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Newsletter

Market Comment

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Farnborough International Airshow 2012. Airbus sold 115 aircraft worth about \$16.9 billion at list prices. The commitments included firm purchase orders for 54 aircraft worth around \$11.1 billion, and Memorandum of Understanding (MoU) for 61 aircraft worth \$5.8 billion. **Cathay Pacific Airways** purchased 10 new A350-1000s and switched 16 previously ordered A350-900s to the new larger variant. The deal was worth \$4.2 billion and was the leading order for **Airbus** announced at the show. **Cathay Pacific's** A350-1000s will be powered by 97,000 pound thrust Trent XWB turbofans from **Rolls-Royce**. **Airbus** announced the sale of 10 A330 Family aircraft, worth \$2.3 billion, to **CIT Group**. The lessor launched the new upgraded 240-ton take-off weight version of the A330 with its order. This version offers up to 400nm more range and nearly five tonnes more payload than the current A330. **Synergy Aerospace**, the parent of **Avianca**, ordered six passenger A330-200s and three A330-200F freighters. **Airbus** won 57 commitments for the 'current engine option' (ceo) A320 Family at Farnborough. **China Aircraft Leasing Company (CALC)** signed a MoU for 36 standard A320s, while **UTair's** placed a firm order for 20 A321s worth more than \$2 billion. **Avolon, Middle East Airlines, and Arkia Israel Airlines** placed a combined order for 29 'new engine option' A320neo Family aircraft. The 86 A320 commitments are valued at over \$8.4 billion.

Airbus Sales Chief John Leahy said the company was on course to win 600-650 total aircraft orders in 2012. The **Cathay Pacific** A350-1000 order broke a three-year order drought for the \$320 million passenger jet. The 350-seat A350 has been outsold by the Boeing 777-300ER. Even so, **Airbus** has sold out the -1000 production slots until late in the decade. The A350-1000 is scheduled to enter service in 2017.

Boeing Had an Excellent Farnborough Airshow. **United Airlines** announced its order for 100 new 737 MAX 9s and 50 Next Generation 737-900ERs late in the **Farnborough International Airshow** week. The deal raised total 737 orders to 10,039 and was valued at \$14.7 billion at list prices. The first 737-900ER will enter service in 2013 and the 737 MAX 9s will be delivered between 2018 and 2022. **Air Lease Corporation (ALC)** announced that it ordered 60 737 MAX 8 aircraft worth approximately \$6 billion (\$100 million each) at list prices. The lessor also signed a firm order for 15 737 MAX 9 airplanes, and reconfirmed purchase rights for 25 additional 737 MAXs. The total order is list-priced at \$7.2 billion, represents the first 737 MAX order by

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a leasing company. **Avolon** committed to buy 10 737 MAX 8s and five 737 MAX 9s, and it reconfirmed its purchase rights for five more 737 MAX airplanes. The Dublin-based lessor said it will also purchase 10 Next-Generation 737-800s. The whole deal will have a list-price value of \$2.3 billion when it is finalized. **ALAFCO**, Kuwait, committed to buy 20 737 MAX 8s valued at \$1.9 billion at current list prices. **GE Capital Aviation Services (GECAS)** announced at the **Farnborough Airshow** that it will purchase 75 737 MAX 8s and 25 Next-Generation 737-800s. The commitment builds on the momentum for the 737 MAX. The 737 MAX program has accumulated more than 1,000 orders and commitments from 17 customers worldwide since its launch on Aug. 30, 2011. **Ethiopian Airlines** announced its order for one additional 777-200LR (Longer Range) Worldliner in mid July. The latest plane is valued at approximately \$276 million at list price. Before the **Farnborough International Airshow**, **Virgin Australia** finalized its firm order for 23 737 MAX 8 airplanes, and optioned four additional 737 MAXs.

Airbus Orders

Airbus Sold 37 A320 Family Aircraft in May. New single-aisle sales pushed **Airbus'** total firm orders past the 8,400 mark. The manufacturer delivered 45 aircraft in May, including 34 A320 Family aircraft to customers. This raised total A320 deliveries above 5,100. **Air Asia** added its 100th A320, and **China Eastern** received a record six A320s. **Airbus** handed over three A380s – **Malaysia Airlines** accepted its first A380 and became the eighth operator of the super jumbo jet. **Air France** and **Lufthansa** each received another A380. The manufacturer provided eight A330s to international customers. As of May 31, **Airbus** made a combined total of 228 deliveries to 63 customers, an increase from the 217 in the same timeframe during the previous year. By that date, the Airbus backlog stood at 4,341 aircraft, composed of 3,293 A320 Family jetliners; 870 from the A330, A340 and A350 XWB product lines; along with 178 A380s.

Air Lease Corporation signed a contract for 36 A320neo (new engine option) family aircraft in May, confirming the Memorandum of Understanding (MoU) announced at **Paris Airshow** in June 2011. The leasing company is buying 20 of the larger A321neo model in line with the market trend towards larger aircraft across all market segments, plus 14 options. With this latest agreement, the Los Angeles-based leasing company has ordered 100 Airbuses, including 50 A320 Family, 36

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A320neo Family and 14 A330 Family aircraft. **Airbus** has 1,325 contracts for new engine option versions of the A319, A320 and A321 from 25 customers worldwide.

BOC Aviation purchased another standard A320 in May, which **Airbus** described as the “current engine option” (ceo). In the first five months of 2012, the airframer booked a net total of 132 new aircraft of all types. This compared favorably with its net sales of 97 aircraft in the same period last year.

Airbus Added 104 New Aircraft Orders in June – split between 100 A320neos for **Norwegian** and four A380s for **Transaero**. The manufacturer delivered 51 jetliners including the first deliveries of the A330-200F and A320 to two different customers. The company delivered 41 A320 Family aircraft to international customers. This number included the first A320 delivered to **THAI Smile** – a new regional sub-brand of **Thai Airways International**. For the second time in the past two months, **Air France** and **Lufthansa** each added one more A380 to their growing fleets. **BOC Aviation** received its first two A330-200F freighters and leased one to **Hong Kong Airlines** and the other to **Yangtze River Express Airlines**. **Airbus** also delivered four A330-200s and two A330-300s to customers in the U.S., Australia, China and Europe. As of June 30, **Airbus** had sold 230 new aircraft and its overall backlog increased to 4,388 aircraft.

Norwegian Air Shuttle confirmed its commitment to order 100 A320neo aircraft. The preliminary contract was signed in January. The June order made **Norwegian** one of the biggest A320neo customers and a new **Airbus** customer as well. **Norwegian** operates a network of low-cost services across Europe into North Africa and the Middle East. The new aircraft will seat approximately 180 passengers in a single class cabin. The first A320neos will be delivered after 2016.

Transaero Airlines, Russia, firmed up its acquisition of four A380s – making the airline the first A380 customer in Russia, the CIS and Eastern Europe. The four planes will be delivered in 2015 and will be

Airbus Orders, Deliveries and Backlog May 2012

MAY ORD	MAY DEL	MAY CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			A318		
-0-	-0-	-0-	81	77	4
			A319		
-0-	2	-0-	1,519	1,333	186
			A320		
37	28	-0-	5,672	3000	2,672
			A321		
-0-	4	-0-	1,146	715	431
			A330		
-0-	8	-0-	1,199	879	320
			A340		
-0-	-0-	-0-	377	375	2
			A350		
-0-	-0-	-0-	548	-0-	548
			A380		
-0-	3	-0-	253	75	178
This Month			This Year		BL
37	45	-0-	132	228	4,341

Airbus sold 11,611 aircraft and delivered 7,270 as of May 31, 2012.

Total orders, deliveries and backlog include cancellations and order changes.

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worth \$1.5 billion. The A380s will operate on **Transaero's** long-range, high-density routes from Moscow, and will be configured in a three-class cabin layout seating approximately 700 passengers. Russia's **VEB Leasing** will finance the acquisition of **Transaero's** four new Airbus A380s.

At the 2012 Farnborough International Airshow, **Avolon**, an Irish-based leasing company, announced a Memorandum of Understanding (MoU) for 15 A320neo Family aircraft. **Avolon** is a new customer for the A320neo, but it previously ordered 23 current engine option A320s. The lessor will make its engine selection later. **UTair**, one of Russia's leading carriers, ordered 20 A321s during the Airshow. This is the largest order for the type received from a carrier in the region and the first time that **UTair** has ordered Airbus aircraft. The airline ordered seven 737-900ERs and 33 737-800s in September 2011. The carrier's A321s will feature a 220-seat, single-class cabin and will be used to develop **UTair's** charter network of popular leisure destinations. The

airline was founded in 1967 and has grown to be Russia's third largest carrier. It currently operates a fleet of some 200 aircraft on routes to more than 60 domestic and 40 international destinations. The Lebanese flag carrier, **Middle East Airlines-Air Liban (MEA)**, signed a MoU for five A320neo and five A321neo aircraft and it optioned eight more. **MEA** will announce its engine choice at a later date. The airline currently operates four nine A320s, four A321s and A330-200s. **China Aircraft Leasing Company (CALC)**, a Hong Kong based aircraft leasing company, signed a MoU for 36 current-generation A320 Family aircraft. The lessor specified that eight of the planes were to be delivered as A321s. Customers will be able to specify the fitting of **Airbus'** new fuel saving **Sharklets** on their planes. **CALC** currently owns a portfolio of five A320s, five A321s and one A330. It has three A330s and five A320s on order. With the latest commitment, **CALC** will have more than 50 Airbuses. Bhutan's national airline, **Drukair**, ordered its first A319 equipped with **Sharklets** to complement its existing fleet of two A319s. The order is confirmation of a MoU that was signed in February. The Sharklet-fitted A319 will allow **Drukair** to launch new routes to international tourist crossroads like

Airbus Orders, Deliveries and Backlog June 2012

JUN ORD	JUN DEL	JUN CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			A318		
-0-	-0-	-0-	81	77	4
			A319		
-0-	2	-0-	1,519	1,335	184
			A320		
100	30	-0-	5,766	3030	2,736
			A321		
-0-	9	-0-	1,152	724	428
			A330		
-0-	8	-6	1,193	887	306
			A340		
-0-	-0-	-0-	377	375	2
			A350		
-0-	-0-	-0-	548	-0-	548
			A380		
4	2	-0-	257	77	180
This Month			This Year		BL
104	51	-6	230	279	4,388

Airbus sold 11,709 aircraft and delivered 7,321 as of June 30, 2012.

Total orders, deliveries and backlog include cancellations and order changes.

Singapore and Hong Kong. **Arkia Israeli Airlines**, the country's second biggest airline, became a new **Airbus** customer when it purchased four A321neos. It is the first Israeli airline to order **Airbus** aircraft. The aircraft will seat 220 passengers in a single-class, all-economy configuration. The A321neo will allow **Arkia** to expand its routes to European and domestic cities. **Arkia** will make its engine selection at a later date.

Airbus Twin-Jet Widebody Sales at the 2012 Farnborough International Airshow, **Synergy Aerospace** signed a firm order for six passenger A330-200s and three A330-200F freighters. The purchaser will make its engine choice later. **Synergy Aerospace** is a holding company that controls **Avianca** and **Tampa Cargo** in Colombia, **Avianca Brazil**, **VarigLog** and **Synerjet** in Brazil, **VIP** and **Aerogal** in Ecuador, and **Capital Airlines** in Nigeria. **Avianca** has previously taken delivery of eight A330-200s and has two -200s and four -200Fs on order. **Aerogal** and **Avianca Brazil** operate A320 Family aircraft and **Synergy Aerospace** has outstanding orders for 10 A350-900s. A global leader in transportation finance, **CIT Group**, launched the new, longer-range A330 with its order for 10 more A330 Family aircraft. The deal includes the firming of five previous A330 commitments and a new agreement to buy five additional A330s. Prior to the **Airshow**, the lessor had ordered 35 A330-200s and six A330-300s. The new order increases **CIT's** A330 fleet to 51. **Cathay Pacific Airways** announced its order for 10 A350-1000 XWB aircraft on the first day of the **Farnborough Airshow**. The agreement included the conversion 16 existing A350-900 orders to the larger A350-1000 type. The acquisition of the A350-1000 is subject to the approval of the airline's board. When approved, **Cathay Pacific** will have ordered 48 A350 XWB aircraft. The airline also has separate lease agreements to acquire two more aircraft. The A350-1000 typically seats 350 passengers in a three-class layout, and it will be capable of flying 8,400 nautical miles non-stop. **Cathay** will operate it on higher-density routes, including its longest non-stop flights to Europe and North America. The first ones will be delivered in 2017.

