

EMBRAER-EMPRESA BRAS (ADR)

NYSE: ERJ
Industry: Aerospace & Defense

SABRIENT
HOLD
RATING

Stock Fundamentals as of June 8, 2009

Sabrient Rating	Hold
Ticker	ERJ
Market Cap Designation	Mid-cap
Market Capitalization (Billions)	\$3.2
Price	\$17.52
52-Week High/Low	\$35.42/9.27
EPS (TTM)	\$1.55
P/E Ratio (TTM)	11.3
Dividend Yield	3.4%
S&P 500 P/E Ratio	21.4
Price/Book Ratio	1.5
Price/Sales Ratio	0.5
30-Day Average Volume (Millions)	1.1
Beta	1.89
Current Ratio	1.6
Short Interest Ratio	5.4
Shares Outstanding (Millions)	185.1

Sabrient Ratings

Sabrient's Buy/Hold/Sell ratings are based on a combination of dynamic filters that determine which attributes of a stock are most predictive in the prevailing market and which stocks best reflect those attributes but are not yet rewarded.

Sabrient starts with an "extraction" process that uses the best performing filters to identify stocks having certain compelling attributes currently sought by the market. Then, a composite scoring process uses a weighted average of several key scores to quantify the relative likelihood of upside or downside price action. As a result, the Buy/Hold/Sell rating may, in certain cases, seem inconsistent with a simple average of the scores cited in this analysis.

A BUY rating means the stock is expected to outperform its relevant benchmark substantially over the next 6 months. A SELL rating means the stock is expected to underperform its relevant benchmark substantially over the next 6 months. A HOLD rating means the stock is expected to perform in line with its relevant benchmark over the next 6 months.

If a stock is rated HOLD, the investor should review the stock's history of Sabrient ratings to see if it has recently changed to HOLD from BUY or SELL. If so, this indicates one of the following: (1) there has been a significant change in the stock's fundamentals, (2) the stock is already appropriately rewarded or punished by the market, or (3) there simply has been some recent price consolidation that warrants attention. A reading of Sabrient's analysis should identify which it is.

More about Sabrient on Page 4

Sabrient's Market Cap Designations

Large Cap	> \$5.0 Billion
Mid Cap	\$1.0 - \$5.0 Billion
Small Cap	\$150 Million - \$1.0 Billion
Micro Cap	< \$150.0 Million

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Please see important disclaimer on page 5 of this report.

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EMBRAER-EMPRESA BRAS (ADR)



Company Profile

Embraer Empresa Brasileira de Aeronautica S.A., together with its subsidiaries, engages in the development, production, and sale of jet and turboprop aircraft for civil and defense aviation, and aircraft for agricultural use worldwide.

Earnings and Revenue Update: For the quarter ended March 31, 2009, Embraer reported earnings of \$-23.4 million or \$-0.13 per share compared with \$111.7 million or \$0.62 per share for the prior quarter and \$85.0 million or \$0.46 per share for the same quarter one year ago. Revenues were \$1.2 billion for the quarter ended March 31, 2009 compared with \$1.8 billion for the prior quarter and \$1.3 billion for the same quarter one year ago. Last twelve months' earnings were \$1.55 per share compared with \$2.96 per share a year ago. Last twelve months' revenues were \$6.2 billion compared with \$5.7 billion a year ago.

Sabrient Analysis

Sabrient rates ERJ a Hold as the stock fails to meet Sabrient's strictly tested filtering criteria.

- **Value:** A Sabrient Value Score of 66.5 suggests that ERJ's key valuation and growth metrics are considerably better than the average stock. This implies that the stock may be somewhat undervalued at its current price.
- **Momentum:** The stock is below average with regard to momentum based on its Sabrient Momentum Score of 28.6. The score is a composite of price, earnings and group momentum.
- **Growth:** With regard to growth characteristics, ERJ ranks near the bottom of the market with a Sabrient Growth Score of 23.4.
- **Timeliness:** ERJ has a Sabrient Timeliness Score of 24.9. This is a composite measure of short-term and long-term price performance and long-term group performance.

