



2008 Annual Report



1. Corporate Profile

Embraer (Empresa Brasileira de Aeronáutica S.A.) is one of the largest aerospace companies in the world and leader in the category of commercial jets with up to 120 seats. In its 40 years of existence, Embraer has produced more than five thousand aircraft, currently operating in 78 countries. In 2008 alone, 204 aircraft were delivered. Embraer designs, develops, produces and sells aircraft for the commercial aviation, executive aviation and defense market segments. The Company also provides after-market support and services to customers around the world.

Headquartered in Brazil, in the city of São José dos Campos, state of São Paulo, Embraer maintains offices, production facilities and service centers in Brazil and overseas.

In Brazil, its engineering, development and production activities are conducted in five locations, in the cities of São José dos Campos, Botucatu and Gavião Peixoto. Complemented by a logistics center in Taubaté. All are located in the state of São Paulo.

Overseas, Embraer has sales offices, service and spare parts supply depots in Fort Lauderdale (Florida), Nashville (Tennessee) and Mesa (Arizona) in the US, Villepinte and

Le Bourget in France, Beijing in China and Singapore. In addition, it has announced two new production facilities in the Portuguese city of Évora and new premises in the city of Melbourne (Florida) in the US, where executive aviation operations in that country will be based.

It also has a plant in Harbin, China: Harbin Embraer Aircraft Industry – HEAI, a joint-venture with the Chinese state-owned company AVIC. Through a 70% owned joint venture with EADS, Embraer controls 65% of the capital of OGMA – Indústria Aeronáutica de Portugal S.A., an aircraft maintenance and production company located in Alverca, Portugal.

In addition to these facilities, strategically located around the world, Embraer owns almost 100% of the capital of ELEB Equipamentos Ltda., located in São José dos Campos, following the acquisition of an additional 40% stake in this joint venture, previously owned by the German company, Liebherr Aerospace S.A.S.

By the end of the year Embraer had a workforce of 21,550, not including an additional 1,959 employees at its subsidiaries OGMA and HEAI, which are not wholly owned.



Corporate Profile **Front Inside Cover**

Highlights **4**

Message from the President **12**

Vision, Objectives and Values **16**

Business Segments **19**

Management **49**

Strategy and Outlook **65**

Operating Results **67**

Economic and Financial Results **71**

Capital Markets Performance **77**

Corporate Governance **83**

Intangible Assets **90**

Social and Environmental Responsibility **93**

GRI Indicators **108**

Corporate Information **111**

Financial Statements **CD**



USA

**Fort Lauderdale
Melbourne
Mesa
Nashville**

Portugal

**Alverca
Évora**

Brazil

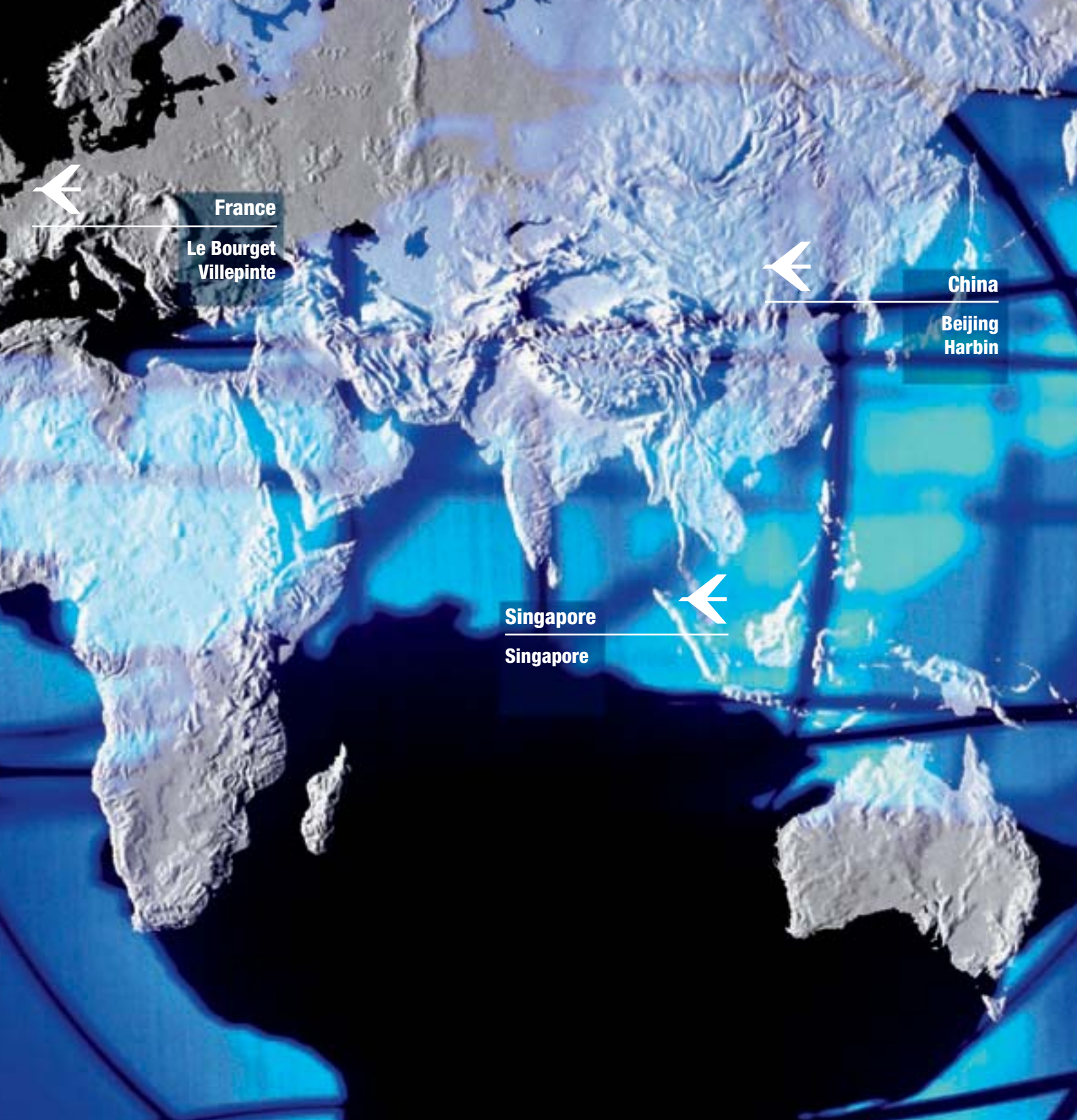
**São José dos Campos
Botucatu
Gavião Peixoto
Taubaté**

Embraer has a global customer base and globally respected partners. It is Brazil's largest exporter of manufactured goods and one of its three largest overall exporters. Approximately 96% of its revenues came from overseas markets in 2008, representing 2.9% of Brazil's total exports.

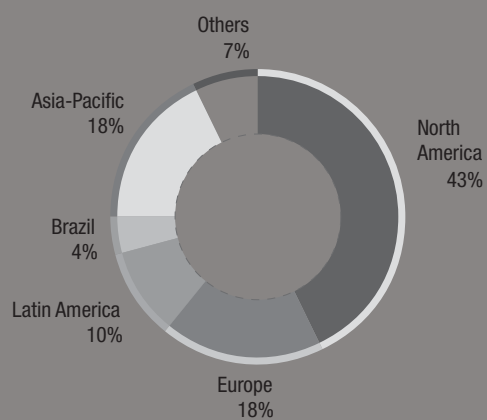
North America was responsible for the largest share of revenues during the year, with 43% of the total, mainly concentrated in the US, the largest market in the world

for the aviation sector. Europe accounted for 18%, Asia and the Pacific for another 18%, Latin America for 10% and Brazil for 4%. Other countries were responsible for the remaining 7%.

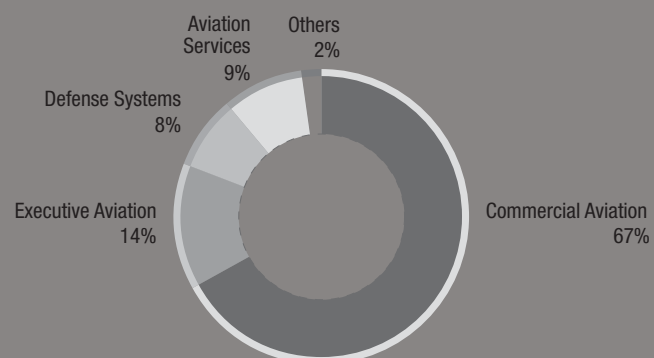
Commercial aviation accounted for the largest portion of total revenues (67%), followed by executive aviation (14%), aviation services (9%), defense systems (8%) and other revenues (2%).



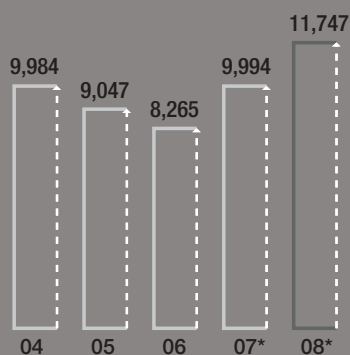
2008 Revenue Breakdown by Region



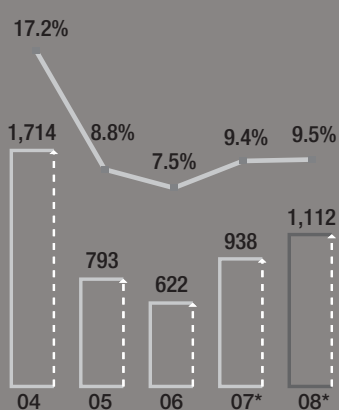
2008 Revenue Breakdown by Segment



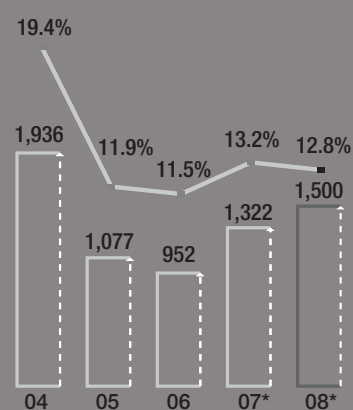
2. Highlights



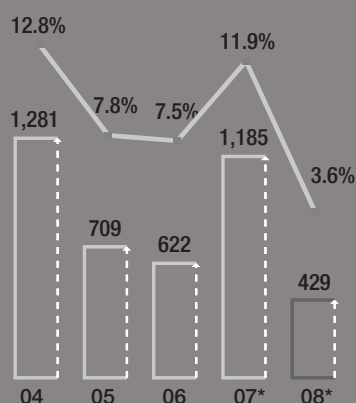
Net Sales (R\$ million)



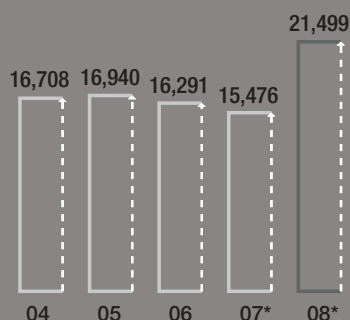
EBIT (R\$ million) and
EBIT Margin (%)



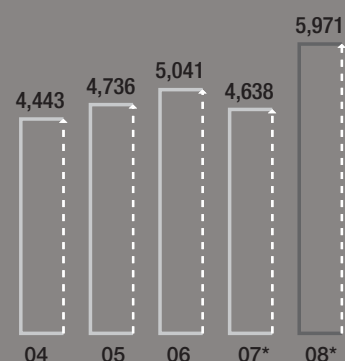
EBITDA (R\$ million) and
EBITDA Margin(%)



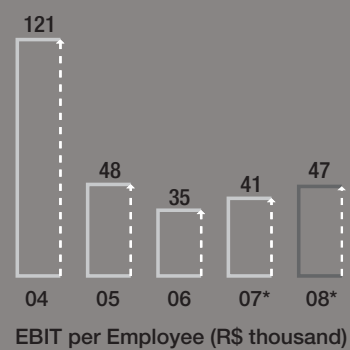
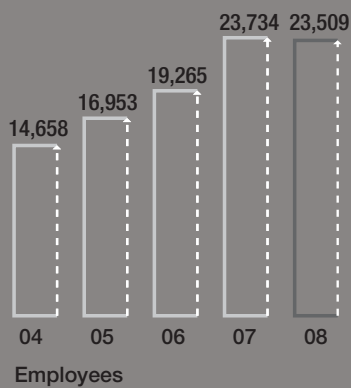
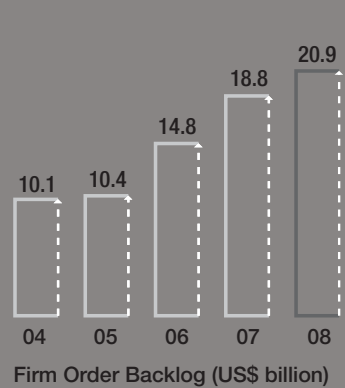
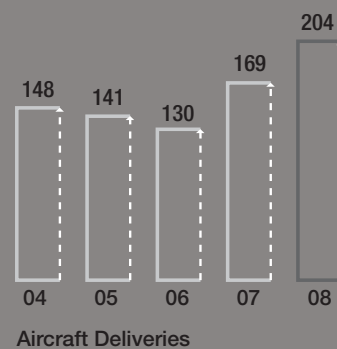
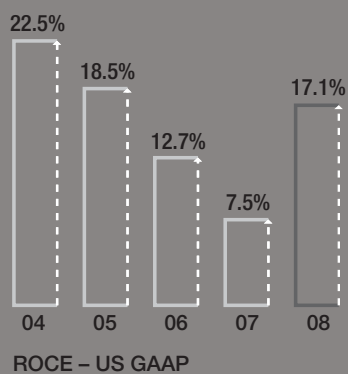
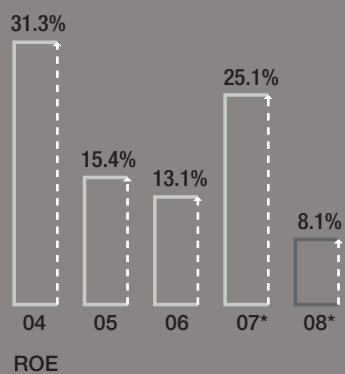
Net Income (R\$ million) and
Net Margin (%)



Total Assets (R\$ million)



Shareholders' Equity (R\$ million)



* Figures recorded in 2007 and 2008 are in accordance with the new accountancy legislation – Law number 11,638/07.





October 22, 2008

40 years
of the
Bandeirante's
first flight

Bandeirante: 40 years of a pioneer

On October 22 1968 the first Bandeirante prototype made its inaugural flight, the culmination of a long-standing project for developing a Brazilian-made aircraft to serve the country's regional air transportation needs. A crucial step had been taken towards the effective creation of a domestic aircraft industry. Embraer was to be constituted the following year with the mission of both making large-scale airplane production a viable proposition also developing the sales of the Bandeirante itself. Years later, this twin prop aircraft was to be universally acclaimed, helping to lay the foundations for the Company's growth.

The origins of the Bandeirante go back to 1964 when the Air Force Ministry mandated the Centro Técnico Aeroespacial – CTA (General Command of Aerospace Technology) with the task of conducting a study into setting up a plant for manufacturing mid-sized aircraft in Brazil. The following year, the project for the future Bandeirante was approved. The new airplane was to be developed by the team from the CTA and the Instituto de Pesquisas e Desenvolvimento – IPD (Research and Development Institute) under the leadership of an aeronautical engineer by the name of Ozires Silva – at the time an Air Force major. It took three years and four months for the first prototype to be built, involving 110 thousand hours of work by about 300 people.

The Bandeirante was conceived from a domestic air traffic density study with the objective of developing a modern airplane adapted to Brazilian needs and possibilities. The aircraft would have to be able to operate under difficult conditions and carry both passengers and cargo. With

these characteristics it was given the emblematic name of the pioneers of Brazilian integration. The early success of the Bandeirante saw the subsequent trajectories of airplane and Company become inseparable one from the other

The decree constituting Embraer was signed on August 19 1969 and in the same year, the Air Force Ministry placed a firm order for 80 Bandeirantes. Following the various necessary adaptations to the aircraft to permit large scale manufacture, production began in 1971. Two years later the first Bandeirante was delivered to the Brazilian Air Force, the aircraft also entering the service of domestic airlines such as Transbrasil and Vasp.

In 1975 Embraer exported the first Bandeirantes to the Uruguayan Air Force and in 1977, exports to commercial airline companies began – the first foreign company to fly the airplane being the French operator, Air Littoral.

As airworthiness certificates were issued, the aircraft was exported to a growing number of countries leading in 1979 to the constitution of Embraer's first subsidiary, Embraer Aircraft Corporation, headquartered in Fort Lauderdale, Florida, United States.

The Bandeirante production line was discontinued in 1991. Out of a total of 498 aircraft in 16 different civil and military versions, 253 aircraft were sold to the domestic market and the remaining 245, exported. Today, some 300 units of this pioneer, which took the Embraer name from Brazil to the furthest corners of the planet, are still flying.







Commandant Cará
Embraer Test Pilot

“I have literally flown in all the aircraft that Embraer has ever made.”

Commandant Cará began his career at Embraer in 1975 with the same enthusiasm for the job that he carries to this day. At the age of 18, he was chosen to be one of the select team of youthful Embraer pilots. “I grew up in the world of aviation, and always liked the airplane as a machine,” he says. “My first airplane was the Ipanema, 200 series. I’ll never forget it.”

Until 1977, Cará was a member of the group of pilots that performed all of the Company’s flight operational activities: production, test, demonstration and instruction flights. It was at this time that Embraer decided that each member of the group should specialize in a particular activity – “I was Embraer’s first test pilot. It was then that we launched the Ipanema 201A – for me a veritable rocket with a 300 horsepower engine. To pilot that machine was really sensational.”

And in this way Commandant Cará spent his years in the Company, pursuing his profession with a passion and keen sense of responsibility. “A test pilot has to go to places where no normal pilot would go. Its not only about flying – it’s something more. Not only is the test pilot is not only fearless, but he also needs to know exactly when to stop, where the limits of risk and safety are.” He recalls with excitement his more than 26 night crossings of the South Atlantic, piloting Embraer aircraft. “Night flying is even more incredible. It’s a wonderful sensation. Like a bird viewing everything in a different way.”

