

EMBRAER - EMPRESA BRASILEIRA DE AERONÁUTICA S.A.**CONSOLIDATED BALANCE SHEETS****Expressed in thousands Reais – Corporate Law**

	September 30, 2001	June 30, 2001
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	2,360,940	3,006,038
Trade accounts receivable	1,762,599	779,093
Inventories	2,519,837	1,949,719
Other	413,504	317,124
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Total current assets	7,056,880	6,051,974
NONCURRENT ASSETS:	483,381	459,208
PERMANENT ASSETS:		
Investments	20,843	17,504
Property, plant and equipment	998,924	794,589
Deferred charges	498	1,243
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Total permanent assets	1,020,265	813,336
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Total assets	8,560,526	7,324,518
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EMBRAER - EMPRESA BRASILEIRA DE AERONÁUTICA S.A.**CONSOLIDATED BALANCE SHEETS****Expressed in thousands Reais – US GAAP****LIABILITIES AND SHAREHOLDERS' EQUITY**

	<u>September 30,</u> 2001	<u>June 30,</u> 2001
CURRENT LIABILITIES		
Loans	1,644,909	1,046,863
Suppliers	1,215,250	1,101,274
Customers' advances	984,191	671,574
Other	1,072,994	1,007,699
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Total current liabilities	4,917,344	3,827,410
LONG-TERM LIABILITIES :		
Loans	371,738	302,613
Customers' advances	208,860	381,001
Other	658,076	596,654
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Total long-term liabilities	1,238,674	1,280,268
DEFERRED INCOME	545	490
MINORITY INTEREST	24,593	24,791
SHAREHOLDERS' EQUITY	2,379,370	2,191,559
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Total liabilities and shareholders' equity	8,560,526	7,324,518
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EMBRAER - EMPRESA BRASILEIRA DE AERONÁUTICA S.A.
INCOME STATEMENT - CONSOLIDATED
Expressed in thousands Reais – US GAAP

	Third Quarter		Nine Months	
	2001	2000	2001	2000
NET SALES	1,990,136	1,550,356	5,631,810	4,136,095
COST OF SALES	(1,207,765)	(987,368)	(3,490,818)	(2,722,006)
GROSS PROFIT	782,371	562,988	2,140,992	1,414,089
OPERATING EXPENSES: :				
Selling & Administrative	(213,700)	(129,880)	(571,981)	(367,156)
Other, net	4,741	(18,522)	(18,581)	(59,236)
Research & Development	(101,934)	(32,944)	(218,329)	(58,040)
Employee Profit Sharing	(2,875)	(3,544)	(63,326)	(44,905)
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)	468,603	378,098	1,268,775	884,752
FINANCIAL INCOME (EXPENSES), NET	250	(44,534)	19,252	(103,883)
INCOME FROM OPERATIONS AFTER FINANCIAL INCOME (EXPENSES)	468,853	333,564	1,288,027	780,869
MONETARY AND EXCHANGE VARIATIONS, NET	(207,708)	22,268	(415,458)	(6,436)
NONOPERATING INCOME (EXPENSE), NET	(20,342)	(12,590)	(15,332)	27,890
INCOME BEFORE TAXES ON INCOME	240,803	343,242	857,237	802,323
PROVISION FOR INCOME TAX	(63,545)	(142,573)	(332,282)	(284,299)
MINORITY INTEREST	448	(1,785)	(2,069)	(8,926)
NET INCOME	177,706	198,884	522,886	509,098

EMBRAER – EMPRESA BRASILEIRA DE AERONÁUTICA S.A.CASH FLOW - CONSOLIDATEDExpressed in thousands Reais - USGAAP

	Nine Months ended September 30, 2001	Nine Months ended June 30, 2001
Operating activities:		
Net income	522,886	345,180
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	81,199	47,620
Provision for doubtful accounts	23,359	12,067
Loss (Gain) on permanent asset disposals	521	(324)
Write-off of deferred charges	58	275
Reversal of deferred income	(33)	(8)
Provision for losses	27,249	20,353
Deferred income and social contribution taxes	191,338	119,237
Interest on loans, tax installments and debentures	57,901	35,976
Provision for (Reversal of) contingencies	726	733
Monetary and exchange variations, net	291,714	79,692
Equity in unconsolidated subsidiary	(476)	(381)
Minority interest	2,069	2,517
Exchange variations in consolidated subsidiary	(65,806)	(27,612)
Investments write off	6	-
Cumulative translation adjustments	336,189	186,897
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	1,468,900	822,222
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Changes in current assets and liabilities:		
Accounts receivable	(1,447,848)	(453,052)
Inventories	(1,216,797)	(646,679)
Prepaid expenses	(17,760)	(1,070)
Recoverable taxes	(26,557)	(29,414)
Other receivables	(62,817)	(12,489)
Suppliers	654,101	540,125
Accrued taxes on income	787	26,455
Accrued liabilities	104,521	84,309
Customer advances	366,798	54,183
Taxes and social charges payable	79,432	44,534
Other	44,428	13,710
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	(1,521,712)	(379,388)



	Nine Months ended September 30, 2001	Nine Months ended June 30, 2001
Changes in noncurrent assets and liabilities:		
Accounts receivable	(104,149)	(16,432)
Recoverable taxes	(2,591)	3,916
Other receivables	62,393	16,782
Accounts payable	84,754	40,251
Customer advances	37,896	210,037
Deferred income	(34)	(18)
Accrued liabilities	(2,769)	(1,930)
Taxes payable	(3,532)	(2,370)
Minority interest	866	616
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	72,834	250,852
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Net cash provided by operating activities	20,022	693,686
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Investing activities::		
Sale of property, plant and equipment	698	900
Compulsory loans	(4,562)	(2,455)
Additions to property, plant and equipment	(496,938)	(259,739)
Additions to deferred charges	-	(224)
Additions to investments	(6,825)	(3,486)
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Net cash used in investing activities	(507,627)	(265,004)
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Financing activities:		
Loans repaid	(2,115,264)	(1,447,153)
New loans obtained	2,838,267	1,728,606
Payment of refinanced taxes	(3,543)	(2,380)
Guarantee deposits	(36,827)	(21,936)
Dividends paid	(253,019)	(125,065)
Interest on capital	(121,073)	(76,835)
Payment of debentures	(3,267)	(3,267)
Grants from risk sharing suppliers	36,133	18,248
Increase in capital	3,187	3,187
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Net cash provided by (used in) financing activities	344,594	73,405
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Net increase in cash and cash equivalents	(143,011)	502,087
Cash and cash equivalents, beginning of the period	2,503,951	2,503,951
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Cash and cash equivalents, end of the period	2,360,940	3,006,038
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