Sabrient Analysis continued on Page 3

EMBRAER-EMPRESA BRAS (ADR)

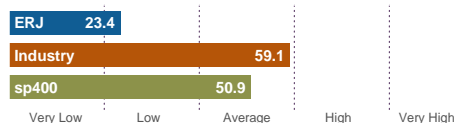
NYSE: ERJ
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Current Sabrient Scores Compared with Industry and Relevant Benchmark

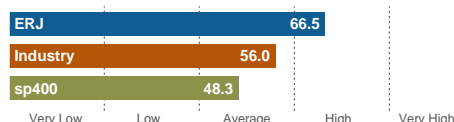
These Sabrient scores compare various aspects of EMBRAER-EMPRESA BRAS (ADR) with its industry and relevant benchmarks. The scores are percentile rankings from 0 to 99.9. Higher scores are better. We use a weighted average of several key scores to quantify the relative likelihood of upside or downside price action. Therefore, the Sabrient rating may seem inconsistent with a simple average of the scores cited in this analysis.

Growth Score: 23.4



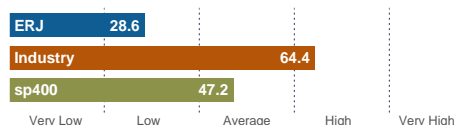
The Sabrient Growth Score reflects a company's historical and projected earnings growth, revenue and sales growth, projected cash flow, analyst activity, and changes in earnings estimates, each over various time periods. The higher the score, the better the combined performance of these key measures. With a Sabrient Growth Score of 23.4, Embraer is well below the average of its industry group, which has a Sabrient Growth Score of 59.1.

Value Score: 66.5



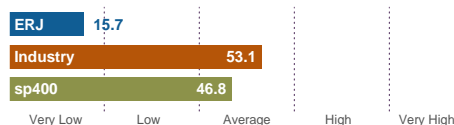
The Sabrient Value Score measures the relationship between a company's stock price and its intrinsic value, as indicated by earnings and balance sheet attributes, with an emphasis on earnings. Also considered are cash flow measures and fundamental valuation ratios. With a Sabrient Value Score of 66.5, Embraer is moderately higher than the average of its industry group, which has a Sabrient Value Score of 56.0.

Momentum Score: 28.6



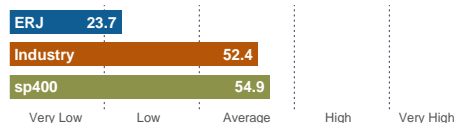
The Sabrient Momentum Score measures a company's earnings and price momentum, evenly weighted, and augmented by group strength, money flow, and relative volume. Core technical factors include current price relative to periodic highs and moving averages. With a Sabrient Momentum Score of 28.6, Embraer is well below the average of its industry group, which carries a Sabrient Momentum Score of 64.4.

Earnings Score: 15.7



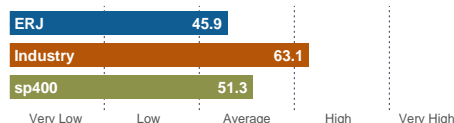
The Sabrient Earnings Score assesses a company's overall earnings performance and projected outlook. Time periods include an average look-back of three years with an emphasis on the past four quarters and a forward look of one to five years. With a Sabrient Earnings Score of 15.7, Embraer is well below the average of its industry group, which has a Sabrient Earnings Score of 53.1.

Balance Sheet Score: 23.7



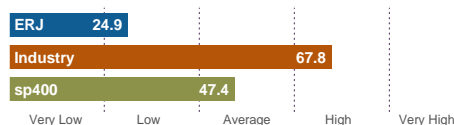
The Sabrient Balance Sheet Score measures a company's liquidity and debt issues, as well as receivables and inventory quality. This score is used to assess relative risk associated with a stock: the lower the score, most likely the higher the inherent risk. With a Sabrient Balance Sheet Score of 23.7, Embraer is considerably lower than the average of its industry group, which carries a Sabrient Balance Sheet Score of 52.4.