Airbus to Build A320 Family Aircraft in the U.S. The company announced it will establish an A320 Final Assembly Line manufacturing facility at the **Brookley Aeroplex** in Mobile, Alabama. **Airbus'** first U.S.-based production facility will start building airplanes in 2015, and the first planes will be delivered in 2016. **Airbus** expects to complete 40 to 50 aircraft per year by 2018. **Airbus** President & CEO **Fabrice Brégier**, told the press at Mobile, "The time is right for **Airbus** to expand in America. The U.S. is the largest single-aisle aircraft market in the world – with a projected need for 4,600 aircraft over the next 20 years. Mobile is now becoming part of **Airbus'** global production network, joining our successful and growing assembly lines in Hamburg, Toulouse and Tainjin [China]." **Airbus** has a strong presence in the United States. The company operates an Engineering Center in Mobile's **Brookley Aeroplex** and services **U.S. Coast Guard** C-295 aircraft. All together, **Airbus'** U.S. facilities employ more than 1,000 people. The company expects to create as many as 1,000 new high-skilled jobs at the new Mobile assembly line. The production facility in Mobile will reduce **Airbus's** currency risk by increasing its exposure to costs in dollars, the currency in which Airbuses are sold. The manufacturer did intend to build the KC-330 tanker-transport in Alabama, but it lost the tanker contract to **Boeing**.

Etihad Airways Buys Sharklets. The national airline of the UAE will have **Airbus** equip 17 of the 19 A320 Family aircraft it has ordered. The first of the Sharklet-equipped A320s and A321s will be delivered in the third quarter of 2013. The airline ordered 20 A320 Family aircraft at **Farnborough Airshow** in 2010 and took delivery of the first one in the last quarter of 2011. **Etihad Airways** operates

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50 Airbus passenger aircraft (17 A320 Family, 33 A330/A340 Family) and two A330-200 Freighter aircraft. It has another 43 Airbuses on order, including 10 A380s.

Airbus Started “Cutting Metal” for the A320neo in Toulouse, France, in July. Workers began machining the A320neo’s first engine pylon component at the **Saint-Eloi** pylon and nacelle factory. Pylons hold the engine to the wing. The A320neo pylons are very similar to the standard A320’s pylon design, but it incorporates more titanium and features an advanced ‘aft-pylon-fairing’ concept specifically tailored for the more fuel efficient NEO engines. **Airbus’ Saint-Eloi** facility specializes in the design, manufacturing, assembly, equipping and testing of engine pylons. It also designs and manufactures titanium nacelle parts for all **Airbus** aircraft. The first A320neo will enter into service in late 2015. The program won more than 1,400 firm orders since its launch in 2010.

Boeing Orders

Boeing Sold Only Eight New Jets in May, but they were all 777-300ERs, worth nearly \$300 million each at list price. In early May, **EVA Air** finalized its order for three extended range 777-300ERs and it took purchase rights for another four airplanes. The planes will be delivered from 2014 to 2016. The 777-300ERs were list priced at \$894 million, but analysts said standard market discounts reduce the real price to approximately \$490 million (\$163.3 million each). **EVA Air** currently operates 15 777-300ERs and was a launch customer for the 777-300ER in 2000. **Boeing** booked **Pakistan International Airlines’** firm order for five 777-300ERs in May. The order was announced in February and is valued at nearly \$1.5 billion at list prices. **Pakistan** took purchase rights for five additional 777-300ERs. **Boeing** delivered 36 737NGs, three 747s, two 767s, and eight 777s in May, for a total of 49. The company lost four 777 orders during the month.

In June, Boeing Sold 24 New Aircraft. **Alaska Airlines** ordered three 737-900ERs. **American Airlines** was identified as the unnamed purchaser of one 777-300ER. **Lion Air** purchased its first five 787s for long-haul services from Indonesia. **Federal Express** bought another 15 767-300Fs, for a total of 42.

Boeing May 2012 Orders, Deliveries					
MAY ORD	MAY DEL	MAY CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			737		
-0-	36	-0-	9,788	7,183	2,605
			747		
-0-	3	-0-	1,524	1,438	86
			767		
-0-	2	-0-	1,090	1,025	65
			777		
8	8	-4	1,371	1,017	354
			787		
-0-	-0-	-0-	854	11	843
This Month			This Year		BL
8	49	-4	420	237	3,953
Boeing sold 22,157 aircraft and delivered 18,204 as of May 31, 2012.					
The Current Program includes sales and deliveries of 737s, 747s, 767s, 777s and 787s.					
Sales totals are net, minus cancellations.					

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Boeing lost three 737 orders during the month. The manufacturer delivered 50 aircraft, including 35 737NGs, two 747-8s, two 767s, eight 777s and three 787s.

The Boeing Company delivered 150 commercial jets in the second quarter of 2012. Airlines and lessors took 109 737s, seven 747-8s, six 767s, 22 777s and six 787s. Military operators received two 737 AEW&C aircraft and three C-17s. During the first half, **Boeing** delivered two more C-17s and one P-8A, as well as 99 737NGs, four 747-8Fs, seven 767s, 20 777s and five 787s.

Jakarta-based Lion Air ordered five 787 Dreamliners for its newly launched premium carrier **Batik Air**. The contract is valued at \$967.5 million at list prices, but analysts put the actual sale price at approximately \$550 million after standard market discounts. Four months ago, **Lion Air** ordered 29 next-generation 737-900ERs and 201 new 737 MAX aircraft. The 230 planes were list-priced at \$22.4 billion. **Lion Air** also reserved purchase rights for 150 more 737s. That deal was **Boeing's** largest commercial airplane order both in dollar value and numbers of airplanes. **Lion Air** was founded in 1999.

Boeing June 2012 Orders, Deliveries

JUN ORD	JUN DEL	JUN CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			737		
3	35	-3	9,788	7,218	2,570
			747		
-0-	2	-0-	1,524	1,440	84
			767		
15	2	-0-	1,105	1,027	78
			777		
1	8	-0-	1,372	1,025	345
			787		
5	3	-0-	859	11	847
This Month			This Year		BL
24	50	-3	476	287	3,924

Boeing sold 22,178 aircraft and delivered 18,254 as of June 30, 2012.

The Current Program includes sales and deliveries of 737s, 747s, 767s, 777s and 787s.
Sales totals are net, minus cancellations.

FedEx Corp. agreed to buy 19 Boeing 767-300F freighters for delivery from fiscal 2015 to 2019. The 767Fs will replace McDonnell Douglas MD-10s and Airbus A310Fs. As part of the deal, **FedEx** converted four 777-200F freighter orders, list valued at \$1.1 billion, to an equivalent order for 767Fs. The company said the new 767s will be about 30 percent more fuel-efficient than the MD-10s, which should lower unit operating costs more than 20 percent, and improve the company's profitability. Manufacturers have cut their express shipments due to the stagnant economy. The **International Air Transport Association (IATA)** said air cargo fell 2.3 percent in the first four months of this year from the same period in 2011. The 767 order is **Boeing's** first sale of freighter aircraft this year, which illustrates the slump in the cargo market. **FedEx** retired 24 jets earlier this summer to cut capacity in its domestic **FedEx Express** division. The airline grounded five cargo jets in the first quarter and will withdraw 21 more from use in **FedEx's** 2013 fiscal year.

Avianca-TACA International, one of Latin America's leading airlines, converted three 787-8 Dreamliner options into firm orders. The carrier has now purchased 15 of the aircraft type. The airline's

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chief financial officer **Gerardo Grajales Lopez** said the company picked up the options in May, but the order was not posted on **Boeing's Orders and Deliveries** webpage. **Avianca-TACA** will receive its first 787 in April 2014, and will add three more by the end of the year. It will accept three 787s in 2015, three in 2016 and two in 2017. The most recently ordered batch will be delivered in 2019, Mr. **Lopez** said. Sixty percent of the 787s will be financed by the **Export-Import Bank** and the rest will be financed through sale and leaseback deals. The 787s will operate trans-Atlantic services to Europe and the planes will open more non-stop markets.

At the 2012 Farnborough International Airshow, **Boeing** announced **United Airline's** order for 150 737 MAX and **Air Lease Corporation's** purchase of 75 737s. Earlier in the month, **Virgin Australia** committed to buy 24 737s. One Unidentified Customer ordered three 737s.

United Continental Holdings, and its wholly owned subsidiary, **United Airlines**, ordered 100 new 737 MAX 9s and 50 Next Generation 737-900ERs. The order was announced late in the **Farnborough International Airshow** week and raised total 737 orders to 10,039. The **United** deal is valued at \$14.7 billion at list prices. The first 737-900ERs will be delivered in 2013 and the 737 MAX 9s will arrive between 2018 and 2022. The 737s will seat up to 180 passengers and will feature the **Boeing Sky Interior**. They will replace older, less fuel-efficient planes and will reduce the airline's operating costs the company said. **United** was the North American launch customer for the 737 MAX 9, and **Boeing** now has orders and commitments from 18 customers for than 1,200 737 MAX aircraft. **Boeing** VP and General Manager of the 737 program **Beverly Wyse** said, "To witness the first commercial airplane to surpass 10,000 orders is monumental. The 737 has continuously evolved and provides improved performance, reliability and exceptional value for our customers."

Boeing Predicts a \$4.5 Trillion Market for 34,000 new airplanes over the next 20 years. The company released its 2012 **Current Market Outlook (CMO)**. The company's annual forecast reflects the strength of the commercial aviation market and sees the doubling of the world's airline fleet. Airline traffic is expected to grow at an annual rate of 5 percent over the next two decades. Cargo traffic is projected to grow at an annual rate of 5.2 percent. **Boeing** anticipates the delivery of 23,240 single-aisle aircraft worth \$2,030 billion. Twin-aisle sales should reach 7,950 units, worth \$2,080 billion. The airlines need 790 very-large aircraft worth \$280 billion. The market for new regional jets should grow to 2,020, valued at \$80 billion. Airlines in the mature European and North American markets will need to replace older, less fuel-efficient airplanes. Replacement accounts for 41 percent of new deliveries in the forecast. The rapid growth in China, India and the Asia/Pacific market will be a major factor in the increased deliveries over the next 20 years, while low cost carriers are stimulating traffic through low fares. Asia-Pacific, including China, will continue to lead deliveries, with 12,030 airplanes. Europe and North America will need a total of 15,050 new airplanes. The Middle East and Latin America will nearly evenly split 4,880 deliveries, while Africa and the C.I.S. will take a total of 2,040 airplanes. Due to the slump in cargo traffic, **Boeing** lowered its projection for freighter deliveries over the next 20 years. Still, the world freighter fleet is projected to nearly double from 1,740 aircraft today to 3,200 at the end of the forecast period. Manufacturers will build 940 new freighters, with a market value of \$250 billion. Another 1,820 airplanes will be converted from passenger models. The market will be dominated by 680 new-build, large freighters, capable of carrying more than 88.2 tons of cargo. The market will need 260 medium-capacity freighters, while all the 1,120 narrow-body freighters will be converted from passenger planes.

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Air Lease Corporation (ALC) announced it was a previously unidentified buyer for 60 737 MAX 8 aircraft worth approximately \$6 billion (\$100 million each) at list prices. **Boeing** called the sale “commitments that need to be converted to firm orders.” The lessor also signed a firm order for 15 737 MAX 9 airplanes, and reconfirmed purchase rights for 25 additional 737 MAXs. The total order is list-priced at \$7.2 billion, and, as previously stated, represents the first 737 MAX order by a leasing company. **ALC** has ordered a total of 170 airplanes from **Boeing**, including 75 737 MAX, 78 Next-Generation 737-800s, five 777-300ERs (Extended Range) and 12 787-9 Dreamliners.

