



THERE IS SOMETHING  
DIFFERENT IN THE AIR  
ANNUAL REPORT AND ACCOUNTS  
2007

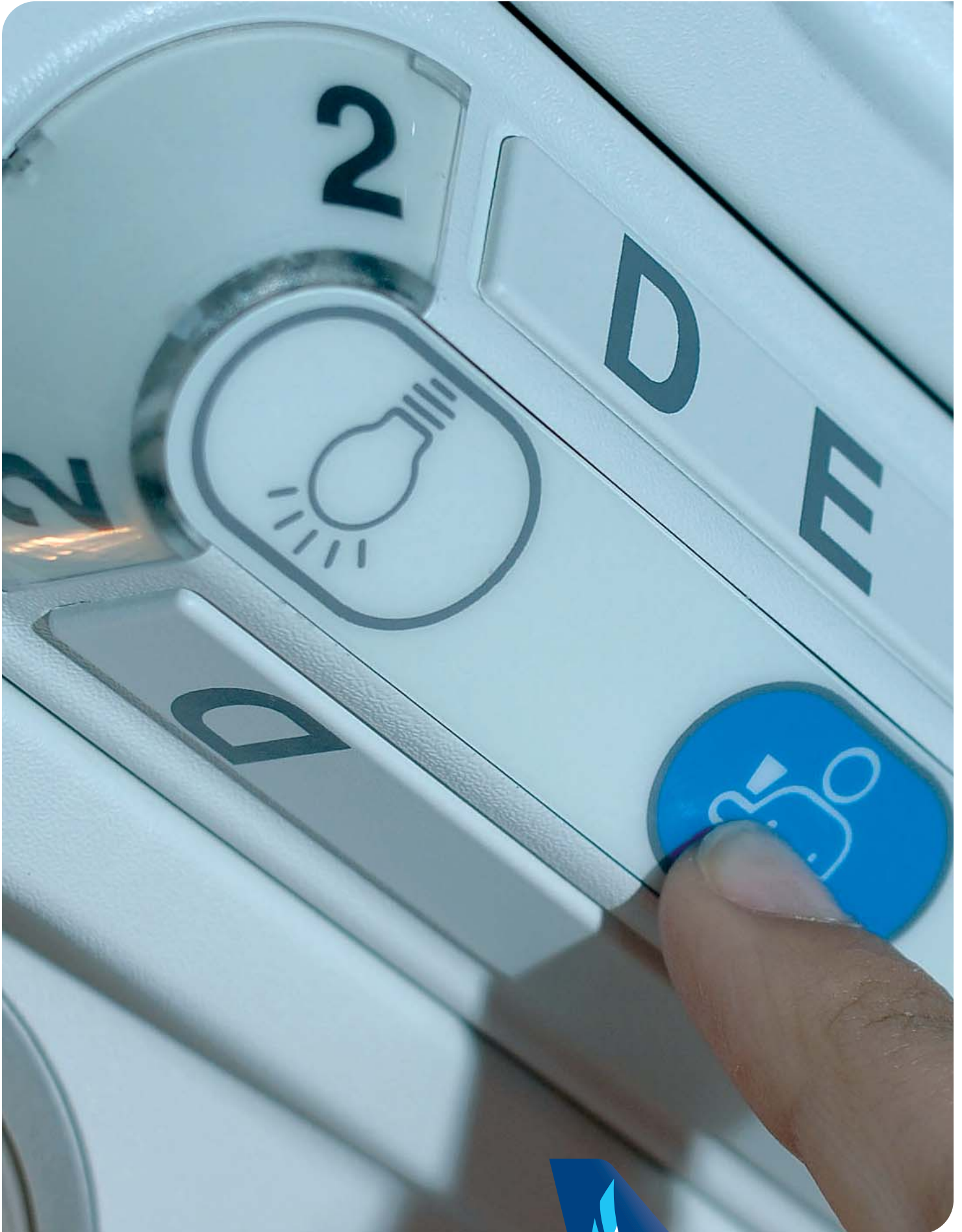
Grupo



**SATA**

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In 2007, as in previous years, there was significant growth in air transport services, the SATA Group having transported a record number of 1,417,205 passengers. This growth momentum of air transport services was accompanied by an economic and financial performance characterised by positive profitability trends, including a consolidated Net Profit of € 4,993,187, and very low operating margins.

The growth path of air transport services experienced by the SATA Group in 2007 includes two key episodes. First of all, SATA Air Açores began operating the Funchal – Porto Santo route concession – with a fifth ATP aircraft entering into service – and this was undoubtedly a turning point in the life of SATA Air Açores, which can now be considered an interregional company extending beyond the Azores. Secondly, SATA Internacional acquired a seventh Airbus, an A310-300, which increases the carrier's medium and long-haul operation capacity.

The growth strategy of the SATA Group, based on increased internationalisation, has thus proven to be commensurate, since it has permitted economies of scale and of network with consequent gains in efficiency. Therefore, this strategic investment in growth based on an Atlantic vocation, seeking service excellence, must be renewed.

The performance of the SATA Group in 2007 allows us to face the near future with well-founded optimism. However, we face countless challenges. From the outset, to enrich our value proposition, to be closer to customers to offer them better service, are obligations of all those who work with the SATA Group. For this reason, I foresee benefits that will emerge from current projects that promote the modernisation of our distribution and communication channels, particularly those which capitalise on all the advantages for our passengers of a more visible and innovative web presence of the SATA Group.

Among the many challenges that we will face in the near future, given the probable increase in the price of the jet-fuel, the issue of CO2 emissions and the strong sense of environmental and social responsibility of the SATA Group, energy efficiency and environmental performance will undoubtedly be of utmost importance in the life of the SATA Group and, as such, will merit our due attention and be the subject of our willingness to innovate.



**1947 | SATA IS BORN**

SATA – Sociedade Açoreana de Transportes Aéreos is created and spreads its wings with a Beechcraft named 'Açor'. The Azores are now closer to the rest of the world.