Fundamental Score: 45.9



The Sabrient Fundamental Score is the broad measure of a company's financial health, including its balance sheet, cash flow, revenue, and earnings quality. With a Sabrient Fundamental Score of 45.9, Embraer is moderately lower than the average of its industry group, which carries a Sabrient Fundamental Score of 63.1.

Timeliness Score: 24.9

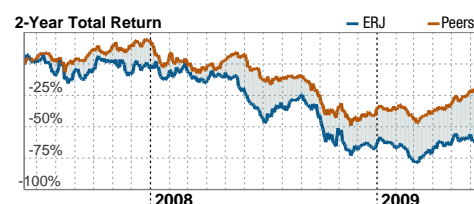


The Sabrient Timeliness Score is an assessment of a stock's short and long-term price strength as determined by various chart-based indicators and measures of group momentum and relative price performance. With a Sabrient Timeliness Score of 24.9, Embraer is significantly lower than the average of its industry group, which carries a Sabrient Timeliness Score of 67.8.

Peer Analysis

This table compares ERJ with other similar-sized companies in the same industry group, focusing on Sabrient's growth, momentum and value scores, which represent the three main investing styles. The Peer Analysis chart compares ERJ's 2-year total return with the average 2-year total return of these companies.

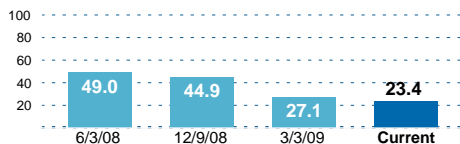
Symbol	Company	Growth Score	Momentum Score	Value Score	Market Cap.(B)
ERJ	EMBRAER-EMPRESA BRAS (ADR)	23.4	28.6	66.5	\$3.2
ATK	Alliant	94.0	64.9	73.4	\$2.9
ESLT	Elbit	83.3	86.8	30.8	\$2.5
TDG	Transdigm	87.6	87.7	56.3	\$1.9
SPR	Spirit Aerosystems Holdings Inc	31.1	74.2	75.4	\$1.7
BEAV	BE Aerospace	71.5	62.9	62.5	\$1.6
CGT	CAE	67.6	52.2	93.5	\$1.6



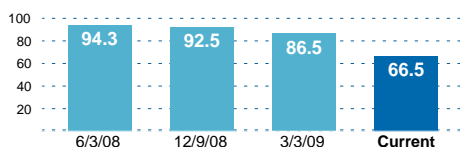
Historical Sabrient Scores

The recent histories of key Sabrient scores provide insight into the stock's trends -- whether they are increasing or decreasing in strength in a particular area or simply holding steady. The Sabrient scores are percentile rankings from 0 to 99.9, with higher scores better. Keep in mind that Sabrient ratings may seem inconsistent with a simple average of these key scores because a weighted average of several key scores is used to quantify the relative likelihood of upside or downside price action.