Before Farnborough International Airshow, Virgin Australia finalized its firm order for 23 737 MAX 8 airplanes, and optioned four additional 737 MAXs. The airline was the first Australian carrier to order the 737 MAX. It already operates 60 Next-Generation 737s and has 45 on order. **Virgin Australia** started operations with two Boeing 737 airplanes in August 2000. The airline also operates five A330s, five 777-300ERs and 18 EMBRAER 190s.

Avolon committed to buy 10 737 MAX 8s and five 737 MAX 9s, as well reconfirmation rights for five more 737 MAX airplanes. The Dublin-based lessor will also purchase 10 Next-Generation 737-800s. The whole deal will have a list-price value of \$2.3 billion when it is finalized. After the contract is signed, the airplanes will be posted to the **Boeing Orders & Deliveries** website as a firm order. **Avolon** ordered a dozen 737-800s in December 2009 and took delivery of the first two this June.

Kuwait Airplane Leasing Company ALAFCO committed to buy 20 737 MAX 8s valued at \$1.9 billion at current list prices, at **Farnborough Airshow**. The order will be posted on the **Boeing Orders & Deliveries** website when it is finalized. **ALAFCO** ordered six 737-800s in March 2007 and took delivery of the sixth airplane in July 2011.

El Al Israel Airlines will receive a \$40 million loan from **Boeing Capital Corp.** on the condition that the airline buys one or more Boeing 787s or leases two 787s. **El Al** ordered four 737-900s and optioned another four last year. The airline decided to exercise two of those options in July. The value of the six 737s is estimated to range from \$300 million to \$320 million (\$50-\$53.3 million each) with industry discounts. The first four 737s will be delivered between October 2013 and March 2015. They will replace **El Al's** two 18-year-old 757s. The newly ordered 737s will be delivered in October 2015 and February 2016. The airline is also planning to replace its four-owned and six-leased 767s and seven 747-400s. **El Al** may choose to replace the 767s and 747s with A330s and A350s, respectively.

Boeing Anticipates up to 30 747-8I sales this year. The manufacturer holds memorandums of understanding (MoUs) for 747-8Is from **Air China** (5), **Transaero** (4) and 15 from **HNA Group**, China. The company expects that the impending orders will even the ratio between passenger and freighter orders. The 747-8F freighter variant currently leads with 70 orders, while **Boeing** has sold 36 -8Is. **Lufthansa** accepted the first two -8Is to be delivered to an airline. **Korean Air** or **Air China** will be the next airline to receive a passenger 747-8. **Air China** announced its order for five -8Is in March 2011, but the contract is still awaiting government approval. The **HNA** sale is also going through the formalization and approval process.

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GE Capital Aviation Services (GECAS) announced it will purchase 75 737 MAX 8s and 25 Next-Generation 737-800s at the **Farnborough** show. The commitment builds on the momentum for the 737 MAX. The 737 MAX program has accumulated more than 1,000 orders and commitments from 17 customers worldwide since its launch on Aug. 30, 2011. The airplane will be powered by **CFM International's** new LEAP-1B engines. Along with the engines, aerodynamic improvements to the tail and the new Advanced Technology winglet, the 737 MAX will reduce fuel burn and CO2 emissions by 13 percent over today's single-aisle airplane. **Boeing** claims the 737 MAX will have the lowest operating costs in the single-aisle segment with an eight percent advantage per seat over tomorrow's competition.

Ethiopian Airlines announced its order for one additional 777-200LR (Longer Range) Worldliner, in mid July. The airline already has a fleet of five 777-200LRs. The latest plane is valued at approximately \$276 million at list price. **Boeing** reports that **Ethiopian Airlines** was the first African airline to operate the 777-200LR, and the first to buy the 777 Freighter. It was also the first African carrier to order the 787 Dreamliner. The airline currently operates an all-**Boeing** fleet of 737, 757, 767 and 777s in passenger service and a 757, MD-11 and 747 in cargo operations.

Regional Report

WestJet, Canada's largest low-cost carrier ordered 20 Bombardier Dash 8-Q400 turboprops, worth \$683 million (\$34.15 million each) at list price. The airline picked up 25 options as well, valued at an additional \$807 million (\$36.28 million each). The first will be delivered in 2013 and will be operated by **WestJet's** new regional airline. The last plane will be handed over in 2019. **WestJet** operates 98 Boeing 737NGs and has 37 more on order due for delivery through 2017. **Bombardier** booked firm orders for 428 Q400 and Q400 NextGen airliners to date. It has delivered aircraft to nearly 40 operators in 30 countries, on six continents.

Bombardier Aerospace announced orders and commitments at the **2012 Farnborough International Airshow** for Q400 NextGen, CRJ and CSeries aircraft worth up to \$3.27 billion at list prices. **China Express Airlines**, **airBaltic**, **Jazz Aviation** and an undisclosed customer contracted for up to 52 aircraft. **Bombardier** has won 154 firm and conditional orders, as well as options, from 11 customers this year.

At Farnborough International Airshow, **Air Baltic**, Riga, Latvia, signed a letter of intent

Bombardier June 30, 2012 Orders & Deliveries

CRJ	Total Orders	Total Deliveries	Current Backlog
Challenger	33	33	-0-
CRJ1/2/440	1,021	1,021	-0-
CRJ700	340	332	8
CRJ900	268	257	11
CRJ1000	67	23	44
Total	1,729	1,666	63
CSeries	Total Orders	Total Deliveries	Current Backlog
CS100	66	-0-	66
CS200	72	-0-	72
Total	138	-0-	138
Dash 8	Total Orders	Total Deliveries	Current Backlog
Q1/2/300	671	671	-0-
Q400	428	406	22
Total	1,099	1,077	22

Bombardier delivered 1 CRJ and 14 Dash 8s this quarter.

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(LOI) to buy 10 CS300 narrowbody aircraft. It reserved purchase rights for another 10 CS300 jetliners. A firm-order contract will be worth approximately \$764 million (\$76.4 million each) at list price. If the purchase rights are taken up, the 20 planes will be worth \$1.57 billion (\$78.5 million each).

China Express Airlines converted a previously announced conditional order for six CRJ900 NextGen regional jets into a firm order. The airline took options on another five CRJ900 NextGen aircraft. The firm order is list priced at approximately \$264 million (\$44 million each) and the optioned aircraft are valued at \$227 million (\$45.4 million each).

A New, Unnamed Customer placed a conditional order for five CS100 and 10 CS300 jetliners at the **Airshow**. The contract is valued at approximately \$1.02 billion at the list prices for the CS100 and CS300.

Chorus Aviation, the parent company of **Jazz Aviation**, ordered six Q400 NextGen airliners in July. The airline converted six of **Jazz**' 15 options to firm orders. **Jazz** placed the options when it signed its original order for 15 Q400 NextGen airliners in April 30, 2010. **Jazz** will operate the Dash 8s on behalf of **Air Canada Express**. The Q400 NextGen aircraft are list priced at approximately \$189 million (\$31.5 million each).

Embraer S.A. and Aviation Industry Corporation of China (AVIC) signed an agreement to build **Embraer's** Legacy 600/650 executive jets in China, using the infrastructure, financial resources and workforce of their joint venture **Harbin Embraer Aircraft Industry (HEAI)**, which started operations in 2002. The joint venture built ERJ-145 regional jets for the Chinese market. The Legacy 600 and Legacy 650 are based on the ERJ-135 and ERJ-145 respectively. **HEAI** will deliver its first executive jet by the end of 2013. **Embraer** sold 154 aircraft in the Chinese market and has delivered 116 aircraft to date. **Embraer** captured around 78 percent of China's regional aviation market and has won 18 firm orders for executive jets in 2011. The **HEAI** Legacy 600/650 program will further consolidate **Embraer's** presence in China's executive aviation market.

Nordic Aviation Capital A/S signed a firm purchase agreement for 12 CRJ1000 NextGen aircraft. The aircraft will be leased to **Garuda Indonesia**, the Asia-Pacific region's launch customer for the CRJ1000. Based on the list price, the firm order is valued at approximately \$595 million (\$49.3 million each).

Embraer June 30, 2012 Orders & Deliveries

Type	Total Orders	Total Options	Total Deliveries	Current Backlog
E170	189	31	182	7
E175	189	290	153	36
E190	546	255	424	122
E195	134	20	99	35
Total	1,058	596	858	200

Type	2nd Quarter Deliveries	2012 Deliveries
Light Exec Jets	17	29
Large Exec Jets	3	4
Embraer 170	-0-	-0-
Embraer 175	8	10
Embraer 190	22	35
Embraer 195	5	11
Total	55	89

Embraer intends to deliver from 105 to 110 commercial jets, 75 to 85 small executive jets, and 15 to 20 large executive jets, in 2012.

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China's Hebei Airlines ordered five more EMBRAER 190s for delivery by the end of 2013. The order was announced during the **2012 Farnborough International Airshow**. The total value of the deal, at list price, is \$226 million (\$45.2 million). The order was booked during the second quarter of the year. The Chinese government approved the order. **Hebei Airlines** currently operates two E190s on 70 flights per week to eight cities.

The **ATR 42-600** was certified by the **European Aviation Safety Agency (EASA)**, after a series of ground and flight tests which were performed by the ATR 42-600 prototype. The ATR 42-600 is the only 50-seat turboprop offered by a western manufacturer. **ATR** has received orders for a total of 250 ATR 42-600 and ATR 72-600 aircraft, since the launch of the "-600" program in October 2007. The first ATR 42-600 is scheduled to enter service this summer. The ATR 72-600 has been in service since August 2011 and it is currently operated by seven airlines worldwide.

Nordic Aviation Capital (NAC) signed a contract to purchase of one ATR 42-600 at the **2012 Farnborough International Airshow**. This will be the first new ATR42-600 that the Danish leasing company has ordered. Previously, **NAC** has ordered 12 new ATR 72-600s and ATR 72-500s. Leasing companies represent almost 20 percent of the total **ATR** sales over the last few years. Approximately 160 of the 1,000 ATR aircraft in operation around the world are owned by leasing companies.

Air Lease Corporation (ALC) ordered two ATR 72-600s at **Farnborough**. The U.S.-based leasing company converted two options for 72-seat aircraft into firm orders. The two ATR 72s will be delivered in July and September 2013. **ALC** retains eight more options, from its first order, booked in **Farnborough 2010**. **ALC** has ordered 14 ATR 72-600s to date.

Lao Airlines signed a contract to buy two ATR 72-600s; valued at \$ 47 million at published catalogue price. The new aircraft will be added to **Lao Airlines'** current fleet of four ATR 72-500s. The airline is expanding its fleet to increase frequency on existing routes and to open new destinations in the surrounding region. The arrival of the 70-seat ATR 72-600s in late 2012 and 2013 will help the airline to maintain its position as the preferred premium airline in Laos.

Embraer delivered 35 commercial jets and 20 executive aviation jets in the second quarter of 2012. In the first six months of the year it completed 56 commercial and 33 executive jets, 13 more than in the same period of last year. At the end of the first half, the firm order backlog totaled \$12.9 billion. That number included an order for five E190 jets placed by **Hebei Airlines**, which was announced July 9.

Embraer expects to rebuild its order backlog from its lowest since 2006, due to an up tick in sales. In the first quarter, **Embraer** delivered aircraft at twice the rate that is sold them. This reduced the backlog below \$15 billion for the first time in over five years. **Embraer** expects demand for its 70- to 120-seat E-jets to remain stable or even grow from last year. It sees the fast-growing Asian markets to generate more sales than the slower expanding western markets. Management warned that dropping leasing rates and the delivery of new airliners from China, Japan and Russia could bring down pricing in the market for regional jets. To stay ahead of the competition **Embraer** is considering the installation of new, more efficient engines on its E-jets. The company will decide to launch the updated E-Jet in 2013. It expects that development will cost nearly \$2 billion,

Blue Panorama, Italy, said it will maintain its order for Sukhoi Superjet 100s, because its interest in merging with **Alitalia** has waned. The airline had discussed a three-way tie-up with **Alitalia** and the budget operator **Wind Jet**, but **Blue Panorama** was unable to reach an agreement with the flag carrier. The airline ordered a dozen SSJ100s last year, with deliveries scheduled to start by the end of 2012. Even though the delivery date has slipped to the second quarter of 2013, the airline still plans to take the aircraft. **Blue Panorama** will be one of the first customers outside the CIS to operate the Superjet, which has the backing of **Alenia**, Italy.

