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WORLDWIDE AVIATION MARKETING AND MANAGEMENT SERVICE

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Newsletter

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Market Comment

Gulf Carriers, Emirates, Etihad Airways and **Qatar Airways,** are taking market share from the big American carriers, **American, Delta** and **United.** Their combined share of traffic between the United States and the Indian subcontinent had fallen five points to 34 percent in 2014 from 39 percent in 2008, while the Gulf carriers saw their market share rise from 12 percent in 2008 to a whopping 40 percent in 2014. The market share for U.S. airlines and their joint-venture partners (**Air France** and **British**) for U.S.-Southeast Asia travel has fallen from 43 percent to 36 percent. The three Gulf airlinesô market share on those routes increased from just 1 percent to 13 percent over the same period of time. Since **Emirates** started using Milan, Italy, as a stopover for their Dubai-U.S. flights, their market share has risen from zero to 19 percent, while U.S. airlinesô and their alliance partners saw their share fall seven points to 78 percent.

The U.S. carriers are now complaining that the ñOpen Skiesò treaties signed in the previous decade were not working to their advantage and that they should now be scrapped. The airlines claim the Gulf carriersô aircraft purchases were subsidized by their respective governments. The state subsidies allow the airlines to offer lower fares than the American or European legacy carriers could. U.S. trade policy forbids any form of subsidy that creates an uneven playing field, and the U.S. airlines asserted that loans, tax exemptions and other support to Gulf carriers had surpassed $40 billion since 2004. **Ben Hirst,** Executive VP and Chief Legal Officer for **Delta Air Lines** said, ñFrom the U.S. airlinesô standpoint, weôre competing with (foreign) governments, not private businesses.ò CEOs of **American, Delta** and **United** met to persuade senior **White House** officials to push the U.S. government to review existing open skies deals with the Gulf countries in order to limit their airlines access to the U.S. Others entities support the ñOpen Skiesò agreement because cutting ticket prices and improving service was what the agreement was supposed to do. **Erik Hansen**, of the non-profit **US Travel Association**, said, ñFrom the passengersô point of view, they want as many choices as possible.ò ñ**Boeing** supports a commercial-aviation industry based on open and fair competition, and óOpen Skiesô has long been a key factor in this, benefiting both U.S. and international airlines,ò a spokesman said. The manufacturer has sold 339 new 777s to Gulf carriers and 13 to U.S. legacy airlines in the last five years.

Table of Contents

Market Comment 1

AIRCRAFT & ENGINE ORDERS
Airbus 3
Boeing 5
Regional 8
Order Changes 12
Leasing Companies 12
Engines 14

AVIATION BUSINESS
Airline News 15
Bankruptcy 17
Cargo Pallet 18
Military Market 18

AIRCRAFT DELIVERIES, SALES & LEASES
Airbus 20
Boeing 22
Regional Jet 23
Turboprop Aircraft 24
Antiques 25
Accidents & Safety 26

PUBLICATIONS & FORMS
Avmark Capabilities
Avmark Publication Samples
Current Avmark Publications
Publication Form

The three Gulf carriers repudiated allegations of state subsidies. **Emirates** president **Tim Clark** retorted, ñWe are very interested to see how the figure of '$40 billion of government subsidies and benefits' was calculated.ò He emphatically said, ñWe have never received financial subsidies or bail-outs. We did receive start-up capital of $10 million in 1985 and a one-time infrastructure investment of $88 million for two **Boeing** 727 aircraft and a training building. This investment has been more than repaid by dividend payments to the government of Dubai which total over $2.8 billion to date.ò Further, he charged the three largest U.S. carriers each ñwas a beneficiary of Americaôs unique Chapter 11 bankruptcy reorganisation law. As far as the airline industry is concerned, aero-political protection for airlines is arguably the biggest subsidy of all. Therefore, it would be ironic, and a shame, if the U.S., who have been the forerunners of liberalisation and deregulation, would now contemplate a U-turn on its successful international aviation policies for the benefit of a narrow few, based on sweeping and unfounded subsidy allegations.ò

The **Department of Transportation** has not commented on the airline CEOôs meeting with Secretary of Transportation **Anthony Foxx,** and Commerce Secretary **Penny Pritzker**. The U.S. airlines are backed by the **Air Line Pilots Association (ALPA),** which said ñnationsô airlines [should] compete on commercial merit and do not benefit from unfair economic advantages in the marketplace.ò Other airlines, such as **FedEx** and **JetBlue** have spoken out in favor of retaining the ñOpen Skiesò policies, out of self-interest. **FedEx** does extensive business in the Gulf and **JetBlue** is a codeshare partner with the three Gulf carriers, and has limited international routes. Mid-sized and small international U.S. airports said that promoting ñOpen Skiesò helps their attempts to expand service to foreign countries. So far, **Southwest Airlines** and the trade association **Airlines for America** have declined to comment.

Mr. **Clark** said there is ñvirtually no competitive overlaps between **Emirates'** network and those of the three complaining U.S. carriers.ò His airline flies non-stop from Dubai to nine U.S. cities and provides one-stop service to 60 cities in Africa, the Asia/Pacific, India and the Middle East through Dubai. He claims none of the destinations are ñcurrently served by American carriers, except perhaps via their alliance partners where routings are often relatively convoluted or inconvenient,ò therefore **Emirates** offers better connections than the U.S. carriers, and it boarded than 10.7 million passengers on its U.S. flights.

It is ironic that three upstart carriers should school the legacy American and European airlines on convenient flights through hubs, and passenger service ï some 37 years after airline deregulation in the U.S. and the **EU-US Open Skies Agreement** of 2007. Mr. **Clark** observed that ñsome of the com-plaining CEOs have publicly called for the U.S. to emulate the pro-aviation growth policies of Dubai.ò Perhaps the legacy carriers should learn to compete more and complain less.

Airbus Orders

After a Huge December, Airbus Sold Five A330-200s in January and delivered 36 aircraft, down from the 75 aircraft it completed a month previously. A new, unidentified customer purchased the five A330-200ceo (current engine option) aircraft, raising the A330 order book to 1,352. The five planes were worth $1.1 billion ($220 million each) at list prices. The new sales help plug a possible gap in production between the A330ceo and the new A330neo that will enter service in 2017. The backlog for the A330ceo program stands at 193 as of January 31. **Airbus** CEO **Fabrice Bregier** said he expected more A330 orders soon, but not enough to avoid lower production after 2015. It will cut production from 10 to nine per month in the fourth quarter of 2014.

Airbus Orders, Deliveries and Backlog January 2015

JAN ORD	JAN DEL	JAN CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			A318		
-0-	-0-	-0-	79	79	-0-
			A319		
-0-	4	-0-	1,472	1,433	39
			A319neo		
-0-	-0-	-0-	49	-0-	49
			A320		
-0-	17	-0-	4,760	3,867	893
			A320neo		
-0-	-0-	-0-	2,817	-0-	2,817
			A321		
-0-	9	-0-	1,582	1,036	546
			A321neo		
-0-	-0-	-0-	755	-0-	755
			A330		
5	5	-0-	1,352	1,159	193
			A330neo		
-0-	-0-	-0-	120	-0-	120
			A350		
-0-	-0-	-0-	780	1	779
			A380		
-0-	1	-0-	317	153	164
This Month			**This Year**		**BL**
5	36	-0-	**5**	**36**	6,355

Airbus sold 15,276 aircraft and delivered 8,921 as of January 31, 2015. Zero orders were cancelled. Total orders, deliveries and backlog include cancellations and order changes.

Airbus delivered 30 A320 Family jetliners, five A330s, and one A380, to a total of 26 customers. At the end of the month, **Airbus'** backlog stood at 6,355, comprising 5,099 A320 Family jetliners, 313 A330s, 779 A350s and 164 A380s.

Avianca Holdings S.A. signed a Memorandum of Understanding (MoU) for 100 A320neo Family aircraft in early February. **Avianca** said it will continue to base its fleet renewal strategy on the A320neo Family. In 2012, **Avianca** ordered 51 A320 Family aircraft, including 33 A320neos. The airline group has ordered nearly 200 **Airbus** airplanes, and has approximately 130 currently in operation. **Avianca** has not announced the engines to be installed on its newest batch of A320neos, but **Avianca** had previously picked the **CFM International** LEAP-1A for its first A320neos. **Boeing** tried very hard to get **Avianca** to switch to the 737 MAX recently. In November 2014, **Boeing's** VP of Sales for Latin America, Africa and the Caribbean, **Van Rex Gallard,** expressed confidence that it could convert **Avianca** to the 737 MAX. ñItôs not a done deal ï weôre in the middle of the conversations. But Iôm bullish enough to be able to talk to you about the fact that we have a good chance there,ò he said.

Airbus Forecast that A321 deliveries will rise by five percent in 2015. **Simon Pickup**, strategic marketing director at **Airbus Americas**, said, ñBy end of this year, 36 percent of deliveries will be A321, and it will be an even bigger proportion as we move forward.ò **Airbus** delivered 150 of its 185-seat A321s in 2014, 31 percent of a total of 490 A320 Family aircraft. The proportion of A321s has risen 10 percentage points over the past five years, because airlines are up-sizing their aircraft from the smaller A319s and A320s.

Firm Orders for the A320neo Family reached over 3,600 aircraft from 70 customers. Including 245 firm orders from seven customers in Latin America ï **Avianca, Azul, Interjet, LAN, TAM, VivaAerobus** and **Volaris**. In the last 10 years, **Airbus** has tripled its in-service fleet to more than 550 aircraft in the Latin America and the Caribbean region. It has delivered more than 60 percent of all aircraft operating there, and has sold more than 850 aircraft, with a backlog of nearly 400.

South Korea's Asiana Airlines signed a Letter of Intent (LOI) to purchase of 25 A321neos as part of its ongoing fleet modernization program. The new aircraft will seat 180 passengers in a two class layout, and will be operated on the carrierôs regional services, as well as on selected domestic routes. **Asiana** will decide whether the **Pratt & Whitney** PW1100G or **CFM International** LEAP-1A engines will power the aircraft at a later date. **Asiana Airlines** and its low cost subsidiary **Air Busan,** already operate a fleet of A320 Family aircraft. The A321 will be the primary single-aisle type at both units. **Asiana** currently operates an **IAE** V2500-powered fleet of 24 A321s and eight A320s. **Air Busan** leases seven A321s, and three A320s from **Asiana**, and acquired five **Boeing** 737 Classics from its parent. The 18- to 20-year old 737s will be retired as the A321neos are delivered.

China Aviation Supplies Corp. was identified as the undisclosed customer for 25 A320ceos and 45 A320neos that were ordered in December.

ANA Holdings (All Nippon Airways) announced its order for four A321ceos with Sharklets and three A321neos in January, but **Airbus** has not booked it yet. The four A321ceos will be delivered in fiscal 2016 and the A321neos will arrive in fiscal 2020-21. The seven A321s were worth $828 million at list prices. The group bought seven A320neos and 23 A321neos in July 2014. The latest agreement brings **ANA's** total order for the A320 Family to 37 aircraft, which will gradually replace its existing single-aisle fleet.

ARKIA Israeli Airlines signed a Memorandum of Understanding (MoU) for up to four A330-900neo aircraft, which are list priced at $285 million each. **ARKIA** is now the first **Airbus** widebody customer in Israel and the first customer for the type in the region. The airline will use the A330neo to expand its long-haul business and leisure markets. The **Rolls-Royce** Trent 7000-powered A330-900neos will join the four A321neos that **ARKIA** ordered at the **Farnborough International Airshow** in 2012. Its pilots and engineers will be able to quickly transition from the single-aisle A320 Family to the twin-aisle A330 and **ARKIA** can operate and maintain both types with the same pool of pilots and engineers. **Airbus** said the A330neo also offers the latest in fourth generation or light IFE or In-Flight entertainment. ñMoreover, it offers connectivity to the ground should it be mobile telephony and internet access services and in parallel on board wireless services enabling passengers to access Wi-Fi content and services on their personal electronic devices.ò Israelôs second airline is owned by **Nakash Holdings**, the private investment office arm of **Jordache Enterprises**. The company manages a multibillion-dollar investment portfolio including **MG Aviation** in Hong-Kong, **U.S. POLO Assn.**, retail, agriculture, transportation, manufacturing, hotels and real estate located in prime locations throughout the world. **Nakash/MG Aviation** have also ordered four 787-9s. Two of them will be leased to **Norwegian Long Haul** in 2016. **ARKIA** currently operates two **Boeing** 757-300s, two **Embraer** E190s and five ATR 72s.

