



AVMARK INC.®

WORLDWIDE AVIATION MARKETING AND MANAGEMENT SERVICE

NOVEMBER 2010

Newsletter

Market Comment

USA

EXECUTIVE OFFICE
PO Box 189
Vienna, VA 22183 – USA
Tel: +1-240-582-0119
Fsx : +1-226-444-9723
enquiries@avmarkinc.com

PUBLISHING OFFICE
523 Stephens Avenue
Missoula, MT 59801 – USA
Tel: +1-406-274-3521
mrmotomontana@msn.com

EUROPE

AVMARK ESPAÑA
Gran Via de les Cortos
Catalnes 712, 6, 5
Barcelona 08013
SPAIN
Tel: +34-93-245-0659
enquiries@avmarkinc.com

LATIN AMERICA

AVMARK-SLEM S.A.
Avda. Carlos Julio Arosemena Km 2.5
C.C. La Linea, Oficina 3
Guayaquil
ECUADOR
Tel: + 593 4 222 0640
Fax: + 593 4 220 6726
Cell: +593-9-979-2586
enquiries@avmarkinc.com

ASIA & ASIA-PACIFIC

AVMARK ASIA-AMS
50 Raffles Place
34-02A Singapore Land Tower
Singapore 048623
Tel: +65-65-38-38-35
Fax: +65-65-38-38-10
enquiries@avmarkinc.com

Should the U.S. Government Subsidize Airliner Sales? At this time, the U.S. **Export-Import Bank** guarantees the financing of **Boeing** aircraft to the majority of the world's airlines. The exceptions are airlines based the U.S. and part of Europe. **Congress** founded the **Export-Import Bank** in 1934, as a chartered government corporation to finance and insure the sale of U.S.-made goods to foreign customers which are not credit worthy. The bank's mission was, and still is, to create and sustain U.S. jobs by financing sales of U.S. exports to international buyers. The European Union set up the **Organization for Economic Cooperation and Development—OECD** in Paris to do the same thing. In order to level the playing field between manufacturers, in 1986 the U.S. and European governments agreed informally to forbid export support to airlines from the home countries of **Airbus** and **Boeing**. In the last few years, 30 percent of **Airbus** and **Boeing** deliveries have been financed with commercial loans that are guaranteed by governments. In October, twenty-four airlines from the five "home countries"—France, Germany, Spain, the U.K. and U.S. complained to their governments that the current arrangement was unfair—to them. Some of those airlines wanted access to export-credit financing, while others wanted to limit credit financing for all airlines from developed countries; the "home country" airlines were not able to access cheap financing from the usual institutions. From 2008, commercial financing became more expensive than government guaranteed funding. Essentially U.S. and European airline taxes are now subsidizing the competition and the competition is becoming fierce. **Emirates**, which qualifies for export-credits, is offering high-quality, lower-cost air services on new aircraft between Europe and Asia, to the dismay of European legacy carriers. Other wealthy and well financed airlines in the "developing" world have the same advantages.

Now, ten global airlines that benefit from airliner export support want to ease aircraft-export guarantee rules to settle the international dispute. The airlines which wish to open access to government support are: **Cargolux**, **Norwegian**, **Pegasus**, **Ryanair** and **Wizz Air** in Europe, **Emirates Airline**, **Etihad Airways** and **Oman Air** in the Gulf, and **Korean Air** and **Virgin Blue** in the Pacific region. None of these airlines are based in impoverished countries. These 10 airlines are some of the biggest buyers of commercial aircraft and have now formed the **Aviation Alliance**. The alliance called a news conference in London to

<i>Table of Contents</i>	
<i>Market Comment</i>	<i>1</i>
AIRCRAFT & ENGINE ORDERS	
<i>Airbus</i>	<i>3</i>
<i>Boeing</i>	<i>6</i>
<i>Regional</i>	<i>10</i>
<i>Engines</i>	<i>12</i>
<i>Order Changes</i>	<i>14</i>
<i>Leasing Companies</i>	<i>14</i>
AVIATION BUSINESS	
<i>Airline News</i>	<i>15</i>
<i>Alliances</i>	<i>15</i>
<i>Bankruptcy</i>	<i>16</i>
<i>Cargo Pallet</i>	<i>17</i>
<i>Technical</i>	<i>17</i>
<i>Military Market</i>	<i>17</i>
AIRCRAFT DELIVERIES, SALES & LEASES	
<i>Jet Aircraft</i>	<i>18</i>
<i>Turboprop Aircraft</i>	<i>21</i>
<i>Accidents & Safety</i>	<i>21</i>
PUBLICATIONS & FORMS	
<i>Avmark Publication Samples</i>	<i>25</i>
<i>Current Avmark Publications</i>	<i>28</i>
<i>Publication Form</i>	<i>29</i>

say that “airlines from all countries should be eligible for government support in buying planes from **Airbus** and **Boeing**. They want to ensure that export financing isn't closed off,” the *Wall Street Journal* reported. “We are caught in the cross fire,” **Ryanair** CFO **Howard Millar** said. “Export credit financing is essential to the continued growth of the aviation industry,” the Aviation Alliance said in a statement. “We have come together today to call for the extension of export credits to all airlines in the U.S. and Europe, irrespective of whether they are based in a country which manufactures aircraft.” The changes would “protect hundreds of thousands of jobs.” While the current agreement hurts airlines from the home countries and costs airline jobs. Mr. **Millar** said, “American carriers that wish to buy **Airbus** should have access to export credit,” but what if they want **Boeing** planes? The *WSJ* said, “Industry officials say that’s unlikely to happen because **Airbus** could then have a financing advantage over **Boeing** in the U.S. Because **Airbus** is based in four countries, its home-country customers could theoretically get export support from the other three countries. **Boeing** said it wanted to see more details of the alliance’s proposal before making a comment, while **Airbus** said it supports expanding access to export guarantees “as long as the instrument remains economically workable for its original purpose,” which includes helping “to support the stability of aircraft manufacturing.”

Some fiscally conservative tax payers who commented about the *Wall Street Journal* story called for the abolition of the **Export-Import Bank** altogether. **David Schellenberger** wrote, “close down the programs entirely. The guarantees are just another form of corporate welfare, unfairly exposing taxpayers to the risk of loans. The programs also encourage misallocation of capital, resulting in an oversupply of planes. The U.S. should close down its **Export-Import Bank**, and Europe should do the same with its own export credit agencies.” Of course he is right on most counts, except if the U.S. shut down the **Export-Import Bank**, there would be no guarantee that the European Union would do the same. Nor would there be any guarantee that Canada, Brazil, Italy, Russia, Japan or China would close their aircraft export

finance entities. This would further disadvantage **Boeing** and would not be advantageous to either the U.S. airlines or the U.S. tax payers. In **AVMARK**’s memory, there have been very few repossessions of **EX-IM** financed airplanes and few losses to the bank from defaults. The bank does not actually lend money, but like the discredited **Freddy Mac** and **Fanny Mae** home credit agencies, it guarantees that the actual lender would get paid in full. Further, the **EX-IM Bank** guarantees the sales of thousands of different items, not just airplanes. As for the airlines, they are fairly competitive on international routes. In fact, the international services are profit centers that subsidize some doggy domestic routes. It would not be wise to try to fix something that already works.

The solution may be a universal agreement on commercial aircraft financing signed by all countries that export airplanes. **Boeing** and **Airbus** have fretted recently about inroads into the 100- to 150-seat market that **Bombardier** and **Embraer** are making, not to mention the new jets from Russia, Japan and China that will enter service by mid-decade. An enforceable global deal could encompass all the disputes that are breaking out and may be able to “support the stability of aircraft manufacturing” for all companies concerned. Such an agreement might also stop the “misallocation of capital” and “oversupply of planes.”

Airbus Orders

Airbus Had Another Strong Sales Month in October, with 42 orders and 37 deliveries. **BOC Aviation** ordered 30 A320 aircraft. The deliveries will come over a three-year period beginning in 2012. Two A320s were purchased by **Qatar Airways**. **Airbus’** total A320 Family aircraft sales rose past the 6,700 mark. **Hong Kong Airlines** finalized a contract for 10 more A330-200s and converted a prior 15 A330 orders to the A350 XWB. **Hong Kong Airlines** is the A350 program’s 35th customer. **Airbus** has sold 573 of the type. The first will enter service in 2013. **Airbus** delivered 28 A320 Family jetliners, eight A330s, and one A380 – to **Lufthansa**. By the end of October, **Airbus** delivered 417 aircraft to 89 customers worldwide.

BOC Aviation ordered 30 A320s in October. The aircraft will be delivered from 2012 through 2014. **BOC** will make an engine selection for the aircraft in the near future. The new A320s can be delivered with large wing tip devices, called sharklets, which cut fuel burn by 3.5 percent. The Singapore-based subsidiary of **Bank of China** is Asia’s largest aircraft leasing company. It has ordered a total of 17 A319s, 106 A320s and five A321s for a total of 128 A320 Family aircraft. All but 48 A320s have been delivered for a fleet total of 80 aircraft. The lessor also has five A330-200F freighters on firm order for delivery from 2012. **Robert Martin**, the lessor’s Managing Director and CEO said, “In the last three years, we successfully doubled the size of our fleet and have over 160 aircraft as of today. In the years ahead, we will continue to focus on sustainable organic growth by adding reliable and efficient aircraft.” Early in November, **BOC** ordered eight Boeing 777-300ERs for lease to **Thai Airways International**. The new GE-powered 777s will be delivered from August

China Aviation Supplies Holding Company—CAS signed an order for 102 aircraft during Chinese President **Hu Jintao’s** state visit to France. The deal was signed by **CAS** President **Li Hai** and **Airbus** President and CEO **Tom Enders**, at the Elysée Palace in Paris, with Mr. **Hu** and French President **Nicolas Sarkozy** looking on. Fifty of the orders were announced earlier but 66 are new. The new orders comprise 50 A320 Family aircraft, six A330s and 10 A350 XWBs. **Air China** is the customer for the 10 A350s, as well as 10 A330s. **Air China** will take delivery of the A330s between 2013 and 2015 and the A350s from 2018 to 2020. **Air China** has not yet announced which variants of A330s and A350s it plans to take. The airplanes will be powered by **Rolls-Royce** Trent engines. The 20 planes are worth less than \$4.5 billion at list prices, but China normally gets considerable list price discounts. **China Southern Airlines** is buying six A330s and 30 A320s. The first deliveries are scheduled for 2012. The A320s will arrive between 2012 and the end of 2015. The A330s will be delivered in 2013 and 2014. The airline disclosed the deal to the Hong Kong stock exchange. Like **Air China**, **China Southern** has not said which model or engine it will chose for the A330. **China Southern** flies a mixed fleet of A320s with CFM56 and IAE V2500 engines. The order is valued at \$1.2 billion for the A330s and \$2.5 billion for the A320s. Again, **Airbus** is offering price concessions.