SuperJet International (SJI) announced that its North American launch customer **Interjet** converted five Sukhoi Superjet 100 (SSJ100) options into firm orders. In January 2011, **Interjet**, Mexico, ordered 15 SSJ100s and took five options. All of **Interjet's** SSJ100s will be fitted with 93 seats in the standard configuration. The aircraft are list priced at approximately \$700 million (\$35 million each). **Interjet's** first SSJ100 will be delivered to **SuperJet International's** headquarters and completion center in Venice, Italy, by August 2012. The aircraft will be customized, completed and delivered by the end of the year. **SJI** is developing the **EASA** STC for the interiors' installation, which was developed by **Pininfarina Italian Style**.

Sukhoi Civil Aircraft (SCAC) and Transaero Airlines, Russia's second largest airline, signed a contract for six Sukhoi Superjet 100/95B aircraft. The airline optioned 10 more. The firm order is valued at \$212.4 million (\$35.4 million each) at list prices. If the 10 options are converted into firm orders, the price will increase to \$566.4 million (\$34.775 million each). **Transaero's** SSJ100s will feature a 90-seat layout offering eight business class seats and 82 seats in economy class. The first deliveries will start in 2015 and continue through 2017.

Mitsubishi Aircraft Corporation and SkyWest reached an agreement in principle to a firm order for 100 Mitsubishi Regional Jets (MRJ). The first MRJs will be delivered to **SkyWest** in 2017 and the last is due by the end of 2020. The agreement was signed at **Farnborough**. **Mitsubishi Aircraft** has received 130 MRJ orders so far, including 25 (15 firm, 10 options) from **All Nippon Airways**, 100 (50 firm, 50 options) from **Trans States Holdings** and five firm orders from **ANI Group Holdings**.

At the Farnborough Airshow, Taiwan-based **TransAsia Airways** ordered eight ATR 72-600s, and optioned one additional ATR 72-600. The nine ATR 72s were valued at more than \$210 million (\$23.3 million each) at list prices. The new ATR 72-600s will be delivered from 2014 through 2017. **TransAsia Airways** will replace their current fleet of nine ATR 72-500s with the new -600s. The airline operates the turboprops on its domestic route system. This contract further enhances **ATR's** market dominance in Asia, where **ATR** has booked some 240 orders since 2005. This represented approximately 40 percent of the manufacturer's total orders in this period.

Delta Air Lines cut its fleet of 50-seat regional jets at its wholly-owned subsidiary **Comair** from 68 in September 2010 to 16 in August 2012. The regional carrier also operates 15 70-seat CRJ700 and 13 76-seat CRJ900 aircraft. **Delta** does not plan to stop there. It intends to ground 218 50-seat RJs from its regional fleet and fly a total of 125 50-seaters, then add 70 76-seat jets by 2015. The **Delta Connection** fleet will shrink from 608 at the end of March to 450 aircraft. **Delta** is acquiring 88 117-seat Boeing 717-200s from **AirTran Airways** at the same time. Under a proposed contract with its **Air Line Pilots Association (ALPA)**-represented pilots, **Delta** will retire two 50-seat jets for every 76-seat jet that it acquires. The majority of the 50-seat fleet can be returned to lessors after 2017.

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MRK Airlines, Ukraine, agreed to purchase three MA60 twin-turboprops from China's **Xian Aircraft**. This is **Xian's** first sale of the type to a European carrier the manufacturer said. **MRK Airlines** is a charter airline based in Kiev. It currently offers ad hoc and contract charter services with two Saab 340A turboprops. **Xian Aircraft** is actively trying to sell the MA60 to the Russian **Republic of Yakutia's** state-owned airline, **Polar Airlines**.

Viking Air sold three DHC-6-400 Twin Otters to the **U.S. Army Golden Knights** parachute team. At **Farnborough**, Hunan, China's **Meiya Air** ordered five float-equipped Twin Otters for delivery in 2013. **Loch Ard Otters International** bought four Twin Otters.

Order Changes and Cancellations

Airbus Order Shuffle. In May, **Gulf Air** picked up two A321 orders and took immediate delivery of the planes. The orders were previously undisclosed. **CASCG** transferred two A320s to **Spring Airlines**. **Juneyao Airlines** switched one A320 order into one A321. In June, **Air Berlin** added one A321 order that was previously listed as undisclosed. **Etihad Airways** exchanged six A320 orders for six A321s. The airline now has ordered 14 A320s and taken delivery of one of them.

MatlinPatterson Global Advisers, a private equity firm that focuses on distressed investments, cancelled its six A330-200F orders in June. The company invested in several airlines, including **ATA Airlines** and **Chicago Express** and later acquired **Global Aviation Holdings**, the owner of **North American Airlines** and **World Airways**. The equity firm also purchased cargo carriers, **Arrow Air** and **Varig Logistica**, in Brazil. **Arrow Air** was liquidated and **Varig Logistica** was sold to the **Synergy Group**, the parent of **Avianca/TACA**.

All Nippon Airways (ANA) cancelled four 787-8 Dreamliners, which were due to be delivered in fiscal year 2013. The airline replaced them with four larger 787-9s. **ANA** has now ordered 36 787-8s and 19 787-9s. **ANA** was the launch customer for the Dreamliner and has taken delivery of seven of the 787-8s. The aircraft entered service on domestic Japanese routes and Haneda-Frankfurt since last autumn. **ANA** plans to launch long-haul 787 services from Tokyo to Seattle and San Jose this year.

Boeing Order Shuffle. In June, **Aviation Capital Group (ACG)** switched five 737-700 orders for five -800s. **Air Europa**, Spain, cancelled three of its 15 737-800 orders, leaving 12 outstanding orders.

Pratt & Whitney (P&W) revealed that the first flight for the **Irkut MS-21** slipped from late 2014 and will now take place in 2015. **P&W** will provide PurePower PW1400G engines for the Russian 150- to 180-seater and signed a definitive contract in July to provide the geared turbofan to **Irkut**. The MS-21 will enter service in 2017. **Pratt & Whitney** will start ground testing the first PW1400G engine in 2014. The PW1400G is offered in two versions, the 28,000lb-thrust engine for the 150-seat MS-21-200 and the up-rated 31,000 engine for the 181-seat MS-21-300. **Irkut** is also planning to offer the 210-seat MS-21-400. All the PW1400G engines will be fitted with nacelles manufactured by **Bombardier's Shorts Brothers** subsidiary in Belfast, Northern Ireland. **Irkut** estimated that it would sell around 1,200 MS-21s. A third of those planes will be delivered to airlines in Russia and the Commonwealth of Independent States. The MS-21's final design will be frozen by January 1, 2013. The aircraft will compete against the Airbus A320neo, Boeing 737 MAX, Bombardier CSeries and Comac C919.

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Spicejet dropped its last 737-900ER order and added one -800, for a total of 54 -800s. **Royal Brunei Airlines** ordered four 777-300ERs as an unidentified customer in March 2007 and cancelled them in May 2012. **American** ordered two 777-300ERs as an unidentified customer in August 2011 and **Air Canada** announced that it ordered three 777-300ERs in March. **LCAL's** order for 15 787-8s was reclassified as placed by an "Unidentified Customer" in May.

Engine News

Rolls-Royce won an order for Trent 700 engines for **Garuda Indonesia Airlines'** 11 latest A330s. The contract included long-term **TotalCare** service support. The airline will have 24 Trent-powered A330s in its fleet by 2015.

CIT Group announced at the 2012 Farnborough **International Airshow** that they ordered 60 PurePower PW1100G engines for **CIT's** fleet of Airbus A320neo family aircraft. This agreement follows the memorandum of understanding previously announced at the **Paris Air Show** in 2011. Deliveries are scheduled to start in 2016.

IAE International Aero Engines (IAE) shareholders **Pratt & Whitney (P&W)** and **MTU Aero Engines** closed the purchase of former partner **Rolls-Royce's** share in **IAE**. **P&W** increased its share in **IAE** to 61 percent, while **MTU Aero Engines** increased its share to 16 percent from 11 percent. The two renegotiated a risk and revenue sharing agreement. **Japanese Aero Engines Corporation's** share holding was not changed.

Pratt & Whitney sold PW4000-94 engines to **Air Astana** to power the four 767-300ER aircraft that it has on option and firm order. The contract was valued at approximately \$90 million. The first engines will be delivered in 2013. **JetBlue Airways** ordered PurePower PW1100G-JM engines for the 40 A320neo family aircraft. The agreement for 86 engines included a long-term **PureSolution** maintenance service agreement. Deliveries are scheduled to start in 2018. **Norwegian Air Shuttle** intends to order PurePower PW1100G-JM engines for 50 firm A320neo family aircraft. The first deliveries are scheduled in 2016. **Cebu Pacific Air** selected PurePower PW1100G-JM engines for its 30 firm and 10 option A321neo aircraft. The order included a ten-year **PureSolution** maintenance package. Deliveries begin in 2017.

Leasing Companies

Air Lease Corporation signed a lease agreements with **China Southern Airlines** for 18 new aircraft from **ALC's** orderbook. The 18 planes will be delivered in 2013, 2014, and 2015, and will be leased for 12 year terms. The contract covers the lease of four A320-200s, two A321-200s, and 12 737-800s. **ALC** reported that this was the company's largest single lease placement to date. The lessor previously delivered two A320-200s to **China Southern** on 12-year term leases during the second half of 2011.

BOC Aviation Will Lease two new A321-200 aircraft to **Asiana Airlines**. The aircraft will be powered by **IAE V2533-A5 SelectOne** engines, and will be delivered in the second half of 2013.

AerCap and its Chinese joint venture, **AerDragon**, purchased five new A330-300s from **Singapore Airlines** for lease-back. **AerCap** will buy and lease four A330s and **AerDragon** will purchase and lease-back one of the **Singapore** A330s. **Singapore** transferred the five A330s from its orderbook to the lessors in July.

FLY Leasing sold one 2001-model 737-700 and two 1005-model A320-200s from its portfolio. **Colm Barrington**, CEO of **FLY**, said the company was selling older aircraft and reinvesting in younger models to maintain a fleet of modern, efficient commercial aircraft. "We will continue to sell aircraft when we can achieve premium prices and to manage lessee and geographical diversification."

AWAS delivered the second of two 737-700s to **Enerjet**, a new passenger charter operator in Canada. The 737NGs came from **AWAS'** current fleet portfolio.

GE Capital Aviation Services Limited (GECAS) will lease 10 new 737-800s to **China Southern Airlines** as part of the airline's fleet renewal program. The 10 737NGs will come from **GECAS'** **Boeing** backlog and are scheduled for delivery in 2014.

Airline News

Air Mauritius is looking for an airline partner to invest in its fleet replacement program. The flag carrier wants to retire its six A340-300s and replace them with fuel-efficient A350s or Boeing 787s by 2017. **Air Mauritius** asked **Air France-KLM Group** and **Emirates Airlines** for proposals. The airline lost €29.6 million (\$37 million) in the last year, down from a profit of €10.75 million in the previous year. The airline's revenues rose 3.9 percent to €453.22 million during the year, but the fuel bill increased by €47.8 million. Buying the newest generation of long-haul jets will cut **Air Mauritius'** fuel bill by 30 percent. The carrier hopes to cut its losses in the next fiscal year and could break-even.

LAN and **TAM Airlines** completed their merger in June to form the **LATAM Airlines Group S.A.**, becoming the largest carrier in South America. The all-stock transaction was announced in August 2010 and took nearly two years to accomplish. The combined airline is worth an estimated \$2.7 billion and operates 298 aircraft. The two airlines will continue to operate separately, but they are expected to offer passenger flights to 150 destinations in 22 countries and cargo routes to 169 destinations in 27 countries. **LATAM** expects that the merger will generate cost savings and new revenues from \$170 to \$200 million in the first year of operations.

Virgin Atlantic Airways is expected to sell the 10 percent share it owns in Malaysia's **AirAsia X** to another shareholder. The sale will close before **AirAsia X** is listed on the local stock market listing late this year. The press said **Virgin's** stock sale will be worth more than R66 million ringgit (\$21 million).

