

ATR Review

ATR Newsletter
June 2009
N°19

P2 NEWS UPDATE
Leasing

P3 FOCUS
SAFIRE

P4 HIGHLIGHTS
UTair Aviation

EDITORIAL

Facing the present, preparing the future

With the global economy in recession, many sectors of activity are in turmoil and the aviation industry is no exception. Despite the economic slowdown, we can look to the future with confidence. We can be confident because we are in good shape to weather this economic crisis:

- We received orders for 42 aircraft in 2008, to which a number of currently advanced negotiations should be added to a backlog of 169 aircraft, as of 1 January 2009.
- We have already streamlined production rates without negatively impacting human resources assets.
- To support our customers even more effectively, we are continuing to extend our global presence. And we are pursuing our efforts to strengthen our support activities through a strategy designed to assure high-quality services and maintenance for ATR operators everywhere.
- ATR's proven GMA Global Maintenance Agreement concept has already helped our customers to reduce maintenance costs and keep control over their budgets in recent years.

We can be confident, too, because we are resolutely forward-looking. More than ever, the fundamentals driving demand for turboprops remain intact with ever-increasing opportunities in the worldwide regional market.

As a result of our continuous improvement efforts, the new -600 series—with the most advanced avionics suite in the regional aircraft market, its new passenger cabin and PW127M engines—is gradually taking shape. We can confirm the ATR 72-600's first flight for this summer.

As the newest member of the ATR family, this aircraft will offer all the key advantages that have contributed—and will continue to contribute—to our success, notably with regard to ever-more-demanding environmental and economic requirements.

Profitability, sustainability and an environmentally friendly approach, allied to passenger comfort, are the pillars on which we have built our prosperity. These qualities will continue to drive our future product development and—more than ever—enable us to pursue our success story in this business.

Stéphane Mayer
Chief Executive Officer

NEWS UPDATE

FUEL SAVING Green and profitable: ATR for sustainable growth of regional air transport

All the experts agree that the price of oil is likely to fluctuate between 60 and 90 dollars over a 36-month horizon. In a volatile market, operators are looking to hedge risks and reduce costs, with fuel today accounting for 25% on average of their operating costs. Where can they make savings? They need look no further than ATR: compared to 70-seat regional jets or to turboprops of similar size, ATR 72-500s make a significant fuel saving in one year.



Aircraft ground handling

For a 300 nautical-mile sector, compared to an ATR 72-500, a so-called "fast turboprop" of equivalent size consumes 39% more fuel and a 70-seat regional jet up to 55% more.

In the 1990s, thanks to low fuel prices, airlines had a strong incentive to operate regional jets. But as fuel prices rose in mid-2000, regional jet operating costs became too high and started eating into profits, thus sparking renewed interest in turboprops. After peaking in summer 2008, followed by a strong reverse trend, fuel prices still represent a significant portion of operating costs. The recent volatility of oil prices has forced many operators to find new ways of managing their fleets more efficiently, and some of them have switched from jets to turboprops. "Today, oil is fluctuating at around \$60 a

barrel, but all experts agree that it's going to get increasingly expensive in the years ahead," says Othman Chaoui, ATR Technical Sales Manager. "Since 2004, when oil prices started to rise, we have seen renewed interest in turboprops. Operators are looking closely at our aircrafts' performance features." With projections concluding that the price of oil can fluctuate in the medium term between \$60 and \$90 a barrel, this interest in more fuel-efficient aircraft is likely to be sustained. Regional transport is under strong pressure to sustain profitability, so the volatility of fuel prices has to be mitigated.

"If we compare the fuel bill for a fleet of 10 ATR 72-500s with a similar fleet of a direct competitor turboprop of equivalent size, an operator can save \$9 million on fuel in one year*," argues Othman Chaoui. The comparison with jet aircraft is even more striking. In a face-off with 10 70-seat regional jets, 10 ATR 72-500s save in one year \$14.4 million* in fuel costs. Moreover, the European Commission has adopted a draft Emissions Trading Scheme (ETS) directive that will apply to airlines by 2012—a decision that will affect their bottom lines and be considered as a new cost directly correlated to fuel consumption. That makes ATR turboprops especially attractive. In addition, to advise operators on fuel saving, ATR has produced detailed recommendations and procedures to save fuel, covering flight planning, flight management and maintenance. In response to the rhetorical question "Why ATR in the world?," ATR has all the answers.