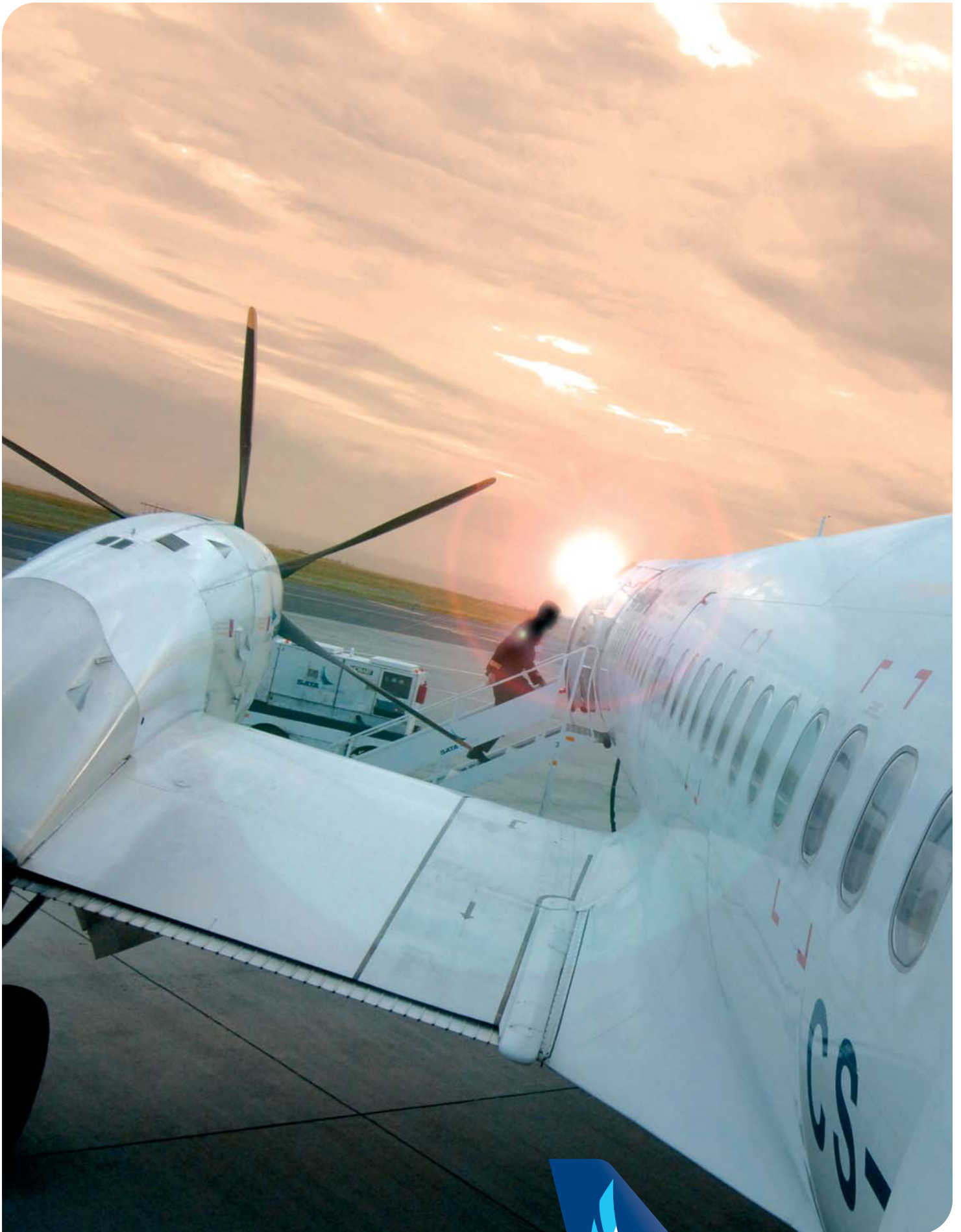




We will respond to these challenges with our proverbial enthusiasm, fully aware that we have what counts to prosper in this difficult sector: knowledgeable and dedicated human resources, available to change with the times and who build, within the SATA Group, the natural location for their professional and individual development and, consequently, generate value for the shareholder.

I would therefore like to thank all employees for their contribution to the fulfilment of our mission of sustainably providing all air transport services related to the Azores, through an operation with an Atlantic vocation, based on reliable, hospitable and innovative service.







### Fundamental Values

The Board of Directors proposed a path of sustainability, coordinating its strategic management objectives with the best environmental and social practices. SATA SGPS is firmly committed to performance excellence and the ongoing search for new organisation solutions, in order to achieve, before the end of the next three-year period, a systemic combination of economic, financial, social and environmental dimensions. The path of sustainability means building a balanced and lasting future, fair and sustainable, based on the latest and most responsible management practices, focusing on performance excellence in all its areas of action.

The Social Responsibility, Security, Health and Environmental policies will be fundamental cornerstones on which the SATA Group will want to base its action and implement its ambition.

### A COMMITMENT TO EXCELLENCE

**Vision Statement:** Stronger and more competitive in a demanding and global world; capable of building a benchmark airline company that has established its role in the world of international commercial aviation and gradually and consistently strengthened its market share and its brand reputation. An Atlantic airline company fostering discipline and professionalism; offering simple but attentive and careful service; warmly welcoming every customer; cultivating respect for the planet with a view to full respect for the well-being of future generations.

**Mission:** To develop, in a sustainable fashion, all air transport services related to the Azores, through an operation with an Atlantic vocation based on reliable, hospitable and innovative service.

**Principles:** At SATA, we believe that unity is where our strength, our advantage and our singularity lie. Each person, each team, through their dedication and skills, will contribute to the construction of a cohesive and distinctive air transport group, capable of offering customers added value solutions.

**Values:** Reliability; Friendliness; Innovation

#### 1959 | SATA PURCHASES TWA STRUCTURE IN SANTA MARIA

SATA acquires the TWA structure at the airport of Santa Maria, to realise its strategy of growth and expansion.





### **Full Service/Low Fare**

Construction of service propositions that operate according to a logic of commitment, at the best possible ratio between price levels and the quality of the service offered. With the focus on customers, the value proposition of SATA will comprise offering a competitive price for a service committed to detail and friendliness.

### **Strategic Priorities**

The SATA Group will insist on the implementation of a sustainable management rationale, the core purpose of which will be value creation for all its stakeholders. It adopts a range of benchmark management practices that lead its companies towards sustainability.

### **Value Proposition**

To pursue excellence, through reliable, friendly and innovative service, attentive to details and to the needs and singularities of each customer. The definition of the strategy implies the establishment of references and values that involve respect for the corporate purpose that defines the SATA Group, requiring the adoption of qualitative metrics to serve the interests of the Azores, their air transport policy and the sustainable development of their tourism.

SATA aspires to be a benchmark among European airlines, and projects its growth on a more ambitious Atlantic scale, making the most of its geographic positioning and of the know-how acquired over six decades of flights over the Atlantic.



#### **1963 | SATA PURCHASES ITS FIRST DC-3**

SATA receives its first DC-3 aircraft, from the Irish company Aer Lingus.





**Corporate Purpose:**

1) The integrated management, under a corporate form, of the portfolio of holdings of the RAA in the air transport sector and, through its subsidiary companies, the operation of passenger and cargo transport services, maintenance, aircraft handling, the provision of commercial, financial and administrative support services and also the management of airport infrastructures.



**Corporate Purpose:**

- 1) Air transport of passengers, cargo and mail within the Autonomous Region of the Azores;
- 2) Provision of aircraft maintenance and handling;
- 3) Provision of support services: commercial, financial and administrative.



**Corporate Purpose:**

- 1) Air transport of passengers, cargo and mail between the Autonomous Region of the Azores and outside the Region;
- 2) Provision of aircraft maintenance and handling;
- 3) Provision of support services: commercial, financial and administrative.



**Corporate Purpose:**

- 1) Tour operator created with the purpose of marketing flights between the Azores and Canada.



**Corporate Purpose:**

- 1) Tour operator created with the purpose of marketing flights between the Azores and the USA.



