



CommunityAIR - working towards a clean, green waterfront

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Media Release

April 22, 2010

For Immediate Release

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Porter's IPO (Part 2): Questions about Q400 and Fuel Efficiency

Porter's Preliminary Prospectus, released recently for its intended Initial Public Offering, refers repeatedly to the fuel efficiency of the Q400, the only aircraft Porter flies.

We were curious about this, given the following:

- Section 56 of the Ontario *Securities Act* states,

"A prospectus shall provide full, true and plain disclosure of all material facts relating to the securities issued or proposed to be distributed ..."
- CommunityAIR had written to Porter CEO Bob Deluce on April 21, 2009 on the issue of the Q400's fuel efficiency, pointing out that, compared to the aircraft used by Porter's competitors on the Toronto-Ottawa/Montreal triangle, it was fuel **inefficient**. The email is below.

From then, Mr. Deluce had ceased to laud the fuel efficiency of his planes – until the recent release of the Preliminary Prospectus.

The issue is what the appropriate comparison is – for an aircraft to be more fuel efficient, the question is, "As compared to what?"

We note that that the Q400 manufacturer Bombardier, on its website "Q400 Green Machine" <http://www.q400.com/q400/en/green.jsp>, claims 30-40% less emissions – presumably the source for Mr. Deluce's past declarations – and the statements in this Preliminary Prospectus:

"Each Bombardier Q400 aircraft produces 30-40% less emissions on routes where it has replaced similar capacity older generation and/or 50-seat jet aircraft [our emphasis]."

In other words, the Q400 is cleaner than older and smaller aircraft – by a lot (if we're to believe Bombardier – the actual data is not available on their website).

That's not the right comparison, to our mind. And not the comparison that the Preliminary Prospectus suggests is being made.

As the UK airline Flybe's calculations showⁱ, using International Civil Aviation Organization data, compared to modern jet aircraft that compete with Porter's Q400, the standard Q400 is precisely in line with them. But given the reduced number of seats in Porter's 70-seat Q400 (owing to the short runway at the Island Airportⁱⁱ), as compared to the standard 78-passenger Q400. Porter's aircraft are, in fact, LESS efficient, on a per passenger basis.

And as the Preliminary Prospectus makes clear, Porter's planes are, on average, less than half full, compared to its competitors who have load factors in the high 70% or more. Porter's Q400 greenhouse gas emissions per passenger-kilometre (and therefore its fuel consumption) are therefore far greater than its Pearson-based competition.

These statements in the Preliminary Prospectus are therefore misleading, and do not, in our view, meet the standard required by the *Securities Act* for "full true and plain disclosure":

- At Page 7:

"The Q400 is estimated to use as much as 23% less fuel than comparable jet aircraft currently in operation ..."

- At Page 14:

"In an effort to manage operating costs, airlines have increasingly focused on the fuel efficiency of their aircraft and are continually looking at cost effective opportunities to refurbish their fleet with more economical aircraft. Manufacturers have responded to this demand by developing more fuel efficient aircraft such as the Bombardier Q400 turboprop aircraft (the "Q400"). Optimized for short-haul airline operations, the Q400 offers lower costs relative to similarly sized mainline jets through reduced fuel burns (attributed to the new Pratt & Whitney PW150A turboprop engine)..."

- At Page 26:

"Of particular importance in management's selection of the 70-seat Q400 was the aircraft's low operating costs when compared to regional and mainline jets for short-haul flights. The Q400 uses as much as 23% less fuel than 70-seat jet competitors currently in operation." [None of Porter's competitors in its key Toronto/Montreal/Ottawa market use 70 seat jets: Air Canada primarily uses Airbus 319 and Airbus 320 aircraft and Westjet uses Boeing 737 and Airbus 320 aircraft]

This is CommunityAIR's email to Porter's Bob Deluce:

From: Brian Iler
Sent: April 21, 2009 8:10 PM
To: Deluce@Flyporter. Com Robert. (robert.deluce@flyporter.com)
Subject: Fuel Efficiency and the Q400

Bob – once again you were quoted today saying: “But the big plus is that it burns 30 - 40% less fuel than do comparable narrow-bodied regional jets.”

How's that?

This UK site: http://www.flybe.com/pdf/eco_labels_make_own.pdf uses ICAO emissions data.

Fuel efficiency correlates directly with CO2 emissions, of course.

The 78-passenger Q400 is absolutely in line with those aircraft used by your competitors on short haul flights such as the Airbus 319 and Boeing 737 for CO2 emissions on a passenger seat basis for a 500km flight:

Here is Flybe's analysis:

- Standard Q400 with 78 seats: Total fuel consumed 1044kg and CO2 emitted/passenger **42** kg
- Porter Q400 with 70 seats owing to the short runway at the Island Airport: Total fuel consumed 1044kg and CO2 emitted /passenger **46.8** kg – **higher owing to the reduced number of seats**
- Airbus 319 with 156 seats: Total fuel consumed 1961 kg and CO2 emitted /passenger: **40**
- Boeing 737-300 with 149 seats: Total fuel consumed 2002kg and CO2 emitted /passenger: **42**

These per passenger figures assume 100% of the seats are filled.

What these figures say is that your Q400s are more than 11% LESS fuel-efficient than competitor jets.

Highly fuel INEFFICIENT, no?

Your thoughts?

Mr. Deluce did not respond.

ⁱ See http://www.flybe.com/pdf/eco_labels_make_own.pdf

ⁱⁱ The Island Airport has one runway usable by Porter's Q400. It is substantially shorter than the recommended minimum for Q400 aircraft, according to its manufacturer. While Porter has chosen to reduce the number of seats from 78 to 70, and for longer flights, to fly at less than full capacity, in an effort to address this issue, the available margin of safety is certainly reduced further.

The runway end safety areas for that runway only 91 metres in the east and only 85 metres in the west.

The Air France flight 358 crash at Pearson in 2005 departed the end of the runway at a groundspeed of approximately 80 knots and came to rest in a ravine.

If that had occurred at the Island Airport, the aircraft would have plunged into water deep enough to result in numerous fatalities.

As noted by a Globe report on March 17, 2010,

Major runways at Canadian airports are still too short – increasing the risk of planes overshooting the runway like the Air France jet that crashed and burned five years ago at Toronto's Pearson International Airport, the Transportation Safety Board is warning.

In a blast against government inaction, the independent federal body said [its recommendation](#) for the creation of 300-metre safety areas at the end of major runways has been ignored by Ottawa and the country's big airports.

Even worse, the board said, the government is only consulting the aviation industry on the addition of a 150-metre safety area, or half of the length determined to be necessary after the 2005 Air France crash in Toronto.