* Calculated on the basis of 2,500 flight hours per aircraft per year, with fuel priced at \$2.5 a gallon.

ATR at the Paris Air Show

ATR will be at the 48th International Paris Air Show from 15-21 June. On 15 June, it will be holding a press conference, receiving politicians from our domestic countries and organizing a ceremony for the delivery of an ATR 72-500 to Vietnam Airlines (see p.4). On 18 June, ATR will also be playing host to French regional airline Airlinair, Europe's leading turboprop operator, to mark its 10th anniversary (see Telex article p 4). On the same day, Dominique Bussereau, Junior Minister with responsibility for Transport, will be visiting ATR's static display.

ATR chalet: Row B, N° 177



NEWS UPDATE

OPERATING LEASE SOLUTIONS

Assisting customers

Securing financing to purchase aircraft is a crucial issue for operators. From the outset, ATR has assisted its customers in this respect. One of the solutions it offers is aircraft operating lease. In 2009, ATR has decided to strengthen its position in this segment to meet demand from the ATR operators. We take a closer look at the ins and outs of the operating lease market.

“The operating lease solution is a smart move for start-ups, established airlines operating in a country where business conditions are tough or a mature airline looking to diversify its sources of financing,” stresses Karine Guenan, ATR Sales Finance Director. “We have been weaving our web of lessors* for several years now. We want to develop this network for operators who are showing an interest in ATR’s turboprops, to offer them a broader range of financing options and support operators in reaching arrangements with lessors.” A.I.R./TAT Leasing (see box) is one such lessor. “We are familiar with ATR’s aircraft because we, as an airline, used to operate them before maintaining them as we do today. They are reliable, economical and comfortable, and their emissions are low,” explains Rodolphe Marchais, CEO at TAT Group. “They have proven a very good investment, since their value is holding up well.”

“Decisions are not based solely on a profitability calculation”

better return on investment,” says Marchais. Nordic Aviation Capital (NAC) in Denmark also regularly purchases ATRs. “ATR’s represent the majority of aircraft in our portfolio and we expect it to remain that way for the foreseeable future. ATR aircraft have good operating economics, are well supported and there is a substantial user base. Our portfolio strategy is to keep growing our turboprop fleet,” explains Jan Melgaard, CEO at NAC. So, on what criteria do lessors base their decision to go through with a transaction? “Our strategy focuses on the customer rather than the geographic area. However, we still do a risk assessment in the country and look at the operator’s history and financial solidity,” says Rodolphe Marchais. “Our decisions are not based solely on a profitability calculation,” affirms Jan Melgaard. “For us, it is very important to understand the operator and its competitive environment. Also, we actively seek to build long-lasting relationships, and to that end we are open to getting involved with smaller operators where we see potential for additional future transactions. When it comes to volumes, we are open to doing one-off transactions for say one used ATR 42 and at the same time we have the financial muscle to do transactions involving numerous aircraft.” Today, the economic crisis has changed the playing field: “We are now seeing a certain degree of caution,” admits

In 20 years, A.I.R./TAT Leasing has purchased 40 ATRs and completed 100 transactions with 35 customers. “Since 2000, we have sought to revamp our portfolio with ATR 72-500s, and for the last five years we have invested exclusively in brand new ATRs because they offer a



Rodolphe Marchais. Jan Melgaard explains: “We have managed to continue growing in the difficult financing market by exploiting alternative sources such as investment funds, foreign banks and export credit agencies.” In other

words, the important thing is to offer operators the sort of service they expect ...
*A.I.R./TAT Leasing, NAC (Nordic Aviation Capital), Air Contractors, Aero Capital (incorporating Safair), Gecas, Phoenix, GA-Finance, Veling, VALC, GOAL, Orix...



