

FACING THE PRESENT, PREPARING THE FUTURE

CONTINUOUS INNOVATION:

THE BENEFITS OF THE ATR -600 SERIES

An important step in the ATR Product Policy development is the evolution from the -500 Series towards the -600 Series. This will assure the long-term continuity of ATR success in the regional market, by reinforcing the strengths of the current standard through the introduction of advanced technologies that are able to reduce operating costs.

The goal of the ATR -600 Series is to further enhance ATR products ability to match market requirements in terms of:

- Performance («hot & high» environment ; short runways; reduced maintenance costs...)
- Passenger comfort and cabin appeal (new seats, larger overhead bins, new PSU, dual-class cabin with business seats)
- Technology upgrade (New Avionics Suite; RNP; CAT IIIA; ADS-B...)

In the coming years, the ATR -600 Series will have the most advanced technology available anywhere in regional aviation.

NGTP: NEW GAME TO PLAY WITH

THE NEXT GENERATION OF LARGE TURBOPROP

In response to increased regional emplanements and mandatory operational cost reduction, the airline industry has already started to move towards the purchase of larger, more efficient regional aircraft, whether jets or turboprops. Air traffic congestion will increase in the short term, access to airport slots will become increasingly constrained and rising fuel prices will remain an important factor influencing the cost of air travel.

Noise and emissions are taking on an increasing international significance and will have an impact on fleet planning and

the next generation of aircraft design.

The 50-70-seat RJ market will be supplemented and then replaced by demand for larger capacity aircraft.

The average seating capacity of delivered regional aircraft has increased of only 11% between 1996 and 2001.

But in the last 5 years the average size of delivered regional aircraft has increased by 35%.

On the basis of previous assumptions, ATR has initiated a market and technology evaluation process to study the feasibility of the ATR Next Generation Large Turboprop aircraft.

A larger capacity, Next Generation family of 80-100-seat turboprops are being recognized as a necessary requirement in order to:

- Respond to increased demand and growing traffic on turboprop connections
 - Reduce seat-mile costs
 - Compete on short-haul connections with similar sized Regional Jets, taking advantage of future developments in technology, while maintaining the low-cost features of ATRs.
- With the aim to select the best compromise between an appropriate «time to market», and the need to answer efficiently to airline requirements, ATR is analyzing the new technology's perspectives in the aviation industry in terms of aerodynamics, structures, next generation propulsion and state-of-the art systems and equipments.

The requirements coming from the market will be the key drivers to:

**PROVIDING EXACTLY WHAT THE CUSTOMER
NEEDS IN A FAST EVOLVING MARKET**



REGIONAL MARKET OUTLOOK

TURBOPROP PERSPECTIVES 2010-2029

MARKET OVERVIEW

This document provides a concise review of today's turboprop market and insights on the future opportunities for these aircraft.

An outlook for the regional market over the next 20 years also outlines ATR perspectives in the framework of evolving regional air transport constraints and product development opportunities.

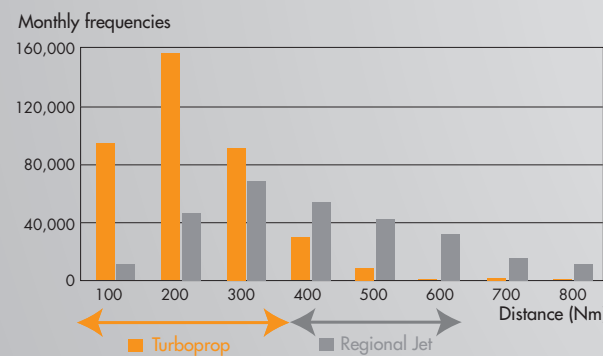
The latest technology turboprops are and will remain an essential part of the world's regional aircraft fleet. The past 5 years have witnessed the beginning of a strong recovery in turboprop sales (expansion and renewal), and orders/backlogs are at the healthiest they have been for a number of years (more than 560 new turboprops ordered in the last 5 years); and a backlog of around 220 turboprops at the end of March 2010.

The 50-seat RJ heyday is over. Whether as a result of fragile airline finances, lower fares or simple economics, the 50-70-seat RJ market seems to have stalled after its rapid growth over the last decade.

« We believe that in a high fuel cost environment, exacerbated by a concurrent stagnation of the overall economy, the US airline industry will likely recalibrate to a more conservative, i.e. less RJ-intensive set of air travel options. »
« ... and that the 50-seat RJs are increasingly untenable in purely economic terms. »

Douglas Abbey – Air Insight, Jan. 2010

Turboprop vs Rjet: complementary roles
No speed advantage for short-haul sectors

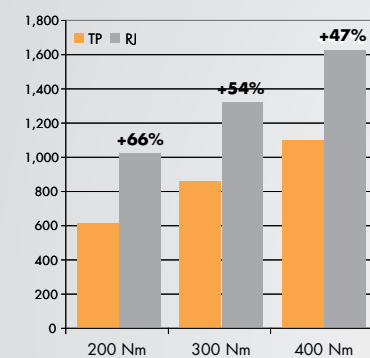


Airlines have clearly identified the respective environments for RJ and TP, recognizing the respective advantages and the fact that the turboprop is the most profitable way to operate short-haul sectors.

