatible with those adopted by the Parent Company. The subsidiaries’ functional currency is that of the country in which they are located, when that is not the economic environment of the parent company, and their financial statements are translated into the parent company’s functional currency in accordance with CVM Resolution No. 534 de 2008 – CPC 02 - “Effect of the Changes on Exchange Rates and Translation of Financial Statements”. Accordingly, the financial statements were translated into the Parent Company’s functional currency using the current exchange rate method for balance sheet accounts and the average quarterly rate for income statement accounts. Exchange variations resulting from this translation are recorded in the stockholders’ equity account Cumulative translation adjustments and are only written off to income on the sale or loss of the investment.

In accordance with item 4 of CPC 02, the assets, liabilities, income and expenses of subsidiaries abroad that do not classify as independent entities should be integrated

with those of the parent company. As a result of a request made to the CVM, based on Circular Letter CVM/SNC/SEP No. 01/2009, Embraer obtained the authorization of this regulatory body, in Official Letter/CVM/SEP/GEA-1/No. 083/09, to delay application of item 4 of this pronouncement until the year ending December 31, 2009. Management, based on an analysis made, concluded that adoption of this standard would have no significant effect on the Parent Company's financial statements.

j) Investment subsidies

The government subsidies received for investments in research that fulfill the conditions required are recorded in income for the year, as a reduction of the expenditure incurred in the research. In the appropriations of net income, these subsidies were allocated to the Investment subsidy reserve account, in stockholders' equity (Note 21 (f)).

k) Non-operating income (expenses)

The Company reclassified non-operating income and expenses of R\$ 3,192 at March 31, 2008 to Other operating income and expenses, in accordance with Provisional Measure No. 449/08 which eliminated the item Non-operating income (expenses).

l) Statement of Changes in Financial Position, Statement of Cash Flows and Statement of Value Added

The Law also replaced the Statement of Changes in Financial Position with the Statement of Cash Flows and introduced the requirement to prepare a Statement of Value Added for the year. These statements are now an integral part of the Company's financial statements and the Statement of Cash Flows is also presented in the quarterly financial statements.

3. SIGNIFICANT ACCOUNTING PRACTICES

a) Determination of the results of operations and revenue recognition

Revenues from sales of commercial, executive and agricultural aircraft, spare parts and services are generally recognized at the time of delivery or shipment, when the risks and benefits are transferred to the customer. Revenue from negotiation of aircraft sales contracts involving the supply of spare parts, training and technical representation is recognized when effectively realized. In the Defense segment, the operations consist of long-term contracts, and revenues are recognized in accordance with the percentage of completion method of accounting, in addition to

the time of delivery or shipment. Certain contracts have price restatement clauses based on predefined indices and these are recognized on the accrual basis. Adjustments of recognition of revenues from sales contracts in the defense sector are recorded when there is evidence that they will occur, based on management's best estimates.

The revenue from the exchange pool program is recognized monthly over the term of the contract and the rate is partly fixed and partly variable, relating directly to the number of flight hours of the aircraft covered by the program.

The Company also recognizes revenues from aircraft rentals as operating leases, in proportion to the lease period, and records this revenue as net sales of other segments.

Costs are recorded on the accrual basis and comprise mainly expenditure on personnel and materials.

Operating expenses refer mainly to selling, administrative and other operating expenses.

Financial income and expenses mainly comprise income from financial investments, and interest on and restatement of loans, taxes with suspended payment and contingencies, recorded on the accrual basis (Note 22).

The government subsidies received for investments in research that fulfill the conditions required are recorded as a reduction of the expenditure incurred in the research.

b) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits and highly liquid short-term investments.

c) Temporary cash investments

These are securities with original maturities of over 90 days from the investment date.

d) Trade accounts receivable

Trade accounts receivable are stated at present value at the date of the financial statements and include revenues recorded on the percentage-of-completion method and not yet billed, less the provision for doubtful accounts.

The present value is calculated based on the effective interest rate for credit sales. The rate is compatible with the type, term and risks of similar transactions under market conditions.

e) Provision for doubtful accounts

The provision is recorded based on an individual analysis of receivables and at an amount considered sufficient to cover possible losses on realization of the trade accounts receivable.

f) Customer financing

These relate to temporary financing granted on the sale of certain aircraft and are stated at present value, when applicable.

g) Collateralized accounts receivable and recourse and non-recourse debt

Certain of the Company's sales are made under structured financing, whereby a Special Purpose Company - SPC purchases the aircraft, pays the Company the purchase price on delivery or at the end of the structured sales financing period, and transfers the aircraft purchased to the end customer. A financial institution finances the purchase of the aircraft from an SPC, with the financial institution bearing part of the credit risk, and the Company offers financial guarantees and/or residual value guarantees in favor of the institution.

The Company consolidates Special Purpose Companies in which it is liable to absorb the majority of the company's anticipated losses, if any, and receive the majority of the company's residual profits, if any, or both. Accordingly, SPCs in which the Company is the main beneficiary are consolidated in the Company's financial statements. When the Company is no longer the main beneficiary, the assets and liabilities related to the aircraft will not be included in the balance sheet.

The Company classifies the risks of this transaction as non-recourse when the financing institution bears part of the risk and as recourse when the Company bears the risk (Note 9).

h) Inventories

Inventories, including spare parts, are stated at the lower of average production or purchase cost and market value. Inventories of work in process and finished goods include raw materials, direct labor, other direct costs and general related production expenses and are reduced, when applicable, to net realizable value after deduction

of costs, taxes and estimated selling expenses. A provision for potential loss is recorded when management determines that items are obsolete or stocks are in excess of the quantities required for projects. Imports in transit are stated at the accumulated cost of each import.

The Company maintains a spare parts pool for the exclusive use of customers that contracted the Exchange Pool Program. This program establishes that customers may exchange a damaged component for one in working condition, as defined in the Program. This inventory is depreciated on the straight-line method based on an estimated useful life of seven to ten years and an average residual value of 35%, which the Company believes to be the approximate utilization time.

i) Prepaid expenses

Prepaid expenses include sundry expenses, mainly the costs of bank guarantees, contractual concessions to customers and deferral of insurance premiums.

In accordance with CPC Technical Pronouncement 8, approved by CVM Resolution No. 556, the Company follows the procedure of recording and evidencing the transaction costs incurred in raising funds by contracting loans and financing and records these amounts under financing (Note 15).

j) Marketable securities

Investments in marketable securities that the Company is able and intends to hold to maturity are classified as investments held to maturity and recorded at amortized cost. Securities acquired for trading are classified as marketable securities and marked to market and the effects of changes in fair value are recorded in income.

k) Judicial deposits

The deposits are restated and presented as a deduction from the amount of the corresponding liability recorded when there is no possibility of redemption of the deposits, except in the event of a favorable outcome in the case for the Company.

l) Other current and non-current assets

Other current and non-current assets are stated at cost or realizable value including, when applicable, accrued income and monetary and exchange variations.

m) Investments

Investments in subsidiaries are recorded in the Parent Company on the equity method of accounting and the earnings (loss) of these companies are recorded as operating income (expense) for the year. Exchange variations on the investment are recorded in stockholders' equity under cumulative translation adjustments. In calculating equity adjustments, unearned profits or losses on the parent company's sales to the subsidiaries are not eliminated.

When necessary, the accounting practices of the subsidiaries are adjusted to be consistent with Company practices.

Other investments are stated at cost less the provision to adjust them to market value, when applicable.

n) Property, plant and equipment

Property, plant and equipment are recorded at purchase, formation or construction cost, including financial charges on financing obtained from third parties for construction of the assets, which are capitalized in accordance with the criteria established in CVM Resolution No. 193/96.

Depreciation is calculated by the straight-line method based on the estimated useful lives of the assets. Improvements to existing assets are added to their cost, and maintenance and repair costs are charged to income when incurred. Materials allocated to specific projects are added to construction in progress and are subsequently transferred to the final property, plant and equipment accounts.

Charges on loans obtained to finance construction of property, plant and equipment are capitalized over the period required to construct and prepare the asset for its intended use.

o) Intangible assets

Research and development

Development costs are recorded at cost and mainly comprise expenditure on product development, including drawings, engineering designs and construction of prototypes, for subsequent amortization based on the number of aircraft that the Company expects to sell. Contributions from partners established in agreements

with the Company require the supplier to contribute to the Company as a form of compensation for its activities in relation to the development of new products. These amounts are deducted from the costs incurred, classified in intangible assets, when the contributions are no longer payable.

The costs are amortized from the time when benefits are first generated, based on the number of estimated aircraft sales for each project, and the amortized amounts are appropriated to production cost.

These estimates are reviewed as required.

In inactive projects or those that are unlikely to be completed, the deferred costs are written off or reduced to the net estimated recovery value.

Computer programs (software)

Software licenses are capitalized and amortized over their estimated useful lives.

Software development or maintenance costs are recorded as an expense as incurred. Expenditure directly associated with identifiable and unique software, controlled by Company and that is expected to generate greater benefits than costs for more than one year, is recorded in intangible assets.

p) Reduction to the recoverable value of assets

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed annually to identify evidence of impairment, or whenever events or changed circumstances indicate that the book value may not be recoverable. In such cases, the recoverable value is calculated to check for impairment. In the event of impairment, it is recorded at the amount by which the book value of the asset exceeds its recoverable value, which is the higher of the net selling price and the book value of an asset. For evaluation purposes, assets are grouped at the lowest level for which there are separately identifiable cash flows.

In the case of intangible assets in the process of development, the impairment tests are carried out irrespective of evidence of loss.

q) Leases

For the leaseholder, leases of property, plant and equipment in which the Company assumes substantially all the risks and benefits of ownership are classified as finance leases. Finance leases are recorded in the same way as a financed purchase, initially recognizing a capital asset and a financing liability (lease). Property, plant

or equipment acquired under finance leases is depreciated at the rates mentioned in Note 13.

Leases in which a significant portion of the risks and benefits of ownership are assumed by the lessor are classified as operating leases. Payments made for operating leases are appropriated to income by the straight-line method over the lease period.

Aircraft leased under operating leases are maintained in the Company's balance sheet as property, plant and equipment, and depreciated over their estimated useful lives. The rental income (net of any subsidy granted to the lessee) is recorded by the straight-line method over the lease period.

r) Foreign currency transactions

The Company records foreign currency transactions at the exchange rate ruling on the transaction date. Foreign currency assets or liabilities are translated at the exchange rate ruling on the balance sheet date and exchange variations are recognized in the income statement as and when they occur. Any transaction in a currency other than the Company's functional currency (US dollar) is regarded as a foreign currency transaction (Note 2j).

s) Derivative transactions

Derivatives are recorded at fair value and remeasured monthly, and changes in fair value are recorded as income (expense).

Although the Company uses derivatives as a hedge, as permitted by the rules in force, it does not follow hedge accounting principles.

The fair value of the derivatives is disclosed in Note 25.

t) Financing

Loans obtained are initially recorded at fair value on receipt of the funds, net of the transaction costs incurred. Subsequently, the loans are stated at amortized cost, including accrued charges and interest on a pro rata basis, less the fund raising costs, restated in accordance with the monetary and foreign exchange variations, when applicable.

u) Advances from customers

Advances received prior to delivery of the aircraft, subject to exchange variations, when applicable.

v) Income tax and social contribution on net income

These are calculated in accordance with the standard rates of each country which, in the case of the Brazilian operations, total 34% (income tax at 25% and social contribution on net income at 9%).

Deferred tax assets are recorded on income tax and social contribution losses, and on temporary differences between the book and tax bases of assets and liabilities, when it is probable that future taxable income will be sufficient to absorb these tax credits. This assessment is based on projections of future results of operations prepared and supported by internal assumptions and on future economic scenarios which are, accordingly, subject to change.

There is no prescription of the accumulated losses of the Brazilian operations, however, their offset is limited to 30% of the taxable income of each year.

w) Product warranty

Warranty expenses relating to aircraft and spare parts are recognized at the time of delivery, based on the estimated amounts to be incurred. These estimates are based on historical factors that include warranty claims and the corresponding repair and replacement costs, the warranty given by the suppliers and the contractual coverage period. The warranty coverage period varies between 36 and 60 months. In some cases, the Company is required by the aviation certification authorities to modify the product. The estimated costs of these modifications are recorded when the new requirements are known.

Under certain circumstances, the Company may be obliged to make modifications to the products after delivery due to the introduction of improvements or to aircraft performance. The costs related with these modifications are recorded when known.

x) Financial guarantees

The provision for guarantees is based on statistical information or appraisals by third parties that take into consideration, among other factors, the credit risk of each customer, the probability of the customer not honoring the commitments assumed, the future values of the aircraft at the date of the events and the limits guaranteed by the Company. The provision is recorded to cover the risk of loss on these guarantees, and the estimates are reviewed annually (Note 26 b).

y) Unearned income

This refers to commitments to supply spare parts, training and a technical representative and other commitments established in sales contracts for aircraft already delivered, the revenue from which will be appropriated when the service of product is delivered to the customer.

z) Deferred income

The deferred income balance refers to certain aircraft sales which, in accordance with contractual commitments, are recorded as operating leases and the revenue is appropriated as the commitments are fulfilled. In the consolidated financial statements, this also refers to the negative goodwill recorded on the acquisition of subsidiaries, without any economic substance.

aa) Employee profit sharing program.

The employee profit sharing program, approved by the Board of Directors in December 2008, is linked to the Company's net income determined in accordance with US GAAP (United States Generally Accepted Accounting Principles), and to individual and sector performance targets.

bb) Contingent assets and liabilities and legal obligations.

Contingent assets and liabilities and legal obligations are recognized, measured and disclosed in accordance with CVM Resolution No. 489/05.

Contingent assets – these are not recognized in the accounts, except when management concludes that the gain is practically certain or in the case of secured

guarantees or favorable legal decisions against which no further appeals can be made.

Contingent liabilities – these are recorded taking into account the opinion of the Company’s legal counsel, the nature of the lawsuits, similarity with previous cases, complexity and court interpretations, whenever the loss is considered probable and would result in a probable disbursement of funds to discharge the obligations, and also when the amounts involved can be calculated with a reasonable degree of certainty. Contingent liabilities classified as possible losses are not recorded in the accounts, but merely disclosed in the financial statements, and where the probability of loss is classified as remote, neither provision nor disclosure is required.