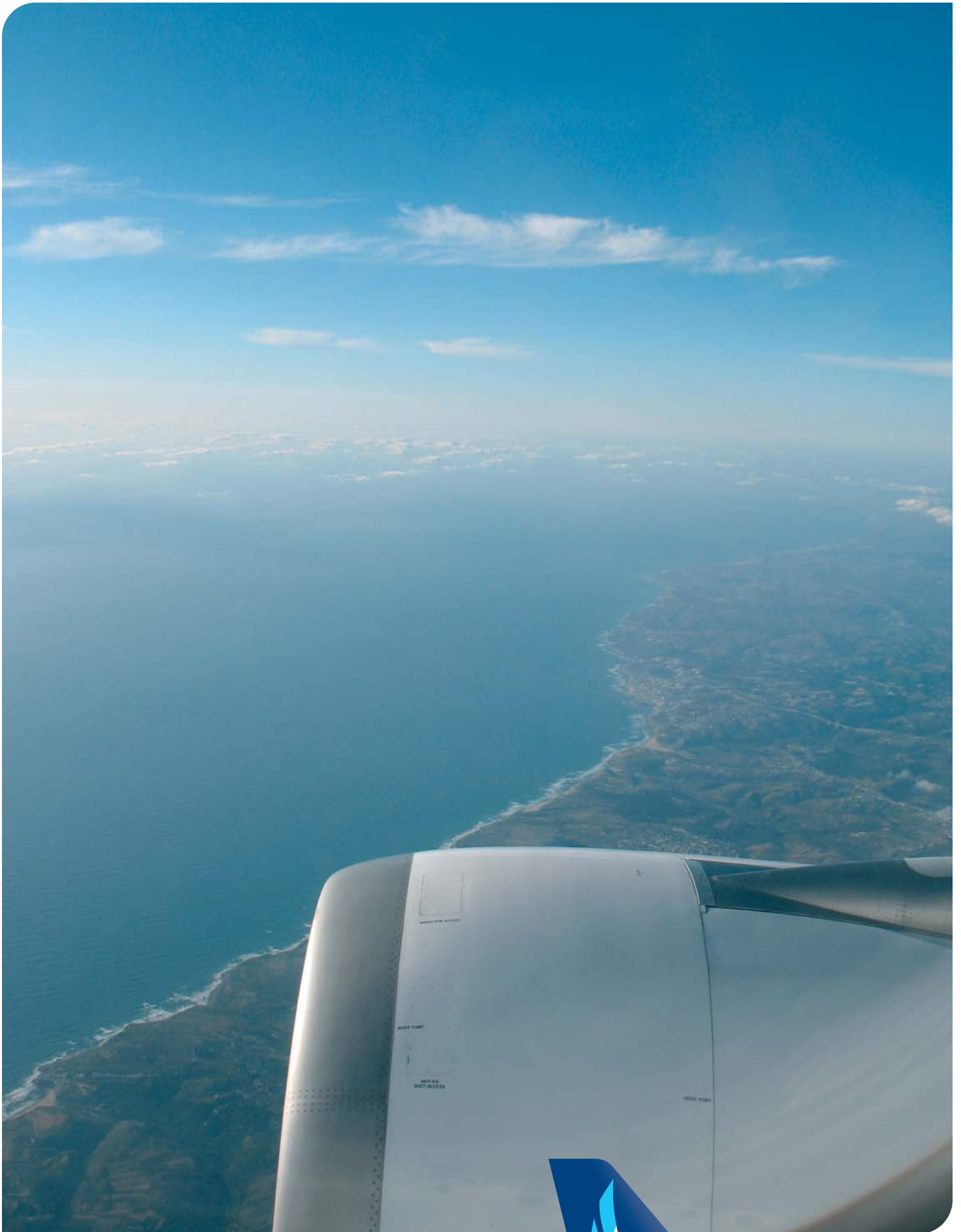
**Corporate Purpose:**

- 1) Operation on a concession basis of the right to organise and execute the planning and operation of public service ground handling support for the aerodromes of Corvo, Graciosa, Pico and São Jorge and the Flores Air Terminal.



**1968 | FRIENDLINESS IS IN THE AIR**

The Azorean spirit of the SATA service rides the skies, when in 1968 the company's flights begin to employ air hostesses, who impress passengers with their attention and friendliness.





### a. International Situation

2007 was characterised by the continuation of robust international economic growth, although once again there was a significant discrepancy between the different economic blocks. According to International Monetary Fund estimates, the world economy recorded growth of 5.2% compared with 5.4% in 2006, with the American economy recording a significant slowdown in economic activity to levels below its potential, while Europe and Asia achieved economic growth that was stronger than initially expected. 2007 also marked the interruption of the aggressive action of the European Central Bank (ECB), with the aim of neutralising its monetary policy and of starting a new cycle of American monetary policy, following the decision by Federal Reserve (FED) to cut its intervention rate by 100 basis points (bp) to 4.25%.

The American economy is estimated to have recorded growth of 1.9% in 2007, significantly lower than the rate of 2.9% recorded in 2006. After a first quarter marked by economic growth clearly below potential (1.5% in annualised terms, the lowest growth rate of the last four years), explained, essentially, by specific factors such as the deterioration of the balance of trade, the reduction in inventories and the sharp fall in residential investment, in the second quarter the economy began to show signs of greater robustness, recording growth of 1.9%. In the second half of the year, the growth rate accelerated, with the GDP growing 2.8% in annualised terms in the third quarter of 2007. This economic performance was driven, once again, by exports, clearly benefiting from the continuing devaluation of the dollar against major international currencies, from the accumulation of inventories and from stronger private consumption. In the last quarter of 2007, the financial conditions rapidly deteriorated, and economic activity is expected to have significantly slowed down due to the reduction in consumption. The unemployment rate, although at a historically low level, rose to a two-year high of 5.0%, with American consumers pressured by more restrictive conditions in access to credit, the higher price of oil, greater inflationary pressure through food prices and less income available as a result of the current situation in the capital and property markets.

As far as price performance is concerned, the current inflation rate is estimated to have fallen to 2.7% in 2007 compared with 3.2% in 2006, as a result of the less dynamic economic activity and a restrictive monetary policy. The underlying rate, which excludes the effect of food and energy prices, fell to below 2%, the level considered comfortable

#### 1969 | SATA REACHES FLORES

Slowly, SATA begins to interconnect the islands of the archipelago, and in 1969 starts scheduled flights to the island of Flores.

#### 1969 | AIRPORT OPENED IN PONTA DELGADA

Nordela Airport, in Ponta Delgada, is opened, with a runway that is 1800 m long and 45 m wide.

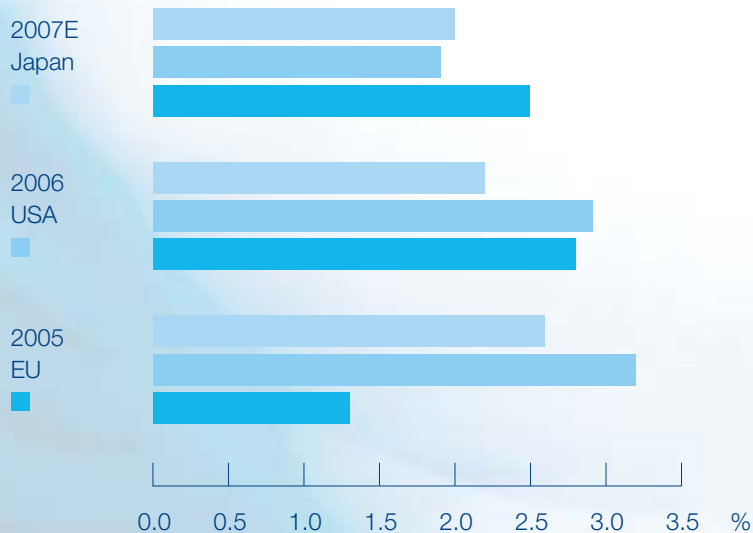


by the FED, which had not happened since 2004. It is to be noted that this fall in the inflation rate was obtained in a context of a sharp rise in oil prices, with the WTI closing the year at 97 dollars a barrel.