Airbus Will Increase A320 Production to 50-Per-Month in 2017. The manufacturer and suppliers agreed they could raise A320 Family component production to match a 50 per month rate in the first quarter of 2017. **Airbus** plans to build 48 A320s per month during 2016. They are currently completing 42 aircraft and will raise production to 46 aircraft a month by the second quarter of 2016. **Airbus** is adjusting the A330 production rate downward to six a month from the first quarter 2016 as it transitions towards the A330neo. Executive Vice President Programs, **Didier Evrard,** said, ñWe work closely with our supply chain, assess our manufacturing capabilities and decide on the most appropriate rate. On widebodies, we are adjusting A330 production in preparation for transition to NEO while in parallel the A350 XWB is on a steep ramp-up.ò Some industry analysts worry that the commercial aerospace cycle has peaked and the additional production capacity is not needed. Also **Airbus** will start building the new A320neo in late 2015, which will further add to the suppliersô problems of meeting production goals. Many of these same suppliers are being pressed by **Boeing** to build more parts. The U.S. manufacturer plans to raise 737 production to 47 a month in 2017 and to 52 in 2018. It currently completes 42 every month. Apparently **Boeing** is consulting with suppliers on whether they could handle 58 737s a month.

Airbus delivered 128 new A320 Family and 25 A330 aircraft to Chinese carriers in 2014, bringing the total number of in-service **Airbus** airplanes to more than 1,100. The Chinese market accounted 24 percent of their total deliveries last year, the company said. This was the fifth consecutive year that the manufacturer delivered more than 100 aircraft to Chinese airlines and lessors. **Airbus'** Tianjin plant assembled 207 A320s since 2008, and they currently produce four aircraft per month.

Boeing Orders

Boeing Sold Five 737s in January. All Nippon Airways (ANA) placed a firm order for five Next-Generation 737-800s and announced it would buy three 787-10 Dreamliners. The eight airplanes are worth $1.4 billion at list prices. **Boeing** expects to deliver the first 787-10s to its customers in 2018.

ANA was the launch customer for the 787, and now the airline has ordered 80 787-8s and 787-9s, and three 787-10s. It received 32 787-8s and its first two 787-9s. **ANA** will become the first airline in Asia to operate the entire family of 787 Dreamliners. **Boeing** delivered 50 new airplanes in January, including 35 737s, one 747, two 767Fs, five 777s and seven 787s. The manufacturer handed over a record 75 new jets in December.

In February, Boeing announced that one **Unidentified Customer** (believed to be **Air Austral**) bought two 787s, and another **Unidentified Customer** purchased six 737s. Late in the month, **Boeing** reported that an **Unidentified Customer** ordered 50 737s. The manufacturer lost one 787 order and four 737 orders, as of February 26. This year, **Boeing** has sold 74 new aircraft and lost five previous commitments.

Boeing January 2015 Orders, Deliveries

JAN ORD	JAN DEL	JAN CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			737		
5	35	-0-	12,654	8,385	4,269
			747		
-0-	1	-0-	1,537	1,502	35
			767		
-0-	2	-0-	1,114	1,069	45
			777		
-0-	5	-0-	1,827	1,268	559
			787		
-0-	7	-0-	1,071	235	836
This Month			**This Year**		**BL**
5	50	-0-	**5**	**50**	5,744

Boeing sold 25,733 aircraft and delivered 19,989 as of January 31, 2015
The Current Program includes sales and deliveries of 737s, 747s, 767s, 777s and 787s.
Sales totals include zero cancellations.

Alaska Airlines purchased six **Boeing** 737-900 Extended Range aircraft, valued at $594 million ($99 million each) at current list prices. Four of the new planes are scheduled for delivery in 2016 and two in 2017, and now **Alaska** has 42 737-900ERs and 37 737 MAX jets on order. Over the next few years, **Alaska's** 20 737-400s will be replaced with 737-900ERs, which can carry 25 percent more passengers on the same amount of fuel. The airline will receive 19 -900ERs next year. The airline was able to acquire four 2016 delivery slots, probably due to cancellations by other carriers.

Korean Air finalized an order for five 777 Freighters in February. The deal was valued at more than $1.48 billion ($300 million each) at current list prices, and will be delivered between 2015 and 2017. The 777Fs will replace **Korean Air's** oldest 747-400Fs, which average 15 years of age. The airline is one of the worldôs largest cargo carriers, and it currently operates 17 747-400 freighters, five 747-8F freighters and four 777Fs. Koreaôs flag carrier also operates 86 **Boeing** passenger airplanes and has unfilled orders for nearly 40 additional airplanes, including 12 777-300ERs, 10 747-8 Intercontinentals, 10 787-9 Dreamliners, two 747-8 Freighters and now six 777 Freighters. **Boeing's** *World Air Cargo Forecast* said global air freight traffic will grow at an annual rate of 4.7 percent, and cargo traffic will double over the next 20 years. **Boeing** said it was the undisputed air cargo market leader, and provided more than 90 percent of the total worldwide dedicated freighter capacity.

Transavia Company, a wholly owned subsidiary of the **Air France-KLM Group,** announced its order for 17 Next-Generation 737-800s, and took options for three additional airplanes in February. The jets will be delivered between January 2016 and the end of 2018. The firm order was valued at $1.6 billion ($94.1 million each) at current list prices, and was previously attributed to an unidentified customer on the **Boeing** *Orders & Deliveries* website. The airline currently operates an all-**Boeing** fleet of 45 737-700s and -800s. The airlineôs CEO **Bram Graber,** said, ñWe have grown to become one of the leading low cost carriers in France and the Netherlands by effectively utilizing the unrivalled economics and unmatched reliability of the Next-Generation 737.ò **Air France-KLM** planned to expand **Transaviaôs** reach across Europe last year, but the idea was delayed by a labor dispute. **Transavia** has operated the 737 since the mid-1970s. **Transavia** has six bases and its two main hubs are at **Schiphol Airport,** Amsterdam, and **Paris-Orly Airport,** and it serves 110 destinations in Europe and North Africa. It flew 10 million passengers in 2014. **Boeing** has sold more than 6,800 Next-Generation 737s to customers worldwide.

Boeing Vice-President Randy Tinseth said the company concluded that the economics of reviving and re-engining the 757 did not make sense. ñWeôre not studying 757 re-engined replacements right now. It just doesnôt work,ò he said. He reiterated at a conference that the 757 replacement market was limited. He reported there are 550 passenger-carrying 757s and about 200-250 freighters still in operation. Of that number only about 50 to 80 757s are flying trans-Atlantic routes that exceed the maximum range of the 737 MAX 9 or A321-neo. Rather than focus on a 757 replacement, **Boeing** is looking to fill the niche between the 200-seat (single-class) 737 MAX 9 and the 242-seat (single-class) 787-8. ñWeôve been talking to our customers and they want an airplane thatôs bigger than todayôs 757 and flies further ï probably 20 percent further. We are trying to figure out what that means, what that airplane would look like.ò Mr. **Tinseth** said. He explained that **Boeing** had many projects on its drawing boards so research and development resources are occupied through at least 2022. This means ñweôve got some time to do it and weôll take a real hard look,ò he said.

Air Tahiti Nui has announced its commitment to purchase two 787-9 Dreamliners, and another two will be leased. The order will be worth $514 million ($257 million each) at current list prices, and will be posted on **Boeingôs *Orders & Deliveries*** website when finalized. The 787s will arrive in the fourth quarter of 2018, and will replace five A340-300s which were delivered between 2001 and 2005. **Air Tahiti Nui** is the flag-carrier for French Polynesia, and operates from **Faa'a International Airport** on the island of Tahiti.

Russian Airlines and Boeing are talking about potential changes to their orders in light of that countryôs aviation industryôs problems with a weakened rouble, falling traffic, slow economic growth and Western sanctions. The roubleôs 40 percent slide against the dollar have made Western aircraft significantly more expensive for Russian carriers, because they are sold in dollars and the airlines have seen travel demand fall because U.S. and European Union sanctions have affected businesses and consumers. **Boeing** Senior VP for Global Sales, **John Wojick,** said the manufacturer is discussing potential changes in scheduled deliveries now, because of the 12-month lead time to build a single-aisle plane and 18-month lead for widebody aircraft. Changes in scheduling need to be arranged well before delivery. It is now too late for the manufacturer to change the scheduling of the 2015 deliveries, but the 2016 production slots can be shuffled around and are still subject for discussion. He said no Russian airline has asked to defer deliveries at this point. **TransAero Airlines** will take two 747-8

Intercontinentals this year, even though the carrier owes 4.5 billion roubles ($70 million) to fuel suppliers. Mr. **Wojick** would not say how many airplanes are scheduled for delivery in Russia in 2015 or 2016; only a dozen 737s were delivered to the country in 2014. Russia accounts for less than 10 percent of **Boeing's** commercial aircraft sales, so Mr. **Wojick** appears unconcerned.

Huaxia Financial Leasing signed a Letter of Intent (LOI) for 20 **COMAC** C919s. The company is the leasing unit of **Huaxia Bank**, China, and will become the 18th customer for the Chinese narrowbody program. **COMAC** now has 450 commitments for the C919 which is still in development. The manufacturer started final assembly of the first C919 prototype in September, 2014, and it is working towards a first flight by the end of 2015. The C919 has largely been sold to Chinese airlines (140) and leasing companies (290). **General Electric**, a partner in **CFM**, the C919ôs engine provider, has also ordered 20. Chinese lessors have bought twice as many C919s as the nationôs airlines, which may indicate a glut on the domestic market when the airplanes roll off the assembly line.

Boeing Finds Buyers for Early 787s. The manufacturerôs early-model 787 Dreamliners are overweight and had to be reworked due to glitches in production. The planes came off the production line in 2010, but they did not meet **Boeing's** guarantees for gross weight and range so they were rejected by the original customers, such as **Air India, All Nippon** and **Royal Air Maroc**. **Boeing** built the Dreamliners before the type was certified as airworthy, and it had to retrofit about 60 of the first jets to match design changes made during flight testing. The earliest jets required heavy structural reinforcements to bolster their composite shells, and the replacing of some fasteners, so they were set aside while **Boeing** focused resources on later models that it could be more quickly delivered to customers. The 787s have been in storage at Everett, Washington, with their windows sealed and concrete blocks hanging from the engine attachment points since then. The planes were nicknamed the ñterrible teensò for their place on the production run (line numbers 10 through 19), and the problems **Boeing** had deal with. The **Mexican Air Force** purchased the last of **Boeing's** five prototypes (SN 40695, line number 5) and will operate it as a Presidential transport. **Boeing Business Jets** sold one ex-**All Nippon**-allocated 787-8 (SN 41987, line number 11) to a VIP customer. It is now in flight test. **Air Austral,** Reunion Island in the Indian Ocean, ordered two of the ñterrible teensò jets. The first (SN 34510) will be delivered this year, and its sister-ship (SN 34491) is due in 2016. Both will be powered by **Rolls-Royce** Trent 1000 engines, and were built for **All Nippon**. The press said **Ethiopian Airlines** was in advanced discussions to buy eight of the early-build 787s, but neither **Boeing** nor **Ethiopian** would confirm the deal. The manufacturer did say it expected to deliver three or four early 787s this year. **Boeing** has been trying for years to sell the jets and had signed up **Lion Air, RwandAir** and **Transaero Airlines**, only to have them cancel before the orders were announced. The airplanes are appraised at roughly $1 billion, less than half their list price of $218 million each. Due to the modifications, those 787sô range was estimated to fall about 1,000 nautical miles (1,850 kilometers) short of the promised range of 7,850 nautical miles. **Boeing** did not disclose the gross weight of the ñterrible teensò jets.