Legal obligations - these arise from tax liabilities being contested on the grounds of legality or constitutionality, and are recorded in full in the financial statements, irrespective of evaluation of the chances of success.

Judicial deposits are restated and recorded as deductions from the value of the corresponding liability when there is no possibility of redemption of the deposits, except in the event of a favorable outcome of the question for the company.

cc) Other current and non-current liabilities

These are stated at known or estimated amounts including, when applicable, accrued charges and monetary and exchange variations.

dd) Interest on own capital

Interest on own capital paid or provided is recorded in the accounts as a financial expense for tax purposes. However, as permitted by the CVM for purposes of presentation of the financial statements, it is reclassified to stockholders’ equity.

ee) Earnings per share

Earnings per share is calculated based on the number of shares of the Parent Company outstanding at the balance sheet date, net of treasury shares.

ff) Cash flow

The statement of cash flows is prepared on the indirect method, based on the accounting information, in accordance with CVM Resolution No. 547 of August 13, 2008, which approved the Brazilian Accounting Pronouncements Committee - CPC Technical Pronouncement 3, which refers to the Statement of Cash Flows – DFC.

gg) Transitional tax system

For purposes of determination of income tax and social contribution on net income, the Company opted for the Transitional Tax System - RTT, which permits elimination of the accounting effects of Law 11638,/07 and MP 449/08, through use of the Taxable Income Control Ledger – LALUR or auxiliary controls, without adjustment of the accounting records. The option for this system will be made on filing the Corporate Income Tax Return - DIPJ for calendar year 2008.

The financial statements for the period ended March 31, 2009 were prepared taking into consideration management's best estimates which, at this time, indicate the option for the RTT.

Temporary differences between the tax and book bases of assets and liabilities as a result of the option for the RTT were also recorded as deferred taxes (Note 24).

hh) Possible losses not provided in the balance sheet

The Company is not party to any tax, civil and labor lawsuits in which management classifies the risk of loss as possible, based on the opinion of legal counsel, for which no provision has been recorded.

ii) Subsidies

These are investment subsidies received from FINEP (Projects and Studies Financing Agency) for joint development of technical innovation projects, in accordance with Law No. 10973/04, relating to subsidies for technological research and development. These amounts are recorded in income as the funds are invested and the contractual clauses are complied with. They are subsequently transferred from retained earnings to a revenue reserve and may only be used for capital increase or absorption of accumulated losses.

4. CASH AND CASH EQUIVALENTS

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>12.31.2008</u>	<u>3.31.2008</u>	<u>12.31.2008</u>
Cash and banks:				
US dollar	1,111	928	20,000	31,068
Brazilian real	2,283	254,841	4,743	258,737
Euro	78	89	15,949	88,906
Other	1,094	1,169	29,289	26,542
Cash in transit	694	252,464	694	252,464
Financial investments:				
In Brazilian reais:				
Exclusive investment funds (FIEs)				
Government securities (i)	886	1,468	1,090	1,720
Repurchase agreements (ii)	-	231,113	94	231,263
Private securities (iii)	-	-	<u>2,006</u>	<u>1,058</u>
	886	232,581	3,190	234,041
In US dollars:				
Fixed-term deposits (ii)	69,626	149,444	204,474	285,062
Investment funds (i)	97,103	1,197,186	1,118,165	2,098,146
Overnight	741	9,465	741	55,948
Other currencies:				
Overnight	-	-	3,981	10,974
Fixed-term deposits (ii)	-	-	<u>924</u>	<u>-</u>
	<u>173,616</u>	<u>2,098,167</u>	<u>1,402,150</u>	<u>3,341,888</u>

The average annual interest rates for the financial investments made in Brazilian reais and US dollars for the quarter ended March 31, 2009 were 12.3% and -1.0% (11.2% and 4.5% in the first quarter of 2008), respectively.

The financial investments in reais are mainly investment fund quotas, with immediate liquidity, classified as cash equivalents.

At March 31, 2009 and December 31, 2008, the portfolios of the Exclusive Investment Funds (EIFs) mainly comprised highly-liquid Brazilian Federal Government securities, recorded at realizable values, which management classifies as cash equivalents. As of

these dates, these funds had no significant obligations to third parties, these being limited to asset management fees and to other services inherent to the operations of the funds, which have already been deducted from the profit recorded.

(i) Securities issued by the Brazilian Government, comprising National Treasury Bills - LTN, Financial Treasury Bills - LFT and National Treasury Notes – NTN.

(ii) These refer to purchases of assets, mainly government securities, with the commitment to repurchase at a rate previously established by the parties, generally with a one-day term.

(iii) These refer mainly to Bank Deposit Certificates - CDBs, issued by Brazilian financial institutions, with terms of up to 90 days.

At March 31, 2009 and December 31, 2008, the cash equivalents denominated in US dollars comprised:

- (i) Money Market Funds with daily liquidity whose portfolios comprise government and private securities issued by institutions abroad with a low level of risk and terms of less than 90 days;
- (ii) Fixed-term deposits with premier financial institutions with terms of less than 90 days.

5. TEMPORARY CASH INVESTMENTS

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>12.31.2008</u>	<u>3.31.2009</u>	<u>12.31.2008</u>
In Brazilian reais:				
Exclusive investment funds (FIEs)				
Government securities	629,672	300,416	629,672	300,415
Repurchase agreements	880,250	958,759	880,250	958,759
Private securities	<u>152,937</u>	<u>75,049</u>	<u>152,937</u>	<u>75,049</u>
	1,662,859	1,334,224	1,662,859	1,334,223
In US dollars:				
Fixed-term deposits	444,778	189,687	515,284	189,687
Investment funds	-	-	<u>287,571</u>	<u>256,286</u>
	<u>2,107,637</u>	<u>1,523,911</u>	<u>2,465,714</u>	<u>1,780,196</u>

The classification as temporary cash investments relates to the original terms of over 90 days from the investment date. The details of the exclusive investment funds (FIEs) are provided in Note 4.

Temporary cash investments are instruments classified as available for trading.

6. MARKETABLE SECURITIES

	PARENT COMPANY			PARENT COMPANY		
	3.31.2009			12.31.2008		
	Available for <u>negotiation</u>	Held to <u>maturity</u>	<u>Total</u>	Available for <u>negotiation</u>	Held to <u>maturity</u>	<u>Total</u>
Shares	759	-	759	759	-	759
Government securities (i)	482	-	482	473	-	473
	1,241	-	1,241	1,232	-	1,232
Current assets	759	-	759	759	-	759
Non-current assets	482	-	482	473	-	473

	CONSOLIDATED			CONSOLIDATED		
	3.31.2009			12.31.2009		
	Available for <u>negotiation</u>	Held to <u>maturity</u>	<u>Total</u>	Available for <u>negotiation</u>	Held to <u>maturity</u>	<u>Total</u>
Shares	759	-	759	759	-	759
Government securities (i)	71,108	96,417	167,525	82,092	98,145	180,237
Other	1,298	-	1,298	1,423	-	1,423
	73,165	96,417	169,582	84,274	98,145	182,419
Current assets	759	25,852	26,611	759	22,027	22,786
Non-current assets	72,406	70,565	142,971	83,515	76,118	159,633

- (i) In the consolidated statements, these refer mainly to (a) receivables represented by NTNs acquired by the Company from its customers, as an adjustment of the interest rates payable by the Export Financing Program (PROEX) between the 11th and 15th year after the sale of the respective aircraft, recorded at present value. These securities are classified as being held to maturity and the interest is recorded as financial income, since the Company intends and has the ability to hold these securities in portfolio to maturity, and (b) Brazilian government bonds, denominated in US dollars, recorded at fair value and classified as available for trading.

7. TRADE ACCOUNTS RECEIVABLE

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>12.31.2008</u>	<u>3.31.2009</u>	<u>12.31.2008</u>
Overseas customers	236,687	284,965	860,881	884,879
Brazilian Air Force	78,900	114,939	201,722	223,004
Domestic customers	11,157	8,202	15,740	12,850
Subsidiaries	<u>302,970</u>	<u>273,857</u>	-	-
	629,714	681,963	1,078,343	1,120,733
Provision for doubtful accounts	<u>(12,409)</u>	<u>(12,139)</u>	<u>(81,867)</u>	<u>(82,782)</u>
	617,305	669,824	996,476	1,037,951
Less - Current	<u>617,305</u>	<u>669,824</u>	<u>983,698</u>	<u>1,024,262</u>
Non-current	<u>-</u>	<u>-</u>	<u>12,778</u>	<u>13,689</u>

8. CUSTOMER FINANCING

This refer to the partial financing of certain sales of new and used aircraft by the Company, at average interest rates of 5.73% per year plus exchange variations of the US dollar, recorded on the accrual basis and secured by the aircraft covered by the financing, at present value, when applicable. The maturities of this financing are monthly, quarterly and half-yearly, classified as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>12.31.2008</u>	<u>3.31.2009</u>	<u>12.31.2008</u>
Current	-	-	32,560	20,123
Non-current	<u>75,124</u>	<u>77,009</u>	<u>214,984</u>	<u>264,538</u>
Total	<u>75,124</u>	<u>77,009</u>	<u>247,544</u>	<u>284,661</u>

At March 31, 2009, the long-term maturities of the financing of accounts receivable are as follows:

	<u>Parent</u> <u>Company</u>	<u>Consolidated</u>
<u>Year</u>	<u>3.31.2009</u>	<u>3.31.2009</u>
2010	4,667	19,034
2011	4,667	25,354
2012	4,667	19,829
2013	4,667	19,392
2014	4,667	17,978
After 2014	<u>51,789</u>	<u>113,397</u>
	<u>75,124</u>	<u>214,984</u>

9 COLLATERALIZED ACCOUNTS RECEIVABLE AND RECOURSE
AND NON-RECOURSE DEBT

Certain of the Company's sales are made under structured financing, whereby a Special Purpose Company - SPC purchases the aircraft, pays the Company the purchase price on delivery or at the end of the structured sales financing, and transfers the aircraft purchased to the end customer. A financial institution finances the purchase of the aircraft from the SPC, with the financial institution bearing part of the credit risk, and the Company offers financial guarantees and/or residual value guarantees in favor of the institution.

These transactions are denominated in U.S. dollars and subject to normal market rates. There were no significant changes in the average interest rates of the assets and liabilities in the quarter ended March 31, 2009.

a) Collateralized accounts receivable

	<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>12.31.2008</u>
Minimum lease payments receivable	985,909	1,082,748
Estimated residual value of leased aircraft	1,072,455	1,082,553
Unearned income –future interest	<u>(948,287)</u>	<u>(1,046,695)</u>
Net amount receivable	1,110,077	1,118,606
Less - Current	<u>26,713</u>	<u>26,886</u>
Non-current	<u>1,083,364</u>	<u>1,091,720</u>

At March 31, 2009, the maturities of the amounts classified as non-current are as follows:

<u>Year</u>	<u>Consolidated</u> <u>3.31.2009</u>
2010	19,169
2011	25,648
2012	34,757
2013	32,444
2014	26,901
After 2014	<u>944,445</u>
	<u>1,083,364</u>

b) Debts of the SPCs

	<u>3.31.2009</u>	<u>12.31.2008</u>
With right of recourse	1,036,010	1,042,454
Without right of recourse	<u>130,344</u>	<u>136,690</u>
	1,166,354	1,179,144
Less - Current	<u>317,529</u>	<u>321,753</u>
Non-current	<u>848,825</u>	<u>857,391</u>

At March 31, 2009, the maturities of the amounts classified as non-current are as follows:

<u>Year</u>	<u>Consolidated</u> <u>3.31.2009</u>
2010	19,226
2011	24,602
2012	458,946
2013	24,027
2014	24,974
After 2014	<u>297,050</u>
	<u>848,825</u>

10. GUARANTEE DEPOSITS

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>12.31.2008</u>	<u>3.31.2009</u>	<u>12.31.2008</u>
Sales structure guarantees (i)	-	-	699,250	700,518
Sales financing guarantee is (ii)	432,848	-	432,848	433,232
Financing guarantees (iii)	11,762	16,522	11,762	16,522
Other	<u>3,753</u>	<u>2,169</u>	<u>3,941</u>	<u>2,364</u>
	448,363	18,691	1,147,801	1,152,636
Less - Current	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current	<u><u>448,363</u></u>	<u><u>18,691</u></u>	<u><u>1,147,801</u></u>	<u><u>1,152,636</u></u>

- (i) U.S. dollars amounts deposited in an escrow account as collateral for the financing of certain aircraft sold. If the guarantor of the debt (unrelated party) is required to pay the lender, the guarantor will be entitled to the amount in the escrow account. The amount deposited will be released at the time of maturity of the financing contracts (between 2013 and 2021) if the aircraft purchaser does not default on the loan. The interest on the escrow account is added to the principal and recognized by the Company as financial income.

Seeking to ensure profitability compatible with the term of the guarantee, in 2004 Embraer invested principal of US\$ 123,400 thousand, equivalent to R\$ 285,696, in structured notes. These notes earned interest of US\$ 1,869 thousand, equivalent to R\$ 4,328 in the first quarter of 2009 (US\$ 7,603 thousand in 2008, equivalent to R\$ 17,767), which was added to the principal and recognized as financial income for the year. In the event of default by Embraer, the maturity dates of these notes would be brought forward and they would be realized at market value, limited to a minimum of the amounts originally invested. Any amount by which the market value exceeds the amount invested will be paid to the Company in the form of bonds, or loans of that amount. Events of default that could result in early maturity of the notes include: (i) insolvency of Embraer or filing for a “Creditors’ Agreement”; and (ii) default or restructuring of the Embraer debt in financing agreements. The balance of these notes was US\$ 155,707 thousand, equivalent to R\$ 360,493, in the first quarter of 2009 (US\$ 153,838 thousand in 2008, equivalent to R\$ 359,518).

- (ii) Financial investments denominated in US dollars, linked to the sales structures, whose release depends on completion of the structures. These investments earn interest at the annual LIBOR rate.

