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Market Comment 49th Farnborough International Airshow

The world's five largest aircraft manufacturers sold 1,210 commercial aircraft worth more than \$130 billion at the **49th Farnborough International Airshow** in July 2014. The sales total combines firm orders, options, purchase agreements and commitments for **Airbus**, **ATR**, **Boeing**, **Bombardier** and **Embraer** aircraft and reflects the manufacturers' list prices.

Airbus won the contest by selling 496 aircraft worth a combined \$75.3 billion. This was the European manufacturer's best **Farnborough** show in history – both in terms of dollar value and also in the number aircraft sold. The company inked purchase orders for 358 aircraft worth \$38.4 billion and announced Memoranda of Understanding for 138 aircraft worth \$36.9 billion. **Airbus** launched its A330neo aircraft at the show with an order for 50 A330-900s valued at \$13.8 billion from **Air Asia X**, and won 121 total commitments list priced at \$33.2 billion. **Airbus** sold 317 more A320neo Family aircraft, including 110 to **SMBC Aviation Capital**, worth \$11.8 billion, which boosted the backlog above the 3,000 mark. The airframer also sold 46 A320ceo Family aircraft raising single-aisle sales to 363 commitments worth \$39 billion. **Airbus** had 290 net firm orders at the start of the **Farnborough Airshow**. **Airbus** landed a last-minute commitment for 20 jets from **Transaero**, Russia, on the last day, and ended the show with 648 net firm orders.

Boeing sold a total of 269 aircraft valued at \$63 billion. Before the show, **Boeing** won a massive order from **Emirates** for 150 new 777Xs, worth approximately \$56 billion. "We came in with more net orders. We'll leave the Air Show with more net orders," **Boeing** VP, **Randy Tinseth**, said. "We've had a good Air Show." The U.S. manufacturer started the show with 649 net orders and ended it with 783 firm sales. As part of marketing hoopla, **Boeing** announced the names of customers whose 22 aircraft were booked before the show, which muddles the numbers a bit. **Boeing's** biggest order at **Farnborough** was **Qatar Airways'** confirmation of 50 777-9X commitments that were taken at the most recent **Dubai Airshow**, so that too was not a surprise. **Qatar** did double the **Dubai** commitment by optioning 50 more 777Xs. It also bought eight 777Fs. The whole deal was valued at \$37.7 billion. At the end of the show, **Boeing** announced it had 106 firm orders with a total list price of \$29 billion. Of that number, it recorded 26 firm 737 MAX orders, as well as 15 options and 80 letters of intent.

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The regional aircraft competition between **Embraer** and **Bombardier** was won hands down by **Embraer**, with orders and commitments for 156 aircraft worth \$7.11 billion. It sold another 50 E-Jet E2s to **Trans States** (plus 50 options), worth \$2.4 billion, and another 30 E-Jet E2s (plus 20 options) to **Azul**, worth \$1.87 billion. **Bombardier** sold 74 aircraft worth \$4.25 billion, of which 44 were for the new CSeries trunkliner. Chinese regional carrier **Zheijian Loong Airlines** committed to buy 20 CS100s for \$1.28 billion and U.K. lessor **Falko Regional** signed up for 24 CS100s worth \$1.51 billion at list price. **Bombardier's** President **Mike Arcamone** said, "We are delighted that the CSeries aircraft program has reached 500 orders and commitments." Sales of the Q400 turboprop also surpassed 500, when repeat customers ordered 10 Q400s. **ATR** recorded 52 firm orders and 78 options for the ATR series -600 at **Farnborough**. Its biggest order came from **Nordic Aviation Capital** for 25 aircraft and 50 options, in a deal valued at over \$1.55 billion. The European turboprop manufacturer received firm orders for 144 series -600s and took options for 112 additional aircraft, since the beginning of the year. The firm contracts were valued at over \$3.45 billion, rising to \$6 billion when the options were confirmed.

The Smaller Manufacturers sold 84 aircraft at the air show. **COMAC** received commitments for six ARJ21 regional jets, **Mitsubishi** won six firm orders, 24 options and 20 Letters of Intent for its MRJ90, and **Sukhoi** added 15 Superjet 100s to its backlog. **Viking** peddled another DHC-6-400s during the show.

Some observers compared this year's **Farnborough** show with **Paris Airshow** in 2013. **Airbus** took the lead then with 466 orders and commitments worth \$69 billion at list prices. Boeing recorded firm and provisional orders for 442 aircraft valued at more than \$66 billion. Later last year, at the **Dubai Airshow**, the aircraft manufacturers announced transactions for several hundred wide-bodies worth about \$179 billion from Middle Eastern airlines. **Airbus** reported a backlog of 5,912 aircraft and **Boeing's** backlog stood at 5,503 as of July 31, 2014, after the hundreds of firm orders were booked. The press has been abuzz with the words "order bubble", with some analysts saying there is a bubble and the manufacturer's management poo-pooing the idea. **AVMARK** will discuss the topic in the *August Market Comment*.

Airbus Orders

Airbus Booked 70 A320 Family Orders in May from airlines and leasing companies, and the company delivered 55 aircraft from its three product lines: the A320 Family, A330 and A380. The May order book was led by **Tigerair's** contract for 37 A320neo (new engine option) jetliners. In addition, **Royal Brunei Airlines** ordered seven A320neos for its regional network linking Brunei's capital, Bandar Seri Begawan, with cities in Asia. These are the first NEO orders from both airlines, which are existing customers for the A320ceo (current engine option) Family. **Delta Air Line** ordered 15 A321ceo versions to offset jet retirements. **Air New Zealand** bought another A320ceo for delivery in 2015, and **easyJet** contracted for an additional two A320ceo aircraft. Leasing companies purchased eight A320ceo family aircraft. **Z/C Aviation Partners** acquired two A319ceos and immediately leased them to **American Airlines**. **BOC Aviation** bought three A320ceos, **Aviation Capital Group** purchased two A320ceos and **AWAS** ordered its third A321ceo. Gross orders for the first five months of 2014 rose to 306 planes. **Tigerair** cancelled nine A320s during the month, which lowered **Airbus'** net total to 203 jets at the end of the month.

Airbus delivered a record four A380s in May, to **British Airways**, **Emirates**, **Lufthansa** and **Asiana Airlines**, the 11th carrier to operate the super jumbojet. Customers received 45 A320 Family aircraft and six A330s. The total of **Airbus** deliveries rose to 248 jetliners to 64 customers in May, leaving a backlog of 5,514 aircraft, composed of 1,567 A320ceo Family, 2,689 A320neo Family, 254 A330s, 812 A350s and 192 A380s. In May 2013, the total backlog stood at 4,928 aircraft.

Delta will add 15 current engine option A321s its A320 Family to replace jets slated for retirement. The airline selected **CFM International's** CFM56-5B engines to power its A321s, which are scheduled for delivery starting in 2018. **Delta** currently operates 57 A319s and 69 A320s (also CFM56 powered) and 32 A330-200/300s, which it inherited from **Northwest Airlines**. The new order raises **Delta's** backlog to 45 single-aisle A321ceos and 10 widebody A330-300s. All of **Delta's** A321s will

Airbus Orders, Deliveries and Backlog May 2014

MAY ORD	MAY DEL	MAY CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			A318		
-0-	-0-	-0-	79	79	-0-
			A319		
2	4	-0-	1,514	1,410	104
			A320		
52	27	-9	6,694	3,671	3,023
			A321		
16	14	-0-	2,060	931	1,129
			A330		
-0-	6	-0-	1,342	1,088	254
			A350		
-0-	-0-	-0-	812	-0-	812
			A380		
-0-	4	-0-	324	132	192
This Month			This Year		BL
70	55	-9	203	248	5,514

Airbus sold 14,018 aircraft and delivered 8,504 as of May 31, 2014. One hundred three orders were cancelled. Total orders, deliveries and backlog include cancellations and order changes.

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feature fuel-saving Sharklets and many of them will be assembled at **Airbus'** new A320 Family assembly line, which is currently under construction in Mobile, Alabama. Aircraft assembly will begin there next year, and the Mobile facility is expected to produce four aircraft per month by 2017.

Royal Brunei Airlines signed a contract for seven A320neo (new engine option) aircraft and took three options in May. The planes will feature a two-class premium layout, and will be powered by **Pratt & Whitney** PW1100G-JM engines. **Royal Brunei** has operated the A320 family of aircraft since 2003, and the new A320s will operate regional services linking Bandar Seri Begawan with other Asian cities.

Singapore's Tigerair confirmed a Memorandum of Understanding (MOU) signed in March for the purchase of 37 A320neo aircraft and took 13 options. The contract gives the airline the option to convert some of the A320neos into the larger A321neo model. **Tigerair** also cancelled nine A320ceo aircraft,

which were part of its 2007 order. These aircraft were originally scheduled for delivery in 2014 and 2015 and have been allocated to other customers. The A320neos will be powered by **Pratt & Whitney** PW1100G-JM engines and will be operated across the airline's Asia-Pacific route network. **Tigerair** was established in 2004, and comprises two airlines— **Tigerair Singapore**, and **Tigerair Australia** (its third airline, **Tigerair Mandala**, Indonesia, ceased operations on July 1). The Group's collective network extends to over 50 destinations in 14 countries in the Asia-Pacific region, and the airlines operate an all-**Airbus** fleet of 48 A320 Family aircraft, which average less than three years of age.

Airbus Logged 209 Orders for its A320 Family aircraft in June. Sales were led by an undisclosed customer's purchase of 16 A320neos (new engine option), 30 A321neos, 10 A320ceos (current engine option), 20 A321ceos, and four A319neo aircraft, for a total of 80 jetliners. Another undisclosed customer will acquire 70 A320neos. Other big sales included **Qantas'** contract for 21 A320neos to be operated by its **Jetstar** subsidiaries. **Qantas** group has now ordered 99 A320neos and 80 A320ceos. It has taken delivery of 72 of the A320ceos. **Air New Zealand** booked 10 A320neo and three A321neo

Airbus Orders, Deliveries and Backlog June 2014

JUN ORD	JUN DEL	JUN CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			A318		
-0-	-0-	-0-	79	79	-0-
			A319		
4	2	-10	1,508	1,412	96
			A320		
145	26	-42	6,799	3,697	3,102
			A321		
60	13	-0-	2,118	944	1,174
			A330		
-0-	11	-0-	1,342	1,099	243
			A350		
-0-	-0-	-70	742	-0-	742
			A380		
-0-	3	-0-	324	135	189
This Month			This Year		BL
209	55	-122	290	303	5,546

Airbus sold 14,105 aircraft and delivered 8,559 as of June 30, 2014. Two hundred twenty five orders were cancelled. Total orders, deliveries and backlog include cancellations and order changes.

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aircraft. **Aerospace International Group** will acquire six A320neos and seven A321neos. The lessor already had 10 A320s and four A321s on order. **Synergy Aerospace** purchased 12 A320neos for its South American subsidiaries, which include **Avianca/TACA** and **Avianca Brazil**. Total orders for the A320neo Family reached 2,843, placed by 55 customers, as of June 30. The month's orders resulted in several milestones for **Airbus**, which included passing the 2,800 order mark for the A320neo Family, and reaching 10,504 total sales for the A320 Family product line. **Airbus** has now delivered more than 6,100 single-aisle jetliners.

Airbus delivered 55 aircraft in June, included 41 A320 Family aircraft, 11 A330s and three A380s. The company has now handed over 6,132 A318, A319, A320 and A321 airliners to customers. During the first six months of 2014, **Airbus** delivered 303 jetliners to 70 customers, compared with 295 in the same period last year. Taking June's orders, cancellations and conversions into account, **Airbus'** net bookings for 2014 reached 290 aircraft and gross sales rose to 515. The 225 cancellations included **Emirates Airways'** decision to drop all of its 70 A350XWB orders. The backlog at the end of the first half was 5,546 jetliners, which was composed of 4,372 A320Family aircraft, 243 A330s, 742 A350s and 189 A380s.

Air New Zealand announced its order for 10 A320neo and three A321neo aircraft, for its trans-Tasman and Pacific Island services. Deliveries will begin in late 2017 and continue through 2019. The airline has the option to switch some A320 orders for the larger A321 at a later date. **Air New Zealand** intends to have an all-**Airbus** narrowbody fleet in order to maximize efficiencies in training, maintenance and operating costs. The neos will replace 13 existing A320s used on trans-Tasman and Pacific services on a one-for-one basis. The three larger A321neo aircraft, which seat 38 more passengers than the A320, will allow for some capacity growth in those markets. No engine selection has been announced.

Airbus Launched the A330neo at the 49th Farnborough International Airshow, but the intention to offer the updated A330neo (new engine option) program was no secret. **Airbus** touted the A330neo as the latest evolution in its 25-year old twin-engined widebody product line. The A330neo is offered in two versions – the shorter 252-seat A330-800neo and the longer 310-seat A330-900neo. The jets will be exclusively powered by **Rolls-Royce's** new Trent 7000 engines, and feature aerodynamic improvements. The A330neo will share more than 95 percent spares commonality with existing A330 jetliners. The enhancements include new A350 XWB style winglets, 3.7 meters of additional wingspan – which still meets Category E airport requirements – and new engine pylons for four percent aerodynamic improvements. The cabin innovations include full-LED mood lighting and Wifi connectivity, as well as a –spacious 18-inch-wide seat comfort standard in economy class to deliver superior passenger comfort,– **Airbus** said. The optimized cabin will allow the A330-800neo to carry six more passengers and the A330-900neo can be fitted with 10 more seats than the current A330 models. President and CEO **Fabrice Brégier** said, –We worked out a solution that keeps the maturity, keeps the simplicity, keeps all that the customers like about the A330 Family – and on top improves the fuel-burn per seat by 14 percent,– making it the most cost efficient, medium range widebody aircraft on the market. The A330neo is expected to fly up to 400 nautical miles farther than the current A330 versions. **Airbus** said it will draw on lessons learned from the successful development of the A320neo, and plans an ambitious 42-month program from the A330neo's launch until its first delivery in the fourth quarter of 2017. **John Leahy**, **Airbus'** Chief Operating Officer – Customers said, –The A330 jetliner family offers a very, very solid base to build on,– and he sees significant demand for this aircraft over the next 20 years. Airlines that are currently flying A330s –love the A330, are making a lot of money with A330 and have their

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pilots trained with the A330, but would like to have more fuel efficiency – that’s exactly what we are doing with this aircraft.” **Airbus** said the A330neo will match the cash operating costs per seat of the 787, and will surpass it on direct operating costs per seat. It also offers an inch greater seat-width in economy class. Pilots and cabin crew will be able to rest in a new lower-deck mobile crew-rest module that will free-up more space on the main deck for extra passenger seats. The A330neo will offer operational commonality with other members of the Airbus Family – including the same pilot type rating as the A330, common type rating with the A350 XWB and the same “Code-E” gate category as the A330-200 and -300. **Airbus** expects that airframe maintenance costs will be five percent lower, due to the continuing evolution of the A330 scheduled maintenance program. The manufacturer forecasts fewer tasks, longer intervals between some checks, as well as a reduction in man hours over the typical 12-year maintenance cycle for new parts such as the engine pylons and some sections of the improved wing, **Airbus** said. The A330neo will feature an A350 style electrical bleed air system (EBAS) which replaces pneumatic controls with full electrical regulation. The new **Rolls Royce** Trent 7000 engine will produce 72,600 pounds of thrust and will have a 112-inch diameter engine fan that will be significantly larger than the current A330 engine at 97 inches. Expanding the size of the engine fan allows the engines to operate more efficiently. **Airbus Group** CEO **Tom Enders** said, “The A330 is a very important margin contributor for our group. It’s also one of the most reliable and efficient commercial aircraft ever; customers love it. With our decision to re-engine the plane, we will keep the A330 flying high for many more years to come. The development costs for the A330neo will be incurred from 2015 to 2017.” At the **IATA** conference in Doha, **Airbus** COO **John Leahy** predicted that his company could sell more than 1,000 A330neo aircraft.

Airbus Announced that Air Lease Corporation. (ALC) Was the Launch Customer for the revamped A330neo on the first day of the **Farnborough International Airshow**. **ALC** signed a Memorandum of Understanding (MOU) to acquire 25 A330-900neos. The U.S.-based lessor had pushed **Airbus** to launch the improved version of the venerable A330, and it said the new version will extend the life of the A330 program by 20 to 25 years. CEO **Steven Udvar-Hazy** said, “The A330neo, like the A320neo Family, will have success in the medium range segment due to its combination of high reliability, exceptional comfort and low operating costs. We see a significant market opportunity for the A330neo and we’re pleased that the first order bears **ALC’s** name.” **ALC** also announced a firm order for 60 A321neo aircraft. The contact was signed at **Farnborough**. Mr. **Udvar-Hazy** commented, “The A321neo credentials, such as its lower fuel-burn, high reliability and wider, more comfortable cabin, also fit well in our product portfolio of innovative, profitable aircraft.” **ALC’s** total orders and commitments for **Airbus** aircraft reached 225, including firm orders for 50 A320neo Family, 110 A320neo Family, 15 A330 Family, and 25 A350 XWB Family, plus the MOU for 25 A330neos. **ALC** will announce engine selections for the 60 A321neo aircraft at a later date. All A330neos will be powered by **Rolls Royce** Trent 7000 engines.

AirAsia X, **AirAsia’s** long haul affiliate, signed a Memorandum of Understand (MOU) for 50 A330-900neo aircraft. The airline will be a launch customer and one of the first operators of the aircraft, when it takes delivery in 2018. The order is valued at \$12 billion (\$240 million each) at list price. The commitment was signed two days after **Airbus** launched the re-engined version of its widebody long-haul aircraft at **Farnborough International Airshow**. **Tan Sri Tony Fernandes**, co-founder and Director of **AirAsia X** said, “We have been encouraging **Airbus** to launch this new version of the A330

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for some time now. I am pleased that they are offering this choice and bringing us the aircraft we truly need to develop further our low-cost, long-haul model. The latest MOU from **AirAsia X** further consolidates the position of the **AirAsia Group** as one of **Airbus's** largest airline customers in the world. In total the Group has ordered 536 **Airbus** aircraft, excluding today's MOU, the manufacturer said.

Avolon became a launch customer for the A330neo when it signed a Memorandum of Understanding for 15 A330neo aircraft at the **Farnborough International Airshow 2014**. The airplanes are worth \$4.1 billion (\$273.3 million each) at list price. Deliveries start in 2018. The Dublin-based, global aircraft leasing firm's owned, managed and committed fleet now totals 222 aircraft. **John Higgins**, **Avolon** President and Chief Commercial

Officer said, "This A330neo order complements our ongoing sale and leaseback and fleet financing activity in both the A330 and A320 families and further strengthens our product offering, which now incorporates both narrowbody and widebody neo aircraft."

CIT Group Inc., a leader in transportation finance, inked a Memorandum of Understanding to order 15 A330-900neo aircraft and five more A321ceo aircraft, becoming a launch customer for the new A330neo. The first A330-900neo will be delivered in 2018. **CIT** will take delivery of the A321ceos in 2015 and will make its engine selection at a later date. **Jeff Knittel**, President of **CIT Transportation & International Finance** said, "These new aircraft will allow **CIT** to maintain one of the youngest and most technologically advanced fleets in the industry, while providing fuel efficient aircraft solutions to our customers through a range of sizes and categories of aircraft."

Transaero Airlines, Russia's second largest airline, signed a Letter of Intent to buy 12 A330neo and eight A330ceo aircraft. This agreement made **Transaero** an important launch customer and the first European airline to commit to the A330neo. The A330s will allow the airline to continue the massive fleet modernization program and to boost its medium and long-haul domestic and international network, **Airbus** said. The order was valued at \$5.3 billion (\$265 million each) at list prices. Launched in November 1991, **Transaero** now flies more than 200 routes all over the world with a fleet of 97 **Boeing** aircraft. The airline ordered eight A320neo Family aircraft in 2011 and four A380s a year later. It will take delivery of its first new A330ceo in 2015.

An Unnamed Asian Customer signed Memorandums of Understanding for four A330-800neos toward the end of the airshow, bringing total A330neo sales to 121.

SMBC Aviation Capital, the world's third largest aircraft lessor, placed a firm order with **Airbus** for five A320ceo and 110 A320neo aircraft in a deal worth around \$11.8 billion (\$102.61 million each) at list prices. This was the largest single-aisle aircraft order ever placed by a lessor and the largest aircraft

Airbus Sold 343 A320 Family Aircraft to Lessors during the **Farnborough International Airshow**. The firm orders were led by **SMBC Aviation Capital** which purchased 110 A320neo and five A320ceo aircraft. **Air Lease Corporation** ordered 60 A321neos and **AerCap** booked 50 A320neo aircraft. **Hong Kong Aviation Capital (HKAC)** signed a firm order for 40 A320neo and 30 A321neo aircraft. **BOC Aviation** bought seven A320neo Family and 36 A320ceo Family aircraft, and **CIT Group** signed a Memorandum of Understanding for five A321ceos. In addition, **International Airlines Group (IAG)**, the parent company of **British Airways**, converted 20 A320 Family options into firm orders.