Profile



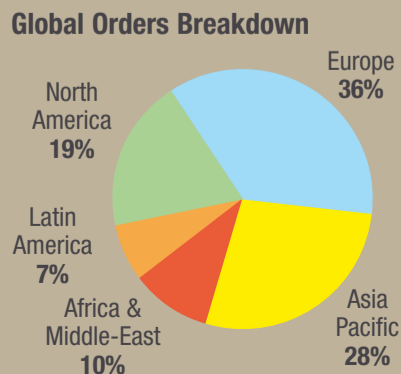
The **TAT Group** was formed in 1968 with the creation of Touraine Air Transport, one of the first private regional airlines in Europe. The group subsequently branched out into express freight services, aircraft maintenance and leasing. In 1996, it sold its airline business to British Airways. TAT today has 3,000 employees and is Europe’s leading provider of maintenance services.

Nordic Aviation Capital is approaching 20 years of age and is today the world’s largest turboprop lessor. NAC started working with ATR in the early 2000s and has since performed some 175 transactions involving ATR customers. The most recent development is that NAC is working very actively towards acquiring its first factory-new ATR aircraft.

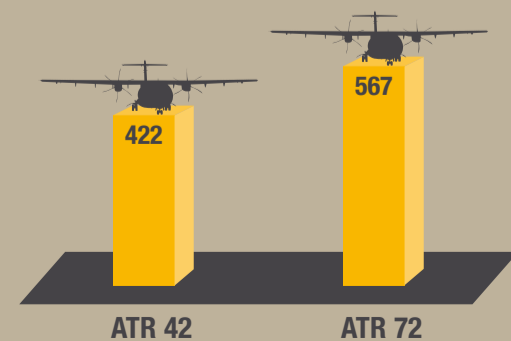
FACTS & FIGURES

ATR PROGRAMME
989
aircraft ordered

ATR WORLDWIDE SUCCESS



FIRM ORDERS



FOCUS

SCIENCE MISSION

An environment-driven aircraft

Some 20 ATR aircraft are currently dedicated to surveillance or science missions. The ATR is much sought after in this area and the ATR 42-320 the SAFIRE¹ unit has been operating since 2003 is a good example. This aircraft is contributing to the Soil Moisture and Ocean Salinity (SMOS) programme.

"Last May, our ATR 42² conducted 15 flights over an area stretching from Toulouse to the forests of the Landes region in Southwest France, and over the Atlantic in the Bay of Biscay. These flights were intended to validate the airborne CAROLS radiometer and develop data processing algorithms for the future SMOS satellite mission," explains Marc Pontaud, SAFIRE's Director. The ATR 42 is a key contributor to this science programme. "Our aircraft are very flexible, which means they're suitable for a range of coastal maritime and anti-submarine surveillance and science missions," says Mario Formica, Vice-President Marketing, ATR.