Regional Report

American Airlines signed a firm order for 24 **Bombardier** CRJ900 NextGen regional jets on December 30th, 2014. This order was attributed to an unannounced customer until February. The airline exercised 24 of the 40 CRJ900 NextGen aircraft options that it took when it placed a large regional jet order in December 2013. The 24 CRJ900NGs were list priced at approximately $1.14 billion ($47.5 million

each). The aircraft will be operated by **American's** regional subsidiary **PSA Airlines** under the **American Eagle** brand. **PSA** will receive the 24 CRJ900 NextGen aircraft from November 2015 through August 2016. The jet features 76 seats in a two class configuration consisting of 12 First Class, 36 Main Cabin Extra and 28 Main Cabin seats. Since 2013, **PSA** has experienced significant fleet growth and currently operates 20 CRJ900 NextGen aircraft and 14 CRJ700s. It now has 34 CRJ900NGs on order. **Bombardier** has recorded firm orders for 1,858 *CRJ* Series aircraft, including 384 CRJ900 and CRJ900 NextGen aircraft.

ATR. Air Madagascar signed a contract to buy two new ATR 72-600s in March and April, 2015. The order was placed in February and includes training for technical personnel. The aircraft will bring the number of the airlineôs ATRs to five. **Air Madagascar** said its board approved the renewal as part of a broader strategic plan for the African carrier. It returned two **Boeing** 737-300s to **AerCap** in December, but it is introducing a 737-700 to complement the current fleet of two A340-300s, one 737-300 and three ATRs.

Mesa Airlines agreed to buy seven new CRJ900 NextGen aircraft from **Bombardier**. They will be operated under a 10-year capacity purchase agreement with **American Airlines**. After delivery from July through September 2015, **Mesa** will operate 64 CRJ900 aircraft. The agreement includes an undisclosed number of CRJ900 options. **Mesa** was the launch customer for the CRJ900 aircraft in 2001 and is one of the largest operators of CRJ900 aircraft in the world. **Mesa** has grown significantly since March 2013, doubling the size of the company, creating 900 new positions, and providing job security and enhanced opportunities for all its employees, it said. During this time, **Mesa** added 19 CRJ900 aircraft to the fleet it operates for **American** and 19 new E175 aircraft for **United**. **Mesa** will take delivery of seven CRJ900s and 11 new E175s this year, raising **Mesa's** fleet to 115 aircraft by the end of 2015.

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Chorus Aviation, parent company of **Jazz Aviation,** signed a firm purchase agreement for 13 Q400 NextGen aircraft and reserved options for 10 Q400 NextGens. The aircraft will be operated by **Jazz** under the **Air Canada Express** banner. The firm order is valued at approximately $424 million ($32.6 million each), and could increase to $758 million ($32.9 million) should **Chorus** exercise all its options. The new Q400NGs are part of **Jazz's** fleet renewal program that began in 2011. **Chorus/Jazz** is the launch customer and operator for the Dash 8-300 **Extended Service Program** that will extend the life of the Dash 8-300 turboprop to 120,000 flight cycles from the original 80,000 flight cycles, adding another 15 years to the airplaneôs service life. The agreement covers a minimum of 19 aircraft and the program will begin in early 2017. **Jazz** is the worldôs largest operator of Dash 8 aircraft, and the airline said its collaboration with **Bombardier** goes back many years. The 50-seat turboprop is well suited to many of the regional markets **Jazz** serves under the **Air Canada Express** banner. **Bombardier** successfully launched the Dash 8-100 aircraft **Extended Service Program** in 2009, with **Widerøe's Flyveselskap AS,** Norway, as the launch customer for that aircraft type.

LUXAIR Société Luxembourgeoise de Navigation Aérienne S.A., the national airline of the Grand Duchy of Luxembourg, signed a purchase agreement for three **Bombardier** Q400 NextGen aircraft and reserved two options. The order was list priced at approximately $100.3 million and could increase to $169.5 million ($33.9 million each) if **Luxair** exercise all its options.

Bombardier flew the larger C300 CSeries variant for the first time on February 27, 2015. The Canadian manufacturer said the CS300 took-off from **Mirabel Airport** near Montreal after 11:00 local time. The flight was delayed one day by inclement weather. The second CS300 is on the production line at **Bombardier's** final assembly facility and is expected to fly later this year. The four CS100s in flight test have logged about 850 flight-test hours. The first CS100 will enter service in the second half of 2015 and the CS300 will follow in mid-2016.

Bombardier December 31, 2014 Orders & Deliveries

CRJ	Total Orders	Total Deliveries	Current Backlog
Challenger	33	33	-0-
CRJ1/2/440	1,021	1,021	-0-
CRJ700	350	340	10
CRJ900	384	327	57
CRJ1000	70	39	31
Total	**1,858**	**1,760**	**98**
CSeries	**Total Orders**	**Total Deliveries**	**Current Backlog**
CS100	63	-0-	63
CS300	180	-0-	180
Total	**243**	**-0-**	**243**
Dash 8	**Total Orders**	**Total Deliveries**	**Current Backlog**
Q1/2/300	671	671	-0-
Q400	521	479	42
Total	**1,192**	**1,150**	**42**

Bombardier delivered 14 CRJs and eight Dash 8-400s this quarter.

Bombardier Aerospace's quarterly revenues rose 15.8 percent to $3.3 billion by December 31, 2014, compared to $2.9 billion for the same period last fiscal year. The aerospace unit delivered 101 aircraft during the fourth quarter, up 21 percent from the 83 delivered in the same period last fiscal year. The company netted 67 orders after cancellations, compared to 252, for the same period last fiscal year. For the year, revenues totaled $10.5 billion, compared to $9.4 billion last fiscal year, an increase of 11.9 percent. **Bombardier** delivered 290 commercial and VIP aircraft during the year, compared to 238 in 2013. The net orders reached 282, compared to 388 in the previous fiscal year. The companyôs backlog reached a level of $36.6 billion as at December 31, 2014, compared to $37.3 billion at the end of 2013. Negative EBIT (Earnings Before Interest & Taxes) totaled $1.3 billion, or 39.2 percent of revenues, for the fourth quarter, compared to EBIT of $93 million, or 3.2 percent for the same period last fiscal year. For the year, negative EBIT totaled $995 million, or 9.5 percent, compared to EBIT of $418 million, or 4.5%, the previous year. The net losses in the fourth quarter and fiscal 2014 are mainly due to the charges related to the decision to pause the Learjet 85 business aircraft program recorded in the fourth quarter. Free cash flow amounted to $29 million, which included net additions in PP&E (Property, Plant & Equipment) and intangible assets of $449 million for the fourth quarter, compared to $87milion (including net additions in PP&E and intangible assets of $591 million) for the same period in fiscal 2013. For the year, free cash flow usage amounted to $1.1 billion, including net additions in PP&E and intangible assets of $1.9 billion, compared to a usage of $1.2 billion last fiscal year, including net additions in PP&E and intangible assets of $2.2 billion). **Bombardier's** total revenues rose to $6.0 billion for the fourth quarter, compared to $5.3 billion for the same period in 2013. This represented an increase of 14.6 percent, excluding currency impacts. The yearô revenues totaled $20.1 billion, an increase of 10.8 percent excluding currency impacts, compared to $18.2 billion last year. **Bombardier's** overall backlog amounted to $69.1 billion at the end of the year, compared to $69.7 billion as at December 31, 2013.

Bombardier announced that **Laurent Beaudoin** is retiring as Chairman of the Board of Directors after more than 50 years at the helm of the corporation. He will remain on the Board with the honorary title of Chairman Emeritus. **Pierre Beaudoin** was appointed Executive Chairman, and **Alain Bellemare** took over his job as President and Chief Executive Officer and a member of the Board. The changes took place on February 13, 2015. **Laurent Beaudoin** dedicated his life to building **Bombardier**. Under his guidance, the company became a global transportation leader with 74,000 employees and a presence in more than 60 countries across five continents. Mr. **Bellemare** was President and CEO of **UTC Propulsion & Aerospace Systems (United Technologies),** and spent 18 years with the company. He oversaw the successful integration of the **Goodrich Corporation** into **UTC,** and the development of **Pratt & Whitney's** PurePower engine.

Sukhoi Civil Aircraft Company to Build SSJs in India? In 2012, **United Aircraft Corporation (UAC)** CEO, **Mikhail Pogosyan**, said, the Russian aircraft manufacturing group was ñconsidering an airliner with 130-140 seats as halfway between the Sukhoi Superjet with 110-115 seats and MS-21 with 150-200 seats.ò **UAC** also planned to create an alliance of international aircraft-makers including companies in India and China. ñThe foremost partner could be India, which would provide access to the growing Indian market,ò he stated. ñRussia was already developing joint projects to construct military aircraft with India, these to include both the T-50 fighter and MTA transport aircraft program.ò The companyôs new President, **Yury Slyusar**, said Russia was ñlooking at [Indian] production to help reduce the final price of the aircraft.ò State-owned **Hindustan Aeronautics (HAL)** is the only company with a complete aircraft production facility in India, although **Reliance Group, Tata Sons,** and **Mahindra & Mahindra** are interested in the aircraft industry. **UAC** has started working with China to design a proposed 250 ï 280-seat wide-body aircraft that could enter service in 2025. The new jet would enter a market that is currently dominated by the **Airbus** A330 and A350, and **Boeing** 787. Off-shoring production is counter to the Russian governmentôs desire to rebuild its aircraft industry.

Bishwo Airways signed a Letter of Intent at the **Aero India International Aerospace Show** to buy five Sukhoi Superjet 100 aircraft from **Sukhoi Civil Aircraft Company**. If the contract is signed, the aircraft will be delivered in a two-class, 93-passenger layout starting in 2017. **Bishwo Airways** was founded as a private Nepalese airline in the summer of 2014. It is a subsidiary of **Bishwo Holdings**, a diversified Nepalese investment holding company that is based in Singapore. The airline intends to launch operations to Malaysia, Saudi Arabia and the UAE shortly with one A330-200. **Sukhoi** said, ñ**Bishwo Airways** will be able to develop domestic and regional markets with SSJ100 aircraft until demand for them becomes appropriate for a larger aircraft with a higher capacity. With more **Airbus** aircraft in the pipeline for long-haul flights, **Bishwo Airways** plans to attain SSJ100 aircraft to have a fleet that can efficiently cater the needs of short-haul destinations as well. SSJ100 aircraft with a range of up to 4500 km, along with several widebody aircraft in the air fleet, will allow **Bishwo Airways** to plan its operations in a flexible and efficient way.ò

Sukhoi Civil Aircraft Company received the fuselage sections of the 100th Sukhoi Superjet 100 (SN 95100) in February. After ground and flight tests are finished at Komsomolsk-on-Amur, the hundredth aircraft will be ferried for painting and interior installation. Then it will be delivered in the second quarter of 2015.

Viking Air Limited sold one Twin Otter Series 400 to the **Walker Corporation,** Sydney, Australia. The airplane will be delivered in the second quarter of 2015 and will be the first Series 400 to be operated in Fiji. The Twin Otter will be used as a luxury transport for resort guests and will be configured with 19-passenger interior, air conditioning, and amphibious floats for both runway and water-based operation. The luxury six star **Kokomo** resort will open on Yaukuve Island, Fiji, later this year. **Utility Air,** Sydney, Australia, is **Viking's** exclusive distributor for the Viking Twin Otter Series 400 aircraft in the South Pacific, and handled the sale to **Walker Corp**.

AirAsia X is scheduled to take delivery of six A330-300s this year and four in 2016. The carrier is looking at the options of selling some of its 24 A330s and delivery slots, or deferring deliveries. The airline already transferred five A330 deliveries to **BOC Aviation** when it switched 15 A330ceos to the A330neo variant in December. **AirAsia X** now has 14 A330-300s, 55 A330-900neos and 10 A350-900s on order. The A350s are due between 2016 and 2018 and the airline holds another five options for the type. CEO **Benyamin Ismail** said the airline would focus on using the A330-900neo for its operations, making the A350s superfluous. He said, ñIf there are reasonable and keen buyers for those aircraft, we may sell the [A330 and A350 delivery] slots.ò

Order Changes and Cancellations

Airbus Reported Several Order Changes and Cancellations in January. **China Eastern Airlines** added one A319 order while three undisclosed A319 orders were cancelled. Two A321ceo orders were added to the ñundisclosedò category. Now **Airbus** lists 19 A319s and 78 A321s as undisclosed orders. **Aeroflot's** Board of Directors authorized the transfer of the airlineôs last 14 A320ceo and eight A321ceo orders to two new entities. **Global Aircraft Trading PTE.** picked up eight A320s and three A321s, and six A320s and five A321s were provided to **International Aviation Investments Trading Ltd.** The Russian flag carrier retains eight A350-800 and 14 A350-900 orders. **Wizz Air Hungary** exchanged one A320ceo order for its 27th A321ceo. **Philippine Airlines** delayed five of its A321 deliveries from 2015 until after 2020. The airline will receive two A321ceos each in March and April and one in June.