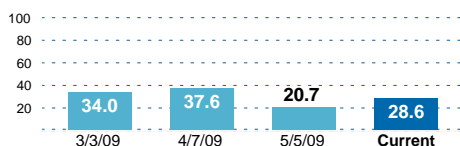
Growth Score: 23.4



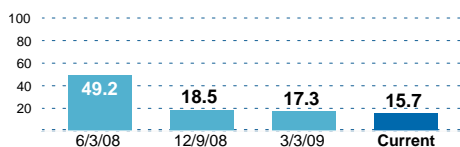
Value Score: 66.5



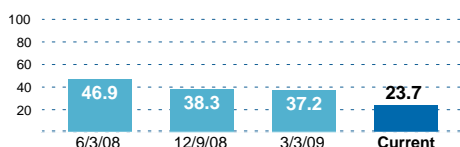
Momentum Score: 28.6



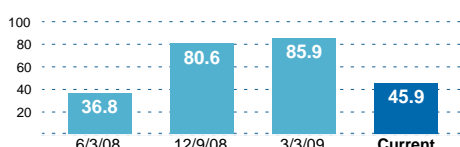
Earnings Score: 15.7



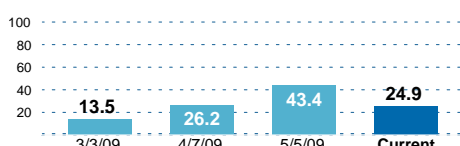
Balance Sheet Score: 23.7



Fundamental Score: 45.9



Timeliness Score: 24.9



Sabrient Analysis continued from Page 1

- **Best Performing Filters:** To determine the likelihood of near-term performance, Sabrient builds and backtests "Smart Filters" to establish which caps, styles and attributes are drawing a premium in today's market. Currently, the three most predictive filters for the relevant segment are:

Primary Value Filter: The Primary Value Filter measures key growth and valuation ratios, both long-term and short-term. It is currently one of our best-performing filters, showing a significant premium to its mid-cap benchmark for the past three months. ERJ scores 73.6 for this filter.

Price Trend Filter: The Price Trend Filter uses a sophisticated statistical analysis to evaluate a stock's current price with respect to its long-term trend and to compare the result to the stock's core growth characteristics. A high score means the stock is below its long-term trend, especially in light of its earnings performance. A low score means the stock is above its long-term trend and may likely fall back to or below the mean. As of last month, this filter showed a substantial premium to its mid-cap benchmark. ERJ scores 91.4 for this filter.

Turnaround Filter: The Turnaround Filter gives high scores to stocks that exhibit low relative valuations and relatively stagnant EPS growth over the last three years, but have favorable EPS projections that have not yet been rewarded by the market. The filter dramatically outperformed its mid-cap benchmark during the last three months. ERJ scores 89.0 for this filter.

In summary, Sabrient rates ERJ a Hold because the stock failed to pass Sabrient's rigorously backtested filtering process. This analysis should be considered in light of the recent behavior of the market, discussed below.

What the Market Wants: June 2009

[Note: 'What the Market Wants' is based on the market behavior and Sabrient's filter backtesting results for the previous month.]

LONG LIVE THE BULL!

By David Brown, Chief Market Strategist

(June 2, 2009 3:10 pm PST)

May was indeed another solid and positive month as the S&P 500, as well as the Nasdaq and Russell 2000 indices, all crossed over their 200-day moving averages to the positive side. So by most investors' definition, we have entered a bullish market, albeit still a baby bull.

While May did not equal the robust gain of April, it was still a solid month by any standard, with most major indices up nearly 5% or more. The best of the indices was the Russell 1000 Value, up 5.9%, but the S&P 500 and the Russell MidCap Value were not far behind, with returns of 5.3% and 5.5% respectively. The worst performer was the Russell MicroCap Value, which still gained 1.3% for the month.

The last quarter was among the strongest in a number of years, with nearly every index up close to 30%. While the Russell MicroCap Growth was the best (+33.3%), all other indices were up at least 25%, except for the Dow, which was up a paltry 20%.

Most of the six-month numbers are now in the black, led again by MicroCap Growth, with a gain of 19.7%. The Nasdaq itself was up over 15% for the six months, and the entire MidCap Index was up nearly 13%. Naysayers will point out that we're still down more than 30% for the trailing 12 months, no matter where you look, and that is true. Technically, we are still in a recession, and it is not clear that we will move out of it before the end of this year. But the signs are increasingly positive.

Most of the leading economic indicators have surprised to the positive side over the past month, with only labor statistics and housing data negative. Of course, it is not a good thing to have more people losing jobs than finding jobs each week, and this will continue to weigh on the market until we finally have growth. And while the banks seem to have passed the stress test in reasonably good shape, there is still an overhanging concern about commercial real estate loans and credit card debt.

Nonetheless, the market bias is clearly positive, with considerable monies on the sidelines pouring back into the market and the historically high short positions continuing to unwind, all of which fuel stock price growth.