Cará considers himself privileged to have been able to fly in all the airplanes produced by Embraer, without exception, from the civil to the military line. “It was an extraordinary and singular opportunity.” But he confesses to having become most intensely attached to one particular aircraft. “I like them all, but the one that really excited me most was the Tucano. It was the icon of an age, and conceptually very much ahead of its time.”

It comes as no surprise that Cará’s enthusiasm for aviation has been infectious – his son, Miguel, has also become a pilot. One of the most emotional moments in the father’s career came when Continental Express was to receive the 100th ERJ 145 manufactured by Embraer, and Commandant Cará was given the responsibility of making the delivery to the airline’s pilot, his son. “It was a party. Imagine the feeling of delivering a plane, as an Embraer pilot, to my own son, who had just been hired as a Continental pilot. It was just incredible!”

3. Message from the President

The year 2008 was a milestone for Embraer in many ways. We delivered 204 aircraft, 20.7% more than in 2007 and an absolute record for the Company – directly attributable to the operational adjustments and improvements implemented over recent years.

We eliminated entirely a number of delayed deliveries to our customers; we upgraded our manufacturing processes to improve performance and quality; we certified two new executive jets – the Phenom 100 and the Lineage 1000; and we observed a significant improvement in the schedule reliability of the fleet of E-Jets around the world.

Strong sales performance – more than US\$7.7 billion – increased the backlog of firm orders to US\$20.9 billion by year-end, another historical record.

Year-on-year sales revenue increased 17.5% to R\$11,746.8 million, generating net income of R\$428.8 million.

Looking back over the list of targets we set ourselves for 2008, we achieved our market forecasts in terms of revenues, deliveries, certifications, capital expenditures and margins. All of this is the result of the efforts, the competence and the dedication of thousands of Embraer employees, this year and in past years.

Meeting the challenges of further progress required from all of us a major review of our processes and investments in our leaders, our personnel and our corporate culture, all under the aegis of our in-house program – Embraer Entrepreneurial Excellence Program (P3E).

This program was implemented to help us achieve excellence in everything we do and lay the foundation for the Company's future existence. It involves employees from every area of Embraer and has the direct and active participation of senior management.

The global crisis began to affect the Company's activities at the end of the third and beginning of the fourth quarter of 2008. The first sign was a reduction in the pace of new sales as market demand weakened. This was followed by a severe contraction in the availability of credit for our customers to finance the purchase of aircraft on order.



Despite a very robust order book, the speed and intensity of the global downturn called for faster and more drastic measures for protecting the Company and adjusting its operations. In little more than two months customers requested delays in delivery, or even cancelled entirely the delivery of 30 aircraft previously scheduled for 2009. The new scenario forced Embraer to take tough actions and, in February 2009, the Company announced a 20% cut in its workforce as one of a series of measures to contain expenses and preserve liquidity.

Embraer has a very conservative capital structure policy, keeping strongly positive net cash balances and with most of its debt maturing over the long term. This policy has helped us maintain our Investment Grade rating despite the crisis afflicting the air transportation industry.

Our financial position is healthy and we are well prepared to weather the adversities of the global economy. This is particularly important at a time when new manufacturers are expected to enter the aviation industry, making for an even more competitive market in coming years.

Embraer's objective is to be leader in all the market segments in which it participates. In addition to our market leadership in commercial aircraft with capacities up to 120 seats, we have set clear goals for becoming one of the principal global forces in the executive aviation market by 2015. The defense business segment will continue to receive growing attention, increasing its share of our results and its relevance to our business.

Corporate Governance was another highlight in 2008, leading to a transparent, synergic and constructive dialog between the Board of Directors and Executive Management and successfully, safely and uneventfully bringing to a close the three-year period following the transformation of our capital structure to one of widely held share ownership, as required by the Company bylaws.

As part of our quest for excellence, we are committed to building a sustainable future. For the fourth consecutive year we have been included in the BM&FBOVESPA's ISE – Corporate Sustainability Stock Index. In 2008 we signed the UN's Global Compact, the aim of which is to

mobilize the international business community to include in their business practices certain fundamental values with respect to human rights, labor relations, environmental protection and anti-corruption measures.

Our concern for the environment has resulted in Embraer becoming the first aviation company in the world to receive ISO 14001 (environmental) and OHSAS 18001 (occupational health and safety) certification, which we maintain to this day. We understand the challenges the world is facing as regards to climate change. We are constantly investing in the development of products with a lower environmental footprint, and take environmental preservation precautions in our manufacturing activities that are a benchmark in Brazil and around the world.

In the social outreach area, the Embraer Education and Research Institute (Instituto Embraer de Educação e Pesquisa – IEEP) is the mainstay of our efforts to improve education standards in underserved communities. The results have been no less than extraordinary. Of the 201 high school graduates from the Engenheiro Juarez


Wanderley High School (CEJW) and maintained by IEEP – in the class of 2008 each and every one received pass grades in the college entrance examinations, with 80% gaining places at public universities.

To close, we would like to offer our thanks to all our customers, manufacturing partners, suppliers, financial institutions, government authorities and all other entities with which we interact and which, over the years, have made such a great contribution to the leading position that we occupy today in the world aviation market.

To our shareholders and staff members, our acknowledgement and special thanks for their support, integration and determination to make Embraer a world-class company that is innovative, responsive, in a class of its own, totally committed to customer satisfaction and respectful of people and the environment – strategies that are fundamental to the Company's profitability, growth and continued existence.

Frederico Fleury Curado
President & CEO





4. Vision, Objectives and Values

VISION

Embraer will continue to consolidate its position as one of the leading global forces in the commercial, executive and defense markets, leader in its chosen segments and acknowledged for corporate excellence.

OBJECTIVES

Embraer's objective is to generate shareholder value by giving full satisfaction to its customers in the global aviation market. By "value generation" we mean maximizing the Company's value and guaranteeing its future existence with integrity and a social and environmental conscience.

The Company concentrates on three business segments and markets: commercial aviation, executive aviation and defense.



CORPORATE VALUES

The values practiced at Embraer are the result of a lengthy process of defining and then building the Company's corporate culture, a process in which all our employees participated. All employees carry these values with them, printed on the back of their ID badges as a gesture of support, adherence and commitment. These values mold our way of thinking and align our activities towards ensuring the Company's future. Our corporate values are:

- **Our people** make us fly;
- We are here to serve **our customers**;
- We strive for **company excellence**;
- **Boldness and innovation** are our hallmark;
- **Global presence** is our frontier;
- We build a **sustainable future**.



5. Business Segments



Embraer's strategy is to minimize its exposure to risks and to operate over a broad range in the global aviation market. To this end, the Company has divided its market into three business segments: **commercial aviation** (representing 67% of total revenues), **executive aviation** (14%) and **defense** (8%). Each of these segments has its own rules of conduct and process standards for ensuring the same level of excellence as all Embraer products, synonymous with efficient, modern and hard-working aircraft.

After-sales support for these three segments' products is supplied by an aviation services structure, reorganized in 2008 into a global network of service centers for providing complete service coverage for our customers. By diversifying its products, regions, customers and services, Embraer has made a strong, unquestionable and sustainable name for itself over the past 40 years.



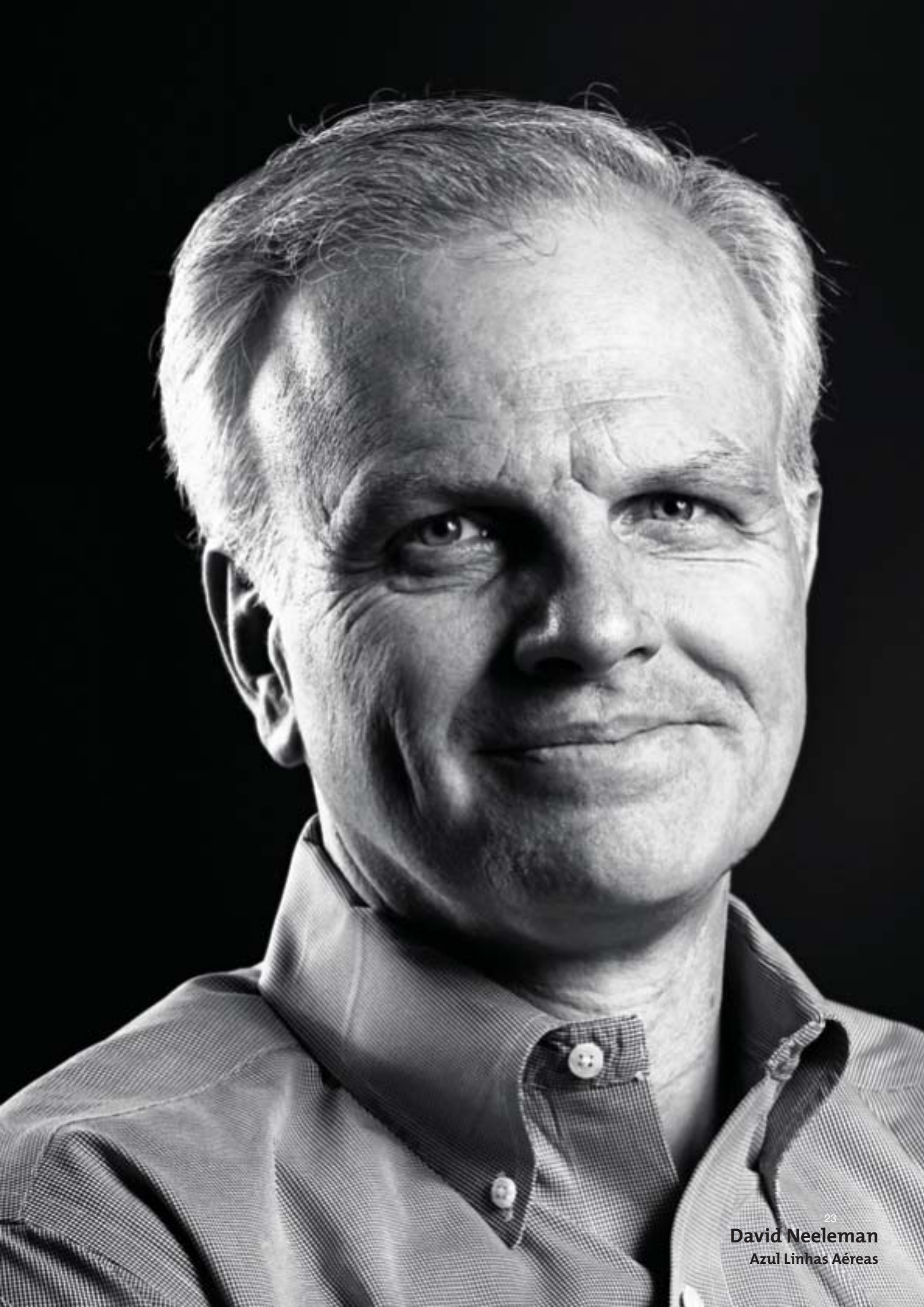


“It’s a marriage made in the sky,
Azul with Embraer.”



After a successful career as the head of the US commercial carrier JetBlue, David Neeleman did not think he would be working again for an airline. “But I was invited to visit Brazil,” he says, “and was really surprised to see that an airplane the size of the EMBRAER 190 was not being used here. There’s no competitor for this model, and it fully meets the requirements of the Brazilian commercial aviation business. We ran several opinion polls of passengers who had already traveled on other aircraft. The customer satisfaction with the EMBRAER 190 was so much greater – the seats are wider, the cabin windows are bigger and there is no middle seat, making for greater passenger comfort.”

In the end, the Embraer relationship helped in Neeleman’s decision to launch and command a new company in Brazil, Azul Linhas Aéreas. “In this difficult times, the relationship is fundamental for the business to work out right. It’s a marriage made in the sky, Azul and Embraer.”





Commercial Aviation



EMBRAER 170
capacity: 70 to 80 seats
range: 2,100 nm (3,900 Km)



EMBRAER 175
capacity: 78 to 88 seats
range: 2,000 nm (3,700 Km)



EMBRAER 190
capacity: 98 to 114 seats
range: 2,400 nm (4,500 Km)



EMBRAER 195
capacity: 108 to 122 seats
range: 2,200 nm (4,100 Km)



ERJ 135
capacity: 37 seats
range: 1,750 nm (3,250 Km)



ERJ 140
capacity: 44 seats
range: 1,650 nm (3,050 Km)



ERJ 145
capacity: 50 seats
range: 1,550 nm (2,900 Km)



ERJ 145 XR
capacity: 50 seats
range: 2,000 nm (3,700 Km)

Commercial Aviation Customers


E-Jets®



ERJ 145 FAMILY







Leader in the competitive world market for commercial jets of 30 to 120 seats, Embraer has a reputation for high quality standards, recognized by approximately 90 customers worldwide, and giving it a 46% share of the global market for this segment. Embraer has an intimate knowledge of all facets of the commercial aviation market. Its strength as a company, its proprietary patented research and its cutting-edge technology give it a certain advantage over its competitors.

Since 1996 Embraer has produced and delivered over 875 jets of the ERJ 145 Family to more than 30 airlines in 23 countries, reaching the impressive record of 10 million flight cycles and 12 million flight hours – confirming the worldwide success of the model and its importance for this business segment.

During 2008 Embraer worked on consolidating the market for the E-Jets (the EMBRAER 170 / 190 Family) in the Americas and in Europe, before expanding to other important markets such as the Middle East, India and China. By the end of the year 876 aircraft of this family had been sold to 55 airlines in 35 countries; of these, 500 have already been delivered and have carried more than 100 million passengers, logging over 2.2 million flight hours. In December the 500th E-Jet, an EMBRAER 170, was delivered to Régional, a subsidiary of the Air France group, only six months after the delivery of the 400th E-Jet to Republic Airlines of the US.





Executive Jets





Keith Plumb
Executive AirShare

“Phenom 100: the best equipped in the entry-level category.”



Phenom jets are ideally suited to the fractional ownership concept of US-based Executive AirShare, says Keith Plumb, company President and COO. “There’s been a significant focus on the economics of using a corporate airplane. The Embraer Phenom airplanes have low operating costs and excellent comfort attributes and characteristics.” The executive considers the Phenom 100 to be the best-equipped aircraft in the entry-level category, while the Phenom 300 has greater range and carries the biggest payload in its class.

In Plumb’s opinion, customer satisfaction indicates how right he was to choose Embraer aircraft. “People just have been very excited to see how much luggage space there is, how comfortable the airplane is, how quiet it is. In all areas it has exceeded our expectations.”





Executive Aviation



LINEAGE 1000

capacity: 13 to 19 seats
range: 4,500 nm (8,334 Km)
category: Ultra-Large



LEGACY 600

capacity: 10 to 14 seats
range: 3,400 nm (6,297 Km)
category: Super Midsize



LEGACY 500

capacity: 8 to 12 seats
range: 3,000 nm (5,556 Km)
category: Midsize



LEGACY 450

capacity: 7 to 9 seats
range: 2,300 nm (4,260 Km)
category: Midlight



PHENOM 300

capacity: 8 to 9 occupants
range: 1,800 nm (3,334 Km)
category: Light



PHENOM 100

capacity: 6 to 8 occupants
range: 1,178 nm (2,182 Km)
category: Entry-Level



PHENOM 100
BY EMBRAER

CLOSE

OPEN

PHENOM 100



The executive aviation segment has been making an increasingly important contribution to Embraer's diversification strategy. Since the Company entered this market in 2000 with the launch of the Legacy, this aircraft has met with increasing acceptance in the super midsize segment and achieved a 16% market share in 2008, the largest market share in the category. By December 2008 the fleet of Legacy 600 jets had grown to 150 in 24 countries.

Embraer continues to grow in the executive aviation market and has taken concrete steps towards fulfilling the commitment made at the beginning of the decade: it launched two new products, the Legacy 450 and the Legacy 500; it obtained certification for the Lineage 1000 jet; it also obtained certification for the Phenom 100 jets and delivered the first two aircraft; it was able to commemorate the inaugural flight of the first prototype in the Phenom 300 program; and it expanded its network of sales, training, service and support representatives.

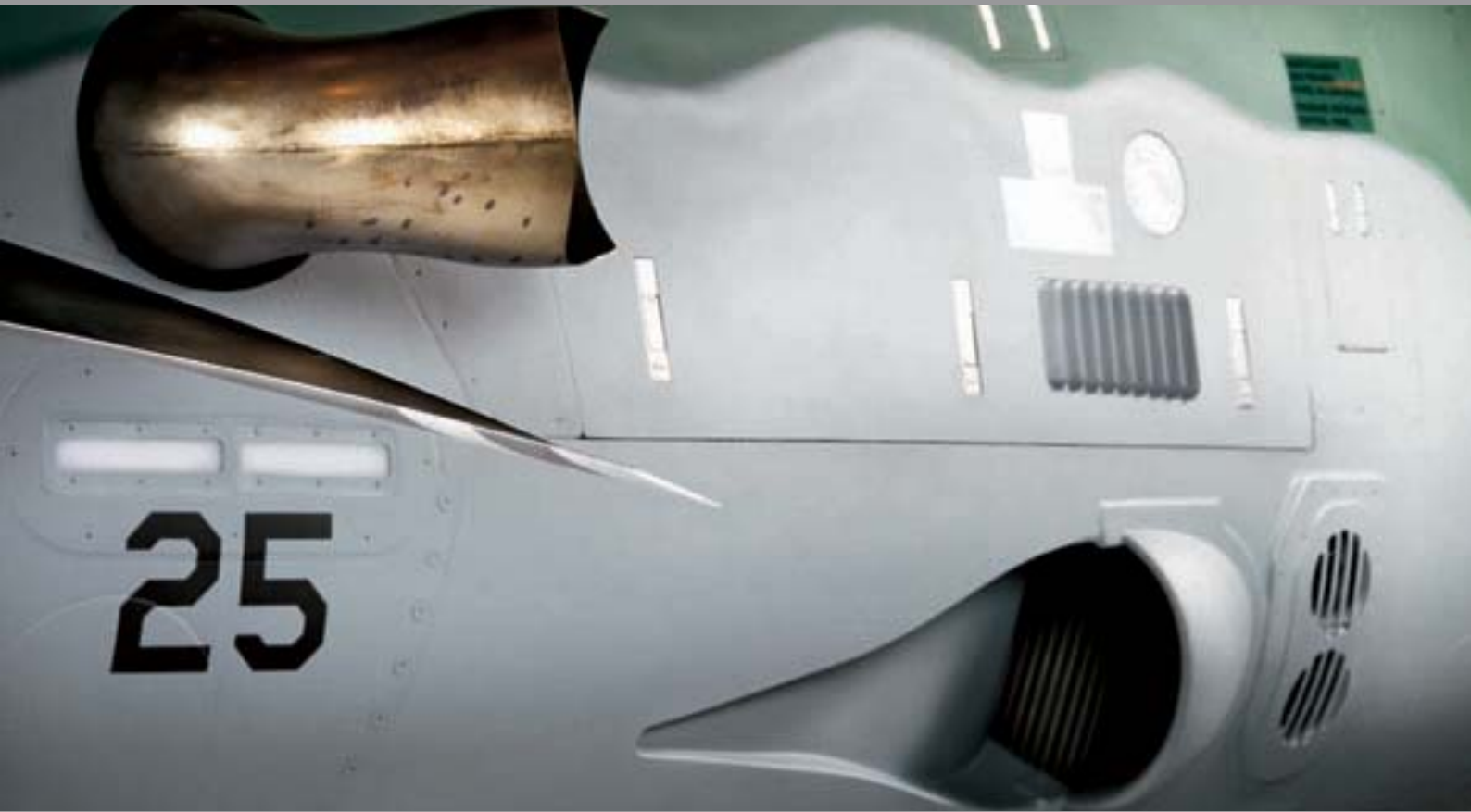






Lieutenant-General
Juniti Saito
Brazilian Air Force Commander

“The partnership between FAB and Embraer is fundamental to Brazil, consolidating its outstanding position on the world stage...”



