



February 2009

Shareholder's Information N°20

Dear Shareholder,

With organic growth of 16.8 %, The Latécoère Group's 2008 revenue (excluding non-recurring items) of 580 million confirms the growth dynamics which has accompanied the firm's tripling in size since 2003.

Nonetheless, the breaking off at the end of the first half of the year of negotiations with Airbus on the acquisition of the Méaulte and St. Nazaire plants - which should have led Latécoère to triple in size again - forces us to revise our strategy in the context of more difficult market conditions (Euro/dollar exchange rate volatility, the economic slowdown and falling production rates) and strains on cash aggravated by major delays in new programs.

Reinforcing the positioning of Latécoère in the three complementary business lines of aerostructures (fuselage and doors), wiring and engineering with a goal of balancing the portfolio of the latter two businesses, which are less capital-intensive, in time (these subjects are developed in the interview of F. Junca), we have given priority in the present to the clearing of debts and the restoring of profitability; the company's organization was aligned accordingly.

On the economic level, we are bringing into play a policy which is firmly oriented to the reduction of costs based on a globalized industrial organization which constitutes one of our Group's strengths.

On the financial level, we have restructured our debt and reduced our work-in-progress by negotiating with our main customers special invoicing of development expenses committed on their programs; these actions have allowed us to reduce our cash problems and to secure our needs. We are presently working to complete this system by reinforcing our equity funding structure by the end of 2009 - beginning of 2010 which will allow us to restore our financing ability for the development stages of future programs.

The concluding of major new contracts at the beginning of 2009 reinforces the recognized positioning of the company in its three business lines and its ability to recover.

In its one hundred years of existence, our Group has overcome many crises in a sometimes difficult, often dynamic and always passionate sector. Our ambition, after an eventful year in 2008 which should yield a slightly negative result, is to resume satisfactory profit-making as soon as possible for the company and for the shareholders whom we thank for their loyalty in this difficult period.

François Bertrand
Chairman of the Management Board

The new Latécoère Management Board



Roland Tardieu, François Bertrand, Bertrand Parmentier

During its meeting this past January 6th, and while the positions of the current members of the Management Board were coming to an end, the Latécoère Group's Supervisory Board, headed up by François Junca, decided to renew François Bertrand's position as Chairman of the Management Board and to appoint Bertrand Parmentier Managing Director and Roland Tardieu as a member. The new Management Board was appointed for 6 years. Jean-Jacques Pignères, who had until then been a member of the Management Board and Senior V.P. Finance & Administration, will retire after 38 years with the Latécoère Group.



François Junca

François Junca Chairman of the Supervisory Board will answer your questions

Q: On January 6, 2009 Latécoère's Supervisory Board appointed a new Management Board. Your position as Chairman of the Board ends in June 2009 - with the Annual General Meeting, which will close the

2008 financial statements. What view do you hold on the Latécoère Group at the beginning of this year which is marked by an unprecedented financial crisis?

FJ: The Latécoère Group has undergone a considerable transformation in slightly more than ten years. We have gone from a subcontracting company operating in France to a multinational company with customers, establishments and suppliers all over the world. Thus, during this period, revenue has gone from 100 million to 580 million: it therefore increased by 580% with an average growth of 25% over the last five years. We have therefore gained a major share of the market in the segments of aerostructures, onboard wiring and engineering.

Q: How has employment changed during this period?

FJ: In the ten years from 1998 to 2008, our headcount has gone from 850 to 4040; in France from 848 to 2200; and abroad from 2 to 1840.

Q: You have thus relocated 1838 jobs?

FJ: That is the wrong approach. The jobs abroad have allowed the Group to improve its competitiveness, to gain market shares in Europe, of course, but also in America (the United States, Canada and Brazil) and therefore to create jobs in France.

Q: Doesn't this positive assessment hide a preoccupying situation following Airbus' halt of the sale of the sites in France and Germany?

FJ: Airbus has created two subsidiaries: one in France with Aerolia, and another in Germany -- Premium Aerotec. The Socata Company was acquired by Daher. The production capacity of aerostructures in France is dispersed. The French consolidation of the segment remains to be done.

Q: Can this consolidation be done in the immediate future?

FJ: In my opinion, no, because the three largest French aerostructures companies (Aerolia, Latécoère and Daher) are faced with different problems which must be resolved as a priority before considering new mergers.

For Latécoère, whose strength is to be able to benefit from a recognized capital of experience and business line competencies and an effective international organization, the stakes are for it to restore as quickly as possible the financial capabilities enabling it to contribute actively to this consolidation.

Q: In this respect, let's talk a bit about your financial position: where do you stand?

FJ: The brutal halt to the negotiations with Airbus on the acquisition of the Méaulte and St. Nazaire sites, the major delays in the A380, A400M and Boeing 787 programs and the Euro/dollar parity: these are all things which have stretched our cash to levels higher than our forecasts. The first stage already realized for restructuring our debt after negotiation with our customers and our bankers has enabled us to reduce our cash problems.