We find it interesting that across all caps the three leading Sabrient filters (i.e., what the market is now rewarding) are the same three, though in different order: Momentum, Primary Value, and Turnarounds. What this means is that your best chance of having winners in this market are stocks with momentum or stocks with good earnings that also have strong valuation (i.e., GARP or growth at a reasonable price). Also being rewarded are companies that have had several poor years and deep stock price declines and are now beginning to turn their businesses around.

Over the past two months of strong market behavior, value has outperformed growth compared to the strong growth-over-value performance of the previous four or five months. This should tell us that while valuations remain below average, certain sectors may be fully valued, if not overvalued. Particular care should be taken in the Financial, Technology, and Materials sectors.

Despite the more than 40% climb from the March 6th lows, the market remains approximately 40% below the late 2007 highs, and average stock valuations remain somewhat below the averages of the past 10 years. Considering the potential dangers of a recessionary economy and continuing concern about the banking infrastructure, the astute investor should continue to seek out strong valuations, as opposed to chasing momentum trends. GARP stocks would probably be the best choice, as momentum stocks carry the highest risk and authentic turnarounds can be hard to predict during economic times such as these.

Next update: Second week in July

Company Description

Embraer

Empresa Brasileira de Aeronautica S.A., together with its subsidiaries, engages in the development, production, and sale of jet and turboprop aircraft for civil and defense aviation, and aircraft for agricultural use worldwide. It operates in four segments: Commercial Aviation, Defense and Government, Executive Aviation, and Aviation Services. The Commercial Aviation segment develops, produces, and sells commercial jets, as well as supplies support services. The Defense and Government segment designs, develops, manufactures, and supports a range of integrated solutions for the defense and government market. Its products include training/light attack aircraft, C4ISR (command and control, intelligence, surveillance, and reconnaissance) systems, aerial surveillance platforms, and transport airplanes. The Executive Aviation segment develops, produces, and sells executive jets, as well as provides support services. This segment markets executive jets to companies, including fractional ownership companies, charter companies and air-taxi companies, and high-net-worth individuals. The Aviation Services segment provides after-sales customer support services; and manufactures and markets spare parts for the fleets of its commercial, executive, and defense and government customers. The company also sells or leases used aircraft; provides structural parts, and mechanical and hydraulic systems; and manufactures general aviation propeller aircraft, such as executive planes and crop dusters. It has a strategic alliance with European Aerospace and Defense Group. The company was formerly known as Rio Han Empreendimentos e Participacoes S.A. Embraer was founded in 1969 and is headquartered in Sao Jose dos Campos, Brazil.

About Sabrient

Sabrient Systems is an independent research firm providing statistical analysis of a company's fundamental data to investment professionals. We use a computer-driven, quantitative methodology to identify stocks that appear poised to outperform or underperform the market.

The Sabrient methodology was developed by an experienced research team led by David Brown, a former NASA scientist and retired CEO of Telescan and designer of its premier stock search program, ProSearch. The research team employs a scientific approach to the creation and testing of multi-factor filters. Each filter targets a key area of traditional stock analysis, including value, growth, momentum, fundamentals, earnings, balance sheet, and group strength. Using an adaptive process, filters are continually tested and monitored to ensure that only the best performing filters are at work.

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Sabrient's ratings begin with an extraction process in which each of the few best-performing filters scans the universe of equities to identify stocks having certain compelling attributes sought, but not sufficiently rewarded, by the current market. Then, a composite scoring system employs a broader set of "weighting" filters to rank the extracted stocks. To support individual investors, Sabrient uses the same sophisticated methodology to provide individual stock reports on a universe of approximately 5,600 stocks.

Sabrient regularly tests the performance of its stock selections, using its primary list of published rankings and statistical techniques it believes appropriate. These recommendations have consistently outperformed relevant benchmarks across a broad range of investing styles, market caps, time frames and market conditions, demonstrating the robustness of Sabrient's proprietary methodology. While past performance is no guarantee of future results, Sabrient believes it can maintain its strong performance through its rigorous, scientific approach to filter construction and ongoing backtesting within a dynamic and adaptive composite scoring system.

For more information on Sabrient and its performance, go to www.sabrient.com

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