11. INVENTORIES

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>12.31.2008</u>	<u>3.31.2009</u>	<u>12.31.2008</u>
Finished products (i)	462,628	400,543	462,628	400,543
Work in process (ii)	2,255,424	2,065,101	2,663,110	2,501,909
Raw materials	2,254,921	1,945,820	2,665,514	2,343,954
Spare parts	210,760	200,451	749,185	722,586
Spare parts pool (iii)	-	-	290,365	266,999
Used aircraft for sale (iv)	-	-	346,340	348,110
Consumables	43,504	42,183	45,060	43,621
Goods in transit	641,740	687,520	751,359	852,207
Advances to suppliers	67,802	74,723	89,618	82,859
Provision for obsolescence (v)	(196,192)	(182,396)	(412,624)	(396,123)
Provision for adjustment to market value	-	-	(71,634)	(65,562)
	<u>5,740,587</u>	<u>5,233,945</u>	<u>7,578,921</u>	<u>7,101,103</u>
Less - Current	<u>5,740,587</u>	<u>5,233,945</u>	<u>7,363,899</u>	<u>6,906,358</u>
Non-current	<u>-</u>	<u>-</u>	<u>215,022</u>	<u>194,745</u>

- (i) Comprises two Legacy 600, two EMBRAER 170, one EMBRAER 175, three EMBRAER 190, one EMBRAER 195 and four Phenom 100. Of these, one Phenom 100, two EMBRAER 170 and one EMBRAER 195 were delivered after the end of current quarter.
- (ii) Includes pre-series aircraft of the Phenom 100 and 300 programs, totaling R\$32,124, used for testing to obtain aircraft certification. After the certification campaigns, the Company intends to sell these aircraft.
- (iii) These refer to spare parts for the Exchange Pool Program, realization of which is estimated to be in excess of 12 months.
- (iv) Comprises one EMB 120, two EMBRAER 170, one EMBRAER 175, three EMBRAER 190 and one Legacy 600 (in December 2008, one EMB 120, two EMBRAER 170, one EMBRAER 175, three EMBRAER 190 and one Legacy 600) available for sale, recorded at the lower of purchase cost and realizable value.

- (v) A provision is recorded for items without movement for over two years, with no planned use in the production program, and also to cover possible losses on stores inventories and excessive or obsolete work in process, except for inventories of spare parts, for which the provision is based on technical obsolescence of items without movement for over six years.

At March 31, 2009, inventories totaling approximately R\$ 22 million had been pledged in guarantee of loans and financing.

12. INVESTMENTS

a) Changes in investments of the parent company

	Balance at <u>12.31.2008</u>	Equity in the earnings (loss)	Cumulative translation adjustment	Dividends	Negative goodwill	Additions	Offset against provision for net capital deficiency	Balance at <u>3.31.2009</u>
ECC do Brasil Cia. de Seguros	4,467	32	-	-	-	-	-	4,499
ELEB Equipamentos Ltda. (Note 1)	87,262	5,383	(908)	-	-	-	-	91,737
Embraer Aircraft Holding Inc. – EAH	219,981	3,381	(2,046)	-	-	-	-	221,316
Embraer Ásia Pacific PTE Ltd.	24,577	1,721	(226)	-	-	-	-	26,072
Embraer Austrália PTY Ltd. – EAL	1,270	-	(20)	-	-	-	-	1,250
Embraer Aviation Europe SAS - EAE	174,865	23,776	(8,771)	-	-	-	-	189,870
Embraer Credit Ltd. – ECL	5,329	400	(49)	-	-	-	-	5,680
Embraer GPX S.A.	1	-	-	-	-	-	-	1
Embraer Overseas Limited	9,699	11,688	(71)	-	-	-	-	21,316
Embraer Representation LLC – ERL	304,340	17,856	(2,809)	-	-	-	-	319,387
Embraer Spain Holding Co. SL - ESH	2,032,382	(9,321)	(22,564)	-	-	-	-	2,000,497
Indústria Aeronáutica Neiva Ltda – NEIVA.	<u>1,146</u>	<u>(4,615)</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,464</u>	<u>-</u>
	<u>2,865,319</u>	<u>50,301</u>	<u>(37,459)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,464</u>	<u>2,881,625</u>

b) Information on the direct subsidiaries

	March 31, 2009				December 31, 2008	March 31, 2008
	<u>Capital</u>	<u>Holding %</u>	<u>Stockholders' equity</u>	<u>Net income (loss) for the year</u>	<u>Stock-Holders' equity</u>	<u>Net income (loss) for the year</u>
Canal Investiments LLC	12,116	100.00	-	-	-	-
ECC do Brasil Cia. de Seguros	4,113	99.99	4,499	32	3,386	(14)
ELEB Equipamentos Ltda.(note 1)	43,052	99.99	96,350	6,102	69,039	(2,799)
Embraer Aircraft Holding Inc. – EAH	94,578	100.00	228,358	2,521	172,779	1,507
Embraer Ásia Pacific PTE Ltd.	20,144	100.00	26,072	1,721	18,628	(2,971)
Embraer Austrália PTY Ltd. – EAL	6,560	100.00	1,250	-	963	-
Embraer Aviation Europe SAS - EAE	77,658	100.00	192,830	23,941	134,675	34,829
Embraer Credit Ltd. – ECL	-	100.00	5,680	400	4,039	355
Embraer GPX S.A.	1	99.99	1	-	1	-
Embraer Overseas Limited	96	100.00	21,316	11,688	7,351	969
Embraer Representation LLC – ERL	-	100.00	319,387	17,856	230,671	10,325
Embraer Spain Holding Co. SL - ESH	293,309	100.00	2,000,498	(9,321)	1,540,419	17,362
Indústria Aeronáutica Neiva Ltda – NEIVA.	1,000	99.99	(3,048)	(4,639)	1,210	(413)
				<u>50,301</u>		<u>59,151</u>

- (i) On July 3, 2008, Embraer acquired 40% of the capital of ELEB – Embraer Liebherr Equipamentos do Brasil S.A., from Liebherr Aerospace S.A.S., completing the transaction announced on December 21, 2007. Accordingly, Embraer now holds 99.99% of the quotas issued by ELEB, whose corporate name was changed to ELEB Equipamentos Ltda.

Unrealized profits of subsidiaries in transactions with the Parent Company were eliminated in the equity accounting adjustments.

The Parent Company recorded a provision of R\$3,470 at March 31, 2009, corresponding to the net capital deficiency of its subsidiaries recorded in the

account Provision for loss on investments in subsidiaries. No provision was recorded at December 31, 2008 (Note 18). The contra entries of the provisions were recorded as equity losses.

On April 7, 2009, the Company entered into an agreement to sell all the shares of the subsidiary ECC do Brasil Cia. de Seguros, subject to approval of the transaction by the Private Insurance Agency – SUSEP. This transaction is awaiting analysis by this agency.

13. PROPERTY, PLANT AND EQUIPMENT

a. Parent Company

	Average annual <u>depreciation</u> <u>rate (%)</u>	March 31, 2009			December 31, 2008		
		Restated	Accumulated	Net	Restated	Accumulated	Net
		<u>cost</u>	<u>depreciation</u>	<u>Net</u>	<u>cost</u>	<u>depreciation</u>	<u>Net</u>
Land	-	21,596	-	21,596	21,573	-	21,573
Buildings and land improvements	3.62	624,538	(173,770)	450,768	594,029	(169,812)	424,217
Installations	8.85	256,367	(166,041)	90,326	229,409	(164,073)	65,336
Machinery and equipment	9.60	593,440	(335,020)	258,420	561,312	(329,781)	231,531
Furniture and fixtures	10.06	66,559	(32,013)	34,546	66,360	(31,418)	34,942
Vehicles	16.44	15,702	(11,537)	4,165	16,338	(11,817)	4,521
Aircraft	19.73	2,056	(2,030)	26	2,075	(2,047)	28
Computers and peripherals	19.77	202,712	(171,973)	30,739	202,913	(170,907)	32,006
Tooling	10.00	590,879	(219,084)	371,795	588,709	(211,651)	377,058
Other assets	-	4,903	(2,580)	2,323	4,947	(2,604)	2,343
Construction in progress	-	<u>33,607</u>	<u>-</u>	<u>33,607</u>	<u>98,002</u>	<u>-</u>	<u>98,002</u>
		<u>2,412,359</u>	<u>(1,114,048)</u>	<u>1,298,311</u>	<u>2,385,667</u>	<u>(1,094,110)</u>	<u>1,291,557</u>

b. Consolidated

	Average annual depreciation rate (%)	March 31, 2009			December 31, 2008		
		Restated	Accumulated		Restated	Accumulated	
		cost	depreciation	Net	cost	depreciation	Net
Land	-	21,596	-	21,596	21,573	-	21,573
Buildings and land improvements	3.62	813,006	(224,971)	588,035	784,769	(219,554)	565,215
Installations	8.85	266,303	(172,164)	94,139	239,462	(170,117)	69,345
Machinery and equipment	9.60	973,688	(596,441)	377,247	952,912	(604,231)	348,681
Furniture and fixtures	10.06	97,109	(54,710)	42,399	97,762	(54,775)	42,987
Vehicles	16.44	28,838	(22,074)	6,764	29,493	(22,728)	6,765
Aircraft (ii)	5.25	904,577	(146,973)	757,604	789,983	(140,827)	649,156
Computers and peripherals	19.77	245,070	(205,943)	39,127	246,947	(205,644)	41,303
Tooling	10.00	595,471	(222,521)	372,950	593,345	(215,041)	378,304
Other assets	-	9,719	(2,580)	7,139	5,603	(2,604)	2,999
Construction in progress (i)	-	<u>114,532</u>	<u>-</u>	<u>114,532</u>	<u>173,879</u>	<u>-</u>	<u>173,879</u>
		<u>4,069,909</u>	<u>(1,648,377)</u>	<u>2,421,532</u>	<u>3,935,728</u>	<u>(1,635,521)</u>	<u>2,300,207</u>

(i) Refers mainly to construction projects to expand the installed capacity to manufacture new products.

(ii) These aircraft are for use in testing, corporate flights and operating leases and are adjusted to realizable value, when applicable. At March 31, 2009, the Company had forty-one aircraft, comprising five EMB 120, twenty-seven ERJ 145, four EMBRAER 170, one EMBRAER 175, one EMBRAER 190 and three other models of aircraft. Of these, thirty-six aircraft were for operating leases, two for testing and one for corporate flights.

The Company recorded revaluations of its operating assets in 1988 and 1991. The residual balances of these revaluations at March 31, 2009 and December 31, 2008 were R\$106,658 and R\$109,859, respectively. The corresponding revaluation reserve was used to increase capital in prior years and, except for the portion relating to real estate, was included in the calculation of taxable income for income tax purposes. The depreciation rates of the revalued assets were based on the revised estimates of the useful lives of the assets, in accordance with the technical appraisal report.

The revaluations are being realized proportionally to the monthly depreciation or on disposal of the revalued assets. In accordance with CVM Resolution No. 469 of May 2, 2008, the Company decided to maintain these revaluations until their full depreciation or write-off of the assets. In the quarter ended March 31, 2009 and 2008, depreciation amounted to R\$ 1,609 and R\$ 1,264, respectively.

At March 31, 2009, property, plant and equipment totaling approximately R\$ 413 million had been pledged in guarantee of loans and financing and labor contingencies.

14. INTANGIBLE ASSETS

c. Parent Company

	March 31, 2009			December 31, 2008		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
Research and development						
Commercial	2,145,049	(1,440,209)	704,840	2,184,104	(1,453,558)	730,546
Executive	974,228	(175,452)	798,776	920,588	(176,810)	743,778
Defense and Government	53,444	(44,477)	8,967	53,643	(44,895)	8,748
Other	<u>6,898</u>	<u>(732)</u>	<u>6,166</u>	<u>6,963</u>	<u>(676)</u>	<u>6,287</u>
	3,179,619	(1,660,870)	1,518,749	3,165,298	(1,675,939)	1,489,359
Software	<u>174,588</u>	<u>(135,935)</u>	<u>38,653</u>	<u>175,681</u>	<u>(133,770)</u>	<u>41,911</u>
	<u>3,354,207</u>	<u>(1,796,805)</u>	<u>1,557,402</u>	<u>3,340,979</u>	<u>(1,809,709)</u>	<u>1,531,270</u>

d. Consolidated

	March 31, 2009			December 31, 2008		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
Research and development						
Commercial	2,190,714	(1,474,981)	715,733	2,194,326	(1,453,558)	740,768
Executive	1,017,951	(175,995)	841,956	962,765	(177,133)	785,632
Defense and Government	56,284	(45,638)	10,646	55,514	(46,068)	9,446
Other	<u>29,916</u>	<u>(9,640)</u>	<u>20,276</u>	<u>68,036</u>	<u>(44,923)</u>	<u>23,113</u>
	3,294,865	(1,706,254)	1,588,611	3,280,641	(1,721,682)	1,558,959
Software	<u>251,106</u>	<u>(200,415)</u>	<u>50,691</u>	<u>251,210</u>	<u>(199,679)</u>	<u>51,531</u>
	<u>3,545,971</u>	<u>(1,906,669)</u>	<u>1,639,302</u>	<u>3,531,851</u>	<u>(1,921,361)</u>	<u>1,610,490</u>

Based on market studies carried out by the Company which indicate that sales of the ERJ 145 and EMBRAER 170/190 families may be higher than initially estimated, the review of these estimates was completed in the second quarter of 2008, and the effects of these changes were recognized, prospectively, in income for the period, in accordance with CVM Resolution No. 506 of June 19, 2006. This change in accounting estimate resulted in an increase of approximately 9% in profit before taxation for the quarter ended March 31, 2009, compared with the same quarter of the previous year.

