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Market Comment

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Airbus Dominated the 2011 Paris Air Show. The European manufacturer won 730 new orders and commitments for its aircraft while **Boeing** announced sales of a fifth of that number. **Airbus** President and CEO **Tom Enders** sounded humble when he said, “When I went to the Board last year to have approval for the A320neo, I promised strong sales for many years forward with the family, but at this point of time, I have to admit, I didn’t think it would be such a best-seller in only six months after the launch.” **Airbus** also booked orders for 13 A330s, six A350s and two A380s. At the end of the show, an unnamed customer committed to buy 10 A380s.

Airbus’ firm sales and commitments were valued at \$72.2 billion by **John Leahy**, **Airbus** Chief Operating Officer, Customers. The firm orders for 418 aircraft were worth around \$44 billion and options and Memorandums of Understanding (MOU) for 312 aircraft were worth \$28.2 billion. He said that **Paris** was “the best air show ever for **Airbus** in terms of aircraft numbers” which totaled 730 commitments from 16 customers at the show and 1,029 A320neo Family commitments since its launch in December 2010. The 13 A330s were valued at \$2.8 billion, six A350s were priced at \$1.6 billion, and the two firm orders and 10 A380s commitments were worth \$4.5 billion. **Airbus** said the first slots that are available for aircraft ordered today is as follows: A320 — 2014; A320neo – late 2018; A330 – 2014; A350 – late 2018; and A380 – 2015.

Boeing reported the confirmations of previous orders from unannounced customers at Paris. To its credit, **Boeing** sold 737s to repeat customers, including 15 737NGs to **Norwegian**, six 737NGs to **Air Lease Corp.**, and booked orders for 19 737NGs from unidentified customers. Two 747-8s and six 777Fs were also attributed to unnamed buyers. **Boeing** identified 27 orders at **Paris** that were previously listed as unidentified, including orders for 14 777s, one 767 and 12 737NGs. **Hong Kong Airlines** was identified as the customer for 15 747-8Is, but a firm order has yet to be signed. **Boeing** announced commitments for another 54 737NGs, two 747-8s, 19 777s and 12 787s, for a grand total of 150 potential sales.

Boeing Flew Its Newest Planes to Paris Air Show. The 787 Dreamliner and both 747-8 models were displayed at the **Le Bourget Airport** for several days. The manufacturer did not fly the planes for the public, which seems to mirror the company’s timidity in the single-aisle

<i>Table of Contents</i>	
<i>Market Comment</i>	<i>1</i>
AIRCRAFT & ENGINE ORDERS	
<i>Airbus</i>	<i>4</i>
<i>Boeing</i>	<i>8</i>
<i>Regional</i>	<i>12</i>
<i>Order Changes</i>	<i>15</i>
<i>Engines</i>	<i>17</i>
<i>Leasing Companies</i>	<i>18</i>
AVIATION BUSINESS	
<i>Airline News</i>	<i>19</i>
<i>Cargo Pallet</i>	<i>19</i>
<i>Military Market</i>	<i>18</i>
<i>Technical</i>	<i>21</i>
AIRCRAFT DELIVERIES, SALES & LEASES	
<i>Jet Aircraft</i>	<i>22</i>
<i>Turboprop Aircraft</i>	<i>25</i>
<i>Accidents & Safety</i>	<i>26</i>
PUBLICATIONS & FORMS	
<i>Avmark Capabilities</i>	
<i>Avmark Publication Samples</i>	
<i>Current Avmark Publications</i>	
<i>Publication Form</i>	

aircraft market. There was much talk before and at the airshow as to **Boeing's** plans to replace the 737NG. Answering the charge that the company did not know what to do with the 737, **Boeing Commercial Airplanes** Chief **Jim Albaugh** said, "I don't think we're dithering at all. I want to make sure we make the right decision." The press commented that **American Airlines** could turn to **Airbus** and place a huge order for the A320neo. Just two months earlier, **Boeing Chief Executive Jim McNerney** said the company had time to weigh its options because he did expect defections from his 737 customer base to the A320neo. A short 30 days after the **Paris Air Show**, time ran out. On July 20, **American** announced it ordered 260 A320 Family aircraft, including 130 A320neo aircraft. On the same day, **Boeing** announced **American's** intention to order 100 Next-Generation 737s and option another 40 737NGs. The **Boeing** press release stated, "In addition, **American Airlines** has committed to order a variant of the 737 featuring new more fuel-efficient engines, pending final airplane configuration and launch approval of the program by the **Boeing** Board of Directors. This commitment for 100 airplanes, with options for 60 more, is the first of many anticipated for this variant. The airplane would be powered by **CFM International's** LEAP-X engine." **Boeing** said it was taking "another giant step forward in improving the operating economics of this already market-leading airplane." Until July 20, **American** was considered an "all-**Boeing**" airline. It has 51 737NGs, 13 777s and 42 787s in backlog.

Airbus and **Boeing** share the 120+ seat aviation market equally and the 737NG accounted for approximately 60 percent of **Boeing's** deliveries by dollar value. As of late July, **Airbus** has firm orders and commitments for 1,200 A320neo aircraft, while **Boeing** has commitments for 160 fourth-generation 737s and has yet to officially launch the program. **Boeing** has a steep hill to climb to reach equality with **Airbus** in this market for 23,000 narrowbodies, worth \$1.95 trillion over the next 20 years. Some customers, such as **Air Lease Corp.'s** **Stephen Udvar-Hazy**, were pushing **Boeing** to launch an all-new 737 replacement, but at the same time, his company bought 50 A320neo aircraft at **Paris**. Other customers were not willing to wait until 2019 for a

new **Boeing** airplane. Several major leasing companies, including **GECAS**, **CIT**, **ALAFCO** and **ILFC**, bought more than 200 A320neo aircraft and airlines committed for another 1,000. The market has spoken and **Boeing** replied rather slowly and hesitantly. There was no splash of flashy advertising announcing that the new 737 was here, just a tepid statement of "pending final airplane configuration and launch approval of the program by the **Boeing** Board of Directors."

Boeing needs to focus on the narrow body market, which will account for two-thirds of the airplanes and one half of the value of the 33,500 unit, \$4 trillion commercial aircraft market that it forecast over the next 20 years.

Airbus Orders

ILFC Confirmed Its Purchase of 100 A320neo Family Aircraft in April. The lessor selected the **Pratt & Whitney** PW1100G engine for at least 60 of the new planes. **ILFC** officially ordered 75 A320neo and 25 A321neo aircraft, but it can change the mix of types. The first A320neo will be delivered in late 2015.

In May, Airbus Sold Five A330s and Two A320s, bringing year-to-date gross orders to 176. **Korean Air** ordered the five A330-200s and has now committed for 30 of the type. They are to be fitted with **Pratt & Whitney** PW4000 engines. The airline has received seven A330-200s and 16 A330-300s to date. **Star Flyer** bought its first two A320s, adding to its fleet of leased A320s.

The Japanese low-cost airline ordered a third A320 on June 1. **Star Flyer** was launched in March 2005, and it currently operates five leased CFM56-powered A320s. It will lease four more A320s shortly. **Star Flyer** will use the new jets to open routes in Japan and to Korea. **Airbus** delivered 50 jetliners to customers in May, including 38 A320 Family aircraft, nine A330s and three A380s.

Airbus Won 601 Aircraft Orders in June – many of these were announced at the **Paris Air Show** at **Le Bourget Airport**. The year-to-date net orders now stand at 640, and the backlog is 3,934 units. This represents eight years of production at current output rates. The recently launched A320neo was the star of the air show. **Airbus** sold 200 A320neo aircraft to **AirAsia**, 150 to **IndiGo** and 188 other A320neo aircraft to five other customers. The manufacturer also sold 41 standard A320s to three airlines and **GECAS**. **Airbus** sold 13 A330s, six A350-900 XWBs and two A380s to five customers. The

Airbus Orders, Deliveries and Backlog May 2011

MAY ORD	MAY DEL	MAY CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			A318		
-0-	-0-	-0-	83	74	9
			A319		
-0-	6	-0-	1,485	1,291	194
			A320		
2	26	-0-	4,539	2,681	1,858
			A321		
-0-	6	-0-	920	650	270
			A330		
5	9	-0-	1,127	789	338
			A340		
-0-	-0-	-0-	379	375	4
			A350		
-0-	-0-	-0-	574	-0-	574
			A380		
-0-	3	-0-	234	49	185
This Month			This Year		BL
7	50	-0-	97	217	3,432

Airbus sold 10,157 aircraft and delivered 6,725 as of May 31, 2011.

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

manufacturer delivered 32 A320 Family aircraft, seven A330s and two A380s for a total of 258 aircraft to 66 customers.

In the Second Quarter, Airbus sold 708 new aircraft, and lost another 69 existing orders to cancellations, for a net order increase of 639. The European plane maker delivered 139 new airplanes, including six A380s, 24 A330s and 109 A320 Family aircraft during the quarter.

AirAsia, the largest low-cost airline in the Asia-Pacific region, placed a firm order for 200 A320neo aircraft. The \$18.2 billion contract was announced at the **Paris Air Show** and it included the option of another 100 A320neo aircraft. This was the largest order ever placed for A320 Family aircraft and it propels **AirAsia** to the first rank of airline customers for single-aisle Airbuses. **AirAsia's** neo aircraft will be powered by **CFM International's** new LEAP-X engines. To date, **AirAsia** has ordered 375 A320 Family aircraft and has taken delivery of 89 of them. The other 86 A320s will be delivered by 2016,

and the orders will not be converted to the neo type. The airline's long-haul affiliate **AirAsia X** has also ordered 38 A330s. The sale is seen as a coup for **CFM International**, because it suddenly made the **CFM LEAP-X** a viable competitor to the **P&W PW1100 GTF-Geared Turbo Fan**.

In July, **AirAsia** suggested it would firm up the 100 A320neo options. This will increase the value of the **AirAsia** order from \$18.2 billion to \$27 billion at list prices. The order shows that the Asia-Pacific market is the fastest growing in the world. CEO **Tony Fernandes** said the airline could expand to 500 aircraft. The new fleet will be used to link Southeast Asia to India and China. The airline is considering opening a new hub in Singapore. It currently serves 63 cities in 20 countries.

IndiGo, India's largest low-cost carrier, confirmed its order for 150 A320neo and 30 standard A320 aircraft at the **Paris Air Show**. The airline signed an MOU for the planes in January. The order was valued at \$16 billion at list prices. The company will choose between the **CFM LEAP-X** and **P&W**

Airbus Orders, Deliveries and Backlog June 2011

JUN ORD	JUN DEL	JUN CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			A318		
-0-	-0-	-3	80	74	6
			A319		
-0-	4	-6	1,470	1,295	175
			A320		
573	23	-36	5,080	2,704	2,376
			A321		
7	5	-0-	932	655	277
			A330		
13	7	-0-	1,140	796	344
			A340		
-0-	-0-	-0-	379	375	4
			A350		
6	-0-	-13	567	-0-	567
			A380		
2	2	-0-	236	51	185
This Month			This Year		BL
601	41	-58	640	258	3,441

**Airbus sold 10,700 aircraft and delivered 6,766 as of
June 30, 2011.**

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

PW1100 GTF engines later. **IndiGo** ordered 100 A320s in June 2005, and has taken delivery of 44 aircraft to date.

Cebu Pacific Airlines, the Philippines, exercised seven options for A320s in June. It has now ordered 41 single-aisle Airbuses. The low-cost carrier signed a Memorandum of Understanding (MOU) for 30 A321neo aircraft at the air show. **Cebu Pacific** has not made its engine selection yet. The airline has 10 A319s and 16 A320s operating on its network of 33 domestic and 16 international cities.