Embraer was conceived in the Brazilian Air Force (FAB), thanks to the futuristic and entrepreneurial vision of Marshall Casimiro Montenegro. The Bandeirante marked ground zero of a glorious history of integration between the two institutions. “Several projects that came from this partnership, such as the Tucano, the AMX and the A-29 (Super Tucano), benefited both the FAB and Embraer enormously”, says the Brazilian Air Force Commander, Lieutenant-General Juniti Saito, who joined FAB nearly 50 years ago. “The know-how acquired from the AMX Project was instrumental in Embraer taking a major technological leap forward and served as launching pad for the development of the entire family of regional and executive jets which have proved so successful in the international market,” he explains.

“FAB, in turn, saw an unprecedented increase in its responsibilities, and using Embraer aircraft, began to perform its various missions with excellence. The R-99 (EMB 145 MULTI INTEL) enhanced the capacity for gathering environmental data thus intensifying the synergies in the relationship between FAB and other government bodies. The employment of the E-99 (EMB 145 AEW&C) improved our Air Space Defense capability, reducing above all levels of illicit traffic. The partnership between FAB and Embraer is fundamental to Brazil, consolidating its outstanding position on the world stage based on its capacity to manufacture military aircraft and facilitating the Air Force’s capability to use them in the defense of the country’s key interests.”



Defense Systems



SUPER TUCANO

Basic and Advanced Training,
Transition to Fighter and Light Attack



AMX

Ground Attack



EMB 145 AEW&C

Airborne Early Warning
and Control



EMB 145 MULTI INTEL

Remote Sensing, Air to Ground
Surveillance and Intelligence



EMB 145 MP

Maritime Patrol



KC-390

Military Transport
and Tanker



Transportation of Authorities

ERJ 145 Family
E-JETS
LEGACY
PHENOM

Integrated Command and Control System:

C41 Integrated Systems, Data Link

Training and Operation Support System:

TOSS

Aircraft Modernization



Embraer's defense segment, the largest client of which is the Brazilian Air Force (FAB), offers integrated solutions combining advanced technological content and operating efficiency with competitive acquisition and operating costs. The product portfolio in this segment contains aircraft for several different purposes: Intelligence, Surveillance and Reconnaissance (ISR); training and combat; and official civilian and military transportation.

Embraer plays a strategic role in Brazil's defense systems – it is responsible for having delivered a little over half of the FAB's current fleet. It is now beginning to expand more aggressively to other regions in the world, in addition to the 20 countries where its aircraft are already in use.

Work is already well advanced on a new military transport, the KC-390, for the Brazilian government's Strategic Defense Plan. The KC-390 will be capable of flying at 850 km/hour and carrying 19 tons of cargo. It will have a capacity for 64 fully combat-equipped paratroopers or 84 conventional infantry soldiers and will give Embraer an entry into this new market segment.



AVIATION SERVICES

Embraer maintains an aviation services network in order to provide after-sales support for all three business segments. These services already accounts for 9% of the Company's total revenues and is part of its global development strategy.

The range of services includes aircraft maintenance, spare parts, training and other segments of the aeronautics industry.

As support for this activity, Embraer has its own maintenance and spare parts depots in the US, France, China, Singapore and Brazil, as well as specialized companies in the US and Portugal. Embraer guarantees its customers field support 24 hours per day, 365 days per year.





6. Management

ORGANIZATION AND STRUCTURE

Embraer's strategic planning is based on a five-year Action Plan, revised annually, which establishes the Company's short and long-term priorities, taking into account factors such as:

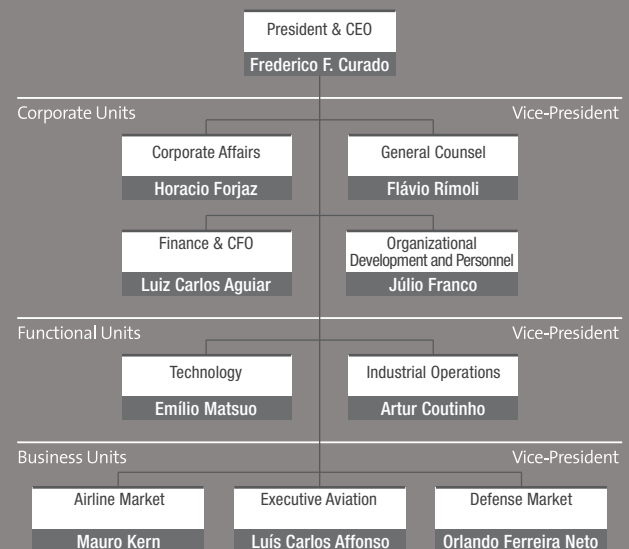
- The practicability and potential of its markets from an economic, social and environmental point of view;
- The marketing of products and services in new regions where growth potential has already been established;
- Critical analysis of its principal competitors;
- The competencies that need to be emphasized and the weak points that need to be improved;
- Opportunities, challenges and risks to be faced and overcome.

The Action Plan is reviewed once a year and has to be approved by the Board of Directors. Executive management performance is appraised based on the degree of achievement of the targets established therein.

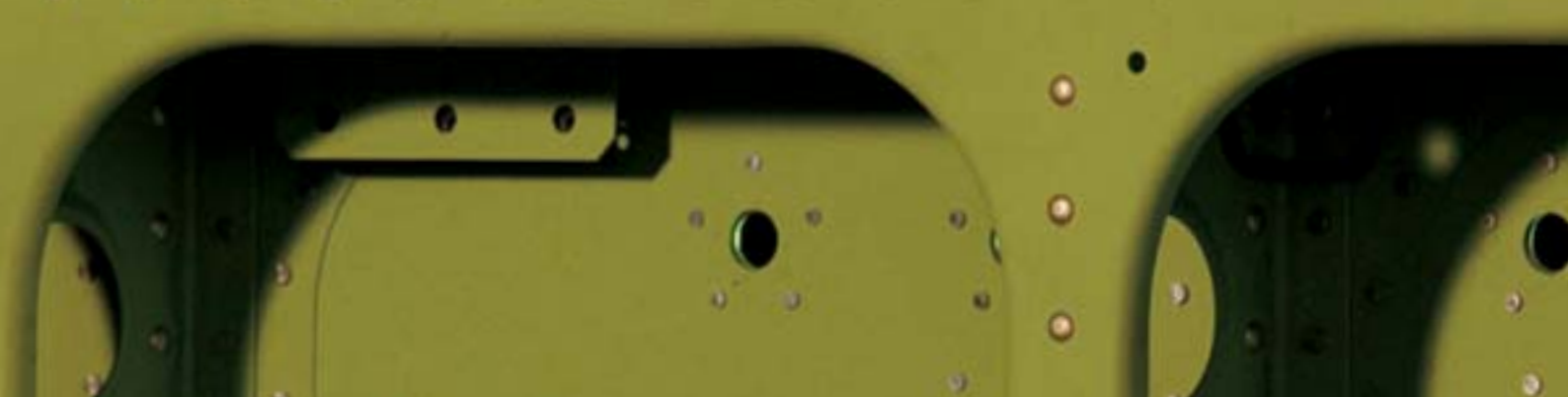
The Action Plan is the central tool for executing the Company's strategy. By aligning and committing all employees to our planned targets and results, we are able to successfully overcome the challenges as well as progress further each day towards our corporate goals and the continued existence of the Company.

Embraer's organizational structure is united, lean, highly qualified and focused on serving the demands and needs of its customers, so as to preserve and improve the Company's operating efficiency and, consequently, be able to analyze and correct any problems swiftly and with precision.

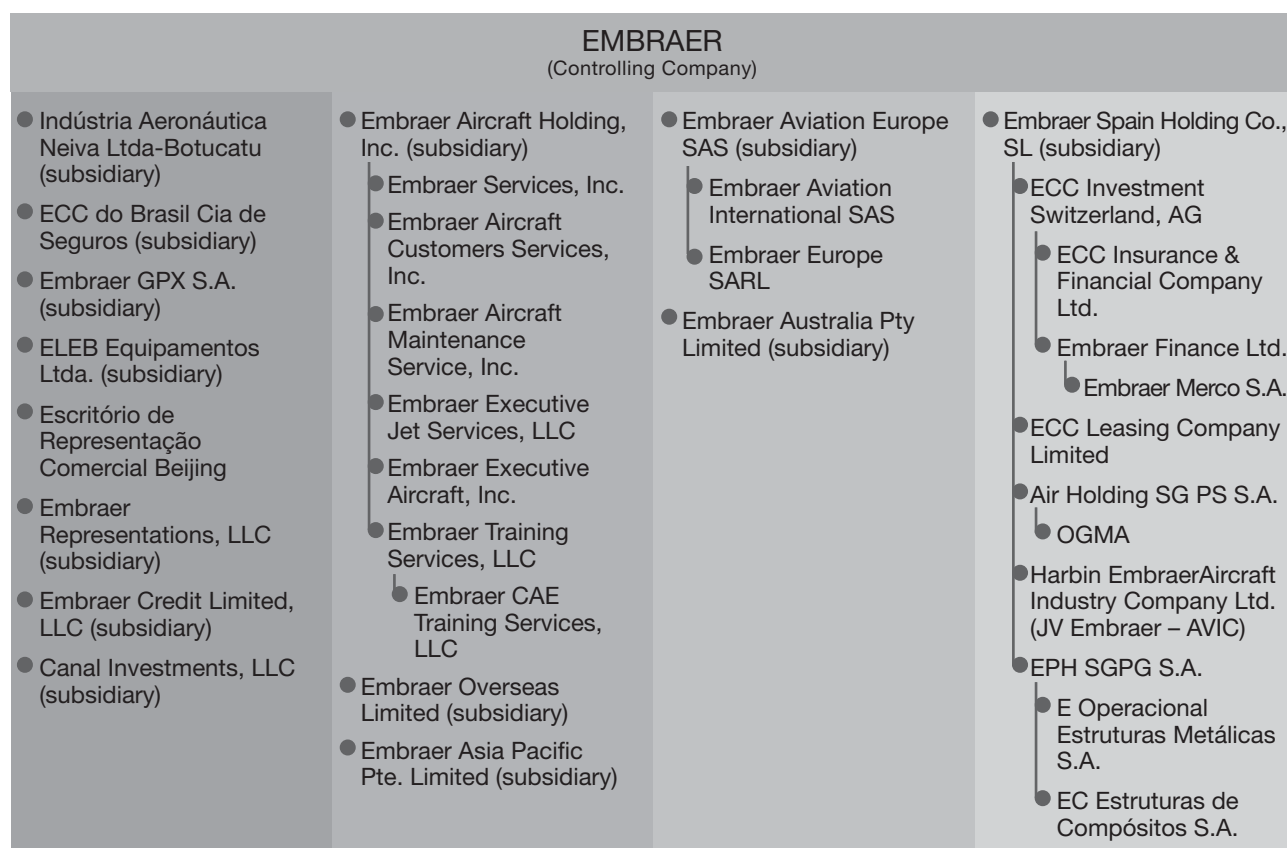
The organization on which this process is based has the following macrostructure:



Embraer's corporate structure is typical of a multinational company where 96% of its revenues come from overseas markets such as the US, Europe, the Middle East and Latin America.

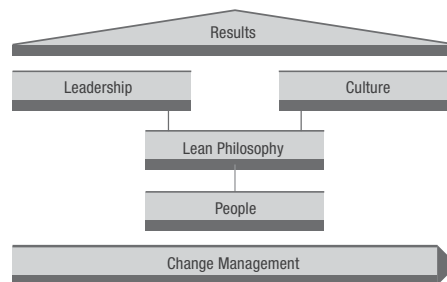


Embraer invests in the integration and consolidation of its different operations, in order to satisfy the demands and the particularities of each country, provide support for its operations and improve, organize and optimize the management of the group's companies. This enables the Company to become more competitive and obtain greater customer satisfaction. The corporate structure is organized as follows:





EMBRAER ENTREPRENEURIAL EXCELLENCE PROGRAM – P3E



Launched in mid-2007, Embraer's in-house improvement program, known as P3E, applies to all areas of the Company. It has been the basis for overcoming difficulties and for involving all employees in a major effort to review the Company's processes and find ways to improve results.

The P3E program consists of four pillars:

- the development of the Embraer organizational culture;
- the professional development of Embraer employees;
- the continual development of leaders and their management skills;
- the search for excellence and efficiency in all the Company's processes.

To implement P3E, employees organized themselves into more than 400 cells, covering all of Embraer's activities. The progress made by each cell through the stages of the program is first given a basic qualification, followed by bronze, silver and gold certification, according to the progress achieved.

The search for perfection has made the Company stronger and more competitive, as is amply demonstrated by 2008 earnings.

The P3E managerial initiatives apply to all links in the Company's production chain and are based on the Lean Manufacturing philosophy. These concepts have served as the basis for a number of programs for general improvements in the productive architecture of companies and the introduction of best manufacturing practices in the global aviation industry as well as in other sectors, such as the automobile industry.



TECHNOLOGY AND MANUFACTURING MANAGEMENT

PRE-COMPETITIVE R&D DEVELOPMENT OF NEW TECHNOLOGIES

Embraer is active in several different areas of pre-competitive R&D, aimed at raising the level of technology in terms of both production engineering and actual production and guaranteeing the competitive edge and maturity required for products under development and still to be developed.

Embraer has forged several partnerships with other companies and scientific and technological institutes as a means of broadening the scope of its research. This has resulted in a reduction in production costs, length of project cycles and risks of product development.

Evidence of attention to legal protection of the intellectual property rights to the innovations generated by the Company's R&D initiatives is the increase in the number of patent applications filed by Embraer: a total of 57 since 2003, of which eight have been already granted.

PRODUCT DEVELOPMENT

The product development process covers all stages of design, development, certification and technical support.

There are various ways of evaluating the progress made by Embraer's Engineering Department in 2008. The most striking, however, must be the increased schedule reliability rate of the E-Jets – the percentage of flights that are not delayed due to technical problems – which attained the impressive record of 99.05% in 2008, a sign of the maturity of the product.

Embraer complies rigorously with all the rules and standards required by the aviation regulations, with

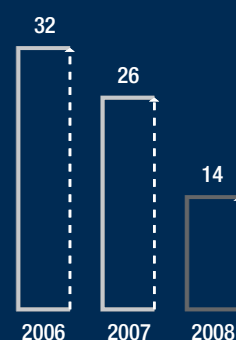
every single product being exhaustively tested for safety before certification. After entering into operation, products continue to be monitored in order to make any adjustments that may be necessary, as passenger safety is always uppermost among the Company's priorities. These procedures are adopted for all products sold.

NON-COMPLIANCE

Embraer has been substantially reducing the number of incidents of non-compliance with the regulations and voluntary codes relating to the impact of the Company's products and services. Products are kept under observation for their entire life cycle and are classified by type of result.

In the context of aeronautical regulations, the number of instances of safety-related non-compliance can be monitored by the number of Airworthiness Guidelines that are issued when an aircraft has temporarily failed to comply with the applicable regulations. In this event, the aircraft has to be modified before it can be certified again for airworthiness. The number of such instances at Embraer has declined from 32 in 2006 to 14 in 2008, one of the best records in the industry.

Airworthiness Guidelines



PRODUCTION DEVELOPMENT

Embraer also expanded its manufacturing output during 2008. Committed to meeting increasing demand from its customers, the Company continued to ramp up production rates and established a new record with the delivery of 204 aircraft.

In Taubaté, a city near the Company's headquarters in Brazil, Embraer inaugurated a new facility during 2008, centralizing logistical operations of main inputs to simplify the flow of supplies to the production line.

Overseas, work began on the blueprints and the planning for two new units: a final assembly and delivery plant for Phenom aircraft, together with a customer center for executive aviation, both in Melbourne, US; and two plants for the manufacture and assembly of components, one for metallic systems and the other for composite materials, both in Évora, Portugal.

Aligned with P3E program guidelines, the expansion project was developed using "lean manufacturing" tools, with the goal of turning these two facilities into world benchmarks for productivity in their respective fields.

Several automation projects were implemented during the year to improve the productivity and competitiveness of the Company's products, principally the introduction of robots on the Phenom 100 and Phenom 300 assembly lines, the pipe-welding process and the automatic riveting of large fuselage panels.

The "lean" philosophy was implemented in the spare parts and components manufacturing process in 2007. In 2008, these improvements were extended to include the areas of composite materials, cabling, tubing, machining, chemical

machining, stamping, production of cabin fixtures and structural assembly (with the wing of the EMBRAER 190 manufactured in Gavião Peixoto, segments in Botucatu and the fuselage junction in São José dos Campos).

During 2008 the Phenom program started to ramp up production at all the plants involved in the manufacturing and assembly of components. At Gavião Peixoto the final assembly line was unveiled, finishing the year with a total of five aircraft produced and two delivered to customers.