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order of any kind by a Japanese-owned lessor according to **SMBC**. The lessor has the option to convert the majority of the A320neo aircraft and all of the A320ceo aircraft into the A321 variants. It will announce its engine selection at a later date. It has ordered a total of 206 A320 Family aircraft. **SMBC Aviation Capital** was formed out of **RBS Aerospace** in 2012 and is based in Dublin, Ireland. It has grown substantially since then, and completed 146 new deals, traded more than 50 aircraft, and delivered 73 aircraft. The business has acquired over 494 aircraft, of which 233 are from **Airbus**. The **SMBC** order pushed the A320neo order book to 3090, from 57 customers, which represents 60 percent of the market in its category.

Airbus' fifth and final member of the A350 XWB flight testing program (SN 005) flew in June. The A350-900 is the second passenger cabin-equipped test aircraft, and will be tasked with ñroute provingò and Extended-range Twin Operations (ETOPS) certification testing. **Airbus** said the latest test aircraft most closely embodies the operationally definitive configuration for the A350 XWB. So far, the A350 program has flown more than 2,000 hours with nearly 500 flights and the aircraft is on schedule for its first delivery to launch customer **Qatar Airways** in the fourth quarter of 2014.

BOC Aviation announced its order for an additional 43 A320 Family aircraft. They are buying at least eight A320ceos powered by **IAE** V2500 engines. The rest of the order is for seven neos and 28 ceos split between the A320 and A321 variants. Deliveries are scheduled from now until 2019. The lessor will decide which engines to buy for 35 aircraft at a later date. **Robert J. Martin**, **BOC's** Managing Director and CEO noted, ñFollowing our order of 38 A320ceo aircraft in the last 18 months, all of which are now placed, we are seeing additional demand for both A320ceos and neos. Over the last year, we have seen quite a lot of demand coming up for A321s. People are upgrading their size of aircraft ñ and we expect that trend to continue.ò Demand for the longest-fuselage member of **Airbus'** single-aisle product line, the A321, is growing as operators prefer higher capacity to accommodate rising global air traffic, particularly in fast-growing regions such as Asia. With the latest purchase agreement, **BOC Aviation's** orders for new **Airbus** aircraft reached 255, and 142 were delivered by the end of June. **BOC** has commitments to lease another 55. The lessor's fleet of 251 aircraft includes 98 A320 family aircraft and 11 A330s which are operated by 27 airlines.

AerCap exercised options to purchase 50 additional A320neo Family aircraft at the **Farnborough International Airshow 2014**. The order is worth \$5.14 billion (\$102.8 million each) at list price. This was **AerCap's** first major aircraft order after it purchased **International Lease Finance Corporation (ILFC)** earlier this year. The 50 options were part of a contract between **Airbus** and **ILFC** signed in 2011. The lessor will announce its engine selection in due course. This transaction brings **AerCap/ILFC's** firm orders for A320neo Family aircraft to 200 and its total orders for **Airbus** aircraft to 945. **AerCap** has become **Airbus'** largest customer, both in number and value of aircraft purchased. The first A320neo deliveries are expected to commence in 2015. **AerCap's** CEO **Aengus Kelly** said, ñ**AerCap** has already placed 48 A320neo aircraft under lease agreement or letter of intent, so our decision to firm up for 50 additional A320neo Family aircraft is a natural extension of our fleet strategy.ò The lessor said it holds the most attractive order book in the industry, including the largest order for the A320neo Family aircraft among leasing companies. It has orders for 20 A350XWB aircraft. **AerCap** is also the largest customer of the **Boeing 787 Dreamliner**.

Hong Kong Aviation Capital (HKAC), a fast growing aircraft leasing company based in Hong Kong, signed a firm order for 40 A320neo and 30 A321neo aircraft. The \$7.76 billion contract was finalized at

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the **Farnborough Airshow**. The agreement follows the Memorandum of Understanding signed at the **2013 Paris Air Show**. The purchase was approved by **HKAC's** majority shareholder, **Bohai Leasing**. The lessor currently has a portfolio of over 50 single and twin-aisle **Airbus** aircraft. It provides financing leasing services to several airlines in Asia and worldwide. This was **HKAC's** first direct order with any aircraft manufacturer.

International Airlines Group (IAG) converted 20 A320neo options into firm orders. These aircraft are currently intended to replace 21 short-haul **British Airways'** aircraft, but they can be re-allocated to other airlines in the group, if **British** cannot make a profitable return from its short-haul business. The A320neos will be delivered in 2018 and 2019. **British Airways** already operates 120 **Airbus** single-aisle aircraft ranging from the A318 to the A321. In August 2013, when **Vueling** ordered up to 120 A320 family aircraft, **IAG** secured 100 A320neo options. The remaining options can be used for any of the airlines in the Group i **British Airways, Iberia** or **Vueling** i for aircraft replacement requirements.

ANA Holdings firmed up the commitment for seven A320neo and 23 A321neo aircraft that it made in March 2014. The aircraft will replace **ANA—All Nippon Airways'** existing single-aisle fleet in the coming years. Deliveries will start in 2016. **ANA's** A320neo Family will be equipped with **Pratt & Whitney** PW1100G-JM engines. **Japanese Aero Engines Corporation (JAEC)** is a 23 percent partner in the PW1100G-JM program. **JAEC** is responsible for development, manufacturing and engineering support of the fan, low-pressure compressor, combustor, and low-pressure shafts. It is a consortium of three Japanese companies: **IHI** (65 percent), **Kawasaki Heavy Industries** (25 percent), and **Mitsubishi Heavy Industries** (10 percent).

Air Mauritius signed a Memorandum of Understanding for four A350-900 aircraft. The airline will expand and modernize its long-haul fleet. The deal was announced during the **Farnborough International Airshow 2014**. The flag carrier of Mauritius will also lease two more A350-900s. The six A350 XWBs will be operated on European, Asian and Australian routes. The airline currently operates ten **Airbus** aircraft including two A330-200s and two A319s. By the end of June 2014, the A350 XWB had won 742 orders from 38 customers worldwide.

Airbus Completed the Assembly of its first A320neo (new engine option). The manufacturer mounted the **Pratt & Whitney** PW1100G-JM engines and painted the aircraft (SN 6101), which will be the first A320neo to fly. It will soon start ground tests to prepare for the first flight in September 2014. **Airbus** is shooting for Entry into Service in the fourth quarter of 2015. The A320neo incorporates many innovations, including latest generation PW1100G-JM and **CFM International** LEAP-1A engines and large Sharklet wing-tip devices. The A320neo flight-testing program will feature a total of eight aircraft, including two A320neos, two A319neos and two A321neos. The fleet will follow the normal **Airbus** flight testing routine, beginning with performance and engine tests before moving on to high-altitude and hot and cold weather testing campaigns. Pre-flight preparation will include a virtual flight testing campaign this summer, with simulator-based evaluations of flying scenarios and aircraft systems. **Airbus** is currently winning the order race against the **Boeing** 737 MAX, having sold more than 3,000 neos to more than 50 customers since its launch in 2010. **Boeing** has achieved 2,220 orders from some 45 customers for the 737 MAX.

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Hawaiian Airlines signed a Memorandum of Understanding (MOU) for six A330-800neos in late July. The new commitment replaced its previous order for six A350-800s. **Hawaiian** currently operates a fleet of 18 A330-200 aircraft, and has 16 A321neo aircraft on backlog.

Boeing Orders

Boeing Sold 97 737s and two 777s in May, including 30 737 MAX and 20 737NG aircraft to one **Unidentified Customer**, on May 15. A second customer (**Okay Airways**) bought four 737-800s and six 737 MAX. At the end of the month, a third unidentified customer (**Alaska Air**) purchased four 737-900ERs. **Air Algérie** ordered two 737-700Cs in May and announced its contract at **Farnborough Airshow**. Resurrected **Eastern Air Lines** purchased 10 737-800s in mid-May. **Nok Air**, Thailand, picked up eight 737-800 and seven 737 MAX aircraft. At the end of the month, **Japan Transocean Air** bought six 737-800s. An **Unidentified Customer** contracted for two 777-300ERs.

Boeing Delivered 54 Aircraft in May, including 39 737NGs. It also handed over, eight 777s and seven 787s.

Japan Transocean Air (JTA) finalized an order for six 737-800NG airplanes. It committed to buy another six. The new 737-800s will arrive in 2016 and will mark the start of the airline's fleet renewal program. The order for all 12 was first announced as a commitment on March 27, and was valued at \$1.1billion (\$91,667 million each) at list prices. As part of the agreement, **JTA** will also have the flexibility to switch to the 737 MAX family of airplanes. It will also lease three 737-800s from **Japan Airlines** in 2015. **JTA** is based in Okinawa, Japan's southernmost major island chain, and currently operates a fleet of eight 737-400 airplanes on domestic routes linking Okinawa with major Japanese cities as well as other Okinawan islands. The 737-400s will be retired as the -800s are delivered.

Nok Air finalized its order for eight Next-Generation 737-800s and seven 737 MAX 8s in May. The order was first announced as a commitment at the **Singapore Air Show** in February, 2014, and was valued at \$1.45 billion at list prices. **Nok Air** will be the first airline in Thailand to operate

Boeing May 2014 Orders, Deliveries					
MAY ORD	MAY DEL	MAY CANX	TOTAL ORD	TOTAL DEL	BACK LOG
737					
97	39	-0-	11,927	8,058	3,869
747					
-0-	-0-	-0-	1,538	1,487	51
767					
-0-	-0-	-0-	1,110	1,061	49
777					
2	8	-0-	1,550	1,204	346
787					
-0-	7	-0-	1,031	147	884
This Month			This Year		BL
99	54	-0-	394	271	5,199
Boeing sold 24,686 aircraft and delivered 19,487 as of May 31, 2014. The Current Program includes sales and deliveries of 737s, 747s, 767s, 777s and 787s. Sales totals include 54 cancellations.					

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the 737 MAX. The airline converted one of the 737-800s into a 737 MAX in June. This is **Nok Air's** first direct order with **Boeing**, although it currently operates 15 leased 737NGs.

The Newly Launched, Eastern Air Lines Group, signed an initial order for 10 firm 737-800 Next Generation aircraft and it took purchase rights for 10 737 MAX 8s. The group was formed to re-launch **Eastern Air Lines**, which operated from 1930 to 1991. It will fly the 737NGs from its base at **Miami International Airport**. The startup carrier may acquire up to 10 used jets from leasing companies, and plans to start charter flights in nine to 12 months. The new 737s will be delivered after **Eastern** decides whether to move into scheduled service. The new **Eastern** acquired the intellectual property and brand name of the original carrier in 2009 and has been working to assemble financing to begin operations. It is headquartered in the former carrier's operations center at Miami.

Air Algerié placed an order for two Next-Generation 737-700Cs, valued at \$152 million (\$76 million each) at list prices. The order is part of **Air Algerié's** fleet renewal and expands its January order for eight 737-800s. The new aircraft will be able to carry both passengers and cargo. "The 737-700C will provide our fleet with flexibility, and enhances our ability to carry cargo on important routes," **Air Algerié** CEO **Mohamed Salah Boulouf** said. The airline can alternate between passenger and cargo layouts on a daily, weekly or seasonal basis depending on market requirements. The 737-700C is a derivative of the 737-700 fitted with strengthened wings, a main-deck cargo door and an in-floor cargo-handling system. In an all-passenger layout, the 737-700C can carry up to 140 passengers, while the all-cargo layout provides up to 40,000 lbs. (18,200 kg) of capacity. The North African carrier operates a fleet of 17 737-800s and five 737-600s, and now has eight 737-800s and two 737-700Cs in backlog.

Chinese Low-Cost Carrier, 9 Air, said it placed an order for 20 737NGs and 30 737 MAX on May 15. The deal could be worth more than \$3.8 billion (\$76 million each) based on list prices. **9 Air** was recently founded by the privately-owned **Juneyao Airlines**. It plans to launch domestic flights from the southern city of Guangzhou later this year and will expand into Southeast Asia in the future. **9 Air** could

Boeing June 2014 Orders, Deliveries					
JUN ORD	JUN DEL	JUN CANX	TOTAL ORD	TOTAL DEL	BACK LOG
737					
108	46	-0-	12,035	8,104	3,931
747					
-0-	1	-0-	1,538	1,488	50
767					
-0-	1	-0-	1,110	1,062	48
777					
1	8	-0-	1,551	1,212	339
787					
-0-	15	-0-	1,031	162	869
This Month			This Year		BL
109	71	-0-	599	342	5,237
Boeing sold 24,795 aircraft and delivered 19,558 as of June 30, 2014.					
The Current Program includes sales and deliveries of 737s, 747s, 767s, 777s and 787s.					
Sales totals include 54 cancellations.					

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the undisclosed customer for 50 737s that was posted on **Boeing's Orders & Deliveries** website in May.

Airlines and Lessors Bought 108 737s and a **Business Jet / VIP Customer** ordered one 777-300ER in June. **Belavia**, Belarus, purchased three 737-800NGs early in the month, and **Turkish Airlines** acquired 15 737 MAX 8s. On June 17, an **Unidentified Customer (China Eastern Airlines)** bought 60 737 MAX and 20 737-800s. Late in June, a customer signed a contract for 10 737-800s. The **VIP Customer** purchased one **Boeing Business Jet 777-300ER**.

Boeing Delivered a Record 71 Aircraft in June, from all of its product lines. Customers accepted a record of 15 787s and 46 737NGs. **Boeing** also handed over one 747-8I to **Lufthansa**, the last passenger 767-300ER and eight 777s.

In the First Two Weeks of July, Boeing sold 284 new aircraft. **Air Lease Corp. (ALC)** picked up 10 more 737s and six 777s, and it announced a previous order for 10 737s. **CIT Leasing Corporation** bought 10 more 787s. **Intrepid Aviation** ordered six 777s and **MG Aviation Limited** placed a repeat order for two 787s. **Unidentified Customer(s)** purchased 50 737s. **Okay Airways Company Limited**, China, was revealed as the client for 10 737s that were booked in May. Two Gulf carriers confirmed their launch orders for 200 777X widebodies, **Emirates** signed its contract for 150 777X before **Farnborough** and **Qatar Airways** ordered 50 777-9X and took purchase rights for 50 more.

The Boeing Company delivered 124 737NGs in the second quarter of 2014 and 239 in the first half. The company handed over four 747s in the first quarter and two more in the second period. Only one 767 was completed during the half year. **Boeing** delivered 24 777s in each quarter. 787 production was ramped up from 18 in the first quarter to 30 in the second period. Customers received 181 commercial aircraft in the second quarter and 342 entered service in the first half. **Boeing** delivered one 737 AEW&C aircraft in each quarter, two P-8A Poseidons in the second quarter and a total of five C-17s in the first half.

Boeing Sees a Demand for 36,770 New Airplanes over the next two decades. This is a 4.2 percent increase over last year's forecast. The annual **Current Market Outlook (CMO)** estimated the total value of those new airplanes at \$5.2 trillion. The single-aisle market will be the fastest growing and most dynamic segment due to the expansion of low-cost carriers, and 25,680 new airplanes will be needed, making up 70 percent of the total units in the forecast. **Boeing** forecasts that 8,600 new twin-aisle airplanes, led by 200- to 300-seat small widebody airplanes. This year's forecast reflects a continued shift in demand from very large airplanes (A380s and 747s) to efficient new twin-engine products such as the 787-10 and new 777X.

Airplane type	Seats	Total deliveries	Dollar value
Regional jets	90 & below	2,490	\$100 billion
Single-aisle	90 to 230	25,680	\$2.56 trillion
Small widebody	200 to 300	4,520	\$1.14 trillion
Medium widebody	300 to 400	3,460	\$1.16 trillion
Large widebody	400 & above	620	\$240 billion
Total		36,770	\$5.2 trillion

Region	Airplane deliveries
Asia-Pacific	13,460
North America	7,550
Europe	7,450
Middle East	2,950
Latin America	2,950
Russia/C.I.S.	1,330
Africa	1,080
Total	36,770

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Boeing Business Jets (BBJ) sold one BBJ 777-300ER (Extended Range) airplane to an undisclosed customer. This is the second widebody BBJ order for this year, demonstrating **Boeing's** dominance in the widebody VIP market, the manufacturer said. Since **BBJ** introduced the 747-8 and 787 in 2006, widebody airplanes have accounted for nearly 40 percent of the total net orders for BBJ airplanes. The BBJ 777-300ER has a cabin size of 3,641 square foot (338 square meters) with a range capability of 9,220 nautical miles (17,075 kilometers). **Boeing Business Jets** delivers VIP airplanes to completion centers, which install VIP interiors of the customers's choosing. Customers have ordered 217 Boeing Business Jets and 195 aircraft have been delivered since 1996 when **BBJ** was formed.

Belavia Airlines, the Belarus flag carrier, ordered three Next-Generation 737-800s. The deal is valued at \$272 million (\$90.667 million) at current list prices. This was the first direct purchase of **Boeing** airplanes for **Belavia**. The airline operates eight 737-300s and six 737-500s on passenger services and one BBJ 2 and one 767-300ER as VIP government transports.

Turkish Airlines confirmed options for 15 additional 737 MAX 8s, valued at \$1.6 billion at list prices. They are being added to a previous firm order of 40 of the type and 10 of the larger 737 MAX 9s. The new order for 15 aircraft leaves the **Star Alliance** carrier with options for 10 more 737 MAX aircraft. The options conversion comes 13 months after **Turkish Airlines** unveiled its largest **Boeing** order, which included firm orders for 50 737 MAX aircraft and 20 737NGs. The 737 MAXs will be powered by **CFM International** LEAP-1B engines. With the new order, **Turkish Airlines** has more than 100 unfilled orders for **Boeing** airplanes, including 65 737 MAXs, more than 25 737NGs and 20 777-300ER (Extended Range) airplanes. The Istanbul-based carrier currently operates a fleet of more than 100 Next-Generation 737s and 15 777-300ERs. **Turkish Airlines** currently serves 254 cities in 106 countries around the world from its base at Istanbul's **Ataturk Airport**.

Emirates Airline finalized its order for 150 777Xs prior to the **Farnborough** show. The commitment was first announced at the **2013 Dubai Airshow**, and was valued at \$56 billion (\$373.3 million each) at list prices. This order, by the world's largest 777 operator was part of the largest product launch in commercial jetliner history and is the largest single order in aviation history, according to **Boeing**. The order for 115 777-9Xs and 35 777-8Xs, also includes purchase rights for an additional 50 airplanes that, if exercised, could increase the value to approximately \$75 billion at list prices. **Emirates** President **Sir Tim Clark** said, "With the order for 150 777Xs, **Emirates** now has 208 Boeing 777s pending delivery. Today **Emirates** operates more than one in every 10 Boeing 777s aircraft built." The airline flies 138 777s on routes spanning the globe, from the USA and Latin America in the west, to New Zealand and Japan in the East. "The 777X will offer us operational flexibility in terms of range, more passenger capacity and fuel efficiency, and we look forward to inducting them into our fleet from 2020." The 777X will introduce the latest technologies including the advanced GE9X by **General Electric**, and an all-new high efficiency composite wing that has a longer span than today's 777, **Boeing** said. Further it stated, the 777-9X will be 12 percent more fuel efficient than any competing airplane, while the smaller 777-8X will be 5 percent more efficient than its competitor at all ranges. **Boeing** has started to design the 777X and production is set to begin in 2017, with the first delivery targeted for 2020. To date, the 777X has accumulated 300 orders and commitments from six customers worldwide.

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China Eastern Airlines announced it ordered 80 **Boeing** 737s, worth about \$7.4 billion at list prices (\$92.5 million each), according to the airlines filing with the stock exchange. The order includes 737-800s and 737 MAX, and will be delivered from 2016 to 2020. **Boeing** said the order will be China's largest-ever airline purchase of single-aisle airplanes. The airline will trade in 15 737-300s and five 757s, book valued at \$241.58 million, with **Boeing**. The manufacturer said it will post the order on its *Orders & Deliveries* website once all contingencies are cleared.

The CIT Group, a global leader in transportation finance, announced that **CIT Aerospace** purchased 10 787-9 Dreamliner aircraft at the **Farnborough International Airshow**. The contract was valued at \$2.5 billion at current list prices and raised the leasing company's total 787 orders to four 787-8s and 16 787-9s.

Intrepid Aviation Group, a privately-held commercial U.S.-based aircraft lessor, ordered six 777-300ER aircraft, which will be powered with GE90-115B engines. The purchase was valued at \$1.9 billion (\$316.7 million each) at list prices. The company has an option to purchase another four 777s, **Boeing** said at the **Farnborough Airshow**. If all the options are exercised, the value could reach more than \$3.2 billion at list prices. **Intrepid** focuses primarily on twin-engine widebody equipment, and has ordered seven A330-200s and 13 A330-300s. This was its first purchase of the 777 directly from the manufacturer.

High-Capacity 200-Seat 737 MAX. **Boeing** is working on a modification of the single-aisle 737 that will allow discount airlines to pack in as many travelers as possible on short-haul flights. The single-class could seat as many as 200 passengers and will be offered as an option on the re-engined 737 MAX 8 that will debut in 2017, **Ray Conner**, CEO of **Boeing's** commercial airplane unit, said at the **Farnborough Airshow**. This option gives airlines 11 more seats of potential revenue. **Airbus** said it planned to fit the A320neo with nine more seats, up to 189. **John Wojick**, **Boeing's** chief aircraft salesman said, "When you're in the low-cost, low-fare business, you're always striving for that competitive advantage." The modified 737 model will be targeted at ultra-low-cost carriers seeking high-density seating configurations to pack in passengers on shorter flights where demand exceeds capacity, Mr. **Wojick** said. **Ryanair** currently operates fleet of 189-seat 737-800s, and has ordered the MAX 8. An extra two rows of seats can be squeezed into the fuselage by decreasing the space between seats by about two inches, while also adding an extra exit door behind the aircraft's wing. **Boeing** doesn't expect the high-capacity MAX 8 will cannibalize sales from the 192-seat MAX 9, which is designed to fly longer routes. **Boeing** still faces a gap in its product line-up left when the 200- to 289-seat 757 was discontinued in 2005. **Airbus** plans to offer an all tourist-class A321neo that can carry up to 240 people.