GoAir, India, signed a firm order for 72 A320neo aircraft for long-term fleet expansion at the 49th **Paris Air Show**. **GoAir** originally ordered 20 A320s in 2006, and has taken delivery of 10 of them. The other 10 will arrive over the next two years. The first A320neo will be delivered in October 2015. The airline did not announce its choice of engines.

JetBlue Airways announced an MOU for the purchase 40 A320neo aircraft at the **Paris Air Show**. The airline did not announce its engine selection, but its A320 fleet is powered by **IAE V.2500s**. The A320neo aircraft will be delivered between 2017 and 2021. **JetBlue** also converted 30 of its 52 outstanding A320 orders to the larger A321 model, which will be fitted with sharklet wingtip devices. Deliveries of the A321s begin in 2013. The New York-based airline has now ordered 143 A320s and 30 A321s. It received its first A320 in 1999 and has accepted 121 A320s to date.

Garuda Indonesia signed an MOU for the purchase of 15 standard A320 and 10 A320neo aircraft for operation by its low-cost domestic subsidiary **Citilink**. **Citilink** currently operates two 737-300s and two 737-400s; these will be retired after the arrival of the first A320s. It is possible that **Citilink's** parent, **Garuda**, will switch to the A320neo as a replacement for its 23 737 Classics; it will retire seven of them this year. The airline operates 46 737-800s and has 10 more on order.

July Orders. China Aviation Supplies Holding Company (CAS) and ICBC Financial Leasing Co. (ICBC Leasing) ordered 88 A320 Family aircraft in July. **ICBC Leasing** is purchasing 42 A320 Family aircraft. This is the first order that the lessor has placed directly with a manufacturer; the company has 68 aircraft in its portfolio. **ICBC Leasing** is a subsidiary of the **Industrial and Commercial Bank of China**. Since the first A320 was introduced in China in 1995, **CAS** has purchased the single-aisle planes for Chinese airlines. The company currently has three A319s and 51 A320s in its backlog. Its latest order for 46 A320 Family was not reflected on the official Airbus orders and deliveries report in June. **Airbus** reports that approximately 575 A320 Family aircraft were operated by 13 Chinese airlines.

Garuda Indonesia placed a firm order for four A330-300s in July, bringing the carrier's A330 fleet to 23 aircraft. The airline also converted orders for three A330-200s to the larger -300 variant. **Garuda's** current A330s are powered by **Rolls-Royce Trent 700** engines.

Singapore Airlines (SIA) finalized an agreement to acquire 15 more A330-300s from **Airbus** in July. The airline already has 19 A330-300s in its fleet. The new A330s will be leased upon delivery to **SIA** between 2013 and 2015. They will be leased for a minimum of six years and the airline has the option to extend the lease term. Like its existing A330 fleet, the new A330s will be powered by **Rolls-Royce Trent 700** engines. The A330s will fly on routes linking Singapore with the rest of Asia, Australia and the Middle East, the airlines said. The order is valued at more than \$3 billion at list price; the engine contract is worth \$1 billion to **Rolls-Royce**. **Singapore** currently operates 108 aircraft, including 12 A380s, 19 A330s and 20 A340-600s. The airline has 15 A330s, 30 A350s and seven A380s on order.

TransAsia Airways, Taiwan, ordered six A321neo aircraft at the **Paris Air Show**. The airline will make its engine selection between the CFM LEAP-X and PurePower PW1100G in the near future. **TransAsia Airways** currently operates two **IAE V.2500**-powered A320s and five A321s on domestic and regional services; it has six sharklet-fitted A321s on order for future delivery. The new aircraft will be placed on routes connecting Taiwan with mainland China.

SAS—Scandinavian Airline System signed a firm order for 30 A320neo aircraft. The engine decision will be announced by the airline at a later date. The new planes will join the airline's existing fleet of four A319s, eight A321s, four A330s, and seven A340s. **SAS** ordered its first Airbus in 1980.

Skymark Airlines placed a repeat order for two A380s at the **Paris Air Show**, bringing its A380 order total to six. Japan's third-largest airline plans to start A380 service on international routes linking **Narita Airport** to cities in Europe and the U.S. Firm orders for the A380 now stand at 236 from 18 customers worldwide and 51 aircraft have been delivered to six customers.

Airbus signed a Memorandum of Understanding (MOU) to sell 10 A380s to **Hong Kong Airlines** in late June. The aircraft are worth \$3.75 billion at list prices. Apparently, the airline ordered 15 Boeing 747-8s as well. The carrier is 46 percent owned by **HNA Group**, parent of **Hainan Airlines**. It is reported that the confirmation of the A380 order was held up by the Chinese government, which is piqued by the **European Union's** plan to tax aircraft emissions.

Saudi Arabian Airlines, the nation's flag airline, ordered four more A330-300s, adding to the eight in its fleet. The airline ordered 22 A320 Family aircraft in 2007, and eight A330s in July 2008. So far, **Airbus** has delivered five A320s, four A321s and all eight A330s. **Saudia's** owned and leased fleets will grow to 62 **Airbus** aircraft.

U.S.-Based Lessor, CIT Group, signed a Memorandum of Understanding (MOU) for 50 A320neo Family aircraft at the **Paris Air Show**. Before the show, the company ordered one A330-200 and one A330-300. Once the A320neo order is confirmed, **CIT** will have bought 241 Airbuses, including 195 A320 Family aircraft, 41 A330s and five A350 XWBs. To date, the lessor has taken delivery of 113 single-aisle planes and 28 A330s. **CIT** chose **CFM International** LEAP-X1A engines for 15 of the A320neo Family aircraft and optioned **CFM** engines for another 10 aircraft. The lessor ordered 60 **Pratt & Whitney** PurePower PW1100G engines and optioned up to 40 more engines. Deliveries of each type are scheduled to start in 2016. This suggests that the lessor will buy more A320neo aircraft in the future. **CIT** currently owns or finances nearly 300 commercial jets, including 166 Airbuses. The company now has 100 Airbuses and 56 **Boeing** aircraft in backlog for delivery through 2019.

Air Lease Corporation (ALC) signed an MOU for 50 A320neo Family aircraft at the **Paris Air Show**; it optioned another 14 aircraft. The lessor also announced the acquisition of one standard A321, eight A330-200s and three A330-300s. Prior to the air show, **ALC** had ordered 30 A320s and 21 A321s and had taken delivery of four A320s. With this new order, **ALC's** orders and commitments for new Airbus aircraft will reach 52 A320 Family, 36 A320neo Family and eleven A330s.

GE Capital Aviation Services (GECAS) announced a firm order for 60 A320neo Family aircraft at the **Paris Air Show**. **GECAS** selected **CFM International's** LEAP-X engine for all 60 A320neo aircraft. The lessor ordered three standard A320s with CFM56 engines on June 1. These new purchases bring **GECAS' A320 Family** aircraft orders to 390.

LAN Airlines, a leading Latin American passenger and cargo airline, ordered 20 A320neo aircraft at the **Paris Air Show**. The engine selection will be announced at a later date. Most of the airline's 68 A320 Family aircraft are powered by **IAE V.2500** engines. The airline has now ordered 172 Airbuses and has taken delivery of 72. It bought 50 A320 Family aircraft in December, and they will be fitted with sharklet wing-tip extensions. The purchase of the A320neo is part of **LAN's** expansion strategy and fleet-renewal program. The first A320s, fitted with sharklets, will arrive in 2013, and the first A320neo is scheduled for 2016.

Republic Airways Holdings, the parent company of **Frontier Airlines**, signed a Memorandum of Understanding (MOU) for 40 A320neo and 40 A319neo aircraft. The commitment was announced at the **Paris Air Show**, and makes **Republic** the launch customer for the A319neo. Its subsidiary, **Frontier** operates 58 A318, A319 and A320 aircraft. The holding company chose the **CFM International** LEAP-X engines for all 80 of its new A320neo Family aircraft.

AviancaTaca, the recently-merged flag carriers of Colombia and El Salvador and the company's subsidiary **AeroGal**, Ecuador, signed an MOU for 51 A320 Family aircraft. The potential order includes 33 A320neo aircraft and will be the largest order for A320neo in Latin America. The new aircraft will replace **AviancaTaca's** oldest Airbuses and will be used for expansion into new markets in the region. The airline now has orders and commitments for 135 aircraft and a firm order backlog for 40 Airbuses. **AviancaTaca** operates 78 A320 Family and seven A330 aircraft.

Airbus will install more powerful **Rolls-Royce** Trent XWB engines on the A350-1000 in order to respond to a market need for more payload and range. **Rolls-Royce** is building a Trent engine capable of up to 97,000 pounds of thrust. The enhanced engine will be optimized for the largest of the A350 Family and it will be the most powerful engine offered on an **Airbus** aircraft. The new plane will feature a revised wing and increased gross weights and should be ready for service in mid-2017, but it will cost \$9 million more than the previous version to the A350-1000. **Airbus' Chief Operating Officer, Fabrice Brégier** said the enhanced A350-1000 aircraft will offer "25 percent lower fuel burn and CO2 emissions than its nearest competitor" and it will be "the most efficient aircraft in its category." **Airbus** said, "The extra thrust together with an increased aircraft takeoff weight capability of 308 tons will enable airlines to fly the new A350-1000 approximately 400 nm further with a full load of 350 passengers, or carry around 4.5 extra tons of payload at a given range." To date, four customers have ordered 75 A350-1000s. **Airbus** forecasts a demand for 5,800 new twin-aisle mid-size passenger aircraft over the next two decades.

Airbus A350 Launch-Customer Qatar Airways warned that it might drop its 20-unit A350-1000 order if the redesign does not significantly outperform the current **Boeing 777-300ER**. Several customers complained that **Airbus** needed to go further to improve the A350's competitiveness over its rival. **Qatar Airways CEO Akbar Al Baker** said, "I was expecting that **Airbus** would make a competitor to the 777-300ER, that we would have considerably lower seat-mile costs and at least 15 percent more range, but that is not going to happen. What they are going to give us is fewer seats than the 777-300ER and marginally more range," he said to the press. He asked why he should invest in a new airplane that "offers very little marginal benefit range-wise, and negative benefit capacity-wise." The A350-1000 will be 18 months late as well, forcing **Qatar** to buy more 777s to maintain its fleet expansion plan. Mr. **Al Baker** said the airline could cancel the A350-1000s or switch to the A350-900,

if the former does not meet contracted performance specifications. Further, if **Boeing** can offer a 5 percent improvement in the 777-300ER's fuel economy, "that alone will defeat the -1000 program."

Kuwait-Based Lessor, Aviation Lease and Finance Company (ALAFCO), signed an MOU for 30 A320neo aircraft at the **49th Paris Air Show** at **Le Bourget Airport**. **ALAFCO** has already ordered 26 A320s and taken delivery of 25. The lessor placed a firm order for six more A350-900 XWB aircraft at the show. This brings the company's total A350 orders to 18 aircraft. **ALAFCO** placed its first A350 XWB order in 2007, when it ordered 12 A350-800s. The lessor switched its commitment to the larger A350-900 in 2010. The A350-900 typically has a capacity of around 40 more seats than the A350-800. Orders for the A350 stood at 567 as of June 30.