RISK MANAGEMENT

Since 2002 Embraer has had a rigorous and structured process for managing risk at all corporate levels in its organization, enabling it to comply with the aviation sector's current regulatory requirements, according to Brazilian and international standards.

The Company's policy on property risk is to purchase sufficient insurance coverage to protect it from the risks inherent in the aviation business. It also protects itself against events that could cause damage to the Company, its employees, its assets and its ability to generate profits. Similarly it guarantees commitments under aircraft sales contracts.

Embraer's focus in managing financial risk is to identify the possible impact on the Company's cash flow of any currency mismatch or oscillation in interest rates. Embraer has recourse to Brazilian and international financial derivatives markets to mitigate these risks, taking all possible care not to enter into leveraged transactions that would end up increasing the Company's exposure and posing a threat to its results. As an additional precaution, the Company has

a policy of only entering into derivatives transactions with highly creditworthy institutions and marking-to-market such exposures. This entails constituting provisions for any losses reported in the quarterly financial statements filed by the Company.

All its long and short positions are closely monitored and measured by the value at risk and stress testing models used by the market.

Embraer has created a special communications channel for whistle blowing. The channel links directly to the

Ethics Committee and is intended to help deal with any possible cases of corruption, misappropriation of materials, sabotage or theft of research and technological know-how. The channel receives all kinds of denunciations, all of which are checked and investigated and generally result in amounts owed to the Company being returned. In the five years of its existence, the channel has generated sufficient revenues to easily cover its costs. Approximately 180 cases of whistle-blowing were recorded in 2008.



SALES FINANCING

All the aircraft delivered by Embraer during 2008 were produced under structured financing packages. The global financial crisis, however, affected both the availability and the cost of financing beginning the second half of the year. Depending on the duration of the crisis and its effects, some customers may encounter difficulty financing their aircraft over the next two years or so, in both the commercial and the executive aviation segments.

The diversification of the E-Jet customer base and the aircraft's versatility in different applications have contributed to a positive perception of the new product as an asset, and consequently, projected book values have remained stable, helping mitigate the financing risk. The success in financial structuring for Embraer's customers in recent years is proof of the financial markets' positive perception of the E-Jets. The EMBRAER 170 / 190 Family has been financed predominantly by European and US financial institutions and leasing companies. The BNDES, however, reentered the aircraft financing market during 2008 and was responsible for financing 14% of the airplanes delivered by Embraer that year.

AVIATION ASSET MANAGEMENT AND FINANCIAL GUARANTEES

In 2002 Embraer constituted two subsidiaries, ECC Leasing Co. Ltd. and ECC Insurance & Financial Co. Ltd., to provide better financial sales support and reduce some of the risks associated with aircraft commercialization. The function of the two new subsidiaries is to manage and

commercialize the portfolio of aircraft that, contractually, the Company may be obliged to acquire in trade-in and repurchase transactions.

The ECC Leasing Co. Ltd. also provides re-sale services to third parties that were targets of the Company's sales campaigns. So far it has handled 62 aircraft in this way, of which 32 were sold, 23 are under operating lease and seven are available for sale on the market.

The leasing and sales transactions are conducted at market prices and seek to preserve the value of the Company's products.



CUSTOMER SATISFACTION

For Embraer, customer satisfaction is the basis for all its results – the objective behind the development, manufacture and delivery of each of the Company's products, the provision of each service and each action the Company takes.

The following are some of the concepts and practices relating to customer satisfaction:

Embraer Values

- We are here to serve our customers;
- Global presence is our frontier.

Organizational Structure

- The regional units possess complete and dedicated customer support structures;
- Each customer is assigned a Customer Account Manager;
- Global presence but with a domestic focus to create greater empathy with the customers and their regional and cultural characteristics.

Monitoring

- Monthly Customer Satisfaction Assessment (CSA) survey;
- Detailed and independent research carried out each year;
- Customer satisfaction surveys performed at the EOCs (Embraer Operators Conferences), four of which were held in 2008: US, Europe, Singapore and China;
- Customer support project scheduled for 2012 (CS 2012), based on customer interviews and the creation of an Advisory Board.

Communication

- Periodic, face-to-face meetings at the customer's premises;
- MCW (Maintenance Cost Workshop): a workshop for customers operating Embraer aircraft, in which best maintenance practices are discussed;
- Participation in events organized by customers: OMF (Operators Maintenance Forum); ECCC (European Customer Community Conference);
- A conference call cycle to revise the technical aspects of each aircraft system;
- A monthly newsletter on technical issues;
- An Internet forum where customers can discuss their various experiences, mediated by Embraer;
- Monthly report for following up on customer commitments.

Action

- All customer information and answers are analyzed and action plans drawn up to deal with the issues surfaced;
- Management of action plans and commitments to each customer (Customer Integrated Action Plan – CIAP);
- Structured action plans in response to the points raised in the CSA, with feedback to customers.



PERSONNEL MANAGEMENT

Personnel management is one of the pillars sustaining Embraer and its strategic management process and plays an important role in guaranteeing the Company's future. Within the context of P3E, a number of initiatives were adopted and implemented in the field of training and leadership, with the active participation of all employees drawn from the widest possible range of the corporate hierarchy.

Corporate development and training programs provided an average of 36 hours of training per employee in 2008. Each participant is oriented towards specific courses to help develop the essential competencies for the Company's activities. Among the many programs are the following: Leadership Formation, Production Skills, Engineering Skills, Executive Aviation Culture, Project Management and Contract Negotiation.

INCREASE IN THE NUMBER OF TRAINING & DEVELOPMENT PROGRAMS (IN BRAZIL):

CATEGORY	2008			2007			2006		
	Number of Employees Trained	Hours of Training	Average training hours per capita	Number of Employees Trained	Hours of Training	Average training hours per capita	Number of Employees Trained	Hours of Training	Average training hours per capita
ADMINISTRATORS	1,970	51,768	26	1,615	42,553	26	1,532	34,200	22
ENGINEERS	2,742	114,396	42	2,537	107,897	43	2,874	109,422	38
INTERNS	352	8,714	25	251	8,951	36	245	6,502	27
LEADERSHIP	973	63,064	65	759	25,164	33	424	9,711	23
OPERATIONAL	9,557	296,791	31	8,250	703,905	85	7,013	345,052	49
PROFESSIONALS	1,628	77,979	48	1,335	52,362	39	1,016	33,657	33
TECHNICIANS	2,280	92,862	41	1,896	88,283	47	1,953	80,386	41
Total / Average	19,502	705,574	36	16,643	1,029,114	62	15,057	618,929	41

PERSONAL DEVELOPMENT CENTER

The Casimiro Montenegro Filho Personal Development Center was inaugurated in 2008 at the Company's Eugênio de Melo installations, in the city of São José dos Campos, where all of the infrastructure for employee education, training and development is concentrated. By encouraging knowledge creation and sharing, as well as skills improvement, Embraer fulfills one of its objectives and ensures the professional advancement of its employees.

OUTSTANDING PROGRAMS IN 2008

We highlight the Results-Driven Management and the Making of an Entrepreneur programs. Both are intended to lead to a change of mindset from “executive” to “entrepreneur”, with a focus on an effective improvement in results.

In addition to the leadership programs, we ran, for the seventh consecutive year, our Engineering Specialization Program – PEE, which focuses on providing engineers (civil, mechanical, electrical, telecommunications etc.) with specialized aeronautical engineering skills. The Company invests around R\$10 million per year on these programs and has spent more than R\$60 million over the years. In 2008 some 112 engineers were trained and hired by the Company, bringing to 849 the total number hired since the program's implementation.

Embraer views its Human Resources policy as an instrument for communicating with and relating to its employees. The policy is characterized by concepts, beliefs and values concerning people-related matters and is intended to transmit the Company's thinking and attitude in relating to its employees.

Embraer understands the importance of the role played by the three principal unions that represent its employees (the São José dos Campos Metalworkers' Union, the Engineers Union and SindiAerospacial), and maintains mutually respectful relations and strict conformity with the applicable legislation. The same negotiating conditions and instruments are offered for collective or open bargaining. While each country has its own legislation, in Brazil 100% of the employees, unionized or not, have the right to wage increases and fringe benefits negotiated in the collective agreements between the employees' labor union and the employers' association.

All the safety and health issues covered by formal agreements with the unions have been incorporated into Embraer's internal processes and procedures. In Brazil, the collective agreements themselves contain clauses relating to Internal Accident Prevention Commissions (CIPAs), prevention of accidents with presses and machine tools, protective measures, communication of work-related accidents (CAT) and provision of uniforms and work clothes.



Embraer adheres to strict criteria for the qualitative evaluation of candidates for vacant positions, especially leadership posts. Its pluralistic approach ensures that real and fair employment opportunities are offered to candidates living in the vicinity of its premises or in neighboring regions. The Company's commitment in the personnel selection process is to give priority to quality and to hire the candidates most likely to add value to the Company. Roughly 93% of the non-executive employees at its head office are recruited from the surrounding Paraíba Valley region. The percentage for executive positions is 83%.

Embraer holds health campaigns every year, focusing on occupational and preventive health issues such as zero-accidents, vaccination and anti-narcotics campaigns, respecting the right of the employee to decide whether to undergo any given type of treatment. Employees are given counseling when health problems are detected and diagnosed as serious, alerting the individual and providing guidance on the type of treatment needed.

Concern with job satisfaction levels and the working conditions offered to its employees has prompted Embraer to undertake another far-reaching survey in 2008 to identify and improve these conditions. The project was approved by Embraer's President and CEO and is intended to qualify the Company as one of the best places in which to work over the medium term.

One of the measures adopted with this objective in mind was the Talk with the Management program (including the President & CEO and the executive vice presidents), in which employees are invited to discuss matters of interest to them and deemed relevant to improvements in the Company's organizational climate, procedures or business practices and or in any other way, promising benefits for the Company and its stakeholders.

The Good Idea program is designed to encourage employees to propose improvements to the Company's manufacturing processes, routines and instruments. In 2008 it awarded 3,475 prizes and the ideas that were implemented generated gains of US\$20 million for the Company. The program has reached the milestone of 20,000 ideas implemented since it was launched in 2000. On average 2,500 ideas per year (or around 10 per day) have produced benefits of approximately US\$100 million for Embraer.

EMBRAER PEOPLE

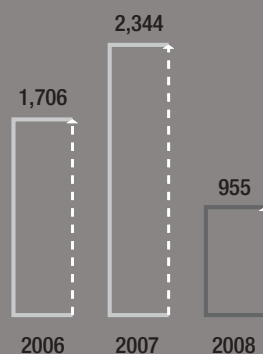
At the end of 2008 Embraer had a workforce of 21,550, plus another 1,959 at OGMA and HEAI – companies that are not wholly owned. See table below:

CATEGORY	2006			2007			2008		
	Total	Brazil	Abroad	Total	Brazil	Abroad	Total	Brazil	Abroad
Embraer (including subsidiaries)	17,503	16,765	738	21,843	20,946	897	21,550	20,608	942
OPERATIONAL (HOURLY-PAID WORKERS)	7,444	7,403	41	10,230	10,148	82	11,083	11,020	63
ADMINISTRATIVE	1,908	1,771	137	2,229	2,077	152	1,085	927	158
TECHNICAL (INTERMEDIATE LEVEL)	2,536	2,301	235	3,003	2,704	299	2,881	2,564	317
ENGINEERS (*)	3,529	3,459	70	3,790	3,722	68	4,303	4,230	73
OTHER PROFESSIONAL STAFF	1,269	1,149	120	1,572	1,426	146	1,608	1,443	165
LEADERSHIP	817	682	135	1,019	869	150	590	424	166
Subsidiary / Associated Companies	1,762			1,891			1,959		
OGMA (PORTUGAL)	1,587			1,654			1,701		
HEAI (CHINA)	175			237			258		
Total	19,265			23,734			23,509		
	(*) Including 429 engineers in leadership positions, totaling 3,958 engineers			(*) Including 456 engineers in leadership positions, totaling 4,246 engineers			(*) Including 593 engineers in leadership positions, totaling 4,785 engineers		

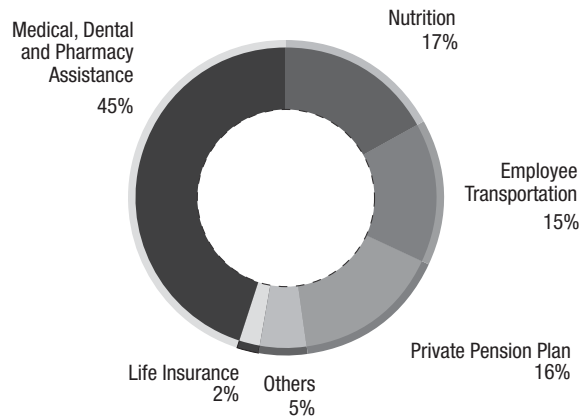
Embraer has been a signatory to the UN's Global Compact since May 2008, and the principles on which the Company's human resources management is run are in line with the UN's principles of non-discrimination by race, gender, ethnicity or color; the right to free association; and the condemnation of compulsory, forced and child labor, among others.

All Embraer's employees enjoy fringe benefits such as health plans, dental plans, pharmaceutical drugs, life insurance and private pension plans irrespective of the nature of their employment contract with the Company. While all these benefits are offered, employees have the right to refuse them. Legally married couples do not have the right to double benefits.

Complementary Pension Plan New Members

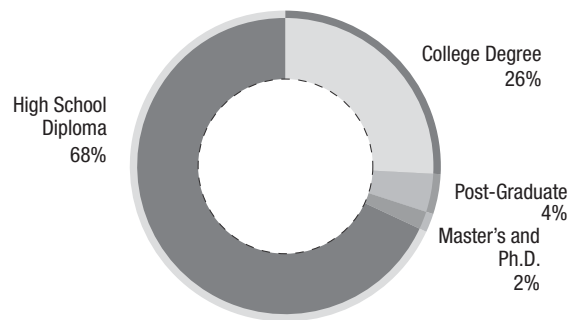


On a consolidated basis, R\$212.1 million was invested by the Company in fringe benefits programs, broken down as follows:



Embraer employees have a good level of academic achievement: 68% have completed their high school education, 26% have college degrees, 4% have post-graduate courses and 2% have master's degrees or doctorates.

2008 Employees



Note: Embraer, including subsidiaries

Flight Plan – Skills Management and Continual Learning Program

Embraer's excellence depends on the dedication and experience of those who work for the Company. This is accumulated through years of learning, which is why it prepares long-haul plans for its employees.

Embraer sees itself as a partner to its employees in its Career Management System, working for each employee's development and professional advancement from hiring to retirement. Using the Flight Plan concept, Embraer helps each employee define his or her own goals, dreams, talents and objectives and the means to achieve them.



7. Strategy and Outlook

Embraer has developed an aggressive action plan for the executive aviation segment, where its strategy is to achieve the same market leadership position as in the case of the commercial aviation segment. The plan is based on the recent launching of new models, a diversification of markets and the expansion of its customer base. The goal is to improve on the growth already achieved in 2008 and to be a market leader by 2015. The Company intends to conclude the certification of its Phenom 300 in 2009 and commence deliveries thereafter.

In line with its growth and diversification strategy, Embraer is accelerating activities in the defense market, to which it attributes strategic importance. A fundamental part of this process will be the acquisition of technology through the F-X2 project for purchase of 36 supersonic fighters by the Brazilian Air Force, as well as the development of the new KC-390 military transport and in-flight refueling project.

Greater geographic diversification of products and customers will help reduce risks, improve business and consolidate the Embraer name throughout the world.

The global financial crisis has had a direct impact on the aviation sector. The steep drop in sales in the fourth quarter of 2008 resulted in a US\$700 million reduction in the Company's firm order backlog. The forecast for 2009 has been revised, with the number of deliveries reduced from 270 to 242 and revenues from US\$6.3 billion to US\$5.5 billion. The new scenario made tough measures unavoidable, including a reduction in the workforce in the first months of 2009.

The aviation industry is cyclical and has to work with long-term horizons. Embraer is already preparing for a resumption of growth in the global economy. Capital expenditures, temporarily revised downwards due to the recession, continued to be concentrated on technological development, aimed at improving the efficiency and sustainability of our products through advanced aerodynamics, lighter materials and more modern, economical and lower-emissions aircraft.



8. Operating Results

COMMERCIAL AVIATION

During 2008 a total of 162 aircraft were delivered to the commercial aviation market (156 of the EMBRAER 170 / 190 Family and six of the ERJ 145 Family).

Aircraft Deliveries* – Commercial Aviation

	2006	2007	2008
ERJ 145	12	7	6
EMBRAER 170	32 (2)	11	9
EMBRAER 175	11 (1)	34	55
EMBRAER 190	40	68	78 (1)
EMBRAER 195	3	10	14
Total	98	130	162

* deliveries identified by parentheses were recorded as operational leasing transactions

Embraer's order book reached the record level of US\$20.9 billion, thanks to a significant contribution from the 126 aircraft sold during the year.

Embraer was able to announce very significant sales to new E-Jet customers, including British Airways (UK), Azul Linhas Aéreas (Brazil), NIKI (Austria), LAM – Linhas Aéreas de Moçambique (Mozambique), TRIP Linhas Aéreas (Brazil) and ETA Star (India). Aeromexico (Mexico), NAS Air (Saudi Arabia) and Air Europa (Spain) all expressed their confidence in Embraer products by converting several options into firm orders.

Eleven new customers commenced operations with E-Jets: Azul Linhas Aéreas (Brazil) and TACA (El Salvador) in Latin America; Gran China Express and Kunpeng in China; NAS Air (Saudi Arabia) in the Middle East; Virgin Nigeria (Nigeria) in Africa; as well as, in Europe, Baboo (Switzerland), Montenegro Airlines (Republic of Montenegro), Régional (Air France group – France), KLM Cityhopper (KLM group – Netherlands) and the Israeli company Arkia Israeli Airlines.

Embraer has won an important new customer for its firm order book, helping further consolidate its lead position in the competitive world commercial aviation market for aircraft seating up to 120 passengers: Azul Linhas Aéreas, the first Brazilian airline to order Embraer aircraft. Azul has 36 firm orders, deliveries of which commenced in the fourth quarter of 2008, and another 40 options on EMBRAER 170 / 190 Family – a total of US\$1.4 billion in firm orders, which could reach as much as US\$3 billion.