15. LOANS AND FINANCING

a) Analysis

	Currency	Contractual interest rate - %	Effective interest rate - %	Maturity	Parent Company		Consolidated	
					3.31.2009	12.31.2008	3.31.2009	12.31.2008
Other currencies:								
Working capital	Euro	Euribor + 0.63 to 1.25%	Euribor + 0.63 to 1.25%	2017	-	-	91,503	108,758
	US\$	1.65% to 2.65%	1.65% to 2.65%					
	US\$	1.65% to 6,375%	1.65% to 6.72%		902,236	952,373	1,202,181	1,280,493
(-) Funding cost	US\$				-	-	(9,428)	(9,820)
		Libor 6M+ 0.50% to 0.55%	Libor 6M+ 0.50% to 0.55%					
	Other	4.78% to 5.51%	4.78% to 5.51%		-	-	69,543	51,539
Project development	US\$	Libor + 0,875% to 1.75%	Libor + 2,652% to 3,635%	2016	311,819	311,762	315,476	315,483
(-) Funding cost	US\$				(5,653)	(5,969)	(5,653)	(5,969)
Purchase of materials	US\$	5.95%	5.95%					
		Libor + 0.45% to 1.10%	Libor + 0.45% to 1.10%	2012	287,687	84,847	289,022	86,292
Export financing	US\$	6.30% to 7.81%	6.30% to 7.81%	2010	119,979	118,827	131,790	130,565
Advances on foreign exchange contracts	US\$	8.50%	8.50%	2009	-	778,088	2,366	797,455
Acquisition of property, plant and equipment	US\$	3.53% to 5.35%	3.53% to 5.35%	2035	-	-	58,685	60,122
Finance leasing	US\$	5.98% to 7.24%	5.98% to 7.24%					
		Libor + 2.54% to 3.40%	Libor + 2.54% to 3.40%	2014	7,667	9,029	12,649	14,379
					1,623,735	2,248,957	2,158,134	2,829,297
In local currency:								
Pre-shipment	R\$	TJLP + 2.09% to 2.10%	TJLP + 2.09% to 2.10%	2010	1,270,274	1,248,911	1,294,831	1,274,073
Project development	R\$	TJLP + 5.0%	TJLP + 5.0%	2015	125,048	129,130	161,497	166,500
Finance leasing	R\$	CDI + 0.49% to 2.46%	CDI + 0.49% to 2.46%	2015	-	-	31,944	29,809
					1,395,322	1,378,041	1,488,272	1,470,382
					3,019,057	3,626,998	3,646,406	4,299,679
Less - Current					676,725	930,096	981,930	1,259,809
Non-current					2,342,332	2,696,902	2,664,476	3,039,870

The maintenance cost of the standby syndicated credit line of up to US\$ 500 million maintained by the Company was included in financial expenses. The Company used part of this credit line in March 2009, recorded under “purchase of materials”, leaving a balance of US\$ 403 million at March 31, 2009.

b) Long-term maturities:

<u>Year</u>	<u>Parent Company</u>	<u>Consolidated</u>
	<u>3.31.2009</u>	<u>3.31.2009</u>
2010	945,540	1,108,302
2011	307,110	342,002
2012	83,040	153,387
2013	50,235	62,131
2014	34,596	44,386
After 2014	<u>921,811</u>	<u>954,268</u>
	2,342,332	2,664,476

c) Currency analysis

The total debt is denominated in the following currencies:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>12.31.2008</u>	<u>3.31.2009</u>	<u>12.31.2008</u>
Brazilian real	1,395,322	1,378,041	1,488,272	1,470,382
US dollar	1,623,735	2,248,957	1,997,088	2,669,000
Euro	-	-	91,503	108,758
Other	<u>-</u>	<u>-</u>	<u>69,543</u>	<u>51,539</u>
	3,019,057	3,626,998	3,646,406	4,299,679

d) Interest and guarantees

The total debt in Brazilian reais is subject to interest based on the variation of the Long-term Interest Rate (TJLP) and the Interbank Deposit Certificate (CDI). The variations of these indexes in March 2009 were 6.25% and 11.08%, respectively (6.25% and 13.62% in December 2008, respectively).

The foreign currency financing at March 31, 2009 is subject to exchange variations plus an average annual weighted interest of LIBOR plus 3.08% a year (LIBOR plus 3.73% in December 2008) and the financing in local currency is subject to an average annual weighted interest rate of 8.06% (8.94% at December 2008, respectively).

Taking into account the effects of the effective rates on the foreign currency financing, which include the financial structuring costs incurred and already paid, the average effective weighted rates are equivalent to LIBOR plus 4.05% a year.

Real estate, machinery, equipment, commercial pledges and bank guarantees totaling R\$ 673,078 were pledged as collateral for the financing. Financing of the subsidiaries is guaranteed by the Parent Company to the amount of R\$ 162,027.

e) Restrictive clauses

The long-term financing agreements are subject to restrictive clauses, in line with normal market practices, which establish control over the degree of leverage through the net indebtedness/EBITDA (“Earnings Before Interest, Taxes, Depreciation and Amortization”) ratio, and also limits for debt service cover using the EBITDA/net financial expense ratio. There is also a clause that establishes a minimum amount for the Company's net equity. They also include the customary restrictions on the creation of new encumbrances on assets, significant changes in the Company's ownership, sales of assets, payment of dividends above the minimum mandatory dividend in the event of default on the financing and on transactions with affiliated companies.

At March 31, 2009, the Parent Company and subsidiaries were in compliance with all the restrictive clauses, except for the subsidiary OGMA, whose interest coverage ratio was in excess of the contractually agreed level in December 2008. The subsidiary obtained a waiver from the creditors after December 31, 2008.

16. CONTRIBUTIONS FROM PARTNERS

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>12.31.2008</u>	<u>3.31.2009</u>	<u>12.31.2008</u>
Current	-	-	4,110	5,823
Non-current	<u>128,214</u>	<u>65,484</u>	<u>193,611</u>	<u>103,453</u>
Total	<u><u>128,214</u></u>	<u><u>65,484</u></u>	<u><u>197,721</u></u>	<u><u>109,276</u></u>

The Company has agreements with certain key suppliers, referred to as partners, to participate in research and development. Certain supply agreements require the supplier to contribute cash to the Company as a compensation for its research and development. As part of this supply agreement, the contributions are tied to compliance by the Company with certain important stages of development, including aircraft certification, first delivery and minimum number of aircraft delivered. The

Company records these contributions when received as non-current liabilities, which will not be claimed if the contractual objectives are achieved. As and when the objectives are achieved, and these amounts are therefore no longer subject to return, they are deducted from the aircraft development costs, recorded in the Intangible assets account in non-current assets.

17. TAXES AND SOCIAL CHARGES PAYABLE

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>12.31.2008</u>	<u>3.31.2009</u>	<u>12.31.2008</u>
Income tax and social contribution on net income (i)	320,242	315,560	354,981	335,088
INSS (National Institute of Social Security) (ii)	164,185	174,813	168,132	179,151
PIS and COFINS (iii)	63,503	62,878	63,511	62,884
INSS - installment payments	34,896	25,670	43,964	34,836
IRRF (Income tax withheld at source)	10,326	26,914	11,841	28,891
FGTS (Government Employee Severance Indemnity Fund)	6,606	12,439	6,924	12,787
Other	<u>951</u>	<u>2,788</u>	<u>19,917</u>	<u>41,399</u>
	<u>600,709</u>	<u>621,062</u>	<u>669,270</u>	<u>695,036</u>
Less - Current	<u>51,736</u>	<u>81,366</u>	<u>113,108</u>	<u>148,009</u>
Non-current	<u>548,973</u>	<u>539,696</u>	<u>556,162</u>	<u>547,027</u>

Taxes and social charges with suspended payment, based on court or administrative measures (see items i, ii and iii) are stated in the financial statements net of the related judicial deposits in accordance with CVM Resolution 489/05, as shown below, and are included in the above amounts.

Parent company and consolidated

	<u>March 31, 2009</u>			<u>December 31, 2008</u>		
	<u>Provisions</u>	<u>Judicial deposits</u>	<u>Net</u>	<u>Provisions</u>	<u>Judicial deposits</u>	<u>Net</u>
Income tax and social contribution (i)	496,722	(176,480)	320,242	487,927	(172,367)	315,560
INSS (ii)	148,159	(11,429)	136,730	153,369	(11,265)	142,104
PIS/PASEP/COFINS (iii)	137,409	(74,349)	63,060	134,649	(72,224)	62,425

The Company is challenging at the administrative and judicial levels the constitutionality of the nature, calculation base, changes in rates and expansion in the calculation bases of certain taxes, charges and social contributions, to avoid payment or recover payments made in prior years. Through administrative and legal actions, the Company obtained injunctions and similar measures not to pay or offset the payment of taxes and charges and social contributions. Based on preliminary court rulings, provisions are being recorded for the amounts of the unpaid taxes, restated at the SELIC rate, until a final ruling has been obtained, relating to the following issues:

- (i) The Company is claiming the recognition of constitutional immunity from the social contribution tax on exports and the right to offset the income tax and social contribution against IPI (Excise Tax) credits on purchases of materials exempt from tax, not taxed or taxed at a zero rate. The first lawsuit is at the third court level, awaiting judgment of the extraordinary appeal, in which a suspensive effect was awarded in favor of the Company, and the second is the administrative level. In some of the administrative IPI cases, a final ruling was handed down against the Company. The principal amounts in these cases, restated at the SELIC rate, have been paid and the fines deposited in court. The amount involved in these cases totals R\$496, parent company and consolidated.

At March 31, 2009, the Company agreed to the terms of the financing introduced by Provisional Measure No. 449 and regulated by the Brazilian Federal Revenue authorities, for payment of debts derived from the use of IPI credits on transactions not taxed or taxed at a zero rate. As a result of this agreement, the cases disputing the right to these credits were discontinued and the other claims were waived. The Company is awaiting consolidation of the debts to start regular payment of the installments or opt for payment in cash. The amount involved in this case at March 31, 2009 is R\$ 39,081. Provisions exist for all the debts included in the financing.

- (ii) This refers to the increase in the work-related accident insurance (SAT) rate. The Company contested the legality of the SAT in the Higher Court of Justice which, on June 19, 2008, handed down a final judgment in favor of the Federal Treasury. However, the right to charge the differences between the minimum and maximum rates of these contributions was once again suspended, since 1995, through granting of a preliminary injunction in a lawsuit in which the Company contests the legality and the legal criteria for establishing the rates, while accepting the legality of the introduction of the tax. The amount involved in this case is R\$148,159, parent company and consolidated. The remaining balance refers to the current contributions.

On February 18, 2009, the Company also filed a suit with the Federal Court of São José dos Campos contesting the payment of social contributions on dismissal notices paid.

As a result of an injunction in favor of the Company, the amounts relating notices to paid were excluded from the calculation base for the employer's social security contribution and provided, pending a final successful outcome of the court case. The effects of the injunction cover all dismissals from the date on which it was granted. The amount involved in this case at March 31, 2009 is R\$ 10,590.

(iii) Refers to the contributions to the Social Integration Program (PIS) and Public Service Employee Savings Program (PASEP), where the Company is challenging the charges in certain periods. In the case in which the Company disputes the contribution, a final ruling recognizing the legal right was handed down by the Federal Regional Court, 3rd Region, and the dispute continues at the third court level only in respect of the prescription of part of the amount. The amount involved is R\$137,409, parent company and consolidated. The remaining balance refers to current contributions.

The remaining provisions for the above cases will be maintained pending a final unappealable judgment.

18. OTHER PROVISIONS

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>12.31.2008</u>	<u>3.31.2009</u>	<u>12.31.2008</u>
Payroll	190,249	243,344	241,743	292,150
Product warranty (i)	219,754	214,924	229,661	224,474
Employee profit-sharing program	82,767	63,924	90,347	71,201
Provision for financial guarantees (ii)	62,374	63,963	62,374	63,963
Product improvements (i)	38,994	50,290	38,994	50,290
Unrealized losses on derivatives (iii)	46,631	389,072	46,631	389,072
Accrued retirement and pension benefits	-	-	11,388	11,537
Provision for loss of investments in subsidiaries	3,470	-	-	-
Other	<u>44,069</u>	<u>12,518</u>	<u>53,281</u>	<u>24,952</u>
	688,308	1,038,035	774,419	1,127,639
Less - Current	<u>446,576</u>	<u>802,133</u>	<u>536,156</u>	<u>891,737</u>
Non-current	<u>241,732</u>	<u>235,902</u>	<u>238,263</u>	<u>235,902</u>

- (i) Provisions recorded to cover product costs, including warranties and contractual obligations to make improvements to aircraft delivered, in order to ensure that the performance targets are met. In the third quarter of 2008, the Company carried out statistical studies of the expenditure incurred to cover the warranty on the commercial jets of the EMBRAER 170/190 family, resulting in changes in accounting estimates. The effects of these changes were prospectively recognized in income for the year, in accordance with Resolution No. 506, of June 19, 2006. This change in accounting estimates resulted in an increase of approximately 4% of profit before taxation for the quarter ended March 31, 2009, compared with the same period of the previous year.
- (ii) Provision recorded to cover possible losses on guarantees provided to customers and financial agents involved in structuring the financing of aircraft sales (Note 27 b).
- (iii) The amount of R\$ 318,322 was realized in the first quarter of 2009 due to the maturities of the derivative contracts.

19. CONTINGENCIES

- (a) On the dates of the financial statements, the Company's liabilities in relation to contingencies, net of the corresponding judicial deposits, were as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>12.31.2008</u>	<u>3.31.2009</u>	<u>12.31.2008</u>
Labor	48,976	48,018	52,452	52,091
Tax	33,415	32,988	36,277	36,030
Civil	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,130</u>
	82,391	81,006	88,729	102,251
Less - Current	<u>23,850</u>	<u>20,957</u>	<u>25,010</u>	<u>22,137</u>
Non-current	<u>58,541</u>	<u>60,049</u>	<u>63,719</u>	<u>80,114</u>

The Company is party to labor, civil and tax lawsuits, which are supported by judicial deposits, when applicable, and is contesting these cases in both the administrative and judicial levels. The provisions for probable loss in these lawsuits are estimated and updated by management, based on the opinion of its external legal counsel.

- (b) The nature of the obligations is summarized below:

- Labor contingencies

The labor contingencies relate to claims brought by Unions representing the employees or individual claims in which former employees claim overtime, productivity, reinstatement, allowances, backdating of salary increases and readjustments.

The principal claims pending were filed by the Union in June 1991 which seek to backdate a salary increase given by the Company in January and February 1991 to November and December 1990. By March 31, 2009, approximately 97% of the employees and former employees had made settlements with the Company. Another lawsuit claims price-level restatement of the Verão and Collor 1 economic plans on the 40% FGTS penalty paid to employees employed by the Company between February 1989 and April 1990 and dismissed between 1989 and June 2003. In September 2007, the Union and the Company signed an agreement that provided for payments to begin in October 2007. By March 31, 2009, the Company had made payments to 80% of the former employees.

The total exposure in these lawsuits is estimated at approximately R\$65,000. The proceedings are at various levels awaiting judgment. Based on the opinions issued by the Company's legal advisors and the success of certain judgments and negotiations that are expected to occur, the amount provided is considered adequate by management to cover probable losses in these cases.