Boeing Orders

Boeing Sold 29 Airplanes in April and May. **American** bought two 777-300ERs at the end of the April and bought another 777-300ER at the end of May. The airline now has six -300ERs and seven -200ERs on backlog; it has 47 777-200ERs in service. **Lufthansa Cargo** confirmed its order for five 777Fs in May. **Boeing** sold four 777-300ERs to one **Unidentified Customer**, another four 777-300ERs to a second customer and eight 777-300ERs to a company, later identified as **Aeroflot**. The 18 777s are worth approximately \$5.112 billion at list prices. **LAN Airlines** bought five 767-300ERs and now has 14 767-300ERs on order and 18 in service. An unidentified customer (**MIAT Mongolian Airlines**) ordered a 767-300ER and two 737-800s. Another unnamed customer bought one 737-800. **Boeing** delivered 29 737s, two 767s, and six 777s in April. It delivered 39 aircraft in May, including 33 737s, one 767, and five 777s.

Lufthansa Cargo finalized its March commitment for five 777F freighters in May. The firm order was valued at \$1.35 billion at list prices. The airplanes will be used to modernize and expand its fleet. The airline currently operates 18 MD-11F freighters. **AeroLogic**, a **Lufthansa Cargo-DHL Express** joint venture, received its first 777F in May 2009 and now flies eight 777Fs. **Boeing** has sold a total of 88 777 Freighters and has delivered 39 of them.

Boeing Sold 48 New Jets in June and Announced Some MOUs at the Paris Air Show. **Air Lease Corp. (ALC)** exercised six 737-800 options that it reserved last year. **Norwegian Air Shuttle ASA** signed up for 15 737-800s before the show; the airline has now ordered 78 737s. Different **Unidentified**

Airbus Will Boost the A320 Production Rate to 42 aircraft per month by the fourth quarter of 2012. The manufacturer currently builds 36 A320 Family aircraft per month on two production lines in Europe and one in China. **Airbus** will bump the monthly rate to 38 in August 2011, and to 40 in the first quarter of 2012. **Airbus** builds 8.5 A330s per month and will increase the rate to nine in early 2012, and to 10 in the second quarter of 2013. **Airbus** has a backlog of over 2,300 A320 Family aircraft. It will take five years to deliver at current production rates.

Air France-KLM Group will to split its 100 widebody order between the **Airbus** A350 and the **Boeing** 787, the airline's Chief Executive Officer **Pierre Henri Gorgeon** reported to French politicians. More than 180 of 577 deputies in the French **National Assembly** signed a petition pressuring the CEO to favor the **Airbus** plane. **Air France** operates A320 Family aircraft on its European routes and **Boeing** 777s on its long-haul services. **KLM** is more reliant on **Boeing** jets.

Customers ordered four 737-700s, one 737-800 and 14 737-800s. One **Unidentified Customer** purchased two 747-8s and another (**China Southern**) ordered six 777Fs. The manufacturer delivered 32 737s, two 767s and eight 777s in June.

China Southern Airlines announced that it ordered six 777F freighters when it filed a report with the Hong Kong stock exchange in June. The airline said it will take delivery of the freighters between 2013 and 2015. **China Southern** said the aircraft acquisition enables it to expand its cargo division. The airline operates a fleet of five 777-F1B freighters.

Boeing named the previously unidentified customers for 27 aircraft. **Aeroflot** announced orders for eight 777-300ERs, **Malaysia Airlines** revealed an order for 10 737-800s and **MIAT Mongolian Airlines** ordered two 737-800s and one 767-300ER. **Qatar Airways** ordered four 777-300ERs in May and announced two 777 orders from previous months. **Boeing** also reported the cancellation of two 777 orders and eight 787 orders in June.

GE Capital Aviation Services (GECAS) said it will buy eight more 777-300ERs

and two 747-8F Freighters at the **Paris Air Show**; the 747-8F is a new type for the lessor. The planes will be powered by **GE** GENx-2B engines. **GECAS** ordered two 777Fs and eight 777-300ERs in March. When the order is finalized, **GECAS** will have purchased eight 777Fs and 47 777-300ERs.

Malaysia Airlines announced it exercised an option to purchase 10 more 737-800s at the **Paris Air Show**. The order was valued at more than \$800 million at current list prices. The 10 options and purchase rights for another 10 737-800s stem from a contract for 35 737NGs that was signed in July 2008. The 737s will feature the Boeing Sky Interior and will be fitted with Blended Winglets. **Malaysia Airlines** was founded 64 years ago as the national carrier of Malaysia. It operates a fleet that includes Classic and Next-Generation 737s, 747-400s, 747-400Fs and 777-200ERs.

Aeroflot Russian Airlines announced the purchase of eight more 777-300ERs at the **Paris Air Show**. The order was placed in May and was attributed to an unidentified customer at that time. **Aeroflot**

Boeing Orders, Deliveries April 2011

APR ORD	APR DEL	APR CANX	TOTAL ORD	TOTAL DEL	BACK LOG
737					
-0-	29	-0-	8,887	6,754	2,133
747					
-0-	-0-	-0-	1,527	1,418	109
767					
2	2	-0-	1,053	1,000	53
777					
-0-	6	-0-	1,209	929	280
787					
-0-	-0-	-0-	835	-0-	835
This Month			This Year		BL
2	37	-0-	108	141	3,410

**Boeing sold 21,041 aircraft and delivered 17,631
as of April 30, 2011.**

**The Current Program includes sales and deliveries
of 737s, 747s, 767s, 777s and 787s.**

Sales totals are net, minus cancellations.

ordered its first eight 777-300ERs in February 2011. **Aeroflot** is Russia's largest airline and its flag carrier. The airline serves 898 locations in 169 countries with 107 aircraft. It is a member of **SkyTeam**.

MIAT Mongolian Airlines revealed its May 2011 order for two 737-800s and one 767-300ER. The three planes were valued at \$245 million at list prices. The airline currently leases one 15-year-old 767-300ER and two newer 737-800s. **MIAT Mongolia Airlines** is based at **Chingis Khaan International Airport** in the Mongolian capital of Ulaanbaatar. The airline is the country's national flag carrier and was founded more than 55 years ago.

Norwegian Air Shuttle ASA ordered 15 737-800 airliners at the **2011 Paris Air Show**. The order was valued at \$1.2 billion at list prices and brought **Norwegian's** 737-800 orders to 78. The airline also finalized its contract to purchase three new 787 Dreamliners from **Boeing**. **Norwegian** will lease two 787s from **ILFC** as well.

UTAir Aviation, Russia, announced an agreement to buy 33 737-800s and seven 737-900ERs at the **Paris Air Show**.

UTAir operates a fleet of four 757-200s, 27 737 Classics and two brand new 737-800s fitted with Boeing Sky Interiors. The airline will take delivery of seven more 737-800s by the end of this year.

Air Lease Corporation (ALC) said (at the **Paris Air Show**) that it will purchase 14 more 737-800s, five 777-300ERs and four 787-9 Dreamliners. **ALC** also optioned four 737-800s. Before the show, the company exercised six options for 737-800s that dated from last year's order for 60 737-800s. The 33 plane order has not been finalized or posted on the Boeing Orders & Deliveries website.

The Boeing Company announced orders and commitments for 17 747-8 Intercontinentals at the **Paris Air Show**. The 17 planes were valued at \$5.4 billion at list prices. One carrier (reported to be **Hong Kong Airlines**) committed to buy 15 passenger 747-8Is. An unidentified customer placed a firm order for two 747-8Is. As of July 1, **Boeing** has sold 50 747-8I Intercontinentals. The total included a commitment for five 747-8Is from **Air China**; the sale was contingent on **Chinese Government**

Boeing Orders, Deliveries May 2011

MAY ORD	MAY DEL	MAY CANX	TOTAL ORD	TOTAL DEL	BACK LOG
737					
3	33	-1	8,888	6,787	2,101
747					
-0-	-0-	-0-	1,527	1,418	109
767					
6	1	-0-	1,057	1,001	56
777					
18	5	-0-	1,229	934	295
787					
-0-	-0-	-0-	835	-0-	835
This Month			This Year		BL
27	39	-1	134	180	3,387

**Boeing sold 21,066 aircraft and delivered 17,670
as of May 31, 2011.**

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

approval. The 747-8 backlog now stands at 126, including 76 orders for the 747-8F freighters. All 747-8s are powered by **General Electric** GENx-2B engines.

Hong Kong Airlines was identified by the press as the undisclosed customer that committed for 15 747-8Is in June. Neither the airline nor **Boeing** confirmed the \$4.8 billion deal. The airline is 46 percent owned by the **HNA Group** of China. **HNA** was going to announce an order for 10 A380s at the **Paris Air Show** as well, but that deal was delayed by the **Chinese Government**. China and the **European Union** are in a dispute about the **EU's** plan to charge airlines for emissions. After January 1, 2012, all airlines flying to Europe will have to participate in the **Emissions Trading Scheme (ETS)**, which forces polluters to buy permits for each ton of carbon dioxide they emit above a certain limit. The **Chinese Government** said the **ETS** is costly and unfair to developing countries. The scheme was called illegal by **IATA** and China said it will support legal actions against the **ETS**. China also said it would withhold the purchase of **Airbus** aircraft due to the **Emissions Trading Scheme**. **Reuters** said the A380 order was not blocked, but the cancellation of the signing ceremony at Paris was a clear protest signal.

Boeing Orders, Deliveries June 2011

JUN ORD	JUN DEL	JUN CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			737		
40	32	-0-	8,928	6,819	2,109
			747		
2	-0-	-0-	1,529	1,418	111
			767		
-0-	2	-0-	1,057	1,003	54
			777		
6	8	-2	1,233	942	291
			787		
-0-	-0-	-8	827	-0-	827
This Month			This Year		BL
48	42	-10	171	222	3,392

**Boeing sold 21,104 aircraft and delivered 17,712s
as of June 30, 2011.**

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

Qatar Airways announced its order for six 777-300ERs at the **2011 Paris Air Show**. The deal is worth \$1.7 billion at list prices. The airline currently operates eight ultra-long range 777-200LRs, 15 777-300ERs and two 777F freighters. It has ordered eight 777s this year through the exercise of options taken in November 2007. **Qatar Airways** now has 15 777s pending delivery. As stated on Page 7, it warned **Airbus** that if the A350-1000 does not meet the airline's payload-range specifications, it would cancel the order and buy more 777s. **Boeing** said it intends to enhance the 777's performance in the next few years in order to compete more effectively with **Airbus's** "new and improved" A350-1000.

The Thai Airways International Board of Directors authorized the purchase of six 777-300ERs and the lease of eight 787 Dreamliners in June; the 777 order has not been finalized. **Thai** currently operates

24 777s, including eight 777-200s, six 777-200ERs, six 777-300s and four 777-300ERs. Also, **Thai Cargo** was the first Southeast Asian carrier to utilize the 777F.

Xiamen Airlines, China, ordered six 787s in June. The airline told the Hong Kong stock exchange it will take delivery of the 787s in 2014 and 2015; **Xiamen** will select the engine later. The airline was an early customer for the 787-8, but it cancelled its three orders in 2006. This new order has not been confirmed by **Boeing**.

Boeing Forecasted a Market in India for 1,320 Planes, Worth \$150 Billion over the next 20 years. The Indian economy is expanding at double digits, so the airlines need new airplanes for growth and to replace their aging and less efficient fleets. Passenger traffic rose to 53.6 million domestic and 13.1 million international trips. It is expected to grow at 8.1 percent annually over the long-term. **Boeing** forecasted a global market for 33,500 new passenger airplanes and freighters worth \$4 trillion for delivery between 2011 and 2030. Global passenger traffic is expected to grow at 5.1 percent annually and the world fleet is expected to double by 2030.