As of December 31 2008, the E-Jets had logged 876 firm orders, 810 options and 490 new aircraft delivered to approximately 55 operators in 35 countries. Combining the ERJ 145 and the EMBRAER 170 / 190 Family, Embraer achieved a 46% share of the global market for jet aircraft in the 30 to 120 - seat category. The firm order backlog in the commercial aviation segment reached 426, as detailed below:

AIRCRAFT MODEL	Firm Orders	Options	Deliveries	Firm Order Backlog
ERJ 145 Family	915	50	875	40
ERJ 135	108	-	108	-
ERJ 140	74	-	74	-
ERJ 145	733	50	693	40
EMBRAER 170 / 190 Family	876	810	490	386
EMBRAER 170	193	93	148	45
EMBRAER 175	134	173	114	20
EMBRAER 190	438	466	201	237
EMBRAER 195	111	78	27	84
TOTAL	1,791	860	1,365	426

EXECUTIVE AVIATION

The global executive jet industry delivered more than 1,300 executive aircraft in 2008 – the largest volume ever and a 15% increase over deliveries in the previous year.

Embraer delivered 36 aircraft to this market in 2008, including 33 Legacy 600, one executive version of the EMBRAER 175 and two Phenom 100.

Aircraft Deliveries – Executive Aviation

	2006	2007	2008
PHENOM 100	-	-	2
LEGACY 600	27	35	33
EMBRAER 175	-	-	1
Total	27	35	36

The first two airplanes of the Phenom 100 series were delivered to customers in the US in 2008, and European certification (EASA) is expected in the first half of 2009.

Market diversification is proving to be a successful strategy. Embraer sold 12 aircraft of the Legacy family to companies in the Middle East region alone. The sales increased the Company's firm order backlog by US\$208 million and involved the recently-launched Legacy 450 and 500 jets, in contracts signed with Al Jaber Aviation (AJA) and Falcon Aviation Services (FAS), both headquartered in Abu Dhabi, UAE, as well as with Asaig Aviation, a charter flight operator in Kuwait. Deliveries are scheduled to start in 2013.

By the end of 2008 Embraer had logged approximately US\$7 billion in its order book, including approximately 800 Phenom 100 and Phenom 300 jets and more than 20 Lineage 1000 jets.

DEFENSE SYSTEMS

Six military transports were delivered to the defense market in 2008. Nine modernized F-5 fighters (F-5M) were delivered under the Brazilian Air Force's F-5BR modernization program, and 16 Super Tucanos were sold to Brazil, Colombia and EP Aviation, a pilot training corporation in the US.



Aircraft Deliveries – Defense*

	2006	2007	2008
ERJ 135	-	-	2
ERJ 145	-	1	1
LEGACY 600	-	1	3
EMBRAER 170	4	-	-
EMBRAER 190	1	2	-
Total	5	4	6

* includes only executive jet deliveries configured for transportation of authorities and sales to state-owned companies

The year 2008 was very important for the entire defense systems product line. One of the highlights was the Super Tucano, currently operating in Brazil and Colombia and ordered by three new customers in Latin America: Chile (12), Ecuador (24) and the Dominican Republic (8).

Embraer has a contract with the Brazilian Air Force to deliver 99 Super Tucano training aircraft. The order book for this model totals 169 aircraft. This level of acceptance confirms the model's reputation for versatility associated with strong performance on training or operational missions and low acquisition, operating and maintenance costs.

In the field of ISR (Intelligence, Surveillance and Reconnaissance), the high point of the year was the signing of a contract with the DRDO (Defense Research and Development Organization) of India to supply three EMB 145 AEW&C aircraft. The first delivery is scheduled for 2011.

In the armed forces and government transportation market, the highlight was the sale of an ERJ 145 jet to

Petroecuador, the Ecuadorian state oil company, and the sale of a Legacy 600 for the use of the Ecuadorian President's Office. Contracts were also signed with the Brazilian Air Force for the supply of two EMBRAER 190 models and one Legacy 600.

The Pakistan Air Force acquired another Phenom 100 and an option on one more, subsequently converted to a firm order, raising the total number of aircraft ordered by the Pakistan government to four. Embraer delivered one ERJ 135 to the Royal Thai Navy and another to the Royal Thai Army. In addition to these deliveries, the Company also signed a contract to sell a second ERJ 135 jet, to be used for the transportation of civilian and military authorities by the Thai army.

The most important events in the modernization segment were the A-1M program, under which Embraer is responsible for the modernization of 43 AMX subsonic fighters, and the F-5BR program, which calls for a total 46 F-5 fighters. Nine F-5s were delivered in 2008, bringing the total number in operation to 28.

In addition to the delivery of these aircraft, Embraer also put the finishing touches on the first Super Tucano flight simulator for the Colombian Air Force, another key element in that country's defense systems.

Progress in the defense segment in 2008 can be judged by the growth in the order backlog from US\$800 million to US\$1.5 billion.



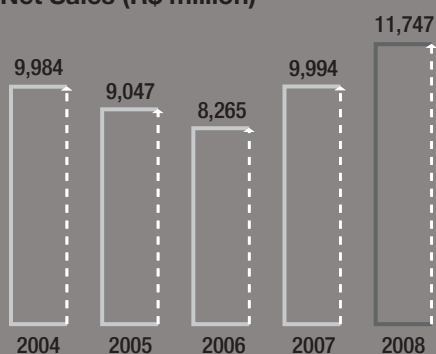
9. Economic and Financial Results

Embraer prepared its 2008 financial statements in accordance with the new Brazilian accountancy legislation – Law number 11,638/07. In order to give better comparability between the two years, Embraer has re-stated its 2007 financials to conform to the same accounting standards as required under the new legislation.

NET SALES

Net Sales Revenues for the year amounted to R\$11,746.8 million, 17.5% higher than in 2007. The growth in revenues was basically the result of a 20.7% increase in the number of deliveries. The 5.7% appreciation of the average Brazilian real – US dollar exchange rate during the year explains most of the difference between revenue growth and increased deliveries.

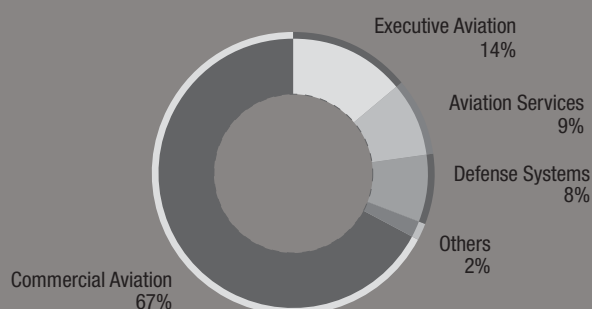
Net Sales (R\$ million)



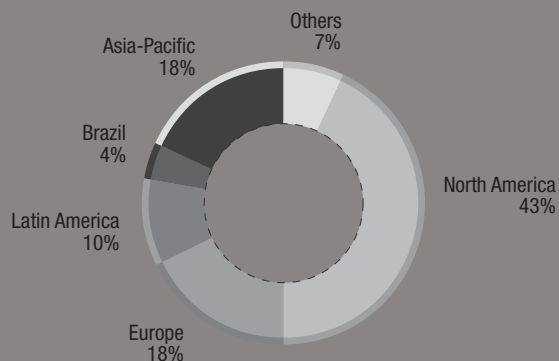
The figures for 2007 and 2008 are in accordance with the new accountancy legislation – Law number 11,638/07

The net revenues of the commercial aviation segment were 22.1% higher in 2008 than in 2007, at R\$7,838.5 million, reflecting a higher number of deliveries during the year.

2008 Revenue Breakdown by Segment



2008 Revenue Breakdown by Region



The executive aviation segment generated revenues of R\$1,619.1 million, 1.5% more than in 2007.

Net revenues in the defense systems reached R\$953.8 million, a 44.9% increase over 2007 thanks to the new contracts mentioned earlier and the increase in the number of deliveries of ERJ 145 Family and Legacy 600.

Revenues from the aviation services segment totaled R\$1,111.9 million in 2008, 8.5% higher than in 2007.

In a breakdown by region, the salient feature was the strong increase in revenues from the Asia-Pacific region. This region accounted for 18% of revenues in 2008 compared with 6% in 2007, the result of Embraer's market diversification strategy.

GROSS PROFIT AND GROSS MARGIN

Embraer's gross profit for 2008 was R\$2,407.1 million, 17.3% higher than in 2007. The gross margin was unchanged at 20.5%, the net combined result of revenue growth and the cost reductions achieved through the P3E program, together neutralizing the effect of the appreciation of the Brazilian real against the US dollar (5.7%, taking the year's average for the two exchange rates).

OPERATING EXPENSES

Operating expenses (including profit sharing) totaled R\$1,294.6 million, 16.1% higher than in the previous year due to a high comparative base in 2007, mainly a result of the benefit generated by the reversal of provisions following a favorable final ruling in the Higher Appeals Court on the Company's challenge to the expansion of the PIS/COFINS

calculation base enacted by Law number 9,718/98. Excluding the reversal of the provisions in 2007, operating expenses in 2008 would have been 1.5% lower than in 2007.

Selling expenses totaled R\$731.2 million, or 6.2% of net sales revenues compared with 7.0% in 2007. Administrative expenses amounted to R\$425.3 million, a 6.2% decrease compared with the previous year, the result, more than anything else, of the savings achieved through the P3E program.

EBITDA

Operating cash generation as measured by EBITDA was R\$1,499.7 million, 13.4% higher than the previous year (R\$1,322.0 million). The EBITDA margin for 2008 was 12.8%.

FINANCIAL INCOME (EXPENSE)

This line showed a net financial expense of R\$40.5 million, compared with net financial income of R\$235.4 million in 2007 mainly explained by the reversal of provisions in 2007 in the amount of R\$170.5 million, due to the favorable decision of the Higher Appeals Court, to the decline in interest rates during the year and to certain costs related to the hedging of operating exposures to currency risk.

NET INCOME

Embraer closed fiscal year 2008 with net income of R\$428.8 million, 63.8% below that of 2007 (R\$1,185.2 million). The net margin was 3.6% in 2008, versus 11.9% in 2007.

The efficiency gains in the Company's manufacturing processes were more than counterbalanced by, principally, deferred income tax and social contribution in relation to the difference between the book value of assets and liabilities, as calculated in accordance with Law number 11,638/07, compared with the tax base for fiscal purposes of these same assets and liabilities. The increase in the deferred income tax account has no effect on the Company's operating cash generation.

CAPITAL EXPENDITURES

Embraer invested US\$431 million in capital expenditures in 2008, of which US\$197 million went to research and development (R&D) and US\$234 million to increasing productivity and manufacturing capacity (PP&E), equivalent to 46% and 54%, respectively. The forecast for 2009 is to reverse these proportions, allocating 57% of the US\$350 million capital expenditures budget to R&D and 43% to PP&E, meeting the Company's established targets.

RESULTS IN US GAAP

As part of its transparency policy and also because its shares (ADSs) trade on the New York Stock Exchange, Embraer provides below a summary of its consolidated financial highlights according to the United States Generally Accepted Accounting Principles (US GAAP).

Values in USD million	2004	2005	2006	2007	2008
NET SALES	3,352.1	3,789.5	3,759.5	5,245.2	6,335.2
GROSS PROFIT	1,015.4	1,050.6	952.7	1,151.7	1,343.5
GROSS MARGIN	30.3%	27.7%	25.3%	22.0%	21.2%
INCOME FROM OPERATIONS	544.0	510.3	342.8	374.2	537.1
OPERATING MARGIN	16.2%	13.5%	9.1%	7.1%	8.5%
EBITDA	603.7	571.8	406.7	433.0	607.5
EBITDA MARGIN	18.0%	15.1%	10.8%	8.3%	9.6%
NET INCOME	380.2	445.7	390.1	489.3	388.7
NET MARGIN	11.3%	11.8%	10.4%	9.3%	6.1%



Sérgio Rosa
PREVI

“For many years now, we have had an investment in Embraer.”



PREVI, the largest Brazilian pension fund, is today the largest individual shareholder in Embraer, with a 14.2% stake in the capital stock. “For many years now we have had an investment in Embraer – since the company was privatized,” says Sérgio Ricardo Silva Rosa, the fund’s president. PREVI is extremely demanding as to the companies in which it invests. “Transparency, total ethical performance, high standards of corporate governance and socio-environmental responsibility are important values for us” explains Rosa. “Our relationship with Embraer is a continuous learning curve in both directions. Embraer is an important company for the country, with a major capacity in engineering product development and advanced technology.” One of Embraer’s key assets is the know-how implicit in the qualification of its people. “Tangible assets are easily substituted, but the intangible assets are not so easily replaced, taking time to mature.”



10. Capital Markets Performance

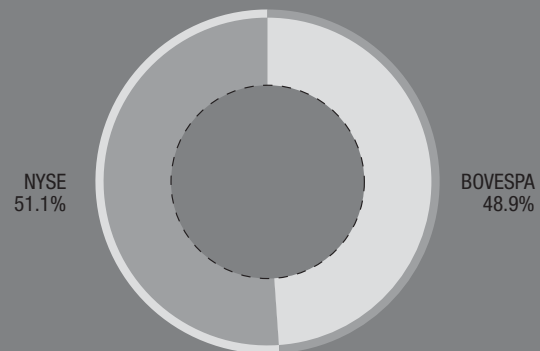
Embraer's relations with the financial community and its investor base are founded on the principles of transparent and impartial disclosure of information, characterized by a profound respect for legal and ethical principles, aimed at consolidating and maintaining its reputation for leadership and innovation in the capital markets.

Its shares have been listed on the São Paulo Stock Exchange (BM&FBOVESPA) since 1989. In 2000 the Company also launched a Level III ADR (American Depositary Receipt) program on the New York Stock Exchange (NYSE).

Embraer's shares are listed on the BM&FBOVESPA's Novo Mercado and are part of the following theoretical share portfolios: IBrX – Brazil Index, IBrX 50, IGC – Corporate Governance Stock Index, ISE – Corporate Sustainability Index, ITAG – Enhanced Tag Along Rights Stock Index, INDX – Manufacturing Sector Index and the IBVX-2 – Valor Bovespa 2nd Tier Index.

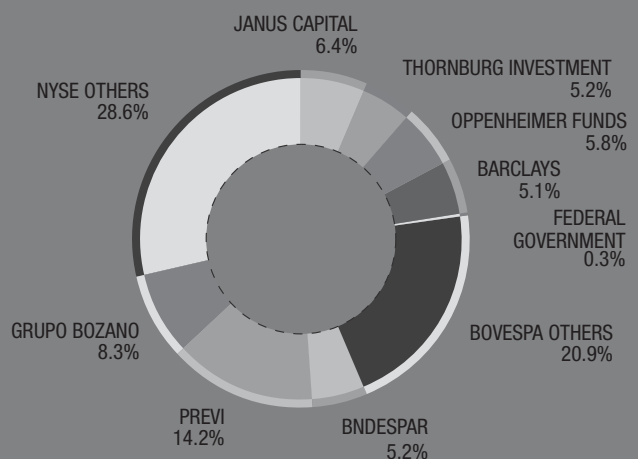


As of March 16, 2009, 48.9% of the Company's shares were traded on the BM&FBOVESPA and 51.1% in the form of ADSs on the NYSE. The Brazilian government has certain rights as holder of the Golden Share.



On March 16, 2009

The following chart gives a breakdown by shareholders owning more than 5%, as required by the Company's Bylaws.



On March 16, 2009

As of December 31, 2008, the Company's capital structure was represented by 740,465,044 common (ON) shares, of which 16,800,000 are held as treasury stock and have no political or economic value. Embraer's shares trade on the BM&FBOVESPA with the ticker symbol EMBR3 and on the NYSE under the ticker symbol ERJ (each ADR being equivalent to four common shares). The following table shows the track record of Embraer's shares which are traded on the São Paulo and New York stock exchange indexes.

Performance of EMBRAER shares	2004		2005		2006		2007		2008	
	Closing	% year	Closing	% year	Closing	% year	Closing	% year	Closing	% year
R\$										
EMBR3	15.80	-18.1%	18.00	13.9%	22.05	22.5%	20.15	-8.6%	8.81	-56.3%
EMBR4	22.20	-13.6%	22.95	3.4%	-	-	-	-	-	-
IBOVESPA	26,196	17.8%	33,455	27.7%	44,473	32.9%	63,886	43.7%	37,550	-41.2%
US\$										
ERJ (ADS)	33.44	-5.5%	39.10	16.9%	41.43	6.0%	45.59	10.0%	16.21	-64.4%
DOW JONES	10,783	3.4%	10,717	-0.6%	12,463	16.3%	13,265	6.4%	8,776	-33.8%
S&P 500	1,211.92	9.0%	1,248.29	3.0%	1,418.43	13.6%	1,468.36	3.5%	903.25	-38.4%
US\$ / R\$	2.6544	-8.1%	2.3407	-11.8%	2.1380	-8.6%	1.7713	-17.2%	2.3370	31.9%

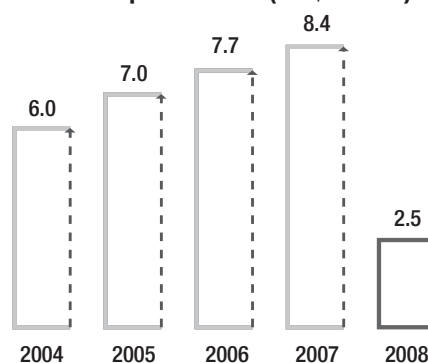
Source: Bloomberg

SHARE PERFORMANCE

A large part of Embraer's share liquidity was concentrated in the NYSE during 2008, with an average daily trading volume of US\$30.7 million, whereas daily trading on the BM&FBOVESPA amounted to R\$18.9 million.

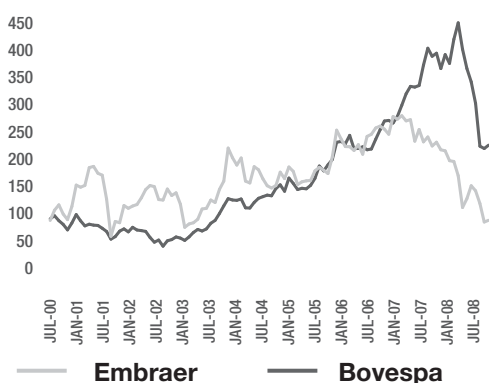
Embraer's market capitalization stood at US\$2.5 billion at year-end 2008, compared with US\$8.4 billion at the end of the previous year.