- Tax

The principal tax cases in progress are as follows:

I - Social security contributions - the Company was notified by the authorities for not withholding social security contributions from service providers. These lawsuits are at the 2nd court level. The Company was also notified to pay additional allowances for environmental work risks. This lawsuit is also at the 2nd court level. The amount involved in these lawsuits, for which a full provision has been recorded, is R\$21,284. These amounts are net of the judicial deposits made, of R\$ 8,389 at March 31, 2009.

II - Special Fund for Development and Improvement of Inspection Activities (FUNDAF) - in 1999, Embraer received an Assessment and Penalty Notice (AIIM) from the Federal Revenue Secretariat, assessing an alleged contribution liability for FUNDAF. At that time, an administrative defense was filed, which was subsequently successful, in view of the interpretation of the judging authorities to the effect that this contribution is not of a tax nature and that, therefore, there were no grounds for issuing the AIIM, which is intended for collection of tax liabilities. However, in March 2005, the Company was notified by the Federal Revenue Secretariat to pay the FUNDAF contribution on the grounds that the AIIM had been canceled as a result of a formal error (a different instrument should have been used for collection, rather than the AIIM) and not a material error (in terms of the potential illegitimacy or unconstitutionality of the demand), and that the contribution could be collected by another means. As a result

of this new notification, the Company filed a tax debt annulment lawsuit at the 1st court level, which is pending judgment. The amount involved in this case at March 31, 2009 is R\$ 10,189, and a provision has been recorded in the financial statements.

III - Import duty – Import duty and IPI due on materials imported for two flight simulators, which should be exported in order to obtain the suspension of these taxes. Due to problems experienced by the customer, these materials were exported after the regulatory deadline. Another lawsuit refers to the questioning by the tax authorities of the tax classification of the materials. These lawsuits are at the 2nd and 1st court levels, respectively. The amount involved in these lawsuits, for which a full provision has been recorded, is R\$4,870 at March 31, 2009. This amount is net of the judicial deposits of the same amount.

IV - CIDE – Between January and September 2002, the Company paid the Economic Domain Intervention Contribution (CIDE) charged on royalties, technical services and technical assistance, without having altered the calculation base, due to lack of any legal provision on the matter. After a first inspection of this period and a favorable ruling at the administrative level with regard to the facts contested, the Federal Revenue Secretariat notified the Company to pay the difference on the calculation base charged in the above period. The Company filed a defense to the administrative lawsuit, which is currently at the Federal Revenue Judgment Office awaiting a hearing at the 1st level. The amount involved is R\$ 4,637 at March 31, 2009.

- Civil

Lawsuit filed by Gaplan Administradora de Bens S/C Ltda. against the subsidiary Indústria Aeronáutica Neiva Ltda. - NEIVA, relating to the “Guarantee to Supply Aircraft and Consortium Purchase” agreement signed with Embraer for the period 1988 to 1997, in which it undertook to supply a given number of aircraft within a stipulated period, in accordance with the standard series configuration at the time of manufacture, directly to the consortium members. The plaintiff alleges late delivery of the aircraft, which led to termination by some of the consortium purchasing members, who demanded the return of the installments paid, financial losses caused by the increase in the term of the pool purchase and price alterations, in addition to a reduction in the management fee. In February 2009, the parties to the case signed an agreement for the amount of R\$14,120 (R\$ 11,560 to be paid in 2009, R\$ 1,280 in 2010 and R\$ 1,280 in 2011). These amounts were transferred to Accounts payable.

20. DIVIDENDS AND INTEREST ON OWN CAPITAL

Under the terms of the bylaws, stockholders are entitled to dividends or interest on own capital equivalent to 25% of net income for the year, adjusted in accordance with the provisions of the bylaws.

Pursuant to Law No. 9249,/95, and subject to approval by the Annual General Meeting of stockholders which will analyze the accounts and financial statements for 2008, the

Board of Directors approved the distribution to stockholders of interest on own capital, calculated based on the Long-term interest rate - TJLP, attributing it to the minimum mandatory dividend. In accordance with tax legislation, the interest on own capital was recorded as a financial expense. However, for purposes of these financial statements, the amount is considered a distribution of the net income for the year, and reclassified to stockholders' equity at its gross amount as the tax benefits arising therefrom are included the net income for the year.

No interest on own capital was paid in the first quarter of 2009.

21. STOCKHOLDERS' EQUITY

a. Capital

The authorized capital is divided into 1,000,000,000 common shares. The Company's subscribed and paid up capital at March 31, 2009 is R\$ 4,789,617, and comprises 740,465,044 common shares, without par value, of which 16,800,000 shares are held in Treasury.

b. Special common share

The Federal Government holds one special common share with the same voting rights as other holders of common shares, however, with special rights established in article 9 of the bylaws.

The special class share grants the Federal Government the power of veto on the following matters:

I - Change of the Company's name or its corporate objective;

II - Alteration and/or use of the Company's logo;

III - Creation and/or alteration of military programs, whether or not the Federal Republic of Brazil is involved;

IV - Training third parties in technology for military programs;

V - Interruption of the supply of maintenance and spare parts for military aircraft;

VI - Transfer of the Company's ownership;

VII - Any changes in: (i) the provisions of article 9, or of article 4, the main clause of art. 10, arts. 11, 14 and 15, sub-item III of art. 18, paragraphs 1 and 2 of art.

27, sub-item X of art. 33, sub-item XII of art. 39 or Chapter VII; or (ii) the rights attributed by the bylaws to the special class share.

c. Stockholdings

<u>Stockholders</u>	<u>Number</u> <u>Common shares</u>		<u>% of</u> <u>total capital</u>	
	<u>3.31.2009</u>	<u>12.31.2008</u>	<u>3.31.2009</u>	<u>12.31.2008</u>
Caixa de Previdência dos Funcionários do Banco do Brasil – Previ	103,082,901	103,082,901	13.92	13.92
Janus Capital Management	46,571,080	75,807,944	6.29	10.24
Cia. Bozano	58,136,669	58,136,689	7.85	7.85
Oppenheimer Fund	41,964,436	44,721,636	5.67	6.04
Thornburg Investment Management	37,726,280	37,726,280	5.09	5.09
BNDES Participações S.A. - BNDESPAR	37,412,579	37,412,579	5.05	5.05
BARCLAYS Plc	37,107,858	-	5.01	-
Treasury shares	16,800,000	16,800,000	2.27	2.27
Federal Government	2,349,911	2,349,911	0.32	0.32
Other	<u>359,313,330</u>	<u>364,427,104</u>	<u>48.53</u>	<u>49.22</u>
	<u>740,465,044</u>	<u>740,465,044</u>	<u>100.00</u>	<u>100.00</u>

d. Granting of Embraer stock options

We show below the changes in options, taking into consideration the incorporation of the stock dividends:

	<u>3.31.2009</u>		<u>12.31.2008</u>	
	<u>Options</u>	<u>Average granting price- R\$</u>	<u>Options</u>	<u>Average granting price- R\$</u>
At the beginning of the year	-	-	1,353,391	22.00
Exercised	-	-	-	-
Canceled or expired	<u>-</u>	<u>-</u>	<u>(1,353,391)</u>	<u>22.00</u>
At the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

e. Legal reserve

A legal reserve is recorded annually as an appropriation of 5% of the net income for the year; the reserve may not exceed 20% of capital or 30% of the sum of this reserve and the capital reserves.

f. Investment subsidy reserve

Refers to the appropriation of part of the retained earnings derived from government subsidies received by the Company for investment in research.

g. Reserve for investments and working capital

The purpose of this reserve is to: (i) guarantee funds for investments in property, plant and equipment, without detriment to retained earnings, pursuant to art. 196 of Law 6404,76; and (ii) reinforce working capital; it may also be used (iii) to redeem, reimburse or purchase shares in the Company.

h. Share repurchase

By April 4, 2008, funds from the Reserve for investments and working capital had been used to purchase 16,800,000 common shares, amounting to R\$320,251, registered in stockholders' equity under Treasury shares. This transaction was carried out in accordance with the guidelines approved by the Board of Directors in a meeting held on December 7, 2007.

The shares purchased will be held in Treasury during which period they will lose their political and economic rights.

i. Cumulative Translation Adjustments.

These refer to the exchange differences resulting from translation of the balance sheet and statement of income for the year from the functional currency of the Company and its subsidiaries (mainly US dollars) into the currency of presentation of the financial statements (Brazilian Reais).

22. FINANCIAL INCOME (EXPENSES)

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>3.31.2008</u>	<u>3.31.2009</u>	<u>3.31.2008</u>
Financial expense:				
Interest in commissions on loans and financing	(56,243)	(45,291)	(64,017)	(50,819)
Interest on taxes, social charges and contributions (Note 23)	(11,379)	(5,275)	(11,592)	(5,531)
IOF tax on financial transactions	(725)	(3,417)	(725)	(3,417)
Credit insurance	(982)	(777)	(982)	(777)
Other	<u>(2,561)</u>	<u>(3,147)</u>	<u>(8,435)</u>	<u>(5,144)</u>
	<u>(71,890)</u>	<u>(57,907)</u>	<u>(85,751)</u>	<u>(65,688)</u>
Financial income:				
Financial investments	54,938	39,649	50,983	43,229
Interest on receivables	16,489	7,418	10,588	28,989
Gains from financial transactions	-	-	11,090	-
Other	<u>76</u>	<u>995</u>	<u>1,753</u>	<u>1,137</u>
	<u>71,503</u>	<u>48,062</u>	<u>74,414</u>	<u>73,355</u>

23. INDEXATION AND FOREIGN EXCHANGE GAINS/LOSSES, NET

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>3.31.2008</u>	<u>3.31.2009</u>	<u>3.31.2008</u>
Net indexation and foreign exchange gains/ losses, net:				
Assets:				
Trade accounts receivable	20,094	5,296	17,758	8,618
Derivative transactions	(318,322)	73,415	(324,247)	73,423
Advances to suppliers	-	-	4,049	9,418
Financial investments	27,636	20,477	26,805	17,962
Tax credits	710	5,293	1,285	5,874
Other	<u>2,743</u>	<u>529</u>	<u>(724)</u>	<u>13,474</u>
	<u>(267,139)</u>	<u>105,010</u>	<u>(275,074)</u>	<u>128,769</u>
Liabilities:				
Advances from customers	(21,781)	(1,718)	(26,354)	(214)
Loans and financing	(13,557)	(19,276)	(14,499)	(24,923)
Suppliers	1,574	(522)	367	(6,357)
Accounts payable	(4,962)	(1,571)	(3,711)	(3,727)
Derivative transactions	335,699	(56,681)	335,532	(56,810)
Taxes and charges payable	(8,695)	(12,328)	(8,476)	(12,846)
Provisions	(2,824)	(2,014)	(2,676)	(2,747)
Contingencies	(256)	(2,695)	239	(2,726)
Other	<u>(171)</u>	<u>593</u>	<u>99</u>	<u>(978)</u>
	<u>285,027</u>	<u>(97,398)</u>	<u>280,521</u>	<u>(111,328)</u>
Total net indexation and foreign exchange gains/ losses, net	<u>17,888</u>	<u>7,612</u>	<u>5,447</u>	<u>17,441</u>

24. INCOME TAX AND SOCIAL CONTRIBUTION ON NET INCOME CREDITS

The Company records deferred tax credits on income tax and social contribution on net income losses when realization is probable, based on internal studies. Credits on

temporary differences relating to non-deductible provisions, mainly labor contingencies, provisions and tax litigation, will be realized as and when the corresponding lawsuits are concluded. In accordance with generally accepted accounting practices, deferred taxes were also recorded in income for the year on the temporary difference between the tax and book bases of assets and liabilities, in view of adoption of the balance sheet method. As the Parent Company's tax basis is in historical Brazilian reais and the accounting basis is in US dollars (functional currency), variations in the exchange rate have a significant impact on the tax basis and, consequently, on the deferred income tax expense/income.

At March 31, 2009, the balances of income tax and social contribution losses, which do not prescribe, are as follows:

	<u>Parent Company</u>	<u>Consolidated</u>
Income tax	181,885	274,224
Social Contribution	66,761	116,363

The components of the deferred tax assets and liabilities at March 31, 2009 and December 31, 2008 are as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3/31/2009</u>	<u>12/31/2008</u>	<u>3/31/2009</u>	<u>12/31/2008</u>
Deferred tax assets on:				
Income tax losses	45,471	28,831	68,557	47,662
Social contribution losses	6,008	-	10,472	3,255
Unrecognized credits	-	-	<u>(10,464)</u>	<u>(5,076)</u>
Tax losses to offset	<u>51,479</u>	<u>28,831</u>	<u>68,565</u>	<u>45,841</u>
Deferred tax assets on temporary differences -				
Temporarily non-deductible provisions	417,101	632,178	517,846	731,468
Effect of Law 11638/07	<u>59,564</u>	<u>50,504</u>	<u>56,604</u>	<u>51,758</u>
	<u>476,665</u>	<u>682,682</u>	<u>574,450</u>	<u>783,226</u>
Total assets	<u>528,144</u>	<u>711,513</u>	<u>643,015</u>	<u>829,067</u>
Deferred tax liabilities on temporary differences:				
Deferred research and development costs	(555,842)	(535,553)	(570,666)	(548,055)
Revaluations of property, plant and equipment	(14,040)	(14,194)	(14,040)	(14,194)
Special monetary restatement reserve	(4,272)	(4,359)	(4,272)	(4,359)
Effect of Law 11638/07	(173,791)	(370,379)	(184,466)	(381,281)
Other	<u>(46,987)</u>	<u>(15,856)</u>	<u>(90,100)</u>	<u>(58,278)</u>
Total liabilities	<u>(794,932)</u>	<u>(940,341)</u>	<u>(863,544)</u>	<u>(1,006,167)</u>

Based on the expectation of generation of taxable income, the Company recorded in its financial statements the deferred tax credits on the income tax and social contribution losses shown above.