Boeing Reported No Cancellations in January but several customers changed their existing orders. **Aviation Capital Group** switched two 737-700s to the -800 type. The lessor now has outstanding orders for eight -700s and one -800. **American Airlines** exchanged five of its 26 787-9 orders to the -8 type and it now has one -8 in service, and 20 on order. **AerCap** dropped one 787-9 order and picked up its 26th 787-8. **Boeing** announced the customers when 737s were delivered during the month, including two -800s for **Hainan Airlines,** one -800 for **Shenzhen Airlines,** one -800 for **Xiamen Airlines,** one -800 for **Shanghai Airlines** and two -800s for **Shandong Airlines. Qatar Airways** announced that it ordered six 777-300ERs in August 2013 as an undisclosed customer.

Leasing & Finance

AerCap Holdings N.V. reported its fourth quarter 2014 net income was $298.2 million, compared with $65.6 million for the same period in 2013 (before the **ILFC** purchase). Fourth quarter 2014 adjusted net income was $296.7 million, compared with $72.8 million for the same period in 2013. The increases in net and adjusted income over the fourth quarter 2013 were driven primarily by the **ILFC** transaction. Annualized net spread for the fourth quarter 2014 was 9.8 percent, up from 8.7 percent in the same

period of 2013 and was 9.7 percent for full year 2014, up from 8.6 percent for full year 2013. Interest expense in the fourth quarter of 2014 included a one-time charge of $12 million related to debt breakage costs on aircraft sales and interest costs on its ALS investment. **AerCap** CEO **Aengus Kelly** said the lessor took nine planes out of Russia over the Christmas period and is finding other homes for them.

Air Lease Corporation will long-term lease two new **Airbus** A321-200s to **Volaris,** the ultra-low-cost Mexican airline. Both aircraft will come from **ALC's** order book and are scheduled for delivery in spring 2015. They will be equipped with Sharklets and powered by **IAE** V2533-A5 engines.

Aircastle reported its total revenues for the fourth quarter were $238.3 million, a 24 percent increase of $46.3 million from the previous year. This was partially due to higher lease rentals of $8.9 million and higher maintenance revenues of $27.6 million caused by the early return of several aircraft that were leased to Russian airlines. Adjusted net income was $80.1 million for the quarter, up $25.2 million (46 percent), year over year. The yearôs total revenues were $818.6 million, an increase of $110.0 million, (16 percent) from 2013, due to higher lease rental and finance lease revenue of $64.5 million, higher maintenance revenue of $19.7 million and lower amortization of lease premiums, discounts and lease incentive amortization of $26.2 million. Adjusted net income for the full year was $167.6 million compared to $59.3 million in 2013, an increase of $108.4 million.

Jazeera Airways, Kuwait is leaving the leasing business. Its **Sahaab Aircraft Leasing** unit will sell its 15 **Airbus** A320s for $507 million to help fund the expansion of the airlineôs passenger business. The planes will be sold to a joint venture between South Africaôs **Investec Bank** and Hong Kong-based **Chow Tai Fook Enterprises**, **Jazeera** said. The deal is likely to

Banks in the Gulf Region are flush with cash and are using it to finance airplanes for **Emirates, Etihad Airways** and **Qatar Airways**. Previously the banks poured money into the regionôs real estate bubble. Now local bankers are diversifying their risk by financing mobile assets that can be sold worldwide, and therefore are seen as a safer investment. The regionôs airlines now have access to cheap capital, which they will need since **Emirates** has **Airbus** and **Boeing** aircraft on order worth $107.5 billion at list price, while **Etihad's** aircraft orders are worth $28.59 billion, and **Qatar's** are valued at about $57.7 billion. **Airbus** said 47 percent of its Middle Eastern aircraft deals in 2014 were funded by local banks, up from 17 percent in 2013. **Yann Ballet,** head of project and structured finance at **Airbus,** said, ñWe see that banks in the Middle East are playing an increasingly important role in aircraft financing, in line with the region's growing influence in air traffic worldwide.ò The banks also threaten the dominance of global banks and aircraft lessors which have profited on the accelerated growth of the Gulf aviation industry. North American and European legacy airline critics of the Gulfôs state-owned carriers, fear that financing from local state-owned lenders offer an unfair advantage, just as they complained about U.S. **Ex-Im Bank** and European export financing. The Gulf banks and airlines say their transactions are only done on commercial terms. The banks are also looking to do deals outside the Middle East, which further threatens the established financiers and lessors. Some international banks pulled back from aircraft financing during the global financial crisis, but some have partially returned to the market. **Boeing** said French banksô are expected to contribute 10 percent of the whole in 2015, nearly half the level of 2009, while funding from German banks will be lower than in 2009. The influx of Gulf money into the leasing and financing market should lower lease premiums for all airlines as the Gulf banks look for places to invest their money and drive down the profit margins.

close in the second quarter of 2015, pending regulatory approvals, and the airline said it will earn a profit of $81.7 million. **Jazeera** founded **Sahaab** in October 2008 with **National Bank of Kuwait** and **DVB Bank** as partners. The airline bought out the other shareholders in February 2010. **Sahaab** has leased A320s to **Jazeera, Virgin Australia** and other carriers. The airline said it will make exceptional cash dividends with the profits and finance the expansion of the company's business lines that complement the passenger airline business, the statement said. **Jazeera** also said it was preparing to make a bid for 35 percent of the loss-making state carrier **Kuwait Airways.**

AWAS agreed to acquire one A320-200 and three 737-800s from **BOC Aviation**. These aircraft are still long-term leased to their respective airlines. **Ray Sisson**, CEO of **AWAS** said, ñAcquisitions in the secondary market are a key pillar of **AWAS'** growth plan. This is another example of our platformôs success acquiring highly desirable aircraft on lease to globally diverse airlines.ò

CFM International began flight tests of its new LEAP-1A engine on **General Electric's** modified **Boeing** 747-400 in February. The 24,500-32,900lb-thrust turbofan was designed for the **Airbus** A320neo Family aircraft. Flight tests are flown from Victorville, California. **CFM** started flight testing the LEAP-1C engine for the **COMAC** C919 in October 2014. The LEAP-1B for the **Boeing** 737 MAX will fly later this year. Assembly of the initial flight-test engine is under way at **GE's** head-quarters in Evendale, Ohio. **CFM** said the -1A and -1C engines are broadly similar with 78 inch fan diameters and bypass ratio of 11:1, while the -1B is slightly smaller with a 69.5 inch fan and a 9:1 bypass ratio. To date, **CFM** has conducted 1,940 hours of engine tests, and 3,360 cycles using all three engine variants. The test program will use 28 engines for ground and flight tests undertaken by **GE**, while the three airframers will flight test another 32 engines on their respective air-frames. The LEAP engine program will achieved 40,000 cycles by the time the LEAP-1A enters service in 2015 and 60,000 cycles by the time the -1C enters service in 2018.

Engines

CFM International Had a Record Year in 2014, and logged orders for 1,527 CFM56 engines (commercial, military and spares) and 2,717 LEAP engines. These 4,244 engines were valued at more than $50 billion at list price. Its previous sales record of 1,330 CFM56 and 1,393 LEAP engines (valued at $31 billion at list price) was set in 2013. **CFM** has also achieved historic production rates for the CFM56 product line, having delivered 1,560 CFM56 engines in 2014, compared to 1,502 in 2013. **CFM** has the highest production rate in the industry and has consistently built more than 1,000 engines per year since 2006.

Pratt & Whitney PurePower PW1200G engines will be installed on **Japan Airlines' (JAL)** 32 Mitsubishi Regional Jets (MRJ) that the airline is buying from **Mitsubishi Aircraft Corporation**. **Pratt & Whitney** will also provide fleet management support services for the engines. The PurePower PW1200G is the exclusive engine for the MRJ, which seats between 70 and 90 passengers. The MRJ also features state-of-the-art aerodynamics to significantly reduce fuel consumption, noise and emissions, while offering top-class operational benefits, an outstanding cabin designed for heightened passenger flying comfort and large overhead bins, **Pratt & Whitney** said.

Rolls-Royce will provide Trent 700 engines worth $140 million at list prices, to power three **Airbus** A330-300s that were ordered by **Lion Air,** Indonesia. This was **Lion Air's** first purchase of widebody aircraft and **Rolls-Royce** engines. **ARKIA Israeli Airlines** ordered up to four **Airbus** A330-900neos

which are powered by the Trent 7000 engine. **ARKIA** also operates two **Boeing** 757-300s powered by **Rolls-Royce** RB211 engines.

IATA Posts February 2015 Jet Fuel Prices. The association updates the worldôs average jet fuel prices each week**.** On February 13, the worldôs average price of fuel was $1.849 per gallon, 22.8 percent higher than the January 2015 price of $1.566. It was also 38 percent less than in February 2014. The price of fuel is affected by location. It was only $1.785 in the Middle East region and was as high as $1.901 per gallon in Latin America. In Asia, fuel costs $1.811 per gallon. Fuel rose to $1.877 in Europe and to $1.855 in North America. Since last year, fuel costs in those regions dropped by 36.5 and 38.9 percent respectively. **IATA** estimated that the global airline industryôs fuel bill will totaled $67.3 billion in 2015. This will be a decrease of $86.7 billion from 2014.

Airline News

International Airlines Group (IAG) Improves Offer for Aer Lingus—a Little. IAG CEO **Willie Walsh** told an **Irish Parliamentary** committee that **Aer Lingus** would struggle to survive, let alone thrive, unless it is purchased by **IAG.** Mr. **Walsh** said, ñI have been very clear for a long time, **Aer Lingus** has a tough job ahead of them trying to survive ï survive, never mind grow ï in an industry that is becoming more consolidated. To truly exploit the opportunity that exists, it needs to be part of a bigger group.ò The airlineôs board of directors approved **IAG's** offer to buy the airline for ú1.36 billion ($1.52 billion), including **Irish Government's** 25 percent share. The government is not so sure. Its **Labour Party** is associated with **Aer Lingus'** two major labor unions, **IMPACT** and **SIPTU,** which oppose the deal due to fear of up to 1,200 job losses. Mr. **Walsh** said that only some management jobs would be cut and that **IAG** would grow the **Aer Lingus** fleet, which would protect flight crew and ground support jobs. He also promised to retain **Aer Lingus'** landing slots for Irish services for the next five years. He refused to better the **IAG** offer, after talking with the 26 members of parliament, in the face of demands that **IAG** protect the slots for 10 or 15 years. The government said it is looking for guarantees that the airline will not reduce services to Irish airports or significantly cut staff numbers, and Transport Minister **Paschal Donohoe** said, ñWe as a shareholder remain to be convinced regarding the merits of what they're putting forward.ò The **IAG** deal is affected by the politics of the parliamentary elections in 2016. Polls indicate that the two main parties, **Fine Gael** and **Labour** will lose around half of their combined seats, because of a series of austerity budgets that have fueled the rise of left-wing **Sinn Fein** and a large group of populist independent candidates. Analysts and industry experts said the government may not get as good an offer again. Also if **IAG** buys out the other shareholders, such as **Ryanair's** 30 percent, the government could see its influence entirely wiped. **Ryanair** and the **Irish State** own the majority of **Aer Lingus** shares. **Ryanair** has supported the **IAG** bid and said publicly, ñIt's only a question of which parent or family it is going to join.ò

Flybe UK sold its 60 percent share of **Flybe Nordic** to **StaffPoint Holding** and **G.W. Sohlberg (GWS),** and **the Finnish Competition and Consumer Authority** has approved the transaction. **Flybe Nordic** owns **Flybe Finland**, which runs **Finnair's** regional airline operations. Upon completion of the sale, **StaffPoint** will own 45 percent, **GWS** will own 15 percent and **Finnair** retains 40 percent of **Flybe Nordic**. **Flybe Finland** operates domestic and European flights from Helsinki on behalf of **Finnair**, and on its own behalf.