Air Lease Corporation (ALC) announced its order for six 777-300ER (Extended Range) and reconfirmed 20 737 MAX 8 airplanes, valued at \$3.9 billion at current list prices, at the **Farnborough Airshow**. **Boeing** said **ALC** ordered 10 of the 737s in March as an unannounced customer and 10 737s represented a new contract signed in July. The 737 MAX order was list priced at more than \$2 billion (\$100 million each), and raised **ALC's** combined 737 MAX orders to 104 airplanes. The 777-300ER order was worth more than \$1.9 billion (\$316.7 million each) at list prices, and marked the 100th 777 order placed by Chairman and CEO **Steven Udvar-Hazy** during his career with **ALC** and **ILFC**. Engine maker **General Electric** said the 777 engines were worth more than \$400 million at list price.

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Avolon Aerospace, the Irish-based aircraft leasing group, signed a commitment to purchase six 787-9 Dreamliners worth \$1.9 billion at list price (\$316.7 million each). **Avolon** also reconfirmed its order for five 737 MAX 9 aircraft worth \$550 million (\$110 million each) at list price, bringing **Avolon's** total 737 MAX order commitment to 20 aircraft worth \$2.1 billion (\$105 million each). The lessors' owned, managed and committed fleet stands at 207 aircraft as of mid-July. The 787-9 commitment was **Avolon's** first direct order for widebody aircraft from **Boeing**. The lessor has also purchased 28 A320 Family aircraft, 22 737-800s and the 15 737 MAX airplanes.

Okay Airways announced an order for six 737 MAX 8s and four Next-Generation 737-800s, valued at \$980 million at current list prices. **Okay Airways** was China's first privately owned airline, and it ordered 10 737-800NGs at the 2010 **Farnborough International Airshow**. Over the last four years, the order mutated to three 737-900ERs and five 737-800s. The contract signed in June called for the last five -800s to be converted into 737-900ERs. With this change, **Okay** will be the first airline in China to operate the 737-900ER and now has eight of them on order. The 737-800 is the best-selling version of the Next-Generation 737 family. The 737-900ER complements the -800 by providing 31 additional seats for more incremental revenue opportunity, **Boeing** said. The airline currently operates one 737-300(SF) freighter and 12 leased 737-800 passenger planes, which serve 40 domestic destinations. **Okay** selected LEAP-1B engines to power the six 737 MAX aircraft, and CFM56-7B engines to power the four 737NGs.

The Boeing 787-9 Dreamliner was certified by the U.S. **Federal Aviation Administration (FAA)** and the **European Aviation Safety Agency (EASA)** for commercial service. "Certification is the culmination of years of hard work and a rigorous flight-test program that started with the 787-9's first flight last September," said **Boeing Commercial Airplanes** President and CEO **Ray Conner**. The 787-9 undertook a comprehensive test program with five airplanes which flew more than 1,500 hours, and endured ground and laboratory testing. Following the certification process, the **FAA** and **EASA** each granted **Boeing** an **Amended Type Certificate** for the 787-9, certifying that the design complies with aviation regulations and is safe and reliable. The **FAA** also granted **Boeing** an **Amended Production Certificate**, validating that the production system can produce 787-9s that conform to the design. **Mark Jenks**, Vice President of 787 Airplane Development, said, "From the start of assembly last spring to a flawless first flight and now our on-time certification, we thank everyone on the **Boeing** and partner team as well as our customers for making 787-9 development so successful." Twenty-six customers around the world have ordered 413 787-9s, accounting for 40 percent of all 787 orders. The first airplane was delivered to **Air New Zealand** in June.

MG Aviation Limited finalized an order for two additional 787-9 Dreamliners, valued at \$499 million (\$249.5 million each) at current list prices. The order will support the Israeli leasing company's growing fleet of modern airplanes. **MG Aviation** placed an order for two 787-9s in 2006 and now has four unfilled 787-9s orders. The lessor is part of **Jordache Enterprises**, the **Nakash** family's global conglomerate that also operates **Arkia Israeli Airlines**, which serves domestic and European destinations from its base in Tel Aviv. It is to lease the first two 787s from **MG Aviation** and may be the recipient of the latest order as well.

ANA—All Nippon Airways finalized its order for 20 777-9Xs, 14 787-9 Dreamliners and six 777-300ERs (Extended Range) on July 31. The \$13 billion (list price) commitment was originally announced

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in March. The launch customer of the 787 is now the world's largest Dreamliner customer having ordered 80 airplanes. The airline currently operates 29 787s and its backlog including 43 787-9s and eight 787-8s. **Boeing** has accumulated 300 orders and commitments for the 777X from six customers worldwide.

Hainan Airlines said it would purchase 50 737 MAX 8s, reaffirming the Chinese airline's preference for an all-**Boeing** single-aisle fleet. The commitment was valued at more than \$5.1 billion (\$102 million each) at current list prices, and was announced at the **Farnborough** show. The agreement will be subject to the approval of the **Chinese Government** and will be posted on **Boeing's Orders & Deliveries** website once the contract is signed. The 737 MAX has surpassed 2,100 orders from 42 customers worldwide and is the fastest selling airplane in **Boeing** history, the manufacturer said. The 737 MAX incorporates the latest-technology **CFM International** LEAP-1B engines.

At **Farnborough International Airshow**, **Qatar Airways** finalized an order for 50 777-9Xs, valued at \$18.9 billion (\$378 million each) at current list prices. The airline reserved 50 additional 777-9X purchase rights. If exercised, **Qatar's** 777X order tally of 100 airplanes would be valued at \$37.7 billion at list prices. The airline said it intends to order four 777 Freighters and option four more, with a combined value of \$2.4 billion (\$300 million) at list prices. "This is the largest single aircraft order made by **Qatar Airways**, worth in excess of \$40 billion at list prices," said **Qatar** CEO **Akbar Al Baker**. The 777-9X aircraft will be powered by **General Electric's** new GE-9X engines. With the four new 777F orders, the airline will operate 12 of the freighter version; it has taken delivery of six to date. The 777X order was part of the largest product launch in commercial jetliner history and was announced as a commitment at the **2013 Dubai Airshow**.

Monarch Airlines is finalizing terms of the purchase of 30 **Boeing** 737 MAX 8s. They will be powered by 60 LEAP-1B engines. The deal will include a long-term service agreement with **CFM**. The 737 MAX 8s will replace 10 A320s and 27 A321s in **Monarch's** fleet. The 30 plane order will be worth \$3.1 billion (\$103.3 million each) at list price when finalized. The airline intends to option 15 more MAX 8s.

Regional Report

Embraer Sold Three E175s to Japan's Fuji Dream Airlines in the second quarter. **Fuji Dream** placed a firm order of three EMBREAR 175s and took options for three more aircraft, bringing the total potential order to six E175s, with an estimated value of \$258.6 million based on list prices. The order was announced at **Farnborough International Airshow**, but was booked in the second quarter backlog as an "undisclosed" customer. **Fuji Dream** currently operates three E170s and five E175s. The newly-ordered E175s will be configured in a single-class, 84 seat layout and will be equipped with the Autoland system to perform CAT III approach and landing in limited visual conditions. The new E175s will also feature recent aerodynamic enhancements introduced by **Embraer**, such as a new wingtip and other technical improvements that reduce fuel burn.

Azerbaijan Airlines (AZAL) signed a firm order for two additional EMBRAER 190 jets. The aircraft will be deployed on the carrier's international network from Baku's **Heydar Aliyev International Airport**. This \$95.4 million (\$42.75 million each) order was included in **Embraer's** 2014 second quarter backlog as an "undisclosed" customer. With this order, **AZAL** will operate six E190s, which are

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configured in a dual-class layout and deployed from Baku to European routes such as Prague, Milan and Rome.

Embraer announced at the **2014 Farnborough International Airshow**, that it sold 50 E175-E2 jets to **Trans States Holdings**, parent company of **Trans States Airlines**, **Compass Airlines** and **GoJet Airlines**. The company also optioned an additional 50 units. Deliveries are scheduled to begin in June 2020. The order was valued at approximately \$2.4 billion at list prices, and will be added to the **Embraer's** firm order backlog when the final contract is signed. The **Trans States** E175-E2s will be configured with 76 seats in a dual-class layout. "The E175-E2 is proving to be the preferred aircraft for North American carriers as they confirm their future fleet requirements for the next decade," said **Paulo Cesar Silva**, President and CEO of **Embraer Commercial Aviation**. The three new E-Jets E2 (E175-E2, E190-E2, and E195-E2) are powered by **Pratt & Whitney's** latest generation geared-turbofan engines, have new aerodynamically advanced wings, full fly-by-wire flight controls, and systems advances that will bring lower external noise levels and double-digit savings in fuel burn, maintenance costs, and CO2 emissions, **Embraer** said.

Embraer Commercial Aviation released its **Market Outlook 2014-2033** which forecasts 6,250 deliveries of new 70 to 130-seat jet aircraft over the next twenty years. The Market Outlook identifies a need for 2,300 units in the 70 to 90-seat segment and 3,950 units in the 90 to 130-seat segment. Replacement of ageing aircraft will represent 56 percent of new deliveries and 44 percent will support market growth. The world fleet of jets with up to 130 seats will increase from 3,850 aircraft in 2013 to 6,580 by 2033. The value of all deliveries is approximately \$300 billion. **Embraer** expects the jets will sustain hub-and-spoke efficiency, provide an optimal balance of frequency and seats, and encourage new market development with lower-risk, incremental capacity. Those roles will generate significant demand for new aircraft in the segment. The manufacturer foresees that worldwide demand for air transport, measured by revenue passenger kilometers (RPKs) will increase an average of 4.8 percent annually through 2033. By then, demand will reach 13.6 trillion RPKs for all commercial aviation segments.

Embraer Sold \$1.87 Billion worth of planes to **Azul Linhas Aereas Brasileiras SA**. **David Neeleman's Azul** signed a Letter of Intent (LOI) for 30 firm orders for the E195-E2 jets, and became the launch customer for the biggest version of **Embraer's** updated regional-jet family. The manufacturer expects to convert **Azul's** letter of intent into a firm order by the fourth quarter, and will add the aircraft to the company's backlog. The LOI includes 20 purchase rights for the same model, bringing the total potential order to 50 E195-E2 jets. The entire contract for the E-Jets-E2 has an estimated value of \$3.1 billion (\$62 million each), at list prices. The 30 firm E195-E2 jets will be powered by **Pratt and Whitney** engines and the first deliveries are scheduled to begin in 2020.

Tianjin Airlines, a subsidiary of the **HNA Group**, purchased 20 E-Jets and 20 E-Jets-E2s at an estimated cost of \$2.1 billion at list prices. The contract was signed during Chinese President **Xi Jinping's** state visit to Brazil. **Tianjin Airlines** was the first Chinese airline to order the E-Jets-E2 model. The first current generation E-Jet will be delivered in 2015, and the first E-Jet E2 is scheduled for delivery in 2018. **Tianjin Airlines** was the launch customer for the E190 in China and operates 50 E190s, the largest E-Jet fleet in Asia. It is also the first carrier in China being appointed as an **Authorized Service Center** for **Embraer** aircraft in that country. Recently, the carrier announced it will install the **Embraer AHEAD-PRO** system on all its 50 E190s, becoming the first user of this system in

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China, the manufacturer said. The carrier operates more than 80 jets on services to 90 domestic and international cities and carried more than 8 million travelers last year.

China's ICBC Financial Leasing signed an agreement for up to 20 E190-E2 Jets. The contract covers 10 firm orders and 10 purchase rights. The firm orders will be included in **Embraer's** third quarter backlog. The contract is valued at \$1.1 billion (\$55 million) at list prices if all purchase rights are converted to firm orders. The E190-E2 will be the first of the E-Jets E2 family to enter into service when it is delivered in 2018. **ICBC Leasing** was established in 2007 as a wholly-owned subsidiary of the **Industrial and Commercial Bank of China**. **ICBC Leasing** owns and manages a fleet of over 380 aircraft. The lessor ordered ten Legacy 650 large executive jets and optioned five in June 2012. Since the first E-Jet was delivered in 2004, more than 1,000 E-Jets have entered service with 65 airlines in 45 countries.

Compass Airlines will add 20 new E175 jets to its commercial operations under a new agreement with **American Airlines**. The first of the new aircraft will be leased from **American** in the first quarter of 2015. **Compass** will operate an all-**Embraer** fleet of 62 aircraft when the deliveries are complete. All of the new airplanes will be powered by **General Electric** CF34 engines. In December 2013, **American** purchased 60 new E175 jets, and optioned up to 90 additional aircraft. **Compass** recently started providing regional service for **American**.

Prior to Farnborough International Airshow, Bombardier Aerospace announced that an unidentified customer placed a firm order for 16 CRJ900 NextGen regional jets, and had also taken options for eight additional airliners of the same type. The firm order was valued at approximately \$727 million (\$45.4 million each) at list price. The value could increase to \$1.12 billion (\$46.67 million each) if the customer exercises all of its options. Including this latest order, the manufacturer had recorded firm orders for 1,833 CRJ Series aircraft, including 359 CRJ900 and CRJ900 NextGen aircraft by the end of the second quarter.

Bombardier Aerospace announced a total of 74 orders and commitments valued at more than \$4.25 billion at the **2014 Farnborough International Airshow**. **Bombardier Commercial Aircraft** kicked off the airshow by announcing two letters of intent (LOIs) for up to 24 CS100 aircraft by **Falko Regional Aircraft Limited**. Throughout the week three carriers, **Loong Air**, **Petra Airlines** and an undisclosed African airline, raised the number of C-Series aircraft customers to 20. In addition, an existing customer signed a conditional purchase agreement for up to 13 CS300 aircraft, and **airBaltic** and **Falcon Aviation** were revealed as previously undisclosed customers. The new orders increased the number of firm orders and commitments to 513. **Export Development Canada**, **UK Export Finance**, and **Investissement Québec** announced that they have jointly developed a working model for partnered financing of C-Series aircraft customers. **Bombardier** passed the 500 firm orders milestone with the latest order from **Horizon Air** and **Nok Air**. **Falcon Aviation** signed an LOI for five Q400 NextGen turboprops, and **Abu Dhabi Aviation** disclosed that it was a previously unidentified Q400 NextGen customer. Also at **Farnborough**, **Bombardier** officially announced a cargo-passenger combi configuration of the turbo-prop. The manufacturer displayed one Q400 NextGen and an **American Airlines** CRJ900 NextGen at the show. Also during the show, **Bombardier** released its market forecasts for 2014-2033, which call for industry deliveries of 13,100 commercial aircraft in the 20- to 149-seat segment, valued at approximately \$658 billion.

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Falko Regional Aircraft Limited (Falko) signed two Letters of Intent (LOIs) at **Farnborough** to purchase of up to 24 firm CS100 mainline jets. The lessor already has regional jet and turboprop aircraft in their portfolio and is the fourth leasing company to order the type. **Falko** recently placed CRJ900 and CRJ900 NextGen aircraft with long-time **Bombardier** customers **Mesa Airlines** and **Adria Airways**, and it also acquired Q400 aircraft on lease to **Croatia Airlines**.

Falcon Aviation Services LLC, Abu Dhabi, signed a firm purchase agreement for two CS300 jetliners at the **2014 Farnborough International Airshow**. The company signed a Letter of Intent (LOI) for one CS300 and reserved one option on February 26, 2014. **Falcon** became the first customer for CSeries aircraft in the United Arab Emirates when it signed the LOI. The firm order was valued at approximately \$153.6 million (\$76.8 million each). **Falcon Aviation** is based at **Al Bateen Executive Airport** and operates a fleet of corporate jets for VIP charter flights, as well as a fleet of helicopters serving the offshore oil and gas industry. The company also conducts search and rescue, aircraft management, maintenance, repair and overhaul, as well as consulting operations. The company recently ordered two Q400 NextGen turboprop aircraft for its fleet.

Air Baltic Corporation AS (airBaltic), Riga, Latvia, was a previously announced undisclosed customer that placed a firm order for 10 CS300s and took options for 10 more on December 20, 2012. In February 2014, the airline converted three options into firm orders. The latest three planes were list priced at approximately \$228 million (\$76 million each). **Martin Gauss**, CEO of **airBaltic** said the airline wants to expand in 2016, and "the all-new CS300 airliner continues to be the best fit hence we elected to exercise those available options. [They] will be an excellent companion to the 12 Q400 NextGen turboprops in our fleet. The superb economics of the aircraft and the delivery timeframe that is available to us are also key factors in our decision to add additional CS300 airliners to our network." **airBaltic** is moving forward with an all-**Bombardier** fleet. It was established in 1995, and serves 60 destinations spanning Europe, Scandinavia, Russia, Commonwealth of Independent States, and the Middle East with a fleet of 25 airplanes, including eight 737-300s, five 737-500s and a dozen Dash 8Q-400 NextGen aircraft.

Zhejiang Loong Airlines (Loong Air) signed a Letter of Intent to acquire 20 CS100 airliners. The airline is based in Hangzhou, the capital city of Zhejiang province, and began domestic service in 2013. Based on the list price, a firm order for 20 CS100 aircraft would be valued at approximately \$1.28 billion (\$64 million each).

Petra Airlines signed a Letter of Intent to acquire two CS100 and options for two CS300s. A firm order for two CS100s would be valued at \$136.5 million (\$68.25 million each), and the two CS300 options will be worth \$80.95 million each, if the commitments are converted to firm orders. **Petra Airlines** is based at **Queen Alia International Airport**, Amman, Jordan, and began as a charter carrier in 2011. It became a low-cost scheduled airline in 2012, and serves destinations in Europe, the Middle East and North Africa with two A320-200s.

An Unidentified African Carrier signed a Letter of Intent for five CSeries aircraft at **Farnborough**. The airline is an existing **Bombardier** customer and declined to specify whether the five orders are for the CS100s or CS300s, or both. The sale could be worth up to \$365 million (\$73 million) at list prices. **Bombardier Commercial Aircraft** President **Mike Arcamone** said, "Our customer faces challenging

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operational environments and needs excellent range for hot and high performance as they expand into new and growing markets.

Bombardier Aerospace said an existing but unidentified customer, placed a repeat conditional order for seven firm CS300 airliners as well as purchase rights for six additional CS300 aircraft. Based on the list prices the firm order was valued at approximately \$553 million (\$79 million each). It is rumored that the client is Russian lessor **Ilyushin Finance**, which has outstanding orders for 32 CSeries jets.

By the end of the **Farnborough** show, **Bombardier** has booked orders and commitments for 513 CSeries aircraft, from 20 customers, which include firm orders for 203 airliners.

Horizon Air Industries signed a firm purchase agreement for its 52nd **Bombardier** Q400 airliner. The newly ordered NextGen turboprop is list priced at \$32.6 million. The airline retains options on another seven Q400 NextGen aircraft that were announced previously. Additionally, **Bombardier** and **Horizon Air** signed a five-year heavy maintenance agreement whereby **Bombardier** will perform heavy maintenance tasks for the airline's fleet of 52 Q400 aircraft at the manufacturer's service center in Tucson, Arizona. **Horizon Air** is the largest operator of the Q400 aircraft, and has been a customer for almost 30 years. It was established in 1981, and acquired by **Alaska Air Group**, in 1986. Today, **Horizon** flies 51 76-seat Q400 aircraft on behalf of **Alaska Airlines**, and it serves 43 cities in the western United States, Canada and Mexico.

Also at the Farnborough International Airshow, **Bombardier** revealed that a firm order for two Q400 NextGen aircraft, announced on April 23, 2014, was placed by Abu Dhabi-based, **Abu Dhabi Aviation**. The airplanes were valued at \$31 million each at list price. **Abu Dhabi Aviation** is a longtime **Bombardier** customer and the largest commercial helicopter operator in the Middle East. It currently flies one Q400 aircraft, one Dash 8/Q300 and two Dash 8/Q200 turboprops.

Falcon Aviation Services, Abu Dhabi, signed a Letter of Intent (LOI) for five additional Q400 NextGen airliners. The LOI is in addition to **Falcon's** order for two Q400 NextGen aircraft that was announced in February 2014, and its firm order for one aircraft placed in April 2014. The five newest Q400 NextGens are worth approximately \$160 million (\$32 million each) at list price.

Thai Carrier, Nok Air, converted two of four previously reserved Q400 NextGen aircraft purchase rights to firm orders at the air show. The purchase rights were acquired under a contract announced on November 19, 2013, that also included two firm-ordered aircraft and two options, which were converted to firm orders on March 31, 2014. **Nok Air** is the launch customer for the new extra-capacity seating

Bombardier Aerospace Q400 Combi. The manufacturer launched a new variant of its versatile Q400 NextGen aircraft at **Farnborough**. The new cargo-passenger combi configuration will deliver the greatest payload capability and operational flexibility in its segment. The Q400 NextGen combi is offered in various configurations. The highest payload version can carry up to 8,200 pounds of cargo and up to 1,150 cubic feet of cargo volume. This high-cargo aircraft can also comfortably accommodate 50 passengers at 32-inch seat pitch. The combi Q400 NextGen's Class C cargo compartments are designed to meet the industry's latest regulations. **Ray Jones**, Senior VP of Sales, said, "The combi Q400 NextGen provides unique opportunities for airlines operating routes with medium to low passenger loads, but with high cargo potential. We are also pleased to confirm that we are in advanced discussions with a number of customers interested in the combi variant."