In Europe, after a 2006 characterised by significant economic growth, with economies presenting the highest growth rates of the last six years, the start of 2007 was expected to be characterised by a slight slowing down in the economy. However, 2007 began in an optimistic note, with the German and Spanish economies surprisingly positive, while in France and Italy economic activity presented a more moderate performance. In a context of highly dynamic monetary aggregates and expansion of credit to private customers, the ECB continued to restrict its monetary policy, increasing the key interest rate by 50 bp to 4.0%. After the first half of the year, optimism around Europe began to diminish, affected by fears that the financial crisis would spread to European economies and by the constant appreciation of the Euro against the Dollar.

Economic growth is estimated to have fallen to 2.4% in 2007, with Germany returning to its role as driver of European expansion. Faced with the dilemma of balancing persistent inflationary pressure with signs of a slowdown in economic activity, the ECB opted to maintain its intervention rate unaltered at 4.0% until the end of 2007.

GDP GROWTH  
Real growth rate



1971 | FAIAL AIRPORT OPENED

Castelo Branco airport opens on the island of Faial, with the first scheduled flights by SATA arriving in 1972.



Japan is estimated to have presented in 2007 a growth rate of 2.0%, below the 2.2% reported in 2006, based on the dynamic performance of business investment and external demand, in particular from China. The Japanese economy continued to show signs of greater dynamics in terms of economic growth, although signs of deflation remains present a decade later. In 2007, consumer prices in Japan were unaltered, after having risen 0.3% in the previous year. Given this situation, the Bank of Japan opted to maintain its reference rate unaltered at 0.5% until the end of the year, maintaining the same level from February 2007. Notable also was the significant depreciation of the yen against major world currencies, reaching a historical low against the Euro (168.6 Yen/Euro), giving rise to a significant increase in so-called 'carry trade' operations.

The main Asian economies recorded growth of 9.8% in 2007, similar to that recorded in 2006, supported by the strong momentum in China (11.5%) and India (8.9%), internal demand in both these countries boosting the volume of trade worldwide. The foundations of the Asian economies, in particular high savings rates, strong growth in investment and dynamic private consumption, constituted one of the mainstays of the world economy in 2007, more than compensating for the slowdown in the USA and Europe.

Latin America is estimated to have recorded growth of 4.9% in 2007, compared with 5.4% in 2006, with the inflation rate remaining unaltered at 5.2%. Domestic demand continued to be the major driver of growth in the Latin-American block, benefiting from low interest rates and the rise in consumer credit, while the growth in the American economy and the stimulation of external demand from China, as well as the favourable performance of prices of raw materials, benefitted the export sector.

In Brazil, the economy grew at an annualised rate of 4.4% in 2007, exceeding the 3.7% reported in the previous year. The Brazilian economy benefitted from the strong increase in domestic demand, based on an accommodating monetary policy, on increased public consumption and on improvements in job market conditions. The dynamics of components of investment, resulting from low interest rates, and the significant growth in exports can also explain the good performance of the Brazilian economy. With regard to consumer prices, it is estimated that inflation rose 3.6%, below the 4.2% reported in 2006. Given a scenario of economic growth above potential, the Central Bank of Brazil decided to interrupt the cycle of falling interest rates, with the SELIC rate closing the year at 11.25%, 175 bp below the level recorded at the beginning of the year.

#### 1974 | SATA AND THE UNIONS

After the April Revolution in Portugal, all SATA employees become union members.



The improvement in National Accounts and external balance (together with greater political stability) continued to support the appreciation of the Real against the Dollar (around 16.7% over the year, to 1.78 Real/Dollar). However the greater financial instability in the second half-year was responsible for the increase in the spread of the main risk index for Brazil (EMBI+ Brazil) to a level identical to that of the end of 2005: 240 bp, compared with 170 bp at the beginning of 2007.

**National Situation**

2007 was the second year of recovery of the Portuguese economy. According to Banco de Portugal estimates, the economy recorded an acceleration in its growth rate, with the GDP growing at 1.9% compared with 1.2% in the previous year, due essentially to dynamic exports, boosted by a strong growth in external markets.

GDP GROWTH  
Real growth rate



A more detailed analysis of GDP components reveals that private consumption increased at an annual rate of 1.2% in 2007, similar to that of the previous year, continuing to be affected by the gradual rise in interest rates, in a context of high family debt and an increase in the tax burden. Investment was also positive, with an annual growth rate of 2.6%



**1976 | SATA PROVIDES GROUND HANDLING FOR CONCORDE**

The most advanced aircraft in the history of civil aviation, Concorde, makes a stopover at Santa Maria airport, with ground handling provided by SATA.



(compared with -1.8% in 2006), after a succession of falls in recent years. However, the positive performance of investment did not extend to all areas of business, with improvements being particularly visible in terms of business investment. Thus, the contribution of domestic demand is estimated to have reached 1.3 percentage points in 2007 (compared with 0.2 percentage points in 2006). Exports of goods and services, responsible for the good performance of the Portuguese economy over recent years, grew 7.0% in 2007, lower than the 9.1% observed in the previous year. This performance resulted, however, from less dynamic exports of goods (down to 5.0%), against sharp growth (12.4%) in exports of services. Imports of goods and services are estimated to have slowed down to 4.1% in 2007, while the growth in imports of goods remained relatively stable. In this context, the contribution of net exports in 2007 is estimated to have been only 0.6 percentage points, compared with 1.0 percentage point in the previous year. Mention should also be made of the Portuguese Government's budget consolidation effort, the weight of the public deficit in the GDP due to have fallen to 3.0% by the end of 2007, compared with 3.9% in 2006, thus achieving the target set out in the Stability and Growth Programme one year earlier than expected.