International Lease Finance Corporation (ILFC) announced the purchase of four new 777-300ERs from **Emirates Airlines** and their leaseback to the airline. The first 777 was delivered in July and the fourth will enter service in January 2013. The lessor intends to lease three new 737-800s to **China Airlines**. The 737NGs will be delivered in the second quarter of 2013.

International Lease Finance Corporation (ILFC) announced it completed a total of 130 lease transactions and took delivery of 14 new 737-800s during the first half of 2012. These transactions included extensions as well as new placements from **ILFC's** portfolio. The lessor opened new offices in Amsterdam, Singapore and Beijing in the past year and **ILFC** Chief Executive Officer **Henri Courpron** said this "has placed us closer to our customers and proved beneficial in expanding valuable relationships." The company will start to take delivery of next generation technology aircraft, including Boeing 787s and Airbus A320 neos, in 2013 and 2015 respectively. **ILFC** has 74 Boeing 787s on order, making it the largest customer in the program.

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Turkish Airlines is selling its 49 percent stake in **B&H Airlines**. The Bosnian flag carrier started talks with potential “strategic partners” to secure its future. The airline’s president, **Goran Jovanovic**, said he was hopeful it would “soon reach a new agreement regarding a partnership” with one of several potential investors. The short list includes a “much bigger” non-European Union regional carrier and another is “from the wider Balkan region” he said. **Turkish Airlines** paid \$6 million for its share in 2008, but was not satisfied with the performance of its Bosnian Government partner. **B&H** currently operates a pair of ATR 72-200s. It leased one A319 from **Turkish**, but it was returned in February. The Bosnian carrier ordered two A319s in 2000 and it may revive the dormant commitment.

EasyJet Founder Stelios Haji-Ioannou Launched FastJet. The pan-African low-cost carrier should start operations this autumn. Through the investment firm **Rubicon**, Mr. **Stelios** acquired Kenya-based **Lonrho Aviation** for \$85.7 million. **Lonrho** founded **Fly540** several years ago and the airline currently operates four ATR 72s and three Dash 8s on routes from Nairobi to cities in Kenya, Tanzania, Ghana and Angola. **Fly540** will continue to operate its turboprops along side **FastJet’s** leased A319s or EMBRAER 190s. The A319s will be sourced from **easyJet**, as that airline returns them to lessors. Eventually the **Fly540** brand and aircraft will then be phased out. **FastJet** will follow the low-cost yield management model pioneered by **easyJet** and offer point-to-point, no-frills fares in the \$70-80 range. The low-fares will stimulate the market and allow more people to fly.

Etihad Airways, Abu Dhabi bought 3.96 percent of **Virgin Australia**, closing its fourth overseas airline purchase since December 2011. It bought another 27 percent of **Air Berlin** for approximately £73 millions. In May, **Etihad** bought 3 percent of **Aer Lingus** and will start a

International Air Transport Association May International Traffic Growth.

May 2012 vs. May 2011	RPK Growth	ASK Growth	Pax Load Factor	FTK Growth	AFTK Growth
Asia/Pacific	5.5%	3.1%	75.4%	-4.9%	-2.2%
Europe	4.1%	2.9%	78.5%	-5.9%	0.9%
Latin America	7.5%	5.5%	717.1%	0.6%	-1.4%
Middle East	15.8%	11.9%	74.0%	12.5%	11.7%
North America	1.5%	1.1%	82.1%	-1.9%	-0.2%
Industry	5.6%	4.1%	77.0%	-2.2%	1.2%

Year to Date 2012 vs. 2011	RPK Growth	ASK Growth	Load Factor	FTK Growth	AFTK Growth
Asia/Pacific	7.3%	4.9%	76.8%	-4.4%	-1.6%
Europe	6.1%	3.4%	76.8%	-4.9%	0.8%
Latin America	9.8%	7.8%	78.4%	0.0%	5.4%
Middle East	17.6%	12.5%	78.7%	14.0%	13.7%
North America	2.7%	0.9%	78.7%	-1.9%	2.0%
Industry	7.5%	4.9%	77.1%	-1.9%	2.0%

RPK: Revenue Passenger Kilometers measures actual passenger traffic

ASK: Available Seat Kilometers measures available passenger capacity

PLF: Passenger Load Factor is the percent of **ASKs** used. In comparison of 2009 to 2008, **PLF** indicates point differential between the periods compared

FTK: Freight Tonne Kilometers measures actual freight traffic

AFTK: Available Freight Tonne Kilometers measures available total freight capacity

commercial partnership to help the **Irish** carrier gain more European traffic. It also bought 40 percent stake in **Air Seychelles**. **Etihad** paid \$35.6 million for the shares that were purchased on the open market. **Etihad's** CEO **James Hogan** said the company wants to raise its stake in **Virgin Australia** to a minimum of 10 percent. "This is a long game. There's no race here. We have a 10-year commercial relationship with **Virgin Australia**. This is just step by step building," he said. Mr. **Hogan** outlined the airline's growth strategy by saying **Etihad** would take delivery of 100 aircraft over the next eight years, but it still would need to invest and partner with other airlines in order to extend its network.

SriLankan Airlines will join the **oneworld alliance** by the end of the year. **Oneworld** announced **SriLankan's** impending membership on June 11, at the **IATA World Transport Summit**. After the airline joins the alliance, the **oneworld** network will serve approximately 860 cities in more than 150 countries.

The Uruguay Government assumed control of the nation's flag carrier **Pluna**, after the airlines principal shareholder **Leadgate** announced it would sell its 75 percent share of the company. **Leadgate** transferred its stake to the **Uruguayan Stock Exchange**, and the government retained its 25 percent. The two former partners agreed not to sue each other. The partnership broke up when **Leadgate** refused to inject further funds into the airline. The government appointed former CFO **Sebastian Hirsch** as **Pluna's** interim CEO to assure a smooth transition for the airline. **Pluna** needs an immediate injection of \$30 to \$35 million, and its debt had risen to approximately \$300 million. The financing of the airline's 13 CRJ900s was guaranteed by the Uruguayan state and **Export Canada**. **Leadgate** is 35 percent owned by **Chorus**, a Canadian airline holding company, which declared that it has no intention of investing additional funds, the Canadian press reports.

Copa, Avianca and TACA Airlines announced their official entry into **Star Alliance** after a two-year approval process. The three airlines can now offer passengers access to this global network which brings together 28 international airlines. **Star** operates more than 4,200 latest generation aircraft, servicing 21,500 daily flights to 1,356 airports in 193 countries.

Hawaiian Airlines will increase its capacity by about 25 percent in 2012 as it adds new destinations. The Honolulu-based carrier launched its new nonstop to New York's **John F Kennedy Airport** in June. It also implemented its codeshare with **JetBlue Airways**. The airline started serving Fukuoka, Japan, in April, and will add Sapporo in November. It may add Boston or another Asian city later this year. **Hawaiian** took delivery of its fifth of 18 new 294-seat A330-200 recently and it leases another four.

Cargo Pallet

Jade Cargo International, 75 percent owned by **Shenzhen Airlines**, and 25 percent owned by **Lufthansa**, ceased operations because of a declining freight market. **Lufthansa** admitted that there was too much freighter capacity. **Jade Cargo** was grounded in January and talks with Chinese group **UniTop** to refinance the airline faltered. Eventually **Lufthansa** and **Shenzhen** agreed the best way forward was to dissolve the company. The German partner lost almost €16 million (\$21.2 million) from the joint venture in 2011. **Jade Cargo's** five 747-4EVERF freighters (SN 35169, 35171, 35172, 35173 & 35174) are stored at Shenzhen and Shanghai, China.

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Vision Technologies Aerospace Incorporated (VT Aerospace) successfully bid for **Pemco World Air Services' (PEMCO)** Tampa aerospace maintenance facility and the Boeing 737 freighter conversion Supplemental Type Certificates. **Pemco's** assets were purchased for \$49.7 million at a bankruptcy auction. **VT Aerospace** assumed liabilities estimated at \$6.2 million. The acquisition will be contingent upon the sales approval by the **United States Bankruptcy Court** in June, 2012. **VT Aerospace** is closely associated with **ST Engineering**.

GE Capital Aviation Services (GECAS) delivered a 737-300SF freighter to a new leasing customer, **Northern Air Cargo**. **Northern Air Cargo** is a privately-owned airline based in Anchorage, Alaska, and it operates scheduled freight service to destinations in Alaska and the Pacific Northwest. It also offers charter freight service to other locations throughout North America. The carrier operates four 737-200F and two 737-300F cargo aircraft.

Boeing and Taikoo Aircraft Engineering (TAEKO) delivered the 50th 747-400 Boeing Converted Freighter (BCF) to **Evergreen International Airlines**. This 747F was the first to join **Evergreen's** fleet and was the 40th 747-400BCF conversion to be completed by **TAEKO**. The other 10 conversions were completed by customers using kits provided by **Boeing**. The 747-400BCF features a side cargo door, a new, strengthened main-deck floor, full main-deck lining installation, provisions for a new cargo handling system and complete revisions to the airplane systems. The 747-400BCF program was launched in 2004 and the first converted airplane was delivered in 2005. **Evergreen International Airlines** now operates the 747-400 freighter and nine 747-200 freighters.

Technical

Airbus Executive Vice-President for Programs, Tom Williams, outlined the future of the "Sharklet" program at Toulouse. He said the manufacturer intends to build 100 aircraft this year with the reinforced wing, which will easily accept the installation of sharklet wing-tips. **Airbus** is still defining a formal modification program to retrofit its sharklets on standard A320s. They recently rolled out the first A320 with sharklet-compatible standard wings. The new wing enables sharklets to be fitted on the production line or added later. Airlines can plug in the wing-tip and update flight-control software during an overnight hangar visit. Installing wing-tips to older A320s would require the removal of the outer part of the wing skin and reinforcing to the stringer structures. Mr. **Williams** said **Airbus** had received quite a lot of interest in a retrofit program from airlines. **Korean Air's** aerospace manufacturing division will be the sole supplier of the sharklet wing-tips and it may build up to 90 ship-sets per month. The sharklets will be supplied directly to the A320 final assembly lines. **Airbus** expects to certify the sharklet-equipped, CFM56-powered A320 by the end of this year. The first production aircraft is being test flown now and the program should take about nine or 10 months. **Airbus** intends to offer winglets on all four A320 family members with their various engine and flight-management system combinations. The sharklets will be installed on all the A320neos.

Marubeni Corporation and Marubeni America Corporation acquired 50 percent ownership of **Magellan Aviation Group**. **Magellan** is a leading aftermarket supplier of aviation products and services. The company engages in the purchase, leasing, disassembly, sales and distribution of both commercial and regional aircraft, engines and spare parts which are required in their maintenance by airlines and maintenance facilities (MROs). The partners expect spare engine and parts requirements for both airlines and maintenance providers will grow in the future, due to the demands of low-cost carriers.

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Marubeni is a general trading company involved in providing sales agency services for commercial aircraft, business jets and engines. It also participates in engine development programs, aircraft leasing, engine leasing, and various other services.

Military Market

UAE Air Force and Air Defense accepted its sixth and final C-17 Globemaster III from **Boeing** in June. The **UAE** ordered the six C-17As in January, 2010, and **Boeing** delivered four C-17s in 2011 and the fifth aircraft in May. The manufacturer provides after-delivery support to the **UAE C-17 fleet** as part of the **C-17 Globemaster III Integrated Sustainment Program (GISP)** performance-based logistics agreement with the **U.S. Air Force**. The GISP provides all C-17 customers an affordable sustainment solution that includes the C-17 “virtual fleet” arrangement where all participants benefit from the economies of scale found in purchasing materials for the entire worldwide fleet, **Boeing** said.