The Boeing Company reported first-quarter net income of \$0.6 billion on revenue of \$14.9 billion. Their operating margin was 6.7 percent. "We're off to a good start," said Chairman and CEO **Jim McNerney**. "We delivered strong operating performance, made significant progress on 787 and 747-8 flight testing, and scored a major win on the U.S. Air Force Tanker program. Our outlook remains positive, and our people are focused on meeting customer commitments." The total company backlog was \$329 billion, as of March 31 – up from \$321 billion at year-end. The company won orders worth \$23 billion. **Boeing Commercial Airplanes** booked 153 gross orders during the quarter, but lost 47 orders for a net gain of 106 sales. This was up from the 83 net orders won in the first quarter of 2010. Backlog remains strong with over 3,400 airplanes valued at \$263 billion.

Boeing Opened Its New 787 Dreamliner Final Assembly Building in North Charleston, South Carolina, in June. The ceremony was attended by elected officials, representatives from numerous community and business groups, suppliers, subcontractors and more than 1,000 Boeing employees. The facility was completed six months ahead of schedule and **Boeing** employees began moving into the new building in May. The final assembly of the first South Carolina-built 787 Dreamliner will begin later this summer. It is interesting to note that **Boeing** will install thin-film, solar-laminate panels on the roof of the Final Assembly building. The solar installation will provide up to 2.6 megawatts of electrical power for the site and will be the largest in the Southeast by production capacity. When production is up and running, the facility will build three 787 Dreamliners per month.

Boeing Debuted Its Two New 747-8 Models, the Intercontinental passenger and the Freighter versions, at the **Paris Air Show**. The **Boeing** display also featured the 787 Dreamliner (in **Boeing** colors), an **Air Berlin** 737-700 with the new **Boeing Sky Interior**, a **Qatar Airways** Boeing 777-200LR, the C-17 Globemaster III military airlifter, the F-15E Strike Eagle multi-role fighter jet, and the CH-47F Chinook heavy-lift helicopter. The 747s and 787 were on static display. The first 747-8 freighter will be delivered to **Cargolux** this summer and the first 747-8 Intercontinental will go to the **Kuwaiti Government** for use as a VIP transport in the fourth quarter. The first 787 will be handed over to launch customer **ANA** in August or September.

Regional Report

ATR at Paris Air Show. The manufacturer announced 60 new orders and 37 options at the show. They join the 28 orders and five options previously revealed this year. At the show, Ecuador's **TAME** purchased three new ATR 42-500s valued at \$54 million. The aircraft are due to enter service in September. Brazil's **Azul Linhas Aéreas** signed a contract to buy 10 more ATR 72-600s, valued at some \$227 million. The airline converted 10 of its 20 options into firm orders. The options were taken at **Farnborough Airshow** last year. This order brings **Azul's** ATR 72-600 fleet to 30. The first deliveries are scheduled in October 2011. These deals reinforce **ATR's** growing presence in Latin America and the Caribbean region, where there are 120 ATRs in operation and more than 40 on order. This represents approximately 20 percent of the current **ATR** backlog. There are approximately 50 ATRs in operation in Brazil. **GE Capital Aviation Services (GECAS)** ordered 15 ATR 72-600s and took 15 more options. The contract, including options, is valued at approximately \$680 million at list prices. This is a first-time **GECAS** has ordered **ATR** aircraft and possibly the first time **GECAS** has ordered a new aircraft that was not powered by **General Electric**-manufactured engines. **ATR** announced the sale of 10 ATR 72-600s to Danish regional aircraft leasing specialist **Nordic Aviation Capital (NAC)**. The lessor optioned 10 additional aircraft bringing the total value of the deal to approximately \$450 million. **Nordic Aviation Capital** was established in Denmark in 1990, and is dedicated to the worldwide sale, purchasing, and financing of commercial turboprop and jet aircraft. **NAC** is privately owned and is the world's largest turboprop leasing company. It currently has a portfolio of 160 aircraft, including 91 ATRs. Also at the **Paris Air Show** an undisclosed customer ordered 10 ATR 72-600s and another ordered nine ATR 72-600s. Since January, **ATR** has sold: 18 ATR 72-500s to **Lion Air/Wings Air**; 15 ATR 72-600s with 15 options to lessor **GECAS**; 10 ATR 72-600s to **Azul Linhas Aéreas**; 10 ATR 72-600s to an undisclosed customer; 10 ATR 72-600s with 10 options to **NAC**; nine ATR 72-600s with 12 options to another undisclosed customer; four ATR 72-500s and four ATR 72-600s with five options to **Aviation/Skywest**; three ATR 42-500s to **TAME**; two ATR 72-500s to **MAS/Firefly**; two ATR 72-500s to **Israir** and one ATR 72-500 to **Borajet**. The total value of the 88 orders and 42 options is estimated at \$2.8 billion. The order backlog of 233 aircraft is worth \$5.4 billion and represent more than three years of production. **ATR** has sold 1,162 aircraft and delivered 929 over the past 30 years.

Comac Orders

Ryanair, the Irish low-cost carrier giant, is talking with **Commercial Aircraft Corp. of China (Comac)** about ordering up to 200 Comac C919 narrowbodies. CEO **Michael O'Leary** said, "... If we do order, there is no point for us to order just a few, it would be over 200 aircraft." **Ryanair** is interested in a 200-seat stretched version of the C919, because the baseline, 150-seat C919 model is "a little bit small," he said. The first C919 is scheduled to enter into service in 2016. The standard model can carry 168 passengers in all-economy configuration while **Ryanair's** 737-800s have 189 seats. **Mr. O'Leary** said, "We could start with 20 to 30 aircraft. We could take the baseline version first, as long as a bigger version comes along." **Ryanair** currently has 40 737-800s on order, for delivery by early 2012. It declined to buy more 737s or order A320s at the prices or conditions that **Boeing** and **Airbus** offered. The airline needs to place a large aircraft order for replacement and growth, with deliveries beginning in 2017.

The European Aviation Safety Agency (EASA) Certified the ATR 72-600. After two years of flight testing and an extended period of ground tests, the ATR 72-600 was awarded its European type certificate. The test program validated the functioning of the new equipment installed on the aircraft, including: a new glass cockpit with five LCD screens, new communication, navigation, monitoring, flight management (FMS), Automatic Pilot and alert management systems, and a new MPC computer system (including aircraft maintenance and protection functions), **ATR** said in its press release. **Royal Air Maroc** will receive the first production ATR 72-600 this summer. **ATR** is flight testing the ATR 42-600, and this aircraft should be certified by the end of the year. Since launching the new -600 program in October 2007, **ATR** has sold 126 of the new series of aircraft.

Republic Airways Holdings' order for 40 CSeries aircraft is intact, a **Republic** spokesman said. There was some speculation that **Republic** would cancel its order when it signed a letter of intent to buy 40 **Airbus** A319neo and 40 A320neo aircraft. The A319neo is a direct competitor of CSeries CS300. Earlier this year, **Republic Airways** ordered 40 CS300 and optioned 40 more.

Embraer E-Jets Family Orders Passed the 1,000 Mark at the 49th Paris Air Show. The manufacturer has sold more than 1,000 E170s, E175, E190 and E195s to 60 airlines in 40 countries, since the launch of the program in 1999. Customers have optioned another 750. Since the first E-Jet was delivered to **LOT Polish Airlines** in 2004, more than 750 have been delivered.

Sriwijaya Air, Indonesia, signed an agreement to acquire 20 EMBRAER 190 jets, and reserved purchase rights for 10 more. The order was announced at the **Paris Air Show** and was valued at \$856 million. The deal could reach \$1.28 billion, if all purchase rights are exercised. **Sriwijaya Air's** E190s will be outfitted with 100 seats in a single-class configuration. The airline was founded in

Bombardier Aerospace Sales Reached \$4.7 Billion at the Paris Air Show.

In June, five new customers joined the CSeries program. **Braathens Aviation** and three unidentified customers placed firm orders for 33 CSeries aircraft. **Korean Air** signed a Letter of Intent (LOI) for up to 30 CSeries jetliners. Airlines also committed (options and LOI) for 49 aircraft in June. One unidentified European customer placed a firm order for 10 CS100 jetliners. The airline is a first-time buyer of **Bombardier** aircraft. Based on the list price, the order is valued at approximately \$628 million. Another well-established, unidentified airline ordered three CS100 aircraft. **Korean Air** will become the East Asian launch customer when it confirms its LOI to buy 10 CS300s, option 10 and reserve purchase rights on another 10 CS300s. **Korean Air** currently operates 136 passenger and cargo jets to 112 cities in 39 countries. **Braathens Aviation of Sweden** ordered five CS100s and five CS300s and reserved options on another 10 CSeries aircraft. The order is worth approximately \$665 million at list prices. If the options are converted to firm orders, the value will double. The CSeries will be operated by **Malmö Aviation** from its base at the **Bromma-Stockholm City Airport**. The airline currently flies 12 AVRO RJ regional jets. It will start to renew its regional jet fleet with the CSeries in 2014. Other customers that have firm orders for CSeries aircraft include **Republic Airways** (40 CS300s), **Deutsche Lufthansa AG** (30 CS100s), and **Lease Corporation International Group** (17 CS300s and three CS100s). Including the orders announced in June, **Bombardier** has booked firm orders for a total of 123 CSeries aircraft, including 61 CS100s and 62 CS300s. Customers have optioned another 109 CSeries aircraft. The first CS100 is scheduled to enter revenue service in 2013, followed by the CS300 in 2014.

November 2003, and it currently operates a fleet of 28 narrow-bodies.

Kenya Airways signed a LOI to buy 10 EMBRAER 190 jets at the **Paris Air Show**. The airline optioned another ten aircraft. The options can be taken up as either E190s or as smaller E170s. If the order is finalized, **Kenya Airways** will have purchased or leased 20 E-Jets. Deliveries of the 96-seat E190s are scheduled to begin in the second half of 2012. The airline currently leases five E170s and two E190s and has three E190s on order for delivery this year and 2012.

Air Lease Corporation (ALC) exercised the five options it took when it ordered 15 EMBRAER 190s at the **Farnborough Air Show** in 2010. The lessor now has 25 E190s and five E175s on order. **ALC** has placed all but five of its E-Jets with customers: **Alitalia** (10 aircraft); **TRIP Linhas Aéreas** (six); **Bulgaria Air** (four); **Kenya Airways** (three); and **Air Astana** (two). The placement of the remaining five aircraft has not been disclosed.

Air Astana, the national flag carrier of Kazakhstan, ordered two EMBRAER 190 jets at the **Paris Air Show**. The contract includes options for another two aircraft. The first two E190s are valued at \$85.6 million and the price could double if the options are taken up. Deliveries are scheduled to begin in the first half of 2012. The airline leases two E190s from **Jetscape** and it will lease two others from **Air Lease Corp.** in 2011 and 2012.

Sukhoi Superjet 100 Orders. **Blue Panorama Airlines** ordered a dozen Sukhoi Superjet 100s. **SuperJet International** (a joint-venture between **Alenia Aeronautica**, Italy, and **Sukhoi Holding**, Russia) signed the contract at the **Paris Air Show** with the Italian airline for the 12 SSJ100/95B aircraft. The sale was valued at \$370 million, based on the list price. The first of the SSJ100 regional aircraft will be delivered late in 2012. The first Sukhoi Superjet 100 was delivered to **Armavia** in April and the first **Aeroflot** SSJ100 entered service in June. **Blue Panorama Airlines** is an Italian private airline, which operates long-haul scheduled flights and charters with four 767-300ERs, two 757-200s, three 737-400s, and three 737-300s. **SuperJet International** is in charge of the marketing, sales, customization and delivery of the Sukhoi Superjet 100 regional jet in Europe, the Americas, Oceania, Africa and Japan.