CONSUMER CONFIDENCE

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1977 | 1 MILLION PASSENGERS

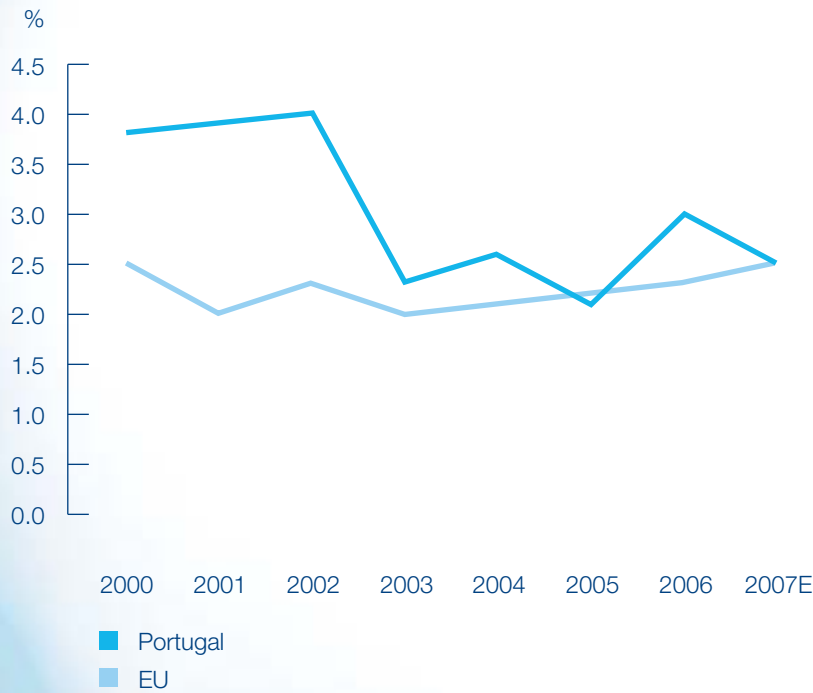
An increasing number of people use SATA flights to link what the sea separates, and in 1977 SATA welcomes its 1 millionth passenger.



Harmonised Index of Consumer Prices (HICP) is expected to have recorded an increase of 2.4% in 2007 compared with 3.0% in the previous year. The favourable performance of inflation reflects to a great extent the sharp fall in prices of energy goods, as well as a more moderate growth in unit labour costs and the prices of non-energy goods.

#### INFLATION

Harmonised Index of Consumer Prices



The borrowing requirements of the Portuguese economy, measured by the sum of the Balance on Current Account and the Capital Account, are expected to have fallen to -7.3% of GDP compared with -8.2% in 2006.

#### c. Regional Situation

In 2007, the Azores recorded a favourable economic environment overall and the evolution of the regional economy remained globally more favourable than national levels. The performance of the different indicators of the Azores economy reveals that 2007 must have been yet another year of convergence of the regional economy with the national average.

#### 1982 | PICO AIRPORT OPENED

Continuing the process of interconnecting all islands by air, Pico airport is opened.

#### 1983 | SÃO JORGE AIRPORT OPENED

Another step in bringing together the whole archipelago with the opening of São Jorge airport.



The regional unemployment rate, 4.3% in 2007, is the lowest regional unemployment rate in the country and remains below the national rate, which was 8% in 2007.

The average inflation rate for 2007 was 3.5% in the Autonomous Region of the Azores, one point above the national rate (2.5%) and one tenth below the 2006 rate.

Highlights of an analysis of the performance of the different partial and global indicators of the regional economy are the performances of the fisheries sector, the meat sector, the dairy industry, the construction sector, transport and, although less notably, tourism and milk delivered to factories. Negative performances were recorded in vehicle sales and building licensing.

Sales of cement in 2007 increased 6.7% compared with the previous year, to around 350 thousand tonnes.

In sales of new vehicles there was an overall reduction of around 7.9% in 2007. Despite the increase of 2.8% in sales of commercial vehicles, the fall of 11.1% in light vehicles sales meant that there was a reduction in total vehicles sold compared with the previous year.

One of the sectors that presented a more favourable performance was the fisheries sector, with total fish delivered to auction increasing 33.9% in 2007, compared with the previous year. The increase in the total fish catch compared with 2006 was 33%.

The air transport sector also recorded a rise into the year under consideration (compared with the previous year). Passenger arrivals increased around 2.6% over 2006. The increase in passenger arrivals on inter-island flights (2.6%) was accompanied by an increase in passenger arrivals on national flights (3.3%), while the variation in passenger arrivals from international flights was practically zero.

In 2007, the tourism sector presented a slight increase compared with the previous year, with an increase in total guests of 4% and in total nights of 0.4%. As a consequence of the performance of these indicators, the growth in total revenue for traditional hotels and rural tourism was no more than 1.6%.

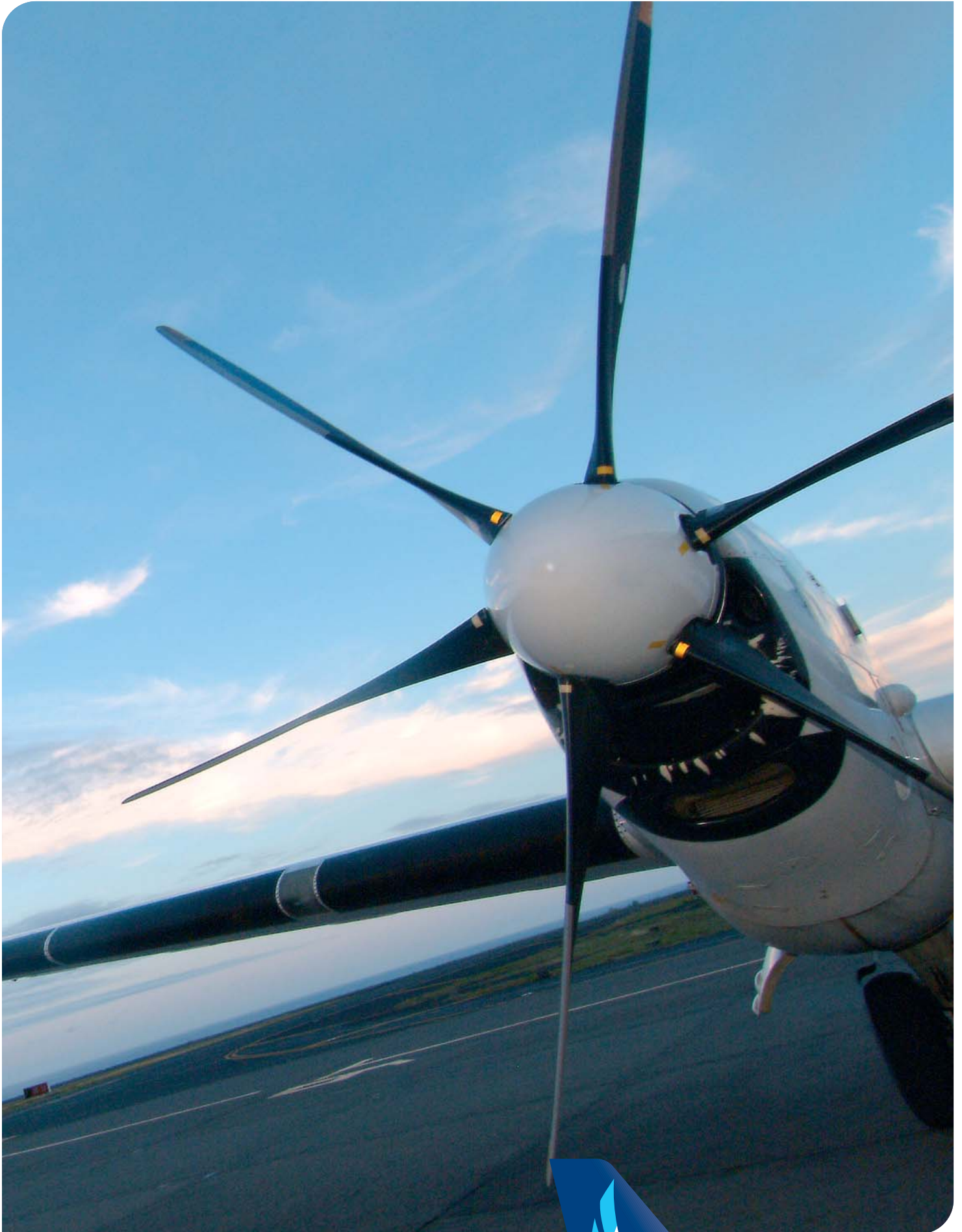


**1987 | SATA RENAMED SATA AIR AÇORES**

SATA is renamed SATA Air Açores and in the same year it is awarded the silver medal for tourism merit.