SAS Completed the Purchase of Cimber Air after the **Danish Competition and Consumer Authority** approved the deal. **SAS** valued the transaction at 20 million Danish kroner ($3 million) in

December. As of March 1, **SAS** transferred its 12 CRJ900s to **Cimber,** allowing the parent company to focus on regional and international routes operated by **Airbus** and **Boeing** jets.

Bristow Helicopters Australia has acquired 85 percent of **Airnorth,** Northern Australiaôs largest regional airline. **Airnorth** will retain its name and independence, and will be led by its current CEO, **Michael Bridge. Bristow** currently provides fixed-wing services through its affiliates **Eastern Airways** in the U.K. and **Líder Aviação** in Brazil. **Airnorth** is based in Darwin, Northern Territory, Australia, and offers both scheduled and charter services. The latter focuses primarily on the energy and mining industries in northern and western Australia, and international service to Timor-Leste and the Philippines. The airlineôs fleet consists of four **Embraer** E170 regional jets and nine turboprops. Its charter customer base includes many energy companies for which **Bristow** already provides helicopter service.

Guangxi Beibu Gulf Airlines (BGA) launched operations from Nanning, Guangxi Zhuang, to Haikou, Hainan, in February. It is the first airline to be based in the Guangxi Zhuang autonomous region, which borders Vietnam. **BGA** will strengthen connections between China and the **Association of South-east Asian Nations (ASEAN)** using five **Embraer** E190 aircraft. The airline will also serve domestic cities such as Xiôan, Tianjin and Dalian. It intends to double its fleet by the end of this year. **Tianjin Airlines**, a subsidiary of **HNA Group**, invested 2.1 billion yuan ($335.7 million) and holds 70 percent of **BGA,** while **Guangxi Beibu Gulf Investment Co**., a local State-owned investment company, invested 900 million yuan for the remaining 30 percent. **Tianjin** is providing the first five E190s to **BGA.** In the next five years, **BGA** will operate 20 E190s and from 10 to 20 **Airbus** A320s. It forecast that passenger volume in the autonomous region will rise by an average of 15 to 20 percent annually in the next five years.

Spring Airlines, the Shanghai-based budget airline owned by billionaire **Wang Zhenghua**, is negotiating with **Airbus** and **Boeing** to buy up to 30 narrowbody aircraft. The order will include an option for 30 more aircraft. **Spring Airlines** wants to double its fleet to 100 aircraft by 2018, because domestic budget carriers will see double-digit market share, up from the current 5 percent. Chinaôs economic growth makes air travel affordable to increasing numbers of people. The airline also plans to launch long-haul international services after 2020. Mr. **Wang** said, ñFor now we will focus on short-haul. We have already seen that long-haul service doesn't workò for low-cost carriers.

Air Arabia, United Arab Emirates, started three times weekly services from its main hub in Sharjah to Urumqi, capital of northwest Chinaôs Xinjiang Uygur autonomous region. The new service is operated by **Airbus** A320s fitted with 166 economy seats. **Air Arabia** is the first low-cost Middle Eastern airline to enter the Chinese market.

Kingfisher Airlines 2.0. The **Indian Government** decided to shield **SpiceJet Ltd**. from the lessors who want to repossess their planes. A civil aviation ministry official said the government needs to put the interest of its carriers before lessors even if it is a signatory to the **Cape Town Treaty**. The country signed the **Cape Town Treaty Aircraft Protocol** in 2008, which defines the rights of aircraft owners or lessors in case of a default on payments and lets them get their equipment back quickly if there is no resolution. Two years ago, lessors, including **Inter-national Lease Finance Corp**., were blocked in their attempts to retrieve **Airbus** and **ATR** aircraft from **Kingfisher Airlines**. It took several months before the grounded airplanes were deregistered by the Indian **Directorate General of Civil Aviation**

(DGCA) and could be flown out of the country. **DVB Bank's** managing director for transport, **Bertrand Grabowski,** said, ñThe **SpiceJet** situation isnôt comparable to the **Kingfisher** saga, itôs much worse. The leasing and finance community has been working very hard with the Indian authorities post-**Kingfisher** to find common ground in a safe application of **Cape Town**. This is not working and Indian authorities seem to have little idea of the damage caused to their industry.ò **DVB** went to court in 2013 to get help in re-registering planes after the lessee **Kingfisher**, failed. Aviation manufacturers including **Boeing** and **Airbus,** leasing companies and financial institutions established the **Aviation Working Group,** a not-for-profit legal entity which draws up to regulations for advanced international aviation financing. The group has worked to find a fair and orderly manner to deal with Indian lessees who default on payments, Mr. **Grabowski** said. **SpiceJet** has been bailed out by a group of investors, but some lessors filed court notices to take back their aircraft. The airline is still operating some of the airplanes the lessors are seeking, and some of the planes are grounded. After the **Kingfisher** defaults, some aircraft lessors demanded a one-year security deposit instead of the usual three-month premium to cover risks in India. They have also demanded leases as long as nine years. All this is for naught, if the government backs the airline instead of the owners. The lessors will be even more wary of leasing to Indian airlines than before and will demand even higher lease rates, higher deposits and more onerous terms for Indian airlines. This is a group in aggregate that has not been profitable due to less-than-cost pricing, and high fuel costs. The government would better serve the traveling public if it let Darwinian natural selection do its job and weed out the weak competitors. Deregulation was brutal on the hundreds of American airlines that started and failed since 1978, but now fares on most routes are quite affordable.

Deutsche Lufthansa will sell its stake in **JetBlue Airways** to help the German carrierôs balance sheet. The flag carrier bought about 15 percent of **JetBlue** in 2007 to cement a partnership that allowed it to feed passengers to and from **Lufthansa** flights at New Yorkôs **John F. Kennedy International Airport**. After **Continental Airlines** and **United Airlines** merged in 2011, the connection with **JetBlue** was less important because both **Lufthansa** and **United** are members of the **Star Alliance.** Since 2007, **JetBlue's** shares more than doubled, so the German airline will profit from the deal. The sale will not affect the number of **JetBlue** shares so the U.S. carrier will not benefit. The two airlines will continue their commercial relationships after the sale.

Bankruptcy of the Month

Skymark Airlines deployed **Boeing** 737-800s on its **Tokyo Haneda**-Fukuoka and **Tokyo Haneda**-Sapporo services, to replace the A330s it grounded on January 31. It also cut 15 percent of is daily services ï 24 flights to Ibaraki, Kobe, Nagoya, Okinawa and Sendai from **Tokyo Haneda** after it filed for bankruptcy. It still operates 27 leased 737-800s. Japanese private equity firm **Integral Corporation** has agreed to provide ¥9 billion ($76 million) debtor-in-possession financing to the carrier and assist it to work on a rehabilitation plan. The finance is expected to be later replaced with an equity investment, subject to court approval. **Nobuo Sayama**, a partner at **Integral**, said the sale of the company or a relisting in the stock market, after restructuring, are two options the fund is considering to recover its investment. The investment will be converted into equity and **Integral** aims to take a majority stake, Mr. **Sayama** said. ñIf there isnôt any other company to join us in supporting **Skymark**, weôre fine to become the sole sponsor. That would make us its 100 percent stakeholder,ò he said. The fund is seeking capital and business support for **Skymark** from domestic or foreign partners. The budget airline should have a business recovery plan in place by June. Under **Integral's** leadership, **Skymark** will keep its 36

domestic landing and take-off slots at **Haneda Airport,** Tokyo, the second-busiest airport in Asia. **All Nippon Airways (ANA)** is considering injecting capital into **Skymark Airlines,** but did not give any details about its possible investment. **AirAsia's** Japanese subsidiary, **AirAsia Japan,** also wishes to invest in **Skymark,** probably because the landing slots are so valuable. **Shinsei Bank, Daiwa Securities Group** and financial services provider **Orix Corp.** have offered to participate in the budget carrierôs reconstruction. Interested parties have to work out a rescue plan and submit it to the **Tokyo District Court** by May 29.

EuroLOT, the regional affiliate of Polandôs flag carrier **LOT** will cease operations on March 31. It suffered from excessive completion, a financially weak parent company and troubles caused by switching from ATR 42/72s to **Bombardier** Q400s. **EuroLOT** said it will offer refunds to passengers or reassign bookings to another carrier after April 1. The airline was founded in 1996 and linked several major Polish cities with a number of European destinations. It retired its ATRs in 2012 when it acquired 14 new Q400s.

Cargo Pallet

Air Transport Services Group's subsidiary, **Cargo Aircraft Management (CAM),** leased a fifth **Boeing** 767-300 freighter to **Cargojet Airways**, Canada, for six years. **CAM** leased a second batch of 767 freighters to **Cargojet** in 2014. **CAM** will have 27 of its 45 **Boeing** 767 freighters under lease to third parties by the end of March 2015, after it leases two more 767 freighters to **DHL**. The remaining aircraft are leased to **CAM's** airline affiliates, such as **Air Transport International** and **ABX Air,** operated on behalf of other customers.

PEMCO World Air Services (PEMCO) redelivered its third **Boeing** 737-300F (SN 27518) to **CDI Cargo Airlines (CDI).** All three of the **PEMCO** freighter conversions were performed at **STAECO's** facility in Jinan, Shandong, China. **PEMCO** and **STAECO** co-operated on the freighter modifications of approximately 50 737-300 and 737-400 projects since 2006.

Military Market

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Embraer Successfully Flew the KC-390 Prototype on February 3, 2015. Its new military transport and aerial refueling jet flew for 1 hour and 25 minutes from São José dos Campos, Brazil. President and CEO **Frederico Fleury Curado,** said, ñThis first flight is a fundamental step toward accomplishing the task with which we were entrusted. The KC-390 is the result of a close cooperation with the **Brazilian Air Force** and international partners, representing what is most likely the greatest technological challenge that the company has ever encountered in its history. We are profoundly moved for having achieved this key milestone.ò The KC-390 has attracted the interest of several air forces around the world, and it will be the backbone of transport aviation for the **Brazilian Air Force**. The fleet of 28 aircraft will play a key role in the diversity of projects from the Amazon to Antarctica, from scientific research to the maintenance of sovereignty for the **Brazilian State,**ò Lieutenant-Brigadier General **Nivaldo Luiz Rossato** said. **Embraer** said the KC-390 crew performed maneuvers to evaluate its flight characteristics and conducted a variety of systems tests, having benefited from an advanced campaign of simulations and extensive ground tests. The companyôs test pilot said ñThe KC-390 behaved in a docile and predictable manner. The advanced fly-by-wire flight control system and the latest-generation

avionics make flying easy and render a smooth and precise flight.ò The **Brazilian Air Force** and **Embraer** jointly developed and produced the KC-390 as a tactical military transport and air-to-air refueling plane that offers a significant advance in terms of technology and innovation for the Brazilian aeronautics industry. This aircraft designed has the flexibility to perform a wide range of missions: transport and airdropping of cargo and troops, aerial refueling, search and rescue, and forest fire response, at a lower operational cost, **Embraer** said. The **Brazilian Air Force** signed a production contract for 28 KC-390 aircraft and initial logistic support on May 20, 2014. There are letters of intent to buy 32 aircraft signed by other countries. **Embraer's** second prototype is in the final stages of structural assembly and it will fly in several months. The cargo-handling and aerial refuelling systems will be installed in both aircraft, now and the wing fuel pods and internal tanks that will be used for fuel transfer will be added later. ñBoth prototypes will be fully representative of the aircraftôs final configuration,ò **Embraer** said.

Australia Formally Requested "Up to Four" More Boeing C-17A Globemaster IIIs in November. They told the U.S. **Defence Security Cooperation Agency (DSCA)** that the **Royal Australian Air Force (RAAF)** needed between two and four C-17s and associated equipment, parts and logistical support priced at an estimated $1.6 billion. The extra equipment includes 19 **Pratt & Whitney** F117-PW-100 engines, four **AN/AAQ-24V Large Aircraft Infrared Countermeasures (LAIRCM)** sets, and various other electronic warfare, communications and navigation systems. It also includes unspecified spares and repair parts, supply and test equipment, training and training equipment, technical documentation, logistics, and technical support services. The U.S. **State Department** needs to notify **Congress** of the sale. If it buys four aircraft, the **RAAF** will have a fleet of 10 C-17s, the second largest fleet of the type after that of the **USAF. Boeing** will end production late this year, after finishing 10 white-tail C-17s. Several current operators such as Canada, India, and the U.K., are interested in buying additional aircraft.