Embraer and Boeing agreed to collaborate on the KC-390 aircraft program. The two companies will share some specific technical knowledge and evaluate markets where they may join their sales efforts for medium-lift military transport opportunities. The KC-390 collaboration expands an agreement where the two would cooperate in commercial airplane efficiency and safety, research and technology, and sustainable aviation bio-fuels. **Boeing and Embraer** will conduct a joint market assessment for the medium-lift military transport market. The market assessment includes potential customers that had not been considered in the initial market prospects for the KC-390, **Boeing** said. The **Brazilian Air Force** signed a development contract in April 2009 for the KC-390. It will be the biggest aircraft to be manufactured by the Brazilian aerospace industry and will set new standards in the medium-lift market in terms of performance, cargo capacity, flexibility, and life cycle costs the manufacturer reported.

The UK Ministry of Defense (MoD) awarded a £15.5 million contract to **BAE Systems** for the conversion of two BAe 146-200QC (Quick Change) aircraft from commercial to military configuration. The planes will be operated by the **Royal Air Force**. **BAE Systems Regional Aircraft** will be responsible for the design and integration of the military equipment to be fitted to the aircraft. It will source the equipment and manage of the supply chain and the conversion program. The conversion will be performed by **Hawker Beechcraft Services** at Broughton, North Wales, under sub-contract to **BAE Systems**.

AIRCRAFT DELIVERIES & SALES

Jet Aircraft

Airbus A318 & A319. **Airbus** delivered only two A319s in May, including one -115 (SN 5119) to **Avianca** and one -111 (SN 5130) to **Aircraft Purchase Fleet** for lease to **Alitalia**. In June, **Alitalia** leased one -111 (SN 5018) and **Avianca Brazil** leased one -115 (SN 5193) from **Aviation Capital Group**.

Airbus A320. **Airbus** delivered 28 A320s in May, including three Tianjin-built -214s (SN 4938, 4946 & 4947) to **China Eastern Airlines**. **China Eastern** also leased one -214 (SN 5136) from **Aviation**

Capital Group (ACG), and one -214 SN (5135) and one -232 (SN 5144) from **Air Lease Corp.** **S7 Airlines** leased one -214 (SN 5134) from **Aviation Capital Group**, and one -214 (SN 5167) from **Air Lease Corp.** **EasyJet** bought three -214s (SN 5138, 5146 & 5150). **GECAS** leased -214 (SN 5140) to **Philippine Airlines**, and one -214 (SN 5152) to **Middle East Airlines (MEA)**. **AWAS** leased -232 (SN 5158) to **Air Via** and -232 (SN 5128) to **Royal Jordanian Airlines**. **AirAsia** took delivery of two -216s (SN 5137 & 5149) and leased the first to **Indonesia AirAsia**. The second was **AirAsia's** 100th A320 to be delivered. In the Middle East, **Air Arabia** received -214 (SN 5143) and **Qatar Airways** accepted -232 (SN 5127). In the U.S., **Airbus** delivered -232 (SN 5142) to **JetBlue Airways**, and -232 (SN 5042) to **Spirit Airlines**, which sold it to **NAS Investments** for lease-back. In Asia, **IndiGo** bought -232 (SN 5155), **Air China** received -214 (SN 5174), **Hong Kong Airlines** acquired -214 (SN 5147), and **Hainan Airlines** accepted -214 (SN 5117) and sold it to **Tainjin Airlines**. **Qantas** leased -232 (SN 5145) to **Jetstar Japan**. In Europe, **Air France** took delivery of -214 (SN 5129) and **Wizz Air Hungary** received -232 (SN 5139).

Japan's Newest Low-Cost Carrier AirAsia Japan leased its first A320-214 (SN 5153) from **AirAsia** in June. The carrier will start commercial services in August from **Narita International Airport** to Sapporo, Fukuoka and Okinawa, with an initial fleet of two aircraft. It will start international operations to Seoul and Pusan in Korea in October, with a fleet of four aircraft by the end of 2012.

Airbus A321. **Airbus** delivered four A321s in May, and nine in June. **Air Berlin** acquired -211 (SN 5133) in May. **THY Turkish Airlines** accepted one -231 (SN 5154) in May and (SN 5205) in June. **Sichuan Airlines** took delivery of one -231 (SN 5160) in May and a second -231 (SN 5197) in June. **Asiana Airlines** leased -321 (SN 5169) from **Air Lease Corp.** in May and leased -231 (SN 5173) from **CIT Leasing** in June. **Lufthansa** received its 61st A321 (-231 SN 5186) and **Vietnam Airlines** accepted its 24th -231 (SN 5164) in June. **Airbus** delivered -23 (SN 5199) to **Air China**, and two -231s (SN 5192 & 5210) to **China Eastern Airlines** in June.

AWAS leased a new -231 (SN 5177) to **Royal Jordanian Airlines (RJ)** in June. It is the sixth of seven new aircraft that **RJ** will lease from **AWAS** under a contract signed in early 2011. This A321 will be followed by one additional A320.

In June, Airbus Delivered 30 A320s, including two -214s (SN 5178 & 5213) to **LAN Airlines/LATAM**, and two -232s (SN 5168 & 5170) to **China Southern Airlines**. **EasyJet** bought two -214s (SN 5187 & 5201). **China Eastern Airlines** took delivery of one Tainjin-built -214 (SN 4987) and leased one -232 (SN 5156) from **Air Lease Corp.** **GECAS** leased one -214 (SN 5166) to **Peach Aviation**, and one -214 (SN 5152) to **Middle East Airlines (MEA)**. In the Americas, **Airbus** delivered -232 (SN 5148) to **JetBlue Airways**, and -232 (SN 5159) to **Spirit Airlines**. **Aerventure** leased -214 (SN 5179) to **Virgin America**. **TAM Linhas Aereas** accepted -214 (SN 5184), **Volaris** picked up -233 (SN 5207), **Interjet** received -214 (SN 5163), and **Avianca** bought -214 (SN 5195). In Europe, **Lufthansa** purchased -214 (SN 5181), **Air Berlin** bought one -214 (SN 5191), and **Wizz Air Hungary** received -232 (SN 5196). In Asia, **Airbus** delivered one -232 (SN 4977) to **Shenzhen Airlines**, one Tainjin-built -232 (SN 4997) to **Air China**, and -232 (SN 5190) to **Indigo**. **Hong Kong Airlines** acquired one -214 (SN 5189). Airlines leased new aircraft to low-cost associates — **Qantas** leased -232 (SN 5161) to **Jetstar Japan**, while **Hainan Airlines** leased -232 (SN 5185) to **Beijing Capital Airlines**, and -214 (SN 5172) to **Lucky Air**. **Tiger Airways** leased -232 (SN 5194) to **South East Asian Airlines**, Philippines.

Airbus A330 & A340. Airbus delivered five A330-200s and three -300s in May and another eight A330s of all models in June. **Alitalia** leased two new -202s (SN 1308 & 1313) from **Airbus Financial Services** in May. **THY Turkish Airlines** bought one -343E (SN 1311), and **China Southern Airlines** received -223 (SN 1309) in May. The **Airbus MTAD** took delivery of -243 (SN 1312) and will convert it into a tanker-transport for the **Royal Air Force**. Also in May, **Lufthansa** received one -343E (SN 1314), and **Malaysian Airlines** accepted -323 (SN 1318). **Hawaiian Airlines** accepted -243 (SN 1310) in May and leased -243E (SN 1316) from **Air Lease Corp.** in June. **China Eastern Airlines** accepted its tenth -243 (SN 1324), and **Cathay Pacific Airways** received -343E (SN 1317). **Hong Kong Airlines** took delivery of its first of nine -243s (SN 1322) and leased -243F (SN 1320) from **BOC Aviation**. **BOC** also leased -243F (SN 1175) to **Yangtze River Express Airlines**. **Virgin Atlantic Airways** leased -343E (SN 1315) from **Aercap Ireland** and **Virgin Australia Airlines** leased -243 (SN 1393) from **CIT Leasing Corporation**.

Guggenheim Aviation Partners (GAP) leased two A330-200s to **Monarch Airlines**, in the previous quarter. **Monarch Airlines** operates a fleet of 32 aircraft from bases in the U.K., and throughout Europe, North America, Asia and Africa.

THAI Smile, a new light premium regional sub-brand of **Thai Airways International**, leased its first A320-232 (SN 5198) from **SMBC Aviation Capital** in June. The plane seats 174 passengers and is powered by IAE V2527-A5 engines. The Bangkok-based carrier started regional operations with daily flights to Macau, before flying domestically to Krabi, Chiang Mai, Surat Thani and Phuket. These will be followed by new routes to more international destinations. Another five aircraft will be leased from **SMBC Aviation Capital**. **Thai Smile** will order five sharklet equipped aircraft from **Airbus** and all 11 new planes will be delivered by mid-2015.

Skyworld Aviation arranged the sale of two A320-231s (SN 393 & 414) from **AWAS** to **Aviatrans K** of Ukraine. The aircraft last flew with **Viking Hellas Airlines** of Greece until the airline ceased operations in 2011.

Airbus A380. Airbus delivered **Malaysia Airlines' (MAS)** first A380-841 SN 078) on May 29. **MAS** became the eighth airline to operator the world's largest airliner. The airline has another five A380s on order. **Air France** took delivery of -861 (SN 099) in May and its eighth -861 (SN 67) in June. **Lufthansa** received -841 (SN 072) in May and its tenth -861 (SN 073) in June. The first A380 for **Thai Airways International** was rolled out of the **Airbus** paint shop in Hamburg in late June. This marked the completion of the painting and cabin installation work on the aircraft. The plane entered the final phase of ground and flight tests and the A380 will be delivered to the airline in the third quarter. **Thai** will become the model's ninth operator and has ordered six of them.

Boeing 737NG. Boeing delivered 36 737s in May, including three -8H4/Ws (SN 36682, 36985, & 36987) to **Southwest Airlines**. **Southwest** also leased -8H4/W (SN 38874) from **Aviation Capital Group (ACG)**. In the Americas, **Alaska Airlines** accepted -890/W (SN 41188), **American Airlines** received two -823/Ws (SN 31145 & 33315), and **Continental Airlines/United Airlines** bought two -924ER/W (SN 40005 & 41742). **COPA Airlines** took delivery of one -8V3/W (SN 40779). In Europe, **Boeing** delivered one -84R/W (SN 38120) to **AeroSvit Ukrainian Airlines**, one -86J/W (SN 37766) to **Air Berlin**, -8JP/W (SN 39013) to **Norwegian Air Shuttle**, and **Transavia Airlines** accepted -8K2/W (SN 39262). **Thomson Airways** leased -8K5/W (SN 38108) from **Aviation Capital Group** and **GECAS** leased a fifth -86N/W (SN 38027) to Czech Republic-based **Travel Service**. **THY Turkish**

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Airlines took delivery of -8F2/W (SN 40980) and -9F2ER (SN 40977), and **Pegasus Airlines** received -82R/W (SN 38178). In Asia, **China Southern Airlines** accepted -81B/W (SN 38920), **Hainan Airlines** bought one -84P/W (SN 38153), **Shandong Airlines** took delivery of -85N/W (SN 38639), and **Shenzhen Airlines** purchased one -87L/W (SN 39129). **Malaysia Airlines** leased -8H6/W (SN 39324) from **Babcock & Brown (BBAM)**. **AWAS** leased two -8GJ/Ws (SN 39423 & 39424) to **SpiceJet**. **Garuda Indonesia** took delivery of one -8U3/W (SN 38069), and **Lion Air** accepted its third -8GP/W (SN 37293) and its 62nd -9GPER/W (SN 38720). **GECAS** leased a -86N/W (38026) to **Solaseed Air**. **Japan Airlines/JAL Express** acquired one -846/W (SN 39192), and **Korean Air** picked up -9B5ER/W (SN 37635), while **Virgin Australia Airlines** took delivery of -8FE/W (SN 41002). **Skymark Airlines** leased -8HX/W (SN 39109) from **Aviation Capital Group**.