**1989 | ATPs ARRIVE IN THE AZORES**

SATA acquires its first ATPs, which continue to guarantee air connections within the archipelago today.





According to IATA, international passenger traffic increased 7.4% in 2007, which is considerably higher than the increase in the previous year (5.9%).

The average load factor in the industry reached a record of 77% in 2007, higher than the 76% of 2006 and 75.1% of 2005. This trend is likely to come to an end in 2008 as a reduction in the growth of demand and an increase in capacity are expected.

According to the Director General of IATA, the strong growth in passenger traffic contributed significantly to the profit recorded by the industry of around 5600 million dollars in 2007. However, the increase in cargo traffic fell to 4.3%, below the 4.6% recorded in 2006. In addition, despite the ambiguity of significant growth in passengers accompanied by weak growth in cargo, it can be concluded that 2007 was the best of recent years.

In a European context, the carriers of the European Regional Airline Association (ERA) reported, in 2007, growth of 7.5% in passenger traffic and a load factor of 65%, which represents record aircraft occupancy. Capacity levels also increased, with the seats offered increasing by 5.2% and ASKs (Available Seat Kilometres) increasing 7.5% compared with 2006.

ERA carriers serve regional communities and market segments related to business travel. The nature of these markets, whose routes are loss-making in terms of passenger traffic, has negative consequences on aircraft occupancy. The initiatives implemented are therefore producing positive results as far as aircraft occupancy is concerned.

ERA statistics also show that the percentage of flights operated in 2007 remained 98.2%. On average, 15.7% of flights were delayed in 2007 but only 1.8% of flights were cancelled. Departure punctuality increased by 1 percentage point compared with 2006. The punctuality indicator rose from 83% to 84%, while departures within 60 minutes of the scheduled departure time rose from 97% to 98%.

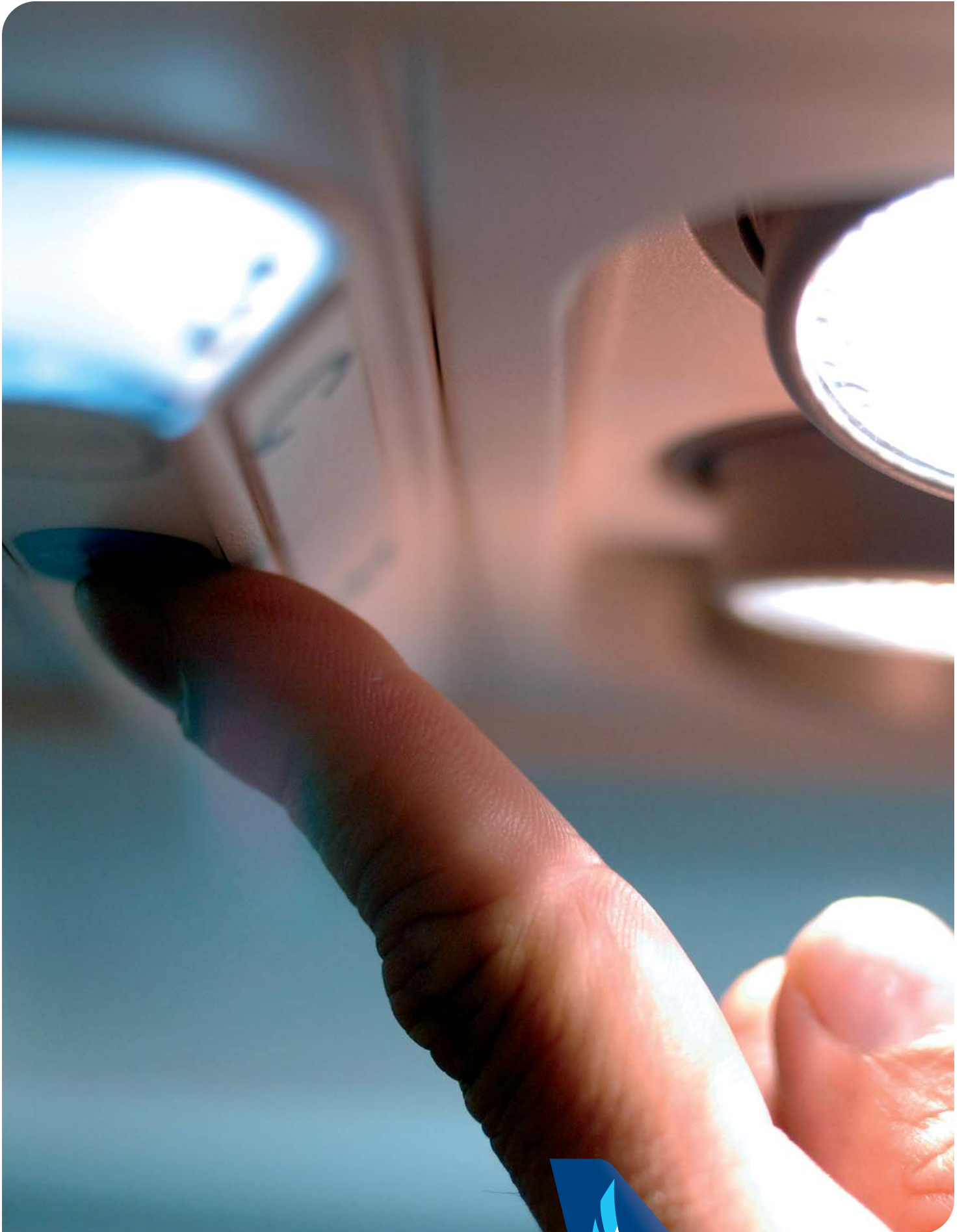
According to the Association of European Airlines (AEA), passenger traffic increased from 344 to 358 million between 2006 and 2007. In other words, AEA carriers transported 14 million more passengers in 2007, equivalent to an increase of 4.1%. The increase in passenger-kilometres, the unit of measure most commonly used in the industry to measure passenger traffic, was significantly higher, at more than 5.1%.

In addition, the AEA data show an increase in capacity, in terms of seat-kilometres, of 4.2%. Thus, for the fourth year running, the increase in production was more than compensated by the increase in traffic, which enabled the load factor to be the highest ever, at around 77.1%.



#### 1990 | CHANGE AND EXPANSION

SATA experiences a historical occasion: the era of the AVRO HS 748 comes to an end, twenty years later; it joins the International Air Transport Association – IATA – and the European Regional Airlines Association – ERA; it acquires the Canadian Pacific Airlines offices in Lisbon; and receives two ATP aircraft.





