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WORLDWIDE AVIATION MARKETING AND MANAGEMENT SERVICE

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Newsletter

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Market Comment

American International Group (AIG) agreed to sell 80.1 percent of **International Lease Finance Corp. (ILFC)** to a group of Chinese investors for \$4.23 billion. The investment group is led by **New China Trust Co.** Chairman **Weng Xianding** and it will take majority control of the world's second largest aircraft leasing company, after **GECAS**. The consortium has the option to acquire a further 9.9 percent stake, for a total of 90 percent of the stock. **ILFC** has a fleet of more than 1,000 jets which are leased to 177 airlines worldwide, and it has commitments for a further 229 new airplanes. **AIG** says the purchase value of **ILFC** stands at approximately \$5.28 billion. **ILFC's** new owners will include **New China Trust Co., China Aviation Industrial Fund** and **P3 Investments**. If the options are exercised, **New China Life Insurance** and an investment arm of **ICBC International** are expected to join the consortium. The sale must be approved by U.S. and Chinese regulators, and is expected to close in the second quarter of 2013. When concluded, this will be the largest acquisition of an American business by Chinese investors to date. "While **ILFC** is an extremely strong business platform and **AIG** will retain a minority stake as a passive investor, the aircraft leasing business is not core to our insurance operations. Upon completion, the transaction will have a positive impact on **AIG's** liquidity and credit profile and will enable us to continue to focus on our core insurance businesses," said **Robert H. Benmosche**, president and chief executive officer at **AIG**. **ILFC's** headquarters will remain in Los Angeles, and it will retain its management team led by CEO **Henri Courpron** and President **Frederick Cromer**. Mr. **Courpron** said, "With existing management remaining in place, the transition will be seamless, allowing **ILFC** to maintain its focus on delivering the best mix of modern aircraft to meet our customers' needs around the world." **ILFC** will continue to be a U.S. corporation and to be registered with the **Securities and Exchange Commission**. A new board of directors will be appointed. **AIG** acquired **ILFC** for \$1.16 billion in 1990, but had to sell its non-core businesses to repay the **U.S. Government's** \$182.3 billion bailout. The company tried to spin off **ILFC** through an initial public offering in 2011. **ILFC's** former CEO, **Steven Udvar-Hazy** tried to buy back the leasing company he founded, but that fell through too. **ILFC** employs about 560 people, with more than 450 in the U.S. It plans to hire more staff to replace **AIG**-supported operations, the lessor said in a statement.

Table of Contents

Market Comment 1

AIRCRAFT & ENGINE ORDERS

Airbus 2

Boeing 6

Regional 10

Engine News 12

Order Changes 13

Leasing Companies 14

AVIATION BUSINESS

Airline News 16

Bankruptcy of the Month 18

Cargo Pallet 18

Military Market 18

AIRCRAFT DELIVERIES, SALES & LEASES

Jet Aircraft 18

Turboprop Aircraft 23

Accidents & Safety 24

PUBLICATIONS & FORMS

Ayemark Capabilities

Ayemark Publication Samples

Current Ayemark Publications

Publication Form

The new owners will want to expand the lessor's presence in the Asian market. **ILFC** is currently the largest aircraft lessor in China and has 30 percent of the market share. It leases more than 175 aircraft to 16 airlines in the Greater China region, representing 17.5 percent of **ILFC's** fleet and 9 percent of its customers. Aviation analyst **Will Horton** said the deal squarely placed **ILFC's** leasing business where the future growth will be. "There are large opportunities in China, but also in countries like Indonesia and Malaysia," he said. **AIG** President and CEO **Robert Benmosche** said **ILFC's** new owners will be poised to expand in China and other emerging markets in Asia, Latin America, the Middle East and Eastern Europe.

ILFC faces growing competition in the Asian leasing market. While the European banks slashed lending due to the regional debt crisis, Asian investors were expanding aircraft leasing. Recently **Sumitomo Mitsui Financial Group** and other Japanese investors bought **Royal Bank of Scotland's RBS Aviation Capital** for nearly \$7.3 billion and changed its name to **SMBC Aviation Capital**. **Industrial & Commercial Bank of China (ICBC)** entered the new plane leasing market when it ordered 50 A320s in August. Six years ago, the **Bank of China** paid \$965 million for **Singapore Aircraft Leasing Enterprise (SALE)**, and formed **BOC Aviation**. **ILFC** also faces several new, well-funded lessors, including: Mr. **Udvar-Hazy's Air Lease Corporation**, **FLY Leasing** and **Avolon** in Ireland, and **ALAFCO**, Kuwait. The Chinese aviation market is the fastest growing one at this time and now the hybrid American/Chinese aircraft lessor is well positioned to maintain and increase its dominant share in that market.