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option of the Q400 NextGen turboprop. This option allows the airline to carry up to 86 passengers in its new Q400 NextGen aircraft. The planes are list priced at \$33 million each. **Bombardier** recorded firm orders for a total of 501 Q400 and Q400 NextGen aircraft by the end of the **Farnborough** show. The Q400 and Q400 NextGen aircraft programs include over 50 customers and operators in close to 40 countries on five continents.

WestJet Encore, Calgary, Canada, firmed five options for Q400 NextGen airliners in late July. The options were booked by the carrier's parent company **WestJet**, and followed the first conversion of five option aircraft in March. The airline has now exercised 10 of its 25 options that were taken as part of an order for 20 Q400 NextGen airliners in August 2012. Based on the list price, the transaction was valued at approximately \$167 million (\$33.4 million each).

An Unidentified Airline purchased five Q400 NextGen turboprop airliners in late July. The list price value of the transaction was approximately \$168 million (\$33.6 million each).

At the Farnborough Airshow, ATR, the European Regional Turboprop Manufacturer announced that it has received firm orders for 119 ATR 72-600 and 25 ATR 42-600, and took options for 112 additional aircraft, since the beginning of the year. The firm contracts were valued of over \$3.45 billion and up to \$6 billion when the options were included. So far this year, **ATR** has sold 50 percent more aircraft than in 2013, cementing its leading position in regional turboprop market. This year, **ATR's** series -600 aircraft sales passed the 500 firm orders mark. The -600 series was launched at the end of 2007. **ATR's** backlog currently stands at a new record of 325 aircraft to be delivered in the coming years. This represents a value of \$8 billion and a backlog of nearly four years production. Over the last two years **ATR** increased its production capacity by almost 40 percent to meet the

Eastern Air Lines Broke Mitsubishi's Dry Spell at Farnborough when it signed a Memorandum of Understanding (MOU) for 20 Mitsubishi Regional Jets, and reserved purchase rights for an additional 20. The agreement makes **Eastern Mitsubishi's** third American customer. The manufacturer suffered a two-year gap between orders. **Mitsubishi Aircraft** says it will conclude a definitive agreement in the near future, and that deliveries of the MRJ90s are scheduled to start in 2019. The airline's regional jets will seat 82 passengers in a two-class configuration. **Eastern** will launch charter services in the first quarter of 2015, and start scheduled services by the end of that year. It will fly from its base at **Miami International Airport** to the Caribbean and to Central and Latin American destinations.

Mitsubishi Aircraft Corp. won an order for six MRJ90s worth \$281 million at list prices from **Air Mandalay Ltd. (AML)**, Myanmar. It is the first Asian airline outside of Japan to select the MRJ. Deliveries are due to start in 2018, **Air Mandalay** said. The airline has an option to purchase four more. Each aircraft is list priced at \$46.8 million, but buyers usually get a discount. **Air Mandalay** is based in **Yangon International Airport**, and offers flights to 15 domestic destinations in the country with one ATR 42 and two ATR 72s. This second sale at the **Farnborough International Airshow** brings the total number of orders and options, to 375 including 15 firm and 10 options from **All Nippon Airways**, 50 firm and 50 options from **Trans States Holdings**, and 100 firm and 100 options from **SkyWest**. **Mitsubishi**, which has delayed the first test flight of the aircraft three times, wants to challenge **Embraer** and ambitiously wants to take half of the global market for regional aircraft over the next 20 years. By 2032, **Mitsubishi Aircraft** anticipates demand of about 1,000 airplanes in the expanding Asian regional jet market. The aircraft maker expects to start flight tests next year.

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increasing market demand for its aircraft. The manufacturer intends to increase its production rates further and will deliver more than 80 aircraft by the end of the year.

Nordic Aviation Capital (NAC) signed an order for 25 firm orders and 50 options for the ATR 42-600 aircraft, in a deal valued at over \$1.55 billion. They will be delivered from 2015 through to 2020. The NAC order is the largest for the smaller 50-seater ATR 42-600 series to date. It comes in response to operator demand and the recognition that the replacement market for under-50 seat turboprops is very under-served. The order was signed at a special ceremony at the **2014 Farnborough Airshow**. This order came one year after NAC ordered up to 90 ATR aircraft in a contract worth a total \$2.1 billion at the **Paris Air Show**. This was followed by an add-on order worth a total of \$820 million for up to 35 ATR 600 series aircraft that was announced during the **ERA General Assembly** in October 2013. Taking NAC's firm orders and options into account, the company has commitments to buy more than 200 new aircraft.

The European Aviation Safety Agency (EASA) certified the new PW127N engines for operation on ATR 72-600 aircraft. The PW127N provides a 4.5 percent power increase over the current PW127M for Maximum Take-Off ratings (MTO), thus enhancing performance in hot and high operating conditions. The PW127N will be rolled out progressively to **Avianca's ATR** fleet from August 2014 through 2015. The new PW127N engines will enable the airline to get better performance at take-off at high-altitude airports like their hub in Bogota, Colombia. Field conversions from the PW127M to the PW127N will be feasible with minor hardware modifications. The standard PW127M has operated more than 10 million hours to date. **Pratt & Whitney Canada** said, "We continue to enhance our PW127 family and we will introduce additional features in early 2016 that will enhance the performance of the PW127M and PW127N engines."

Air Lease Corporation (ALC) signed an agreement to purchase of seven additional ATR 72-600s. ALC has purchased ATR aircraft every year since its first contract at **Farnborough** in 2010. With today's agreement, ALC now has 28 ATR 72-600s in its portfolio or on backlog.

Bangkok Airways, Thailand, contracted to purchase three ATR 72-600s, which were valued at approximately \$24.6 million each. The deal represented the conversion of two options into firm orders that were part of a deal announced at the **Singapore Airshow** for six firm and two optioned ATR 72-600s. When the new ATR 72-600s are delivered, the airline will have nine ATR 72-600 in its fleet. Their first -600 is scheduled for delivery in the fourth quarter of 2014, while the ninth aircraft is expected to arrive by the first quarter of 2017. **Bangkok Airways** acquired its first ATR more than 20 years ago.

Myanmar National Airlines purchased six new ATR 72-600s and optioned six more aircraft. The acquisition of these new ATRs forms part of the carrier's ambitious strategy to expand its regional services. ATR will assist **Myanmar National Airlines**, formerly known as **Myanma Airways**, to enhance its maintenance capabilities through the set-up of a modern MRO in Yangon. The new airplanes are scheduled for delivery from 2015 through to 2017. The new ATR 72-600s will gradually replace the existing fleet of one ATR 42-320, two ATR 72-200s and three ATR 72-500s, as well as two **Embraer E190s**. The airline signed a Memorandum of Understanding for the six ATR 72s on May 6, 2014.

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Kazakhstan's Bek Air contracted to acquire seven **Sukhoi Civil Aircraft Company** Superjet 100s, which will be configured in an all-economy, 103-seat layout. **Bek Air** will receive three long-range Superjets in 2015 and the other four in 2016. They are all equipped with **PowerJet** SaM146 engines. It is not yet known if the deal represents the purchase of new aircraft or the transfer of used jets. **Bek Air** currently operates six Fokker 100 aircraft on domestic services within Kazakhstan, and carries up to 500,000 passengers annually. **Sukhoi** says the carrier intends to expand its route network into Russia and the Middle East.

Commercial Aircraft Corporation of China, Ltd. (COMAC) sold its first VIP ARJ21-700 business jet to China's **Yan Shang Corp.** at the **Farnborough Airshow**. The **Republic of Congo Government** bought three VIP ARJ21s and the **Nanshan Group**, China, ordered two VIP ARJ21 biz jets. The manufacturer has sold 258 ARJ21s to date.

Order Changes and Cancellations

Airbus Order Changes and Cancellations. In May, **Al Sahaab Aircraft Leasing** picked up one A320 from **Aviation Capital Group (ACG)** and took immediate delivery. **ACG** transferred three A320s to **Synergy Aerospace** in June. **ACG** now has 73 A320 orders; **Synergy** has taken delivery of four A320s and **Al Sahaab** has five A320s in its portfolio. **Tigerair** cancelled nine A320s when it ordered 37 A320neos in May. In June, **Airbus** lost orders for 10 A319s, 42 A320s, twenty A350-800s and 50 A350-1000s. **United Airlines** dropped its last 10 A319s and eight A320s in June. **AirBlue**, Pakistan, cancelled its last 13 A320 orders. They were ordered in November 2007. The source of the other 21 A320 order deletions were not announced. In late July, **Hawaiian Airlines** replaced its order for six A350-800s with a Memorandum of Understanding for six A330-800neos. **Airbus** now has outstanding orders for 28 A350-800s and the company wants its other -800 customers to switch to the A330neo or the larger -900/-1000s.

Airbus Confirmed that Emirates Airline cancelled its order of 70 A350 XWB aircraft worth \$16 billion at list prices. The decision was a result of discussions with the airline which reviewed its fleet

Tata Advanced Systems Ltd. (TASL) will produce the fuselage and wings for **Ruag Aviation's** Dornier 228 New Generation (NG) aircraft. The parts will be built at **Tata's** new manufacturing facility in Hyderabad, India. **Martin Bühlmann**, a VP at **Ruag** said the company selected **TASL** because of its track record in similar programs and its ambition to become one of the world's leading manufacturing companies in the aviation sector. The fuselage and wings will be shipped to the **Dornier** plant in Oberpfaffenhofen, near Munich for completion. **Ruag** refocused the way it markets the Dornier 228 NG, which was relaunched in 2010. The Swiss company exhibited a demonstrator at the **Farnborough Airshow**. It said demand for the type comes from two distinct markets: as a maritime patrol aircraft where it is a low-cost platform for coastal surveillance and deterrence, and as an air transport, where its high-wing, fuel-efficient design makes it ideal for accessing remote areas with poor infrastructure, **Ruag** said. The manufacturer will soon deliver the last of its initial production batch of eight Honeywell TPE331-10-powered 228s by the end of the year. It won 12 further orders. The **Venezuelan Government** ordered 10 Dornier 228 to increase air travel between remote areas and regional hubs. Its air force took delivery of two from the first production batch. Another five were handed over to **Bangladesh, Germany** and **Norway** and operated as maritime patrol aircraft. The other 13 are for undisclosed buyers.

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requirements. **Emirates** President **Tim Clark** had long criticized the A350-1000 because the aircraft didn't meet his specifications. The sting of the loss was assuaged by **Emirates'** order of 50 more A380s at the **Dubai Airshow**. The order of 50 A350-900 and 20 A350-1000 was originally placed by **Emirates Airline** in 2007 with first delivery slots scheduled from 2019. The A350 XWB order book stands at a healthy 742 firm orders and the A350 flight test program progressing well and is on track for the first deliveries in September. **Airbus** expects the A350 order book to continue growing in 2014, and other airlines have already contacted the manufacturer about taking up the vacant delivery slots. Most of the delivery positions are sold out through 2020 so **Airbus** will have no trouble selling the planes.

Qatar Airways' First A380 Deliveries have been delayed due to "issues with the interior of the cabin", after a rigorous pre-delivery customer inspection, CEO **Akbar Al Baker** told the press. "We refused to take delivery of our three A380s that are already ready in Hamburg and were supposed to be delivered to us over the month of June." **Airbus** sales chief **John Leahy** said that **Qatar** would receive its first A380 "in the next couple of weeks." It was supposed to be displayed at **Farnborough**, but an **Airbus** development A380 was substituted.

Boeing Cancellations and Changes. **Boeing** lost 14 737 orders in April. **Jeju Air** cancelled two of its five 737-800 orders and **Spicejet** dropped five of its 18 737-800 orders that month. **CIT Leasing** annulled one 737-900ER and six 737-800 orders. It retained three -900ER and five -800 orders. **Lion Air** exchanged one -900ER order for one -800. **ILFC** swapped eight 787-8 orders for eight larger 787-9s.

In May, several Chinese airlines took delivery of aircraft that were previously listed with unidentified customers. **Boeing** delivered one -700 to **Hainan Airlines**, one -700 to **Shanghai Airlines**, one -800 to **China Eastern**, one -800 to **Shenzhen Airlines**, and one -800 to **Xiamen Airlines**. Each of these airlines have more previously-unidentified orders associated with them. **Okay Airways** changed

Skymark Airlines' A380 Order Cancelled.

Airbus issued a very brief statement on July 27, saying, "Following discussions with **Skymark Airlines** and in light of the airline's expressed intentions in respect of the A380, **Airbus** has in accordance with its contractual rights, notified **Skymark Airlines** that the purchase order for the six A380s signed in 2011 has been terminated. **Airbus** is reserving all its rights and remedies." The Japanese discount carrier said in early July that its A380 deliveries would be delayed by up to six months due to problems fitting interiors. According to press reports, the Japanese discount carrier struggled to raise enough cash to pay installments on the aircraft, and **Airbus** refused to change the purchase agreement by selling fewer A380s or substituting smaller airplanes. **Skymark** has been losing money as it tried to win market share from **ANA** and **JAL**, so it could not convince lenders to finance the six A380s. It had planned to use them for discount business-class only flights from Tokyo's **Narita Airport** to Europe and the U.S. The airline is unlikely to recover its ¥26 billion (\$255 million) progress payments made to **Airbus**. **Skymark** was the only Japanese carrier interested in flying the A380, since **JAL** and **ANA** have rejected the superjumbo.

Rolls-Royce acknowledged the termination of **Skymark's** order for six Trent 900-powered A380s. The aircraft were due for delivery between 2014 and 2015 and the engines were to be supported by **TotalCare** service. The engine maker's order book shrank by £351 million (\$576.6 million), fully half of a percentage of **Rolls'** order book, which was £71.6 billion (\$114.6 billion) as of December 31, 2013.

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its five 737-800 orders to the -900ER model. **Aviation Capital Group** switched two -700 orders to the larger -800 type. **UTair** dropped three -900ERs and bought three -800s, and **Avia Capital** exchanged one -900ER for the smaller -800. **TAM Linhas Aereas** cancelled its last two 777-300ER orders and bought two 777Fs instead.

In June, **Boeing** revealed that **Hainan** and **China Eastern** were previously unidentified customers for one 737-700 each, and that **Shanghai** and **Xiamen** were each customers for one -800. **Boeing** identified the recipients upon delivery of the aircraft. **Air Lease Corporation** ordered one 737-800 in March 2014 as an unidentified customer. **Alaska Air** claimed four 737-900ER orders placed in May 2014 by an unidentified customer. **Nok Air** exchanged one of the eight 737-800s it ordered in May for an eighth 737 MAX. **American Airlines** switched four of its 30 787-9 orders for four 787-8s, presumably to take earlier delivery. It now has 16 787-8s and 26 787-9s on backlog.

Bombardier reported that an undisclosed customer cancelled one CRJ900-NG order in April.

Leasing Companies

Air Lease Corporation (ALC) reported twelve-year lease agreements with **EVA Air** (Taiwan) for two new 777-300ERs, scheduled for delivery in the second half of 2015 and in the first half of 2016. These aircraft were from **ALC's** order book with **Boeing**. **ALC** leased the first of two new 777-300ERs to **Air New Zealand** in June. A second new 777-300ER is scheduled for delivery this fall. In July, **ALC** reached an agreement with **Air New Zealand** for the long-term lease of five new A320neo Family aircraft. A new A321neo is scheduled for delivery in August 2017 and the first new A320neo will be delivered in September 2017. The remaining three aircraft will be handed over in 2018. **Air New Zealand** selected the A320neo family aircraft to optimize its Trans-Tasman fleet.

AWAS Deals, **AWAS** purchased two new A330-300s from **AirAsia X** that the airline ordered directly from the manufacturer. **AWAS** will long-term lease them back to the airline. The first of the two was delivered in June. **Ray Sisson**, President and CEO of **AWAS**, stated, "AWAS has been with **AirAsia X** since day one. We will continue to acquire new aircraft from airlines via the purchase and leaseback channel as a key pillar of our growth plan." The aircraft will be based in Kuala Lumpur at the new **KLIA 2** terminal which opened in May 2014. They will be used on long/medium haul regional routes in the Asia Pacific region including destinations in China, Australia and Japan. **AWAS** signed a purchase and lease back agreement with **PT Lion Mentari Airlines (Lion Air)** for one A320 and three 737-800s. The airline purchased them directly from the manufacturers and received the first of the four in late May. **AWAS** is providing a financing solution for all four aircraft and will then place them on long-term leases with airlines in the **Lion Group** or its overseas affiliates.

AWAS acquired a portfolio of ten aircraft from **GE Capital Aviation Services (GECAS)**. All ten are already on-lease to successful airlines, with three of the airlines joining **AWAS** as new customers. Mr. **Sisson** remarked, "This deal also allows us to deepen our relationships with current customers" **GOL** (1 737-800), **Lion Air** (2 737-800s), **Skymark** (2 737-800s) and **Philippine Airlines** (1 A320-200), "as well as to begin working to serve the needs of two new successful airlines in key growth geographies," **Jetstar Japan** (2 A320-200s) and **Juneyao Airlines** (2 A320-200s). **AWAS** agreed to acquire a portfolio of four late-model narrow-body passenger aircraft from **BOC Aviation**. These aircraft are all subject to long-term leases with their respective airlines.

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After 30 Years of Operation, AWAS reached the important milestone of the addition of the 300th aircraft into its active fleet. It took delivery of a new Airbus A320-200 with factory-fitted sharklets and leased it to **Thai Airways**.

GE Capital Aviation Services (GECAS) will lease two new **Boeing 737-800s** to **Kenya Airways** to expand the carrier's fleet. The aircraft come from the lessor's existing order book and are scheduled for delivery in early 2015. **GECAS** agreed to lease four more 777-300ER aircraft to **EVA Airways**. The airline contracted to lease two 777-300ERs in February 2014 as well. The six aircraft were scheduled for delivery in 2016 and 2017. The 777s will replace older aircraft in **EVA's** long-haul fleet.

AerCap Holdings N.V. signed a letter of intent with **Air Mauritius** for the lease of two **Airbus A350-900** aircraft from its order book. They will be delivered in 2017. The national carrier of Mauritius already leases A340-300s from **AerCap**. The airline presently flies to 20 destinations in Europe, Asia, Australia, Africa and the Indian Ocean with two A319s, two A330-200s and six A340-300s.

FLY Leasing Limited acquired five more **Boeing 737-800NG** aircraft. The aircraft are on lease to five leading airlines in Europe. The acquisitions were financed from **FLY's** unrestricted cash. **FLY** signed agreements with an Asian airline to purchase and lease back three **Airbus A330-300** aircraft. Two of them were built in 2013 and the third in 2014. The three will be purchased this year. **FLY Leasing** sold four aircraft with an average age of 14 years. The sales will further reduce the average age of **FLY's** fleet. The sales generated a gain over the lessor's net book value. **FLY** has now sold five aircraft in the second quarter. CEO **Colm Barrington** said, "Selling four older aircraft at premiums to net book value again underscores the value in our portfolio and demonstrates our ability to monetize a range of aircraft types and ages. We intend to reinvest the proceeds of these sales in attractive aircraft to achieve our growth targets. Divesting older assets and investing in young and popular models is an integral part of our business strategy." **FLY** now has a fleet of 118 aircraft on lease to more than 65 airlines in over 35 countries.

Avolon took delivery of 13 owned and two managed aircraft in the second quarter, secured additional debt commitments of \$920 million and ended the period with an owned, managed and committed fleet of 202 aircraft.

Royal Air Maroc (RAM) will lease four new E190s from **Aldus Aviation**, the Irish specialist E-Jet lessor. The first E190 is expected to be delivered during the second half of 2014. The E190s will be configured with 12 business class seats and 84 economy class seats. The lease is part of **RAM's** fleet upgrade program to open new routes and to increase the number of short and medium-haul frequencies to Europe and West Africa from its **Mohammed V International Airport** hub in Casablanca, Morocco. The airline signed the lease agreement at the **Farnborough International Airshow**. **Aldus Aviation** has another 16 E-Jets on order.

Nordic Aviation Capital completed a successful week at the **Farnborough Airshow** when **Amakusa Airlines**, Japan, signed a Letter of Intent to lease one ATR 42-600. The airplane is scheduled for delivery in the fourth quarter of 2015, and will make the regional airline the first ATR 42 operator in Japan. **Amakusa Airlines** was established in 1998 and it provides regular scheduled regional services connecting Amakusa City to larger cities offering up to 10 frequencies daily.