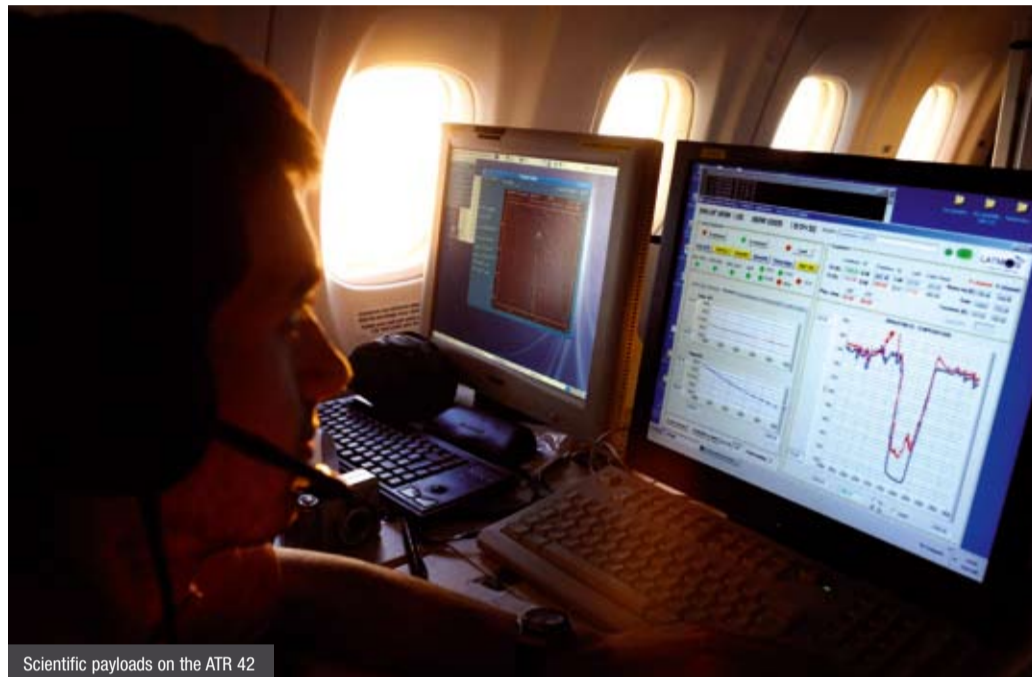
In 2010, the SMOS satellite will be orbited with a radiometer designed to estimate soil moisture and ocean salinity. The SMOS Earth-observation mission is led by the European Space Agency (ESA), the French space agency CNES and CDTI (Centro para el Desarrollo Tecnológico Industrial), the Spanish government agency with responsibility for space. Measuring ocean salinity and its variations will enable scientists to identify and track ocean currents that are a major factor driving climate change. "Once SMOS is in orbit and its radiometer has started collecting measurements, our ATR 42 will fly under its ground track and acquire separate readings with another radiometer called CAROLS for comparison with the satellite's," says Marc Pontaud.

ometer called CAROLS for comparison with the satellite's," says Marc Pontaud.

A green turboprop configured for Earth observation

Before embarking on these airborne validation campaigns, SAFIRE had to prepare the ATR 42 for its future research missions. "From 2006, we worked closely with CNES and the LATMOS/IPSL³ research laboratory in charge of building the CAROLS radiometer. The objective was to adapt CAROLS and its unique features to the ATR 42 platform," explains Marc Pontaud. "The advantage of this aircraft is that it has enough space at the front and rear to accommodate the horns of the radiometer's antennas. Its proven operational qualities include the ability to fly in icing conditions at low altitude, according to complicated flight plans demanding tight control of trajectories." As the only aircraft in the world today configured for Earth-observation missions with CAROLS, SAFIRE's ATR 42-320 has attracted keen interest from the international scientific community.

More at <http://www.safire.fr/> and <http://www.insu.cnrs.fr/>



Scientific payloads on the ATR 42

¹ SAFIRE (Service des Avions Français Instrumentés pour la Recherche en Environnement), a joint research unit of CNRS/INSU, Météo-France and CNES. SAFIRE is a member of the European Fleet for Airborne Research (EUFAR).

² SAFIRE's ATR 42 has been flying research experiments since early 2006. It is an ATR 42-320 instrumented for scientific use. It is registered as F-HMTO.

³ LATMOS: atmospheres, environments and space observations laboratory, and the Institut Pierre Simon Laplace.

SMOS

- Mini-satellite from CNES's Proteus series
- Instrument: SMOS
- Mission: to study soil moisture and ocean salinity
- Circular, Sun-synchronous orbit at 755 km altitude
- Launch mass: 683 kg
- Lifetime: minimum 3 years

EBACE 2009

ATR gets down to business

ATR was at the European Business Aviation Convention and Exhibition (EBACE 2009*) in Geneva from 12-14 May. This event is the ninth European exhibition of its size focusing exclusively on business aviation. "ATR is looking to strengthen its position in the business aviation market," says Milco Rappuoli, ATR Sales Director, Middle East and Gulf. "In 2007, we delivered an ATR72-500 in VIP configuration to the government of French Polynesia and another in 2008 to Silk Way Airlines, one of the first fixed-wing private air companies in Azerbaijan. And later on this year, we will be delivering the first of 4 new VIP aircraft to the Royal Thai Air Force." It's no secret that ATRs are economical, burning 39% less fuel than a turbojet over 300 nautical miles for almost the same flight time. A green turboprop like the ATR therefore offers top executives and government leaders an easy way to travel without compromising their sustainable development values. "Moreover, the comfort level inside the ATR cabin is comparable to what you get in a jet".

