



## EMBRAER ANNOUNCES ITS LONG-TERM MARKET OUTLOOK

*Forecast includes the airline and business jet markets*

**São José dos Campos, November 17, 2006** - During the 7<sup>th</sup> Embraer Day held November 16 and 17 in São José dos Campos, Brazil, Embraer (NYSE: ERJ; BOVESPA: EMBR3) presented its 20-year forecast for world demand of 30 to 120-seat commercial jets, as well as for the business jet market. At the same event, Embraer announced its airline and business jet delivery forecast for 2007 and 2008.

### Long-Term Market Outlook

#### **Commercial Aviation Market**

Embraer foresees a global demand for 7,500 jets in the 30 to 120-seat capacity segment over the next 20 years. The Company estimates that 3,050 aircraft will be delivered between 2007 and 2016, with the remaining 4,450 units to be delivered between 2017 and 2026. The total market value is estimated at US\$ 220 billion, as presented below:

Market Segment (Seats)	2007-2016	2017-2026	2007-2026
30 - 60	300	1,100	1,400
61 - 90	1,100	1,500	2,600
91 - 120	1,650	1,850	3,500
<b>30 - 120</b>	<b>3,050</b>	<b>4,450</b>	<b>7,500</b>

The forecast indicates that the 30 to 60-seat market segment has reached maturity, but will continue to play an important role in the North American and European air transportation systems and will develop markets such as China, Mexico and Russia that have strong needs for regional aviation.

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The 61-90 seat segment will continue providing natural growth to regional airlines on high demand 50-seat regional jet routes, sustaining revenue growth and market share. In addition, it will help airlines to replace ageing aircraft and will right-size aircraft capacity to market demand with improved service levels.

The 91-120 seat segment will expand to help airlines to match aircraft capacity to market demand, through ageing aircraft replacement, right-sizing of narrowbody routes with excess capacity and low-cost-carrier expansion into mid-size markets.

*Commercial jets deliveries forecast for the 30 to 120-seat segment by region (2007-2016)*

<b>Region</b>	<b>Total Deliveries</b>	<b>Share</b>
USA, Canada & Caribbean	3,850	51%
Europe	1,290	17%
China	630	9%
Russia & CIS	505	7%
Latin America	480	6%
Asia Pacific	385	5%
Middle East	230	3%
Africa	130	2%
<b>Total (2007-2026)</b>	<b>7,500</b>	<b>100%</b>

The full report for the 2007-2026 Embraer Market Outlook will be available online by January 2007 at [www.embraer.com/outlook](http://www.embraer.com/outlook).

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## Business Jet Market

Embraer estimates an overall demand for 11,115 business jets over the next ten years, valued at approximately US\$ 169 billion. The new air taxi market may add another 2,500 to 3,000 aircraft to the Very Light Jet (VLJ) segment.

Embraer entered the Very Light and Light Jet segments with the launch of the Phenom jets, in May 2005, and introduced the Lineage 1000, an ultra-large executive jet based on the EMBRAER 190 commercial jet platform, in May 2006.

### *Business jets deliveries forecast byproduct segment (2007-2016)*

Segment	Total Deliveries	Share
Very Light	2,715	24%
Light	2,390	21%
Mid-light	1,080	10%
Mid-size	1,305	12%
Super Mid-size	1,250	11%
Large	1,310	12%
Ultra-Long Range	850	8%
Ultra-Large	215	2%
<b>Total (2007-2016)</b>	<b>11,115</b>	<b>100%</b>

Embraer is enhancing its Executive Jets customer support and services offering. The Company is adding four wholly-owned service centers and revamping the authorized service center network. By 2008, 45 service centers will support Embraer's Executive Jets fleet. A joint-venture is being established with the Canadian company CAE to develop training for the Phenom jets. Embraer is also investing heavily in parts inventory and logistics, as well as in the enhancement of its special maintenance programs.

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Embraer's commitment to business aviation has produced significant results in 2006. As of today, the Executive Jets division has added US\$ 1.8 billion of new contracts. Firm orders for the recently-launched Phenom 100 and Phenom 300 Very Light and Light Jets stand at over 340.

Currently, there are 87 Legacy 600 executive jets operating in 18 countries. Embraer expects to deliver 25 to 30 Legacy 600 jets per year in 2007 and 2008, up from 20 units in 2005 and 13 in 2004.

In mid-2008, deliveries of the Phenom 100 will commence, totaling 15-20 units in the second semester. In 2009, when deliveries of the Phenom 300 begin in the second semester, the production rate of the Phenom 100 and Phenom 300 is projected to reach 120-150 units combined.

Delivery of up to two Lineage 1000 jets is expected for the second semester of 2008, in its first production year. In 2009, three to four Lineage 1000 jets are planned to be delivered.

### **Delivery Forecast for 2007 and 2008**

Embraer expects to deliver, in 2007, between 160 and 165 aircraft in the commercial aviation, executive aviation and defense and government (state-owned airliners and government authority transportation) segments. For 2008, the Company estimates delivery of 195 to 205 aircraft, including 15 to 20 Phenom 100 Very Light jets with deliveries expected to begin in the second half of the year.

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### **Note to Editors**

Embraer (Empresa Brasileira de Aeronáutica S.A. - NYSE: ERJ; Bovespa: EMBR3) is the world's leading manufacturer of Commercial jets up to 110 seats with 37 years of experience in designing, developing, manufacturing, selling and providing after sales support to aircraft for the commercial aviation, executive aviation, and defense and government segments. With headquarters in São José dos Campos, State of São Paulo, the Company has offices and customer service bases in the United States, France, Portugal, China and Singapore. Embraer is among Brazil's leading exporting companies. As of September 30, 2006, Embraer had a total workforce of 18,336 people, and its firm order backlog totaled US\$ 13.3 billion.

This document may contain projections, statements and estimates regarding circumstances or events yet to take place. Those projections and estimates are based largely on current expectations, forecasts on future events and financial tendencies that affect the Company's businesses. Those estimates are subject to risks, uncertainties and suppositions that include, among others: general economic, political and trade conditions in Brazil and in those markets where the Company does business; expectations on industry trends; the Company's investment plans; its capacity to develop and deliver products on the dates previously agreed upon, and existing and future governmental regulations. The words "believe", "may", "is able", "will be able", "intend", "continue", "anticipate", "expect" and other similar terms are supposed to identify potentialities. The Company does not feel compelled to publish updates nor to revise any estimates due to new information, future events or any other facts. In view of the inherent risks and uncertainties, such estimates, events and circumstances may not take place. The actual results can therefore differ substantially from those previously published as Company expectations.

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