Engines

Pratt & Whitney Sales at Farnborough. P&W sold PurePower Geared Turbofan PW1100G-JM engines to **Philippine Airlines** in July. They will power 10 **Airbus A320neo** aircraft that the airline ordered. The Letter of Intent between **Philippines** and **P&W** includes a long-term maintenance service agreement. **VivaAerobus**, Mexico's ultra-low cost carrier, has selected PW1100G-JM engines to power its order of 40 **Airbus A320neo** aircraft, plus 40 options. **VivaAerobus** also selected the **International Aero Engines (IAE)** V2500 engine to power its order for 12 A320ceo aircraft. The planes were purchased in October 2013 and was the largest **Airbus** order ever placed in Latin America. The PurePower engine deal included a 20-year **PureSolution** maintenance service agreement, and the V2500 engine deal included a 12-year **V-Services** maintenance service agreement. **VivaAerobus**, Mexico's ultra-low cost carrier, started operations on November 2006 after being created as a joint venture between **IAMSA**, Mexico's leading bus company, and **Irelandia**, lead developer of low-cost carriers around the world. It operates 50 domestic routes and one to the U.S. The PurePower engine family has completed nearly 10,000 hours of testing and more than 1,400 hours of flight testing. **P&W** has won more than 5,500 Geared Turbofan engine orders and commitments, including options, from more than 50 global customers. To date, more than 6,000 V2500 engines have been delivered to close to 200 customers around the world.

Pratt & Whitney delivered its first PurePower PW1200G engine to **Mitsubishi Aircraft Corporation** in June. The PW1200G engines will power the single-aisle MRJ90 Mitsubishi Regional Jet. The PW1200G engine's fan-drive gear system is just one component of this new engine design. The PW1200G engine also incorporates advances in 3D aerodynamics, lightweight materials and other major technology improvements in the compressor, combustor, turbine and controls. The PurePower engine family has now completed more than 10,000 hours of rigorous testing, which is proving the engine's capability and reliability, **P&W** said. The engine manufacturer stated the Mitsubishi Regional Jet is a family of 70- to 90-seat, next-generation aircraft featuring the PurePower engine and 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 (P&W) unveiled an enhancement to its PW1100G-JM engine for the **Airbus A320neo** Family that will offer a 2 percent increase in fuel burn efficiency. **P&W** said the new PW1100G-JM Advantage engine would be released in 2019 and that it was already being marketed to airline customers.

International Aero Engines Deals at Farnborough. SaudiGulf Airlines has selected the **IAE V2500** engine to power four A320ceo aircraft and also signed an eight-year **V-Services** maintenance service agreement with **IAE**. **SaudiGulf** is planning to commence services in 2015 from its base at **King Fahd International Airport**, Dammam, Saudi Arabia, to Jeddah and Riyadh. **SaudiGulf** was founded by the **Abdulhadi Al Qahtani Sons Group of Companies** in 2013. **International Airlines Group (IAG)** signed a Memorandum of Understanding with **IAE** for V2500 engines to power 30 A320ceo aircraft for the **IAG** subsidiary, **Vueling Airlines**. These aircraft were part of an **IAG** order announced in August 2013. The V2500 SelectOne engine entered into service in October 2008. **Vueling** was established in 2004 as a premium low-cost carrier that serves more than 280 routes to over 131 cities in Europe, Middle East and Africa. It operates 90 aircraft and is the leading airline at **Barcelona-El Prat Airport**.

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IAE is a multinational aero engine consortium comprised of **Pratt & Whitney**, **Japanese Aero Engines Corporation** and **MTU Aero Engines**.

CFM International at Farnborough. The engine manufacturer signed orders, commitments, and long-term service agreements for a total of 1,062 engines at the **2014 Farnborough International Airshow**. **Jean-Paul Ebanga**, **CFM's** CEO, said "We started the show predicting that 2014 would be another record year. We have total orders and commitments for more than 3,000 engines. And it is still only July." The company sold 2,071 engines through June, including 1,017 CFM56 and 1,054 LEAP engines, valued at about \$25 billion at list price. The orders include: **Delta's** 15 CFM56-5B-powered A321neos, **flydubai's** 75 LEAP-1B-powered 737 MAX 8s, **Lufthansa's** 40 LEAP-1A-powered A320neos, **Nok Air's** seven CFM56-7B-powered 737-800s and eight LEAP-1B-powered 737 MAX 8s, **Sun Express's** 25 CFM56-7B-powered 737NGs, **Turkish's** 15 LEAP-1B-powered 737 MAX 8s, and **VietJet's** 21 CFM56-5B-powered A320neos. **CFM** intends to build 1,550 engines by year end and will beat its 2013 record of 2,723 engine sales (valued at more than \$31 billion at list price) and 1,502 CFM56 engine deliveries. **CFM** is on track to deliver more than 1,800 engines per year by 2020.

Also at Farnborough, **American Airlines** selected **CFM International** LEAP-1A engines to power its new fleet of 100 A320neo Family aircraft. The engine order was valued at \$2.6 billion (\$13 million each) at list price. The aircraft order was originally announced in July 2011 and **American** will begin taking delivery in 2017. The U.S. mega carrier purchased LEAP-1B engines to power the 100 **Boeing** 737 MAX aircraft that it ordered in February 2013. The first ones are scheduled to be delivered in 2017. **American's** fleet includes 375 A320 Family and 737NG aircraft powered by CFM56 engines.

Interjet, Mexico, selected **CFM International's** LEAP-1A engines to power its new fleet of 40 A320neo Family aircraft. **CFM** valued the order, including the long-term support package, at \$2.9 billion at list price. Under the terms of the **Rate per Flight Hour (RPFH)** agreement, **CFM** will guarantee maintenance costs for all 80 LEAP-1A engines on a dollar per engine flight hour basis. The aircraft order was originally announced in November 2012.

Zhejiang Loong Airlines, China, selected CFM56-5B engines to power 11 A320ceo aircraft. **CFM** said the engine order and associated service agreement were worth nearly \$520 million at list price, including spare engines. **Zhejiang Loong Airlines** is based in Hangzhou, and began commercial operations in December 2013 with a leased CFM56-5B-powered A320. Since then it has added five more A320s to its fleet.

Air Lease Corporation (ALC) ordered 40 LEAP-1B engines to power the 20 new **Boeing** 737 MAX 8 aircraft it ordered at **Farnborough**. The engines are list priced at \$13 million each. The first ones will be delivered in early 2018. The lessor announced that it chose **CFM International's** LEAP-1A engines to power 20 A320neo Family

Air Lease Corporation chose **GENx-1B** engines to power 30 **Boeing** 787-10 Dreamliners that it purchased in September 2013. The list price for the engine is more than \$1.4 billion (\$23.3 million each). The **GENx** engine family is the fastest-selling engine in **GE Aviation's** history with more than 1,500 engines on order. Compared to **GE's** CF6 engine, the **GENx** engine offers up to 15 percent better fuel consumption, which translates to 15 percent less CO₂. Based on the ratio of decibels to pounds of thrust, the **GENx** is the quietest engine **GE** produces due to the large, more efficient fan blades that operate at a slower tip speed, resulting in about 40 percent lower noise levels.

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aircraft, which were purchased in June 2012. **CFM** valued the order at \$520 million at list price. The first LEAP-1A engine began ground testing in September 2013, launching the most extensive ground and flight test certification program in **CFM's** history. The total program, which encompasses all three LEAP engine variants, includes 28 ground and CFM flight test engines, along with a total of 32 flight test engines for **Airbus, Boeing, and COMAC**. Over the next three years, these engines will accumulate approximately 40,000 engine cycles before entry into service. By that time, **CFM** will have simulated more than 15 years of airline service with 60 different engine builds. The LEAP-1B is the sole engine offered on the **Boeing 737 MAX**, and it began ground testing in June 2014.

EasyJet, one of Europe's leading low-cost airlines, purchased 270 **CFM International** engines, including 200 LEAP-1As for its A320neo Family aircraft and 70 CFM56-5B engines to power additional A320neos. **CFM** said the sales were worth more than \$3.3 billion (\$12.2 million each) at list price. The airline also has purchase rights for an additional 100 A320neo aircraft. The 100 A320neo and 35 A320neo aircraft orders were originally announced in July 2013. The new A320neos will be delivered between 2015 and 2017, and the new A320neo aircraft are set for delivery between 2017 and 2022. **EasyJet** received its first CFM-powered aircraft in 1995 and its entire A320 Family fleet is powered by CFM56 engines.

Avolon, a Dublin-based international aircraft leasing company, has increased its order for **Boeing 737 MAX** to 20 aircraft and 40 LEAP-1B engines. The engine order was worth \$520 million at list price. **Avolon** has been a **CFM** customer since its launch in 2010 and already has 80 CFM-powered aircraft in its fleet.

Okay Airways, China's first private airline, purchased LEAP-1B engines to power six **Boeing 737 MAX** aircraft, and CFM56-7B engines to power four Next-Generation 737s. **CFM's** list priced the order at \$250 million (\$12.5 million each). **Okay** has been a **CFM** customer since it commenced passenger services in 2005. Today, the airline operates 12 CFM56-7B-powered 737-800NGs, and has eight 737-900ERs on order. The airline operates scheduled passenger and cargo service from **Tianjin Binhai International Airport**.

Spring Airlines, China, picked the CFM56-5B to power 30 A320neo aircraft. The 60 engines were valued more than \$620 million (\$10.33 million each) and the airline will begin taking delivery in 2015. **Spring Airlines** was the first low-cost carrier in China when it was founded in 2004. Originally a domestic airline, it began flying to international destinations in 2010. The airline's fleet of 41 A320s are powered by CFM56-5B engines.

Delta Air Lines announced its choice of CFM56-5B engines to power its 15 A321neos that it ordered in May. The first of this batch of new aircraft will arrive in 2018. The airline plans to use the new A321s to replace similar, less-efficient domestic aircraft that are being retired from the fleet of 126 A320 Family aircraft **Delta** currently operates. **Delta** flies approximately 210 **Airbus A320** and **Boeing 737** family aircraft, powered by CFM56-5B and CFM56-7B engines, respectively.

9 Air, China, ordered LEAP-1B engines to power 30 **Boeing 737 MAX** aircraft, and CFM56-7B engines to power 20 737NGs that it ordered in May. **CFM** valued the order at \$3.7 billion at list price, including spare engines and a long-term **Rate per Flight Hour (RPFH)** service agreement.

Tianjin Airlines purchased 40 installed CF34-10E engines for the 20 EMBRAER E190s it ordered in July. The engine order is valued at more than \$300 million (\$7.575 million each) list price. The largest regional airline in China, **Tianjin Airlines**, already has an extensive fleet of CF34-powered E190s in service.

Rolls-Royce won an \$86 million (\$21.5 million each) order from lessor **MG Aviation** for Trent 1000 engines to power two **Boeing** 787-9 Dreamliners. The order is in addition to the two Trent 1000-powered 787-9s that **MG Aviation** purchased in December 2006.

Rolls-Royce Trent 700 engines will power five new A330 aircraft that will be leased to **Kuwait Airways** by **Airbus**. In addition, the airline has ordered long-term **TotalCare** support for the engines, its first long-term services agreement. **Kuwait Airways** ordered 10 A350-900 XWB aircraft in December 2013. The planes will be powered by the Trent XWB engines, which **Rolls** touts as "the world's most efficient large civil engine." The Trent 700 is the only engine specifically designed for the A330, and is the market leader on A330s, having won nearly 70 percent of new orders over the last three years. More than 1,500 Trent 700s are either in service or on order.

Airline News

Odyssey Airlines plans to break into the London-New York business travel market, but does not plan to join the airlines who have failed to make the concept work. In 2008, three airlines, **Eos**, **MAXjet**, and **Silverjet** were killed by the recession. **Odyssey's** founder and CEO, **Adam Scott**, said "They were flying the wrong aircraft to the wrong airports." He plans to operate the **Bombardier** CSeries passenger jet because it will be more cost efficient than **Airbus'** and **Boeing's** smallest single-aisle airliners. The airline has 10 airplanes on order with the first delivery scheduled in 2016. The CSeries will enable **Odyssey** to fly from **London City Airport** (situated next to Canary Wharf and seven miles from the financial district in central London) to New York. It will compete against **British Airways** which operates twice daily business class-only flights with long-range version of the A318. The A318 must make a fuel stop in Ireland for the outgoing flight. Presumably, the CSeries will be able to fly non-stop. **British** currently charges over £2,300 (\$3,800) for a round trip from London City, and **Odyssey** said its flights would be "competitively priced." The CSeries planes will be fitted with 40 lie-

Airbus Chose Rolls-Royce's New Trent 7000 as the exclusive engine for the new **Airbus** A330neo. The Trent 7000 was launched with the A330neo on July 14 and it is the seventh member of the Trent engine family. The new Trent 7000 engine will bring together experience from the best-selling A330 engine, the Trent 700, the architecture of the Trent 1000-TEN which is offered on the 787, and the latest technology from the Trent XWB, which will enter service soon on the A350-900. The 68-72,000 pound thrust Trent 7000 will offer 10 percent better fuel consumption and half the noise when compared to the Trent 700. The first engine will test run in 2015 and it should be certified in 2017. The first A330neo is scheduled to enter service in the fourth quarter of 2017.

Rolls-Royce announced the first run of the Trent 1000-TEN, which will power all variants of the **Boeing** 787 Dreamliner. The engine is rated at 78,000 pounds thrust and will be certified by the end of 2015. **Gary Moore**, a **Rolls-Royce** Program Director, said, "We believe the Trent 1000-TEN (Thrust, Efficiency and New Technology) will be the most efficient and quietest engine option for the Dreamliner family, with the best lifetime fuel burn performance." The Trent 1000 has now completed over 250,000 in-service flying hours with an engine dispatch reliability of better than 99.9 percent.

flat seats, while the **British** A318s have 32 seats. **Odyssey** is trying to raise its first £5 million (\$8 million) through crowd-funding websites and will need another \$100 million in the first half of 2015. The company is talking with several institutions ahead of next year's fundraising. The \$100 million will finance the cost of launching the business. **Odyssey** will separately finance the aircraft, which are list priced at \$63 million apiece, through long-term financing arrangements. Mr. **Scott** thinks his business plan will work where the others have failed because his planes are newer and smaller than the 767s that **Silverjet** and **MAXjet** operated, and the 757-200s that **Eos** flew. The three airlines operated out of **Luton** and **Stansted** airports, some 30 miles to the north of the city. Mr. **Scott** believes the general economic recovery will favor the airline. "The Atlantic [market] has consolidated quite considerably in the last five years. There's an opening for a new carrier in that sort of space," he said, adding that the use of smaller aircraft showed he had learnt from the failures of the past. He wants to attract business travelers who do not have corporate travel contracts which oblige them to travel on the incumbent operators. This may be a small portion of a niche market. At maximum capacity, the airline will be able to carry 400 passengers each way each day, a maximum of 292,000 per year. **Odyssey** will be competing with airlines that offer 282,000 seats per month between **JFK** and **Heathrow** airports. **AVMARK's** 50-year institutional memory records that no premium airline has survived for very long. It is very difficult to pry business travelers away from their frequent flyer plans, and the convenience of connecting flights that the mega-airlines can offer.

IATA Posts June and July Jet Fuel Prices.

Fuel prices were remarkably stable in 2014. The association updates the world's average jet fuel price each week. On June 6, 2014, the average price of fuel was \$2.845 per gallon. The fuel price was \$2.902 per gallon on May 9, 2014. The June price was 2.2 percent lower than in May, and was 2.2 percent higher than in June 2013. On July 4, 2014, the average price of fuel was \$2.893 per gallon. The July price was 2.4 percent higher than in June, and was 0.7 percent higher than in July 2013. The price of fuel was affected by location. It was only \$2.777 in the Middle East region in June and rose to \$2.842 in July. Fuel was as high as \$2.948 per gallon in Latin America in June and \$2.975 in July. **IATA** estimated that the global airline industry's fuel bill will total \$123.1 billion in 2014. This was a decrease of \$6.96 billion from 2013's price.

Alitalia and Etihad to Tie the Knot on August 8. After a seven-month courtship **Etihad** will sign a contract to buy 49 percent stake in **Alitalia** on August 8. The **Italian Government** said the deal will turn the loss-making flag carrier into a money maker. **Alitalia's** board of directors met in late July, and CEO **Gabriele Del Torchio** said that his airline's most recent proposal to **Etihad** on issues, including its \$800 million debt, had been well received by the prospective buyer. "We have received a response from **Etihad**. It is positive, but some things still need to be cleared up," he said. To deal with the debt and to cover potential losses going forward, **Alitalia's** board called for a capital increase of up to \$300 million (\$402.6 million). State-owned **Poste Italiane** will invest another \$70 million in the airline: it paid \$75 million for 20 percent of the flag carrier last year. One condition on which **Etihad** insisted was cutting from 2,800 to 2,900 of **Alitalia's** 14,000 employees. The airline was profitable a few times since its founding in 1946. The Abu Dhabi-based airline said it was prepared to invest up to \$1.25 billion (\$1.7 billion) over the next four years to buy its half of the carrier and restructure it. Owning nearly half of **Alitalia** would give **Etihad** access to Europe's fourth-largest travel market and expand its reach in Europe.

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People Express Relunched on June 30, with several 737-400s that were wet-leased from **Vision Airlines**. The start-up carrier offers services from Newport News, Virginia to Atlanta, Boston, Newark, New Orleans, Pittsburgh, St. Petersburg and West Palm Beach. **People Express** is using **Vision's** operating certificate and it plans to apply for its own certificate later.

Aviolet, Serbia, launched operations from Belgrade's **Nikola Tesla International Airport** with three 737-300 aircraft configured in a 144-seat, all-economy layout. **Aviolet** is fully owned by Serbia's national airline, **Air Serbia**, and it will serve destinations in Egypt, Greece, Italy, Spain and Turkey, during the 2014 summer season.

Ethiopian Airlines surpassed **South African Airways** as Africa's largest carrier by revenue and profit according to the **International Air Transport Association's (IATA)** latest airline ranking. **Ethiopian's** revenue topped \$2.3 billion in 2013. **IATA** said **Ethiopian** is also 37th in the world in terms of revenue and 18th in the world in terms of operating profit.

Aeroflot's Low-Cost Subsidiary, Dobrolet, operated its first commercial flight from Moscow to Simferopol, Crimea. In August, **Dobrolet** will launch flights to St. Petersburg and Samara. The route network will quickly expand to other Russian regions, and starting in 2016, **Dobrolet** plans to fly to international destinations in Europe and the CIS. **Dobrolet** will operate eight 737-800NGs by the end of 2014. The airline plans to operate a fleet of 40 aircraft on 45 routes by 2018.

Bankruptcy of the Month

Indonesia's Government wants to rescue its grounded domestic carrier **PT Merpati Nusantara Airlines**, by converting its heavy debts into equity. This is seen as a cheaper solution than allowing the state-owned airline to go bankrupt. **Merpati** was grounded in February and was unable to pay for fuel or employee salaries since then. Its permit to fly was suspended. Chief Economic Minister **Chairul Tanjung** said, "We know that **Merpati** is facing difficulties (repaying) its debts, so we will continue with efforts to rescue it." The airline is more than 6 trillion rupiah (\$509 million) in debt and so far, the government and other state-owned companies have refused to give **Merpati** any more loans. The airline is 93.2 percent owned by the **Government** and 6.8 percent owned by the flag carrier, **Garuda Indonesia**.

Tigerair Mandala Ceased Operations on July 1, because its stockholders chose to stop funding the struggling unit. **Tigerair Mandala** was 35.8 percent owned by **Tiger Airways Holdings**, Singapore, through its **Roar Aviation** unit. The other key shareholders were **Saratoga Group** (51 percent) and **PT Cardig International**. The three companies said the carrier "vigorously explored various options in recent months," but they would "not be able to sustain its operations." Potential suitors, **AirAsia** and **Garuda Citilink** passed the opportunity to invest in the company. **Tigerair's** new Chief Executive Officer, **Lee Lik Hsin** said, "Mandala's financial results reflect the challenges that it is facing in the difficult operating environment. Nevertheless, Indonesia remains an important market for us, and we will continue to maintain an active presence through **Tigerair Singapore**." Several months ago, **Tigerair** sold its holding in **Tigerair Philippines** to **Cebu Pacific Air** and the two airlines' operations are being merged. Mr. **Lee** said, "The decision to pull out of **Mandala** will enable **Tigerair Group** to focus on its turnaround strategy, which includes fleet consolidation, strategic alliances, and an asset-light growth model." The group posted a net loss of S\$223 million (\$178 million) for the fiscal year ended March 31, 2014, five times the previous year's net loss of S\$45.4 million. **Tigerair Mandala's** fleet of 15 A320s are being returned to lessors.

Technical

The U.S. Federal Aviation Administration approved additional extended operations (ETOPS) for the **Boeing 787**. Dreamliners were allowed to operate up to 180 minutes away from a landing field since they entered service in 2011, and they can now operate up to 330 minutes from an airport. The expansion of extended operational permission will allow airlines to add routes after they meet the proof of capabilities requirements and receive approval from their own regulatory agencies for such operations, **Boeing** said. Further, ETOPS operations will make the 787 even more efficient as they enable more direct flight paths, which can save thousands of pounds of fuel and reduce carbon emissions.

Aerostar S.A. has become one of the first independent European MRO-Maintenance & Repair Organizations to install Split Scimitar Winglets on **Boeing 737-800s** at its facility in Bacau, Romania. The installations were carried out on two aircraft belonging to **TUIFly Nordic** of Sweden. Each complete installation was carried out in six days and had no impact on the maintenance check downtime.

Cargo Pallet

PEMCO World Air Services (PEMCO) redelivered 737-400 PTF (SN 25163) to **SwiftAir's** new West African partner, **Air Ghana**, last month. It entered service and it is the first of several -400s planned for conversion into freighters over the next three years for the new cargo airline. The 11-pallet freighter was converted at **PEMCO's** facilities in Tampa, Florida. The freighter is dedicated to **DHL's** scheduled service in West and Central Africa.