In June, Boeing Delivered 35 737s, including four -8H4/Ws (SN 38807, 38808, 38809 & 38810) to **Southwest Airlines**. **Southwest** also leased three -8H4/Ws (SN 38110, 38875 & 39883) from **Aviation Capital Group (ACG)**. The airline currently operates 378 737-700s and 22 737-800s. Also in the Americas, **WestJet** accepted one -8CT/W (SN 39072), **GECAS** leased one -86N/W (SN 39399) to **COPA Airlines**, **American Airlines** received two -823/Ws (SN 31147 & 33316), and **Continental Airlines/United Airlines** bought two -924ER/W (SN 31640 & 41743). In Europe, one -86J/W (SN 37767) was delivered to **Air Berlin**, **Norwegian Air Shuttle** bought -8JP/W (SN 39014), and **THY Turkish Airlines** took delivery of -8F2/W (SN 40981) and -9F2ER (SN 40978). In Asia, **Lion Air** accepted two more -8GP/Ws (SN 37294 & 38721), for a total of five. **Japan Airlines/JAL Express** acquired one -846/W (SN 39193), and leased two more -846/Ws (SN 40947 & 40948) from **Avolon**. These were the first of a dozen 737NGs to be delivered to **Avolon** from their order of December 2009. **Korean Air** picked up -9B5ER/W (SN 37636), and leased -8SH/W (SN 41299) from **Air Lease Corp. (ALC)**. This plane was the first 737NG to be delivered to **Air Lease**. **ALC** has another 77 737-800s on order. **Malaysia Airlines** leased -8H6/W (SN 39325) from **Babcock & Brown (BBAM)**. **Boeing** delivered two -81B/Ws (SN 38922 & 38932) to **China Southern Airlines**, **Shandong Airlines** took delivery of -85N/W (SN 38640), and **Hainan Airlines** bought -84P/W (SN 38154). **Air China** received -89L/W (SN 40017) and leased it to **Dalian Airlines**. Elsewhere in the world, **Virgin Australia Airlines** took delivery of two -8FE/Ws (SN 38712 & 41001), and **Ethiopian Airlines** received an -860/W (SN 40965). **FlyDubai** acquired -8KN/W (SN 40253), its 23rd 737NG. **GECAS** took delivery of the only 737-700 (-7N6/W SN 38028) to be delivered in June. The plane was sold to

Boeing delivered the sixth and final 737-7ES **Wedgetail** Airborne Early Warning and Control (AEW&C) aircraft (SN 33987) to the **Royal Australian Air Force (RAAF)** in May. **Boeing** also has delivered all ground segments to support the fleet, which is based at **RAAF Base Williamtown** in Newcastle, Australia. **Boeing** also has delivered three **Peace Eye** AEW&Cs to the Republic of Korea, with one more scheduled for delivery later this year. Turkey's first **Peace Eagle** AEW&C is on plan for delivery by the end of the year. The 737 AEW&C aircraft is based on the Next-Generation 737-700 passenger plane. It is designed to provide airborne battle management capability with an advanced multirole electronically scanned radar and 10 state-of-the-art mission crew consoles that are able to track airborne and maritime targets simultaneously. The mission crew can direct offensive and defensive forces while maintaining continuous surveillance of the operational area, **Boeing** said.

United States Navy received -8FV (P-8A Poseidon, SN 40512), and **Boeing Business Jet** accepted -8LX/W (BBJ2 SN 39899) on behalf of a VIP customer in May.

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Banc of America Leasing & Capital, and leased to **ConocoPhillips Alaska** and **BP Exploration (Alaska)**.

Boeing 747. **Boeing** delivered the fourth of 13 ordered -8R7Fs (SN 39810) to **Cargolux Airlines** in May. It is the first **Cargolux** aircraft that was not part of the test flight program, and it was the first 747-8F that has a maximum takeoff weight of 442 tons. **Boeing Business Jet** took delivery of the third 747-8 Intercontinental VIP airplane to be completed. The 747-8Z5 (SN 37500) will be operated by the **UAE Government**. The plane will enter service in two years, after its VIP interior is installed. In late May, **Boeing** delivered its 20th 747-8 – to **Atlas Air Worldwide Holdings**. The 747-8F freighter (-87UF, SN 37570) will be operated on behalf of **Panalpina**, the Swiss-based freight operator. This marks the first time in **Panalpina's** history that an airplane has been painted in the company's livery. **Atlas Air** will operate two 747-8Fs for **Panalpina**. In June, **Boeing Business Jet** accepted -8JA (SN 40065) on behalf of **Prince Sultan Bin Abdul Aziz** of Saudi Arabia.

American Airlines closed a previously negotiated sale-leaseback transaction with **AerCap** for 737-823/W (SN 31145) in May. The deal was approved by the **US Bankruptcy Court**. **AerCap** is funding sale-leaseback deals for 35 new 737-800s while **American** operates under chapter 11 bankruptcy protection.

International Lease Finance Corporation (ILFC) delivered a 737-700 to **Eznis Airways**, the largest Mongolian privately owned airline. The new aircraft will expand **Eznis Airways'** international operations and be used to better serve the country's rapidly growing air traffic demand, the lessor said.

Lufthansa, the launch customer for the 747-8 Intercontinental passenger plane, took delivery of its first -830 (SN 37828) on June 30. The plane entered commercial service on the Frankfurt to Washington's **Dulles International Airport**. The airplane completed one round trip in less than 24 hours and will operate the flight six days a week. **Lufthansa's** 747-8 Intercontinentals are equipped with 362 seats in a three-class configuration (8 First Class, 92 Business Class and 262 Economy Class), and GENx-2B engines.

Boeing 767. United Parcel Service—UPS accepted its 50th -34AERF (SN 37875) in late May. **UPS** now has the world's largest 767 Freighter fleet, and has nine more on order. **Boeing** also delivered 75 757-200 Package Freighters and eight 747-400 Freighters to **UPS**. **Azerbaijan Airlines** took delivery of one -32LF freighter (SN 41068) in May, and -32LER passenger plane (SN 41063) in June. The freighter is operated under **Silk Way Airlines** titles. **LAN Airlines** received its 24th -316ER (SN 40799) in June. The airline has 10 more on order. **Bristol Associates**, as remarketing agent for **United Airlines**, sold another **UAL**-owned, 2001-vintage -224ER (SN 30437) to **BLF Ltd. (Bermuda)**. The aircraft will be operated by **UTair**, Russia, and is the second of eight -224ERs that **UTair** will use to expand its longer-haul scheduled and charter markets.

Boeing 777. Boeing delivered eight 777s in May, including three -31HERs (SN 35599, 41076 & 41077) to **Emirates**. **Cathay Pacific** accepted its 24th -367ER (SN 39235). **Air China** took delivery of -39LER (SN 38670) and **Air France** received -328ER (SN 40386). **All Nippon Airways** purchased its 51st 777, a -281ER (SN 40901). **FedEx** accepted its 16th -FS2 (SN 37735).

In June Boeing Delivered Eight 777s, including two more -31HERs (SN 35600 & 41078) to **Emirates**. **Etihad Airways** accepted -3FXER (SN 39686) and **Saudi Arabian Airlines** received its fifth of 12 -368ERs (SN 41052). **KLM - Royal Dutch Airlines** took delivery of -306ER (SN 38867), and **Philippine Airlines** acquired -3F6ER (SN 35555). **Boeing** delivered one -3B5ER (SN 37650) and one -FB5 (SN 37638) to **Korean Air**.

Sukhoi Superjet. **Aeroflot** took delivery of SSJ100-RRJ-95B (SN 95014) in May and SSJ100 (SN 95017) in June. **Armavia** also received SSJ100 (SN 95021) in June. **Aeroflot** has operated the SSJ100 for one year. It put its first Sukhoi Superjet 100 (SN 95008) into commercial operation on June 16, 2011. During the year, the flag carrier took delivery of another three SSJ100s (SN 95010, 95011 & 95012). This year, it accepted five aircraft (SN 95013, 95014, 95015, 95016 & 95017). **Aeroflot** will take delivery of five more SSJ100s by December. By June 15, 2012, eight SSJ100s of **Aeroflot** accumulated 6,865 flight hours in 3,710 revenue flights, and carried more than 220,000 passengers.

Air Lease Corporation bought one 2009 777-367ER in June, which will be on lease through 2022 to **Cathay Pacific Airways**, a new customer for **ALC**.

Boeing 787. No 787s were delivered in May. In June, **All Nippon Airways** took delivery of three -8s (SN 34494, 34506 & 40748), bringing their fleet total to 10 aircraft. **United Airlines** expects to receive its first 787-8 (SN 34821) from **Boeing** in September. The plane will be used on services between Houston and Lagos, Nigeria.

Bombardier delivered CRJ702NG (SN 10333) to **Ibex Air** in May. There were no other regional jet deliveries.

Embraer delivered EMBRAER 170-200 STD (SN 17000341) to **Flybe** in May. **Azul Linhas Aereas** took delivery of EMBRAER 190-200 STD (SN 19000530) and **Aerolittoral**, Mexico, received two E190 (SN 19000538 & 19000546). **CBD Leasing Corp.**, leased E190 (SN 19000539) to **China Southern Airlines**. **Lufthansa Cityline** acquired E195 (SN 19000542) and **KLM Cityhopper** bought E190 (SN 19000545).

In June, Embraer Delivered four EMBRAER 170-200 STDs (SN 17000337, 17000338, 17000339 & 17000340) to **Alitalia**. **Flybe** took delivery of E175 (SN 17000344). **Aerolittoral** took delivery of two E190s (SN 19000531 & 19000552). **Air Lease Corp.** leased E190 SN (19000544) to **Kenya Airways**, and E190 (SN 19000551) to **Bulgaria Air**. **Lufthansa Cityline** acquired E195 (SN 19000542). **CBD Leasing Corp.** leased E190 (SN 19000548) to **China Southern Airlines**. **AeroSvit** received three EMBRAER 190-100 STDs (19000494, 19000501 & 19000505). They will be operated by **Dniproavia**. The Ukrainian regional airline currently operates 20 EMB-145s. **AeroSvit** has another two E190s on order for delivery later this year.

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AeroMexico Connect took delivery of the first two of three E170s (SN 17000019 & 17000042) that were on lease from **Republic Airways**. The deal was arranged by **Skyworld Aviation**. The third E170 (SN 17000046) will be handed over later this year.

Avolon bought two 2008-model E190s (SN 17000147 & 17000150) from **JetBlue**, in a deal arranged by **Avinco**, Ireland. The planes are on long-term lease to **Azul Linhas Aereas**, Brazil.

Turboprops

ATR delivered the sixth ATR 72-600 (SN 1020) to **Azul Linhas Aereas** in May. **Nordic Aviation Capital** sold a new -500 (SN 986) to **Billund Leasing**. The plane was leased to **Skywest Airlines** and operated for **Virgin Australia**. Brazilian carrier **Passaredo Linhas Aéreas** leased the first of four -600s (SN 1022) from **Air Lease Corporation (ALC)**. **Passaredo** will also lease two ATR 72-500s this year. **Wings Abadi Airlines** also accepted one -500 (SN 1024). **ATR** delivered its 1,000th aircraft on May 3rd, an ATR 72-600 (SN 999) to the Spanish airline **Air Nostrum**. The plane is decked out with a large red "1000" sticker behind the rear door. In June, **ATR** delivered two ATR 72-600 (SN 1023 & 1032) to **Air Nostrum** and -600 (SN 1026) to **Azul Linhas Aereas**. **Passaredo Linhas Aéreas** leased the second of four -600s (SN 1028) from **Air Lease Corp.** ALC will lease the other two to **Passaredo** this year. **UTair** accepted one -500 (SN 1029).

Bombardier delivered Dash 8Q-402 NextGen (SN 4393 & 4403) to **Jazz Air** for operation on behalf of **Air Canada Express** in May. **Bombardier** delivered the first three of eight Q400NGs (SN 4406, 4407 & 4408) to customer **Eurolot S.A.** of Warsaw, Poland. The regional carrier also holds options on an additional 12 of the aircraft. **Horizon Air** accepted Q400NG (SN 4409) in May and Q400NG (4410) in June. Also in June, **SpiceJet** received five Q400NGs (4389, 4395, 4400, 4402 & 4404). **Jazz Air** took delivery of two more Q400NGs (SN 4405 & 4413), and **Eurolot S.A.** leased Q400NG (SN 4411) from **Nordic Aviation Capital**.

Nordic Aviation Capital (NAC) recently purchased 10 Dash 8-Q400s and four Dash 8-100s from the **Marfin Investment Group (MIG)**. NAC leased the 10 Q400s and four -100s to **Olympic Air** for 11-year and five year operating leases respectively. NAC's Dash 8 portfolio has grown to 53 aircraft, of which 34 are the Q400 models.