The Royal Malaysian Air Force's first **Airbus Defense and Space** A400M airlifter made a successful first flight on January 30, 2015. The aircraft (SN 022) took off from Seville, Spain, and landed back on site 1 hours and 30 minutes later. It is the first of four A400Ms that will be delivered to **Malaysia.**

Boeing Will Be the Sole Source Contractor for the three new Air Force One aircraft. The **U.S. Air Force** will require bidding on the specialized equipment, such as advanced electronics and communications, to be installed on the new Presidential aircraft. **Air Force** Secretary **Deborah James** told **Congress** that the 747-8 was the only aircraft manufactured in the U.S. ñthat when fully missionized meets the necessary critically important capabilitiesò that the president needs. **Boeing** has provided Presidential transports since 1959. The airplanes designated Air Force One feature a suite and conference room and advanced security and communications, and it can be refueled in midair and serve as a mobile command center if the U.S. comes under attack. Ms. **James** said the sole-source contract for the aircraft and spare parts was ñin the public interest,ò but the decision doesnôt trigger an immediate contract award. **Airbus** said in 2013 it didnôt intend to make a proposal based on its double-decker A380 jet. The **Air Force** budgeted $1.6 billion for órésearchô on the presidential aircraft replacement program through 2019. The first new Air Force One could be delivered in 2018, and then it will be modified and tested before entering service in fiscal 2023. This is six years after the current two Air Force One 747-200B aircraft have reached their planned 30-year service lives in 2017.

AirTanker Services acquired 14 A330s through the U.K. militaryôs **Future Strategic Tanker Aircraft (FSTA)** program. To date eight have been converted into A330 MRTT (Multi-Roll Tanker Transports), and the ninth is a civil passenger plane that is registered to **AirTanker.** Five of the 14 widebodies are being modified back to civil configuration and will be leased to airlines until needed by the **Royal Air Force** when it needs ñsurgeò capacity. The first of these, A330-243 (G-VYGK , SN 1498), will have all of its military modifications removed, including the two under-wing hose-and-drogue refuelling pods and countermeasures equipment. The plane will be leased to **Thomas Cook Airlines** in May for a three year term. The A330 will be fitted with 320 new seats and a seat-back in-flight entertainment system, and will be used for charter flights to Cancun, Las Vegas and Orlando. The other three **FSTA** airplanes will be delivered by the fourth quarter of 2016, and **AirTanker** is looking for commercial and/or military customers for the airplanes.

Hindustan Aeronautics (HAL) won an **Indian Air Force** contract for 14 **HAL** Do-228 twin-turboprop transport aircraft. The contract is worth 10.9 billion rupee ($200 million) and includes six additional engines, a flight simulator, and other equipment, **HAL** said. The planes will be delivered over the next three or four years. **HAL** produces **Dornier** Do-228s under licence at its Kanpur factory, and it has finished 125 aircraft to date. It has sold some civil 228s to Mauritius and the Seychelles, but most of the planes have gone to the Indian armed forces. In October 2014, the **Indian Navy** purchased a dozen Do-228 maritime surveillance airplanes for 18.5 billion rupees ($339 million). The electronic mission equipment accounted for the higher per unit value of the contract.

AIRCRAFT DELIVERIES & SALES

AVMARK INC.
WORLDWIDE AVIATION MARKETING AND MANAGEMENT SERVICE

Airbus

Airbus A319. Four A319s were delivered in January, including the first two of seven -115/Ws (SN 6429 & 6437) ordered by **American Airlines. Airbus Tianjin FAL** supplied one -132/W (SN 6298) and one -115/W (SN 6307) to **China Eastern Airlines**.

Airbus A320. **Airbus** delivered 17 A320s during January, including two **Tianjin FAL**-built -214/Ws (SN 6318 & 6329) to **ICBC Financial Leasing** for lease to **Spring Airlines. China Aircraft Leasing Co. (CALC)** leased -214/W (SN 6413) to **Qingdao Airlines,** and **BOC Aviation** leased one -232/W (SN 6426) to **Beijing Capital Airlines. Spirit Airlines** received two -232/Ws (SN 6424 & 6436), for a total of 29. **Thai AirAsia** leased two -216/Ws (SN 6405 & 6428) from **AirAsia,** and **Thai Airways International** leased -232/W (SN 6417) to **Thai Smile. Citilink** acquired -214/W (SN 6434) from its parent company, **Garuda Indonesia,** and **Vanilla Air** leased -214/W (SN 6422) from **AWAS. CEBU Pacific Air** received -214/W

Allegiant Air agreed to purchase six of the 10 A319-111s that are currently operated by **CEBU Pacific Air.** The first two of the CFM56-powered aircraft are scheduled to enter **Allegiant** service at the end of 2015 and the other four will arrive in 2016.

Allegiant Air will buy two A320s that are operated by **Philippine Airlines** in late 2015, and four A320s that are currently being operated by a European carrier. Those are scheduled to enter service in the second half of 2017. The A320s will be purchased with cash.

(SN 6418) for a fleet total of 23. **Airbus** delivered two A320s to European carriers, including -214/W (SN 6416) to **easyJet,** and -214/W (SN 6423) to **Lufthansa.** Elsewhere, **South African Airways** received -232 (SN 6439), **Air Arabia** acquired -214/W (SN 6430), and **Avianca** leased -214/W (SN 6411) from **Avianca Holdings.**

Vistara Airlines, India, leased two -232/Ws (SN 6311 & 6343) from **BOC Aviation** in January and February respectively. The airplanes were delivered to **BOC** in November 2014 and stored at Lourdes until the flight to India.

Spring Airlines, Chinaôs first low cost airline, received its 50th A320-214/W (SN 6358) from **Airbus (Tianjin) Delivery Center** in February. It was leased from **ICBC Financial Leasing,** a leasing company owned by the **Industrial and Commercial Bank of China**. The aircraft was the 210th A320 Family aircraft assembled at the **Airbus Tianjin Final Assembly Line**, and it is powered by CFM56 engines and is configured with 180 economy class seats. **Spring** purchased its 51st A320-214/W (SN 6452) from **Airbus** in Europe.

Nepal Airlines Corporation (NAC), Nepalôs national flag carrier, took delivery of the first of two A320-232/Ws (SN 6445), as the airline moves to an all **Airbus** jet fleet. The aircraft features a striking new livery and is equipped with Sharklet fuel-saving wing-tip devices.

AWAS will purchase and lease back three new A320-232/Ws with **Aegean Airlines**. The airline ordered the airplanes directly from the manufacturer. **AWAS** has had a strong business relationship with **Aegean Airlines** for over 15 years.

Airbus A321. **Airbus** delivered nine A321s in January, including two -231s (SN 6420 & 6427) to **US Airways/American** for a fleet total of 141. **GECAS** leased one -211/W (SN 6438) to **Thomas Cook Scandinavia,** and one -211/W (SN 6433) to **Juneyao Airlines. Juneyao** also took delivery of -211/W (SN 6435) from **Airbus. China Southern Airlines** acquired -231 (SN 6440), and **JetBlue Airways** received -231/W (SN 6425). **Lufthansa** accepted -211 (SN 6415), and **Air Berlin** obtained -211/W (SN 6432).

Airbus A330. **Airbus** delivered one -200 and four -300s in January, including one -243 (SN 1591) to **Hainan Airlines. China Eastern Airlines** accepted -343E (SN 1595), and **China Southern Airlines** received -323E (SN 1593). **AirAsia X** took delivery of its 17th -343X (SN 1596), and **Singapore Airlines** leased -343E (SN 1597) from **AerCap.**

Skymark Airlines withdrew its five A330-343Es (SN 1483, 1491, 1542, 1554 & 1574) from service on January 31, 2015. The first four are leased from **Intrepid Aviation Group** and the last is leased from **CIT Aerospace.** A further five new A330-343Es (three are SN 1592, 1607 & 1624) were due for delivery to **Skymark** this year. The first was to be leased from **Intrepid** and the second was ordered by **CIT Aerospace.**

Airbus A380. **Emirates** accepted another -861 (SN 171) for a total of 58**.** It has another 82 on order. The airline intends to retire its A380s after they are 12 years old, so it will begin to retire the oldest ones in five years. **Emirates** wants to replace them with A380neos, if **Airbus** will build the type.

Boeing

AWAS bought a fourth aircraft, one 737-8GP/W from **Lion Air**, as part of a four aircraft transaction for three 737-800s and one **Airbus** A320. These new aircraft were purchased from the manufacturer by the airline, sold to **AWAS** and leased back for long terms. The 737 is operated by **Lion's** full service subsidiary **Batik Air** in Indonesian.

Boeing 737 NG. **Boeing** delivered 35 737s in January, including three -800/Ws to **AerCap**. The lessor leased -86N/W (SN 41605) to **Garuda Indonesia Airlines,** -81B/W (SN 41606) to **China Southern Airlines,** and -8Q8/W (SN 41802) to **Shenzhen Donghai Airlines**. **Lion Air** took delivery of two new -8GP/Ws (SN 38308 & 39831) and one -9GPER/W (SN 39832). The two -800s were leased to **Batik Air** and the -900ER was leased to **Thai Lion Air.** Two -8H4/Ws (SN 36899 & 42535) were delivered to **Southwest Airlines**, for a fleet total of 82. **American Airlines** accepted two more -823/Ws (SN 31210 & 33329) for a fleet of 249, and **Delta Air Lines** acquired two -932ER/Ws (SN 31943 & 31944) for a total of 33. **United Airlines** received two -924ER/Ws (SN 42181 & 42183), and has 32 more on order. **Boeing** handed over two -800s each to three airlines in China. Two -89L/Ws (SN 41101 & 41109) were delivered to **Air China, Hainan Airlines** accepted two -84P/Ws (SN 39219 & 41678), and **Shandong Airlines** received two -85N/Ws (SN 41620 & 41621). **China Eastern Airlines** bought one -89P/W (SN 41470), and **Shenzhen Airlines** acquired one -87L/W (SN 40822). **Shanghai Airlines** accepted -86D/W (SN 39312), and **Xiamen Airlines** obtained one -85C/Ws (SN 39909). **Air Lease Corp.** leased -81B (SN 41326) to **China Southern Airlines. Okay Airways** received -9KFER (SN 41114). This was the first -900ER to be delivered to a Chinese customer and is the first of eight 737-900ERs that **Okay Airways** has ordered. **Okay** is the first privately owned airline in China, and its fleet includes 13 737-800s and one 737-300 Freighter, which serve more than 100 domestic and international routes. In the Middle East, **flydubai** took delivery of its 43rd -8KN/W (SN 40271), the **Republic of Iraq** leased -81Z/W (SN 40079) to **Iraqi Airways** and **Pegasus Airlines** accepted -82R/W (SN 40012). In the Americas, **GOL Airlines** received -8EH/W (SN 41166), and **WestJet** took delivery of its 21st of 38 -8CT/Ws (SN 60128). **Boeing** delivered -8JP/W (SN 41128) to **Norwegian Air Shuttle** in Europe and one -800 each to lessors. **TUI Travel PLC** leased -8K5/W (SN 41660) to **TUIfly, Avia Capital Leasing** leased -8LJ/W (SN 41203) to **Aeroflot**, Russia, and **GECAS** leased -86N/W (SN 43400) to **Kenya Airways.**

Avolon leased the first of two 737-8GP/Ws (PK-LBW, SN 39834) to **PT Batik Air Indonesia** in February. The second will be delivered by the end of March.

Boeing 747. **Lufthansa German Airlines** accepted its 16th 747-830 Intercontinental (SN 37842) in January, and it has three more on order. To date, **Boeing** has delivered 56 747-8 Freighters and 28 passenger 747-8Is. The **Qatar Government's** 747-8ZV (SN 42096) flew to the United Kingdom in January, after its VIP interior was installed in San Antonio, Texas. The airplane was delivered in December 2012 and is just now entering service.