PEMCO handed over three more 737-300 freighters to **Yangtze River Express**, Shanghai, China, in July. The airline manages the cargo operations of **Hainan Airlines**, **China Xinhua Airlines** and other members of the **Hainan Air Group**. It placed two of the freighters (SN 28599 & 28606) into service, and the third -300PTF (SN 28602) entered service in August. The first and third aircraft were converted at **TAECO** in Xiamen, and the second was converted at **STAECO** in Jinan, China.

Precision Aircraft Solutions will perform the world's first 15-pallet passenger-to-freighter conversion of a winglet-modified 757-200 for Canadian airline, **Cargojet**. The converted aircraft

Lockheed Martin Launched the Civil LM-100J Hercules at Farnborough Airshow. The aircraft is a modern version of the L-382 (L-100) is the commercial version of the C-130 Hercules which went out of production in 1992. In February, **Lockheed** announced it was pursuing an amended type certification for the LM-100J from the U.S. **FAA**. The company wants to re-enter the commercial freighter market, and is working closely with the **FAA** on the certification plan. **Ray Fajay**, Director of air mobility business development at **Lockheed Martin**, said "Following the type design update, we envision the LM-100J serving a range of customers as broad as the aircraft's multi-role capabilities," such as "support oil spill clean-up, oil exploration logistics, mining logistics, aerial firefighting and delivery, humanitarian relief and aerial spray for oil spill response." He said the C-130's military components and capabilities "are removed for this civil variant." The LM-100J will offer a 55 foot long cargo floor. Mr. **Fajay** said, "The LM-100J is designed to support "with minimal material handling equipment "rapid on-load and off-load of cargo at truck-bed height." Flight testing of the LM-100J will begin in 2017, and followed by entry into service in early 2018.

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will fly long-distance routes in Canada. The conversion was started at **AeroTurbine** in June, and the aircraft will be redelivered later this year.

Precision Aircraft Solutions began conversion of **DHL**-owned 757 (SN 28718), for a **DHL** affiliate, **Blue Dart Aviation**, India. It will be the fifth 757 and the 15th aircraft to be converted by **Precision** for **DHL's** global network. The touch work is being performed by **TAECO** in Xiamen, China. It will be redelivered in early October.

Aeronautical Engineers (AEI) delivered a 737-300SF 9 Pallet Freighter to **Aloha Air Cargo**, Hawaii, in June. The high gross weight 737-300 (SN 27904) was built in 1995 and was **AEI's** ninth freighter to be delivered this year. **(AEI)** completed the third of five 737-400SF freighters for **Southern Air**. The plane will be operated for **DHL Express** in the Americas. The 1993-model aircraft was a standard gross weight 737-400 (SN 26455) and was converted at **Commercial Jet's** Dothan facility. The aircraft was sourced, and financing provided, through **Strategic Air Finance**. This was **AEI's** 13th of an anticipated 30 freighters to be converted in 2014.

Cargojet will finance three **Boeing** 767-300ER freighter aircraft through **Element Financial Corporation**. The planes are worth approximately \$100 million. The transaction will provide the Canadian air cargo airline with additional capacity to support its growing client base.

ASL Aviation Group signed a Letter of Intent with **Lockheed Martin** to order up to 10 LM-100J commercial freighters. **Safair**, South Africa, an **ASL** associated company, currently operates one of the world's largest L-100 fleets. The **ASL Aviation Group** is based in Ireland, and the group includes Irish airline **Air Contractors**, French-based airline **Europe Airpost** and a longstanding association and shareholding in **Safair**. The group's airlines operate a mixed fleet of 80 + widebody, short-haul and turboprop passenger and cargo aircraft under their own brands and for a number of leading airlines. **ASL** generated total operating revenue of \$500 million in 2013.

Military Market

Airbus Military delivered the ninth A330 MRTT (Multi Role Tanker Transport) Voyager (ZZ338, SN 1419) to the **Royal Air Force's** Brize Norton base on May 29, completing the **RAF's** original order for the type. The A330 tanker transports are leased from the **AirTanker Services** consortium. Five of the Voyager's are configured with under-wing hose-and-drogue refuelling pods, plus a centreline fuselage refuelling unit, and are used to provide support to large receiver aircraft. Two converted Voyagers are fitted with under-wing

Thomas Cook Airlines will lease the first A330-200 (G-VYGG), which will be part of **AirTanker's** next five Voyager tanker/ transports. The leisure charter carrier will use the modified widebody for an initial three-year period with operations to start on May 1, 2015. The A330 will fly trans-Atlantic routes from Glasgow, Manchester and Stansted to leisure destinations in Mexico and the U.S. **Air-Tanker Services** will damp lease the planes to other operators. This will see six of the **Thomas Cook's** captains and four first officers seconded to **AirTanker**, to fly alongside its own civilian pilots. The airline will perform twice-per-week scheduled flights between the U.K. and the Falkland Islands. The A330 will be fitted with an all-economy, 323-seat layout and the military systems will be removed. It will be painted white and receive **Thomas Cook** livery. The initial contract is for three years and **Thomas Cook** is open to extend the current deal for one aircraft, and possibly add some other aircraft.

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Pods only. The recently delivered airplane has not been fitted with refueling pods and will be operated by **AirTanker** on the U.K. civil aircraft register. All of the aircraft are configured with a 291-seat, single-class passenger cabin, and are capable of carrying a maximum fuel load of 111 tons. A further five Voyagers will be delivered by the end of 2016. These will be available to support surge operations for the U.K., but also made available for third-party use until 2035.

Singapore's first of six A330 MRTT (Multi Role Tanker Transport) aircraft will be the first to be manufactured to the MRTT Enhanced standard, **Airbus Defence & Space** said. It is due for modification at Getafe in October 2015, and will be the operational prototype. The Enhanced version will feature aerodynamic and avionics advances, plus reduced fuel consumption and a new mission planning system. The other future customers for the A330 multirole tanker transport will also receive their aircraft in the Enhanced configuration – matching the commercial type's new production configuration. Those customers include France, India and Qatar. **Airbus** is responding to a request for proposals from South Korea.

Boeing Rolled Out the 5,000th Next-Generation 737 in mid-July. The airplane is a C-40A Clipper, based on the 737-700C transport that will be delivered to the **U.S. Navy**. **Boeing's** 737 military derivatives, the P-8 maritime patrol aircraft, the AEW&C – Airborne Early Warning and Control and the C-40 Clipper programs utilize the 737 commercial platforms and take advantage of the efficiencies, manufacturing processes and performance of the existing Next-Generation 737 production system. Orders stand at 6,804 Next-Generation 737s and 2,159 737 MAXs, as of July 31. **Boeing** has sold 12,095 737s, including more than 100 military derivatives.

The Republic of Korea opened competition for a new generation aerial refueling tanker and plans to acquire four aircraft. The contract is provisionally valued at \$1.4 billion. **Boeing** offered its KC-46A to Korea's **Defense and Acquisition Program Administration**. The government should make its decision by the end of the year. **Eric John**, President of **Boeing Korea** said, "With the KC-46, Korea will acquire a force-multiplier and the ability to operate seamlessly with the **U.S. Air Force** during combat and humanitarian relief operations."

The Government of Ecuador ordered three **Airbus** C295 medium transport aircraft from **Airbus Defense and Space** for immediate delivery. The contract also includes a **Full In Service Support (FISS)** package for maintenance. The first aircraft was delivered on June 6, and the other two will be handed over by the end of the year. They will operate military and humanitarian missions. **Ecuadorian Air Force's** C295s will join two **Airbus** C212s and two **Airbus** CN235s of the **Ecuadorian Army**, and two CN235s of the **Ecuadorian Navy**. More than 140 C295s have now been ordered by 19 countries.

The Government of Brazil purchased three **Airbus Defense and Space** C295 search and rescue (SAR) aircraft. The first aircraft will be delivered to the **Brazilian Air Force (FAB)** by the end of this year. The agreement includes a five-year **Full In Service Support (FISS)** contract. The SAR aircraft will join 12 transport-configured C295s, taking the total **FAB** C295 fleet to 15. **Airbus Military's** family of light and medium airlifters includes the smaller NC212i and CN235 platforms and the larger C295. In the fourth quarter of 2014, the manufacturer will introduce the C295W, featuring as standard winglets and higher engine power ratings, giving increased performance in all flight phases and lower fuel burn.

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Airbus will offer its A330 MRTT (Multi Roll Tanker Transport) and is working on the proposal at this time. **Israel Aerospace Industries (IAI)** has offered an advanced version of its **Boeing 767-300ER**-based Multi-Mission Tanker Transport. The 767 MMTT uses second-hand aircraft as its platform. The **IAI** 767 tanker can be fitted with hose and drogue refuelling pods, a flying boom, or both. **IAI** delivered one converted 767 tanker to Colombia, and sold three to Brazil. The **Republic of Korea Air Force** has tried to acquire tanker capability since 1993, but delayed implementation due to budget constraints.

Lockheed Martin delivered the last two C-130J Hercules tactical transports to **Republic of Korea Air Force**, under the terms of a four-aircraft contract signed in December 2010. The pair left **Lockheed's** Marietta, Georgia, facility on May 30. The **ROKAF's** first two C-130Js were delivered in late March 2014. The C-130Js joined a fleet of 12 C-130H transports.

AIRCRAFT DELIVERIES & SALES

Airbus

Airbus A320. **Airbus** delivered 27 A320s in May, including four -216/Ws (SN 6084, 6088, 6096 & 6105) to **AirAsia**, and three -232/Ws (SN 6086, 6093 & 6098) to **Wizz Air Hungary**. **BOC Aviation** acquired three -232/Ws and leased one (SN 6109) to **Volaris**, a fourth -232/W (SN 6106) to **China Southern Airlines**, and one -232/W (SN 6117) to **Spring Airlines**. **Synergy Aerospace** leased three -214/Ws (SN 6057, 6103, & 6110) to **Avianca Brazil**. **China Aircraft Leasing Company (CALC)** leased a second of three -214/Ws (SN 6102) to **Qingdao Airlines**, and -214/W (SN 6111) to **China Eastern Airlines**. **Aeroflot** leased its eighth -214/W (SN 6090) from **SMBC Aviation Capital**, and its sixth -214/W (SN 6071) from **ICBC Financial Leasing**. **ICBC** leased -214/W (SN 5875) to **China Southern Airlines**. The **Tianjin FAL**-built aircraft was transferred to **Chongqing Airlines**. **Zhejiang Loong Airlines** purchased one more new -214/W (SN 6065) from **LATAM Airlines Group**. **AWAS** leased a seventh of nine -232/Ws (SN 6113) to **Thai Smile**. **Tianjin FAL** delivered -232/W (SN 5964) to **Sichuan Airlines**. Outside of China, **Iberia** leased -232 (SN 6091) to **British Airways**, **Spirit Airlines** acquired -232/W (SN 6082), and **easyJet** accepted -214/W (SN 6095). **Go Air**, India, received -214/W (SN 6072), **Air Arabia** took delivery of -214/W (SN 6080) and **Jazeera Airways** leased -214/W (SN 6124) from **Al Sahaab Aircraft Leasing**. **Jetstar**

Airbus A319. Four A319s were delivered in May, including two **Airbus Tianjin Final Assembly Line (FAL)**-built A319s to Chinese airlines. **Sichuan Airlines** acquired -133/W (SN 5953) and **China Eastern Airlines** leased -115W (SN 5973) from **ICBC Financial Leasing**. **TACA International** leased -132/W (SN 6099) to **Avianca**, and **American Airlines** leased -112/W (SN 6085) from **Z/C Aviation Partners**. **American** leased the only two A319s to be delivered in June, one -112/W (SN 6154) from **Z/C Aviation Partners** and a third -112/W (SN 6150) from **Aviation Capital Group**. **AWAS** leased the second of two used -111s (SN 3403) to **VIM Avia**, Moscow, Russia. This second A319 was configured with 150 seats and will be deployed on existing routes as well as new ones to be launched under **VIM Avia's** network expansion plans. **CIT Aerospace** leased -132 (SN 2296) to **Air Serbia**. The A319 was powered by **IAE V2524-A5** engines and was the second of three aircraft **CIT** leased to the airline in 2014.

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sold two nearly new -232/Ws (SN 5928 & 5894) to **Tainjin Airlines** in May and June.

Airbus Delivered 26 A320s in June, including four -232/Ws to **BOC Aviation**. Two of the -232/Ws (SN 6023 & 6076) were originally allocated to **Tigerair**, and were leased to **China West Air**, and two -232/Ws (SN 6123 & 6128) were leased to **Vueling Airlines**. **ICBC Financial**

SMBC Aviation Capital purchased a fourth new -214/W (SN 6183) to **LATAM Airlines Group S.A.** in July and leased it back. This completed a four aircraft sale and leaseback contract. The lessor delivered one new -214/W (SN 6171) to **Siberian Airlines (S7)** from its direct order book.

Leasing leased two Tianjin-built -232/Ws (SN 5977 & 6008) to **Sichuan Airlines**, and one Tainjin -232/W (SN 5930) to **China Southern Airlines**, as well as European-built -232/W (SN 6118) to **Garuda's Citilink**. **SMBC Aviation Capital** leased one -214 (SN 6107) to **Peach Aviation**, Japan, and one -232/W (SN 6120) to **China West Air**. The latter airplane was contracted for lease to **Tigerair Mandala Airlines**, which ceased operations on July 1. **AirAsia** acquired two more -216/Ws (SN 6145 & 6149), and two -232/Ws (SN 6115 & 6131) were handed over to **Wizz Air Hungary**. The airline has taken delivery of 50 A320s and leased two more. The all-Airbus operator has ordered a total 86 A320s and 26 A321s. **LATAM Airlines Group** received two -214/Ws (SN 6135 & 6157), and sold the first to **SMBC Aviation Capital** for lease back. The second was sold to **Zhejiang Loong Airlines**. **Tianjin FAL** delivered -232 (SN 5986) to **Shenzhen Airlines** and -214/W (SN 5997) to **Hong Kong Airlines**. The latter plane was leased to **Beijing Capital Airlines**. **AWAS** leased the eighth of nine -232/Ws (SN 6140) to **Thai Smile**, and **Iberia** leased -232 (SN 6129) to **British Airways**. **Volaris** accepted -233/W (SN 6161), and **South African Airways** received -232/W (SN 6147). **Lufthansa** acquired its 69th -214/W (SN 6141), and **Etihad Airways** took delivery of -232/W (SN 6134). A **Private Customer (Royal Thai Air Force)** accepted ACJ320-214/W (SN 6112). **Synergy Aerospace** leased -214/Ws (SN 6153) to **Avianca Brazil**.

WORLDWIDE AVIATION MARKETING AND MANAGEMENT SERVICE

Airbus A321. Airbus delivered 14 A321s in May, including four -231 Transcontinentals to **American Airlines**. **American** accepted two -231/Ws (SN 6063 & 6094), and leased -231/W (SN 6070) from **CIT Aerospace**. **American's** merger partner, **US Airways**, received -231 (SN 6100). **Thomas Cook Airlines** leased two -211/Ws (SN 6114 & 6122) from **Air Lease Corporation**. **Aviation Capital Group** leased -231/W (SN 6126) to **Monarch Airlines**. **UTair** acquired its eighth -211/W (SN 6119), and **EVA Airways** leased -211/W (SN 6087) from **GECAS**. **China Southern Airlines** received -231 (SN 6104), and **China Eastern Airlines** took delivery of -231/W (SN 6089). **TAM Linhas Aereas** acquired -231/W (SN 6121), and leased -231/W (SN 6097) from **LATAM Airlines Group**. **Etihad Airways** leased -231/W (SN 6108) from **BOC Aviation**.

In June, **US Airways**, received two -231s (SN 6133 & 6152) for a total of 98 and 23 more are in backlog. **LATAM Airlines Group** leased two -231/Ws (SN 6163 & 6165) to **TAM Linhas Aereas**. **Sichuan Airlines** leased -231/W (SN 6148) from **Air Lease Corporation**. **JetBlue Airways** accepted its seventh -231/W (SN 6130). **Avolon** leased the first of four -231/Ws (SN 6162) to **American Airlines**, and **TACA International** leased -231/W (SN 6138) to **Avianca**. **BOC Aviation** leased another -231/W (SN 6143) to **Etihad Airways**. **Air Lease Corporation** leased the first of four new -232/Ws (SN 6159) to **Air China**. **China Southern Airlines** received its 46th -231 (SN 6146), and has 11 more on order. **Air Berlin** took delivery of its eighth of 18 -211/Ws (SN 6168), and **Juneyao Airlines** leased its first -211/W (SN 6172) from **GECAS**.

Airbus A330. Airbus delivered two -200s and four -300s in May. **Etihad Airways** accepted -243 (SN 1521) and **US Airways** received it 15th -243 (SN 1526). **CIT Aerospace** leased -343E (SN 1527) to **Cebu Pacific Air**. The aircraft is powered by **Rolls-Royce** Trent 772B engines and is the second aircraft CIT delivered to the airline in 2014. **Intrepid Aviation Group** leased -343E (SN 1528) to **Sichuan Airlines**. **Air China** acquired -343E (SN 1525), and **Turkish Airlines** accepted its 16th -303 (SN 1522).

In June, Airbus delivered three -200s, one -200F and seven -300s. **Synergy Aerospace**, owner of **Avianca**, leased the first of six -243s (SN 1508) to **Avianca**. **Hawaiian Airlines** received its 14th -243 (SN 1530), and **China Eastern Airlines** took delivery of -243 (SN 1537). **Etihad Airways** accepted its fourth of five -243Fs (SN 1524). **AirAsia X** received its 13th -343E (SN 1533), and sold it to **AWAS** for lease back. Airbus delivered the 18th -343 (SN 1531) to **Philippine Airlines**. **AWAS** bought it as the second of two new A330s that were part of a purchase and leaseback agreement signed earlier this year. **Turkish Airlines** accepted its 17th -303 (SN 1529), and **Cathay Pacific** purchased its 43rd new -343E (SN 1523). Airbus delivered one -323E (SN 1536) to **China Southern Airlines** and one -343E (SN 1538) to **Air China**. **GECAS** leased a new -302 (SN 1539) to **China Airlines** to modernize its fleet. The aircraft is from **GECAS'** existing order book with Airbus.

Airbus A380. Airbus delivered four A380s in May. **Asiana Airlines**, South Korea, became the newest A380 operator when it received its first -841 (SN 152). It is the 11th operator of the type. **Asiana's** six A380s are powered by **Rolls-Royce** Trent 900 engines. The airplane was fitted with a premium three class layout, seating a total of 495 passengers, with 12 private suites, 66 fully flat seats in business class and 417 seats in tourist. The airline's new flagship will initially fly from Seoul to Tokyo, Hong Kong and Bangkok, and eventually will be used on long-haul routes to Los Angeles. **Lufthansa** accepted its 12th of 14 ordered -841s (SN 149), and **British Airways** received its sixth -841 (SN 141). **Emirates** added another -861 (SN 150) to its fleet of 47 A380s.

In June, **Air France** took delivery of its 10th -861 (SN 117). The airplane first flew in January 2014. **Korean Air** accepted its ninth -861 (SN 130), and it has one more on order. **Emirates** received its 49th -861 (SN 153). As of the first half of 2014, Airbus has sold 324 A380s and delivered 135 of them. Its backlog is heavily weighted toward two customers, the **Amedo** leasing company with 20 outstanding orders and **Emirates** with 91. The only other customer with a double-digit backlog is **Etihad** with 10 unfilled orders. Airbus plans to deliver 30 A380s in 2014 and has completed 13 of them by June 30.

Boeing

Boeing 737 NG. Boeing delivered 39 737s in May, and a record breaking 46 737s in June. Two airlines received three 737s each in May. **Southwest Airlines** took delivery of three more -8H4/Ws (SN 36897, 42385 & 42521) for a fleet total of 55. **United Airlines** received three -924ERs (SN 42179, 42746 & 42748). Elsewhere in the Americas, **Alaska Airlines** accepted its 19th and 20th -990ER/Ws (SN 36362 & 40714), and **American Airlines** took delivery of two -823/Ws (SN 31194 & 33327). **Delta Air Lines** received its 21st -932ER/Ws (SN 31932), and the **United States Navy** took delivery of its 27th -8FV (P-8A) **Poseidon** (SN 42255). The airplane is awaiting the installation of its mission suite. Two U.S. lessors, **Air Lease Corporation (ALC)** and **GECAS** bought two -800s each. **ALC** leased one -8SH/W (SN 41318) to **MIAT Mongolian Airlines**, and one -81B/W (SN 41319) to **China Southern Airlines**. **GECAS** leased the second of two -86N/Ws (SN 41249) to **Okay Airways**, and one -86N/W

(SN 41271) to **Solaseed Air**. **GECAS** bought the third of three new -8K2/Ws (SN 37792) from **Air Berlin** and leased it to **Transavia France**. **ILFC** leased -8Q8/W (SN 41795) to **Travel Service Airlines**, and **Sunwing Airlines** leased -81D/W (SN 39440) from **AWAS**. **SMBC Aviation Capital** leased -8H6/W (SN 39941) to **Malaysian Airline System**. **Avolon** leased -8MA/W (SN 40946) to **China Airlines** and **Garuda Indonesia** leased -8U3/W (SN 39891) from **Aviation Capital Group**. **BBAM—Babcock & Brown Asset Management** leased a second -8FZ/W (SN 41992) to **Aeroflot/Dobrolet**, and **Aeroflot** leased -8LJ/W (SN 41199) from **Avia Capital Leasing**. **Iraqi Airways** acquired its fifth -81Z/W (SN 40090) from the **Iraqi Government**. **Lion Air** took delivery of two -8GP/Ws (SN 39815 & 39816) and sold the first to **Avolon** as part of a four aircraft sale and leaseback deal with **Lion Air**. The airline sold SN 39816 to **AWAS** and leased it back. **Turkish Airlines** accepted two more -8F2/Ws (SN 42006 & 42007). **All Nippon Airways** picked up its 26th -881/W (SN 33907), and **Norwegian Air Shuttle** accepted -8JP/W (SN 39033). **SpiceJet** received -8GJ/W (SN 41398), and **SilkAir** acquired its fourth -8SA/W (SN 44220). **Boeing** delivered six 737s directly to Chinese airlines, including one -74P/W (SN 39211) to **Hainan Airlines**, one -76D/W (SN 39308) to **Shanghai Airlines**, and two -89P/Ws (SN 39734 & 41514) to **China Eastern Airlines**. **Shenzhen Airlines** received one -87L/W (SN 37622), and **Xiamen Airlines** accepted one -85C/W (SN 39900).