PT Sky Aviation, an Indonesian regional carrier, committed to buy 12 Sukhoi Superjet 100/95B aircraft. The potential order was valued at \$379.2 million at list prices and the first planes are scheduled for delivery in 2012. The sale is being handled by **Sukhoi Civil Aircraft**.

Bulgaria Air Leases E-Jets. **Embraer** announced in late May that the airline would “operate three EMBRAER 190 jets from Sofia, Bulgaria’s capital, under a new agreement with a leasing company.” A month later, **ALC** said that it would lease four E190s to **Bulgaria Air**. The new aircraft will be configured with 108 seats and will be delivered in the first and third quarters of 2012. **Bulgaria Air** is the country’s flag carrier and is a subsidiary of the **Bulgarian Aviation Group**.

ANI Group Holdings, a Hong Kong-based leasing company, signed a Memorandum of Understanding (MOU) to buy five Mitsubishi MRJ regional jets. **ANI** is a subsidiary of **Aero Nusantara Indonesia**, which provides maintenance, repair and overhaul. It also leases aircraft to five Indonesian airlines. **ANI** may split the order between the MRJ70 or MRJ90 variants. It said it may order 20 of the 100-seat MRJ100s if **Mitsubishi** launches that model. The MRJ should make its first flight in the spring of 2012 and the first delivery is scheduled for the winter of 2014. So far, **Mitsubishi** has firm orders for 15 MRJs from **All Nippon Airways (ANA)** and 50 MRJs from **Trans States Holdings**. The launch customers have optioned another 65 MRJs.

Order Changes and Cancellations

JetBlue Airways CFO **Ed Barnes** said, "Our [business] model suggests we need to mitigate 25 [E190s] in the 2012-2016 timeframe." The reduction in E190 orders could come through direct cancellation, the sale of delivery slots, or by taking new deliveries while selling older airplanes. The airline determined that it needs 75 EMBRAER 190s, not the 100 that it ordered in 2005. By the end of 2011, it will operate 49 E-Jets and will have another 46 due for delivery through 2018. **Jetblue** can switch its E190 orders to the more desirable E195 type. It can sell new airplanes after delivery or it can sell the production slots.

Second Quarter Airbus Order Shuffle. **Airbus** sold 708 new aircraft in the second quarter, but lost 69 orders to cancellations, bringing the net order total to 640 airplanes. During the quarter, **Airbus** lost the following orders: three VIP A318s, eight A319s, and 36 A320s. Airlines cancelled orders for one A330-200, one A350-800 and a dozen A350-900s. **ILFC** dropped its commitments for 10 A380s in April, reducing the A380 order book to 236.

Airbus Cancellations and Changes in the second quarter. Executive operators cancelled two A319 ACJs. **Air Astana** dropped its six A319s in favor of four A320s and two A321s. **Air Lease Corp.** switched two A320 orders to the A321 type. **Aviation Capital** exchanged its four A321 orders for four A320s. **CIT** swapped three A320 orders for three A321 orders. The lessor dropped two A350-900 orders and picked up one A330-200 and one A330-300. **DAE Capital** cancelled all of its 34 A320 and 11 A350-900 orders. The company was dropped from the **Airbus** Orders, Deliveries and Operators list. The leasing company has 46 airplanes in its portfolio and still has 35 737NGs, 15 747-8Fs and six 777Fs on order. **TACA International** exchanged two A320 orders for two A319s. **US Airways** dropped five A320s and picked up five more A321s. **Air Berlin** switched one of its A320

Qantas Airways said it intends to cancel or delay delivery of 12 single-aisle airplanes due to a slow-down in the growth of passenger demand. The airline reduced its domestic capacity growth to 5.5 percent in July. Until then, **Qantas** had been expanding at 8 percent per year. The airline did not say which planes would be cancelled. As of June 30, it had 63 A320s and 22 737-800s on backlog. Neither manufacturer reported a cancellation as of that date. **Qantas** will take delivery of 34 aircraft between July 1, 2011 and June 30, 2012. This is nine planes less than previously planned.

Air India May Defer 787 Deliveries. The flag carrier was due to receive its first 787 Dreamliners in the Fourth Quarter, but it may delay deliveries due to a lack of cash. The airline is losing \$5.8 million a day, and is looking for government funding to keep it operating. The airline and manufacturer did not confirm the deferral, but one analyst said that **Boeing** will not have any problem selling the early delivery positions to another airline. **Air India** ordered 27 787-8s in December 2005 and was scheduled to take delivery of the first seven 787-8s by March 2012.

Icelandair Group's Affiliate Company IG Invest will sell three Boeing 787-8 delivery slots to Scandinavian budget carrier **Norwegian Air Shuttle**. The two parties signed a Letter of Intent to allow **Norwegian** to buy the 787s directly from **Boeing**. **Icelandair** ordered the three 787-8s in February 2005. Two of the aircraft will be delivered in the first half of 2013 and the third will arrive in early 2015. **Norwegian** will also lease two 787-8s from **ILFC** (the airline plans to acquire another four of the type). **IG Invest** still has one 787 on order.

orders to the A321 type. **ILFC** ordered 25 more A321s and cancelled an equal number of A320s. **AerCap** cancelled one A330-200. **KLM Royal Dutch Airlines** switched one A330-200 order to the A330-300 type. **Aer Lingus** cancelled three A330-300 orders and ordered three A350-900s instead. **CASGC-China Aviation Supply** transferred six A330-300 orders to **China Southern Airlines**. **ILFC** exchanged six A350-800 orders for six A350-900s. **Synergy Aerospace**, the parent of **Avianca** and **SAM Colombia**, converted 10 A350-800 orders into 10 A350-900 orders. **Aircraft Purchase Fleet** transferred one A330-200 order to **Air Lease Corp.**

Boeing Cancellations. The manufacturer reported it lost orders for 36 737NGs, two 777s, and 20 787s in the second quarter. The press reported that **Etihad Airways** dropped four of its 35 787-8 orders in March; the airline ordered three 777-300ERs in February. **Boeing Business Jets** cancelled one 737-700BBJ order each in April and May. **Air Pacific** cancelled its eight orders for 787-8s in April, and **Buraq Air** dropped one 737-800 order.

Engine News

Qantas Settled with Rolls-Royce. The airline said its out-of-court commercial settlement would add 95 million Australian dollars to its 2011 pre-tax profit. **Rolls-Royce** said, "The total costs to **Rolls-Royce** as a result of the incident were £56 million in the 2010 financial year, with some small additional costs in 2011." People commenting on the deal said it was probable that **Rolls-Royce** accounted for parts and services at cost, while **Qantas** accounted for them at market or list prices, hence the discrepancy in reported values. The settlement covered **Qantas'** costs incurred when its A380 fleet was grounded and some Trent 900 engines were being replaced. The damaged A380 will be completely repaired by February 2012, 18 months after the engine explosion grounded it.

Pratt & Whitney flew the PW1524G geared turbofan on its Boeing 747SP engine test bed. The manufacturer will flight test this engine (SN 802) for about 50 hours. It has already undergone 60 hours of ground testing. **P&W's** first test engine (SN 803) completed 250 hours of ground testing and was disassembled for analysis. The first production engine (SN 804) will be the second flight-test engine and it was slightly tweaked as a result of the prior test results. The PW1524G's fan drive gear system completed 90 hours of its 500 hour endurance test. The first series production geared turbofan engine

Boeing Order Changes in the Second Quarter. **Ryanair** was the customer for 10 737-800s that were ordered in December 2009 and listed as unidentified. **Korean Air** exchanged its 10 787-8 orders for 10 787-9s. Their first 787-9s will be delivered in 2016. It also announced that it ordered two 747-8F freighters in March. **All Nippon Airways** dropped 10 737-700s orders in favor of 10 larger 737-800s. **Boeing** announced that **Virgin Blue** was the customer for two 737-800s. **Moscow Airways** transferred four 737-800 orders to **BLF Ltd.** The 737NGs will be operated by **UTAir**, Russia. **TUI Travel** ordered five 737-800s in November 2010. **Lion Air** changed nine 737-900ERs to nine 737-800 orders. **LAN Airlines** ordered two 767-300ERs in June 2009. **Continental** switched eight 737-700 orders to eight 737-900ERs. **Aviation Capital Group** changed five 737-700 orders to five 737-800 orders. **Hainan Airlines** and **Shenzhen Airlines** were each identified as customers for two 737-800s. **GECAS** ordered 10 777-300ERs in March and switched two of them to the 777F model. **Continental** ordered 11 737-900ERs in March. **AWAS** was identified as the customer for one 787-8 ordered in December 2010.

will fly on the **Bombardier** CSeries jet. The first CSeries will fly in the second half of 2012 and will enter service in 2014.

CFM International sold CFM56-5B engines to **Hainan Airlines** to power 42 new **Airbus** A320 Family aircraft. The agreement was valued at approximately \$1.2 billion and included a long-term RPFH (Rate per Flight Hour) agreement with **CFM** to provide comprehensive engine maintenance service. **Hainan's** first A320s will be delivered in 2012.

Leasing Companies

Air Lease Corporation (ALC) signed agreements to lease 30 aircraft to 11 airlines. **Alitalia** will lease five EMBRAER 175s and five EMBRAER 190s, for 12-year lease terms. These leases were part of a 20 E-Jet commitment that **Alitalia** signed in March. **ALC** arranged eight-year leases with **Kenya Airways**, for three new E190ARs. Two aircraft will be delivered in August and September and the third will enter service in May 2012. **SriLankan** agreed to lease three new A320s from **ALC** for 12-year terms. One of the A320s was delivered in May and the other two will be delivered in October and November 2011, respectively. Russian carrier **S7 Airlines** will be leasing three new A320s from **ALC** for eight years. The aircraft will be delivered in January, February, and May 2012. The lessor acquired an A320 that was leased to **Spring Airlines**, China. **Vietnam Airlines** will lease two new A330-200s from October and November 2011 through 2019. **Air Lease Corp.** acquired one-year-old A330-200 (SN 1138) from **AerCap** and **Sichuan Airlines** will lease it through 2022. **Hawaiian Airlines** has signed a 12-year lease for a new A330-200, which will be delivered in mid-2012. **ALC** agreed to lease a new A330-300 to **KLM** from its scheduled delivery date in February 2012, to 2020. **Air Lease** and **Alitalia** entered into 12-year lease agreements for two A330-200s that were delivered in April and May. A third A330 will be leased in September. **Air France** sold three-year-old Boeing 777-300ER (SN 35542) to **ALC** and leased it back through 2019. The airline leased a new 777-300ER from **Air Lease** in December 2010. **Air Austral** leased a new 777-300ER from **ALC** through 2019. **Air Canada** sold and leased-back 2007-model 777-300ER (SN 35254) with **ALC** and will return it in 2021.

At the Paris Air Show, International Lease Finance Corporation (ILFC) signed a definitive agreement to order 120 PurePower PW1100G engines for 60 A320neo aircraft. Deliveries may start in late 2015. The contract firms up a MOU that **ILFC** signed in March. **Pratt & Whitney** has firm orders/options for more than 1,200 PW1000G engines. The geared turbofan PurePower engine is offered on the **Airbus** A320neo Family, the **Bombardier** CSeries and the **Mitsubishi** MRJ regional jet. **ILFC** also signed an order with **CFM International** to buy LEAP-X engines to power 40 new A320neo aircraft. **ILFC** optioned LEAP-X engines for 20 additional aircraft. The first is scheduled for delivery in 2016. The firm engine order was valued at \$950 million at list price by **CFM**. The LEAP-X is also the sole engine to power the **Comac** C919.