The deferred net tax credits are stated in the financial statements as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3/31/2009</u>	<u>12/31/2008</u>	<u>3/31/2009</u>	<u>12/31/2008</u>
Deferred tax assets:				
Current	288,729	373,276	319,337	404,508
Non-current	<u>239,415</u>	<u>338,237</u>	<u>323,678</u>	<u>424,559</u>
	<u>528,144</u>	<u>711,513</u>	<u>643,015</u>	<u>829,067</u>
Deferred tax liabilities:				
Current	(105,797)	(74,714)	(115,241)	(84,737)
Non-current	<u>(689,135)</u>	<u>(865,627)</u>	<u>(748,303)</u>	<u>(921,430)</u>
	<u>(794,932)</u>	<u>(940,341)</u>	<u>(863,544)</u>	<u>(1,006,167)</u>
Deferred tax liabilities, net	<u>(266,788)</u>	<u>(228,828)</u>	<u>(220,529)</u>	<u>(177,100)</u>

The analysis of the current and deferred income tax and social contribution income (expense) is as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3/31/2009</u>	<u>3/31/2008</u>	<u>3/31/2009</u>	<u>3/31/2008</u>
Deferred tax:				
On tax losses:				
Recording of tax losses	22,648	9,584	28,112	27,148
Increase (decrease) in unrecognized credits	<u>-</u>	<u>-</u>	<u>(5,388)</u>	<u>(15,502)</u>
	22,648	9,584	22,724	11,646
Effect of reversals of temporary differences	(60,609)	4,137	(66,153)	1,973
Effect of the functional currency	<u>(5,777)</u>	<u>8,914</u>	<u>(5,787)</u>	<u>9,016</u>
	(66,386)	13,051	(71,940)	10,989
Deferred income tax expense	(43,738)	22,635	(49,216)	22,635
Income tax expense for the year	<u>-</u>	<u>(18,811)</u>	<u>(15,583)</u>	<u>(27,439)</u>
Total income tax and social contribution (expense) income	<u>(43,738)</u>	<u>3,824</u>	<u>(64,799)</u>	<u>(4,804)</u>

The reconciliation of the income tax and social contribution expense is as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3/31/2009</u>	<u>3/31/2008</u>	<u>3/31/2009</u>	<u>3/31/2008</u>
Profit before taxation	<u>85,323</u>	<u>145,837</u>	<u>103,301</u>	<u>158,846</u>
Income tax and social contribution at the standard rates - 34%	<u>29,010</u>	<u>49,585</u>	<u>35,122</u>	<u>54,008</u>
Non-deductible expenses:				
Tax on profits of overseas subsidiaries	41,316	3,987	-	-
Other	<u>2,218</u>	<u>2,165</u>	<u>2,218</u>	<u>2,839</u>
	<u>43,534</u>	<u>6,152</u>	<u>2,218</u>	<u>2,839</u>
Income not taxable and/or tax incentives:				
Equity in the (earnings) loss of subsidiaries	(50,683)	14,622	-	-
Expenditure on research and development (art. 19 of Law 11196/05)	-	(9,053)	-	(9,053)
Interest on own capital	-	(22,402)	-	(22,402)
Income tax adjustment on the difference between the tax and Law 11638/07 bases	27,272	(42,583)	18,936	(41,437)
Effect of translation of income tax and social contribution expense	(2,395)	(145)	(2,781)	(2,924)
Other	-	-	<u>11,304</u>	<u>23,773</u>
	<u>(28,806)</u>	<u>(59,561)</u>	<u>27,459</u>	<u>(52,043)</u>
Income tax and social contribution expense (income) recorded in the statement of income	<u>43,738</u>	<u>(3,824)</u>	<u>64,799</u>	<u>4,804</u>

The Company recorded deferred tax income of R\$ 76,087 at March 31, 2009 and deferred tax expense of R\$ 24,390 at March 31, 2008, relating to the difference between the book and tax bases of assets and liabilities.

The recognition of the above amounts, as well as the other adjustments arising from the application of Law 11638/07 on the current and deferred income taxes, resulted in an effective consolidated tax rate of 62.7% (expense) at March 31, 2009 and 5.3% (expense) at March 31, 2008.

25. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

The fair values of the Company's financial assets and liabilities were determined using available market information and appropriate valuation methodologies. However, considerable judgment was required in interpreting market data to produce the most adequate estimates of the fair values. Accordingly, the estimates presented below are not necessarily indicative of the amounts that might be realized in a current market exchange. The use of different assumptions and/or methodologies could have a material effect on the estimated realizable values.

At March 31, 2009, the Company had the following financial instruments:

- (i) Cash and banks, financial investments, accounts receivable, other current assets and accounts payable.

The book values approximate the realizable values.

- (ii) Investments

These are mainly subsidiaries which are of strategic interest for the Company's operations, recorded by the equity method of accounting. Market value considerations do not apply.

- (iii) Financing

Subject to interest at normal market rates, as mentioned in Note 15. The estimated market value was calculated based on the present value of future cash payments using interest rates that are currently available to the Company for issuing debt with similar terms and maturities. The estimated market value of the loans and financing, including short-term installments, is as follows.

	<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>12.31.2008</u>
Book value	3,646,406	4,299,679
Market value	3,496,431	3,966,167

- (b) Financial risk management policy

The Company has and follows a risk management policy to direct transactions, which involves the diversification of transactions and counterparties. This policy provides for regular monitoring and management of the nature and general situation of the financial risks in order to assess the results and the financial impact on cash flows. The credit limits and risk rating of the counterparties are also reviewed periodically.

The Company's risk management policy was established by the Executive Board and submitted to the Board of Directors, and provides for the existence of a Financial Management Committee. Under this policy, the market risks are protected when there is no counterparty in the Company's operations and when it is considered necessary to support the corporate strategy. The Company's internal control procedures provide for a consolidated monitoring and supervision of the financial results and of the impact on cash flows.

The Financial Management Committee assists the Financial Department in examining and reviewing information in relation to the economic scenario and its potential impact on the Company's operations, including significant risk management policies, procedures and practices.

Under the terms of the financial management policy, the Company uses derivative instruments to manage certain risks, in order to hedge its operations against the risks of variations in interest and foreign exchange rates. The use of this type of instrument for speculative purposes is prohibited.

Credit risk

The Company can incur losses on amounts receivable for sales of spare parts and services. To reduce this risk, customer credit analyses are made continuously. In relation to accounts receivable from aircraft sales, the Company may have credit risks until the financing structure has been completed. To minimize this credit risk, the Company operates with financial institutions to facilitate structuring of the financing.

To cover possible losses on doubtful accounts, the Company has recorded a provision in an amount considered sufficient by management to cover losses on realization of the receivables.

The financial management policy establishes that assets in the investment portfolios in Brazil and overseas should have a minimum risk classification in proportion to the investment grade, and also establishes a maximum exposure level of 15% of the stockholders' equity of the issuing financial institution and, in the case of a non-financial institution, a maximum of 5% of the total amount of the issue.

Counterparty risks in derivative transactions are managed by contracting transactions through premier financial institutions and registration with the Clearing House for the Custody and Financial Settlement of Securities (CETIP).

Liquidity risk

This is the risk of the Company not having sufficient liquid funds to honor its financial commitments as a result of a mismatch of terms or volumes of estimated receipts and payments. Assumptions for future disbursements and receipts are determined in order to manage cash liquidity in Brazilian reais and US dollars, and these are monitored daily by the Treasury department.

Market risk

I – Interest rate risk

This risk arises from the possibility that the Company might incur losses on account of interest rate fluctuations that increase the financial expense of loans and financing raised in the market or reduce the return on financial investments.

Financial investments – Company policy for managing the risk of fluctuations in interest rates on financial investments is to measure market risk by the Value-At-Risk - VAR methodology, analyzing a variety of risk factors that might affect the return on the investments. The financial income determined in the period already reflects the effects of marking the assets in the Brazilian and foreign investment portfolios to market.

Loans and financing – the Company uses derivative contracts to hedge against the risk of fluctuations in interest rates on certain transactions, and also continuously monitors market interest rates to evaluate the potential need to contract new derivative transactions to protect against the risk of volatility in these rates.

At March 31, 2009, the Company's consolidated financial investments and loans and financing are indexed as follows:

Post-fixed operations by exposure factor

Financial investments	2,369,668	100.0%
CD	1,666,049	70.3%
LIBOR	703,619	29.7%
Loans	2,249,716	100.0%
TJLP	1,456,328	64.7%
LIBOR	715,239	31.8%
Other	46,205	2.1%
CD	31,944	1.4%

II - Foreign exchange rate risk

In accordance with the provisions of CVM Resolution No. 534 of January 29, 2008, the Company uses the US dollar as its functional currency. Operations originating in this currency are translated into Brazilian reais (Note 2h).

Consequently, the Company's operations most exposed to exchange variation risks are those denominated in reais (labor costs, local expenses, financial investments and loans and financing denominated in reais) as well as investments in subsidiaries in currencies other than the US dollar.

Company policy for protection against foreign exchange risks is mainly based on seeking to maintain a balance between assets and liabilities indexed in each currency and daily management of foreign currency purchases and sales to ensure that, on realization of the transactions contracted, this natural hedge will actually occur.

Rights and obligations denominated in currencies other than the functional currency may require derivative transactions, such as Non-Deliverable Forward (“NDF”) transactions, to balance the portion of the Company's rights and obligations denominated in reais. The objective of such transactions is solely to hedge against exposure to equity and cash flow risks and they are not used for leverage or for speculative purposes.

The appreciation of the Brazilian real against the US dollar can result in gains on current derivative transactions, which could be offset by a reduction in the equivalent amount of income in reais from sales to the foreign market, as exports in US dollars account for approximately 97% of the Company's revenues.

At March 31, 2009 and December 31, 2008, the Company's assets and liabilities, denominated by currency, were as follows:

	Consolidated			
	Without the effect of derivative transactions		With the effect of derivative transactions	
	<u>3.31.2009</u>	<u>12.31.2008</u>	<u>3.31.2009</u>	<u>12.31.2008</u>
Loans and financing:				
Brazilian real	1,488,272	1,470,382	1,488,272	1,775,657
US dollar	1,997,089	2,669,000	1,997,089	2,363,725
Euro	91,503	108,758	91,503	108,758
Other currencies	<u>69,543</u>	<u>51,539</u>	<u>69,543</u>	<u>51,539</u>
	<u>3,646,407</u>	<u>4,299,679</u>	<u>3,646,407</u>	<u>4,299,679</u>
Suppliers:				
Brazilian real	66,230	73,508	66,230	73,508
US dollar	2,639,078	2,350,523	2,639,078	2,350,523
Euro	76,929	91,422	76,929	91,422
Other currencies	<u>3,614</u>	<u>4,755</u>	<u>3,614</u>	<u>4,755</u>
	<u>2,785,851</u>	<u>2,520,208</u>	<u>2,785,851</u>	<u>2,520,208</u>
Total (1)	<u>6,432,258</u>	<u>6,819,887</u>	<u>6,432,258</u>	<u>6,819,887</u>
Cash and cash equivalents and financial investments:				
Brazilian real	1,670,792	2,077,041	1,670,792	2,077,041
US dollar	2,146,959	2,918,621	2,146,959	2,918,621
Euro	17,265	89,341	17,265	89,341
Other currencies	<u>32,848</u>	<u>37,081</u>	<u>32,848</u>	<u>37,081</u>
	<u>3,867,864</u>	<u>5,122,084</u>	<u>3,867,864</u>	<u>5,122,084</u>
Trade accounts receivable: (*)				
Brazilian real	93,069	127,874	93,069	127,874
US dollar	776,136	765,074	776,136	765,074
Euro	208,187	227,481	208,187	227,481
Other currencies	<u>951</u>	<u>304</u>	<u>951</u>	<u>304</u>
	<u>1,078,343</u>	<u>1,120,733</u>	<u>1,078,343</u>	<u>1,120,733</u>
Total (2)	<u>4,946,207</u>	<u>6,242,817</u>	<u>4,946,207</u>	<u>6,242,817</u>
Net exposure (1 - 2):				
Brazilian real	(209,359)	(661,025)	(209,359)	(355,750)
US dollar	1,713,072	1,335,828	1,713,072	1,030,553
Euro	(57,020)	(116,642)	(57,020)	(116,642)
Other currencies	39,358	18,909	39,358	18,909

(*) Without the effect of the provision for doubtful accounts.

Derivatives

The Company uses derivatives to protect its operations against the risk of fluctuations in foreign exchange and interest rates; they are not used for speculative purposes.

Exchange futures contracts (NDFs)

At March 31, 2009, the Company has exchange futures contracts of R\$ 115.8 million (equivalent to US\$ 50 million) in NDFs. None of these contracts are subject to margin calls.

The following table shows the maturities of the current transactions at March 31, 2009:

Purpose	Type	Original currency	Present currency	Notional swap (in thousands)	Average rate agreed	Gain (Loss)		Gain (Loss)	
						Book value	Market value	Book value	Market value
						03.31.2009	03.31.2009	12.31.2008	12.31.2008
Future revenue									
1) Maturities to 03/31/2009	"NDF"	US\$	R\$	1,226,925	<u>1.7254</u>	-	-	(339,793)	(339,793)
Counterparties									
	Citibank					-	-	(34,712)	(34,712)
	ItauBBA					-	-	(144,899)	(144,899)
	JP Morgan					-	-	(13,087)	(13,087)
	Santander					-	-	(147,095)	(147,095)
2) Maturities to 06/30/2009	"NDF"	US\$	R\$	115,760	<u>1.9000</u>	(22,466)	(22,466)	(25,098)	(25,098)
Counterparties									
	JP Morgan					(11,359)	(11,359)	(12,497)	(12,497)
	Santander					(11,107)	(11,107)	(12,601)	(12,601)
<u>Total</u>						<u>(22,466)</u>	<u>(22,466)</u>	<u>(364,891)</u>	<u>(364,891)</u>

Fair value of derivatives

NDFs - these are valued at the present value of the difference between the estimated value of the asset at maturity, in accordance with market information on the base date, and the reference value of the contract at maturity (strike price).

Swaps – these are valued at present value, at the market rate on the base date, of the future flow determined by applying the contractual rates up to maturity and discounting to present value on the date of the financial statements at the current market rates.

Sensitivity analysis

As determined by the CVM Resolution No. 475/08, in order to present a positive and negative variation of 25% and 50% in the risk variable considered, a sensitivity analysis of the financial instruments is presented below, including derivatives, describing the effects on the monetary and foreign exchange variations on the financial income and expense determined on the balances recorded at March 31, 2009, in the event of the occurrence of such variations in the risk component.