Boeing 747. **Boeing** delivered the 14th 747-830 Intercontinental (SN 37841) to **Lufthansa** in June. It was the 1,500th 747 to come off the production line. **Lufthansa** was the launch customer of the 747-8 Intercontinental and took delivery of its first airplane in April 2012. The airline has five more Intercontinentals on order. **Boeing** has 29 747-8Is and 21 747-8F freighters on backlog. **Boeing** built -83QF (SN 60117) for **Silk Way Airlines** but the airplane is parked and in a primer paint scheme. The manufacturer completed -8KZF (SN 36140) for **Nippon Cargo** in April and flew it to Marana for storage in June.

Boeing 767. **Boeing** delivered the last passenger 767 in June, -3KYER (SN 42223) to **Air Astana**. The manufacturer has 44 767-300ERFs and four 767-200-based KC-46 tankers on backlog. **Jet Asia Airways** wet-leased one 767-300 to **EuroAtlantic Airways** on July 2. The 767 is operated throughout Europe and Africa.

Boeing delivered 46 737s in June, including six more -8H4/Ws (SN 36898, 36905, 42622, 42523, 60082 & 60083) to **Southwest Airlines**, for a fleet total of 61. **United Airlines** received five -924ERs (SN 42180, 44560, 44561, 44580 & 44581). The airline has 96 -900ERs in service and 43 on order. **American Airlines** took delivery of two more -823/Ws (SN 31196 & 33328). The aircraft were sold to a lessor and leased back. **WestJet**, Canada, bought two -8CT/Ws (SN 39075 & 39076), and **GOL Transportes Aéreos** purchased two -8EH/Ws (SN 39639 & 39640). **Delta Air Lines** received its 23rd -932ER/Ws (SN 31933), and **COPA Airlines** accepted one -8V3/W (SN 41445). A **Boeing Business Jet** VIP customer (**Asia Pacific Resources**) acquired -8ZE/W (SN 42215), and **Boeing** delivered the seventh of eight -8FV/W P-8I Neptunes (SN 40616) to the **Indian Navy**. Nine 737s were delivered to leasing companies in June, including two -86N/Ws (SN 41250 & 41267) to **GECAS**. The first was leased to **China Southern Airlines** and the second to **Garuda Indonesia**. **SMBC Aviation Capital** leased -8H6/W (SN 39943) to **China Airlines**, and -852/W (SN 39944) to **Aeromexico**. **Air Lease Corporation (ALC)** leased one -81B/W (SN 41320) to **China Southern Airlines**, and **ILFC** leased -8U3/W (SN 41796) to **Garuda Indonesia**. **Garuda** also leased -8U3/W (SN 40547) from **Aviation Capital Group**. **Jet Airways** leased -8AL/W (SN 39066) from **BOC Aviation**, and **CIT Aerospace** leased another -8BK/W (SN 41562) to **Aerolineas Argentinas**. **Lion Air** took delivery of two -8GP/Ws

(SN 39817 & 39818), **Malaysian Airline System** accepted two -8H6/Ws (SN 40159 & 40159), and **Turkish Airlines** received two more -8F2/Ws (SN 42008 & 42009), for a fleet total of 69. **Air Berlin** acquired -86J/W (SN 39387), and **Norwegian Air Shuttle** accepted -8JP/W (SN 41126). **Ethiopian Airlines** sold a new -860/W (SN 40967) to **AWAS** and leased it back. This was the first of a two-aircraft deal that was signed in 2013. The **Iraqi Government** leased a sixth -81Z/W (SN 40077) to **Iraqi Airways**. **Ceiba Intercontinental**, Equatorial Guinea, received its second of three -8FB/Ws (SN 41159). **Boeing** delivered two -700s and three -800s to Chinese airlines in June. **China Eastern Airlines** bought -79P/W (SN 39735), and **Hainan Airlines** acquired one -74P/W (SN 39212). **China Southern Airlines** received one -81B/W (SN 38923), **Shanghai Airlines** picked up -86D/W (SN 39309), and **Xiamen Airlines** accepted one -85C/W (SN 39901).

ANA—All Nippon Airways celebrated the delivery of its first 787-9 (SN 34522) on July 29, and it became the first airline to operate both the 787-8 and -9 variants. **ANA** now has 29 787s in its fleet, more than any other operator in the world. The airline has 43 more 787-9s on order. Sixty customers have ordered more than 1,000 787s, with more than 160 currently in operation.

Thai Airways International's first 787-8 (SN 35315) was rolled out of **Boeing's** paint works at Everett in June. The **Rolls-Royce** Trent 1000-A-engined aircraft is fitted with 264 seats in a two class configuration. The 787 was delivered to **Aercap/ILFC** in July. The airline contracted to leased another seven -8s and -9s from **ILFC**.

Boeing 777. **Boeing** delivered eight 777s in May and another eight in June. **Aeroflot** accepted its ninth and 10th -3MOERs (SN 41684 & 41689) in May. **GECAS** leased one -36NER (SN 42103) to **EVA Airways**, and -36NER (SN 41819) to **Kenya Airways**. **Air Lease Corporation (ALC)** took delivery of its first of 15 -300ERs that it ordered in August 2011. The -336ER (SN 42121) was the first of two to be long-term leased to **British Airways**. The second is due in July. **American Airlines** accepted its 13th of 20 -323ERs (SN 33127), and **Emirates** purchased its 64th of 120 -31HERs (SN 41363). **Garuda Indonesia** received its fifth of 10 -3U3ERs (SN 29148).

In June, Boeing delivered three 777F freighters, including one -FFT (SN 44681) to **Air China Cargo**, and one -FBT (SN 41677) to **Lufthansa Cargo**. **Dubai Aerospace Enterprise** leased -F1H (SN 42232) to **Emirates**. **ALC** leased the first of two -319ERs (SN 44546) to **Air New Zealand**. The second is due in the fourth quarter. **GECAS** leased another -36NER (SN 41820) to **EVA Airways**. **Cathay Pacific Airways** received its 36th of 49 -367ERs (SN 41761), and **Emirates** purchased its 65th -31HERs (SN 41364). **TAAG Angola Airlines** acquired its third of five -3M2ERs (SN 43252). **Avolon** sold -323ER (SN 41668) to its lessee, **American Airlines**. It was delivered new to **American** in January 2013.

Boeing 787. **Boeing** delivered seven 787-8s in May, including the first 787-8 (SN 35257) to **Air Canada**. The airline has 36 more 787s on order for delivery through 2019. Its 787s will be used on its Toronto-Tel Aviv route, as well as to launch a new route to Tokyo's **Haneda Airport**. **British Airways** received its fifth and sixth -8s (SN 38612 & 38613), and **Ethiopian Airlines** accepted two more -8s (SN 34748 & 34749) for a total of seven. **ILFC** leased its fourth -8 (SN 35313) to **Norwegian Long Haul**, and **Hainan Airlines** received its seventh -8 (SN 38055).

In June, Boeing Delivered a Record 14 787s, including the first -9 (SN 34334) to launch customer **Air New Zealand**. The **Rolls-Royce** Trent 1000 powered 787-9 is part of the airline's fleet modernization

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plan. The 787-9 was painted in a unique black livery, and is the first of 10 Dreamliners to join **Air New Zealand's** fleet. The -9 will operate the Auckland-Perth route starting in October 2014 and to both Tokyo and Shanghai in November 2014. With the fuselage stretched by 20 feet (6 meters) over the 787-8, the 787-9 can fly up to 40 more passengers an additional 450 nautical miles (830 km) with the same environmental performance. Twenty-six customers have ordered 409 787-9s, accounting for 40 percent of all 787 orders.

In June, Air Canada took delivery of its second -8 (SN 35258), and **Ethiopian Airlines** accepted its eighth -8s (SN 34750). **Hainan Airlines** received its eighth -8 (SN 34940), and **China Southern Airlines** acquired its 10th and final -8 (SN 34932). **Boeing** delivered two -8s (SN 36274 & 36287) to **Air India**. **All Nippon Airways** received its 28th -8 (SN 34520), and **United Airlines** bought its 11th -8 (SN 34828). **ILFC** leased its fifth -8 (SN 35314) to **Norwegian Long Haul**, and **Kenya Airways** acquired its second -8 (SN 35511). **LAN Airlines** obtained its sixth -8 (SN 38476). **TUI Travel PLC** took delivery of two -8s (SN 36427 & 37227) in June. Both planes were sold to **GECAS**, which leased the first -8 (SN 36427) to **ArkeFly**, the Netherlands. The charter carrier will use the 787 on its services between Amsterdam and the islands of Curacao, Aruba and Bonaire in the Dutch Caribbean. The airplane is the first of three 787s to join the carrier's fleet which includes 737NGs and 767-300ERs. **GECAS** leased the second -8 (SN 37227) to **Thomson Airways**, U.K. **TUI Travel** ordered 15 787-8s, and six have been delivered. They are currently in operation with **ArkeFly**, **Jetairfly** and **Thomson Airways**.

Regional Jet

Bombardier delivered one CRJ700 NextGen (SN 10336) to the Chinese **People Liberation Army Air Force** in May. **Adria Airways** received one CRJ900 NextGen (SN 15284). **Delta Air Lines** accepted delivery of three CRJ900 NextGens (SN 15314, 15315 & 15317). They were leased to **Endeavor Air** for operation under the **Delta Connection** brand. The airline now has 25 CRJ900NGs in its fleet, another 15 on order, and 30 on option. **China Express Airlines** took delivery of CRJ900NG (SN 15312). **Nordic Aviation Capital** leased the ninth of 12 CRJ1000s (SN 19039) to **Garuda Indonesia** in May.

In June, Bombardier delivered a second and third CRJ700 NextGen (SN 10335 & 10337) to the **Chinese Air Force**. **Delta Air Lines** accepted delivery of its 26th CRJ900 NextGen (SN 15316). It was leased to **Endeavor Air**. **Nordic Aviation Capital** leased the 10th CRJ1000 (SN 19040) to **Garuda Indonesia** in June.

Embraer. **Skywest Airlines** took delivery of four EMBRAER 170-200 LRs (E175) Enhanced (SN 17000399, 17000400, 17000401 & 17000404). **Republic Airways** accepted two more E175s (SN 17000402 & 17000403) for operation on behalf of **American Eagle**. **BA Cityflyer** took delivery of two EMBRAER 190-100 SR (E190) (SN 19000663 & 19000670) in May. **GECAS** delivered a new E190LR (SN 19000665) to **Montenegro Airlines** to expand the carrier's fleet of nine aircraft. The E190 came from **GECAS'** order book

Bombardier Aerospace delivered the first three of 30 enhanced CRJ900 NextGen aircraft (SN 15317, 15322 & 15323) to **American Airlines Group**, in June. The aircraft will be operated by the group's wholly-owned subsidiary **PSA Airlines** under the **American Eagle** brand. The purchase agreement was announced in December 2013, and included options for 40 CRJ900 NextGen aircraft. As of June 30, **Bombardier** recorded firm orders for 1,833 CRJ Series aircraft, including 359 CRJ900 and CRJ900 NextGen aircraft.

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with **Embraer. Belavia** took delivery of its second E195 (SN 19000668) in May.

In June, Embraer Delivered two EMBRAER 170-200 LR (E175) Enhanced (SN 17000405 & 17000407) to **Skywest Airlines**. **United Airlines** leased a new E175 (SN 17000406) to **Skywest**. **Republic Airways** accepted two more E175s (SN 17000408 & 17000409). **Aurigny Air Services**, based at Guernsey, the Channel Islands, took delivery of its first EMBRAER 190-200 STD (E195) (SN 19000671) in June. It will be used to add capacity on the carrier's Guernsey to London **Gatwick** route. The E195 is configured with 122 slim seats in a single-class layout and is the airline's first commercial jet. **Azul Linhas Aereas Brasileiras** acquired another E195 (SN 19000669).

Turkish Regional Airline, Borajet, leased six E190 (SN 19000227, 19000230, 19000233, 19000263, 19000264 & 19000310) to gradually replace its turboprop fleet, add capacity and frequencies, and grow its network from its base at **Sabiha Gökçen International Airport** at Istanbul. The first E190 revenue flights started in July. Three of the planes (SN 19000230, 19000263 & 19000264) were leased from **SMBC Aviation Capital**, and another two (SN 19000227 & 19000233) were leased from **GECAS**.

Sukhoi. Sukhoi Civil Aircraft Company (SCAC) completed the process of replacing the "Light" configuration Sukhoi Superjet 100s with the "Full" version with the delivery of the ninth and 10th SSJ100 (SN 95051 & 95053) to **Aeroflot Russian Airlines** in May and June, respectively. **SCAC** will continue to supply SSJ100s as part of the contract for 30 of this type. It is expected that eight more SSJ100s will be delivered to **Aeroflot** by the end of 2014. **Aeroflot** is currently the largest operator of Sukhoi Superjet 100. The flag carrier traded in its early "Light" model SSJ100s to the manufacturer, which placed them all with Russian airlines. SSJ100 (SN 95015) was returned to **VEB Leasing** and leased to **Center-South Airlines**. **Aeroflot** transferred SSJ (SN 95041) to **Dobrolet**. **SCAC** delivered three SSJ-95LRs (SN 95055, 95057 & 95058) to **Gazpromavia** in May, and SSJ (SN 95056) in June.

UTair's first long-range Superjets were painted with folk patterns in the traditional Russian style by aircraft painting specialist **Spektr-Avia** in Ulyanovsk. The six SSJ100LRs were ordered at the **MAKS** air show in Moscow in August 2013 and all will be delivered this year. They will be operated under the airline's new **UTair Express** brand. The first two (SN 95060 & 95062) are undergoing cabin interior installation, and will be fitted with 103 seats in a single-class layout.

Turboprop Aircraft

ATR. TransAsia Airways received its third of 10 ATR 72-600s (SN 1145) in May. **Malindo Airways** leased two new -600s (SN 1147 & 1154) from **Wings Abadi Airlines**, and **Air Lease Corporation** leased one -600 (SN 1148) to **Golden Myanmar**. **Nordic Aviation Capital** leased the fourth of 20 -600s (SN 1149) to **Garuda Indonesia**. **ATR** delivered one -600 (SN1150) to **Uni Air**, one -600 (SN 1151) to **Avianca**, and one

Harbin Aircraft Manufacturing Corporation, delivered the first twin-engine, 17-seat Y12e to **Nepal Airlines Corporation** at **Tribhuvan International Airport** in Kathmandu, Nepal, on July 25. This is part of a six-aircraft deal between Nepal and China. The Y12e will enter commercial operation two weeks after delivery. **NAC** officials said the Y12e that will make flights to remote parts of the Himalayan country. Nepal received its first China-made, 58-seat **Xian** Modern Ark 60 (MA60) in April. The airline has one MA60 and three **Harbin** Y12e planes to be handed over by year end. Two of the planes will be financed through a Chinese Government grant or a soft-loan.

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-600 (SN 1153) to **MAS Wings**. **Avation PLC**. leased one -600 (SN 1146) to **Fiji Airways'** **Fiji Link** subsidiary for 12 years. This was **Avation's** 16th new ATR 72.

In June, ATR Delivered ATR 72-600 (SN 1155) to **Lao Airlines**. **Air Lease Corporation** leased another -600 (SN 1156) to **Golden Myanmar**. **Nordic Aviation Capital** leased the fifth -600 (SN 1152) to **Garuda Indonesia**, and the first of two new ATR 42-600s (SN 1011) to **White Airways**. The ATR 42 will be operated for **Portugal**.

Bombardier. **Westjet Encore** received 8Q-402 NextGen (SN 4467) in May and two 8Q-402NGs (SN 4471 & 4473) in June. **Palma Holdings** leased 8Q-402NG (SN 4469 & 4472) to **Ethiopian Airlines** in May and June, respectively. **Nordic Aviation Capital** purchased one DHC 8-314 (SN 591) from **All Nippon Airways**.

Viking. The manufacturer delivered DHC-6 Series 400 Twin Otter (SN 887) to the **Vietnamese Navy** in June. **Viking** handed over Series 400 (SN 894) to **MASwings**, a subsidiary to **Malaysian Airlines**, which now has received five of its six Twin Otters on order.

Antiques and Other Junque

Malaysian Airlines (MAS) retired its last **Boeing** 737-4H6 on June 14, ending a 22 year run for the variant in the airline's fleet. The type entered **MAS** service in 1992, and the airline had a total 54 -400s in its fleet. **MAS** also operated the shorter -500. The -400s were replaced by 56 new -800NGs, and **MAS** has another 14 on order.

Thai Airways retired its last **Airbus** A300-600 (HS-TAZ) on July 31. The airline was an early **Airbus** customer and took delivery of two B4-100 models in the fourth quarter of 1977. It received its first B4-200 in May 1981, and its first -600 in September 1985. The airline operated 33 A330s over the last 37 years. **Thai** hopes to sell its nine A300-600s which are in storage.

Airbus Restored the Last Caravelle (SN 282). The final **Sud Aviation/Aerospatiale** Caravelle 12 was built in 1973 and delivered to **Air Inter**, which later merged into **Air France**. The prototype of the innovative French twin jet first flew on May 27, 1955, and the first production SE-210 Caravelle Is were certified in May 1959 and delivered to launch customers **Air France** and **SAS**. The Caravelle served continuously in Europe until late 1996, when **Air Provence** retired its last Caravelle 12. The first Caravelle Is carried 80 passengers and the final iteration was stretched to accommodate 140 tourist seats.

Avioserv, San Diego, recently completed the disassembly of two fully QEC'd CFM56-7B engines. The material from these engines is being made available for immediate sale.

Accidents and Safety

From Aviation Safety Foundation

Swiftair McDonnell Douglas MD-83 (EC-LTV, SN 53190), operating for **Air Algérie**, crashed in the area of Gossi, Mali, on July 24. All 110 passengers and six crew died in the accident. The pilot requested a route change to avoid bad weather and later asked to return to its departure point at

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Ouagadougou, Burkina Faso. **Air Algérie** wet-leased the airplane from Spanish airline **Swiftair** for the summer season. French armed forces based in Mali assisted in locating the wreckage. It appears that the aircraft was brought down by a sand storm.

Malaysian Airlines (MAS) Boeing 777-2H6ER (9M-MRD, SN 28411) crashed near the Russia-Ukraine border on July 17. The airplane was traveling from Amsterdam to Kuala Lumpur when it was allegedly struck by a Buk 11 anti-aircraft missile fired by Ukrainian rebels. All 283 passengers and 15 crew were killed. The crash is being investigated by Dutch and Australian aviation authorities, but their access to the site is hampered by the civil war that rages in the secessionist region. The black box and voice recorder were recovered, as well as 200 of the bodies.

The Ukrainian Civil War claimed several other aircraft, most of which were shot down. **Ukrainian Air Force Ilyushin Il-76MD** (76777, SN 0083482490) was hit by a shoulder-fired missile and large caliber machine gun fire while attempting to land at **Lugansk Airport**, Ukraine, on July 16. All nine crew and the 40 soldiers on board were killed. **Ukrainian Air Force Antonov An-26** transport (19 blue, SN 9710) crashed near Izvaryne, Ukraine, after being hit by anti-aircraft fire on July 14. All eight people on board parachuted from the plane. Four were rescued by Ukrainian forces, two were captured and two are still missing. **Ukrainian Air Force Antonov An-30** reconnaissance airplane (80 yellow, SN 0608) crashed after being hit by ground fire near Slavyansk, Ukraine, on June 6. Three of the eight crew members survived by bailing out of the burning aircraft. Two **Ukrainian Air Force Sukhoi Su-25** fighter-bombers were shot down during the fighting. One was allegedly hit with an air-to-air missile fired by a Russian aircraft.

Constanta Yakolev Yak-40 (UR-MMK, SN 9521540) was burned out during a battle at **Donetsk Airport** between separatists and the **Ukrainian National Guard**, on May 26. The airplane was parked at the airport and was not occupied.

Aeroflot Ilyushin Il-96-300 (RA-96010, SN 74393201007) was destroyed by a fire while parked at **Sheremetyevo Airport**, Moscow, Russia on June 3. The fire apparently started in the cockpit area and spread through the cabin, and the airplane burned out completely. All of **Aeroflot's** Il-96 aircraft were withdrawn from service in April 2014 and were stored at **Sheremetyevo**.