2012 to October 2013. BOC Aviation has 69 aircraft on firm order and is committed to buy four more from airlines for leaseback by 2014.

Qatar Airways ordered two A320s in October. The airline now has purchased 32 A320s and six A321s. Fourteen A320s and five A321s have been delivered.

Hong Kong Airlines finalized its order for 10 more A330-200s. At the same time, it converted 15 previous A330 orders to the A350 XWB. The agreements were announced at the **Farnborough Air Show** in July. The first of this tranche of A330-200s will be delivered in 2012. **Hong Kong's** first A350 XWB will arrive in 2018.

TransAsia Airways, Taiwan ordered two widebody A330-300s and six single-aisle A321s. The new Airbuses will be used on services between Taiwan and mainland China, as well as on new regional routes. The A330s will be the airline's first widebodies. **TransAsia** operates five A321s and two A320s on domestic and regional services,

and flies to 13 cities in mainland China. The airline will chose engines for the A330s and the A321s in the near future. The airline is part of the **Goldsun Group** and has been an **Airbus** customer since 1995.

Skymark Airlines signed a memorandum of understanding to purchase four A380s and option two more. Japan's biggest low-cost carrier will take delivery of the first two during the April 2014-March 2015 fiscal year. The other four will arrive by 2017. The airline intends to acquire nine more A380s after 2018. The first four planes are worth €1.39 billion (\$1.9 billion) at list prices. The carrier will purchase the first two A380s with cash and will lease two. **Skymark** operates 15 737NGs fitted with all-economy interiors on domestic services. The A380s will be operated on major international long-haul routes from Tokyo to Australia, Europe and the U.S. **Skymark** is adding routes and hiring pilots while the bankrupt **Japan Airlines** is cutting routes and personnel and retiring its fleet of 747s.

Airbus October 2010 Orders, Deliveries and Backlog

OCT ORD	OCT DEL	OCT CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			A318		
-0-	-0-	-0-	83	73	10
			A319		
-0-	2	-0-	1,521	1,268	253
			A320		
32	23	-0-	4,307	2,492	1,815
			A321		
-0-	3	-0-	834	620	214
			A330		
10	8	-15	1,108	734	374
			A340		
-0-	-0-	-1	379	374	5
			A350		
15	-0-	-0-	573	-0-	573
			A380		
-0-	1	-0-	234	38	196
This Month			This Year		BL
42	37	-16	369	417	3,440

**Airbus sold 9,855 aircraft and delivered 6,415 as of
October 30, 2010**
**Total orders, deliveries and backlog include cancellations
and order changes.**

Hawaiian Airlines ordered six more A330-200s in November. **Hawaiian** operates three A330s and had a backlog of another seven A330-200s and six A350 XWBs. The A330-200s are fitted with 294 seats in a two-class configuration. All the A330s will be powered by **Rolls-Royce** Trent 700 engines. The airline will use the A330s to replace their fleet of 18 Boeing 767s and for expansion.

Airbus Watchers Guess that **International Aero Engines** is off the A320 New Engine Option—NEO. **Airbus** executive **John Leahy** presented an artist's impression of the re-engined A320 at an **EADS** investor forum. A slide with the logos of **CFM International** and **Pratt & Whitney** on the plane was shown to the audience as Mr. **Leahy** touted the 15 percent fuel efficiency gains over the current A320. The NEO engines will feature higher bypass ratios and larger fan diameters than this generation of engines. The NEO will feature the new sharklet winglets which add 3.5 percent in fuel savings on long routes.

AirAsia, Malaysia told **Airbus** that it is interested in buying the A320 NEO and that it wants a decision this year. **Airbus** and **Boeing** said they will build A320 and 737NG replacements as late as 2025. **Southwest Airlines** and **Ryanair** are among airlines that want the manufacturers to re-engine their narrowbodies long before that time. "We need **Airbus** to hurry up and make a decision – I hope by the end of the year," **AirAsia** CEO **Tony Fernandes** said in Paris. The plane makers will face real competition from new models introduced by **Bombardier**, **Embraer** and **Comac—Commercial Aircraft Corp. of China** "if they wait any longer," Mr. **Fernandes** said. The Asian low-cost carrier operates an all-**Airbus** fleet of A320s and A330s.

European Aeronautic Defence & Space Co. earned a small net profit of €13 million (\$17.8 million) in the third quarter, compared with an €87 million loss a year earlier. Revenue rose 18 percent to €11.25 billion from €9.53 billion. **EADS** forecast its revenue to rise above €44 billion. The company raised its free cash flow forecast to approximately €1 billion. Ebit before one-offs came in at €784 million, down from €1.09 billion in same period of 2009. **EADS** had good results from its **Airbus** division, but warned that A380 deliveries may be affected by problems in **Rolls-Royce** engines. **Airbus** will pull new engines off of A380s on the assembly line and send them to **Rolls** operators, **Qantas**, **Lufthansa** and **Singapore**. This will upset the delivery schedule and may force **Airbus** to build **Engine Alliance** A380s out of the planned sequence. The Trent 900-engined planes will be delivered later in the year. **Rolls-Royce** is hurrying to inspect the Trent 900s and is replacing faulty parts. "I expect that this event, the inspection regime, plus the modification and the replacement that **Rolls** has just been announcing, will impact deliveries, especially in 2011," **Airbus** CEO **Tom Enders** told the press. "Our priority is to help our customers to keep the aircraft in service flying. I would expect we could deliver up to 22 [A380] aircraft before year-end." **Airbus** has delivered 16 A380s and previously scheduled for 20 deliveries. No airlines have cancelled A380 orders due to the engine failure and **Skymark Airlines** signed a memorandum of understanding to buy four. Due to problems with developing and building the A380 and A400M, **EADS** CFO **Hans Peter Ring** said

Airbus' Final Assembly Line China—FALC in Tianjin will deliver 26 A320s this year. The assembly line plans to finish one more aircraft per month in 2011, for a total of 38. **Airbus** intends to deliver 40 aircraft per month from its three A320 family assembly lines, by the first quarter of 2012. **Airbus FALC** built 33 A320s so far, including 22 in 2010. It delivered its first A320 to **Dragon Aviation Leasing** and **Sichuan Airlines** in June 2009. **Airbus** holds 43 percent share of the 100-plus-seat civil jetliner market in China. **Airbus** sold 640 A320 family aircraft and 90 A330/340s to domestic carriers. China's first A380 will be delivered to **China Southern Airlines** in the summer of 2011.

Airbus now was more cautious about the development of its planned A350 XWB that is planned to enter into airline service in the second half of 2013. The company signaled the development timetable is becoming increasingly tight. "There are continued challenges ... and we are more cautious," Mr. **Ring** said. The new schedule "leaves a little bit more room on the timeline. In a way we are more cautious, and at the same time we have to see that we are three years ahead of the A350 delivery and obviously there is a lot of room for mitigating on this program."

Boeing Orders

Boeing Sold 100 737s and eight 777s in October. **BOC Aviation** ordered eight 777-300ERs for lease to **Thai Airways International**. **Russian Technologies** ordered 15 737-700s, 25 737-800s and 10 737-900ERs for lease to **Aeroflot**. An **Unidentified Customer** ordered 20 737-800s in early October. Another **Unidentified Customer** bought 30 737-800s a few days later. **Boeing** delivered 35 737s, one 767 and four 777s in October.

Boeing announced in September that its production rate for the Next-Generation 737 program will increase from the current rate of 31.5 airplanes per month to 35 in early 2012 and to 38 airplanes per month in the second quarter of 2013.

Rostechology, a Russian State Corporation finalized its order for 15 737-700s, 25 737-800s and 10 737-900ERs and took purchase rights for another 35 737NGs. The agreement was announced during the **Sochi Investment Forum** in September. The order is valued at \$3.7 billion at average list prices. The 737s will be delivered with the all-new **737 Boeing Sky Interior**. The new 737s offer a 2 percent reduction in fuel consumption through various airframe and engine improvements. The 737s will be leased to **Aeroflot** by **Aviation Capital Services**, **Rostechology** aviation leasing division.

BOC Aviation ordered eight extended range 777-300ERs, worth approximately \$2.2 billion at list prices. The 777s will be leased to **Thai Airways International** and all will be in service by 2013. **Thai** currently operates four 777 models, including the 777-200, 777-200ER, 777-300, 777-300ER. Its subsidiary, **Thai Cargo** leases the 777F Freighter from **Southern Air Holdings**. The new 777-300ERs will replace the oldest of the 18 747-400s in **Thai's** fleet. The 747s were delivered between 1990 and 2003.

In November, Boeing sold one new 777F freighter to **LAN Airlines** and identified an order for 20 737s as placed by **GOL Airlines**. **LAN** will take delivery of two 777Fs in the fourth quarter of 2012. It will lease three 767 freighters by January. As of November 18, **Boeing** had sold 449 737NGs, one 747-8,

Air France-KLM Group may choose between **Boeing** and **Airbus** to supply up to 100 widebody planes by December 31. Before the on-board fire, **Boeing** flew a 787 to France to let the airlines take it for a test drive. Management said a decision will be needed within the next two months. The group has been evaluating both the A350 and 787. The airlines will take delivery starting in 2016 and will receive planes over five to 10 years. About three-quarters of the widebodies will replace older planes and the other quarter will be additional capacity. **Air France-KLM** may buy a mix of 787s and A350s. The company is experiencing a capacity shortage, so it is postponing the retirement of 13 long-haul jets until after 2012. The last of **KLM's** MD-11s and **Air France's** 747s will be operated until 2016. Those aircraft will be replaced by 15 777-300ERs from **Boeing**. **Air France** also has eight more A380s on order.

three 767s, 76 777s and 36 787s. The company lost orders for 14 737NGs, 27 777s and 40 787s bringing its current net orders to 484.

SpiceJet, one of the Indian budget carriers ordered 30 737-800s with winglets. The deal is valued at about \$2.3 billion at list prices. **SpiceJet** announced the 737 purchase in late July and the order was previously attributed as unidentified on Boeing's orders and deliveries website until early November. **SpiceJet** operates 19 Boeing 737-800s and five 737-900ERs. It has six more 737-800s on order for delivery by 2012. The new order for 30 737s will be filled from 2014 and end by 2018. The airline is buying 30 Dash 8 turboprops from **Bombardier** worth \$900 million. Deliveries will commence in the second quarter of 2011.

Saudi Arabian Airlines formally confirmed an order for 12 777-300ERs in November. This order was previously attributed to an unidentified customer on **Boeing's** website. The agreement was signed in Riyadh and the flag carrier took options on 10 more 777s. **Boeing** values the order at \$3.3 billion at catalogue prices. **Saudi Arabian** formerly declared it will acquire eight 787-9s from Kuwaiti lessor **ALAFCO**. The orders were transferred from **ALAFCO** to **Saudi Arabian** and are reflected in the November orders and deliveries totals. **Saudi's** original plan was to buy 12 GENx-powered 787-9s. Now it will lease the other four from **ALAFCO** in 2012. The purchased aircraft should arrive in 2014 and 2015. **Boeing** says that **ALAFCO** had 22 GENx-engined 787-8s on order. **Saudi Arabian Airlines** operates 23 777-200ERs. It is buying 82 aircraft to modernize its fleet, including the Boeings, 50 A320-family aircraft and eight A330s.

