

728

Program Update

Prototype: Final assembly in full swing <page 04>

Customer Portrait: BAVARIA International Aircraft Leasing <page 07>

New hangar: Virtual factory gets real <page 10>



Content

- 04** Final Assembly: Prototype before its premiere
- 07** Customer Portrait: Bavarian success story
- 08** 728-200: Faster, farther
- 10** Virtual Factory: On the road to series production
- 15** Press Extracts: 728 in the news



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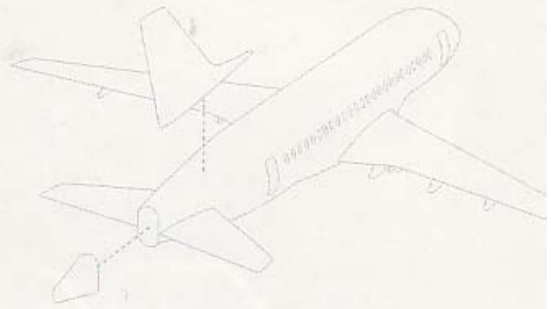
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Clicking cameras and eager faces

In January, the first 728 prototype found its legs. Final assembly work is in full swing. Target date for rollout is 21 March.

A Bavarian Success Story

For those who look closely the signs of anticipation are written on the face of Joachim Hahme. "Everything will go smoothly," said the project manager responsible for final assembly of the 728. A few hours later everything had gone according to plan. The first 728 prototype was removed from its assembly jig without a hitch and currently stands firmly on its landing gear. "The aircraft now has virtually everything that it needs," said Hahme.

In the early hours of the morning of Sunday 13 January, Fairchild Dornier mechanics started to lower the first 728 off its jacks. They very carefully removed the jet from the marry-up jig under the precise control of a computer.

The specialists from landing gear supplier Goodrich watched the procedure. They had flown in from the USA the previous evening to be present at this premiere.

A little later, as the aircraft was moved a few meters, the mechanics showed their enthusiasm. Although the aircraft had to be towed by tug to its new location in Hangar 395, it moved for the first time a short distance under open skies. Lots of people got out their cameras to record this unofficial rollout for posterity.

Laser alignment ensures best fit

A significant milestone on the road to this event was the "marry-up" of the last December. Using laser beams, horizontal and vertical references were generated in the individual assemblies. These references were used to position the assemblies to an accuracy of one tenth of a millimeter.

This procedure – specially developed for Fairchild Dornier – not only guarantees the exact positioning of the assemblies but it also saves time. The slightest deviation from nominal dimensions are detected at an early stage in the production process and can be immediately corrected. "Due to the better fit of the individual segments, the finished fuselage is subjected to less stress, making for more favorable maintenance costs for the customer," explained John Wolf, chief operation officer at Fairchild Dornier. "The improved aerodynamics of a perfectly rigged aircraft also help reduce fuel costs by the reduced requirement for trimming," he said.

>continued on page 14



Interview with Ralf Drees, head of 728 production

"The 728 will have its public rollout ceremony at the end of March. Are you on schedule for this event?"

"Yes. We will achieve our target and present a completely new aircraft at the end of March."

"The moment when the prototype stood on its own landing gear was an emotional milestone. What significance did that have for the employees?"

"It was an absolute highlight. A lot of people were there as the aircraft made its way under open skies to its next location. Most of them took photographs to record this unofficial rollout for posterity."

"The next major event is the official rollout ceremony. What needs to be done before then?"

"Currently the wings are being completed and the horizontal and vertical stabilizers, tail cone, engines, doors and windows are being installed. Simultaneously, system tests such as hydraulics and landing gear are being performed."

"Until now of course, only prototypes are under construction. Will they eventually be sold?"

"We are building four 728-100 prototypes plus two airframes that will be used for ultimate strength tests. We