We are presently working to complete this system by reinforcing our equity funding structure by the end of 2009 - beginning of 2010.

At the same time, it is essential to maintain the heading set in our "Défi 2011" plan. The objective of this plan is to obtain an operating result close to 10% with a parity of 1 = \$1.30. The favorable change in the Euro/dollar parity since the end of summer has allowed us to establish hedging instruments which guarantee, with a spot rate of 1 = \$1.30, an average rate of 1=\$1.40 in 2009 and 1=\$1.30 in 2010 and 2011. In these conditions, the negative net result of 2008 should improve.

Q: Is this possible?

FJ: Yes, by relying on our foreign subsidiaries: in Tunisia, the Czech Republic and Brazil where we can produce less expensively in order to compensate the weakness of the dollar but also and especially by improving our organization.

Q: Don't you fear that a fall in production rates will prevent you from reaching your objectives?

FJ: The financial crisis brings along with it an economic crisis and nobody will venture to say when it will end. The aeronautical industry has already been very much impacted: the production rates which were to have grown strongly between 2007 and 2011 are for the moment stabilized; or have already been reduced for some programs.

Q: Should other decreases in production rates be foreseen?

FJ: I think that is reasonable to gear up for additional decreases in production rates.

We'll have a clearer vision of this during the course of 2009.

Q: Is Your "Défi 2011" plan called into question?

FJ: Certainly not. It has for objective improving our Group's competitiveness. This is essential in order to make the existing contracts economic with a lasting weakness of the dollar and to obtain new contracts, some of which are in the process of being negotiated.

We will continue to reinforce our international organization, because on this point, we are ahead of our competitors.

Q: This policy, which is understandable, won't it bring about lay-offs of blue-collar workers?

FJ: We will do everything necessary in order to keep all employees on indefinite term work contracts. Our staff must adapt itself and show flexibility. It's together that we will make the industrial transformations necessary for the Group to be able to continue its growth.

Firstly, let's note that in 2008 business grew strongly compared to 2007:

- + 18% for the whole Group which is divided up as follows:
 - Engineering business: + 39%
 - Wiring: + 21%
 - Aerostructures: + 15%

The backlog of more than 2 billion corresponds to more than three years of revenue.

We obtained a first contract for the A350 program and we intend to win others. If we succeed, revenue for the A350 will be above that which we earn for the A330.

Our workload schedule for the years to come is satisfactory given current production rate assumptions. Our flexibility will allow us to adapt ourselves to additional production rate drops.

But in no event should the Latécoère Group strategy be called into question.

Q: What is this strategy then?

FJ: Firstly, to balance our three business lines: Aerostructures, Wiring and Engineering, so that the latter two which require less financing, represent in time a total of 50% of revenue compared to 35% today.

Q: Will this development be achieved to the detriment of the aerostructures business?

FJ: The objective is to continue growth in our three business lines. We think nonetheless that this growth will be higher in wiring and in engineering than in aerostructures: such was the case for 2008, besides. In these conditions, the balancing will be realized progressively.

Q: How will you achieve major growth in your wiring and engineering businesses?

FJ: Our wiring business (170 million in revenue in 2008) guided by our LATElec subsidiary has strong internal dynamics. In ten years, it has increased its revenue by tenfold. This strong growth should continue in the future with the development of the "more electric" airplane, the internationalization of this market and the competitive cost structure of LATElec.

As for our LATecis subsidiary (44 million of revenue in 2008) which operates in the research, tooling and special-purpose machinery area, its revenue increased by ninefold over the past ten years. It acquired a majority holding in G2Métric in 2007 which enables it to offer assembly lines including automatic positioning by measurement systems. It has thereby obtained, in cooperation with partners, the study and the realization of the assembly-line of the center sections of the aerofoil surface of the A350, representing by itself close to a year of revenue. Its development will continue by basing itself on regional agencies (Nantes, Bordeaux and the Ile de France), on its Spanish subsidiary and on a subsidiary in the United Kingdom in the process

of being set up.

Q: Airbus' decision to make into subsidiary companies the businesses in France and in Germany deprives you of the capability of realizing the fuselage sections in composites that you had projected to realize in the Méaulte plant. How do you see the change in the aerostructures business at Latécoère?

FJ: Latécoère manufactures fuselage sections and doors for commercial, regional and business aircraft.

The fuselage structures business represents 60% of aerostructures and 35% of the business of the entire Group. This business relates to:

- Commercial aircraft: 25% of aerostructures and 9% of the Group.
- Regional aircraft: 50% of aerostructures and 18% of the Group
- Business aircraft: 25% of aerostructures and 9% of the Group.

The fuselages of all the aircraft currently in production (including the A380) use in the majority metallic technologies. Airbus and Boeing have used new composite technologies in their latest developments (the A350 and B787 programs).

Regional and business aircraft use metallic structures and the shift to composites isn't for the moment.