Midwest Airlines, Cairo, Egypt, announced its order for one 737-800. The order was previously attributed to an unidentified customer on **Boeing's** orders and deliveries website. The order was announced at the **AVEX International Airshow**. **Midwest Airlines** is a charter operator and leases two 737-800s. It has a third one scheduled for delivery in early 2011. The freshly ordered 737NG will arrive after 2012 and will be fitted with the **Boeing Sky Interior**, as well as performance enhancements to the engines and wings. **Midwest Airlines** flies to markets in Northern Europe from Upper Egypt.

Boeing October 2010 Orders, Deliveries

OCT ORD	OCT DEL	OCT CANX	TOTAL ORD	TOTAL DEL	BACK LOG
737					
100	35	-0-	8,770	6,578	2,192
747					
-0-	-0-	-0-	1,527	1,418	109
767					
-0-	1	-0-	1,044	992	52
777					
8	4	-0-	1,165	896	269
787					
-0-	-0-	-0-	847	-0-	847
This Month			This Year		BL
108	40	-0-	480	386	3,469

**Boeing sold 20,883 aircraft and delivered 17,374
as of October 30, 2010**

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

Air Astana is negotiating to buy three 787-8 Dreamliners. The 787s will be delivered in 2014 and cost \$161 million to \$171.5 million at list price. The airline is also acquiring six A320s from **Airbus**, list priced at \$81.4 million each. The airline President **Peter Foster** said **Air Astana** will invest more than \$500 million through 2015. The deals have been cooking since December 2007. Neither **Airbus** nor **Boeing** has announced an order from the **Kazakh** flag carrier. The airline is 51 percent owned by the **Kazakh Government** and 49 percent owned by **BAE Systems**. **Air Astana** saw its traffic increase by more than 20 percent from 2009 and may carry up to 2.5 million passengers this year. It will receive its first E-190 from the manufacturer early next year.

AerCap Holdings signed a letter of intent to buy up to 15 737-800s because it believes the 737-800NG can compete with any re-engined rival. The lessor firm ordered 10 aircraft and took purchase rights for five more. **AerCap** CEO **Klaus Heinemann** said, "We are pleased to enter into a direct purchase arrangement with **Boeing**, while **AerCap's** portfolio of lease assets already contains a large number of **Boeing** aircraft, this is the first time that **AerCap** will buy directly from the manufacturer." He believes the performance-upgraded 737-800, with new "sky" cabin interior and the **CFM** engines' superior on-wing performance makes the 737 a formidable competitor to the A320neo. **AerCap** also bought 28 new A320 family aircraft over the years.

Aerolineas Argentinas plans to order 14 new 737-700/800s for delivery in 2013 and 2014. Some of the new jets will replace leased -700s and the rest are for expansion. The flag carrier intends to have a total of 40 737-700 and -800s in its fleet by the end of 2014.

Commercial Aircraft Corp of China—Comac Announced Launch Orders of up to 100 C919s. Fifty-five of the orders are firm and the remaining 45 are options. **Air China**, **China Southern Airlines** and **China Eastern Airlines** ordered up to 20 C919s each. **GECAS** ordered five airplanes and optioned five. **Comac** general manager **Jin Zhuanglong** said **Hainan Airlines** and lessor **CDB Leasing** accounted for the other 30 orders and options. He did not give a detailed breakdown. The airline, lessor and manufacturer representatives came together for a joint signing ceremony at **Airshow China 2010** in Zhuhai, China. **Comac** Chairman **Zhang Qingwei** said the orders are a vote of confidence in the C919. "It is **Comac's** vision to provide customers with civil aircraft that are safer, more economic, more comfortable and more environmental friendly," presumably more than its competitors, the current generation A320 and 737. The C919 is scheduled to enter service in 2016, years before **Airbus** or **Boeing** plan to build a new generation successor. The western companies seem to be unphased. One **Boeing** official dismissed the C919 as a "paper plane" and said it would

Southwest Airlines Wants Re-Engined 737s.

Southwest Executive VP of Strategy and Planning **Bob Jordan** said his airline can not wait 12 or more years for "a step change in aircraft costs." He told the press, "I think the decision is almost going to be made for us." The airline thinks re-engining is fast becoming the only option for airlines looking for a 15 percent cost benefit since new narrowbody designs will happen for 10 years or more. Mr. **Jordan** said his airline has not made a firm decision on re-engining, but he sees it as the only option in any reasonable amount of time. He believes the manufacturers need to commit to the 12 percent to 15 percent step up in efficiency that a re-engined narrowbody could deliver. "**Boeing** is a fantastic partner, but we need both our engine manufacturer **GE** and **Boeing** to step up and take the lead." The **CFM** LEAP X engine will be certified in 2014 and will fly on the **Comac** C919 twinjet by 2016. It and the **Pratt & Whitney** Geared Turbo Fan engines are considered for the 737RE.

not be competitive when it enters service. Executives at **Airbus** and **Boeing** assert that their planes will remain in demand in China in the foreseeable future. All four Chinese airlines have approximately 140 A320 Family and 105 737s on order. This backlog can easily be filled by the end of 2012, which is by definition, the “foreseeable future.” **Boeing** sees a need for 3,090 single-aisle planes by 2029, or 155 airplanes per year. **Airbus** has a slight sales edge over **Boeing** because it assembles A320s in China while the 737NG is built in the USA, although with some Chinese parts. The C919 will feature the latest in fuel efficient engines—the **CFM** LEAP-X1C and will have western avionics, landing gear and systems. Chinese aeronautical industry will build the fuselage, wings and tail. It is probable that the C919 will be significantly more fuel efficient than the current 737 and A320 models. The western manufacturers should be worried because **Comac** potentially has a captive market and can undercut its competitors prices. **Comac** is finishing the design of the C919 and scheduled to complete the definition stage early next year. The detailed design work will be completed in 2012 and the first flight is scheduled in 2014. The first planes will be delivered in September 2016. **Comac** will offer six variants of the C919 across the commercial, business jet and potentially military markets, matching A320 and 737 sales. The baseline C919 will seat 156 to 168 passengers but it will be offered in both in shortened and stretched versions.

Two leasing companies ordered the C919. **General Electric** is the U.S. partner in **CFM**, which is building the C919’s engines, so its leasing subsidiary, **GECAS** is buying five C919s. The lessor is also buying five ARJ21 regional jet. **GE** is providing the ARJ21 engines as well. **China Development Bank—CDB** got into the financial leasing business several years ago. It signed deals with

Boeing Forecasts 4,330 New Jets for China over the next 20 years. The new transports will be worth \$480 billion and 71 percent of the new deliveries will be single-aisle airplanes. China will be the largest airplane market outside of the U.S. as it triples its airplane fleets. **Boeing Commercial Airplanes** VP of Marketing **Randy Tinseth** said “China is one of the world’s fastest growing and dynamic aviation markets, driven by the urbanization of China, the growth of its economy and ever-increasing personal wealth. We expect domestic passenger traffic for China to grow at a rate of 7.9 percent on average.” **Boeing** released its marketing forecast before **Airshow China**, in **Zhuhai**. The forecast said China will need 3,090 single-aisle airplanes. He extolled the virtues of the 737NG, saying that **Boeing** is making improvements to the 737 in terms of fuel efficiency, passenger experience and environmental performance. Intermediate twin-aisle planes such as the 787 and 777 (and **Airbus** A330s and A350s) will see approximately 890 airplane deliveries, **Boeing** reported. The single-aisle and intermediate twin-aisle markets will make up 92 percent of China’s delivery total in dollar terms. Chinese airlines will need about 70 airplanes in the 747 and A380 category. China’s cargo market leads the global freight industry and domestic cargo carriers will add about 330 freighter airplanes by 2029, more than tripling the freighter fleet. Mr. **Tinseth** underscored the long-standing partnership between **Boeing** and Chinese industry with, “Boeing’s equity investment in China is considerable, and the aviation goods and services we buy from China are significantly greater than other aviation companies. In the coming years, **Boeing** purchases are expected to exceed \$3 billion.” Unfortunately that relationship will have no bearing on China’s drive to build a 160-seat single-aisle jetliner. Mr. **Tinseth** said that more than 5,700 737, 747, 767, 777s are flying with parts and assemblies built by China. China also has a role in the development of the 787 Dreamliner. During the next 20 years, **Boeing** expects delivery of 30,900 new commercial airplanes worldwide. The planes will be worth \$3.6 trillion.

Bombardier and **Embraer** to finance aircraft sales and leases in China. **Hainan Airlines Group** and **Xi'an Aircraft Industry Group** are the two largest shareholders in **CDB Leasing**, holding a total of nearly 40 percent. **CDB Leasing** has granted leases for more than 40 aircraft to date.

Commercial Aircraft Corp of China—Comac forecast that China will need more than 3,750 new passenger jet aircraft in the next 20 years. The 2,950 single-aisle jets will account for 79 percent of the market and 800 aircraft will be larger widebodies. China will take delivery of 680 regional jets in the next two decades as well. **Comac** released its market forecast at **Airshow China 2010** in Zhuhai. The manufacture expects domestic air traffic to grow at 7.7 percent annually, while the commercial jet fleet is expected to grow by 6.2 percent annually. By 2029, China will have 4,900 aircraft, which will represent 14 percent of the world total. **Comac** forecast that it will sell more than 2,000 C919 aircraft from 2016 through 2036.

Regional Report

Embraer released its Chinese market forecast at the eighth **China International Aviation & Aerospace Exhibition—Airshow China 2010**, in Zhuhai, Guangdong Province. **Embraer** forecasts a total demand of 950 new regional jets over the next 20 years, consisting of 20 for 30-60 seats, 425 for 61-90 seats, and 505 for 91-120 seats. **Guan Dongyuan**, President of **Embraer China** said the company delivered its first jet to a Chinese airline in 2000 and now there are 77 regional jets operating there. **Embraer** is the major supplier of airplanes up to 120 seats in the country. **Embraer's** Chinese Market Outlook said its forecast shows that 30 to 120 seat aircraft play an important role in efficiently rightsizing narrowbody fleets, developing new routes at low cost, and adding flight frequencies.

Xi'an Aircraft, China sold two MA60 turboprops to Tajikistan's national carrier **Tajik Air**. The purchase agreement was signed earlier this year and announced in November. **Tajik Air** will replace its Antonov An-24s with the 50-seat MA60s. The delivery date was not mentioned. **Xi'an Aircraft** won Chinese certification for the MA60 in May.