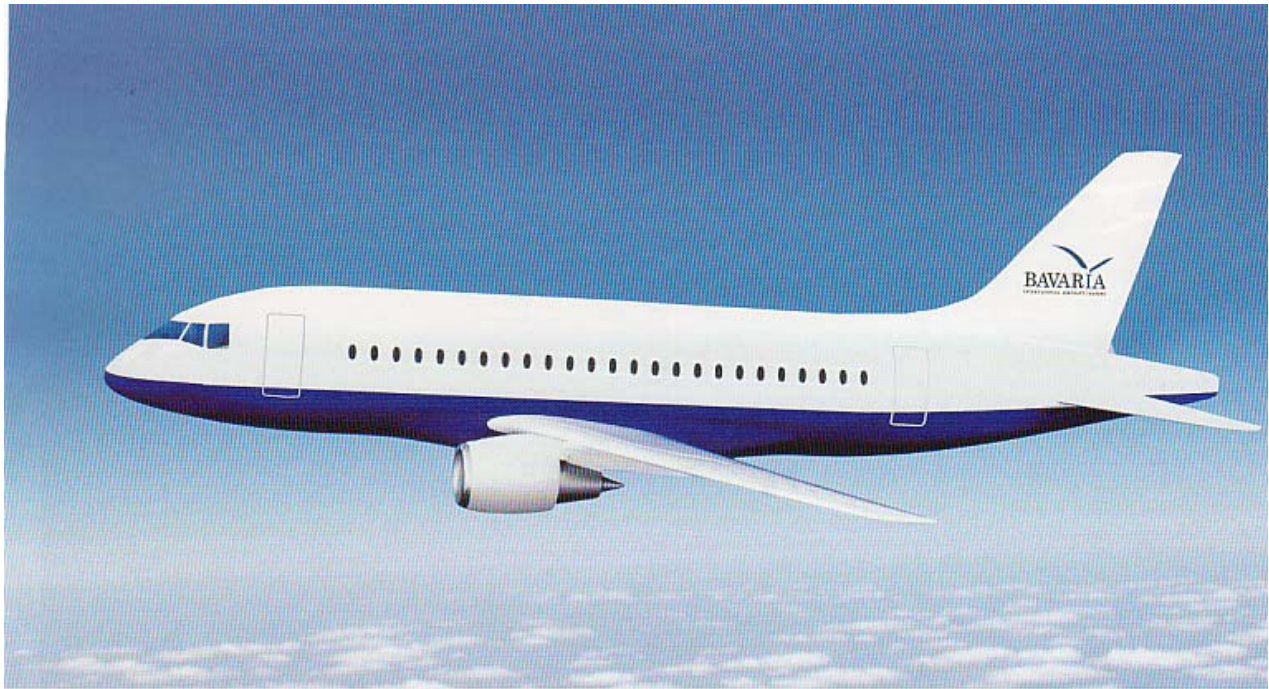
plan to upgrade prototypes three and four to series production standard and sell them in the fiscal year 2004/2005. The fifth aircraft will be the first series aircraft. For the 728-200 we plan to build three prototypes, two of which will be sold in fiscal 2006."

"How many people are working on the 728 program?"

"Approximately 1300 employees in the various departments such as Engineering, Quality Assurance, Supply Chain Management etc. Of these, around 300 are involved in final assembly. In order to synchronize these activities and to ensure the employees are familiar with the routines, we place a high importance on the visualization of work procedures."

"Later, how long will series production take?"

"From aircraft number 60 onwards we want to achieve a throughput time of 63 days for final assembly. Currently the new production Hangar 360 is under construction. At the end of this year we will start to shift final assembly to this new hangar. With respect to assembly technology, workplace ergonomics and production department organization, we will set new standards in aircraft manufacturing."



A Bavarian Success Story

"Our strategy is to market an extraordinary state-of-the-art product at the right time." This statement came from Robert Salzl, managing director of Munich based BAVARIA International Aircraft Leasing. As one of the world's largest private leasing companies, BAVARIA leases commercial aircraft worldwide to international airlines. For the head of the company, the secret of the firm's success is primarily to always react flexibly to new market developments and to individual customer requirements. "We recognized a strong growth potential in regional air traffic some time ago and decided that we wanted to once again become a leader in the 70 to 100 seater market," explained Salzl.

After in-depth comparisons of all aircraft types that could have suited this role, the Fairchild Dornier 728 series – to which the 928 also belongs – was selected in June 2000. BAVARIA is the first leasing company worldwide to choose this aircraft and has placed orders for two 728s and – as launch customer – four of the larger 928s. Furthermore, the company has options on another four of the new aircraft type.

Especially persuasive for the Munich leasing specialists was the large cabin diameter of the 728 with its five abreast seating. In contrast to other manufacturers who only offer four seats per row, the new Fairchild Dornier flagship has a significantly higher capacity and is thus considerably more economic to operate. The new Fairchild Dornier aircraft family also clearly outstrips its competitors in terms of comfort. "For example, the center aisle headroom of over two meters is only found on the big jets and the space for baggage clearly exceeds the norm for this class of aircraft," said Salzl.

A hint of local patriotism is also present at BAVARIA. The firm is part of the long-established Schörghuber group of companies. "As a Bavarian company we are proud to be associated with an aircraft manufacturer in Bavaria."