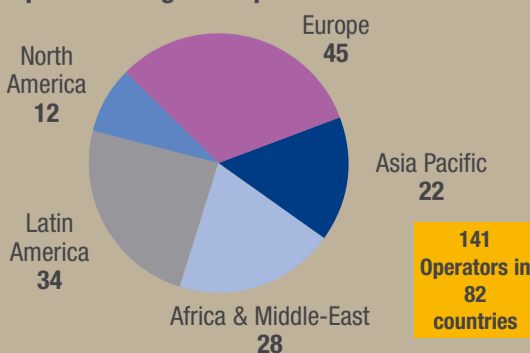
* EBACE is an event where the European business aviation community can find products and services from the world's top vendors. Also at EBACE, European regulators and government officials who make decisions that directly affect business aviation operations in Europe and around the world meet face to face with companies using aviation to facilitate their business.



ATR 72-500 VIP cabin

ATR WORLDWIDE COVERAGE

Operators Regional split



FLEET STATISTICS

670 million passengers flew with ATR

	ATR 42	ATR 72	TOTAL
CUMULATIVE CYCLES (in Millions)	10.8	8.2	19.0
CUMULATIVE FLIGHT HOURS (in Millions)	9.6	7.1	16.7

PERFORMANCE

Last 12 months average

DISPATCH RELIABILITY / ATR -500 SERIES	99.6%
SCHEDULE COMPLETION RATE / ATR -500 SERIES	99.95%

WHERE TO FIND US

Date	Event	Location
15-21 June	Paris Air Show	Le Bourget, France
18-23 August	MAKS	Moscow, Russia
8-10 September	Asian Aerospace	Hong Kong, China
5-8 October	LAVEX	Tripoli, Libya
7-9 October	ERA	Interlaken, Switzerland
20-25 October	Korea Aerospace & Defence	Seoul, Korea
15-16 November	Dubai Air Show	Dubai, UAE

HIGHLIGHTS

INTERVIEW

“Our experience of operating ATR-42 aircraft in winter, when temperatures drop to below -40°C, shows that they meet our reliability objectives.”

UTair Aviation has been operating European-manufactured ATR aircraft since spring 2006. At the moment, its fleet totals 14 ATR-42-300s and 3 ATR-72-201s. In 2008 alone, this fleet carried some 300,000 passengers and clocked up about 24,000 flight hours. The airline is considering buying new aircraft of this type starting in 2010.



Andrey Martirosov, CEO UTair Aviation

How is the turboprop market evolving in Russia? And what is your position in this market?

Russia has great potential for developing regional aviation. Turboprop aircraft are one of the keys to building this network, and such forecasts are supported by our experience.

What are your expectations regarding ATR's maintenance and manufacturing, product offering and customer services?

Since we started operating our ATR-42/72 aircraft, ATR has sustained a high quality of service. Our global maintenance agreement (GMA) reflects the desire to improve services provided to our airline regarding delivery of spares. The GMA ensures serviceability of operated aircraft and significantly reduces the risk of receiving non-original parts and components.

Our experience of operating ATR-42 aircraft in

winter, when temperatures drop to below 40°C, shows that they meet our reliability objectives. Given our route network, we would appreciate it if ATR could expand the winter package for ATR-42/72 aircraft and focus on the issues raised by operating aircraft in cold weather at low or even severely low outside air temperatures. We would like to see all new aircraft and ATR-72s already in service certified for low-temperature operation (down to -54°C): wheel brake elements in the main landing gear and propeller hub demand special attention to prevent leakage of fluid and oil in cold weather; engine cowling access doors with connections for ground heaters, water supply and waste disposal systems will shorten preparation times and changes to the air conditioning system and automatic pressure control system will improve passenger comfort and aircraft reliability in cold weather.