### Social Perspective

#### Company and Staff

Aware of the importance of air transport for the inhabitants of the islands, the SATA Group is proud to have contributed throughout 2007 to numerous projects aimed at the development of the inhabitants of the Archipelagos of the Azores and Madeira, in areas as rewarding as education, training, social solidarity, visual arts, cultural exchanges and various initiatives with emigrant communities.

#### List of Projects Supported in 2007

- Support for the team of women from the Azores travelling to join the solidarity movement for breast cancer sufferers, in Lisbon.



- Support for children suffering from cancer to travel from Ponta Delgada to Lisbon, in a joint initiative of SATA Internacional and GAP (Grupo de Amigos da Pediatria) from Hospital Divino Espírito Santo, in Ponta Delgada.



- Support for another June (the Month of the Child) programme. Offer of air tickets to primary and preparatory schools in more disadvantaged areas. The SATA Group offers first flights for around sixty children who had never left the islands of the Archipelagos of the Azores and Madeira.



#### 1994 | SATA AIR AÇORES AWARDED MEDAL OF HONOUR

As recognition for the quality of its flights and its operating method, SATA Air Açores is awarded a coveted medal of honour by the International Civil Aviation Organization (ICAO).

#### 1995 | SATA CONTINUES TO GROW

SATA takes another step towards internationalisation, with its first charter flight outside Portugal.



- Support for the Instituto de Apoio à Criança to hold the 'I Seminário Infância, Cidadania e Jornalismo'

- Support for the Associação Cultural Seara Verde to hold the 'Congresso Internacional da Imprensa Não Diária'; and 'Fórum Ponta Delgada 2007 – Promover uma sociedade mais justa na diversidade'.



- Support for the Associação de Todas as Idades Amigas Terapia Assistida Com Animais Açoriana, IPSS

- Support for the Jeunesses Musicales Portugal to hold the first contemporary music festival of the Azores



- Support for the Casa dos Açores de Winnipeg to organise cultural events with emigrant communities from the Azores.

- Support for the Casa dos Açores in the USA to organise cultural events and exchanges between the Azores and the Luso-American community.

- Support for Fórum Açoriano to hold the 'Primeira Conferência de Participação Cívica na Sociedade Actual'.

- Support for the Grupo de Amigos da Pediatria do Hospital do Divino Espírito Santo for travel for children with cancerous diseases.



#### 1998 | SATA AWARDED AOC

SATA Internacional, with a Boeing 737, begins to diversify SATA destinations and is awarded its AOC (Air Operator's Certificate), finally entering the competitive world of civil aviation.



- Support for the Universidade dos Açores to hold the 'Seminário Internacional de Estudos Nemésicos'; organisation of the seminar on domestic violence at Universidade de Trás-os-Montes e Alto Douro; support for students travelling to the 'Olimpíada Portuguesa de Química'.



- Support for the Liga do Amigos do Hospital de Ponta Delgada to hold the 'XX Encontro Nacional da Pastoral da Saúde'.

- Support for the Grupo Coral de Santa Catarina, Parish of Castelo Branco, Faial, to hold a fund-raising concert.

- Support for the Lions Clube de Lagoa to hold a fund-raising event for charity work.

- Support for the Parish Council of Furnas for travel of a youth athlete from Sporting Clube Vale Formoso.

- Support for the Liga dos Combatentes for fund raising action – Sponsorship of Teatro Micaelense and Coliseu Micaelense.



#### 1999 | SATA GUARANTEES NEW ROUTES

SATA Internacional wins the concession for routes between Ponta Delgada and the cities of Lisbon, Oporto and Funchal, with a Boeing 737 and, subsequently, the new A310.

#### 2000 | FLIGHTS TO NORTH AMERICA

SATA starts scheduled flights to the United States of America and Canada, strengthening ties with the Azores Diaspora.





- SATA Air Açores guarantees inter-island connections between Madeira and Porto Santo, on a route concession basis. This agreement is valid until 2010.
- SATA Internacional launches new route between Funchal and Paris (inaugural flights). Weekly frequency throughout the year.
- SATA Internacional launches Ponta Delgada/Dublin/Ponta Delgada and Ponta Delgada/Vienna/Ponta Delgada routes.
- SATA Internacional strengthens connections with Frankfurt with two flights a week.
- SATA Internacional strengthens connections to London with a second weekly flight.
- SATA Internacional and SATA Air Açores submit applications for IOSA certification, a seal of operating quality. Internal auditing programme commences.
- Organisation of another SATA Rallye, the star event in the Azores motor sports calendar.



- SATA Internacional opens agencies and check-in counters at Terminal 2 in Portela Airport, in Lisbon.



Airbus A320-200

#### 2004 | NEW EQUIPMENT

SATA receives two new Airbus A320 with which it will increase flights to Europe.

#### 2005 | NEW ROUTES

SATA launches new routes to Europe. London and Madrid are the airline company's new commitments for the IATA summer season.



- SATA Internacional in the ranking of airlines with most flights to Madeira and Lisbon.
- SATA Internacional starts connections to California with a weekly flight to Oakland.
- SATA Aeródromos awarded INAC certification and recognised as an airport unit management entity. The company takes over responsibility for the management of the aerodromes of Pico, São Jorge, Corvo and Graciosa.



- SATA Handling distinguished for the excellence of its ground service provided to passengers and aircraft by the Scandinavian company SAS Norway.



#### 2005 | SATA AERÓDROMOS CREATED

The latest SATA group company, SATA Aeródromos, is set up to manage and maintain 4 of the 9 aerodromes in the Azores.

SATA Aeródromos designs and implements the new Aerodromes on the islands of Pico, Flores, São Jorge and Graciosa.



- In 2007 the decision was taken and implemented to alter the computer system for management of the frequent flyer programme. After studying various solutions, Crane was chosen since it offers the most advanced FFP solutions in the industry while guaranteeing interconnections with other customer service systems.



- The SATA website was entirely redesigned. In the stage implemented in 2007, the whole architecture and image were renewed and the systems used were upgraded.



**2007 – SATA AND THE ARCHIPELAGO OF MADEIRA**

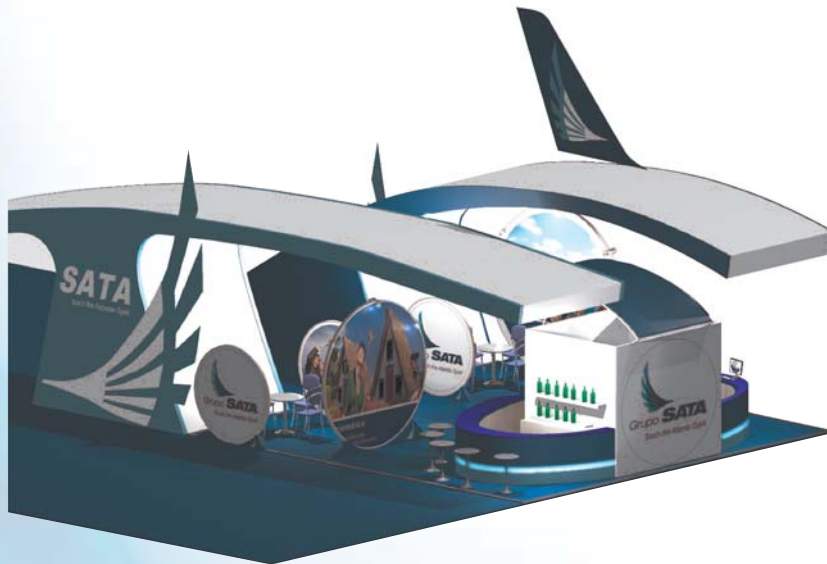
At the request of the Portuguese Government, SATA Air Açores increases the scope of its role in the Atlantic islands, ensuring the Funchal – Porto Santo route. It will also offer charter flights to Las Palmas during the IATA summer season.