AVIC International, the international marketing arm of Chinese state-owned aerospace conglomerate **Aviation Industry Corporation—AVIC** ordered 100 ARJ21 regional jets to sell to international customers. **Comac**, the manufacturer and **AVIC International** will form an international marketing partnership and work together to promote China's new regional jet to overseas

Transport Canada and the European Aviation Safety Agency each awarded Aircraft Type Certificates for the 100-seat CRJ1000 NextGen regional jet. The largest member of the CRJ Series family was officially launched on February 19, 2007 to meet the requirements of regional airlines for increased capacity and lower seat-mile costs in the face of sustained higher fuel prices, **Bombardier** said. The CRJ1000 was flight tested at the **Bombardier Flight Test Center**, Wichita, Kansas. The test aircraft flew approximately 1,400 hours in 470 test missions. The prototype CRJ1000, SN 19991 first flew in September 2008 from **Bombardier's** plant in Mirabel, Québec, Canada. **Bombardier** stretched the CRJ700 prototype to create the CRJ1000 test aircraft. Forty-nine CRJ1000s were ordered by **Air Nostrum**, Spain (35) and **Brit Air**, France (14). The first will be delivered in January 2011. The CRJ NextGen family of aircraft is a benchmark for regional jet efficiency in the 60- to 100-seat segment and is the optimized solution for medium-haul applications, **Bombardier** said. The manufacturer won 1,709 firm orders for CRJ Series aircraft and delivered 1,597 of them by July 31, 2010.

markets a Comac spokesperson said. The first ARJ21 will be delivered by the end of 2011, following certification from the **Civil Aviation Administration of China**. Comac reports that it sold more than 300 regional jets to domestic airlines and to **GECAS** and **Lao Airlines**. The order total includes the purchase by **AVIC International**.

SpiceJet to Buy Turboprops. The Indian low-cost carrier said its board of directors approved the purchase of up to 30 **Bombardier** Q400 turboprops. The first will be delivered in the second quarter of next year. The airline will order 15 Q400s for now and option 15 more. The orders and options are worth an estimated \$900 million (\$30 million each). **SpiceJet** said that the aircraft will “enhance regional connectivity” by allowing the airline to access second-tier and third-tier cities. At this time, **SpiceJet** flies 22 **Boeing** 737NGs. The airline’s CEO, **Neil Mills** said, “We believe that the enormous potential in the Indian domestic market can be further tapped by enhancing regional connectivity.” **SpiceJet** came out of a slump and earned four consecutive quarterly profits due to fast economic expansion and rising disposable incomes in India. The carrier ordered 30 737-800s in July in an attempt to double its size in the next three years.

Republic Airways Holdings is purchasing up to 24 EMBRAER 190s and optioned another 24. The contract calls for conversion rights to the EMBRAER 195. **Republic** signed a Letter of Intent for the E-Jets at **Farnborough Airshow** in July. Six of the 24 E-190s are on firm order. The other 18 airplanes will be confirmed by April 15, 2011. **Republic’s** new low-cost subsidiary, **Frontier Airlines** will operate the 99-seat EMBRAER 190ARs and the 116-seat EMBRAER 195ARs from its hub in Denver. **Embraer** said the E-Jets will be fitted with **Embraer’s** new slim seats in order to offer more passenger leg room. **Republic Airlines** ordered its first Embraer regional jet more than ten years ago. A subsidiary, **Chautauqua Airlines** took delivery of its first ERJ 145 in 1999. The holding company currently has 144 E-Jets and 78 aircraft of the ERJ 145 family in the fleets of its subsidiaries, including **Chautauqua Airlines**, **Republic Airlines**, **Shuttle America** and **Frontier Airlines**. **Republic** bought **Frontier** in 2009.

Russia's Ministry for Emergencies ordered two **VASO**-built **Antonov** An-148 regional jets. The aircraft will be configured to operate medical, business/VIP and 75-passenger all-economy missions. Both will be An-148-100E extended range versions that offer higher maximum take-off weight of 43 tonnes, which is 2 tonnes more than the baseline An-148-100B. The Ministry’s first An-148 is scheduled for delivery in October 2012 and the second by the end of 2013. The An-148s could replace several Soviet-era types such as the **Ilyushin** Il-62M, the **Yakovlev** Yak-42D, **Antonov** An-74 and **Beriev** Be-20. The **Ministry of Interior** and the **Defense Ministry** are interested in the An-148 for their air operations.

The First Sukhoi Superjet 100s for **Aeroflot** will be delivered this year, but it will take a few months to put the three into regular service. The Superjet will commence passenger flights early in 2011. The manufacture plans to launch a major promotion drive in overseas markets after then. **Sukhoi** CEO **Mikhail Pogosyan** said, “We are finishing the certification process and will be sending planes to customers. We then plan to heavily promote Superjet in overseas markets. We’ve done 1,000 flights and over 2,500 hours and the results show we are all set.” So far, **Sukhoi** has sold 155 SSJs, some of them to foreign buyers such as **Kartika** and lessor **Pearl** in Indonesia.

Engine News

November Was a Huge Sales Month for Rolls-Royce. The British engine maker won an order from **Tunisair** for Trent 700 engines to power three A330s. The order is worth \$200 million at list prices and represents the first time the airline has selected Trent engines. The deal includes a **TotalCare** long-term service agreement. **Tunisair** ordered the A330-200s in July 2008 and they will be delivered in 2012. The new long-range jets will replace three A300-600s currently in service. The A330s will allow the flag carrier to fly to North America as well. **Tunisair** also ordered three Trent-powered A350-800 XWBs. **Rolls-Royce** sold Trent 700 engines to **China Eastern Airlines**. The engines will power 16 A330s and are worth \$1.2 billion at list price. The new A330s will enter service starting in 2011. **China Eastern** also opted for the **TotalCare** long-term service agreement. **Air China** ordered Trent XWB engines for ten A350 XWBs and Trent 700 engines for ten A330s that it recently ordered. The contract is worth \$1.8 billion at list prices and includes a **TotalCare** long-term service agreement. **Rolls-Royce** reports that it now enjoys a 56 per cent share for large civil aero engines in China. **Air China** has 78 Trent-powered aircraft in service or on order. Since July, **Rolls-Royce** has won more than \$4.5 billion in orders from customers around the world for the Trent 700. The engine capturing 75 percent of new orders over the last three years and is the market leader on the A330. The Trent XWB is specifically designed for the Airbus A350 XWB and has won more than 1,000 sales since 2007.

Rolls will upgrade the Trent 700 engines with enhanced performance kits on the 20 A330s **Egyptair** currently operated. The airline chose **Rolls** to service its Trent engines under an extended **TotalCare** long-term service contract for seven A330-200s and five A330-300s. The contract is worth \$350 million. The seven A330-200s and one -300 are in service. The other four A330-300s are due to be delivered in 2010 and 2011. **Egyptair** operated its first **Rolls-Royce** jet engine 50 years ago when it took delivery of several Avon-powered **de Havilland** Comet 4Cs.

The Explosion of the Rolls-Royce Trent 900 is having broad impact on **Qantas**, **Singapore** and **Lufthansa**, the engine maker and **Airbus**. **Qantas** grounded all six of its A380s on November 4 to inspect and repair the engines. It will put two jets in service by the end of this month and another two will return to use in December. After inspections, the other two airlines put their fleets back into service. **Qantas** is installing new **Rolls** engines to replace ones damaged by oil-leaks. The three airlines operate 20 A380s and anticipate replacing 40 of the 80 engines that were installed on the wings. This presents a huge problem for **Rolls-Royce** because it does not have 40 engines in stock. **Rolls-Royce** and **Airbus** agreed that some replacement engines will come from planes on the assembly line. **Airbus** said "we will take engines off [line aircraft] to find the best possible solutions to minimize disruptions to our customers." This will require **Airbus** to adjust its delivery schedule. **Rolls** has determined that an oil leak lead to the fire which destroyed the turbine ring, causing the engine to blow up. It is providing parts to fix the leaks after the inspections. **Rolls** expects the work to slightly impact earnings this quarter; its stock price dropped by 10 percent. It did not say what the engine swaps will cost next year. **Qantas** is now thinking about compensation, which will probably be expensive for the engine maker. **Qantas** lost the use of its six flagship aircraft for a month. The company also saw its stock fall by 11 percent in November. The other airlines suffered less disruption of service by quickly returning their planes to the air. Some engines were replaced and the rest were repaired and in the future all engines will have stringent and frequent inspections. Even so, the airlines expect their damages to be made whole. So far, **Qantas** has replaced three Trent 900 engines.

Emirates chose the **Rolls-Royce** TotalCare long-term services program for the Trent 700 engines installed on 29 A330s and Trent 800 engines powering 21 777s. The deal is worth \$1.2 billion. **Emirates** operates a fleet of 152 wide-bodied aircraft from its international hub of Dubai to 108 destinations in 65 countries. **Rolls-Royce** has TotalCare service agreements with operators of 90 percent of the Trent engines. The service contracts are designed to minimize customer financial risk and enhance operational performance and reliability, allowing operators to concentrate on their core business, **Rolls** said.

CFM International Announced Engine Sales at Airshow China 2010. **China Eastern Airlines** ordered CFM56-5B engines to power 30 new A320 family aircraft. The order is valued at approximately \$600 million at list price. The A320 order was announced at the **2010 Farnborough Air Show**. The airline will take delivery of the first A320 in March 2011. **China Eastern** signed a long-term **RPFH—Rate per Flight Hour** agreement with **CFM** to provide comprehensive maintenance service for the CFM56 engines. **Air China** ordered CFM56-5B engines for 20 A320s that it bought at **Farnborough**. The engine order was finalized in November and is worth approximately \$300 million at list price. The first of the new aircraft will be delivered in 2011. **Air China** currently operates 55 A320s, six A340-300s and 118 **Boeing** 737s powered by CFM56 engines. **Hainan Airlines** announced its order for CFM56-5B engines for 42 new A320 family aircraft at **Airshow China 2010**. **Hainan** signed a long-term **RPFH—Rate per Flight Hour** agreement with **CFM**. The engines and maintenance agreement are valued at approximately \$1.2 billion, at list price. The airline will take delivery starting in 2012. **Hainan Airlines** operates more than 85 **Boeing** 737-300/-400/-800 aircraft and has flown CFM56-powered 737s since 1993.