Boeing 767. **Federal Express** took delivery of two -3S2F (SN 42711 & 43543) in January. The cargo airline has 11 -3S2Fs in its fleet and 37 more on order.

Boeing 777. **Boeing** delivered five 777s to Asian airlines in January, including the ninth 777-F1B (SN 41634) to **China Southern Airlines.** The airline has three more on order. **Saudi Arabian Airlines** accepted the 15th of 20 -368ERs (SN 42263), and **Singapore Airlines** received the 24th -312ER (SN

42239); it has three more on order. **Thai Airways International** acquired the fourth of six-3D7ERs (SN 42113) that it ordered in August 2011. It was the Thai flag-carrierôs 75th **Boeing** airplane that was delivered directly from the factory. **GECAS** leased -36NER (SN 41823) to **China Airlines.**

Lufthansa Cargo added its fifth **Boeing** 777-F30 (SN 41678) in February. As part of its strategic program ñLufthansa Cargo 2020ò, the freight airline ordered five new 777 freighters, and it took delivery of the first one in November 2013. **Lufthansa Cargo** has options for another five 777Fs for delivery at about one per year until September 2020. The airline also operates 14 MD-11F freighters.

Boeing 787. **Boeing** delivered seven 787s in January, including the first 787-9 (SN 37112) to **Scoot,** Singapore. The airplane is part of the low-cost carrierôs strategic plan to expand its long-haul fleet. **Scoot** has another nine 787-9s and 10 787-8s on order. The first of the -8s will be delivered in mid-2015. As the 787s arrive, Scoot will phase out all six of its ageing **Boeing** 777-200s. The 787s were originally ordered by **Scoot's** parent company **Singapore Airlines**.

American Airlines took delivery of its first 787-8 (N800AN, SN 40618) on January 23. The airline will use the inaugural 787 for flight training, and then fly it on domestic routes between **Dallas/Fort Worth International Airport** and **Chicago O'Hare International Airport** on May 7. The next four -8s (SN 40619 to 40622) are due shortly. The 787s will be put into international services from **Dallas** and **Beijing Capital International Airport** beginning June 2, and to **Ministro Pistarini International Airport,** Buenos Aires on June 4. **American** has firm orders for 42 787s and took purchase rights on an additional 58. In 2015, the airline plans to take delivery of an average of two new aircraft per week.

AerCap/ILFC leased one -8 (SN 36111) to **Ethiopian Airlines** in January. It is the first -8 that the airline has leased, and it joins 10 -8s that the flag carrier ordered from **Boeing. TUI Travel PLC** purchased its 10th -8 (SN 36426) and leased it to **Thomson Airways. Air Canada** acquired its seventh -8 (SN 35263), and **Japan Airlines** took delivery of its 19th -8 (SN 34853). **Qantas** transferred the eighth new -8 (SN 36235) to **Jetstar Airways. Jetstar** expects to receive its last three Dreamliners by mid-September and will return the last of its three A330-200s to **Qantas.** It will then have an all-787 long-haul fleet.

Royal Air Maroc, the national airline of Morocco, launched 787-8 Dreamliner services between **Mohammed V International Airport** in Casablanca and **John F. Kennedy International Airport,** New York, on February 22nd. The airlineôs first two 787-8s will be dedicated to transatlantic flights between the U.S. and Morocco. **Royal Air Maroc's** 787s feature 18 Business Class seats and 256 Economy Class seats.

LATAM Airlines Group celebrated the delivery of the airline's first 787-9 Dreamliner (SN 35317) in February. The airplane is leased from Amsterdam-based lessor **AerCap,** and operated by **LAN Airlines**, Chile. **LAN** is now Latin Americaôs first operator of both the 787-8 and 787-9 variants and it will launch 787-9 services on South American routes in April. The airline has 10 787-8s and the -9 in its fleet, which is the largest Dreamliner fleet in Latin America. The company will take delivery of another 12 -8s and nine -9s over the next several years. Fifty-eight customers from around the world have ordered more than 1,070 787s, with more than 200 airplanes delivered.

Regional Jet

Bombardier delivered two CRJ900 NextGen aircraft (SN 15348 & 15349) to **Delta Air Lines** in January. They were leased to **Endeavor Air** for

operation by **Delta Connection. American Airlines Group** received (SN 15350 & 15351). The aircraft will be operated by the groupôs wholly-owned subsidiary **PSA Airlines** under the **American Eagle** brand. **American** now has 17 of the 30 ordered CRJ900s in its fleet.

GoJet Airlines, a wholly-owned subsidiary of **Trans States Holdings**, entered into an agreement with **Delta Air Lines** to operate seven CRJ900 aircraft under the **Delta Connection** regional service brand. Deliveries are slated to begin in June 2015, and continue through October. **GoJet** currently operates 47 two-class CRJ700s (22 are operated for **Delta)**. **GoJet** provided regional service for **Delta Connection** since 2011.

Sukhoi Civil Aircraft Company delivered the 17th and 18th Sukhoi Superjet 100s (SN 95082 & 95084) to **Aeroflot** in February. The latter aircraft was named after **Alexander Gruzdin,** a World War II pilot and Hero of the Soviet Union. **Aeroflot's** Sukhoi Superjet 100 features 87 seats in a two-class configuration. Since the entry into **Aeroflot** service the first SSJ100s have operated more than 40 000 hours. Currently the airline flies the SSJ 100 to the cities in Russia, Germany, Lithuania, Monte-negro, Greece, Finland, Norway, Croatia, Romania, Latvia, Estonia and Ukraine.

Gazpromavia received its eighth SSJ 100 (SN 95078) in January. The airline has two more on order.

Embraer. **Republic Airways** accepted two EMBRAER 170-200 LRs (E175) (SN 17000446 & 17000447) in January, for operation on behalf of **American Eagle. SkyWest Airlines** received one E175 (17000449). Two **Conviasa,** Venezuela, EMBRAER 190-100s (E190) (SN 19000675 & 19000676) are still at **Sao Jose dos Campos Airport**, awaiting delivery.

Embraer delivered the first of 60 E175 jets (SN 17000456) to **American Airlines** in February. The firm contract was signed in December 2013 and included options for another 90 E175s. **American** selected **Compass Airlines**, a wholly-owned subsidiary of **Trans States Holdings**, to operate the first 20 E175 aircraft under the **American Eagle** brand. The E175s will be configured with 12 First Class, 20 Main Cabin Extra and 44 Main Cabin seats, for a total of 76 seats.

AVMARK INC. WORLDWIDE AVIATION MARKETING AND MANAGEMENT SERVICE

Turboprop Aircraft

ATR. In December, **ATR** delivered four ATR 72-600s (SN 1193, 1220, 1225 & 1227 to **Wings Abadi Airlines**, Malaysia. **Aviateca** received two -600s (SN 1196 & 1199), and **Nordic Aviation Capital (NAC)** leased -600 (SN 1224) to **Air KBZ**, Myanmar. In January, **Air New Zealand** leased -600 (SN 1228) to **Mount Cook Airlines.**

Air Lease Corporation (ALC) leased one new ATR 72-600 (SN 1229) to a new customer, Myanmarôs **APEX Airlines,** in February. This aircraft came from **ALC's** order book with **ATR**. ñThis fuel efficient ATR 72-600 will support **APEX's** growth in Myanmarôs rapidly expanding commercial aviation industry,ò said **ALC** Vice President **Chi Yan.**

Avinco arranged the purchase of two ATR 72-500 (SN 732 and 733) from **KF Turbo Leasing** on behalf of **AMUR HFS** and **Diversified Aero Service (DSI).** The two ATR 72s were previously operated by **Kingfisher.**

Nordic Aviation Capital leased one ATR 72-500 (SN 874) to a new customer, **Passaredo**. **Passaredo** operates regional services in Brazil, from its main base at **Dr. Leite Lopes Airport**, Ribeirão Preto.

Bombardier. **WestJet Encore** took delivery of its 17th Q400NG (SN 4485), in January. **Falcon Air Service,** Abu Dhabi, took delivery of two Q400NGs (SN 4484 & 4486). The latter airplane was leased to **Senegal Airlines.**

Viking officially handed over the ninth and final Twin Otter Series 400 aircraft (SN 896) to **Global Aerospace Logistics (GAL),** Abu Dhabi. The final aircraft joined the eight **Viking** Series 400s already delivered to **GAL** since 2013. They are being utilized by the **United Arab Emirates Government** under a multi-year service contract. The specially equipped Series 400 Twin Otters are configured with paratroop provisions and intermediate flotation (landing) gear (IFG) to enable the governmentôs operations on the loose sand in the Arabian Gulf region. **GAL** was an original launch customer for the Series 400 Twin Otter, and placed their initial aircraft order in 2009. **Global Aerospace Logistics** was described by **Viking** as a ñleading provider of government and defense aerospace services encompassing aviation maintenance, component repair and overhaul, aviation logistics, maintenance repair facility, aircraft sales, tactical pilot training, and defense aviation consulting and project management.ò

Antiques and Other Junque

Qantas's first **Boeing** 747-438 (VH-OJA, SN 24354) will be donated to Australiaôs **Historical Aircraft Restoration Society (HARS) Museum** at **Illawarra Regional Airport** near Sydney. The **Rolls-Royce**-powered 747 was built in 1989 and it still holds the London-Sydney record of 20 hours 9 minutes and 5 seconds which was set on its delivery flight. **HARS** is home to Australiaôs largest collection of flying and static historical aircraft, and is run by 450 volunteers. The society operates a **Lockheed** L-1649 Super Constellation in **Qantas** colors, and it also has a **Douglas** C-47, a **Consolidated** PBY Catalina, and a **Bell** AH-1 Cobra in its collection.

AJW Capital Partners Limited, part of the **AJW Group** of companies, purchased four aircraft recently. Fifteen-year old A319 (SN 1068) airframe was bought for teardown at **eCube** in St. Athan, Wales, and **AJW** will use the components for **Airbus** aircraft operating under power-by-the-hour contracts. **AJW Capital Partners** also purchased 1990-model **Boeing** 737-700NG (SN 29094), minus engines, for teardown. **AJW Aviation** acquired ex-**Atlas Jet Airbus** A320-200 (SN 1730) from **SMBC Aviation Capital Netherlands B.V.** It was built in 2002. **AJW** also bought one **Boeing** 757-200. **AJW Capital** said it ñmanages the transactions on behalf of its private investor base of high net-worth individuals who, alongside **AJW Aviation**, seek to realize revenue from the

Lufthansa retired **Boeing** 737-530 (D-ABIA, SN 24815) in February after 50,600 hours and nearly 45,300 cycles since delivery in 1990. The plane was handed over to **Lufthansa Technik** for use as a training aircraft. It will be kept in fully operational condition and used by the **Lufthansa Technik's** technical training arm in Hamburg, to acquaint apprentices and junior engineers with a ñliveò aircraft, the airline said. **Lufthansa Technical Training** also uses a decommissioned 737-500 at its Frankfurt base. That aircraft is operational and was used for the certification of the semi-robotic, pilot-controlled **TaxiBot** tractor last year. **Lufthansa Technik** used a 1960-built former **Lufthansa Boeing** 707-430 (D-ABOB) for technical training until the late 1990s, but it was transferred to the **Hamburg Airport** as an exhibit and training device for emergency services.

conversion of airframes into component assets. **AJW Capital** is responsible for the purchase, sale and lease of large aviation-related capital assets, including whole aircraft and engines.ò **AJW** offers component support service for more than 1,000 airlines in 115 countries.

Douglas Aircraft Company Flew its First DC-9 50 Years Ago ï on February 25, 1965. The T-tailed, twin jet was designed to carry 90 passengers for up to 1,500 miles, and was marketed to replace piston airliners like the DC-6 and Constellation, or the turboprop Electra and Viscount. It could operate from 98 percent of the U.S.ôs primary airports, and was typically used on routes of 500 miles, linking major cities. The DC-9 was eventually stretched from 104 feet to 133 feet, adding seats for 50 more passengers. The DC-9 was redesigned as the DC-9-80 (MD-80), a trans-continental, trunk-liner with seating for 174, in the late 1970s. It again was re-imagined as the 150-seat MD-90 and shrunk again as the MD-95/**Boeing** 717. **Douglas** built 976 DC-9s, and 1,465 MD-80s, MD-90s and 717s, ending production in May 2006. **Delta Air Lines** was a launch customer for the DC-9 and received the first one in November 1965. It operated the last passenger DC-9 flight in the United States in January 2014, a 48-year run. **Delta** still flies the MD-88, MD-90 and 717. The MD-88s are being replaced with 737-900ERs and the airline is still adding used MD-90s and 717s so those types should remain in service for another decade or so. The DC-9 was the most successful **Douglas** transport since the DC-3, which is still flying passengers somewhere in the world.