**2007 | SATA ACQUIRES TWO NEW AIRCRAFT**

A British Aerospace ATP and one new Airbus A310 arrive at São Miguel and are named on 15 June, the day the company celebrates its 60th anniversary.

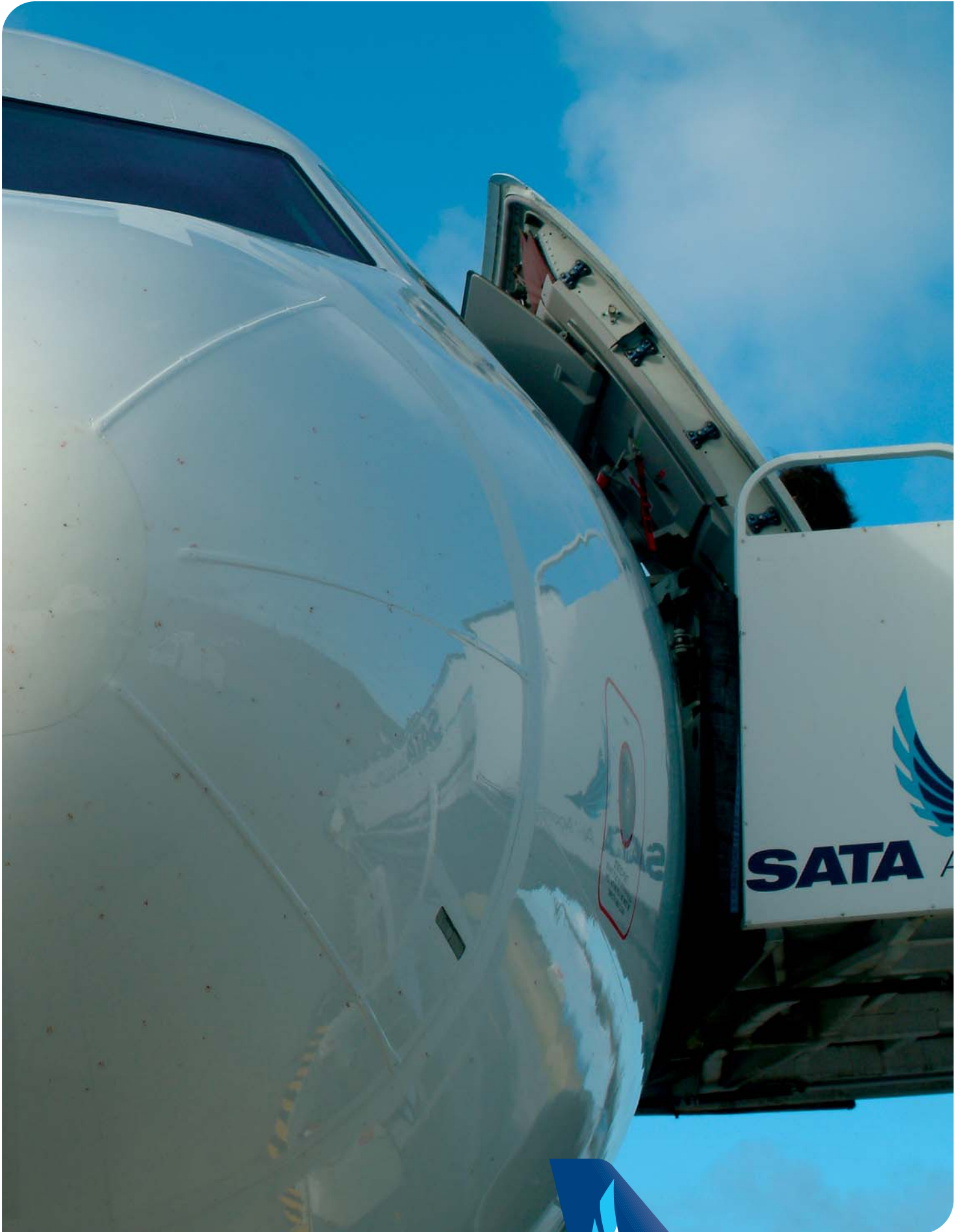


- The policy of closer relationships with national and foreign tour operators continued to be pursued, in order to consolidate our position on various routes in the leisure segment. A significant effort was also made to build up a strong line of products in the Meetings and Incentives segment.
- An extensive programme of workshops demonstrated SATA markets to travel agents. SATA also participated in the most important fairs and road shows in Europe.
- A series of investments were made aimed at modernising and standardising the image of our agencies whose services were improved with the help of a mystery shopper programme and numerous training courses focusing on technical and behavioural aspects.



#### 2007 | SHUTTLE SERVICE TO EUROPE

Increase in the frequency of flights to London and new routes to Dublin and Paris. SATA Internacional links the Archipelagos of Madeira and Azores to Europe.





According to the data published by IATA, the international aviation sector envisages a profit of 5000 million dollars in 2008.

IATA reviewed its profit forecast for 2008 from 7800 to 5000 million dollars. The rise in fuel prices is expected to have an impact of 14000 million dollars on the total cost of fuel for the industry, raising it to 149000 million dollars (based on an average price of 78 dollars a barrel). In 2008, it is expected a slowdown in the growth in revenue (4.7%) and a growth in traffic of around 4%. At the same time, in 2008 it is expected an expansion in capacity in the sector, due to a significant increase in delivery of aircraft. This increase of 1,281 aircraft is higher than the equivalent for the previous year (1,041 aircraft in 2007). For 2008, the priorities of IATA are safety, business simplification, infrastructures and the environment.

Safety is the main priority of the civil aviation sector. IATA has an annual budget of 5 million dollars to demonstrate its commitment to safety and quality control.

According to the Director General of IATA, the common global theme is the search for efficiency. The IATA business simplification programme seeks to provide efficiency in areas ranging from e-tickets to e-freight. In 2008, IATA will implement various initiatives aimed at reducing costs and improving service.

The latest challenge in the civil aviation sector is the environment, more precisely the regulation of aviation with regard to climate change.

Finally, progress has been made in improving the costs of infrastructures. In 2007, IATA achieved a reduction in costs of 1000 million dollars and avoided 13000 million dollars in increased costs, leading to total savings of 2300 million dollars. Areas covered include taxation, airport charges, ATC fees and fuel supplies. In 2008, it is estimated that total savings in the sector will reach 15000 million dollars.

#### 2007 | SATA TODAY

The SATA Group is today an air transport group comprising two companies: SATA Air Açores and SATA Internacional, two tour operators and a company that manages several aerodromes. It operates more than 18,000 flights a year, and takes the Atlantic spirit to 50 destinations throughout the world ...

This is the result of the dedication of more than 1200 employees who work every day so that with SATA There is Something Different in the Air.