IAE—International Aero Engines Reported Several Sales in November. **TAM Airlines** ordered V2500 engines to power seven A321 and three A319s. The deal is valued at more than \$300 million and includes a long-term aftermarket services agreement. The new Airbuses will enter service starting in 2011. **TAM** is Latin America's largest V2500 customer. It has a fleet of 84 V2500-powered A320 family aircraft. **TAM** bought the first A320 in 1999. **Rolls-Royce** stated that its share of the **TAM** order is worth over \$100 million. At **Airshow China 2010**, **IAE** announced **Sichuan Airlines'** order for V2500 engines that will be installed on eight A320 family aircraft. The contract includes a long-term **IAE Aftermarket Services Agreement**. Earlier in the year, **Sichuan Airlines** specified V2500s to power 12 A320s. The new aircraft are due to be delivered between

Commercial Aircraft Corporation of China—Comac and CFM International launched the LEAP-X1C-powered C919 in November. One hundred C919s were ordered by four domestic airlines and two lessors. **Eric Bachelet**, president and CEO of **CFM International** said all of the customers "are long-time **CFM** customers and we look forward to embarking on this exciting new era with them. Over the next few years, we will work closely with **Comac** to develop the engine and certify the C919. Ultimately, we look forward to providing these customers with a very smooth entry into service in 2016." **CFM's** advanced new LEAP-X engine was chosen as the western powerplant for the C919 in December 2009. **Comac** expects to sell more than 2,000 C919 aircraft over the next 25 years. **CFM** is on schedule to freeze the LEAP-X design by the end of 2011 and the first full LEAP-X engine will go on test in early 2013, **CFM** said. The engines will be mated with the **Nexcelle** nacelle and thrust reverser. **CFM** is the world's largest commercial aircraft engine manufacturer and is a 50/50 joint company between **Snecma (Safran Group)** and **GE**. The two companies are partners in **CFM** until 2040.

2011 and 2015. **Sichuan** has operated A320s with V2500s for the past 15 years, and it now flies 14 A319s, 25 A320s and 11 A321s, and has 25 Airbuses on order.

Order Changes and Cancellations

Airbus Order Changes. **Hong Kong Airlines** exchanged 15 A330 orders for 15 A350 orders in October. **Airbus** lost one VIP A340-500 order last month. Seven executive A340-500s have been sold and four of them were delivered.

Boeing Changes. **Boeing** said it lost eight orders for 787 Dreamliners orders in November, but gained them back as a result of the **ALAFCO/Saudi Arabian Airlines** deal. The orders were essentially transferred from the former to the later, leaving the order book for 787s essentially the same. The Kuwait-based leasing company, **ALAFCO** sold eight 787s to **Saudi Arabian Airlines**, but the airline changed the model from the 787-8 to the larger 787-9. The 787s will be delivered in 2014 and 2015. **Boeing** has 847 787 orders from more than 50 customers on its books. **Philippine Airlines** postponed delivery of four 777-300ERs until 2012 and 2013 because it would “lose money” if it took delivery now. **PAL** has 39 planes in its fleet, including eight A330-300s, four A340-300X, five 747-400s and two 777-300ERs leased from **GECAS**. **PAL** ordered the four 777s in March 2007.

Leasing Companies

Norwegian Air Shuttle signed a letter of intent to lease two Boeing 787-8s from **International Lease Finance Corporation—ILFC**. The Scandinavian budget carrier will take delivery of the 787s in the autumn of 2012 and lease them for 12 years. **Norwegian** plans to launch long-haul services to Bangkok and New York in 2011. It is looking for short-term leased widebodies to operate until the 787s arrive. The carrier is currently negotiating for another 4-6 planes and eventually it wants to acquire up to 15 widebodies. **Norwegian** will create a separate low-cost entity for the long-haul operation.

Copa Airlines signed lease agreements for ten new 737-800s. Five will be delivered in 2011 and five will arrive during 2012. The airline is acquiring five 737s from **GE Capital Aviation Services**, three from **BOC Aviation** and two from **Aviation Capital Group—ACG**. **Copa Airlines** now has firm orders and delivery commitments for 33 737-800s, including the 10 leases. Due to robust economic growth in Latin America, the airline is accelerating its planned expansion next year.

Aerolineas Argentinas will lease 10 ex-**Virgin Blue** 737-700s from **ILFC**. Five will be handed over in 2011 and the other five will come in 2012 when they come off lease from the Australian carrier. The 737-700s were manufactured in 2001 and 2002. **Virgin Blue** will replace the -700s with new 737-800s. **Aerolineas** currently operates 12 2009-model 737-700s and 10 737-500s. The 737-500s will be retired as the leased -700s arrive. **Aerolineas** plans to acquire three A330s and three A340s. They will replace two 747-400s and be used to expand to new markets. The three A340s will arrive in March and will fly to Mexico City and New York. If the carrier can find them, it will add three A330s in July or August. They will replace the A340s on the North America services freeing the A340s for service to Europe. Unfortunately, A330s are hard to get because the type is in high demand. **Aerolineas** currently operates six A340-200 and -300s. The 747s will leave the fleet late in 2011 and their A340s will be retired in 2012. The company wants to operate 12 A330s and only three A340s by the end of 2014.

Copa will buy five 737-800s from **Boeing** next year and take four more in 2012 as part of its existing order book. **Copa** will take delivery of three 737-800s, giving it a year-end group fleet of 63 aircraft, including 18 737-700s, 14 737-800s and 13 E-190s at the Panamanian airlines and two 737-700s and 13 E-190s at **Copa Colombia**.

Airphil Express will lease two more A320s by year-end. It operates four new A320s that it acquired from **Philippine Airlines**. Next year, the Philippine low-cost carrier will lease six planes, followed by another six in 2012. The source of the new A320s was not stated, but **Airphil** leases its current A320s from **GECAS**.

China Airlines and EVA Airways to Lease Eight A330s. **China Airlines** announced it is leasing five new A330s from an undisclosed company. The first will be delivered in November and the last will arrive by the end of 2012. **EVA** plans to lease three A330-300s in 2011 an airline official said. The A330s will be leased until the next-generation of widebodies are delivered. **China Airlines** has 14 A350-900s on order for delivery after 2015. **EVA** has only one 777 on order for delivery next year. The Taiwanese airlines are expanding rapidly into the trans-Taiwan Strait traffic with mainland China. The number of flights to China has risen from zero to 370 per week in five years, due to a thaw in relations between the two Chinas.

AVIATION BUSINESS

Airline News

The Ukrainian Government will sell its shares in **Ukraine International Airlines** this year. It must offer all or part of its 61.58 percent stake to existing shareholders –**Austrian Airlines**, the **European Bank for Reconstruction and Development** and Ukraine's **Capital Investment Projects**. **Austrian** is a subsidiary of **Lufthansa** and owns 22.52 percent of the flag carrier. **UIA** is growing and saw its traffic increase by 23 percent over last year. It operates four 737-800s, and 14 737 Classics, including four -300s, five -400s and five -500s. The cash-strapped Ukrainian government is selling assets to cut its budget deficit.

Air Malta won a €52 million (\$70.8 million) loan while it works on a restructuring plan. The temporary assistance was approved by the **European Commission**. In November the **Maltese Government** said it would inject more than €100 million into **Air Malta** if it received permission from the **EC**. The airline and the government have been working on **Air Malta's** finances since January.

Compania Mexicana de Aviacion SA resolved disputes with its bank lender and a group of airports and entered Chapter 15 bankruptcy protection from U.S. creditors. U.S. Bankruptcy Judge **Martin Glenn** approved **Mexicana's** request for

SkyWest completed its acquisition of **ExpressJet Airlines**, which serves more than 130 destinations in North America and the Caribbean. Through a merger, **ExpressJet** became a wholly-owned subsidiary of **Atlantic Southeast**, which is a wholly-owned subsidiary of **SkyWest**. **SkyWest** will meld the **ExpressJet** operations into **Atlantic Southeast**, after it received government approval. The combined airline will be based at **Atlantic Southeast's** facilities and headquarters in Atlanta, Georgia. Until that happens, both airlines will operate under their own operating certificates. Before the single operating certificate is issued, **Atlantic Southeast** will transfer some of **ExpressJet's** functions to **Atlantic Southeast** and **SkyWest**.

protection which will give the 87-year-old company a legal shield from U.S. creditors. This will ease the airline's main bankruptcy in Mexico. The bankruptcy also resolves the amounts the airline owes to airports in Denver, Dallas, Miami and Sacramento. They are owed payment of passenger facility charges. Judge **Glenn** ruled that Mexicana could designate the Mexican bankruptcy as the main bankruptcy proceeding. The labor unions wanted the U.S. to have precedence. **Mexicana** filed for protection from creditors in Mexico in August and shut down. **Tendora K**, a group of investors bought 95 percent of the company on August 20. The airline intends to restart operations in December if unions and other creditors accept a 1.9 billion-peso (\$155 million) proposal to rescue the bankrupt airline. The equity firm is offering the unions 975 million pesos in cash and would arrange a seven-year 926 million-peso loan. The unions would get an equity stake in exchange for the remaining 2.85 billion pesos the airline owes them. **Mexicana** will fly 28 planes on 17 international routes and to seven domestic destinations. They may be too late, because Mexican carriers acquired all of **Mexicana's** domestic traffic and U.S. airlines won most of the international traffic. Domestic traffic was relatively flat and all the passengers went to **Aeromexico** and low-cost carriers, **Interjet**, **Volaris** and **VivaAerobus**. **Mexicana's** share before bankruptcy was 30 percent. **Aeromexico** increased its international traffic by 40 percent and **Volaris** doubled its foreign traffic but foreign carriers grabbed 75 percent of **Mexicana's** international traffic. **Alaska Airlines**, **American Airlines**, **Continental Airlines**, **Delta Air Lines** and **US Airways** reported significant increases in their Mexico traffic in September. Foreign carriers saw their traffic to and from Mexico increase 27 percent in September and their share of the Mexican international market rose to 79 percent of the whole.

Bankruptcy of the Month

Gulfstream International Group filed for Chapter 11 bankruptcy in order to restructure its debt and secure long-term financing, the company said. **Gulfstream International Airlines** flights were unaffected by the filing in Bankruptcy Court as **Gulfstream** arranged \$5 million in debtor-in-possession financing from **Victory**

Kingfisher Airlines' lenders approved a debt restructuring plan to cut interest costs. India's second-largest domestic airline will benefit from rising demand for air travel. **UB Group** CFO **Ravi Nedungadi** said, "The bank consortium has agreed generally to the package. Now each of the banks has to necessarily pass it through their respective board, so we'll wait for them to approve before we comment on the restructuring plan." **UB Group** is **Kingfisher's** parent company. The airline has lost money for the last six years and has a debt of 77.2 billion rupees (\$1.74 billion) as of March, 2010. The proposed debt restructuring could cut interest payments by as much as 11 percent. The stock market was encouraged and saw **Kingfisher** shares rise by 39 percent this year.

A Critique of Airline Service. I flew between Montana and Washington DC over the Veterans' Day weekend. It was my first flight in a year and in my opinion, things had not changed for the better. Security was serious but not oppressive. As a thrifty, infrequent flyer, I was appalled at the incidental costs of flying. My \$500 round trip ticket rose to about \$600 when taxes, baggage fees, and potential meals, drinks and inflight movie were added on. I am old enough to remember when inflight meals were bad, but at least they were free — as were baggage and movies, while drinks were cheap enough to buy a second or third round. Now that planes are full and fares cover the actual cost of operating them, I think the next competitive battle will be over service. In the old days of regulation—pre-1978, airlines competed almost exclusively over who offered the best service because regulated fares were essentially equal.