Market Capitalization (US\$ billion)

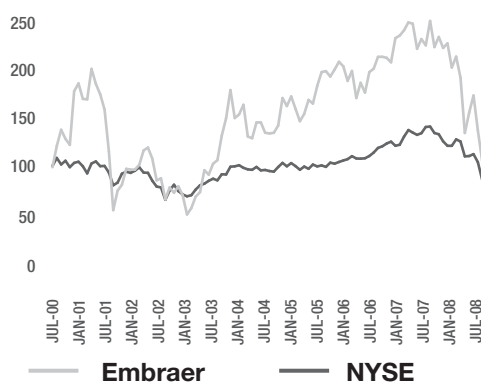


Financial markets faced major turbulence in 2008, and in this context, Embraer's shares traded on the BM&FBOVESPA were quoted at R\$8.81 at the end of the year, a negative variation of 56.3% compared with 2007. By comparison, the Bovespa Stock Index, Ibovespa posted a depreciation of 41.2% over the same period. Similarly the Company's ADSs (American Depository Shares) ended the year quoted at US\$16.21, a fall of 64.4% from their 2007 level. Over the same period, the Dow Jones Index lost 33.8%.

Performance – EMBR3 on the Bovespa 07/21/2000 = 100



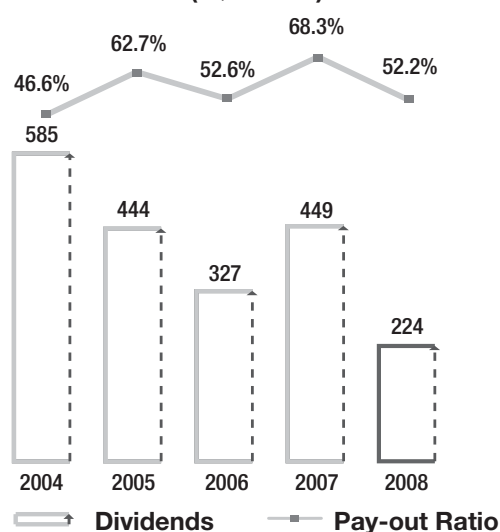
Performance – ADS on the NYSE 07/21/2000 = 100



SHAREHOLDER REMUNERATION

Embraer distributed R\$224.2 million, or 52.2% of its R\$428.8 million of consolidated net income in the form of interest on capital, equivalent to R\$0.30965 per share.

Dividends Paid (R\$ million)



“Out of the companies I cover, Embraer remains top of the list.”



Edigimar Antonio Maximiliano Júnior, investment research analyst at Bradesco, believes that there is an asymmetrical relation between what Embraer is as a company and how the market prices its stock. “The positive variables are easily perceptible: state-of-the-art technology, a world player, and entirely focused on costs and gains in productivity,” he notes. “Unfortunately, none of this has registered in the past six years because the Company’s numerical indicators for operating results have deteriorated with the change in currency parity. The scenario has been unkind to Embraer in this aspect.”

“Out of the companies I cover, Embraer remains top of the list: there is confidence in management, commitment to the market, transparency.” Maximiliano highlights the Company’s efficiency in the make-up of its backlog – through regional diversification – and in the rapid response to external factors. He also approves the manner in which the Company communicates with the market. “My recommendation for Embraer’s shares – and what I tell my clients – is that in the medium to long term they are going to make money.”



**Edigimar Antônio
Maximiliano Júnior**
Banco Bradesco



11. Corporate Governance

CORPORATE MODEL

The corporate reorganization in 2006 unified the Company's shares into just one class of common share, eliminating the figure of controlling group or majority shareholder and extending voting rights to all shareholders. This made Embraer eligible for a BM&FBOVESPA New Market listing, reserved for those companies adopting the highest levels of corporate governance in Brazil.

The restructuring also strengthened Embraer's management by giving it the tools created by the new governance structure, while at the same time preserving the strategic rights of the Brazilian Government, which continued to hold a Golden Share in the Company.

In terms of sustainable development, this corporate framework was a milestone for Embraer, since it gave the Company greater access to world capital markets, increasing its ability to raise funds to support program development for expanding its business.

Embraer's bylaws contain protection mechanisms, guaranteeing not only that the Company's shares will always be widely held but also that any decision at a General Shareholders Meeting will always be made by a majority of Brazilian shareholders, thus guaranteeing that the Company's decisions remain in the hands of Brazilians, according to the principle established at the time Embraer was privatized.

These mechanisms include the following:

- (i) No shareholder or group of shareholders, Brazilian or foreign, shall be able to cast votes in the General Shareholders Meetings in a number greater than 5% of the total number of shares representing the Company's capital stock. This limitation is intended to reduce the possibility of excessive concentration of votes in the hands of one single shareholder or group of related shareholders;
- (ii) The total number of votes that foreign shareholders, individually or as a group, may ballot in any General Shareholders Meeting is limited to 40% of the total number of valid votes cast;
- (iii) No shareholder or group of shareholders may acquire an equity participation equal to or greater than 35% of Embraer's capital stock, except with the express authorization of the Brazilian Federal Government, as holder of the Golden Share, and subject to making a public offer to acquire the totality of the company's capital stock;
- (iv) Disclosure of the share ownership is mandatory whenever: (1) the equity stake of any one shareholder reaches or exceeds 5% of the Company's capital stock; and (ii) the equity stake of any one shareholder increases by 5% or more of the Company's capital stock.

GOVERNANCE MODEL

Embraer's corporate governance model is already recognized by the market. The Company has taken a series of innovative steps towards consolidating the model, beginning in 2006, when it was the first Brazilian company of any size to take measures to ensure a widely held equity base.

The increasing number of meetings with financial markets' representatives is another clear example of ongoing change. In 2007 Embraer held five public meetings with investors; in 2008 it held eight.

Another significant advance, and one that was well received by its stakeholders, was Embraer's association with the Brazilian Corporate Governance Institute (IBGC). A company has to be a corporate governance benchmark to become a member of the Institute. Embraer's association signified a commitment not only to consolidating its own sustainable governance model, but also to cooperating with other entities with which it interacts and with society as a whole in the interests of greater transparency, fairness and responsibility.

Embraer's Board of Directors and executive management are totally committed to the Company's corporate governance model.

BOARD OF DIRECTORS


The function of the Board of Directors (BD) is to approve and monitor the implementation of the Company's strategies, as well as its annual budgets and the capital expenditures programs established in the Action Plan drawn up by management. The BD's term of office is two years. It will normally meet once every quarter, although interim meetings can be convened to discuss any issues considered relevant for the Company's business. The BD is composed of 11 members and their respective alternates, of which eight are chosen directly by shareholders, one is appointed by the Government as holder of the Golden Share, and the remaining two are representatives of the employees.

BOARD ADVISORY COMMITTEES

Three committees have been established to assist the BD according to their respective mandates and areas of competence:

EXECUTIVE COMMITTEE

This is a permanent committee, composed of up to four members, without management or decision-making powers. The role of the Executive Committee (EC) is to advise the BD in the exercise of its functions, with emphasis on: (i) setting the general direction of the company's business; (ii) approving and monitoring the



implementation of the Company's Action Plan; (iii) setting, monitoring and judging the degree of compliance with the performance targets established for the President and CEO and which will be the basis for deciding his share in the Company's profits.

HUMAN RESOURCES COMMITTEE

The Human Resources Committee is composed of four members, appointed by the BD. Its role is to advise the BD on the following issues: (i) the appointment and exoneration of the Company's directors; (ii) definition of the functions and duties of the Company's directors, including the appointment of an Investor Relations Officer, as required under Brazilian Securities and Exchange Commission (CVM) regulations; (iii) approval of the Company's human resources and salary policies, including compensation criteria, rights, benefits and individual compensation paid to each member of management; (iv) authorization for the use of Company funds to make contributions to employee associations, recreational and social entities, the private pension fund and foundation.

AUDIT COMMITTEE

In order to comply with the requirements for listing on the New York Stock Exchange (NYSE) and with the Sarbanes-Oxley Act, as applicable to foreign companies

with shares listed on US stock markets, Embraer has implemented modifications to its Fiscal Council (FC) to enable it to perform the functions of an Audit Committee. The functions of the Audit Committee are: (i) to make recommendations to the BD on the selection, exoneration or substitution of the Company's external auditing firm and its remuneration; (ii) to give its opinion regarding the hiring of the external auditing firm for any other non-audit related services; (iii) to arbitrate any dispute or conflict between the Company's executive management and the external auditors. The FC, as part of its responsibilities as an Audit Committee, has certain additional functions, including those stipulated by the NYSE and by the Public Company Accounting Oversight Board (PCAOB): (i) to supervise the activities of the external auditors; (ii) to take whatever initiatives or measures may be necessary to be informed of, and investigate any complaints relating to the financial statements, internal controls and external audit. The Audit Committee will, in addition, advise the BD concerning the supervision of: (i) the quality and integrity of the Company's financial statements; (ii) Embraer's compliance with all legal and regulatory requirements; (iii) the qualifications, performance and independence of the external audit; and (iv) the quantification and management of financial risk and internal controls.

ETHICS AND CONDUCT AT EMBRAER

Embraer's Code of Ethics and Conduct is rooted in corporate values and culture that have been cultivated over the past 40 years. The Code is intended to reflect the integrity of the Company's proceedings as regards internal relations and relations with society at every possible level.

In addition to being based on the prevailing legislation and the regulations governing the Company, the Code also provides guidelines and policies designed to forestall any kind of circumstance that arouses even the slightest suspicion of impropriety in the Company's activities.

All our employees are responsible for ensuring that their business decisions, activities and conduct comply with both the letter and the spirit of the Code of Ethics.

The Code of Ethics was communicated to and distributed among all our employees when it was first drawn up, and new hires are made aware of its existence and given a copy during the induction process.

There also exists an Ethics Committee, whose chief responsibility is to receive and investigate any accusations of deviations from the Company's ethical values and rules of conduct.

CORRUPTION

Embraer is inflexible regarding any case of corruption involving the Company, its employees, its suppliers or the assets under its management. Guidance is constantly given, and punitive measures are immediately taken when any case of corruption comes to light.

The Company also endeavors to externalize its own rules of conduct by communicating with its suppliers in order to ensure compliance with its Code of Ethics, emphasizing the ethical limits to the relationship and the penalties in the event of infringement.

A direct channel of communication has been set up with the Audit Committee and the Ethics Committee for denouncing harmful practices. The channel is used for voicing concern with situations that could possibly result in damages to Embraer, its shareholders, employees or suppliers. The channel can be accessed in any one of three ways: by written correspondence to CAIXA POSTAL Nº 11.331 – CEP 05422-970 – SÃO PAULO/SP/BRASIL; through the Embraer website (www.embraer.com.br), home page, by selecting the "Harmful Practices Channel" icon or by filling out a form in the "Speak to Us" section; or by using the Company's intranet.



COMPOSITION OF THE EXECUTIVE BOARD AS OF JANUARY 1, 2009

President and CEO

Frederico Pinheiro Fleury Curado

Executive Vice President – Airline Market

Mauro Kern Junior

Executive Vice President – Executive Aviation

Luís Carlos Affonso

Executive Vice President – Defense Market

Orlando José Ferreira Neto

Executive Vice President – Technology

Emílio Kazunoli Matsuo

Executive Vice President – Industrial Operations

Artur Aparecido Valério Coutinho

Executive Vice President – Finance and CFO

Luiz Carlos Siqueira Aguiar

Executive Vice President – General Counsel

Flávio Rímoli

Executive Vice President – Corporate Affairs

Horacio Aragonés Forjaz

Executive Vice President –

Organizational Development and Personnel

Antonio Júlio Franco

COMPOSITION OF THE BOARD OF DIRECTORS AS OF JANUARY 1, 2009

Chairman of the Board of Directors

Maurício Novis Botelho

Vice Chairman of the Board of Directors

Vitor Sarquis Hallack

Members of the Board of Directors

José Reinaldo Magalhães

Wilson Carlos Duarte Delfino

Neimar Dieguez Barreiro

Boris Tabacof

Eduardo Salomão Neto

Hermann Heinemann Wever

Samir Zraick

Paulo Cesar de Souza Lucas

Claudemir Marques de Almeida

FISCAL COUNCIL

The Company's Fiscal Council is comprised of five effective members, one of whom is a financial expert, and all of whom have a one-year mandate. It is a permanent committee, as required under the Company's bylaws, and its principal activity is to oversee management and analyze the Company's financial statements. It is also an integral part of the Company's transparency and good corporate governance policies.

COMPOSITION OF THE FISCAL COUNCIL AS OF JANUARY 1, 2009

Chairman of the Fiscal Council

Rolf Von Paraski

Vice Chairman of the Fiscal Council

Ivan Mendes do Carmo

Members of the Fiscal Council

Taiki Hirashima

Eduardo Coutinho Guerra

Alberto Carlos Monteiro dos Anjos

EXECUTIVE BOARD

The Executive Board is responsible for the day-to-day management of the Company. The Executive Board's officers' responsibilities are as established in the Company's bylaws. Officers are appointed by the Board of Directors for a two-year term.

At the end of 2008, in line with the executive succession plan, Antonio Luiz Pizarro Manso (Executive Vice President for Finance and Investor Relations) was replaced by Luiz Carlos Siqueira Aguiar and Satoshi Yokota (Executive Vice President for Engineering) by Emílio Kazunoli Matsuo. These replacements were made in a planned and harmonious manner with the approval of the Board of Directors.

AUDIT

Embraer's policy towards its external auditors and the provision of services unrelated to the external audit is based on principles intended to safeguard the auditors' independence. These principles reflect the assumptions that no auditor should be required to audit its own work or exercise any managerial functions or advocate on behalf of its own clients.

During 2008 Embraer hired its external auditors for certain work not directly related to auditing its financial statements. The total value of such contracts did not exceed 5% of the total emoluments paid for the external auditing services provided to the group companies around the world.

Embraer's policy is to submit to the approval of the Fiscal Council all non-audit related services to be provided by the Company's external auditors.



12. Intangible Assets

Embraer is considered one of Brazil's model enterprises in matters involving intangible assets and was one of four companies chosen by BNDES/Coppe for a survey aimed at establishing an index for quantifying intangible assets and introducing the methodology to other companies in Brazil.

The indicators of the existence of intangible values are generally indirect. Embraer has accumulated a series of such indicators as testimony to its efficiency and competence:

- One of the leading manufacturers of commercial aircraft in the world;
- Dominates the entire business cycle, from drawing board to after-sales service;
- Masters proprietary and state-of-the-art technology;
- Has a global customer base;
- Works with important and globally respected partners;
- Is one of Brazil's three largest exporters;
- Has been assigned an Investment Grade rating by Moody's Investor Service and Standard & Poor's;
- Is part of the ISE – the BM&FBOVESPA Corporate Sustainability Index.



BRAND NAME

It is generally recognized that intangible assets have a multiplier impact on the economic capital of corporations, especially in the case of the most familiar kind of intangible asset: the brand name. The brand name is one of Embraer's principle intangible assets. Its penetration in different markets and geographical regions and its substantial market share are evidence of the global acceptance of the brand name and its association with highly reliable products and state-of-the-art technology.

PEOPLE

A deep understanding of people is vital to the future of Embraer and its brand name. Personal professional development and the promotion of talent and competence are integral to the Company's management policy. One of Embraer's objectives in the near future is to be selected as one of the best companies to work for in Brazil.

AWARDS AND ACKNOWLEDGEMENTS

Embraer is the fruit of a strategic project of the Brazilian nation, and its birth was a cause of pride for the Brazilian people: the ability to create advanced technology in a developing nation.

During 2008 Embraer won a number of awards and accolades from different institutions and in different categories, including the following:

- Marketing Best 2008 Award – 20th anniversary edition, for excellence in the use of marketing tools;
- *Maiores e Melhores de Transporte e Logística* (Biggest and Best in the Transportation and Logistics Sector) 2008 Award, *Transporte Moderno* magazine, in the Aviation and Components category;
- AMBN 2008 Award, Promotional Marketing category, 'Love What You Fly' campaign;
- DCI newspaper 2008 Award: aviation category;
- *Aero Magazine de Aviação X* Award: best aerospace industry;
- Top Vale 2008 Trophy, *Valeparaibano* newspaper, 'Company of your Dreams' category: 1st place in overall classification;
- Top Vale 2008 Trophy, *Valeparaibano* newspaper, Best Industry category: 1st place in overall classification;
- Top Vale 2008 Trophy, *Valeparaibano* newspaper, São José dos Campos category: Top Social Responsibility;
- II French-Brazilian Trade Award, French-Brazilian Chamber of Commerce;
- IDEA/BRASIL Design Award: Executive Jets.

THE BEST OF THE BEST

The Phenom 100 jet was considered the best in its category by the US publication Robb Report, specialized in luxury goods, in its 20th 'The Best of the Best' yearbook. Highlights were its ample cabin space and the capacity of its baggage compartment, large enough to hold golf clubs and ski equipment. The publication also mentioned the airplane's advanced avionics, which reduce pilot workload.



13. Social and Environmental Responsibility

Embraer is increasingly committed to the principles of socio-environmental responsibility. From its own extensive experience, the Company defends a vision of sustainability for its business strategy, at the same time as it is sensitive to the issues that are becoming of ever greater global consequence.

Respect for the communities with which it interacts and concern as to environmental quality have long been incorporated into the Company's day-to-day activities, either through improvements in its manufacturing processes or through the development of more efficient products with a smaller environmental footprint.



In 2008 Embraer signed the United Nation's Global Compact, a voluntary convention under which companies from all around the world commit to respect ten principles relating to human rights, labor rights, environmental protection and anti-corruption measures.