Accidents and Safety

From Aviation Safety Foundation

Transasia Airways ATR 72-600 (B-22816, SN 1141) crashed into the Keelung River near New Taipei City shortly after takeoff from **Taipei-Sung Shan Airport** on February 4, 2015. Forty-two of the 58 occupants on board the airplane were killed, 15 survived, and one is still missing. Apparently the right engine (number 2) flamed out, and the pilots pushed the throttle for the left engine (number 1) to flight idle. Seconds later the left engine condition lever was set to the fuel shutoff position resulting in the engineôs shutdown. The airplane lost altitude and speed and several stall warnings were given. The pilots radioed the tower, declared a ñMaydayò and reported an ñengine flameoutò. The crew attempted to restart the left engine. The airplane banked almost 90 degrees, hit a viaduct, and then plunged into the river in an inverted position. The aircraftôs black box has been recovered. The ATR 72-600 was less than one year old.

Libyan Air Cargo Ilyushin Il-76T cargo plane (5A-DNK, SN 0013430882) was parked on the apron at **Tripoli-Mitiga International Airport**, Libya, and consumed by fire on January 30, 2015. It was apparently hit by rockets or artillery fire during fighting near the airport.

Sky Express BAe Jetstream 41(SX-DIA, SN 41075) sustained substantial damage in a hard landing accident at **Rhodes/Paradisi-Diagoras**

The Taiwanese Civil Aerospace Authority (CAA) has grounded all domestic ATR 72s for safety checks to establish if they meet the **CAA's** standards. This affected **TransAsia** (with six ATR 72-500s and four ATR 72-600s) and **Uni Air** (12 ATR 72-600s). **TransAsia's** and **Uni Air's** pilots were orally tested on what should happen in the event of an engine failure on the ATR 72-600. The **Civil Aviation Administration** ordered the immediate suspension of 10 pilots who failed the test, and of another 19 pilots who were unable to take the test. It is strongly speculated that pilot error may have played a part in the accident.

Airport, Greece, on February 2, 2015. Upon landing, the left hand main gear folded rearwards. The 16 occupants survived.

Aeropanamericano Beechcraft 1900C (YV1674, SN UC-47) was destroyed in an accident shortly after takeoff from **Kendall-Tamiami Airport**, Florida, on February 11, 2015. All four occupants were killed. The pilot reported an engine failure and then the airplane struck a utility pole and crashed in flames. The airplane was returning to Venezuela after routine maintenance in Miami.

National Air Force of Angola Antonov An-32 transport (registration and serial number unknown) was destroyed in a landing accident at **Malange Airport**, Angola, on February 14, 2015. The airplane ran off the runway, after it suffered a technical failure. All 47 on board were able to leave the aircraft before it burned up.

Genex Ltd. Antonov An-26B (EW-246TG, SN 14403) was substantially damaged in a ground accident at **Kiev-Borispol Airport**, Ukraine, on February 18, 2015. During an engine test, the An-26ôs throttles were inadvertently opened wide and the aircraft ran forward and collided with **BPV Group's Yakovlev** Yak-40, (UR-MIG, SN 9641250) that was parked nearby. The number 1 propeller sliced off the Yak-40ôs nose section. The An-26 came to rest with the Yak-40 wedged between its engine and fuselage.

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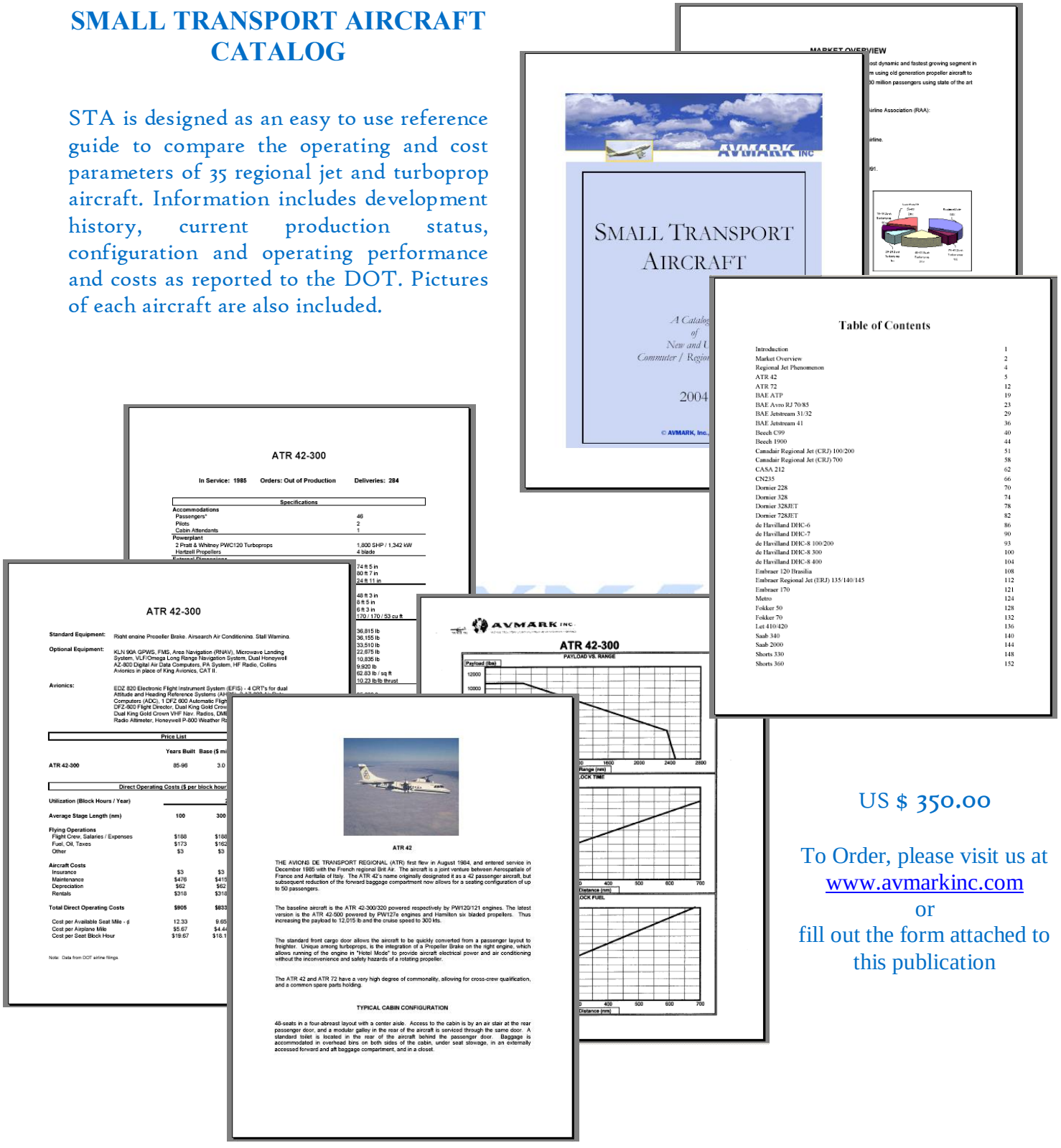

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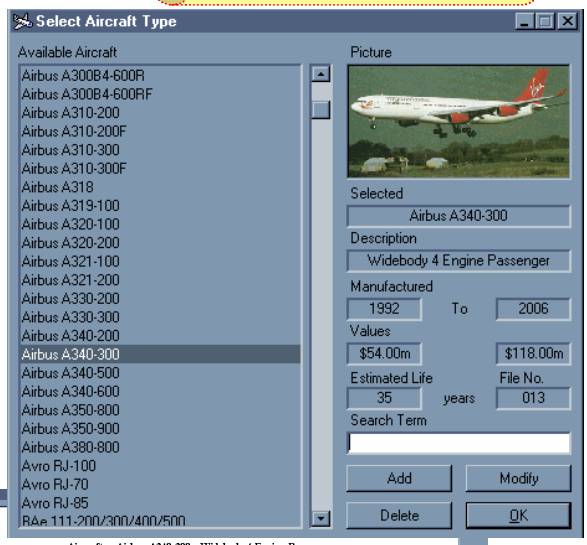

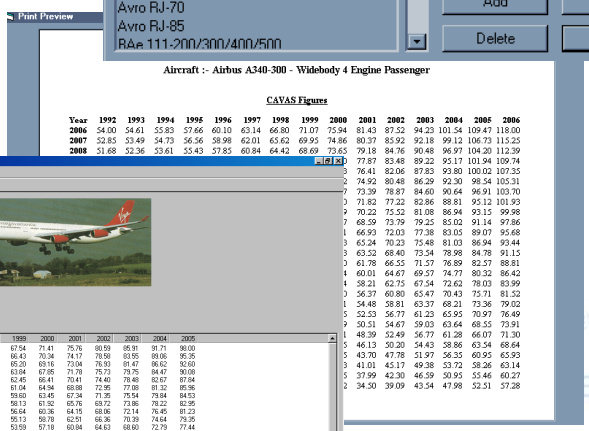

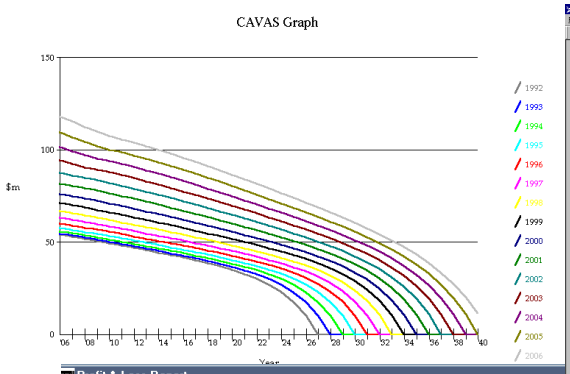

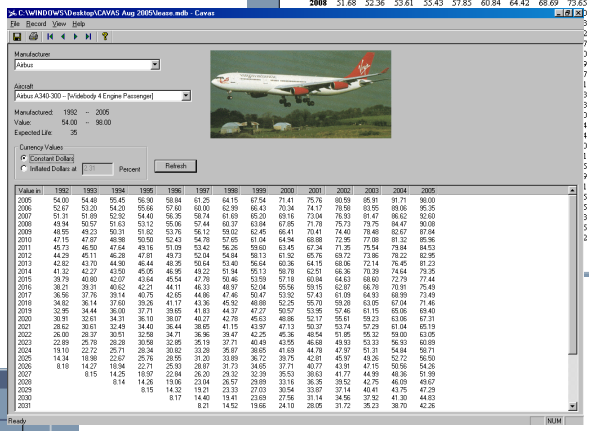

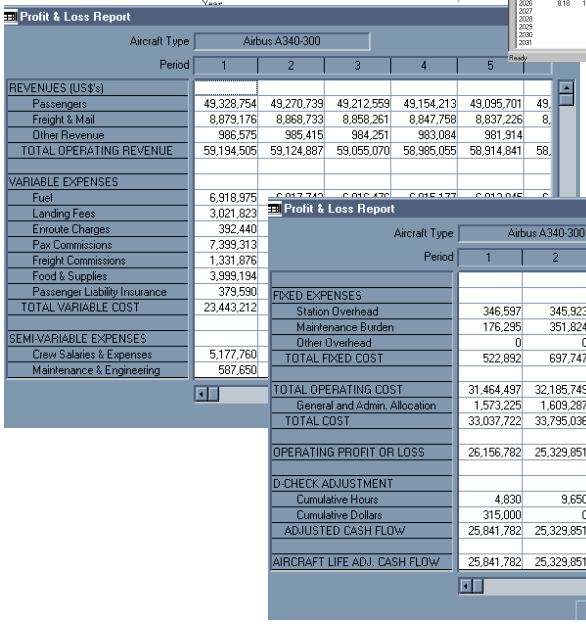

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