BAE Systems sold its **Asset Management** commercial-aircraft lease portfolio to investment affiliates of **Fortress Investment Group LLC**. The deal should close in the third quarter of 2011, and is worth \$187 million. The price is subject to certain post-completion adjustments, and completion is conditional upon regulatory approval. **BAE Systems Asset Management** is the world's second largest regional jet lessor by fleet value, and it is the 10th largest aircraft lessor by fleet size. It manages 151 commercial aircraft and has 16 airline customers in 11 countries. All the **BAE Systems**-owned aircraft and the management

of all the third-party owned commercial aircraft will be transferred to **Fortress Investment**. The support and engineering activities of **BAE Systems Regional Aircraft** are not included in this sale. **BAE** said it will “continue to provide the full range of support to the new owner, including continuing airworthiness and engineering services.” **BAE Systems Asset Management** was founded in 1993 to manage the portfolio of BAe 146/Avro RJ jetliners and the ATP and Jetstream turboprop airliners. The business was based in the U.K. and employed approximately 70 people. **Fortress** is a leading global investment manager and has approximately \$43.1 billion in assets under management as of March 31, 2011. The investment company was founded in 1998.

Aviation Lease and Finance Company (ALAFCO) will lease six Airbus A350-900s to **Thai Airways International**, according to a report the lessor filed with the Kuwaiti stock exchange. The A350s will be delivered in 2017, and the leases will run for 12 years. The **Rolls-Royce** Trent XWB powered A350s are valued at \$1.6 billion (\$266.667 million each) at list price. **ALAFCO** said it will charge a monthly lease rate of 1 percent, or \$2,666,667 per plane per month. **Thai** intends to acquire a dozen A350s and eight Boeing 787s as part of its fleet expansion plans. **ALAFCO** ordered six more A350-900s at the **Paris Air Show**, and now has 18 on backlog.

Airline News

International Air Transport Association (IATA) Posts Jet Fuel Prices. The organization reported that the global average jet fuel price on July 1, was \$2.99 per gallon, down 34 cents from mid-April’s \$3.33 per gallon. **IATA** said fuel prices dropped 4.1 percent from the previous month, but were up by 51.1 percent from one year ago. The organization now estimates that the price increases from last year

International Air Transport Association (IATA) Reports May Traffic Growth.

May 2011 vs. May 2010	RPK Growth	ASK Growth	Pax Load Factor	FTK Growth	AFTK Growth
Africa	1.1%	2.3%	64.1	-7.4%	-2.1%
Asia/Pacific	4.7%	5.0%	73.4	-9.8%	-2.7%
Europe	10.9%	10.6%	77.7	-2.0%	5.1%
Latin America	21.3%	15.2%	76.0	1.4%	3.4%
Middle East	7.8%	9.6%	70.8	8.2%	14.2%
North America	4.5%	5.5%	81.8	-1.2%	7.9%
Industry	8.0%	8.1%	75.8	-4.3%	3.6%
Year to Date 2011 vs. 2010	RPK Growth	ASK Growth	Load Factor	FTK Growth	AFTK Growth
Africa	0.7%	4.5%	64.1	-2.8%	2.4%
Asia/Pacific	3.8%	6.5%	75.1	-2.7%	3.7%
Europe	12.0%	12.9%	75.8	6.3%	10.5%
Latin America	18.2%	14.8%	77.1	7.9%	5.4%
Middle East	9.0%	10.5%	73.6	11.3%	15.2%
North America	7.3%	10.5%	77.3	5.8%	12.3%
Industry	8.4%	10.2%	75.2	2.6%	8.5%

RPK: Revenue Passenger Kilometers measures actual passenger traffic

ASK: Available Seat Kilometers measures available passenger capacity

PLF: Passenger Load Factor is 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

will add \$60 billion to the global airline industry's total fuel costs. Fuel will cost the industry \$127.4 billion in 2011. This was up \$1.4 billion from the April 15 estimate. **IATA** said that every \$1 increase in the price of a barrel of oil adds \$1.6 billion in costs to airlines.

Cargo Pallet

Airbus Freighter Conversion GmbH (AFC) Terminated. **Airbus**, **EADS EFW** and their Russian partners, **United Aircraft Corporation (UAC)** and **IRKUT**, decided to quit developing their joint A320/A321 Passenger to Freighter (P2F) conversion program. They said recent market developments, including the success of the newly-launched A320neo, resulted in greater demand for A320 passenger aircraft and for lower demand for the now-cancelled freighter versions. Strong passenger-traffic growth has caused higher demand for used A320 Family aircraft, thus reducing the number of cheap aircraft available for conversion. **Tom Williams**, **Airbus'** executive vice-president for programs said, people could not find airframes that were low in price. He thought the right price should range from \$4 million to \$9 million, considering the cost of conversion. These reasons caused the partners to freeze the P2F program. The **Airbus Freighter Conversion GmbH (AFC)** joint venture was established in April 2007, and is based at **EADS EFW's** at headquarters in Dresden, Germany. **AVMARK** thinks **Airbus** was being short sighted because the A320neo Family has made the standard A320 obsolete. Many customers for the neo will use them to replace their older A320s and there soon will be a glut on the market. **Boeing** and the cargo conversion companies continue to churn out 737 Classic freighters. The market has no alternative to the CFM56-powered freighters at this time and by the time **Airbus** decides to launch the A320 P2F, the cargo airlines will have standardized with the 737. **Boeing** has not launched a 737NG conversion program yet. The next generation plane is not much different from the Classic so **Boeing** will have little trouble developing, certifying and selling the 737NG freighter in a few years. Mr. **Williams** said **Airbus** saw an eventual market for converted A320s, but apparently not right now. **AVMARK** thinks **Airbus** should be proactive and continue with the A320 P2F instead of playing "catch up" later. **AerCap** ordered 30 A320/A321 P2F conversions in 2008 and the first was to be delivered in 2012. The status of that order is currently not known.

The Royal Australian Air Force (RAAF) formally accepted its first of five KC-30A tankers on June 1. The KC-30As replace the fleet of Boeing 707 tankers that the **RAAF** retired three years ago. The service operated five 707 tankers from 1979 to 2008. Over the last three years the **RAAF** had to rely on a 707 tanker they leased from **Omega Aerial Refueling Services**. The KC-30A will be stationed at **Amberley Air Base** near Brisbane, Queensland. This marks the first delivery of an operational A330 MRTT (Multi-Role Tanker Transport). The **RAAF** should receive three more KC-30As this year, and the fifth and final aircraft in 2012.

RUS Aviation took delivery of the first of two A300-600R converted freighters from **EADS EFW**. The airline is based in Sharjah, U.A.E. **EADS EFW** has a contract to convert another 16 A300s into freighters for **RUS Aviation** and two other customers; the last will be delivered in 2013.

Military Market

United Arab Emirates (UAE) Air Force and Air Defense received the first and second of the six C-17 Globemaster III airlifters in May and June, respectively. The **UAE Air Force** said the C-17 will be used

to perform humanitarian and strategic-lift missions in the region. The UAE ordered six C-17s several years ago and will take delivery of two more Globemasters this year and two in 2012. There are currently 232 C-17s in service worldwide – 22 with international customers and 210 with the **U.S. Air Force**.

India Closes on its C-17 Order. In June, **India's Ministry of Defense** bought 10 C-17 Globemaster III strategic airlifters worth \$4.1 billion. They will be delivered in 2013 and 2014. **Boeing** said it "will support India's C-17 fleet through the **C-17 Globemaster III Sustainment Partnership**, a proven multinational Performance-Based Logistics program. The GSP 'virtual fleet' arrangement ensures mission readiness by providing all C-17 customers access to an extensive support network for worldwide parts availability and economies of scale when purchasing materials." **Boeing** awarded India a 30 percent offset program, "which will help strengthen India's aerospace and defense capabilities," the company said.

Russian Airframe Builder Aviakor Wins Russian Defense Ministry Order. The government ordered up to nine **Antonov** An-140 freighters for delivery from late this year to 2014. The airplanes will be built by **Aviakor**, in Samara. The An-140 is powered by **Klimov** TB3-117MA engines built by **Motor-Sich** in the Ukrainian. **Aviakor** is one of three companies that build the passenger An-140. The others are Ukrainian airframer **KSAMC** and **HESA** in Iran, which build them under license from **Antonov**. **Motor-Sich** Director General **Vyacheslav Boguslayev** explained that the Russian military chose the An-140 rather than buying the **Ilyushin** Il-112 light transport. "There are a dozen flying An-140s, whereas the Il-112 is still on the drawing board," Mr. **Boguslayev** said. "Obviously, it is much easier to develop a cargo variant on the basis of the existing and certified passenger aircraft than build a new turboprop from scratch." **Aeroflot** said it plans to buy 25 An-140s before 2016.

The Italian Air Force (ItAF) formally put its first two Boeing KC-767 aerial refueling tankers into service. The **ItAF** took delivery of the two KC-767As in December 2010 and March 2011. The planes are stationed at **Pratica di Mare**, Italy. The KC-767 tanker can carry fuel, passengers and cargo simultaneously. It can be used in humanitarian, disaster relief, and emergency aero-medical evacuation operations. Another two KC-767 Tanker Transports have been completed and are nearly ready for delivery this year. They are replacing Italy's 707 Tanker/Transport fleet.

Mexico's Air Force ordered Four C-27J Spartan Transports, becoming the first Latin American customer for the aircraft. The \$200 million contract was signed in July. The first plane will be delivered in September and the fourth C-27J will arrive by the end of 2012. The **Mexican Air Force** already operates four **Airbus Military** C-295 transports and has a fifth on order. **Alenia Aeronautica** said it has sold 83 C-27Js to Bulgaria, Greece, Italy, Lithuania, Morocco, Romania, Slovakia, and the **U.S. Army**.

Technical

Airbus to Retrofit Sharklets on Older A320s. Due to the success of the sharklet wingtip devices on new A320 Family aircraft, the manufacturer was looking at retrofitting the large winglets on "the legacy in-service fleet," **Airbus** said. It was "evaluating the technical, operational and business aspects of a retrofit offering, to provide a solution for A320 Family aircraft currently in service." **Tom Williams**, executive vice president, programs, said, "We've begun investigating in earnest, and our technical teams

are confident that we can develop a retrofit solution. We are committed to making it happen either in-house or with external partners.” **Airbus** tested the sharklets on its flight-test A320 (SN 001).

AIRCRAFT DELIVERIES & SALES Jet Aircraft

A318 & A319. No A318s were delivered in 2011. In April, **Airbus** delivered one A319-100 each to **easyJet**, **Germania**, **Turkish Airlines**—**THY** and **Deer Jet**, China. In May, **easyJet** accepted three -111s. **Turkish Airlines** and **Germania** each received one -100. The fifth of **Germania**’s five ordered A319s will be delivered in late 2013. **CSA-Czech Airlines** took delivery of its seventh of 14 -100s. **Airbus** delivered four -100s in June, including one to **easyJet** and one to **Turkish Airlines**. **TAM**, Brazil, accepted a -100, and **Alitalia** leased one -100 from **Aircraft Purchase Fleet**. **Tibet Airlines**, the newly established Chinese airline based in Lhasa, Tibet, took delivery of its first Airbus A319 in July. The airline ordered three A319s in May, 2010.