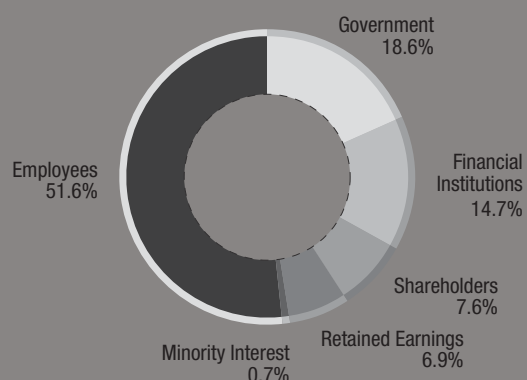
Embraer has committed not only to adopt these principles, but also to promulgate them among employees, shareholders, customers and suppliers. The incorporation of these ten principles into its corporate development program and its declaration of business values are eloquent testimony of the value the Company gives the Compact. Each year in its Annual Report (prepared according to GRI standards) Embraer is to notify compliance of its activities and results with the UN's Global Compact principles.

ADDED VALUE STATEMENT (AVS)

The AVS breaks Embraer's results down according to the values distributed to different sectors of the community, such as shareholders, employees, financial institutions and municipal, state and federal government. The added value to be distributed in 2008 totaled R\$2,958.6 million, the equivalent of 25.2% of net sales revenue for the year.

R\$ million	2007	2008
REVENUE	10,643	12,301
INPUTS PURCHASED FROM THIRD PARTIES	8,280	9,304
GROSS ADDED VALUE	2,363	2,997
RETENTIONS	225	228
NET ADDED VALUE PRODUCED	2,138	2,770
ADDED VALUE RECEIVED IN TRANSFER	446	189
TOTAL ADDED VALUE FOR DISTRIBUTION	2,584	2,959
DISTRIBUTION OF ADDED VALUE	2,584	2,959
EMPLOYEES	1,097	1,527
GOVERNMENT (TAXES, CHARGES AND CONTRIBUTIONS)	112	549
FINANCIAL INSTITUTIONS (INTEREST AND LEASING)	175	434
SHAREHOLDERS	449	224
RETAINED EARNINGS	736	205
MINORITY INTERESTS	14	19

Statement of Added Value





SOCIAL ACTIVITIES

The Instituto Embraer de Educação e Pesquisa (Embraer Education and Research Institute – IEEP), founded in May 2001, is one of the Company's main instruments for developing its social activities. It runs several different educational programs in partnership with specialized organizations, NGOs and municipal authorities. IEEP is active in two main fields: educational projects for students in the public school network, and projects for improving management processes, aimed at civil society organizations and schools in the public educational system.

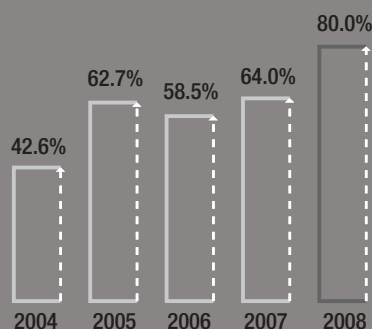
ENGENHEIRO JUAREZ WANDERLEY HIGH SCHOOL (CEJW)

IEEP's main project today is the Engenheiro Juarez Wanderley High School (CEJW). Founded in 2002, the school offers quality full-time education in the three high school grades for 600 students from the São José dos Campos public school system. The practical result of this

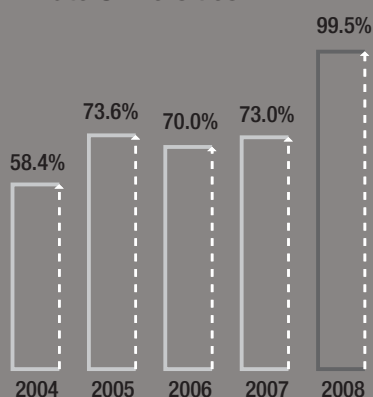
initiative is the high percentage of students, who after graduating from high school, manage to gain entry to the best universities in the country. In 2008 alone, of the 201 high school graduates that took examinations for college entrance, each and every one received passing grades for a place in at least one higher education institution. Of these, 99.5% gained places at private colleges and 80% at public universities – the best performance in five years.

IEEP draws on resources from a fund to enable its former students to complete their college education. In 2008 some 258 such grants were awarded.

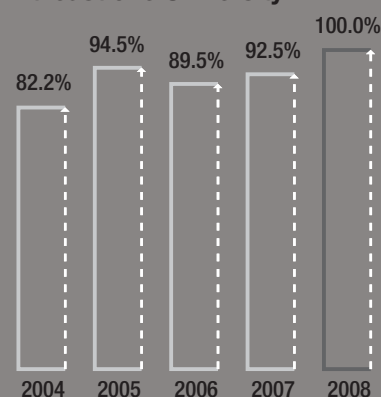
Public Universities



Private Universities



At least one University



Class of 2004 – 197 Candidates
 Class of 2005 – 201 Candidates
 Class of 2006 – 200 Candidates
 Class of 2007 – 200 Candidates
 Class of 2008 – 201 Candidates

“Embraer played a crucial role in my qualification and formation.”



To be accepted into the undergraduate engineering program at Poli, one of the most sought-after institutions of higher education in Brazil, is no easy task for anyone, specially for someone who has studied his entire life in the public school system. But this is the story of Lucas Evilácio Silva Siqueira, who today, at 20 years old, is in his third year at the Universidade de São Paulo.

Siqueira believes that a good part of his academic achievement can be credited to the education he received at the Colégio Engenheiro Juarez Wanderley, a high school maintained by the Embraer Education and Research Institute. He notes the importance that the school places on enhancing human potential and the concern that the teaching staff have in making each young student into a citizen, aware of his rights and duties – all of which contributes decisively to the student’s academic preparation and, later on, professional experience.

Siqueira says, “all the socio-environmental projects which we undertake with low-income groups in São José dos Campos are viewed favorably by the labor market. When I apply for an internship, everyone comments on this. The project that has been most positively received was the volunteer group we organized for reforestation of the indigenous flora along the banks of the Vidoca stream. It was a success.”



Lucas Evilácio Siqueira
University Student and Former Student at the
Colégio Engenheiro Juarez Wanderley

COLLEGE PREPARATION PROGRAM (PPU)

The College Preparation Program (PPU) was created as a means of introducing the realities of the labor market into school life prior to the college entry examinations. This is an educational experience developed in-house at the Engenheiro Juarez Wanderley High School, with the participation of Brazilian and foreign specialists and with the collaboration of professionals from the training areas of large corporations, among them, Embraer.

The PPU works with three main branches of knowledge: Pre-Engineering, for students following a career in the exact sciences; Pre-Humanities and Management for those wishing to pursue these areas; and Pre-Biomedical Studies, for future professionals in the health sector.

SOCIAL PARTNERSHIP PROGRAM (PPS)

IEEP seeks greater reach in its activities through another activity – the Social Partnership Program (PPS). This program works on two fronts: to assist NGOs in learning how to create and develop projects; and to help develop a social culture capable of mobilizing the community to identify and provide solutions for its problems. In this, it is actively supported by Embraer volunteer employees who help design and execute the projects developed by local NGOs. In 2008 some 90 projects were analyzed in the selection process (nearly double the 2007 number). Twelve of them (33% more than in 2007) were eventually chosen, with the cost of Embraer's support amounting to R\$320.8 thousand.

The 12 approved projects were subject to rigorous analysis and are related to 48 social organizations that possess legitimate roots in the region and that can count on the active support of the community to manage the projects and determine the priorities to be built into the programs. The chart below tracks the progress of these activities over the past three years:

PPS - Social Partnership Program	2006	2007	2008	Total
PROJECTS RECEIVED	70	48	90	378 organizations
SELECTED PROJECTS	11	9	12	48 organizations
INVESTMENT	R\$ 320,080	R\$ 281,044	R\$ 320,785	R\$ 921,909

SCHOOL ACTION PROGRAM (PAE)

IEEP is also concerned with community participation in the management of schools as a means of integrating its activities with the social demands in the regions where it operates and, to this end, has developed the School Action Program (PAE). Using technology developed by an opinion poll organization – Ação Ativa – and under the experienced coordination of Inep-MEC and the United Nations Development Program (UNDP), the community of São José dos Campos is encouraged to classify, rate and give its opinion on the quality of school management and participate in eventual changes to the model for running the schools.

PAE supported 18 such projects in 2008, involving 52 public schools, for a total investment of R\$316.9 thousand.

PAE - School Action Program	2006	2007	2008	Total
PROJECTS RECEIVED	66	47	46	159 public schools
SELECTED PROJECTS	14	20	18	52 public schools
INVESTMENT	R\$ 200,306	R\$ 334,214	R\$ 316,952	R\$ 851,472

A total of 1,447 Embraer employees were involved in the support for the two programs (PPS and PAE).

HUMAN RIGHTS

Embraer's rejection of discrimination by race, gender, ethnicity or color and of compulsory or forced labor and child labor go far beyond the perimeter of the Company's premises. Embraer has procedures for evaluating and monitoring its entire network of suppliers, in Brazil and overseas, in order to identify, help correct and eradicate any signs of child labor, or forced labor or anything akin to compulsory labor at the companies with which it does business.

Embraer has developed a process for rating its suppliers according to environmental, human rights and occupational health and safety criteria. This program was initiated in 2005 and already covers 143 Brazilian and 212 international suppliers.

BRAZILIAN SUPPLIERS:	
Category	Quantity
Subcontracted	63
Raw material	26
Tooling	32
Environmental health services	19
Occupational health service providers	3
Total	143
INTERNATIONAL SUPPLIERS	
Category	Quantity
Raw material	89
Systems (hydraulic, mechanical and suspension):	48
Hardware	47
Cabin fixtures	18
Structures	10
Total	212

Embraer's Code of Ethics and Conduct reinforces its commitment to offer a working environment free of any form of discrimination. Any form of discrimination by race, ethnicity, gender, belief, religion, age, physical handicap or sexual orientation is strictly forbidden in all and any part of the Company's premises. Equity, recognition and continual development are the values the Code offers its employees. Any form of harassment whatsoever on Company premises is forbidden. This includes any verbal or physical form of humiliation, coercion or threat to employees or management, or the creation of any form of hostile work environment that unjustifiably interferes with an individual's performance or negatively affects his working conditions.

Embraer has never registered any case of social, sexual or religious discrimination. There has been one case of moral harassment. The manager in question was formally reprimanded and left the Company months later for personal reasons.

THE ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

At Embraer, the concept of environmental awareness goes far beyond trying to improve its products; it also involves the improvement of its manufacturing process, making them more efficient and cleaner, as well as assuming a responsible attitude towards environmental problems in the communities in which it operates.

TECHNOLOGICAL DEVELOPMENT APPLIED TO PRODUCTS

Embraer's technological development program gives priority to improving the performance of its products and mitigating any environmental impacts they might cause, and can be summarized as follows:

- improvements in aerodynamics;
- intensive use of lighter materials, reducing the structural weight of the aircraft;
- development of aircraft with more electric systems, less dependent on the energy produced by the engines;
- participation in programs for developing alternative fuels, including biofuels;
- development of new generations of engines, in partnership with the manufacturers of propulsion systems;
- research into new technologies for reducing internal and external noise levels, for the greater comfort of passengers as well as airports and their surroundings.

ENVIRONMENTAL MANAGEMENT

Numerous certifications and awards bear testimony to the practical results of Embraer's ongoing investments in ensuring that its products comply with the increasing number of environmental restrictions in the 21st century.

In 2002, Embraer's Faria Lima production unit was ratified under both the ISO 14001 international Environmental Management System certification and the OHSAS 18001 Occupational Safety and Health Management System certification by ABS Quality Evaluations. Currently all the Brazilian units have these certifications, and the company is now taking the necessary measures to obtain the same certification for the other installations overseas in Portugal, the United States and France. The production facility in China was awarded ISO 14001 certification in early 2009.

In the field of corporate responsibility, Embraer is known for the high standards it practices and which have won it several international certifications, such as ISO 9001 and SAE AS 9100, both for quality management.

Always focused on results and seeking to control these certifications, Embraer created the Integrated Environmental, Occupational Health and Safety and Quality Management System (SIG-MASSQ). The function of the system is to analyze the Company's activities at all levels, resulting in greater integration between the Company and its employees, third parties and partners in terms of the environment, health, safety and quality.





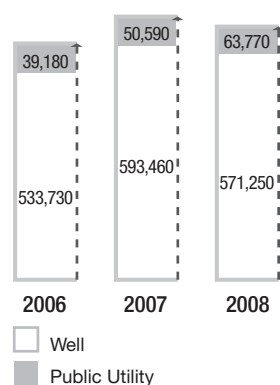
All of Embraer's premises possess specialized teams, equipped to develop programs, projects and strategic initiatives to comply with the prevailing environmental legislation and analyze the environmental impact of new projects as well as constantly revise manufacturing processes.

Investments in Environmental Protection (R\$ thousand)	2007	2008
INVESTMENTS RELATED TO PRODUCTION/OPERATION OF THE COMPANY	10,532.2	11,072.3
INVESTMENTS IN EXTERNAL PROGRAMS AND/OR PROJECTS	123.1	59.2

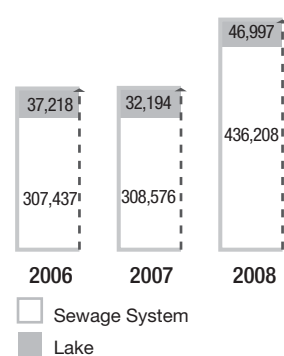
USE OF ENERGY AND WATER

Embraer established CICEA (Internal Commission for Water and Energy Conservation) as part of its preoccupation with the need to reduce consumption of non-renewable natural resources. CICEA implements programs for the reduction and more efficient use of energy and water consumption at all the Company's production facilities.

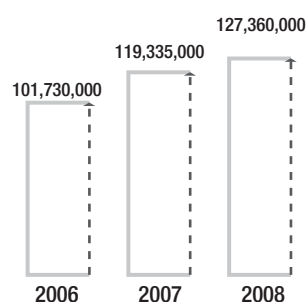
Water Withdrawal (m³)



Total Discharge of Water by Destination (m³)



Indirect Energy Consumption (kWh)



Note: Embraer Faria Lima, Eugênio de Melo, Gavião Peixoto, Botucatu and ELEB units

Thanks to the energy conservation and efficiency program, the Faria Lima unit has saved 11,287,015 kWh since 2004 (4,060,000 GJ).

The energy efficiency program has also been instrumental in achieving savings of 5,574,000 kWh (2,010,000 GJ) in the running of air conditioning systems in the 38 months since implementation.

Rationalization of energy consumption at the Eugênio de Melo plant has resulted in savings of 1,236,516 kWh (445,000 GJ), through such measures as turning off the lights, air conditioners and PC monitors when not in use.

CICEA established standards for the use of electrical equipment in 2008, in order to reduce unnecessary consumption.

GAS EMISSIONS

The Company is constantly introducing measures to reduce gas emissions from its manufacturing processes. In several different areas of the Company, teams work to optimize the manufacturing process through the use of the P3E program, making a direct contribution to this objective. In 2008, for example, the Test Flight area managed to reduce the cycle of delivery test flights, without in any way endangering the integrity or safety of the product. This resulted in a marked decline in CO₂ emissions.

Incremental improvements in gas emissions are constantly being integrated into the aircraft. One such improvement relates to an adjustment to the wings of the ERJ 145, improving performance and resulting in a 2% reduction in the gas emissions generated by fuel burn. Improvements to the aerodynamics of the Legacy 600 resulted in a 7% reduction in fuel consumption and, consequently, gas emissions. EMBRAER 170 and EMBRAER 175 models gas emissions have declined by 4% since launch, while emissions of the EMBRAER 190 and EMBRAER 195 have been cut by 3%. The Company also provides its customers with operating and maintenance procedures manuals, which can reduce fuel consumption by up to 12%. For example, in the absence of this Embraer technology, an airplane the same size as the EMBRAER 190 would consume 20.4% more fuel – a measure of the progress made in this field.

Parameter	EMISSIONS LEVEL PRODUCTIVE PROCESS (TON/YEAR)		
	2006	2007	2008
PARTICULATE MATERIAL – PM	7.31	4.88	6.67
SULFUR DIOXIDE – SO _x	0.81	2.24	4.88
NITROGEN DIOXIDE – NO _x	10.80	16.05	16.21
VOLATILE ORGANIC COMPOUNDS – VOC	4.86	13.51	21.63

Embraer is a member of the Brazilian GHG Protocol program, the main objective of which is to develop the technical and institutional capacity to help manage greenhouse gas emissions by providing a methodology for inventorying and reporting such emissions. Embraer also assists in establishing environmental regulation in Brazil and provides technical support to the Brazilian Government for the meetings of the Committee for Aviation Environmental Protection (CAEP), part of the International Civil Aviation Organization (ICAO).

Embraer's Faria Lima, Eugênio de Melo, Gavião Peixoto and Botucatu facilities registered the following direct and indirect emissions of greenhouse gases:

CO₂ EQUIVALENT EMISSIONS (TON)

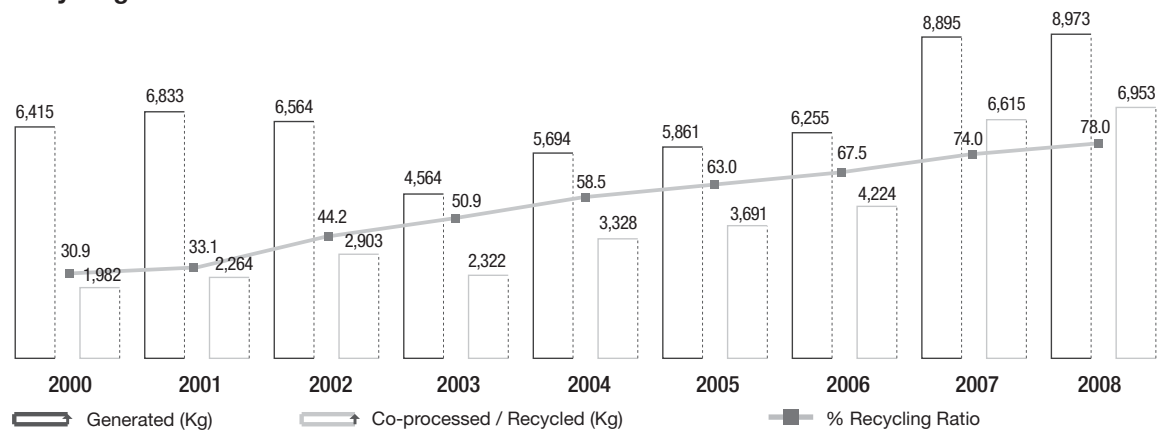
	2005	2006	2007	2008*
DIRECT	48,291	37,876	41,136	48,280
INDIRECT	5,255	5,433	3,494	3,730

*Preliminary estimate. Subject to alteration due to revision of input data or expanding inventory parameters.