Park Capital Advisors. It is an alternative asset management firm based in Chicago. **Gulfstream** asked it to pay its approximately 600 employees their pre-petition wages and to continue all wage and benefit programs. The company does not plan to lay off any workers. **Gulfstream** operates 23 Beechcraft 1900D on more than 150 flights to 18 destinations in Florida and the Bahamas. It also offers Essential Air Service flights from Cleveland, Ohio. The airline's parent lost \$2.8 million in the first six months of this year and had revenues of \$46.3 million. It saw traffic decline 9.7 percent from last year.

Precision Conversions re-delivered the third high-payload, 15-pallet position 757-200PCF freighter to **Aerolease Aviation**. In April 2010, **Aerolease** contracted for the three freighters. The 1999 model **Pratt & Whitney** powered 757-200PCF SN 29610 can carry a total payload to 80,000 pounds and will be operated by **DHL Americas**.

Cargo Pallet

Aeronautical Engineers—AEI started the Passenger-to-Freighter conversion of **Aviation Capital Group's** second 737-400S SN 25595 into an 11 pallet freighter configuration. This is **ACG's** second high gross weight 737-400. It was built in 1992 and is undergoing modifications and heavy maintenance at **AEI's** authorized conversion center, **Flightstar Aircraft Services**, Jacksonville, Florida. After conversion, the **ACG** 737-400SF will be acquired by **VarigLog**, Brazil.

Technical

Even the Russians think Soviet-Era Planes are Too Loud. **Vnukovo Airport**, in Moscow will ban **Tupolev** Tu-134s, Tu-154Bs and **Ilyushin** Il-86s from operating there in January. The Tu-154M will not be allowed to operate during evening and night hours. The airport complained that the noisy aircraft were negatively impacting the environment in adjacent neighborhoods. Apparently residents living near the airport objected to the excessive noise. The ban will affect airplanes that carry 25 percent of traffic at **Vnukovo**, which should help boost sales of **Airbus** and **Boeing** planes in the short term. The A320 Family aircraft, A330s and **Boeing** 737s and 757s already carry 55 percent of the passenger traffic at **Vnukovo**.

Military Market

Boeing Delivers Last UK Globemaster. The **Royal Air Force** accepted its seventh (and so far last) C-17A Globemaster III in November. The **RAF** has operated the type since May 2001, when it leased several from the manufacturer. The **RAF's** fleet of C-17s has logged more than 60,000 flight hours and provides critical airlift capability for the U.K.'s **Joint Rapid Reaction Force**. They are based at **Brize Norton**, which is the **RAF's** main operating base for strategic air transport and air-to-air refueling. **Boeing** has delivered 224 C-17s to date, including 204 to the **U.S. Air Force**. The **RAF**, **Canadian Forces**, **Royal Australian Air Force**, **United Arab Emirates Air Force** and **Air Defense, Qatar Emiri Air Force**, and the 12-member **Strategic Airlift Capability** initiative of **NATO** and **Partnership for Peace** nations have accepted 20. India and the United States have reached a preliminary agreement for the **Indian Air Force** to acquire 10 C-17s. **Boeing** said it supports the **RAF's** C-17s through the **C-17 Globemaster III Sustainment Partnership**, a Performance-Based Logistics program. The arrangement provides the **RAF** with the benefits of complete "virtual fleet" access and an extensive

support network. The virtual fleet concept enables C-17 customers to benefit from worldwide parts availability and economies of scale when purchasing materials.

Boeing delivered the tenth C-40A transport/cargo aircraft to the **U.S. Navy** in November. The derivative of the commercial -700 was modified at Wichita for its Navy mission. The C-40A is equipped with a main-deck cargo door and can be configured for troop transport, cargo transport or both. The C-40As are replacing the **Navy's** fleet of C-9s. The **Navy** has two more C-40As on order. One 737 is being modified at the Boeing Wichita facility and the other is still on the production line.

Airbus and **OCCAR** nations reached a final agreement to buy 180 A400M military transports. The deal is essentially the same as was agreed to in March, but some payments "are now more back-loaded than previously expected," **Airbus** said. The March agreement added €2 billion (\$2.8 billion) to the previous €20 billion program cost to develop and produce 180 A400Ms. The member nations will invest another \$1.5 billion under an export levy facility. That is supposed to support future international sales. **Airbus** said a final contract will be signed before the end of this year.

AIRCRAFT DELIVERIES & SALES Jet Aircraft

A319. **Airbus** delivered only two A319s in October, including an ACJ to an unnamed private customer and -112 SN 4455 to **Lufthansa**.

A320. **Airbus** delivered 23 A320s last month, including two -216s SN 4458 & 4462 to **Air Asia**. **GECAS** leased three -214s SN 4419, 4442 & 4454 to **Saudi Arabian Airlines**. **Virgin America** leased -214 SN 4480 from **GECAS**. Also in the Americas, **TAM** received two -214s SN 4441 & 4465 and **LAN Airlines** took delivery of -233 SN 4476. In the Pacific Rim, **Philippine Airlines** leased -214 SN 4475 from **GECAS** and subleased it to **Airphil Express**. **Cebu Pacific** took delivery of -214 SN 4447. **Qantas** leased two -232s SN 4460 & 4466 to **Jetstar**. **Jetstar Pacific**, in Vietnam leased its first new -232 SN 4459 from **AWAS**. This was the first of 79 A320s that **AWAS** ordered. The remainder of the A320s will be delivered through 2015. **BOC Aviation** leased -232 SN 4443 to **Jetstar Asia**. This is the Singapore-based LLC's first new A320 as well. **Tiger Airways** accepted -232 SN 4445. Only one A320 was delivered to a Chinese airline last month, -232 SN 4355 to **China Eastern**. **Indigo** received -214 SN 4488. In Europe, **Air Berlin** accepted

The French President has his own presidential plane, a VIP A330-223 SN 240. The **French Government** purchased the plane from **Air Caraibes** in April and had it equipped with a bedroom, bathroom, advanced communications network and anti-missile technology. The press reports that the government bought the A330 for €84 million euros while the modifications cost another €92 million. The presidential plane will be used for all official activities and will be replacing a smaller A319.

A380. **Lufthansa's** fourth A380-841 SN 048 was delivered on October 27, but it was ferried to Frankfurt from the **Airbus'** Hamburg-Finkenwerder plant on November 16. The aircraft is named "Tokyo" and it entered scheduled service to that city.

Airbus does not anticipate any delays "at this stage" to the delivery of **China Southern Airlines'** first **Rolls-Royce** Trent 900-powered A380-841 SN 031. It is due to enter service in mid-2011 and is currently on the assembly line at Toulouse.

-214 SN 4463 and **British Airways** received -232 SN 4464. **Aeroflot** leased -214 SN 4453 from **BOC Aviation**. **Libyan Airlines** accepted its second of seven new -214s SN 4450.

Air Arabia took delivery of the first of 44 A320-214s SN 4468 it ordered in 2007 and 2008. It becomes the newest Middle Eastern operator of A320s delivered directly from **Airbus**. **Air Arabia** will be one of the region's largest A320 operators when the last of the new A320s joins the airline's fleet of 23 leased A320s. The UAE-based LCC has two subsidiaries, **Air Arabia Egypt** and **Air Arabia Morocco** that sublease a total of six A320s from their parent company.

GECAS delivered a new A320-214 to **Indigo Airlines** in November. **Indigo** now operates 31 A320s to 22 destinations in India.

A321. Three A321s were delivered in October; -213 SN 4472 to **Air China**, the first -211 SN 4467 to **Saudi Arabian Airlines** and -211 SN 4461 to **Aeroflot**.

A330. **Airbus** delivered eight A330s in October, including **Hong Kong Airlines'** fifth -223. **AerCap** leased -243 SN 1159 to **Hainan Airlines**, the airline's seventh A330-200. **KLM** accepted its eleventh -203 SN 1161. **Singapore Airlines** leased -343E SN 1156 from **Waha Capital** and SN 1157 from **Lease Corporation International**. **Singapore** transferred its last two of 19 A330-300 orders, one to each lessor. **Turkish Airlines** accepted its second -343E SN 1160. **Saudi Arabian Airlines** took delivery of its sixth -343E SN 1153. **Cathay Pacific** received -342 SN 1163.

AWAS delivered its second A330-243 SN 1171 to **Hawaiian Airlines** on November 10th. This is **Hawaiian's** third A330 and will operate on routes to the U.S. and will serve Japan and South Korea in April 2011.

Boeing 737NG. **Boeing** delivered 35 737s in October, including four -823/Ws SN 30904, 30907, 31107 & 40582 to **American Airlines** for a fleet total of 146 -800s. In the Americas, **Delta Air Lines** received two -800s and sold them to **Babcock & Brown**. The **United States Navy** took delivery of its sixth P-8A. **Boeing Business Jet** accepted the 101st -700/W-BBJ. **GOL Airlines** received -8EH/W SN 35835. **GECAS** leased out five -8GN/Ws to various airlines. In Europe, **Ryanair** took delivery of four -8AS/Ws SN 34976, 34977, 35033 & 35034. **Norwegian Air Shuttle** accepted -8JP/W SN 40866. **Air Berlin** received -86J/W SN 37758. **Boeing** delivered two -800s to North African airlines, -86D/W SN 40859 to **Air Algérie** and -866/W SN 35569 to **Egyptair**. **FlyDubai** in the Middle East accepted -8KN/W SN 40237. **ALAFCO** leased out one -800. Three Chinese airlines received one -800 each, -89L/W SN 36755 for **Air China**, -79P/W SN 36772 for **China Eastern** and -85C/W SN 37579 for **Xiamen Airlines**. **China Eastern** leased its -700 from **ILFC**. The two main Japanese airlines took delivery of one -800 each, -881/W SN 33901 to **All Nippon** and one -846/W to **JAL International**.

Douglas. **BAE Systems' Asset Management** arranged the sale of four **Avianca** MD-83s to **Jet Midwest Group**, Kansas City, Missouri. **Jet Midwest Group** is a full-service commercial aircraft sales and leasing company founded in 1997. One MD-83 was sold to **Sierra American Corporation**, the leasing affiliate company for **Ameristar Air Cargo/Ameristar Charters**, an FAA Part 121 Air Carrier company based at Dallas Addison Airport, Texas. **Avianca** awarded the exclusive remarketing mandate for eight MD-83s to **BAE System** in April 2009. The other three MD-83s are still in service with **Avianca**, and will be offered for sale in the first half of 2011.