In May, Airbus delivered 26 A320s, including two -200s to **BOC Aviation**, which were leased to **Aeroflot**. **GECAS** leased one -200 to **Aeroflot** and one to **Holidays Czech Airlines**. **EasyJet** accepted two -200s, and elsewhere in Europe, **Aer Lingus**, **Air France**, and **Wizz Air** each received one -200. **Airbus** delivered three -200s to **China Eastern Airlines**, one -200 to **China Southern Airlines** and one -200 to **Shenzhen Airlines**. **Aerventure** leased a -200 to **China West Air** and **Sichuan Airlines** leased a -200 from **Aerodragon Aviation Partners**. Elsewhere in Asia: **AWAS** leased one -200 to **Star Flyer**; **Sri Lankan** leased a -200 from **Air Lease Corp.**; **Silkair** accepted one -200 and **Uzbekistan Airways** received one -200. In the Americas, **Aviation Capital Group** leased two -200s to **Frontier Airlines** and **LAN Airlines** acquired one -200. In the Middle East, **Airbus** delivered one -200 each to **Tunisair**, **Qatar Airways** and **Yemenia**.

A320. **Airbus** delivered 31 A320s in April, including seven to China. **Air China**, **China Eastern Airlines**, **China Southern Airlines**, **Shenzhen Airlines** and **Sichuan Airlines** each received one -200. **Hainan Airlines** leased two new -200s to **China West Air**. In Europe, **Air Berlin** and **easyJet** accepted two -200s each. **Aer Lingus**, **Air France** and **Wizz Air** each took delivery of a -200. **Airbus** delivered a dozen A320s to lessors; **BOC Aviation** leased two -200s to **Aeroflot**; **CIT Leasing** leased a -200 to **Swiss International**; **GECAS** leased one -200 each to **Aeroflot**, **Aigle Azur**, **Bahrain Air** and **Vueling**. **Vueling** also leased one -200 from **Air Lease Corp.** **AWAS** leased one -200 to **Royal Jordanian Airlines**, and **Aviation Capital Group** leased one -200 each to **Frontier Airlines**, **Virgin American** and **Freebird Airlines**. **JetBlue Airways** bought its 121st -200. In Asia, **Tiger Airways** accepted two -200s, **Uzbekistan Airways** received one and **Yemenia**—**Yemen Airways** acquired its first of 10 -200s.

Thirty-three A320s were delivered in June, including nine to China. **Hainan Airlines** leased two -200s to **Capital Airlines**. **Spring Airlines** accepted one -200 and leased another one from **GECAS**. Two big state-owned carriers, **Air China** and **China Eastern**, each received one -200. Smaller airlines, **Juneyao Airlines**, **Shenzhen Airlines**, and **Sichuan Airlines** each took delivery of one -200. The

Juneyao A320 was the 50th aircraft delivered by the **Airbus Final Assembly Line in China (FALC)**. The first was delivered less than two years ago. Low cost airlines, **Indigo**, **Wizz Air** and **easyJet**, each received a pair of -200s. **EasyJet** has taken delivery of 202 A320 Family aircraft. In North America, **Frontier Airlines** leased its third -200 from **AWAS** and one from **Aviation Capital Group**. **Interjet**, Mexico, also took delivery of a -200. In Europe, flag carriers **Air France** and **British Airways**, each received one -200; this was **BA's** 100th A320 Family aircraft. **British** now operates two A318s, 33 A319s, 48 A320s and 16 A321s. Two low-cost carriers, **Air Berlin** and **Wizz Air** accepted one -200 each. In Spain, **GECAS** leased a -200 to **Obest Spain** and **CIT** leased a -200 to **Vueling**.

A321. **Airbus** delivered eleven A321s in the second quarter, including four to **Turkish Airlines—THY**, three to **Lufthansa**, and three to **Vietnam Airlines**. **Air Berlin**, **Air China**, **China Eastern**, **Sichuan Airlines**, and **TAM** each accepted one A321.

BAE-British Aerospace. **Aerolineas StarPeru** added a BAe 146QT (Quiet Trader) freighter to its fleet of nine passenger BAe 146s and will place it into service shortly. The aircraft was purchased from **Titan Airways**, U.K., through **BAE Systems Asset Management**. **Eznis Airways**, Mongolia, acquired two Avro RJ85 regional jets from **BAE Systems**. Both planes will enter service by July. **Eznis** also operates four 34-seat Saab 340B turboprops.

Boeing 717. **Hawaiian Airlines** is leasing three more 717-200s from **Boeing Capital**. The aircraft are due for delivery in September, October and November, and will be put on **Hawaiian's** inter-island routes. **Hawaiian** recently purchased its 15 other 717s from lessors "in a refinancing transaction that reduces its fleet costs over the long term," the airline said.

A330 & A340. **Airbus** delivered five A330-200s and three A330-300s in April. **AWAS** leased a new -200 to **Garuda Indonesia Airlines** and **Air Lease Corp.** leased a -200 to **Alitalia**. **Hawaiian Airlines**, **China Southern Airlines** and **TAM** took delivery of one -200 each. **Malaysia Airways**, **Virgin Atlantic** and **Air China** each received one -300. In May, five A330-200s and four A330-300s were delivered. **Aircastle Advisor Ltd.** leased another -200 to **South African Airways** and **Air Lease Corp.** leased another -200 to **Alitalia**. **Avianca**, **Oman Air** and **TAM** each took delivery of one -200. **Malaysia Airways**, **Cathay Pacific**, **Etihad** and **Turkish Airlines** each received one -300. In June, **Turkish Airlines** accepted its first A330-200F freighter. **Malaysia Airways** received two -300s and **Aeroflot** purchased its first A330-300; **Aeroflot's** other 10 A330s are leased. **Etihad Airways** accepted its fifth -300. **Metco** and **China Southern Airlines** each took delivery of one -200.

Virgin Atlantic Airways deployed two of its twin-engined A330-300s on its trans-Atlantic routes. Prior to this, the airline operated four-engined A340s and Boeing 747s on its long-haul services. The A330s are flying between Manchester and Orlando and are fitted with 59 Premium Economy seats and 255 seats in Economy class. The airline ordered 10 A330-300s in December 2009, and will take delivery of them in the next two years.

A380. **Qantas** received its 10th A380 in April. In May, one A380 was delivered to each of these carriers: **Lufthansa**, **Air France**, and **Korean Air**. **Korean** became the sixth operator of **Airbus'** flagship jetliner. The airline has nine more on order. **Airbus** delivered its 50th A380 to **Singapore**

Airlines, in June. **Singapore** received the first A380 in 2007, and now has a dozen in its fleet. **Air France** took delivery of its sixth A380.

Boeing 737NG. **Boeing** delivered 29 737s in April. Several customers took multiple aircraft, including **GECAS** (three -800s), **Japan Airlines** (two -800s), **Pegasus Airlines** (four -800s) and **Southwest Airlines** (two -700s). Lessors, **Aviation Capital Group** and **AWAS**, each leased out one -800 to unidentified airline customers, while **BOC Aviation** leased one -700. In the Americas, **Continental Airlines** accepted one -900ER, **COPA Airlines** received one -800 and the **United States Navy** acquired another P-8A maritime patrol aircraft. Algerian airlines, **Air Algérie** and **Tassili Airlines**, each took delivery of one -800. In Europe, **Air Europa**, **KLM - Royal Dutch Airlines**, **S7 Group** and **Transavia Airlines** each accepted one -800. Five -800s were delivered to Asia/Pacific airlines: **Air China**, **All Nippon Airways**, **flydubai**, **Hainan Airlines**, and **Qantas Lion**. **Air** bought a -900ER.

Boeing Delivered 32 737s in June. **Air Berlin** received two -800s; **Korean Air** bought two -900ERs; **Norwegian Air Shuttle ASA** acquired three -800s; **TUI Travel PLC** received two -800s; **Virgin Australia Airlines** bought two -800s, and **GOL Airlines** purchased a -700 and one -800. **GECAS** took delivery of its 275th Next Generation 737 and leased it to **China United Airlines**. The company leased two -800s to other airline customers. **GECAS** has another 74 737NGs on order. Three other lessors – **AWAS**, **BBAM** and **ILFC** – each leased one -800. **AWAS** leased its -800 to **Solaseed Air**, the Japanese airline formerly known as **Skynet Asia Airways**. This aircraft was fitted with the **Boeing Sky Interior**. **AWAS** will lease a second -800 to **Solaseed Air**. In the U.S., **American Airlines** acquired one more -800, for a total of 155. It has 52 on order; 13 more to be delivered in 2011, 28 in 2012, and 11 in 2013. **Southwest Airlines** received its 352nd -700 and has 80 in backlog. The **United States Navy** took delivery of its 12th and final -700C military cargo and passenger transport. One -800 was delivered to each of the following Asian airlines: **Air China**, **All Nippon Airways**, **flydubai**, **Japan Airlines**, **Pegasus Airlines**, and **Shenzhen Airlines**. **Lion Air** received its 45 th-900ER and has 121 on order. **KLM - Royal Dutch Airlines** accepted another -700 and **Qantas** took its 47th -800 and has 22 on order. The 17th -800 was delivered to **Egyptair**. It was the 50th **Boeing** aircraft that the flag carrier has received since ordering the first 707 in 1967.

In May, Boeing delivered 33 737s, including three -800s to **GECAS**. **CIT Leasing Corporation** leased out one -700 and one -800 to airline customers. **BLF Ltd.** leased two -800s to **UTAir**, Russia. Several airlines took delivery of multiple 737s: **Norwegian Air Shuttle**, **Pegasus Airlines** and **Shenzhen Airlines** each acquired two -800s. **Southwest Airlines** took delivery of two -700s. **Aviation Capital Group** and **ILFC** each leased out one -800, while **BOC Aviation** provided a -700 to an airline operator. In the Asia/Pacific region, **Boeing** delivered one -800 each to **China Southern Airlines**, **flydubai**, **Hainan Airlines**, **Qantas** and **SpiceJet**. **Lion Air** accepted another -900ER. Five European airlines – **Air Berlin**, **Air Europa**, **S7 Group**, **Transavia Airlines** and **TUI Travel PLC** – each received one -800. One 737-700BBJ-IGW (Increased Gross Weight) was delivered to **Beijing Airlines**, a business jet subsidiary of **Air China**. **American Airlines** and **GOL Airlines** each accepted their first -800 fitted with the **Boeing Sky Interior**. **Air Algérie** received another -800.

Boeing 757. AWAS leased a Boeing converted 757-200F to **Yakutia Airlines**. Russia. **Yakutia** will use the freighter to carry consumer goods both within the Russian federation, and to Southeast Asia and Europe.

Boeing 767. Boeing delivered four -300Fs to **United Parcel Service—UPS** in the second quarter. The airline has 43 in its fleet and has 16 on order. **Azerbaijan Airlines** received its second of three -300ERs.

Boeing 777. Boeing delivered 19 777s in the second quarter, including three -300ERs to **Air France** and three -300ERs to **Cathay Pacific Airways**. **Turkish Airlines-THY** accepted its 10th -300ER and **Korean Air** received two more -300ERs. **Qatar Airways** bought its 15th -300ER. Gulf-based rivals, **Etihad Airways** and **Emirates**, each took delivery of one -300ER as well. Boeing delivered the first -300ER (extended range) to Angola flag carrier **TAAG Linhas Aereas de Angola (Angola Airlines)**. The airplane is the first one to be purchased, owned and operated by an African carrier; **TAAG** ordered two -300ERs in October 2009. **GECAS** leased one -300ER and one 777F to customers, and **FedEx** acquired its 11th of 16 777Fs. **Etihad Airways'** cargo division, **Etihad Crystal Cargo**, took delivery of its only 777F freighter. Boeing delivered the first -200LR to **Ceiba**, Equatorial Guinea, and the fourth of five -200LRs to **Ethiopian Airlines**. **Ceiba** ordered its only -200LR in March 2009.