However, statistical simplifications were made in isolating the variability of the risk factor in question. Consequently, the following estimates do not necessarily represent the amounts that might be determined in future financial statements. The use of different hypotheses and/or methodologies could have a material effect on the estimates presented below.

a) Interest risk factor

In the sensitivity analysis of the fluctuations in interest rates, the derivative contracts (swaps) were considered where the effect has been the change from pre-fixed to post-fixed interest rates, as described in the table of the current derivative transactions, as well as the amounts of the other assets and liabilities exposed to the interest rate risk.

	Risk factor	Market value at 03/31/2009	Additional variations in book balances (*)				
			-50%	-25%	Probable scenario	25%	50%
Swaps	LIBOR	35,819	33,821	16,888	(546)	(13,893)	(27,953)
Total		35,819	33,821	16,888	(546)	(13,893)	(27,953)
LIBOR rate considered		1.74%	0.87%	1.30%	1.78%	2.17%	2.60%

(*) The positive and negative variations of 25% and 50% were applied on the rates in effect at 03.31.2009

Methodology for sensitivity analysis of the derivative contracts: the contracts were projected to the maturity dates at the contractual rates and discounted to present value by the market curves (Brazilian Mercantile & Futures Exchange - BM&F). The positive and negative percentage variations of 25% and 50% were applied on the market curves to generate the other scenarios.

In the evaluation of the amounts exposed to the interest rate risk, only the risks for the financial statements were considered, that is, the operations subject to prefixed interest rates were not included.

	Risk factor	Amounts exposed at 03/31/2009	Additional variations in book balances (*)				
			-50%	-25%	Probable scenario	25%	50%
Financial investments	CDI	1,666,049	(102,246)	(51,123)	(37,887)	51,123	102,246
Loans	CDI	31,944	1,960	980	726	(980)	(1,960)
<u>Net impact</u>	CDI	<u>1,634,105</u>	<u>(100,286)</u>	<u>(50,143)</u>	<u>(37,161)</u>	<u>50,143</u>	<u>100,286</u>
Financial investments	LIBOR	703,619	(6,106)	(3,053)	312	3,053	6,106
Loans	LIBOR	715,239	6,207	3,103	(317)	(3,103)	(6,207)
<u>Net impact</u>	LIBOR	<u>(11,620)</u>	<u>101</u>	<u>50</u>	<u>(5)</u>	<u>(50)</u>	<u>(101)</u>
Financial investments	TJLP	-	-	-	-	-	-
Loans	TJLP	1,456,328	45,510	22,755	-	(22,755)	(45,510)
<u>Net impact</u>	TJLP	<u>(1,456,328)</u>	<u>45,510</u>	<u>22,755</u>	<u>-</u>	<u>(22,755)</u>	<u>(45,510)</u>
Rates considered	CDI	12.27%	6.14%	9.21%	10.00%	15.34%	18.41%
Rates considered	LIBOR	1.74%	0.87%	1.30%	1.78%	2.17%	2.60%
Rates considered	TJLP	6.25%	3.13%	4.69%	6.25%	7.81%	9.38%

(*) The positive and negative variations of 25% and 50% were applied on the rates in effect at 03.31.2009

Methodology for sensitivity analysis of the other assets and liabilities exposed to interest rate risk: the probable scenario is based on the Company's estimates of the variables indicated. Based on the balances of the exposed amounts, assuming that these remain constant, the interest differential for the assets and liabilities exposed was calculated for each of the variables in question.

b) Foreign exchange risk factor

	Risk factor	Market value at 03/31/2009	Additional variations in book balances (*)				
			-50%	-25%	Probable scenario	25%	50%
NDFs sold		(22,466)	57,753	29,005	3,495	(28,492)	(57,240)
1) Due 06/30/2009	US\$	(22,466)	57,753	29,005	3,495	(28,492)	(57,240)
<u>Total</u>		<u>(22,466)</u>	<u>57,753</u>	<u>29,005</u>	<u>3,495</u>	<u>(28,492)</u>	<u>(57,240)</u>
Exchange rates considered		2.3152	1.1576	1.7364	2.2500	2.894	3.4728

(*) The positive and negative variations of 25% and 50% were applied on the rates in effect at 03.31.2009

Methodology for sensitivity analysis of derivative contracts: the contractual liquidation values of each contract (strike prices) were compared with the future rates indicated by the BM&F for the same due dates and discounted at the projected market interest curve for the period. The positive and negative percentage variations of 25% and 50% were applied to the market curves to generate the other scenarios.

	Risk factor	Amounts exposed at 03/31/2009	Additional variations in book balances (*)				
			-50%	-25%	Probable scenario	25%	50%
Assets		2,382,807	1,191,404	595,702	67,104	(595,702)	(1,191,404)
Financial investments	R\$	1,666,049	833,024	416,512	46,919	(416,512)	(833,024)
Other assets	R\$	716,758	358,380	179,190	20,185	(179,190)	(358,380)
Liabilities		2,601,336	(1,300,668)	(650,334)	(73,258)	650,334	1,300,668
Loans and financing	R\$	1,488,272	(744,136)	(372,068)	(41,912)	372,068	744,136
Other liabilities	R\$	1,113,064	(556,532)	(278,266)	(31,346)	278,266	556,532
Total, net		<u>(218,530)</u>	<u>(109,264)</u>	<u>(54,632)</u>	<u>(6,154)</u>	<u>54,632</u>	<u>109,264</u>
Exchange rate considered		2.3152	1.1576	1.7364	2.2500	2.8940	3.4728

(*) The positive and negative variations of 25% and 50% were applied on the rates in effect at 03.31.2009

Methodology for sensitivity analysis of the other assets and liabilities exposed to the exchange variation risk: the probable scenario is based on the Company's estimates of the variables indicated. Based on the balances of the exposed amounts, assuming that these remain constant, the exchange variation differential was calculated for the exposed assets and liabilities.

26. JOINT LIABILITIES, RESPONSIBILITIES AND COMMITMENTS

(a) Trade-in

The Company is subject to trade-in options for 15 aircraft. The right to exercise the option was exercised for 12 aircraft by December 31, 2008, and 10 of these aircraft

were received by the Company by March 31, 2009. The two remaining aircraft will be received in the course of 2009. Exercising of the option for the remaining three aircraft is tied to compliance with contractual clauses on the part of the customer. These options establish that the price of the asset given in payment may be put towards the purchase price of a new and more up-to-date model produced by the Company. The trade-in price is based on a percentage of the original purchase price of the aircraft. The Company continues to monitor all trade-in commitments in order to anticipate adverse situations. Based on the Company's current estimates and third-party appraisals, management believes that it will be possible to sell any aircraft accepted as a trade-in on the market without material gains or losses.

(b) Financial guarantees

Financial guarantees may be triggered if customers do not meet their obligations during the financing term established in the respective agreements. The financial guarantees support the guaranteed party to mitigate any losses due to default. The corresponding aircraft are attached as collateral for the financing agreements. The value of the tied aircraft may be adversely affected by market conditions. In the event of default, the Company normally acts as an agent for the guaranteed party for the refurbishment and resale of the tied aircraft. The Company may be entitled to a fee for such resale services. Typically, a claim under the guarantee should be made only upon surrender of the tied aircraft for resale.

Residual value guarantees normally complement the function of financial guarantees in sales financing structures, providing third parties with a specific guaranteed asset value, generally at the end of the financing agreement. In the event of a decrease in market value of the underlying asset, the Company will bear the difference between the guaranteed amount and the fair market value. The Company's exposure is reduced by the fact that, in order to benefit from the guarantee, the guaranteed party has to return the tied asset under specific conditions. Residual value guarantees typically guarantee that, on average 15 years after delivery of the aircraft, there will be a residual market value of a percentage of the original sale price. The majority of residual value guarantees are capped, and consequently, the guarantee exposure is limited on average to 18% of the original sale price. Currently, based on third-party evaluations, management is of the opinion that certain agreed residual values may exceed the valuation amount for certain aircraft already delivered. Accordingly, the Company recorded a provision of R\$62,374 to cover financial guarantees for aircraft delivered to March 31, 2009 (R\$ 63,963 at December 31, 2008).

Certain sales contracts contain clauses guaranteeing minimum aircraft performance levels subsequent to delivery, based on predetermined operating targets. If the aircraft subject to such guarantees do not achieve the minimum performance indices after delivery, the Company may be obliged to reimburse its customers for the increase in operating costs and services incurred, based on formulae defined in the agreements.

Losses relating to such performance guarantees are recognized when known or when, in management's opinion, circumstances indicate that the aircraft is unlikely to meet the minimum performance requirement.

The provisions are considered sufficient to cover the estimates of potential losses for the Company.

27. ADDITIONAL CASH FLOW INFORMATION

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>3.31.2009</u>	<u>3.31.2008</u>	<u>3.31.2009</u>	<u>3.31.2008</u>
Payments during the year				
Income tax and social contribution on net income	324	-	11045,	7241,
Interest	53445,	51794,	52560,	53423,
Transactions not involving cash disbursements				
Additions to property, plant and equipment through capitalization of interest	-	995	-	995

28. REVIEW OF COST BASE AND PERSONNEL STRUCTURE

As a result of the unprecedented crisis that is affecting the world economy, and the air transport sector in particular, Embraer was obliged to review its cost base and its personnel structure, adjusting them to the new circumstances of demand for commercial and executive aircraft.

The reductions represent around 20% of the Company's staff of 21,362 employees at January 31, 2009, excluding Harbin Embraer Aircraft Industry Company Ltd. and Ogma – Indústria Aeronáutica de Portugal S.A., and were concentrated on the operating, administrative and management personnel, including elimination of one hierarchical level of its management structure. The total cost of these dismissals is approximately R\$ 125.2 million, recorded under “Other operating income and expense”

STATEMENTS OF INCOME

The table below presents a comparative analysis of the principal indicators of Embraer's consolidated statements of income for 4Q08, 1Q08 and 1Q09.

Statement of operations			
<i>In millions of Brazilian reais - R\$, except number and net income per share</i>			
	(1)	(1)	(1)
	4th quarter	1st quarter	1st quarter
	2008	2008	2009
Net revenues	4,139.6	2,321.7	2,667.4
Gross profit	832.4	428.5	456.0
<i>Gross margin</i>	<i>20.1%</i>	<i>18.5%</i>	<i>17.1%</i>
Administrative and Selling expenses	(362.9)	(253.9)	(237.6)
Other operating expenses	(33.7)	(40.8)	(109.3)
Operating profit before financial income (expense)	435.8	133.7	109.2
<i>Operating margin</i>	<i>10.5%</i>	<i>5.8%</i>	<i>4.1%</i>
Depreciation and amortization	128.6	93.9	100.4
EBITDA	564.4	227.7	209.6
<i>EBITDA margin</i>	<i>13.6%</i>	<i>9.8%</i>	<i>7.9%</i>
Financial income (expenses), net	(58.2)	7.7	(11.3)
Indexation and foreign exchange gains/losses, net	(179.3)	17.4	5.4
Profit before taxation	198.3	158.8	103.3
Income tax and social contribution on net income	(227.5)	(4.8)	(64.8)
Minority interest	(11.3)	(2.0)	(0.2)
Net income (loss) for the quarter	(40.6)	152.1	38.3
<i>Net margin</i>	<i>-1.0%</i>	<i>6.5%</i>	<i>1.4%</i>
Number of shares at the end of the period	723,665,044	723,665,044	723,665,044
Net income (loss) per share	(0.05607)	0.21011	0.05286

(1) derived from unaudited financial statements.

In accordance with Official CVM Circular No. 1/2005, EBITDA comprises the net income, plus net financial income (expense), income tax and social contribution, depreciation and amortization, minority interest and equity in the earnings of subsidiaries.

Deliveries, Net Revenue and Gross Margin

40 jets were delivered in 1Q09, 11.1% less than the 45 delivered in 1Q08. The net revenue for 1Q09 was R\$ 2,667.4 million, 14.9% more than the R\$ 2,321.7 million recorded in 1Q08, mainly due to the significant devaluation of the Brazilian real against the dollar in the last quarter of 2008.

Deliveries by segment	4Q08	1Q08	1Q09
Commercial Aviation	44	38	32
ERJ 145	-	3	1
EMBRAER 170	5	-	5
EMBRAER 175	14	15	3
EMBRAER 190	20	17(1)	17
EMBRAER 195	5	3	6
Defense and Government	4	-	-
EMB 135	2	-	-
EMB 145	-	-	-
Legacy 600	2	-	-
EMBRAER 190	-	-	-
Executive	11	7	8
Phenom 100	2	-	6
Legacy 600	8	7	2
Embraer 175	1	-	-
Total	59	45	40

The net revenues of the commercial aviation segment represented 75.4% of Embraer's total revenues in 1Q09, while the other segments of the Company represented 24.6% of total revenues, compared to a share of 30.4% in the same period of 2008.

Net revenue by segment (million)	(1)					
	4th Quarter 2008		1st Quarter 2008		1st Quarter 2009	
	R\$	%	R\$	%	R\$	%
Commercial Aviation	2,701.7	65.3	1,615.3	69.6	2,011.7	75.4
Defense and Government	401.7	9.7	154.2	6.6	156.8	5.9
Executive	568.4	13.7	301.7	13.0	162.3	6.1
Aviation services	385.8	9.3	219.6	9.5	296.2	11.1
Other	82.0	2.0	30.9	1.3	40.4	1.5
Total	4,139.6	100.0	2,321.7	100.0	2,667.4	100.0

(1) derived from unaudited financial statements

Revenues of the Defense and Government segment were practically stable reflecting the revenues of R\$ 156.8 million in 1Q09 and the R\$ 154.2 million in 1Q08. The percentage share of this segment in the Company's total revenues dropped from 6.6% in 1Q08 to 5.9% in 1Q09.

The delivery of two Legacy 600 and six Phenom 100 jets in 1Q09, compared with seven deliveries of Legacy 600 in the same period of the previous year, produced revenues for the executive aviation system of R\$ 162.3 million, a reduction of 46.2 % compared with the R\$ 301.7 million recorded in 1Q08.

The aviation services segment recorded billings of R\$ 296.2 million in 1Q09, up 34.9% on R\$ 219.6 million in 1Q08, mainly as a result of the foreign exchange rate fluctuations in the two periods.