WASTE TREATMENT AND RE-USE

Embraer has taken several measures to increase the recovery, treatment and re-use of solid, liquid and gaseous waste in addition to other ways of mitigating environmental risk. Clear progress has been made in the level of recycling of industrial waste over the past eight years:

Recycling of Industrial Waste*



*Reference:

Organic Waste	Vegetable Fat	Biological Sludge	Polycarbonates	Wood	Paper, Cardboard	Foam Rubber, Plastics, Polystyrene	Cooking Oil	Hazardous Waste
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The increase in the quantity and variety of the waste material that is collected and treated points to the improvements Embraer has implemented in this field, principally in its Faria Lima, Eugênio de Melo, Gavião Peixoto, Botucatu and ELEB Equipamentos plants.

DESTINATION	UNITY	2006	2007	2008	DESCRIPTION OF WASTE
RECYCLING	KG	20,973	26,691	29,138	FOAM RUBBER / POLYSTYRENE
	KG	1,637,041	2,670,530	3,355,770	WOOD
	KG	10,150	7,525	14,856	GLASS MICRO-SPHERES/GLASS
	KG	2,019,580	1,578,312	1,806,718	PAPER / CARDBOARD / PLASTIC
	KG	0	7,202	8,071	INDUSTRIAL RUBBER WASTE / USED TIRES
	KG	1,777,294	2,759,706	4,807,450	CHEMICAL SLUDGE / OILS / ACID SOLUTION / ALKALINE SOLUTION
	KG	4,226,006	6,385,270	6,074,462	METAL WASTE (STEEL, ALUMINUM, BRONZE, COPPER, IRON, TITANIUM)
DECONTAMINATION	KG	29,449	20,709	25,693	ENTIRE / SPENT FLUORESCENT LAMPS
RECOVERY	KG	105	7,062	27,179	BATTERIES
STERILIZATION (AUTOCLAVE)	KG	992	81	143	MEDICAL WASTE
LANDFILL	KG	1,941,948	2,739,092	2,897,397	ORGANIC WASTE
CO-PROCESSING	KG	951,715	1,307,331	86,349,871	CLASS I WASTE

The total volume of co-processed or recycled waste material jumped from 1,982 kilos in 1998 to 105,396,605 kilos by the end of 2008.



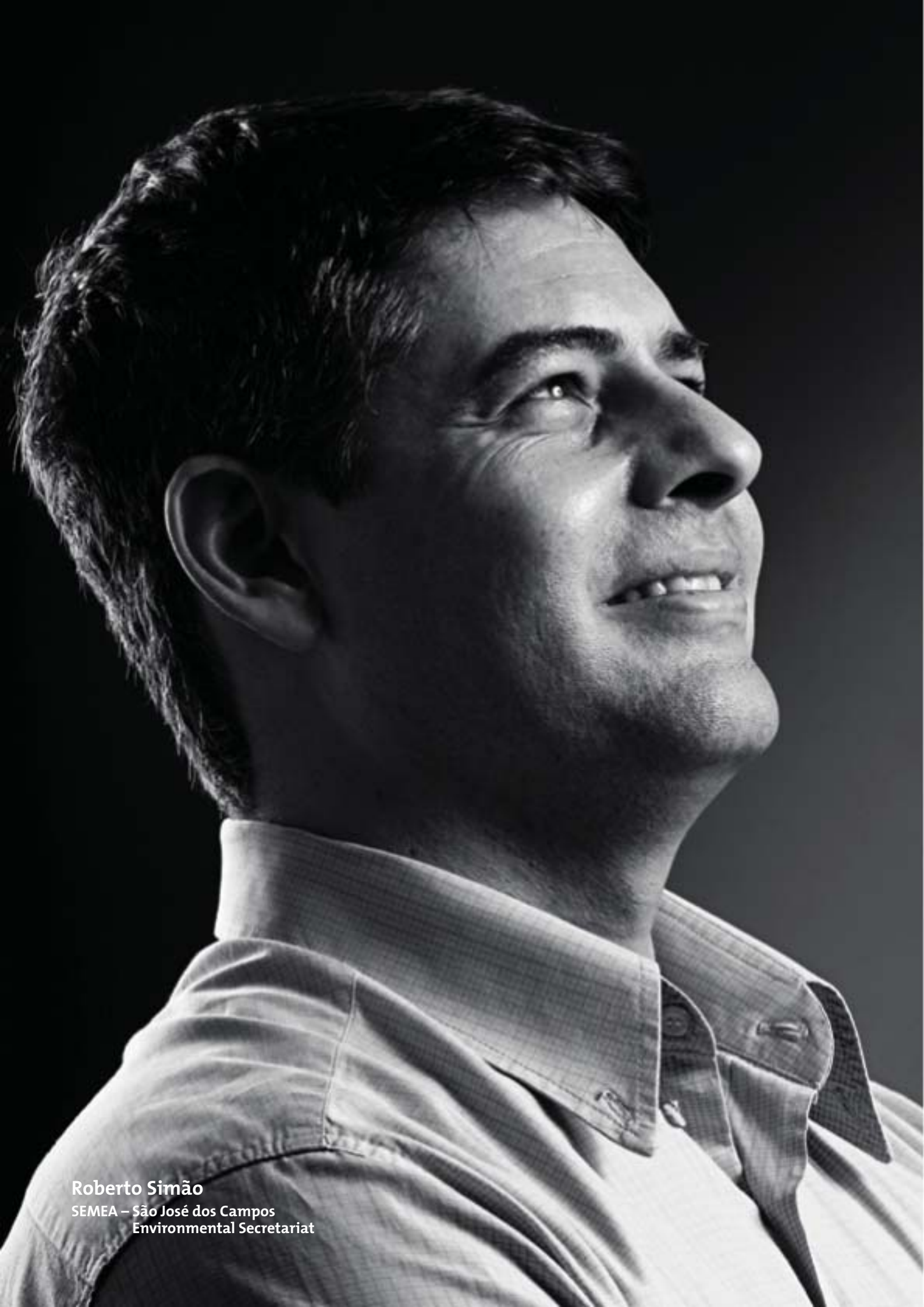
TECHNOLOGY AND ENVIRONMENTAL RESPONSIBILITY

As part of its strategic innovation programs, in 2004 Embraer successfully certified an ethanol-powered Ipanema airplane. This was the first of its type in the world to receive certification. Not only is ethanol a cheaper fuel, but it also has a more productive life cycle than fossil fuels. The Ipanema is a crop dusting airplane, manufactured by Indústria Aeronáutica Neiva (an Embraer subsidiary) for more than thirty years.

Embraer's executive jets also reflect the commitment to the environment. The Legacy 600 produces roughly 25% less CO₂ gases than the previous generation of aircraft of the same size, as well as noise levels well below the maximum permitted by ICAO. The new Phenom 100 and Phenom 300 were designed using the same technologies as those used to develop the E-Jets, with advanced generation project techniques such as a virtual reality center, advanced computer fluid dynamics simulation, digital mock-ups and others, which result in more efficient and less polluting products.

The latest Lineage 1000 offers the best environmental efficiency of its class in terms of emissions, and its noise levels allow it to operate in some of the world's most restrictive airports, such as London City in the UK and the Ronald Reagan Washington National in the US.

When Embraer's aircraft leave the factory, the aircraft manual already contains instructions for the disposal of hazardous materials and achieving maximum operating efficiency.



Roberto Simão
SEMEA – São José dos Campos
Environmental Secretariat

“Economic development with socio-environmental responsibility.”



Embraer plays an active role in the community as a representative member of the industries in its region when sitting on municipal, state and federal committees focused on the environmental theme. “Public agencies recognize Embraer as a model company – from the way it adopts good sustainable practices to the way it reconciles economic development with socio-environmental responsibility,” says Roberto Simão, environmental engineer and Director of the Technical Chamber of the São José dos Campos Environmental Secretariat (SEMEA).


Among the most noteworthy partnerships between Embraer and SEMEA is the Headwaters Recuperation project, begun in 2006. “The project began with the restoration and preservation of the headwaters along the right bank of the Paraíba do Sul River. With Embraer’s support and the involvement of the community, it became a success and was expanded to the left bank,” Simão explains.

Among other various initiatives in the public interest is Embraer’s significant contribution to environmental education. “Maintained by Embraer, the Colégio Engenheiro Juarez Wanderley, is a beacon in the city, providing a continual exchange of experiences in environmental education with SEMEA” says Simão. These actions contribute to the formation of more aware citizens, who as adults will become leaders with a solid grounding in socio-environmental responsibility – “an obligatory requirement these days.”

14. GRI Indicators

For the first time, Embraer is voluntarily adopting the Global Reporting Initiative (GRI) guidelines in its annual report.

According to these guidelines, this publication covering the Company's actions during 2008 meets Level C application requirements.

		C	C+	B	B+	A	A+
MANDATORY	Self Declared						
OPTIONAL	Third Party Checked		Report Externally Assured		Report Externally Assured		Report Externally Assured
	GRI Checked						

GENERAL INDICATORS	PAGE
Strategy and analysis	
1.1. Statement from the CEO about the relevance of sustainability	12 - 15
Organizational profile	
2.1. Name of the organization	[Corporate Profile], 111
2.2. Primary brands, products and/or services	[Corporate Profile], 19, 24, 25, 29, 35, 37, 43, 45, 47
2.3. Operational structure	[Corporate Profile], 50
2.4. Location of organization's headquarters	[Corporate Profile], 111
2.5. Number of countries where the organization operates and names of countries relevant to sustainability issues	[Corporate Profile], 50, 111
2.6. Nature of ownership and legal form	[Corporate Profile], 77, 83
2.7. Markets served	[Corporate Profile], 19, 26, 27
2.8. Scale of the organization	4, 5
2.9. Principal changes during the reporting period	12 - 15
2.10. Awards received in the reporting period	91
Report parameters	
Report profile	
3.1. Reporting period	From 01/01/2008 to 12/31/2008
3.2. Date of most recent previous report	Not applicable
3.3. Reporting cycle	Annual
3.4. Contact point for questions on report or its contents	111
Report Scope and Limits	
3.5. Process for defining report contents	Scope and limit of the report has been handled internally by the managers of the project jointly with at least one representative from each area of the Company
3.6. Limit of the report	Brazil
3.7. Limitations as to the scope or the limit of the report	108
3.8. Basis for the preparation of the report	50
3.10. Consequences of re-statement of information	Not applicable
3.11. Significant changes in comparison with previous years	Not applicable
GRI Content Summary	
3.12. Table identifying location of the information	108 - 110
Governance, Commitment and Engagement	
Governance	
4.1. Governance structure of the organization	83 - 86
4.2. Indication as to whether the president of the highest governance body is also an executive officer	87
4.3. Statement of number of members of the highest governance body that are independent or non-executives of the highest governance body	84
4.4. Mechanisms for shareholders and employees to provide recommendations to the highest governance body	60, 61, 84, 85, 88
Stakeholder Engagement	
4.14. List of stakeholder groups engaged by the organization	93
4.15. Basis for identification and selection of stakeholders	93

PAGE	
PERFORMANCE INDICATORS	
Economic Performance Indicators	
EC1. Direct economic value generated and distributed	93
EC2. Financial implications and other risks and opportunities for the organization's activities due to climate change	N/A
EC3. Coverage of the organization's pension plan benefits	62 - 63
EC4. Significant financial assistance received from the government	N/A
Market Presence	
EC5. Variation in the proportion of the lowest wage compared with the local minimum wage at important operating units	N/A
EC6. Policies, practices and proportion of spending on locally-based suppliers at important operating units	N/A
EC7. Procedures for local hiring and proportion of senior management recruited from the local community at important operating units	61
Indirect economic impacts	
EC8. Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind or pro bono activity	N/A
EC9. Identification and description of significant indirect economic impacts, including the extent of impacts	N/A
ENVIRONMENTAL PERFORMANCE INDICATORS	
Materials	
EN1. Materials used by weight or volume	N/A
EN2. Percentage of materials used that are recycled input materials	N/A
Energy	
EN3. Direct energy consumption by primary energy source	N/A
EN4. Indirect energy consumption by primary source	102
EN5. Energy saved due to conservation and efficiency improvements	102
EN6. Initiatives to provide energy-efficient or renewable energy-based products and services and reduction in energy requirements as a result of these initiatives	103
EN7. Initiatives for reducing indirect energy consumption and reductions achieved	102
Water	
EN8. Total water withdrawal by source	102
EN9. Water sources significantly affected by withdrawal of water	N/A
EN10. Percentage and total volume of water recycled and reused	N/A
Biodiversity	
EN11. Location and size of land owned, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
EN12. Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	No record
EN13. Protected or restored habitats	N/A
EN14. Strategies, current actions and future plans for managing impacts on biodiversity	65, 100
EN15. Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	N/A
Emissions, Effluent and Waste	
EN16. Total direct and indirect greenhouse gas emissions by weight	103
EN17. Other relevant indirect greenhouse gas emissions by weight	103
EN18. Initiatives to reduce greenhouse gas emissions and reductions achieved	103
EN19. Emissions of ozone-depleting substances by weight	Embraer does not emit ozone-depleting substances by weight
EN20. NOx, SOx and other significant air emissions by type and weight	103
EN21. Total water discharge by quality and destination	102
EN22. Total weight of waste by type and disposal methods	104
EN23. Total number and volume of significant spills	There have been no significant spills at any Embraer unit in the past three years
EN24. Weight of transported, imported, exported or treated waste considered hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally	Not applicable
EN25. Identity, size, protected status and biodiversity of water bodies and related habitats significantly affected by the reporting organization's discharges of water and drainage	Not applicable
Products and Services	
EN26. Initiatives to mitigate environmental impacts of products and services and extent of impact mitigations	100, 102
EN27. Percentage of products sold and their packaging materials that are reclaimed by product category	N/A
Compliance	
EN28. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with the environmental laws and regulations	N/A
Transportation	
EN29. Significant environmental impacts of transportation of products and other goods and materials used for the organization's operations as well as transportation of the workforce	N/A
General	
EN30. Total investments and expenditures on environmental protection by type	102
SOCIAL PERFORMANCE INDICATORS – LABOR PRACTICES AND DECENT WORK	
Employment	
LA1. Total workforce by employment type, employment contract and region	[Corporate Profile], 5, 62 - 63
LA2. Total number and rate of employee turnover	N/A
LA3. Benefits offered to full-time employees that are not provided to temporary or part-time employees broken down by principal operations	62 - 63
Relations between Labor and Management	
LA4. Percentage of employees covered by collective bargaining agreements	60
LA5. Minimum prior notification with respect to operational changes, including whether this procedure is specified in collective agreements	N/A

PAGE	
Occupational Health and Safety	
LA6. Percentage of total workforce represented in formal joint management-employee health and safety committees that help monitor and advise on occupational health and safety programs	N/A
LA7. Rates of injury, occupational diseases, lost days and absenteeism and number of fatalities	N/A
LA8. Education, training, counseling, prevention and risk control programs in place to assist employees, their families or members of the community with respect to serious diseases	61
LA9. Health and safety topics covered in formal agreements with the labor unions	60 - 61
Training and Education	
LA10. Average hours of training	59
LA11. Programs for skills management and continuous learning that support the continued employability of employees and assist them in managing the immediate pre-retirement period	59, 60, 63
LA12. Percentage of employees receiving regular performance and career development reviews	100%, undertaken annually
Diversity and Equal Opportunities	
LA13. Composition of governance bodies and breakdown of employees by category according to gender, age group, minority groups, membership and other indicators of diversity	N/A
LA14. Ratio of basic wage of men and women by employee category	N/A
SOCIAL PERFORMANCE INDICATORS – HUMAN RIGHTS	
Investment and Procurement Practices	
HR1. Percentage and total number of significant investment agreements that include human rights clauses	N/A
HR2. Percentage and number of significant suppliers and contractors that have been evaluated on human rights and the actions taken	99
HR3. Total number of hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations including the percentage of employees trained	N/A
Non-Discrimination	
HR4. Total number of cases of discrimination and actions taken	99
Freedom of Association and Collective Bargaining	
HR5. Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions to support these rights	60
Child Labor	
HR6. Operations identified as representing potential risk of child labor	62, 99
Forced and Compulsory Labor	
HR7. Operations identified as representing potential risk for forced labor or analogous to compulsory labor	62, 99
Security Practices	
HR8. Percentage of security personnel trained in the organization's policies or procedures regarding aspects of human rights that are relevant to operations	N/A
Indigenous Rights	
HR9. Total number of cases of violations involving rights of indigenous people and actions taken	Not applicable
SOCIAL PERFORMANCE INDICATORS – SOCIETY	
Community	
S01. Programs and practices that assess and manage the impacts of operations on communities	95, 98, 99
Corruption	
S02. Percentage and total number of business units analyzed for risks related to corruption	100%
S03. Percentage of employees trained in the organization's anti-corruption policies and procedures	N/A
S04. Actions taken in response to cases of corruption	88
Public Policies	
S05. Public policy positions and participation in public policy development and lobbying	N/A
S06. Total value of financial and in-kind contributions to political parties, politicians and related institutions broken down by country	N/A
Anti-competitive Behavior	
S07. Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their results	N/A
Compliance	
S08. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	N/A
PRODUCT RESPONSIBILITY	
Client Health and Safety	
PR1. Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services subject to such procedures	N/A
PR2. Total number of incidents of non-compliance with regulations and voluntary codes related to the impacts caused by products and services on health and safety during the life cycle by type of outcome	53
Product and Service Labeling	
PR3. Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	53
PR4. Total number of incidents of non-compliance with regulations and voluntary codes with respect to product and service information and labeling by type of outcome	N/A
PR5. Practices related to client satisfaction, including results of surveys measuring customer satisfaction	57
Marketing Communications	
PR6. Programs for adherence to laws, standards and voluntary codes related to marketing, including publicity, promotion and sponsorship	N/A
PR7. Total number of cases of non-compliance with regulations and voluntary codes with respect to marketing communications, including advertising, promotion and sponsorship by type of outcome	N/A
Conformity	
PR8. Total number of substantiated complaints regarding breaches of client privacy and losses of client data	N/A
COMPLIANCE	
PR9. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	N/A

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