Bombardier delivered two CRJ700ER NextGens to **American Eagle** in April. **Ibex Airlines**, Japan, took delivery of one CRJ700ER.NG. **Lufthansa/Eurowings** received four CRJ900LR NGs in April and May. **Bombardier** has two CRJ900LR NGs ready for delivery to **Iraqi Airways**, but the deliveries are held up by a law suit filed by **Kuwait Airways**. **Brit Air** leased another CRJ1000EL NG from **Constellation Finance** in April.

Embraer delivered one EMBRAER 170-200 LRs (E175) in the Second Quarter as well as 17 EMBRAER 190-100s (E190) and five EMBRAER 190-200s (E195). Two ERJ-145s were delivered as VIP transports to private operators. This year **Embraer** has delivered a total of two ERJ-145s, one E170, three E175s, 28 E190s, and 11 E195s. Florida-based lessor **Jetscape** placed a newly-delivered EMBRAER 190AR with **Kenya Airways**. **Jetscape** leased their first new E190AR to **Kenya** in December 2010. Both aircraft will be leased for eight years.

Jet Airways, India, will dry lease of two of its 777-300ERs to **Thai Airways International**. The leases start in October and November and end two years later. Both of the 777s are currently leased to **Turkish Airlines**, but the leases will expire soon.

Turboprops

ATR. **UTAir**, Russia, took delivery of its first two ATR 72-500s in May. The airline ordered 20 ATR 72s last year and announced the \$426 million-order in April. All 20 ATR 72s will be delivered in 2011 and 2012; the airline already has 17 used ATRs in its fleet. It acquired the first airliners in 2006. **Taimyr Airlines (NordStar Airlines)**, Russia, took delivery of three ATR 42-500s in the second quarter. **Finnish Commuter** accepted an ATR 72-500 in May. **Royal Air Maroc** will take delivery of the first ATR 72-600 this summer.

Bombardier delivered three Dash 8Q-402NGs to **Porter Airways** in April. **Colgan Air** accepted one -402NG and put it into service for **Untied Express**. **Horizon Air** took delivery of two -402NGs. In May, **All Nippon Airways/ANA Wings** accepted one -402NG and **Air Canada Express** received one -402NG.

Hamburger EmissionsHaus GmbH & Cie. KG and **Airfund Corporation** financed the purchase of 11 DHC-8Q-400s from **Bombardier**. The planes were ordered by **Flybe**, a U.K. regional operator. The planes were leased to **Flybe** under an operating agreement for an initial term of 10 years with an option to extend for two years. **Fintech Aviation Services**, Geneva, is to be the technical manager.

RusAir Tupolev Tu-134A-3, RA-65691 (SN 63195), landed 1 km short of **Petrozavodsk Airport**, Russia on June 20. Forty-five occupants died in the accident and seven survived. The 30-year-old airplane landed in darkness and poor weather and its approach may have been too low. The **Russian Government** ordered the grounding of all the Tu-134s in operation. There are 179 Tu-134s in Russia, but only 90 are in service. Domestic airline, **UTAir**, operates 28 Tu-134s and it recently ordered 20 ATR 72s and 40 737NGs. The ban may be implemented over time. The Russian federal aviation authority proposed regulations to forbid operations by commercial aircraft that are not fitted with terrain proximity warning systems. These include the Tu-134, **Antonov An-24** and **Yakovlev Yak-40**.

Accidents and Safety

From Aviation Safety Foundation

Silk Way Airlines Ilyushin 76TD 4K-AZ55 (SN 2053420680), flew into the side of a mountain on June 6. The plane was landing at **Bagram Air Base**, Afghanistan, in the dark when it hit the mountain at about 12,500 feet. All nine crew were killed.

Aviación Naval Ecuatoriana - ANE CASA 235M-200 maritime patrol aircraft, AN-204 (SN 147), was substantially damaged on June 8. The airplane suffered a fire in the right-hand main landing gear during takeoff from **Manta Airport**, Ecuador. The pilots aborted the takeoff. The airport emergency crew quickly put out the fire, but the main gear and fuselage were badly burned. There were no fatalities.

Solenta Aviation/DHL Aviation Antonov 26, TR-LII, crashed into the sea near **Libreville Airport**, Gabon, on June 6. The pilot reported problems with the hydraulic system as the plane approached the airport. He was performing a go-around when it landed in the water and sank. The three crew and one passenger escaped.

Omega Air Refueling Boeing 707-321B, N707AR (SN 20029), crashed on takeoff from **Port Hueneme-Point Mugu NAS**, California, on May 18. The three crew members escaped unhurt. The 42-year-old plane suffered an engine failure at takeoff and the 707 sank back on the runway. It was completely destroyed.

SOL Líneas Aéreas Saab 340A, LV-CEJ (SN 25), crashed 20 km north of Prahuaníyeu, Argentina, on May 18. None of the 19 passengers nor three crew survived. The circumstances of the accident were not reported.

Merpati Nusantara Airlines Xian MA60 PK-MZK (SN 603), crashed in the sea near **Kaimana Airport**, Indonesia, on May 7. All 19 passengers and six crew members were killed. The airplane attempted to land during a period of limited visibility and hit the water 800 meters off the end of the runway.

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.

ASSET MANAGEMENT PROGRAMS

Aircraft appraisal, inspection and technical monitoring; analysis of market conditions and forecast of values; assistance with aircraft acquisitions and placement; valuation of facilities, equipment and other assets.

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Our staff undertakes corporate reviews of entire airlines or specific aspects of airline operations, advising airline executive management, government and international organizations (i.e. World Bank), on various aspects of airline restructuring and/or privatization. Specific issues addressed include airline valuation, strategic planning, scheduling and fleet planning, market development, revenue management, operations and maintenance efficiency. We also provide a full range of services for start-up carriers.

ECONOMIC & TECHNICAL ANALYSES PROGRAMS

We prepare traffic/operation forecasts and financial analysis for airport and other facilities planning; competitive evaluation of performance/design characteristics and market potential for new aircraft; critical assessment of capability, marketing strategy and opportunities for suppliers of products and services; and air service needs related to tourism development.

PUBLICATIONS

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.

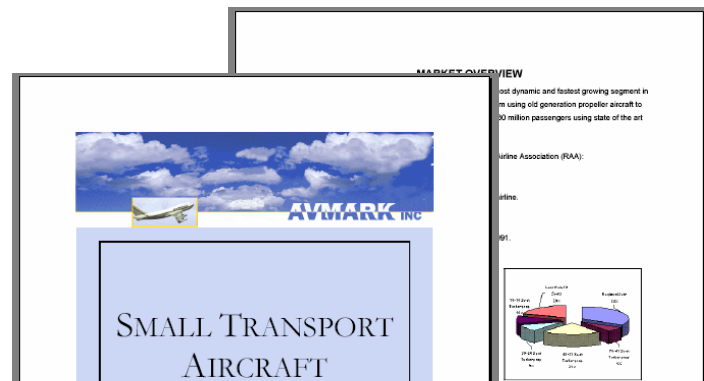


Table of Contents	
Introduction	1
Market Overview	2
Regional Jet Phenomenon	4
ATR 42	5
ATR 72	12
BAE ATP	19
BAE Avro RJ 70/85	23
BAE Jetstream 31/32	29
BAE Jetstream 41	36
Beech C99	40
Beech 1900	44
Canadair Regional Jet (CRJ) 100/200	51
Canadair Regional Jet (CRJ) 700	58
CASA 212	62
CN235	66
Domier 228	70
Domier 328	74
Domier 328JET	78
Domier 728JET	82
de Havilland DHC-6	86
de Havilland DHC-7	90
de Havilland DHC-8 100/200	93
de Havilland DHC-8 300	100
de Havilland DHC-8 400	104
Embraer 120 Brasilia	108
Embraer Regional Jet (ERJ) 135/140/145	112
Embraer 170	121
Memo	124
Fokker 50	128
Fokker 70	132
Let 410/420	136
Seab 340	140
Seab 2000	144
Shorts 330	148
Shorts 360	152

ATR 42-300

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

Specifications	
Accommodations	40
Passengers*	40
Pilots	2
Cabin Attendants	1
Powerplant	1,800 SHP / 1,342 kW
2 Pratt & Whitney PW120 Turboprops	4 blade
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. Landing Weight	10.22 ft/lb thrust

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

Optional Equipment: KLN 90A GPS/W, 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 800 Electronic Flight Instrument System (EFIS) - 4 CRT's for dual Altitude and Heading Reference Systems (AHRS), 4 CRT's for dual Computers (ADC), 1 DFC-400 Autopilot, Flight Director, Dual King Gold Crow Dual King Gold Crow VHF Nav, Radar, DME, Radio Altimeter, Honeywell P-800 Weather Radar.

Price List

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

Direct Operating Costs (\$ per block hour)

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

Average Stage Length (nm)

Stage Length (nm)	Cost (\$ mil)
100	300

Flying Operations

Item	Cost (\$ mil)
Flight Crew, Salaries / Expenses	\$180
Fuel, Oil, Taxes	\$173
Other	\$3

Aircraft Costs

Item	Cost (\$ mil)
Insurance	\$3
Maintenance	\$476
Depreciation	\$62
Rentals	\$318

Total Direct Operating Costs

Item	Cost (\$ mil)
Cost per Available Seat Mile - \$	12.33
Cost per Airplane Mile	\$5.67
Cost per Seat Block Hour	\$19.67

Note: Data from DOT 41941919.



ATR 42

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

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

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

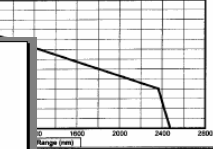
The ATR 42 and ATR 72 have a very high degree of commonality, allowing for cross-crew qualification, and a common spare parts holding.

TYPICAL CABIN CONFIGURATION

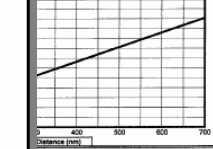
48 seats in a four abreast layout with a center aisle. Access to the cabin is by an air stair at the rear passenger door, and a modular galley in the rear of the aircraft is serviced through the same door. A standard toilet is located in the rear of the aircraft behind the passenger door. Baggage is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

ATR 42-300

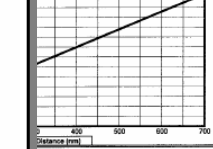
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TAV reports current fair-market values by year of build and projects the future value of 116 transport category aircraft. The future values are based on an economic model that projects the values based on the earning stream of approximately 130 different types of aircraft for their useful lives. The model takes into account the operating cost and characteristics of each aircraft, worldwide and future traffic volumes, fare levels and current and future fleet compositions. The values are presented in both constant and then-current dollars.

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

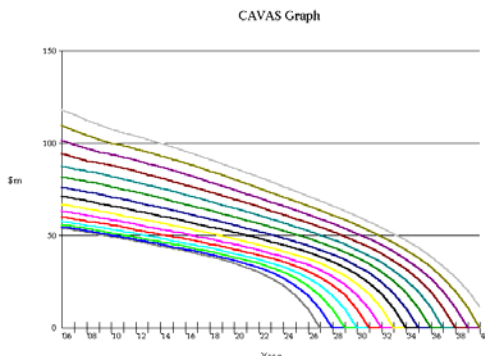
\$54.00m \$118.00m

Estimated Life

35 years File No. 013

Search Term

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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	52.85	53.49	54.73	56.34	58.98	62.01	65.42	69.85	74.86	80.07	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	78.87	84.60	90.64	96.91	103.70	111.25

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	8,856,261	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	32,186,749	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	33,796,036	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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Small Transport Aircraft Catalog:

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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.

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