The gross sales margin in 1Q09 was 17.1%, less than the 18.5% obtained in the same period of the previous year. The drop in the Company's gross margin is partly explained by the cost of direct labor, as the Company reprogrammed deliveries for 2009 and the workforce was adjusted at the end of February. Furthermore, the margins for the six Phenom 100 jets delivered were comparatively lower due to the effects of the learning curve on the manufacturing process.

Operating Expenses and Operating Profit

Operating expenses totaled R\$ 346.8 million in 1Q09, 17.7% higher than the R\$ 294.7 million recorded in 1Q08, mainly due to the exceptional expenses reflecting the dismissal charges of approximately 4,000 employees in 1Q09.

Administrative expenses totaled R\$ 85.5 million in 1Q09, down 6.8% on the R\$ 91.7 million recorded in 1Q08, partly due to the P3E (Embraer Business Excellence Program) process optimization program adopted by the Company in 2007, and also by control of personnel expenses and costs.

Selling expenses totaled R\$ 152.1 million in 1Q09, a reduction of 6.2% in relation to the R\$ 162.1 million in 1Q08, also as a result of productivity gains resulting from optimization of processes and control of personnel expenses and costs, as well as the smaller number of aircraft delivered in the period.

Other operating income (expense), net, in 1Q09 totaled R\$ 109.3 million, compared with an expense of R\$ 40.8 million in 1Q08, as a result of exceptional expenses on the dismissal of 20% of Embraer's employees, a total of approximately 4,000 dismissals.

Embraer's operating profit before financial income and expenses was R\$ 109.2 million in 1Q09, against R\$ 133.7 million in 1Q08. The operating margin was 4.1% in 1Q09, below the 5.8% recorded in 1Q08, largely due to the negative effects of the R\$ 76.0 million recorded in other net operating income (expense) as a result of the net effect of exceptional expenses of dismissals at the end of February and income generated by contractual fines. On a pro forma basis, in the absence of these amounts, the operating margin in 1Q09 would have been 6.9%.

Changes in Net Income

Embraer's net financial expense in 1Q09 was R\$ 11.3 million, compared to income of R\$ 7.7 million in 1Q08, mainly due to the decrease in interest rates in the period, reducing financial income for the quarter.

In 1Q09, Embraer recorded income from indexation and foreign exchange gains/losses of R\$ 5.4 million, compared to income of R\$ 17.4 million in the same period of the prior year. This fluctuation is explained by the impact of fluctuation of exchange rates on assets and liabilities, other than the dollar.

Embraer recorded Income tax and social contribution expense of R\$ 64.8 million in 1Q09, compared with expense of R\$ 4.8 million in 1Q08. This increase was due to the impact of deferred taxes on temporary differences between book and tax bases.

The Company recorded net income of R\$ 38.3 million in 1Q09, lower than the net income of R\$ 152.1 million in the same quarter of the previous year. The net margin in 1Q09 was 1.4%, down on 6.5% in 1Q08. Both the net income and the net margin for 1Q09 were an improvement on the loss of R\$ 40.6 million and negative margin of 1.0% recorded in 4T08.

Financial Management

At March 31, 2009, Embraer's cash position, including temporary cash investments and marketable securities, totaled R\$ 3,894.5 million. At the same date, the total indebtedness was R\$ 3,646.4 million. Accordingly, at the end of 1Q09, the Company's net cash position was R\$ 248.1 million.

Balance sheet data (R\$ million)	(1) 2008	(2) 1T08	(2) 1T09
Cash and cash equivalents (*)	5,144.9	3,929.6	3,894.5
Trade accounts receivable - total	1,038.0	648.0	996.5
Customer financing	284.7	122.3	247.5
Inventories	7,101.1	4,826.9	7,578.9
Permanent assets	3,910.7	2,625.2	4,060.8
Suppliers	2,520.2	1,943.4	2,785.9
Bank debt	4,299.7	2,813.7	3,646.4
Stockholders' equity	5,970.5	4,355.2	5,946.2
Net cash	845.2	1,115.9	248.1

* Includes cash/short-term cash investments and bonds and securities

(1) Derived from the audited Financial Statements

(2) Derived from unaudited financial statements

CASH AND CASH EQUIVALENTS

Embraer's cash position decreased by R\$ 1,250.4 million in 1Q09, totaling R\$ 3,894.5 million at the end of the period, due to payment of credit lines that matured in the period and that the Company decided not to renew, as well as the exceptional expense of the dismissals referred to above.

Of the total cash, which includes short-term cash investments and marketable securities, 43.0% are investments in Brazilian reais and the remaining 57.0% in other currencies, mainly in US dollars. Embraer's cash investment policy is based on a matching assets and liabilities in terms of exchange risk exposure and the prospects for future investments, largely denominated in Brazilian reais.

TRADE ACCOUNTS RECEIVABLE AND INVENTORIES

There was a decrease of R\$ 78.7 million, or 6.0%, in trade accounts receivable and customer financing in relation to the previous quarter, from R\$ 1,322.7 million in 4T08 to R\$ 1,244.0 million in 1Q09.

Inventories were up R\$ 477.8 million, or 6.7%, comparing 1Q09 and 4T08, totaling R\$ 7,578.9 million at March 31, 2009. Embraer is currently negotiating with its suppliers to adjust the flow of materials to the new production and delivery schedule. However, these adjustments will only be effected over the course of the year, at which point the Company expects to achieve a better balance between revenues and purchases of materials.

INDEBTEDNESS

Embraer's total debt decreased by R\$ 653.3 million in 1Q09, to R\$ 3,646.4 million at the end of the period. The short-term indebtedness represented 26.9% of the Company's total credit lines in 1Q09, against 29.3% in 4T08. The reduction in the Company's indebtedness is also related to the cash management policy, which led to the payment of certain credit lines that matured in the period.

In 1Q09, 40.8% of the total debt was denominated in Brazilian reais, at an average weighted cost of 8.06% a year, while the remaining 59.2% was denominated in other currencies, mainly in dollars, subject to an average weighted interest rate of Libor + 3.08% a year, and exchange variation.

Investments in R&D and Productivity

Research and Development (R&D)

In 1Q09, R\$ 82.0 million was invested in the development of new and current projects in various areas of the Company, especially those launched by the executive aviation segment. Embraer constantly seeks to improve its products to generate value for the operators and users of its aircraft, the source of income generation and value-added for the stockholders.

Productivity and Industrial Capacity

The investments made in the Company's industrial capacity, including improvements and modernization of the industrial and engineering processes, machinery and equipment, totaled R\$ 73.4 million in 1Q09, mainly on account of investments in production of the executive jets and implementation of the after-sale support network for these products.

Complementary Information in US GAAP

At this same date, Embraer also disclosed the unaudited results of operations for 1Q09 in accordance with the generally accepted accounting principles in the United States (US GAAP). Selected unaudited consolidated results in US GAAP are presented below:

- Net revenues in 1Q09 were US\$ 1,154.1 million;
- The gross profit for 1Q09 was US\$ 209.6 million, with a gross margin of 18.2%;
- The operating profit in 1Q09 was US\$ 27.2 million, with an operating margin of 2.4%, and the loss reported was US\$ 23.4 million, a negative net margin of 2.0%.

Order Backlog and Delivery Forecast

Embraer delivered 40 aircraft in 1Q09, five less than in 1Q08. The Company revised the estimate of jet deliveries in 2009 from 270 to 242 aircraft, subdivided into 115 deliveries to the commercial aviation segment and 17 Legacy 600 and Lineage 1000 jets, as well as 110 Phenom jets, to the executive aviation segment.

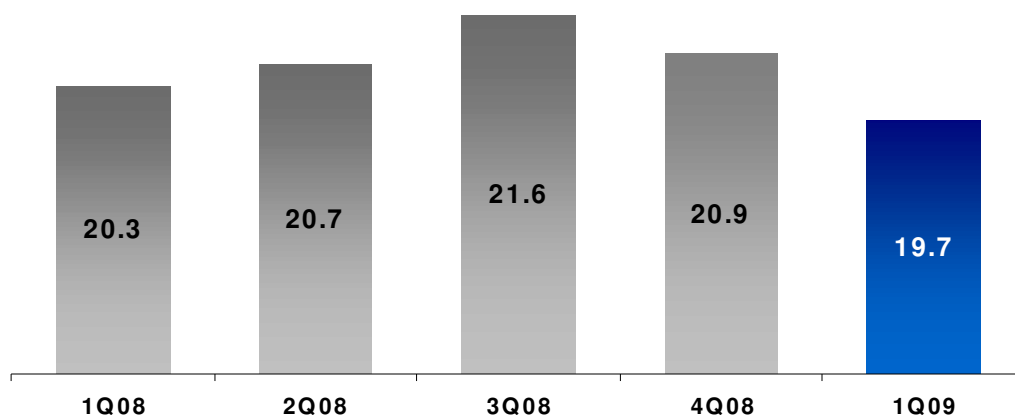
At March 31, 2009, Embraer's order backlog situation was as follows:

Aircraft Type	Firm Order	Options	Deliveries	Firm Order Backlog
ERJ 135	108	-	108	-
ERJ 140	74	-	74	-
ERJ 145	733	50	694	39
EMBRAER 170	193	84	153	40
EMBRAER 175	135	173	117	18
EMBRAER 190	436	459	218	218
EMBRAER 195	111	76	33	78

TOTAL	1,790	842	1,397	393
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At the close of 1Q09, Embraer's total firm order backlog was US\$ 19.7 billion. The following graph shows a breakdown of Embraer's order backlog at the end of each quarter:

Firm Order Backlog (US\$ Billion)



Investor Relations

In the domestic market, Embraer's common shares traded on the São Paulo Stock Exchange (BOVESPA) New Market were quoted at R\$ 7.77 at the end of the first quarter, a decrease of 11.8% compared to the closing price of R\$ 8.81 at December 30, 2008. The Bovespa index rose by 9.0 % in the same period, closing at 40,926 points at March 31, 2009, against 37,550 points at December 30, 2008.

The Company's American Depositary Shares - ADSs, comprising four common shares traded on the New York Stock Exchange (NYSE), were quoted at US\$ 13.27 in the last trading session of the first quarter of 2009, representing a decrease of 18.1% in relation to the closing price of US\$ 16.21 in December 2008.

The average daily trading volume of Embraer's common stock (ON) in the first quarter of 2009 was 1.4 million, representing an average daily financial volume of R\$ 10.8 million, identical to the average daily volume of 1.4 million shares, and greater than the average daily financial volume of R\$ 13.4 million, recorded in the fourth quarter of 2008.

The average daily volume of ADSs traded was 1,089 thousand, equivalent to a daily financial average of US\$ 15.1 million during the first quarter of 2009, down from the average daily trading volume of 1,200 thousand ADSs and the average daily financial volume of US\$ 21.1 million traded in the fourth quarter of 2008.

OTHER INFORMATION THE COMPANY CONSIDERS SIGNIFICANT

We present below additional information in compliance with item 6.4., subitems (ii), (iii), (iv) and (vi), of the New Market Regulations.

SHARE POSITION OF HOLDERS OF OVER 5% OF THE COMPANY'S SHARES, AT AN INDIVIDUAL LEVEL

Company: Embraer Empresa Brasileira de Aeronáutica S.A				
Position as at March 31, 2009 in units				
Shareholder	Common Shares		Total	
	Quantity	%		Quantity
Caixa de Previdência dos Funcionários do Banco do Brasil – Previ	103.082.901	13,92	103.082.901	13,92
CIA BOZANO	58.136.669	7,85	58.136.669	7,85
JANUS CAPITAL MANAGEMENT(*)	46.571.080	6,29	46.571.080	6,29
OPPENHEIMER FUND'S(*)	41.964.436	5,67	41.964.436	5,67
THORNBURG INVESTMENT MANAGEMENT'S(*)	37.726.280	5,09	37.726.280	5,09
BNDES Participações S/A BNDESPAR	37.412.579	5,05	37.412.579	5,05
BARCLAYS Plc (*)	37.107.858	5,01	37.107.858	5,01
Treasury shares	16.800.000	2,27	16.800.000	2,27
Others	361.663.241	48,85	361.663.241	48,85
Total	740.465.044	100,00	740.465.044	100,00

DISTRIBUTION OF THE CAPITAL OF THE LEGAL ENTITY (COMPANY SHAREHOLDER), AT AN INDIVIDUAL LEVEL- Position as of March 31, 2009.

Name: Cia Bozano					(in Share Units)	
Shareholder/Quotaholder	Common Shares		Preferred Shares		Total	
	Quantity	%	Quantity	%	Quantity	%
Júlio Rafael de Aragão Bozano	15,753	99.71	10,197	99.54	25,950	99.65
Others	46	0.29	44	0.46	90	0.35
Total	15,799	100.00	10,241	100.00	26,040	100.00

POSITION OF THE OFFICERS AND SHARES IN CIRCULATION

Position as at March 31, 2009

<u>Shareholder</u>	Number of Common Shares (in units)	%	Total Number of Shares (in units)	%
Officers				
Board of Directors	634,567	0.09	634,567	0.09
Executive officers	1,561,757	0.21	1,561,757	0.21
Audit Committee	2,460	-	2,460	-
Treasury shares	16,800,000	2.27	16,800,000	2.27
Other Shareholders	721,466,260	97.43	721,466,260	97.43
Total	740,465,044	100.00	740,465,044	100.00
Shares in Circulation	721,468,720	97.43	97.43	97.43

The Company is bound by the Arbitration Regulations of the Market Arbitration Chamber, in accordance with a clause of commitment in its bylaws.

POSITION OF THE OFFICERS AND SHARES IN CIRCULATION

Position as at March 31, 2008

<u>Shareholder</u>	Number of Common Shares (in units)	%	Total Number of Shares (in units)	%
Officers				
Board of Directors	634,111	0.09	634,111	0.09
Executive officers	2,007,361	0.27	2,007,361	0.27
Audit Committee	2,460	-	2,460	-
Treasury shares	16,800,000	2.27	16,800,000	2.27
Other Shareholders	721,021,312	97.37	721,021,312	97.37
Total	740,465,044	100.00	740,465,044	100.00
Shares in Circulation	721,023,572	97.37	97.43	97.37

The Company is bound by the Arbitration Regulations of the Market Arbitration Chamber, in accordance with a clause of commitment in its bylaws.