We are continuing technological research work on composite materials so that the Latécoère Group can make a global offer to its customers on fuselage structure elements in the two technologies that are used.

In 2008, 2500 doors were delivered, for a revenue representing 40% of the aerostructures business. Latécoère has a global leadership position for the production of passenger doors. Major research and development efforts were made by our Group, with in particular, the first deliveries of doors in composite materials for the Boeing 787. This business should develop itself.

Q: How are you going to obtain contracts, when you have stated that you are unable to finance the development stages of products?

FJ: We stated from July 2008: "We rule out any financial share in the development of new aircraft programs until our financial position is restored to normal. On the other hand, we are making available to our customers our technical capabilities and our means of production in order to participate in new programs in the process of being launched". That's what we have done. We will re-offer to finance the development stages after reinforcing our equity funding structure by the end of 2009 - beginning of 2010 which will complete the restructuring measures for our debt.

Q: How do you see the transformation of the aerostructures business within the Group given the choices so defined?

FJ: Our production capacities are globalized in our subsidiaries: in Brazil, the Czech Republic, Tunisia and with our partners and sub-contractors: in Korea and Poland. We will reinforce this organization which has already proven itself.

Q: Don't you fear that too much "low cost" will cause Latécoère to lose its know-how?

FJ: Latécoère's know-how is that of the Group. Our subsidiaries each having their own distinctive features, it's therefore the whole which should be optimized.

Latécoère France is in charge of the management of the Group, research and development, final assembly of most of the products, and the after-sales service department.

Latécoère Do Brasil realizes the integration of fuselage sections for our customer Embraer.

Letov in Prague is the center of expertise for door mechanisms and structures production as well as that of various sub-assemblies.

With respect to Tunisia, it is specialized in wiring for our LATElec subsidiary.

Q: With the share price at a low and with the global financial crisis, how do you see the future of Latécoère a few months from your departure?

FJ: In spite of our results and our high debt ratios, our stock seems to us to have been exaggeratedly penalized due to the place that we occupy in the international aeronautical

industry, the know-how of our Group in our three business areas and our ability of recover.

The aeronautical industry goes through cycles of strong development followed by recession, but on the average it always remains in growth.

For 92 years now we are in this field, we have crossed through many crises, and have acquired a major experience in the management of these cycles; our flexibility will allow us to adapt ourselves once again.

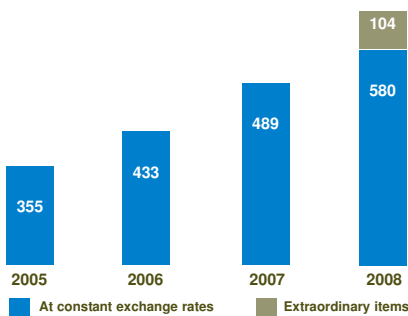
The halt in the process of the sale of the Méaulte and St. Nazaire sites caused us much disappointment and many difficulties. As we have just seen, the Management Board rapidly put in place a new strategy ratified without reservation by the Supervisory Board.

The first stages were crossed successfully, but there remains much work to do.

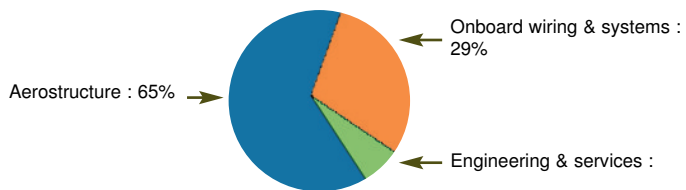
I am convinced that the new corporate governance teams of the Group will efficiently lead over the good course of this new strategy and will thereby ensure the continuation of the growth of the Latécoère Group which will remain an essential player in the consolidation of the business in France.

Revenue and backlog

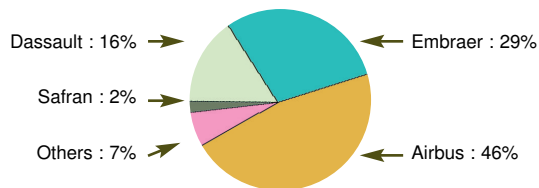
Revenue
EM



Breakdown of revenue by activity



Breakdown of revenue by customer



Next financial informations
12 march 2009 : Results 2008
26 june 2009 : A.G.O.

Contact

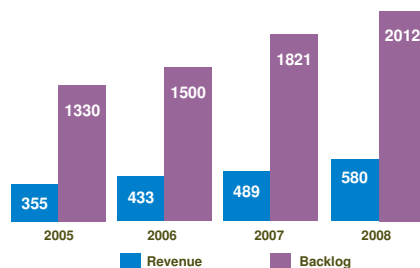
Managing Director

Bertrand Parmentier
bertrand.parmentier@latecoere.fr
Phone : 05 61 58 77 00
Fax : 05 61 58 97 38

LATECOERE
135, rue de Périole BP 5211
31079 Toulouse cedex 5

<http://www.latecoere.fr>

Backlog
EM



Backlog by customer