Elsewhere in Asia, **BOC Aviation** leased two -800/Ws to airlines. **Boeing** delivered -8U3/W SN 30150 to **Garuda Indonesia**. **Malaysia Airlines** took delivery of its first Next-Generation 737-8H6/W SN 40128 with the new **Boeing Sky Interior**. **Lion Air** bought two more -9GPERs SN 37273 & 37274, for a total of 39 out of 178 on order. **GE Capital Aviation Services—GECAS** delivered a new -86N to **Shanghai Airlines** in November. The airplane comes from **GECAS’ 737 backlog at Boeing**.

Boeing 747. Aircastle Limited will acquire two 747-400F freighters from **Japan Air Lines**. The planes will be handed over to Aircastle by the end of the year. **Aircastle** signed letters of intent to long-term lease both aircraft to industry-leading cargo carriers, **Aircastle** said.

Charles Taylor Aviation Asset Management—CTAAM transferred two 747-412s SN 26562 & 27071 to **Deucalion Aviation**. The planes will be converted into -400BSF Bedek Special Freighters by **IAI’s Bedek Aviation** in Tel Aviv. The 747s will be leased to **World Airways** in December 2010 and February 2011. **Singapore Airlines** placed the airplanes in **CTAAM’s** care and maintenance in 2008.

Boeing 767. Japan Airlines International took delivery of -346ER SN 40364 in October. The airline has seven more on order. **Israel Aerospace Industries—IAI** delivered the first 767-200ER Multi-Mission Tanker Transport—MMTT to the **Colombian Air Force**. The aircraft was converted by **Bedek Aviation Group** to the MMTT configuration, which includes air refueling capabilities. It also can carry passengers and palletized freight.

Boeing 777. Boeing delivered four 777s in October including two -3F2ERs SN 40707 & 40708 to **THY—Turkish Airlines**. The airline has 10 more on order and will receive three more -300ERs by the end of 2010. **FedEx** accepted 777-FHT SN 39285. This is the airline’s ninth 777F and it was originally ordered by **Guggenheim Aviation Partners**. **GECAS** took delivery of -366ER SN 38288 and leased it to **Egyptair**.

Boeing delivered its 900th 777 — to **Ethiopian Airlines** in November. The airplane is the ultra-long-range 777-260LR (long range) Worldliner, and is the first of five 777s that the airline ordered in 2009. The 777 program has 1,165 orders from 61 customers. **Ethiopian Airlines** ordered its first **Boeing** plane, a 720 approximately 60 years ago. Today, the airline operates an all-**Boeing** fleet of 737, 757, and 767 passenger airplanes and 747s, 757s, MD-11s in cargo configuration.

Boeing Business Jets delivered VIP 777-2KQLR SN 40753 to **Aviation Link Co.**, an aircraft management company based in Jeddah, Saudi Arabia. **Aviation Link Co.** provides airplane management services for VIP customers in the Middle East including the purchase, interior design and

New Presidential Tu-214. Russia's president **Dmitry Medvedev** flew in the new Presidential Tupolev Tu-214PU on an official trip to Kazan, in Russia’s Tatarstan Republic. The Tu-214PU is registered RA-64517 and first flew in May. It was delivered to the **Special Air Detachment** of the Russian government last month. The Tu-214PU “command post” is equipped with special radio relay equipment that enables the head of state and the supreme head of the armed forces to carry out their duties during the flight. A second Tu-214PU is on order and scheduled for delivery early next year. The Tu-214PU is an extended-range version and features larger fuel tanks and a range of up to 10,500km (5,680nm). The **Russian Government** ordered more than a dozen Tu-214s tailored to specific missions. Six of them are dedicated to become airborne command posts for Russia’s leaders.

completion of the airplane, as well as operational and maintenance management. The company manages 13 airplanes, including Gulfstreams and two VIP 777s. **Amac Aerospace**, Basel, Switzerland will start to install the executive interior this month. An undisclosed, private owner in the Middle East will take delivery of the 777 when the VIP cabin is completed in 2012.

Embraer reached a significant milestone, with the delivery of its 700th E-Jet – an EMBRAER 190 to **British Airways**. This comes 13 months after the delivery of the 600th E-Jet in September 2009. The 700th E-Jet will be operated by **BA CityFlyer**, BA's wholly owned subsidiary. **BA CityFlyer** now operates six 98-seat E-190s and five EMBRAER 170s. The airline will take delivery of two more E-190s by the second half of 2011.

Embraer donated the ERJ 140-801 prototype, PT-ZJA to the **Aerospace Museum (Museu Aeroespacial – MUSAL)**, at Campo dos Afonsos near Rio de Janeiro. This aircraft launched the ERJ 145 family of regional jets. It joins the museum's collection of around one hundred historic aircraft, many of which were manufactured by **Embraer**. The ERJ program was launched in 1991 and this aircraft flew in August 1995. The airplane was shortened by 3.5 meters and flew as the ERJ 135 prototype in July 1998. After that model was certified, the airplane was stretched again by 2 meters to serve as the ERJ 140 prototype. The plane flew as an ERJ 140 in June 2000. .

Turboprops

Bombardier delivered the thousandth Dash 8/Q-Series aircraft – a Q400 NextGen airliner, to **Pinnacle Airlines**. The Dash 8 aircraft was launched in 1980 and entered revenue service in 1984. The Dash 8 is considered to be the first of the new generation of turboprop transports and one of the most successful regional aircraft programs in history, **Bombardier** said. **ATR** has sold nearly 1,000 ATR 42s and ATR 72s. **Fokker** and **Fairchild** built almost 1,000 of the F.27, F-27, FH-227 and Fokker 50 series of twin turboprops. **Antonov** produced nearly 3,000 old-generation An-24s and its variants, the An-26 and An-32, but that was not a strictly commercial venture.

Accidents and Safety

From Aviation Safety Foundation

Qantas Airbus A380-842, VH-OQA, SN 014 suffered an uncontained engine failure shortly after takeoff from Singapore on November 4. The airplane landed more than one hour after the incident while the flight crew dumped fuel and tried to diagnose the problem. None of the 440 passengers or 26 crew

Al Qaeda in the Arabian Peninsula — AQAP claimed that it was responsible for the crash of a **UPS** 747-400F in Dubai in September. Director General of the United Arab Emirate's **General Civil Aviation Authority**, **Saif al-Suwaidi** said, "So far we have no evidence that links the **UPS** plane crash with a terror attack. There is no evidence of explosives on board. That does not mean we will not take this claim seriously. We are investigating the claim." **UPS** said it dismissed the claim as well. Mr. **Suwaidi** explained there was no change in pressure inside the airplane that would have resulted from an explosion. "Evidence shows that there was an onboard fire but no explosion," he said. The airplane crashed after the pilot reported an onboard fire and smoke in the cockpit.

were injured. The number 2 engine was severely damaged by the disintegration of a rear fan disk. Shrapnel put holes in the wing and damaged the engine controls for number 1 engine. Parts of the blown engine were found and recovered on Batam Island, Indonesia. The **Aviation Safety Foundation** reported, the A380 took off at 09:56 AM and the engine blew at 10:02. Then the pilot investigated the problem. Twenty minutes later the crew said they went through the a checklist and found a hole in the engine and damage to the wing. The pilot informed **Singapore ATC** that the A380s other three engines were functioning properly. The aircraft stopped on a taxiway and was evacuated safely. The emergency service found that fuel had leaked from the left wing, four tires had deflated and the pilot could not shut off engine number 1. The emergency service had to drown the number 1 engine with water to shut it down. **Qantas Airways** grounded its six A380s after the incident. It put two planes back in service three weeks later and will have all six in the air by January. **Lufthansa** and **Singapore** grounded their jets briefly for inspection and repair. Neither airline reported passenger reluctance to fly the A380 after they were returned to use. The two-year old **Qantas** A380 logged about 830 cycles and 8,160 flight hours.

Aerocaribbean ATR 72-212, CU-T1549, SN 459 crashed in mountainous terrain after take off from **Santiago-Antonio Maceo Airport**, Cuba, on November 4. All seven crew and 61 passengers were killed. The pilot radioed an emergency and people on the ground saw the airplane trailing fire before the crash. The ATR 72 was built in 1995 and flew 25,000 hours and more than 34,500 cycles. This was Cuba's worst air crash since 1989 when a **Cubana** Ilyushin Il-62 crashed after takeoff from Havana airport and 126 people were killed.

Sun Way Ilyushin Il-76TD, 4L-GNI, SN 43452546 crashed into buildings inside a naval base, close to **Karachi-Jinnah International Airport**, Pakistan, on November 28. All eight crew and four people on the ground were killed. The freighter was carrying 31 tons of relief supplies to Khartoum, Sudan.

Lion Airlines Boeing 737-4Y0, PK-LIQ, SN 24911 was substantially damaged when the plane left the runway at **Pontianak-Supadio Airport**, Indonesia, on November 2. All 169 passengers and five crew survived. The airplane's main gear sank into the soft ground and the nose gear collapsed. The 737 was built in 1991.

JS Air Beechcraft 1900C-1, AP-BJD, UC-157 crashed near **Karachi-Jinnah International Airport**, Pakistan, on November 5. A **Pakistan Civil Aviation Authority** spokesman said the airplane suffered an engine failure on climbout and the pilot tried to return to the airport.

In a Three-Day Period, Two SkyWest Airlines CRJs landed with one main landing gear retracted. The first was a CRJ900 N133EV operated by **Atlantic Southeast Airlines—ASA**, a **SkyWest** subsidiary. The plane diverted to **JFK Airport** when the flight crew discovered a problem with lowering the landing gear. The plane came down with its right landing gear fully retracted. The second was a **SkyWest** CRJ200 N498CA that landed at **General Mitchell International Airport**, Milwaukee. The crew could not deploy the left landing gear. The planes were evacuated safely and no passengers or crew were injured in either accident. In the past two years, five other CRJs landed with one wheel retracted. The **FAA** and **NTSB** are investigating. The **NTSB** launched a so-called engineering investigation following the **JFK** incident. An **FAA** spokesperson told **Aviation International News** that the agency would evaluate the results "to see if there are any safety actions the **FAA** needs to take, whether the **JFK** incident was unique or whether there appears to be some common cause."

The airplane crashed near a residential area and killed all 17 passengers and four crew. The Beechcraft 1900C was chartered by Italian oil company **ENI** to transport personnel to an oil field near Bhit Shah in Sindh province.

Fuerza Aérea Mexicana (Mexican Air Force) lost Antonov An-32B, FAM-3101, SN 3306 on November 24 when it crashed during takeoff from **Monterrey-General Mariano Escobedo International Airport**. All five crew were killed.

Tarco Airlines Antonov An-24B, ST-ARQ, SN 07305910 landed at **Zalingei Airport**, Sudan, on November 11 and two tires burst. The 40-year old plane split in two and then burned in the resulting crash. Six of the 38 people on board were killed.