An ATR 42-500 in flight

In your opinion, what are the major differences between an ATR turboprop and a turbojet aircraft? Why did you choose ATRs for your fleet?

Turboprop ATR aircraft have an advantage of up to 1,000 kilometres on short-haul routes due to their lower fuel consumption. This type of aircraft is best suited for developing our regional network.

What is your airline doing on sustainable development? Do ATR's green credentials meet your specifications/demand?

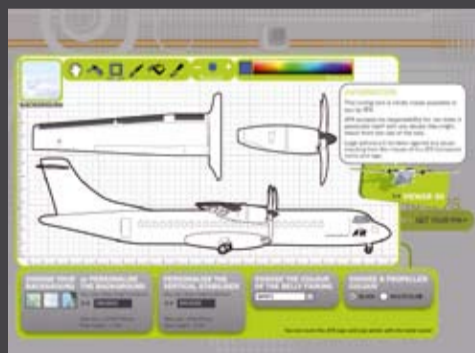
Being one of the major operators in Russia, UTair is certainly in favour of such programmes. We support efforts to make the aviation industry greener. We are constantly modernizing our fleet and all imported aircraft meet current emissions standards.

MEDIA CORNER

Brushes to the ready!

As announced in issue 17, the new aircraft customization module in the Tune to i-Tips section of the whyatr.com website is getting a facelift. Indeed, it might already be on line by the time this issue of ATRReview reaches you ...

The new features of the optimized module, new colour palette and 3D modelling provide a great new toolbox to inspire your own personal vision of our aircraft. Sketch your “ideal” ATR and customize it any way you want with this fun, interactive tool. We really value your ideas



and opinions, which help us to keep improving our aircraft to better meet your expectations.

And to extend this effort, ATR is working on organizing a competition to reward the most original creations... So get yourself onto www.whyatr.com and give free rein to your artistic talents!

Vietnam Airlines ATR 72-500 on display at Paris Air Show

ATR and Vietnam Airlines will be meeting up again at the Paris Air Show at Le Bourget, seven months after signing a contract for the purchase of six additional ATR 72-500s. Vietnam Airlines had previously ordered three ATR 72-500s in 2001 then five more in 2007. The Vietnamese flag carrier will have a total fleet of 14 ATR 72-500s in 2011 as it progressively standardizes its fleet, which currently also includes seven ATR 72-200s. The airline decided to make this major investment in response to strong and continued growth in Vietnam's domestic market, as well as in neighbouring countries of Indochina.

TELEX

MILESTONE FOR AIRLINAIR

Airlinair reached a new milestone with its 10th anniversary on 12 May. This issue of ATRReview gives us the opportunity to celebrate the relationship that Airlinair has cultivated and sustained with ATR over the years. ATR has contributed to this success and was proud to be involved in preparing for this 10th anniversary cocktail function.

CHARITABLE ACTIVITIES ON THE RISE

As part of its partnership with Aviation Sans Frontières (Aviation Without Borders), ATR organized a competition for children at the end of last year. The three winning drawings chosen by the panel of judges were printed on 30,000 postcards. These are sold to help ASF fund its activities, which include shipping medical supplies, escorting sick children and “Flying with a smile” discovery days for handicapped people.

DEMO FLIGHT FOR ENVIRONMENT

GIFAS, the French aerospace industries association, organized several events on 27 May to raise awareness of the progress the aerospace industry has made in “greening” its operations and fostering sustainable development. 50 journalists enjoyed a flight aboard an ATR from Paris to Tarbes (where they were shown around the Tarmac facility) and Bordeaux (where they visited Dassault) to demonstrate the efforts being pursued to reduce aviation's environmental footprint.

WORKSHOP IN AFRICA

This July, ATR Customer Services will host an airline-dedicated workshop in Johannesburg, South Africa. More than 15 regional operators will come together to share ideas about all aspects of ATR support and services activities. Dates for this summer workshop are 30 June-2 July.

