

MD Helicopters: American Pride Rising to New Heights

MD Helicopters have long been the products of choice for discriminating buyers. Our family of helicopters, the MD 500 series helicopters, MD 600N helicopter and the MD Explorer helicopter, is synonymous with the world's best rotorcraft. Our company's goal is to offer the best-quality, best-value helicopters in the world, provide state-of-the-art technology to enhance operator value, and offer total support of our products wherever and whenever it's needed.

Deep Roots

MD Helicopters traces its roots back more than 50 years to when Hughes Tool Company Aircraft Division first started to develop "light helicopters" in 1955. After years of successfully manufacturing such models as the Hughes 269, 300, 500 and 530F for civil use, as well as the TH-55 Osage, OH-6 Cayuse and highly successful AH 64-Apache, Hughes sold its helicopters business to McDonnell Douglas in 1984. For the most part, McDonnell Douglas stayed true to the original Hughes designs and nomenclatures. In 1997, McDonnell Douglas merged with Boeing to become the Boeing Company.

In 1999, Boeing sold the former MD commercial helicopter lines to MD Helicopters Holdings, Inc., an indirect subsidiary of the Dutch company, RDM Holdings NV. Included in the sale were the MD 500E and MD 530F single-engine helicopters with conventional tail rotors, the MD 520N and MD 600N single-engine helicopters with the Boeing exclusive NOTAR no tail rotor system for anti-torque and directional control, and the MD Explorer series of twin-engine, eight-place helicopters. Boeing maintained the AH-64 line of helicopters and rights to the NOTAR system.

MD Helicopters Holdings Inc. was purchased in July 2005 by Patriarch Partners, LLC, an investment fund. The company was recapitalized as an independent company, MD Helicopters, Inc. MD Helicopters is based in Mesa, AZ, and the current product line includes the MD 500E, MD 530F, MD 520N, MD 600N and the MD Explorer.

Under the direction of CEO Lynn Tilton, MD Helicopters, Inc. has enjoyed a successful turnaround going from as few as seven helicopters manufactured in 2005 to 52 in 2008. The forecast for 2009 calls for as many as 75 deliveries, which would be the best performance for MD Helicopters since 1992. And the outlook for 2010 is for continued significant growth. The current backlog is strong, and the forecast calls for the production of as many as 140 aircraft each year by 2012.

SIZE AND SUBSTANCE

With over 2,800 aircraft currently in use around the world, MD Helicopters is a substantial company by any measure. Fleet users include the Korean Armed Forces, U.S. Special Operations, Japanese Self Defense Forces, Jordanian Armed Forces, Turkish National Police, Houston (TX) Police Department, Columbus (OH) Police Department, CALSTAR, Argentina Armed Forces, the Italian government, the Finnish Armed Forces and many others.

Perception of the company is improving, as well, with customer confidence on the rise. For the second year in a row, MD Helicopters earned a second place ranking in the "Aviation International News 2008 Helicopters Product Support Survey." MD Helicopters' overall rankings improved to 6.78 from 6.69 in the 2007 survey results. MD received the top rankings in Parts Availability, AOG Response, Cost of Parts and Overall Aircraft Reliability. MD also made improvements in the Technical Reps category (maintaining a number two ranking), Cost of Parts and Authorized Service Centers.

The company also moved from fifth place to third place on the 2008 annual "Professional Pilot's Product Support Survey." MD Helicopters took second in Cost of Parts, second in Tech Manuals and third in Company Response Time, Spares Availability, Speed in AOG Service and Service Satisfaction.

MD Helicopters, Inc. is proud of its aircraft on the ground record, going from as high as 240 three years ago to zero during several months of 2008. Over 85 percent of AOGs are handled within one day; 97 percent are done in less than one week.

Through all the changes over the years, MD Helicopters has enjoyed an almost cult-like status with its customers and employees. It is viewed as a small private company with lots of heart and soul capable of delivering extremely good products. MD helicopters are known for their speed, strength and ability to fly "hot and high."

Going forward, MD Helicopters will renew its focus to differentiate itself from other helicopter manufacturers and to improve by maintaining profitability while filling the needs of our operators, regardless of market segment. Our marketing goal is to position MD Helicopters as the first choice manufacturer throughout the world.

Looking at the helicopter marketplace and planning our place in industry growth for 2009 and beyond is a tremendous challenge with potential for tremendous opportunity. We can think of no better place to begin the journey than right where we are.

MD HELICOPTER USERS SOUND OFF

MD Helicopters, Inc. and the Air Operations Unit of the West Yorkshire Police in the U.K. have announced recently that an MD 902 Explorer, aircraft number 078, has set a record for flight hours, reaching 10,000. This is the most hours of any MD Explorer in the fleet by over 2,000 hours. The Air Operations Unit, Operations Support Division of the West Yorkshire Police uses the MD 902 Explorer to provide 24/7 police coverage over a 785 square mile area, undertaking over 4,500 missions a year. Writing about the aircraft, John Whittaker, the unit's executive officer said, "I am particularly proud of this achievement. We took delivery of ship 78 in the year 2000 and, after role fitting, went operationally live in February 2001. G-YPOL, as we refer to SN78, has always performed to the highest level and proved to be a very popular aircraft with all our pilots and crew. She has met every challenge asked of her, including the considerable increase in demand following our move to 24/7 coverage in April of 2005." Describing the service the aircraft helps provide, Whittaker revealed that the aircraft flew 136 hours this past December, responding to 480 missions. In the process, police located 62 offenders, 10 stolen vehicles and carried out 91 drug enforcement checks. They also located five missing people, including a diabetic who had collapsed in a coma and an 88-year-old suffering from dementia. "Actions speak louder than words," Whittaker said.

The Pasadena (CA) Police Air Support Unit conducted substantial research to identify potential helicopters that would operate with reduced noise and meet their law enforcement needs. According to Pasadena Air Operations officer in command Captain Bob Mulhall, "The MD 500E was selected for a variety of reasons. Its speed, durability, maneuverability and overall performance are unmatched in the light turbine class. Just as important in the urban environment is the MD 500E's noise signature. That's why the department selected the four-bladed quiet tail rotor system."

Speed, agility, reliability and proven low operating costs are keys to success for the Columbus (OH) Police Department Helicopter Unit, according to Lieutenant Mike Elkins, commander of the unit. A fleet of six MD 500E aircraft currently patrols the city of 216 square miles, and they are airborne 16 hours a day, seven days a week. The Columbus Police Helicopter Unit has accumulated over 40,000 hours flight time operating the MD 500E. As an added benefit, each of the MD 500E aircraft is equipped with a low-noise four bladed tail rotor, enhancing the mission to combat crime, while "flying neighborly." "The generations of citizens of Columbus have grown up with a law enforcement presence in the air," Elkins said. "It is an assurance that Columbus government leadership, both civilian and police, continue to utilize all the tools in an overall crime enforcement and prevention strategy." Elkins said.

The Houston (TX) Police Department is expanding its airborne law enforcement operation to meet the new police coverage requirement. To do so, the Air Support Division is increasing its fleet size to 13 MD 500E helicopters. Currently, the Air Support Division flies in excess of 6,000 flight hours per year in support of law enforcement and homeland security missions and has accumulated more than 170,000 hours of flight time on MD 500 series aircraft. Commenting on the order, Dan Schwarzbach, a 24-year member of the Division and president of the Airborne Law Enforcement Association said, "This purchase reaffirms the City of Houston's commitment to airborne law enforcement, continues the long term relationship with MD Helicopters, Inc., and again establishes the Houston Police Department as a leader in law enforcement aviation."