AVMARK Offers Reasonable Advertising Rates

One Inch Box:	\$ 200
Quarter Page:	\$ 500
One Third Page:	\$ 750
Half Page:	\$ 1,000
Full Page:	\$ 2,000

Contact the Executive Office:
PO Box 189, Vienna, VA 22183 – USA
Tel: +1-240-582-0119 Fax : +1-225-444-9723
enquiries@avmarkinc.com

Two Turboprops Burn in Hanger Fire at Mike Zubko Airport, Inuvik, NWT, Canada, on November 4. Beechcraft B99 C-GKKB, SN U-149 and de Havilland Canada DHC-6 Twin Otter 300 C-GZVH, SN 671 were both owned by **Kenn Borek Air**. The fire was started by an emergency generator and burned the hangar including the two planes to the ground. There were no injuries.

Al Quwwat al-Jawwiya al-Jaza'eriya (Algerian Air Force) Lockheed C-130H-30 Hercules, 7T-WHA, SN 4997 left the runway after landing at **Paris-Le Bourget Airport**, France on November 19. The 26-year old airplane was substantially damaged but the nine people on board survived.

Skytraders CASA C-212 Aviocar 400, VH-VHA, SN 474 was damaged while landing at Bunger Hills, Antarctica on November 15. The four crew survived and the aircraft will probably be recovered. **Aviation Safety Foundation** reports that one main landing gear was displaced and there was some buckling of the fuselage. The Aviocar will either be repaired enough to fly back to **Australia Antarctic Program's** Casey station or it will be taken apart and carried out as freight.

More Boeing 787 Dreamliner Troubles. **Boeing's** second 787 prototype ZA002 caught fire in mid-air between Yuma, Arizona and Laredo, Texas. The crew reported smoke in the cabin and the plane made an emergency landing. The 42 **Boeing** flight-test employees onboard evacuated using the emergency slides. The early press reports may have been more dramatic than the actual event. The airplane was at 1,000 feet altitude when the plane's rear electronics bay caught fire. It was later learned that a tool was left in the bay and it short circuited some terminals. The insulating material briefly caught fire. The primary flight displays functioned properly, but some of the automated systems, such as auto-throttle, some flight displays and electronics-assisted flight controls were affected. The incident has further delayed completion of the flight test program and eventual certification.

Boeing Announced it is Changing the Design of the 787 Power Distribution Panels. The company is updating the systems software that manages and protects power distribution on the airplane. These changes come as the result of what has been learned from the investigation of an onboard electrical fire

on a test airplane, ZA002, earlier this month in Laredo, Texas the company said. Engineers determined that the fault began as either a short circuit or an electrical arc in the P100 power distribution panel, most likely caused by the presence of foreign debris. The design changes will improve the protection within the panel. Software changes also will be implemented to further improve fault protection. The P100 panel is one of five major power distribution panels on the 787. It receives power from the left engine and distributes it to an array of systems. The 787 team thinks the design changes and software updates will be finalized in the next few weeks. The team is preparing to return ZA002 to Seattle.”

Want to Buy: One commuter turboprop or regional jet fuselage. It can be stripped of most of the interior but should have some of the flight controls and all the windows and doors. Wings, landing gear and tail are not necessary. Send some photos and the price you want to: **Jim Beyer** at mrmotomontana@msn.com

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.

AIRLINE IMPROVEMENT PROGRAMS

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.

fill the form attached to this
publication

HURRY!
Order your personal
copy of February 2011
**TRANSPORT
AIRCRAFT VALUES
(TAV)** today.

Sample of Avmark Publication

TRANSPORT AIRCRAFT VALUES (TAV)

Reports current fair market values by year of build and project the future value of 116 transport category aircraft. The future values are based on an economic model which projects the values based on the earning stream of approximately 130 different types of aircraft for their useful life. The model takes into account the operating cost and characteristics of each aircraft, worldwide and future traffic volumes and 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
- BAe 111-200/300/400/500

Picture



Selected: Airbus A340-300

Description: Widebody 4 Engine Passenger

Manufactured: 1992 To 2006

Values: \$54.00m \$118.00m

Estimated Life: 35 years File No. 013

Search Term

Add Modify Delete OK

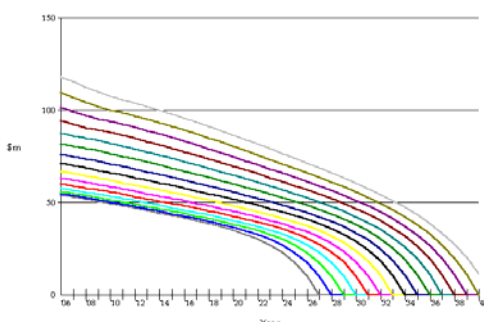
Print Preview

Aircraft: Airbus A340-300 - Widebody 4 Engine Passenger

CAVAS Figures

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
2006	54.00	54.61	55.83	57.66	60.10	63.14	66.80	71.07	75.94	81.43	87.52	94.23	101.54	109.47	118.00
2007	52.83	53.49	54.70	56.56	58.99	62.01	65.62	69.95	74.86	80.37	86.46	93.18	100.50	108.43	116.96
2008	51.69	52.36	53.61	55.43	57.85	60.84	64.42	68.69	73.65	79.18	85.27	92.00	99.32	107.25	115.78

CAVAS Graph



Profit & Loss Report

Aircraft Type	Airbus A340-300					2020 Actual
Period	1	2	3	4	5	Period
REVENUES (US\$)						
Passengers	49,328,754	49,270,739	49,212,559	49,154,213	49,095,701	49
Freight & Mail	8,879,176	8,868,733	8,858,261	8,847,758	8,837,226	8
Other Revenue	986,575	985,415	984,251	983,084	981,914	4
TOTAL OPERATING REVENUE	59,194,505	59,124,887	59,055,070	58,985,055	58,914,841	58
VARIABLE EXPENSES						
Fuel	6,918,975	6,913,743	6,916,436	6,916,177	6,912,945	6
Landing Fees	3,021,823	Profit & Loss Report				
Enroute Charges	392,440	Aircraft Type				
Pax Commissions	7,399,313	Airbus A340-300				
Freight Commissions	1,331,876	Period				
Food & Supplies	3,993,194	1				
Passenger Liability Insurance	379,590	2				
TOTAL VARIABLE COST	23,443,212	FIXED EXPENSES				
		Station Overhead				
		Maintenance Burden				
		Other Overhead				
		TOTAL FIXED COST				
SEMI-VARIABLE EXPENSES		TOTAL OPERATING COST				
Crew Salaries & Expenses	5,177,760	General and Admin. Allocation				
Maintenance & Engineering	587,650					

Profit & Loss Report

Aircraft Type	Airbus A340-300				
Period	1	2	3	4	5
FIXED EXPENSES					
Station Overhead	346,597	345,923	345,249	344,575	343,901
Maintenance Burden	176,295	351,824	526,586	700,581	873,810
Other Overhead	0	0	0	0	0
TOTAL FIXED COST	522,892	697,747	871,835	1,045,156	1,217,711
TOTAL OPERATING COST	31,464,497	32,185,749	32,903,601	33,618,052	34,329,104
General and Admin. Allocation	1,573,225	1,609,287	1,645,180	1,680,903	1,716,455
TOTAL COST	33,037,722	33,795,036	34,548,781	35,298,955	36,045,559
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

US \$ 1,499.00 (1 year)

US \$ 2,699.00 (2 years)

To Order, please email @
enquiries@avmarkinc.com or visit
us at www.avmarkinc.com
or
fill the form attached to this
publication

Current Avmark Publications

The AVMARK Newsletter:

\$445 US per year (Monthly issue)

Published since 1962, the AVMARK Newsletter reports all orders, purchase sales and leases of new and used transport aircraft. The Newsletter analyzes regulatory, economic and operational factors affecting the market for lease rates & value of transport aircraft. The Newsletter is a monthly “snapshot” of the industry & contains graphs & charts on major trends & developments.

Transport Aircraft Values:

\$1,499 US (One year with semi-annual update)

\$2,699 US (Two-year with semi-annual update)

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

Historic Jet and Turboprop Values and Lease Rates:

\$350 US (One Issue, PDF Version)

\$700 US (One Issue, Excel Version)

Historic Jet and Turboprop Values is a summary of the then current fair market values as published in the AVMARK Newsletter for all jets and turboprops in service. The prices are based on reported transactions and on AVMARK’s experience in consulting, appraisal and fleet evaluation. The prices indicated are for the oldest of the type, in standard configuration in half-time maintenance condition. Price information is available from 1969 and Operating lease rates are available from 1988.

Small Transport Aircraft Catalogue:

\$350 US per Year (Current)

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

Samples of all publications are available upon request

**Now Taking Orders
for
February 2011
TRANSPORT
AIRCRAFT VALUES
(TAV)**

Publication Form

AVMARK, Inc.
PO Box 189, Vienna, VA 22183 – USA
Tel: +1-240-582-0119 Fax: +1-226-444-9723

www.avmarkinc.com

I would like to receive copies of the following AVMARK publications. My check in the amount of USD \$ _____ (including appropriate S&H) is enclosed.

PUBLICATIONS	PERIOD	ISSUES/VERSION	PRICE	S&H	S&H
				USA	INT'L
1. ☐ The AVMARK Newsletter	ONE YEAR	12 / Electronic	\$445.00	\$0.00	\$0.00
☐ The AVMARK Newsletter	ONE YEAR	12 / Paper	\$445.00	\$25.00	\$60.00
2. ☐ Transport Aircraft Values	ONE YEAR	2, Feb & Aug / Paper	\$1,499.00	\$35.00	\$80.00
☐ Transport Aircraft Values	TWO YEARS	4, Feb & Aug / Paper	\$2,699.00	\$70.00	\$160.00
3. ☐ Historic Jet & TP Values & Lease Rates	ANNUAL	1 / PDF Version	\$350.00	\$0.00	\$0.00
☐ Historic Jet & TP Values & Lease Rates	ANNUAL	1 / Excel Format	\$700.00	\$0.00	\$0.00
4. ☐ Small Transport Aircraft Catalogue	CURRENT	1 / PDF Version	\$350.00	\$0.00	\$0.00

Name _____ Title _____ Date _____

Company _____

Address: Number & Street or P.O. Box _____

City/State _____ Postal Code _____ Country _____

Telephone _____ Fax _____

E-mail (used for sending Electronic copy of Publications) _____

Signature _____ FedEx / UPS / DHL / USPS Tracking Number _____

☐ Yes or No, Ship via FedEx / UPS / DHL / USPS Account Number: _____

(We ship via first class airmail - USPS. For express delivery, please provide account number.)

PAYMENT:

Mail Order Form and Payment to AVMARK, Inc. at the above address. Order by phone +1-240-582-0119 or email us at enquiries@avmarkinc.com using **VISA, MasterCard, Discover, or AmEx.**

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

Wire transfer information available upon request.

For Office Use Only:
CC Approval #: _____ Date: _____
Customer No.: _____ Invoice No.: _____