Civil Unrest in Libya damaged or destroyed several aircraft that were parked at **Tripoli International Airport** in July. **Libyan Airlines Airbus A330-302** (5A-LAS, SN 1424) was struck by an RPG during fighting between rival militias on July 15. It suffered substantial damage to the right hand fuselage. **Libyan Air Force Ilyushin Il-76** transport (5A-DNG, SN 0013432961) was struck by RPG fire and burned out on July 16. **Afriqiyah Airway Airbus A330-202** (5A-ONE, SN 999) was struck by an RPG at Tripoli on July 20. The airplane was hit in the tail, caught fire and burned out. On the same day, **Libyan Airlines Bombardier CRJ900ER** (5A-LAB, SN 15121) was struck by RPG fire and burst into flames. It is considered a write off as well. On July 27, an unserviceable **Ilyushin Il-76** transport, owned by **Libyan Air Cargo** was hit during the continuing battles around the airport. The aircraft was destroyed in the resulting fire. Militia shelling of **Tripoli Airport** has destroyed 90 percent of the airplanes parked there, a government spokesman said. It was not clear how many aircraft were destroyed, but the airport was the main hub for several Libyan carriers.

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Pakistan International Airlines Airbus A310-324ET (AP-BGN, SN 676) was hit by ground fire while landing at **Peshawar-Bacha Khan International Airport**, Pakistan, on June 24. Two cabin crew members and a female passenger were hit by bullets and the passenger died. The airplane was struck by at least fifteen bullets.

Skyward International Aviation Fokker F50 freighter (5Y-CET, SN 20262) crashed into a residential area 2 kilometers north east of **Nairobi-Jomo Kenyatta International Airport**, shortly after takeoff on July 2. All four crew members were killed and the aircraft was destroyed.

Taxi Aereo Ribeiro Embraer EMB-110P1 Bandeirante (PT-TAW, 110258) was damaged in a belly landing near **Foz do Iguaçu Airport** in Brazil on July 28. The airplane landed in a corn field shortly after takeoff and sustained damage to the fuselage and both propellers. None of the four people on board were seriously injured, but the 34-year-old plane will probably be written off.

Transasia Airways ATR ATR 72-500 (B-22810, SN 642) crashed while trying to land at **Magong Airport**, Taiwan, on July 23. Ten of the 48 passenger survived the accident, but the four crew members died. The airplane was trying to land during the aftermath of a typhoon, when the flight crew radioed they were going around. The airplane hit some trees and came to rest in a residential area.

United Airways ATR ATR 72-212 (S2-AFN, SN 379) was damaged in a landing accident at **Cox's Bazar Airport**, Bangladesh, on July 20. Upon landing, the nose gear collapsed, causing severe damage to the forward fuselage of the airplane. None of the 43 passengers, nor five crew were killed. The airplane was 20 years old and may be written off.

Boeing Scrapped the Six 737 Fuselages that were dumped beside the Clark Fork River in western Montana. A train carrying the six fuselages from **Spirit Aerosystems** in Wichita, Kansas, to Renton, Washington, derailed on July 3. Two airplane bodies ended up in the river and the rest lay on the banks. They were damaged during the train wreck and the subsequent recovery. A **Boeing** technical team inspected the fuselages after recovery and deemed them beyond repair. **Pacific Steel** in Missoula, chopped up the zinc-chromate-green aluminum tubes and crushed them into cubes. **Boeing** usually ships three fuselages per train, so it had the misfortune of doubling up this time. The loss of the six fuselages will put a slight crimp on **Boeing's** plans to build 42 737s per month in the second half. It built 239 airframes in the first half, and will deliver an estimated total of 490 737s in 2014. **Boeing** senior VP **Pat Shanahan** said, "There's a lot of commonality between (airline) customers, but not to the degree you can just substitute one fuselage for another. Our intent is to make it up, but it's not something you can just pull ahead in a matter of weeks or days. We're working right now with **Spirit** and to understand what surge capacity they have. It's not like they have a lot of extra capacity."

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Since its establishment in 1962, AVMARK has been providing consulting management services to all sectors of the aviation community. From offices in Washington DC and Singapore, together with associates based in United States (North America), Ecuador (South America), Spain (Europe), Congo (Africa), New Delhi (India and Asian Market), we serve a worldwide clientele. Our staff is comprised of professionals with extensive, successful careers in technical, commercial and managerial areas of aviation enterprises; combining real world operational experience with sophisticated analytical tools to provide our clients with the most effective solutions to their problems.

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STA is designed as an easy to use reference guide to compare the operating and cost parameters of 35 regional jet and turboprop aircraft. Information includes development history, current production status, configuration and operating performance and costs as reported to the DOT. Pictures of each aircraft are also included.

SMALL TRANSPORT AIRCRAFT
A Catalog of New and Used Commuter / Regional Aircraft
2004
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MARKET OVERVIEW

Most dynamic and fastest growing segment in the world, using old generation propeller aircraft to transport 90 million passengers using state of the art technology.

Airline Association (RAA):

Aviation:

DOT:

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ATR 42-300

In Service: 1985 Orders: Out of Production Deliveries: 284

Specifications	
Accommodations	
Passengers*	46
Pilot	2
Cabin Attendants	1
Powerplant	
2 Pratt & Whitney PWC120 Turboprops	1,800 SHP / 1,342 kW
Hamilton Propellers	4 blades
External Dimensions	
Length	74 ft 8 in
Wingspan	60 ft 7 in
Height	24 ft 11 in
Weight	
Empty	48,815 lb
Max Ramp	56,155 lb
Max Takeoff	53,510 lb
Max Landing	22,875 lb
Max Ramp	10,325 lb
Max Takeoff	9,920 lb
Max Landing	40.53 lb / sq ft
Max Ramp	10.23 lb / cu ft

Standard Equipment: Right engine Propeller Brake, Airsearch Air Conditioning, Stall Warning.

Optional Equipment: KLN 900 GPS/W, FMS, Area Navigation (RNAV), Microwave Landing System, VLF Omegat Long Range Navigation System, Dual Honeywell AZ-800 Digital Air Data Computers, PA System, HF Radio, Collins Avionics in place of King Avionics, CAT II.

Avionics: EDZ 820 Electronic Flight Instrument System (EFIS) - 4 CRT's for dual Attitude and Heading Reference Systems (AHRS), Dual Autopilot, Dual Computer (ADC), 1 CFZ 800 Automatic Flight Director, Dual King Gold Crown VHF Nav, Radios, DME, Radio Altimeter, Honeywell P-800 Weather Radar.

Price List

Years Built	Base (\$ mil)
85-99	2.0

ATR 42-300 85-99 2.0

Direct Operating Costs (\$ per block hour)

Utilization (Block Hours / Year)	
Average Stage Length (nm)	100 300
Flying Operations	
Flight Crew, Salaries / Expenses	\$198 \$188
Fuel, Oil, Taxes	\$173 \$162
Other	\$3 \$3
Aircraft Costs	
Insurance	\$3 \$3
Maintenance	\$478 \$415
Depreciation	\$62 \$62
Rentals	\$318 \$318
Total Direct Operating Costs	\$806 \$683
Cost per Available Seat Mile - \$	12.33 8.65
Cost per Airplane Mile	\$5.67 \$4.44
Cost per Seat Block Hour	\$16.67 \$15.1

Note: Data from DOT Airline Reports.

ATR 42-300

PAYLOAD VS. RANGE

Range (nm)

Distance (nm)

ATR 42

THE AVIONS DE TRANSPORT REGIONAL (ATR) first flew in August 1984, and entered service in December 1985 with the French regional Air. The aircraft is a joint venture between Aerospatiale of France and Aeritalia of Italy. The ATR 42's name originally designated it as a 42 passenger aircraft, but subsequent reduction of the forward baggage compartment now allows for a seating configuration of up to 50 passengers.

The baseline aircraft is the ATR 42-300/320 powered respectively by PW120/121 engines. The latest version is the ATR 42-500 powered by PW127x engines and Hamilton six-bladed propellers. Thus increasing the payload to 12,015 lb and the cruise speed to 300 kts.

The standard front cargo door allows the aircraft to be quickly converted from a passenger layout to freighter. Unique among turboprops, is the integration of a Propeller Brake on the right engine, which allows running of the engine in "Hotel Mode" to provide aircraft electrical power and air conditioning without the inconvenience and safety hazards of a rotating propeller.

The ATR 42 and ATR 72 have a very high degree of commonality, allowing for cross-crew qualification, and a common spare parts holding.

TYPICAL CABIN CONFIGURATION

48-seats in a four-abreast layout with a center aisle. Access to the cabin is by an air stair at the rear passenger door, and a modular galley in the rear of the aircraft is serviced through the same door. A standard toilet is located in the rear of the aircraft behind the passenger door. Baggage is accommodated in overhead bins on both sides of the cabin, under seat storage, in an externally accessed forward and aft baggage compartment, and in a closet.

US \$ 350.00

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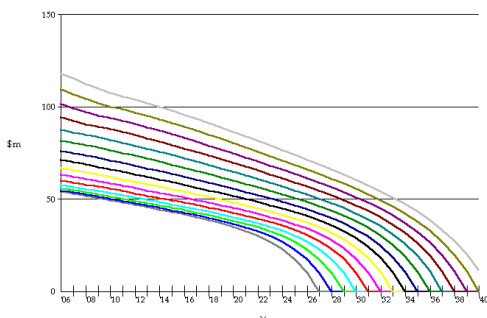
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CAVAS Graph



Profit & Loss Report

Aircraft Type	Period	1	2	3	4	5	6
REVENUES (US\$)							
Passengers	49,328,754	49,270,739	49,212,559	49,154,213	49,095,701	49,037,189	48,978,677
Freight & Mail	8,879,176	8,868,733	8,858,261	8,847,758	8,837,226	8,826,673	8,816,110
Other Revenue	986,575	985,415	984,251	983,084	981,914	980,744	979,574
TOTAL OPERATING REVENUE	59,194,505	59,124,887	59,055,070	58,985,055	58,914,841	58,844,627	58,774,413
VARIABLE EXPENSES							
Fuel	6,918,975	6,917,340	6,915,670	6,913,977	6,912,265	6,910,533	6,908,781
Landing Fees	3,021,823	3,021,823	3,021,823	3,021,823	3,021,823	3,021,823	3,021,823
Enroute Charges	392,440	392,440	392,440	392,440	392,440	392,440	392,440
Pax Commissions	7,399,313	7,399,313	7,399,313	7,399,313	7,399,313	7,399,313	7,399,313
Freight Commissions	1,331,876	1,331,876	1,331,876	1,331,876	1,331,876	1,331,876	1,331,876
Food & Supplies	3,993,194	3,993,194	3,993,194	3,993,194	3,993,194	3,993,194	3,993,194
Passenger Liability Insurance	379,590	379,590	379,590	379,590	379,590	379,590	379,590
TOTAL VARIABLE COST	23,443,212	23,443,212	23,443,212	23,443,212	23,443,212	23,443,212	23,443,212
SEMI-VARIABLE EXPENSES							
Crew Salaries & Expenses	5,177,760	5,177,760	5,177,760	5,177,760	5,177,760	5,177,760	5,177,760
Maintenance & Engineering	587,650	587,650	587,650	587,650	587,650	587,650	587,650
TOTAL SEMI-VARIABLE COST	5,765,410	5,765,410	5,765,410	5,765,410	5,765,410	5,765,410	5,765,410
TOTAL OPERATING COST	29,208,622	29,208,622	29,208,622	29,208,622	29,208,622	29,208,622	29,208,622
OPERATING PROFIT OR LOSS	29,985,883	29,916,265	29,846,448	29,776,631	29,706,814	29,636,997	29,567,180
D-CHECK ADJUSTMENT							
Cumulative Hours	4,830	9,650	14,459	19,257	24,045	28,833	33,621
Cumulative Dollars	315,000	0	0	0	0	0	0
ADJUSTED CASH FLOW	25,841,782	25,329,851	24,506,290	23,686,100	22,869,282	22,052,464	21,235,646
AIRCRAFT LIFE ADJ. CASH FLOW	25,841,782	25,329,851	24,506,290	23,686,100	22,869,282	22,052,464	21,235,646

Profit & Loss Report

Aircraft Type	Period	1	2	3	4	5	6
FIXED EXPENSES							
Station Overhead	346,597	345,923	345,249	344,575	343,901	343,227	342,553
Maintenance Burden	176,295	351,824	526,586	700,581	873,810	1,047,039	1,220,268
Other Overhead	0	0	0	0	0	0	0
TOTAL FIXED COST	522,892	697,747	871,835	1,045,156	1,217,711	1,390,266	1,562,821
TOTAL OPERATING COST	31,464,497	32,185,749	32,903,601	33,618,052	34,329,104	35,039,156	35,749,208
General & Admin. Allocation	1,573,225	1,609,287	1,645,180	1,680,303	1,716,455	1,752,607	1,788,759
TOTAL COST	33,037,722	33,795,036	34,548,781	35,298,355	36,045,559	36,791,763	37,537,967
OPERATING PROFIT OR LOSS	26,156,782	25,329,851	24,506,290	23,686,100	22,869,282	22,052,464	21,235,646
D-CHECK ADJUSTMENT							
Cumulative Hours	4,830	9,650	14,459	19,257	24,045	28,833	33,621
Cumulative Dollars	315,000	0	0	0	0	0	0
ADJUSTED CASH FLOW	25,841,782	25,329,851	24,506,290	23,686,100	22,869,282	22,052,464	21,235,646
AIRCRAFT LIFE ADJ. CASH FLOW	25,841,782	25,329,851	24,506,290	23,686,100	22,869,282	22,052,464	21,235,646

Select Aircraft Type

Available Aircraft

- Airbus A300B4-600R
- Airbus A300B4-600RF
- Airbus A310-200
- Airbus A310-200F
- Airbus A310-300
- Airbus A310-300F
- Airbus A318
- Airbus A319-100
- Airbus A320-100
- Airbus A320-200
- Airbus A321-100
- Airbus A321-200
- Airbus A330-200
- Airbus A330-300
- Airbus A340-200
- Airbus A340-300
- Airbus A340-500
- Airbus A340-600
- Airbus A350-800
- Airbus A350-900
- Airbus A380-800
- Avro RJ-100
- Avro RJ-70
- Avro RJ-85
- BAe 111-200/300/400/500

Picture

Selected: Airbus A340-300

Description: Widebody 4 Engine Passenger

Manufactured: 1992 To 2006

Values: \$54.00m \$118.00m

Estimated Life: 35 years File No. 013

Search Term

Add Modify Delete OK

Aircraft: Airbus A340-300 - Widebody 4 Engine Passenger

CAVAS Figures

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
2007	54.00	54.61	55.83	57.66	60.10	63.14	66.80	71.07	75.94	81.43	87.52	94.23	101.54	109.47	118.00
2008	52.85	53.49	54.70	56.56	58.99	62.01	65.62	69.95	74.86	80.37	85.92	92.18	99.12	106.73	115.25
2009	51.68	52.36	53.61	55.43	57.85	60.84	64.42	68.69	73.65	79.18	84.76	90.48	96.97	104.20	112.39
2010	50.49	51.19	52.46	54.29	56.70	59.67	63.24	67.50	72.44	77.95	83.52	89.39	95.54	102.54	110.00
2011	49.28	49.99	51.27	53.10	55.50	58.46	62.01	66.24	71.15	76.64	82.22	88.03	94.09	100.74	107.50
2012	48.06	48.78	50.06	51.89	54.28	57.23	60.77	64.98	69.86	75.32	80.87	86.66	92.64	98.94	105.50
2013	46.83	47.55	48.83	50.66	53.04	56.00	59.53	63.73	68.60	74.04	79.52	85.19	91.00	97.00	103.00
2014	45.60	46.32	47.60	49.43	51.81	54.76	58.29	62.48	67.34	72.76	78.22	83.87	89.64	95.50	101.50
2015	44.37	45.09	46.37	48.20	50.58	53.53	57.06	61.25	66.10	71.50	76.92	82.53	88.20	93.90	99.50
2016	43.14	43.86	45.14	46.97	49.35	52.30	55.82	59.99	64.82	70.20	75.59	81.00	86.40	91.80	97.00
2017	41.91	42.63	43.91	45.74	48.12	51.07	54.59	58.75	63.56	68.92	74.20	79.50	84.80	90.00	95.00
2018	40.68	41.40	42.68	44.51	46.89	49.84	53.36	57.51	62.30	67.64	72.90	78.10	83.30	88.50	93.50
2019	39.45	40.17	41.45	43.28	45.66	48.61	52.13	56.28	61.05	66.30	71.50	76.60	81.70	86.80	91.80
2020	38.22	38.94	40.22	42.05	44.43	47.38	50.90	55.05	59.81	65.00	70.10	75.10	80.10	85.10	90.00
2021	36.99	37.71	38.99	40.82	43.20	46.15	49.67	53.82	58.57	63.75	68.80	73.70	78.50	83.30	88.00
2022	35.76	36.48	37.76	39.59	41.97	44.92	48.44	52.59	57.34	62.50	67.50	72.30	76.90	81.50	86.00
2023	34.53	35.25	36.53	38.36	40.74	43.69	47.21	51.36	56.11	61.27	66.20	71.00	75.60	80.10	84.50
2024	33.30	34.02	35.30	37.13	39.51	42.46	45.98	49.50	53.65	58.30	63.20	67.90	72.40	76.80	81.10
2025	32.07	32.79	34.07	35.90	38.28	41.23	44.75	48.27	52.42	57.07	61.80	66.30	70.60	74.80	78.90
2026	30.84	31.56	32.84	34.67	37.05	39.99	43.51	47.03	51.18	55.83	60.40	64.70	68.80	72.80	76.70
2027	29.61	30.33	31.61	33.44	35.82	38.76	42.28	45.80	49.95	54.60	59.00	63.20	67.20	71.10	74.90
2028	28.38	29.10	30.38	32.21	34.59	37.53	41.05	44.57	48.72	53.37	57.80	62.00	65.90	69.60	73.20
2029	27.15	27.87	29.15	30.98	33.36	36.30	39.82	43.34	47.49	52.14	56.50	60.60	64.50	68.20	71.70
2030	25.92	26.64	27.92	29.75	32.13	35.07	38.59	42.11	46.26	50.91	55.20	59.20	62.90	66.40	69.70
2031	24.69	25.41	26.69	28.52	30.90	33.84	37.36	40.88	44.40	48.55	52.80	56.70	60.30	63.70	66.90
2032	23.46	24.18	25.46	27.29	29.67	32.60	36.12	39.64	43.16	46.70	50.80	54.50	57.80	60.90	63.80
2033	22.23	22.95	24.23	26.06	28.44	31.37	34.89	38.41	41.93	45.45	49.00	52.50	55.80	58.90	61.70
2034	21.00	21.72	23.00	24.83	27.21	30.14	33.66	37.18	40.70	44.22	47.70	51.10	54.30	57.30	60.10
2035	19.77	20.49	21.77	23.60	25.98	28.91	32.43	35.95	39.47	42.99	46.40	49.70	52.80	55.70	58.40
2036	18.54	19.26	20.54	22.37	24.75	27.68	31.20	34.72	38.24	41.76	45.10	48.30	51.30	54.10	56.70
2037	17.31	18.03	19.31	21.14	23.52	26.45	30.00	33.52	37.04	40.56	43.90	47.10	50.00	52.70	55.20
2038	16.08	16.80	18.08	19.91	22.29	25.22	28.74	32.26	35.78	39.30	42.70	45.90	48.80	51.50	54.00
2039	14.85	15.57	16.85	18.68	21.06	24.00	27.52	31.04	34.56	38.08	41.40	44.50	47.30	49.80	52.20
2040	13.62	14.34	15.62	17.45	19.83	22.76	26.28	29.80	33.32	36.84	40.10	43.20	45.90	48.30	50.50
2041	12.39	13.11	14.39	16.22	18.60	21.53	25.05	28.57	32.09	35.61	38.80	41.80	44.50	46.90	49.00
2042	11.16	11.88	13.16	14.99	17.37	20.30	23.82	27.34	30.86	34.38	37.50	40.40	43.00	45.30	47.40
2043	9.93	10.65	11.93	13.76	16.14	19.07	22.59	26.11	29.63	33.15	36.20	38.90	41.40	43.70	45.70
2044	8.70	9.42	10.70	12.53	14.91	17.84	21.36	24.88	28.40	31.92	34.90	37.40	39.70	41.80	43.70
2045	7.47	8.19	9.47	11.30	13.68	16.61	20.13	23.65	27.17	30.69	33.60	36.00	38.20	40.20	41.90
2046	6.24	6.96	8.24	10.07	12.45	15.38	18.90	22.42	25.94	29.46	32.30	34.50	36.50	38.30	39.90
2047	5.01	5.73	7.01	8.84	11.22	14.15	17.67	21.19	24.71	28.23	31.00	33.10	34.90	36.50	37.90
2048	3.78	4.50	5.78	7.61	9.99	12.92	16.44	19.96	23.48	26.90	29.60	31.50	33.00	34.40	35.60
2049	2.55	3.27	4.55	6.38	8.76	11.69	15.21	18.73	22.25	25.67	28.20	29.90	31.20	32.40	33.40
2050	1.32	2.04	3.32	5.15	7.53	10.46	13.98	17.50	21.02	24.44	26.90	28.30	29.40	30.40	31.20



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