INCREASING ROLE FOR TURBOPROPS

Today the airline industry is struggling to preserve profitability and to ensure its survival, through:

- A strategy to face the current difficult economic situation (oil price increases, aggressive competition from low-cost carriers and high speed trains, declining yields).
- The reduction of overhead costs.
- The right choice of aircraft equipment, tailored to the actual network.



The high fuel prices, unlikely to be the last, have highlighted once again one of the principal benefits of the twin turboprop over the regional Jet: Its low fuel consumption and unrivaled economics on short-haul connections.

FUEL EFFICIENCY FAVOURS TURBOPROP ECONOMICS REGIONAL JET: UP TO 66% HIGHER FUEL CONSUMPTION ON TYPICAL SHORT-HAUL SECTORS

• In the most important regional market in the world, the North-American region, Majors are cutting costs and revising contracts with affiliate airlines.

« Fee per departures » agreements, the core of regional profitability for years are being reviewed in the framework of Major airlines recovery process and in light of the current pressure to reduce costs even further.

« Guaranteed margins » philosophy is over; there is an increasing role for turboprops to keep costs down and maintain good margins.

MARKET FORECAST

The regional aircraft market continues to be a key growth sector of the airline industry. More than 300 million passengers world-wide emplaned regional aircraft last year. The regional aircraft fleet will double on the next 10 years with expected revenues for the 30-100 seat aircraft deliveries to be 160 Bn US\$ at 2009 currency rates.

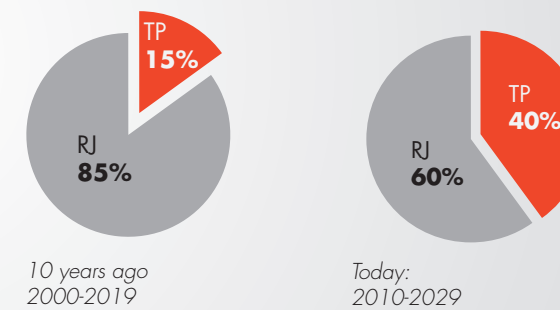


■ A number of market dynamics coming to the fore, will soon have an impact on the regional aircraft industry: ageing aircraft, small turboprop retirement, increased turboprop demand, permanently rising fuel prices, greater environmental constraints and airspace/airports congestion.

THE FORECAST SCENARIO FOR THE NEXT DECADE IS FAVOURABLE TO A STABLE AND RECOVERED TURBOPROP DELIVERY TREND.

■ The confidence in the turboprop market potential is dramatically growing

20-year delivery forecast - TP vs RJ market share potential

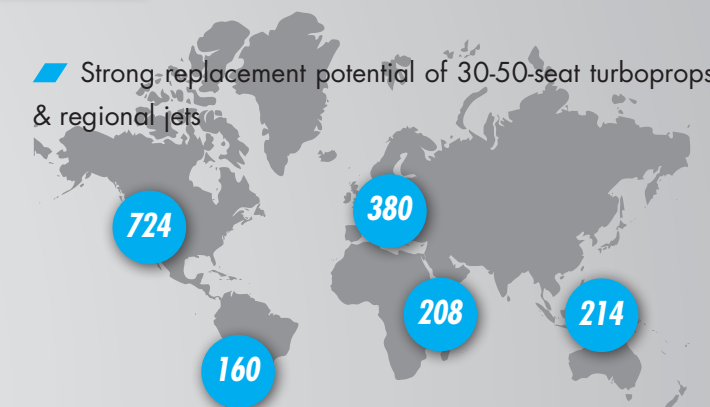


Regional Jet market potential still declining, mainly in the 50-to-70 category

The fundamentals that drive the demand for turboprops remain intact and turboprop operations prevail on routes that are too marginal to be operated profitably by RJs.

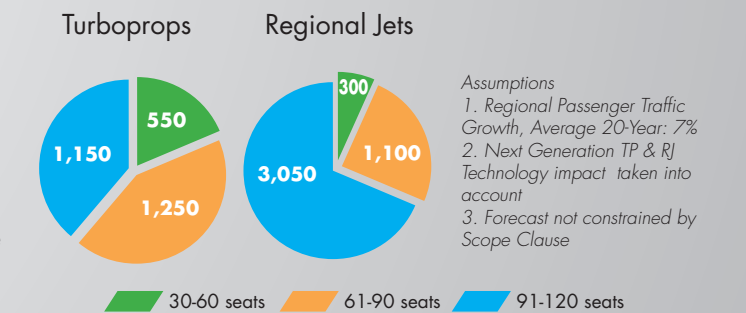
More than 100,000 unprofitable monthly frequencies are operated on short-hauls sectors by Regional Jet. With economics increasingly relevant and with today's pressure on costs, airlines are rethinking the use of the appropriate aircraft in each sector.

■ Strong replacement potential of 30-50-seat turboprops & regional jets



1,700 ageing regional aircraft to be replaced in the short term

■ ATR 20-year Market Forecast (March 2010) 2,950 New Turboprops deliveries with a value of 71 Bn US\$ and an average delivery rate of about 150 aircraft/year.



Turboprop airplanes in the category 61-90+ seats will represent about 80% of the total. In this category Turboprop deliveries are expected to exceed RJ deliveries with the introduction of larger capacity, latest technologies TP aircraft. Regional Jet market demand is already moving towards the 90-130+ seat category.