Viking Air delivered float-equipped DHC-6-400 (SN 850) to **Trans Maldivian Airways**, Maldives Islands, earlier this year. **Petro Air**, Libya, accepted -400 (SN 854), and the **Peruvian Air Force** received two -400 (SN 856 & 858). **Zimex Aviation**, a distributor for the **Viking** Twin Otter, purchased -400 (SN 851) in June. The **U.S. Army Golden Knights** parachute team ordered three Twin Otters (SN 852, 862 & 863). They are ready for delivery now that the **FAA** has certified the aircraft type.

Antiques and Other Junque

FL Technics purchased another A320 (SN 391) to be torn down for parts and components. The aircraft will be disassembled locally in the Netherlands. **FL Technics** also purchased its first 8-year-old 737 Next Generation to be torn down for parts and components. Work will begin after the aircraft is delivered to its dismantling facilities in the USA. The continued popularity of the A320 and 737NG

June-July 2012

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within the airline industry has prompted **FL Technics** to acquire the airframes in order to meet the clients' increasing spare parts demand.

FedEx will retire an additional 24 aircraft from service and take a related charge of \$84 million in the current quarter. The package delivery company announced in December that it would buy new aircraft to replace some older and inefficient planes. **FedEx** will retire 18 A310-200Fs and 26 related engines, as well as six MD10-10Fs and 17 related engines. Most of these aircraft are already parked and not in revenue service. **FedEx** retired five aircraft this quarter and plans to shed 21 more in the next fiscal year for a total of 50. This represents 13.4 percent of its current fleet of 688 airplanes. **FedEx Express** is shortening the depreciable lives of some aircraft and expects that the accelerated depreciation on those aircraft will total \$196 million over the next three fiscal years.

Accidents and Safety

From Aviation Safety Foundation

Dana Air lost McDonnell Douglas MD-83 (5N-RAM, SN 53019) when it crashed into a residential area near Lagos, Nigeria, on June 3. All 146 passengers and seven crew members were killed. Another six victims were found inside the buildings that were hit. The plane was on a domestic flight from Abuja when the crew declared an emergency 11 nautical miles from the airport, stating they had lost power in both engines. The plane came down just short of the runway.

Allied Air Boeing 727-221F (5N-BJN, SN 22540) crashed upon landing at **Kotoka Airport**, Accra, Ghana, on June 2. The cargo plane ran off the runway and struck a minivan. The dozen passengers were killed while all four crew members survived. The airplane was operating a cargo flight for **DHL Aviation** and landing in a pool of standing water after a thunderstorm. The plane did not stop on the runway and ran through the perimeter fence before striking the minivan.

All Nippon Airways - ANA Boeing 767-381ER (JA610A, SN 32979) sustained substantial damage in a hard landing accident at **Narita Airport**, Tokyo, Japan, on June 20. None of the 193 passengers nor crew were killed. The forward fuselage was wrinkled due to the nose landing gear's hard touchdown. The airport reported wind shear and strong gusty cross winds at the time of the accident.

Sriwijaya Air Boeing 737-4Y0 (PK-CJV, 24689) was damaged in a runway excursion accident at **Supadio Airport**, Pontianak, Indonesia, on June 1. The 163 passengers and crew on board escaped death after the 737 touched down during a heavy rainstorm. The nose landing gear dug in soft ground and collapsed when the plane ran off the hard surface.

June Was a Bad Month for Airplane Fires. **Wasaya Airways** Hawker Siddeley HS-748-264 Srs.2A (C-FTTW, SN1681) caught fire on the ground at **Sandy Lake Airport**, Ontario, Canada, and burned out. It was on a routine cargo flight from **Pickle Lake Airport** on June 12. The two crew escaped injury. **Leeward Islands Air Transport - LIAT** de Havilland Canada DHC-8-311 (V2-LGH, SN 242) caught fire inside a hangar at **Coolidge International Airport**, Antigua. Both the plane and hangar were destroyed by the fire on June 10. **CSA Czech Airlines** ATR-42-500 (OK-KFM, SN 635) caught fire after an explosion in **Czech Airlines Technics' Hangar F** at **Ruzyně International Airport**, Prague,

June-July 2012

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on June 9. The airplane was completely burned out, and another ATR-42 (OK-JFK) was partially damaged. One maintenance worker was injured.

Air Class Líneas Aéreas Swearingen SA227AC Metro III (CX-LAS, SN AC-482) went missing over Rio de la Plata on June 6, after take off from **Carrasco Airpor**, Montevideo, Uruguay. Contact with the plane was lost some 10 minutes later and since the plane is still missing, it is assumed that the two crew were killed.

Ukrainska Shkola Pilotov Let L-410UVP (UR-SKD, 810721) skydiving plane crashed into a field near Borodyanka, Ukraine, on June 10. One pilot and four passengers were killed. Another 15 occupants survived. It was assumed that the plane was caught in a thunderstorm's downdraft during a landing. The skydiving flight was organized by **The Para-Skuf** accociation.

Russian Air Force Antonov 30B (Registrated as 04 Black, SN 0704) was destroyed when it exited the runway at **Cáslav Air Base**, Czech Republic, on May 23. Of the 14 Russians and nine Czechs on board, five Russians and one Czech soldier were injured. The plane was operating aerial surveillance flights under a Czech/Russian **Treaty on Open Skies**. The Antonov 30 failed to stop after landing and overran the paved surface of the runway. It rolled into a field, broke in two pieces and caught fire.

AVMARK CAPABILITIES

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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We publish the **AVMARK Newsletter** monthly; containing market information, various analyses and commentary; also reports all orders, purchase sales and leases of new and used transport aircraft. We also publish several other statistical compilations from our extensive database on aircraft, carriers, traffic, costs and operations.

AVMARK's Transport Aircraft Values (TAV); reports current fair market values by year of build and projects the future value of all transport category aircraft.

AVMARK's Historic Jet and Turboprop Values; summary of the then current fair market values as published in the AVMARK Newsletter for all jets and turboprops in service.

AVMARK's Small Transport Aircraft Catalogue (STA); designed as an easy to use reference guide to compare the operating and cost parameters of 35 regional jet and turboprop aircraft.

Sample of Avmark Publication

SMALL TRANSPORT AIRCRAFT CATALOG

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.

MARKET OVERVIEW

Most dynamic and fastest growing segment in the world, using old generation propeller aircraft to carry 50 million passengers using state of the art.

Online Association (RAA):

Online:

991.

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ATR 42-300

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

Specifications	
Accommodations	40
Passengers*	2
Pilots	1
Cabin Attendants	1
Powerplant	1,800 SHP / 1,342 kW
2 Pratt & Whitney PWC120 Turboprops	4 blades
Wingspan	24.8 m
Length	24.8 m
Height	6.8 m
Wing Area	170 / 170 / 53 sq ft
Max. Ramp Weight	36,815 lb
Max. Takeoff Weight	36,155 lb
Max. Landing Weight	33,510 lb
Max. Ramp Weight	22,875 lb
Max. Landing Weight	10,835 lb
Max. Ramp Weight	9,920 lb
Max. Landing Weight	62.83 lb / sq ft
Max. Ramp Weight	10.22 lb/cu ft

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

Optional Equipment: KLN 90A GPWS, FMS, Area Navigation (RNAV), Microwave Landing System, VLF/Omega Long Range Navigation System, Dual Honeywell AZ-800 Digital Air Data Computers, FA 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 Altitude and Heading Reference Systems (AHRS) - 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 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999, 1000.

Price List

Years Built	Base (\$ mil)
85-96	3.0

Direct Operating Costs (\$ per block hour)

Utilization (Block Hours / Year)	Cost (\$)
100	300

Average Stage Length (nm)

Cost (\$)	Cost (\$)
100	100

Flying Operations

Flight Crew, Salaries / Expenses	\$180
Fuel, Oil, Taxes	\$173
Other	\$3

Aircraft Costs

Insurance	\$3
Maintenance	\$476
Depreciation	\$62
Rentals	\$318

Total Direct Operating Costs

Cost per Available Seat Mile - \$	12.33
Cost per Airplane Mile	\$5.67
Cost per Seat Block Hour	\$18.67

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 extremely accessible forward and aft baggage compartment, and in a closet.

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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
- RAe 111-200/300/400/500

Picture



Selected

Airbus A340-300

Description

Widebody 4 Engine Passenger

Manufactured

1992 To 2006

Values

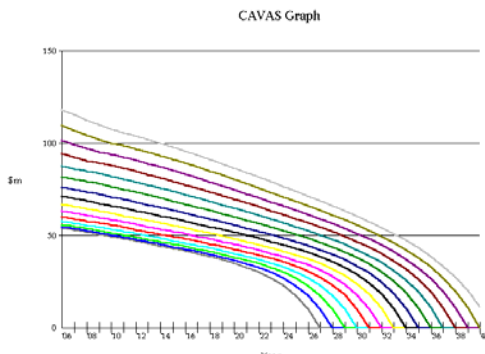
\$54.00m \$118.00m

Estimated Life

35 years File No. 013

Search Term

Add Modify Delete OK



CAVAS Figures

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
2006	54.00	54.61	55.83	57.66	60.10	63.54	66.80	71.07	72.94	81.43	87.52	94.23	101.54	109.47	118.00
2007	52.83	53.49	54.73	56.34	58.98	62.01	65.42	69.85	74.86	80.77	85.92	92.18	99.12	106.73	115.25
2008	51.69	52.36	53.61	55.43	57.85	60.94	64.43	68.69	73.65	79.18	84.76	90.49	96.97	104.20	112.39

Profit & Loss Report

Aircraft Type: Airbus A340-300

Period	1	2	3	4	5
REVENUES (US\$)					
Passengers	49,328,754	49,270,739	49,212,559	49,154,213	49,095,701
Freight & Mail	8,879,176	8,868,733	8,858,261	8,847,758	8,837,226
Other Revenue	986,575	985,415	984,251	983,084	981,914
TOTAL OPERATING REVENUE	59,194,505	59,124,887	59,055,070	58,985,055	58,914,841
VARIABLE EXPENSES					
Fuel	6,918,975	6,917,743	6,916,470	6,915,177	6,913,846
Landing Fees	3,021,823				
Enroute Charges	392,440				
Pax Commissions	7,399,313				
Freight Commissions	1,331,876				
Food & Supplies	3,999,194				
Passenger Liability Insurance	379,590				
TOTAL VARIABLE COST	23,443,212				
SEMI-VARIABLE EXPENSES					
Crew Salaries & Expenses	5,177,760				
Maintenance & Engineering	587,650				

Profit & Loss Report

Aircraft Type: Airbus A340-300

Period	1	2	3	4	5
FIXED EXPENSES					
Station Overhead	346,597	345,923	345,249	344,575	343,901
Maintenance Burden	176,295	351,824	526,586	700,581	873,810
Other Overhead	0	0	0	0	0
TOTAL FIXED COST	522,892	697,747	871,835	1,045,156	1,217,711
TOTAL OPERATING COST	31,464,497	32,185,749	32,903,601	33,618,052	34,329,104
General and Admin. Allocation	1,573,225	1,609,287	1,645,180	1,680,903	1,716,495
TOTAL COST	33,037,722	33,795,036	34,548,781	35,298,955	36,045,599
OPERATING PROFIT OR LOSS	26,156,782	25,329,851	24,506,290	23,686,100	22,869,282
D-CHECK ADJUSTMENT					
Cumulative Hours	4,830	9,650	14,459	19,257	24,045
Cumulative Dollars	315,000	0	0	0	0
ADJUSTED CASH FLOW	25,841,782	25,329,851	24,506,290	23,686,100	22,869,282
AIRCRAFT LIFE ADJ. CASH FLOW	25,841,782	25,329,851	24,506,290	23,686,100	22,869,282

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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.

Samples of all publications are available upon request.

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CC Type: VISA / MasterCard / Discover / AmEx; CC #: _____ Exp Date: _____

Wire transfer information available upon request.

For Office Use Only:

CC Approval #: _____ Date: _____

Customer No.: _____ Invoice No.: _____