



ATSG Subsidiary PEMCO Launches B737-700 FlexCombi™ & Full-Freighter Aircraft Conversion Programs

WILMINGTON, Ohio – April 25, 2017 – Aviation maintenance and engineering company PEMCO World Air Services (PEMCO), a wholly owned subsidiary of Air Transport Services Group, Inc. (NASDAQ:ATSG), has launched its Passenger-to-FlexCombi™ and Passenger-to-Freighter conversion programs for the Boeing Next Generation 737-700 aircraft. The programs will be marketed as B737-700FC (FlexCombi™) and B737-700F (Freighter).

“We’re excited to finally announce the launch of our 700-series conversion programs for the Boeing 737,” said PEMCO Director of Conversion Programs Mike Andrews. “Over the past several months, we have worked closely with our customers to fully understand their requirements and implement a comprehensive solution.”

The launch customer for the PEMCO B737-700FC is Bahrain-based Chisholm Enterprises, an internationally recognized provider of tailored aviation and business solutions in the Middle East. Its subsidiary Texel Air, a non-scheduled cargo airline, will operate the B737-700FC from Bahrain International Airport.

“We made a significant investment to develop our specification for the FlexCombi™ to meet our operational requirements,” shared Chisholm Enterprises CEO George Chisholm. “I acknowledge the professionalism and support received from the PEMCO team during our extensive evaluation process culminating in PEMCO’s confirmation of proof of concept. This underwrote our decision to become the launch customer for the B737-700FC.”

Chisholm added, “We have also worked with PEMCO as the end customer for four previous B737-300 conversions including the current two aircraft in the Texel fleet. We have benefited from the trouble-free PEMCO cargo system since 2009. We are very confident of a successful partnership with PEMCO on the -700FC.”

PEMCO will induct the first aircraft for B737-700 Passenger-to-FlexCombi™ modification at PEMCO’s facilities in Tampa, Fla., during the second quarter of 2017. PEMCO expects to receive a U.S. Federal Aviation Administration supplemental type certification (STC) by mid-2018. After the initial issuance, PEMCO plans to certify both B737-700 conversion programs with the European Aviation Safety Agency and the Civil Aviation Administration of China shortly thereafter.

The first of its kind, the PEMCO B737-700FC offers three configurations: a 24-passenger cabin plus a 2,640-cubic-foot cargo hold for up to 30,000 pounds of payload in six pallet positions; a 12-passenger cabin plus a 3,005-cubic-foot cargo hold for up to 35,000 pounds of payload in seven pallet positions; or full-freighter mode consisting of a 3,370-cubic-foot cargo hold for up to 40,000 pounds of payload in eight pallet positions. The available positions will accommodate 88” x 125” or 88” x 108” pallets, with the seventh and eighth positions accommodating smaller pallets.

The B737-700F PEMCO-converted aircraft features nine pallet positions, up to 45,000 pounds of payload, and 3,844 cubic feet of total volume. The available positions will accommodate 88” x 125” or 88” x 108” pallets, with the ninth position accommodating a smaller pallet.

“This has been a very carefully thought out process for us,” PEMCO General Manager Pastor Lopez said. “We are leveraging our extensive knowledge and market leadership in the Boeing 737 Classic and designing a great product, at a sensible price, for our customers. Operators have responded very favorably to our entry into this space. Our engineering and quality teams have been working with the FAA very closely over the last year to address their points early on. This led us to have a project number ahead of schedule.”

Lopez added that “Chisholm is a great partner that provides unique services, and therefore requires the flexibility our B737-700 products will deliver. We are pleased to continue our long tradition of offering the best narrow-body freighter conversion programs in the world.”

PEMCO is the global leader in narrow-body passenger-to-freighter aircraft conversions, having developed over 70 STCs and modified over 350 aircraft. PEMCO’s 60-plus customers select the company’s passenger-to-freighter conversion for its superior cargo door and system, superior operating functions, on-time turnaround, and a track record of 2 million hours of safe, reliable operation.

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About PEMCO World Air Services

PEMCO World Air Services, an Airborne Maintenance and Engineering Services (AMES) company, serves customers from airlines to private operators. Having developed over 70 STCs and modified over 350 aircraft and with conversion partnerships in China, Costa Rica and Canada, PEMCO’s cargo conversion program is the global leader in narrow-body passenger-to-freighter aircraft conversions. PEMCO and AMES, wholly-owned subsidiaries of Air Transport Services Group (NASDAQ:ATSG), offer 320,000 sq. ft. of hangar space in Tampa, Fla. and 315,000 sq. ft. of hangar space in Wilmington, Ohio. Together, they provide a range of services to the aviation sector including heavy maintenance, line maintenance, cargo conversions, engineering services, material sales and manufacturing. Combining the maintenance experience as an Airborne Maintenance and Engineering Services company with industry-leading conversion capacity, PEMCO World Air Services is a leading provider of services for Boeing and Airbus fleets. For more information, please visit PEMCOAIR.com or AIRBORNEMX.com.

About Air Transport Services Group

ATSG is a leading provider of aircraft leasing and air cargo transportation and related services to domestic and foreign air carriers and other companies that outsource their air cargo lift requirements. ATSG, through its leasing and airline subsidiaries, is the world's largest owner and operator of converted Boeing 767 freighter aircraft. Through its principal subsidiaries, including two airlines with separate and distinct U.S. FAA Part 121 Air Carrier certificates, ATSG provides aircraft leasing, air cargo lift, aircraft maintenance services and airport ground services. ATSG's subsidiaries include ABX Air, Inc.; Airborne Global Solutions, Inc.; Air Transport International, Inc.; Cargo Aircraft Management, Inc.; and Airborne Maintenance and Engineering Services, Inc. For more information, please see www.atsginc.com.

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