Airbus Orders

Airbus Sold 186 Aircraft and Delivered 54 in November. The new sales raised **Airbus** orders past the 12,000 mark to 12,064, and boosted the current backlog to more than 4,500 aircraft. **Airbus** has outstanding orders for nearly 3,500 A320 Family. At the end of November, **Airbus** had sold more aircraft than it expected to deliver in 2012, which meant its backlog was still growing. **Airbus** predicted it would sell 650 aircraft in 2012 and its gross sales of 646 nearly hit the year's target. Unfortunately, new sales were offset by 61 cancellations this year, lowering net sales to 585. **Airbus** will set a new delivery record in 2012, having supplied 516 aircraft to customers by the end November compared with 534 in all of 2011. In the fourth quarter, the company manufactured an average of 50 airplanes per month.

December 2012

Page 3 of 26

Airbus closed the month with an order for 100 A320 Family jetliners from **AirAsia**. This was preceded by **Interjet's** purchase of 40 A320s, the **China Aircraft Leasing Company (CALC)** order for 28 standard A320s and eight A321s, **TransAsia Airways'** acquisition of six more A321neo aircraft, and **Tibet Airways'** order for another A319. **Airbus** sold three widebodies in November. **AJW Capital Partners Limited** bought two A340-500s for **Azerbaijan Airlines** and the **Iraqi Ministry of Transportation** ordered one A330-200, to be operated by **Iraqi Airways**.

The Manufacturer Delivered Three A380s, for a total of 25 to date. It also delivered 41 A320 Family aircraft in November, including the first A319 to be assembled at the **Airbus Tianjin Final Assembly Line** in China, and the first of two A321s for **Air Astana**, Kazakhstan. The 10 A330s provided to customers during November included the first A330-200 to **Iraqi Airways**, along with the first A330-200 to **Garuda**, and the first A330-300s to **TransAsia**, **XL Airways** and **Corsair**.

Airbus Orders, Deliveries and Backlog November 2012

NOV ORD	NOV DEL	NOV CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			A318		
-0-	-0-	-0-	81	78	3
			A319		
1	3	-0-	1,518	1,351	167
			A320		
168	33	-0-	5,963	3162	2,801
			A321		
14	5	-0-	1,249	757	492
			A330		
1	10	-2	1,241	927	314
			A340		
2	-0-	-2	377	375	2
			A350		
-0-	-0-	-0-	562	-0-	562
			A380		
-0-	3	-0-	257	92	165
This Month			This Year		BL
186	54	-4	585	516	4,506

Airbus sold 12,064 aircraft and delivered 7,558 as of November 30, 2012. Sixty-one orders have been cancelled. Total orders, deliveries and backlog include cancellations and order changes.

AJW Capital Partners purchased **Airbus'** last two new ultra-long-range A340-500s (SN 886 & 894). The aircraft were originally built for **Kingfisher Airlines** and then sold again as governmental VVIP transports. The planes were completed several years ago and then stored. The A340s are powered by **Rolls-Royce** Trent 500 engines and will be fitted with a 282-seat, two-class cabin. They will enter commercial service with **Azerbaijan Airlines (AZAL)** in early 2013. **AJW Capital** is a worldwide aviation services group based in the UK and is the **AJW Group's** principal investing division. It is responsible for the purchase, sale and lease of large aviation-related capital assets, including whole aircraft and engines.

Taiwan's TransAsia Airways ordered another six A321neo (new engine option) aircraft in November. The new aircraft will expand the airline's fleet and will be powered by **Pratt and Whitney** PW1100G engines. **TransAsia** has ordered 29 A320 Family aircraft and taken delivery of 11 of them to date. The

December 2012

Page 4 of 26

carrier now has 12 A321neo and six Sharklet-equipped A321ceo (current engine option) airplanes, as well as two A330-300s on order. The first A330 was delivered in November.

Mexican Low-Cost Carrier, Interjet, signed a contract for 40 A320neo aircraft in November. The airline will choose the aircraft's engines at a later date. **Interjet** already operates a fleet of 37 A320s. The A320neo has 95 percent commonality with **Interjet's** standard A320s. The new A320neos will support their network expansion and fleet renewal plans. **Interjet** now has a backlog of 44 A320 Family aircraft. The A320neo has won nearly 1,500 firm orders from more than 30 customers since its launch in 2010. **Airbus** said the neo was the fastest selling commercial aircraft ever and the first was scheduled to enter service in 2015.

AirAsia, Asia's largest low-cost carrier, placed a \$9.4 billion order for 36 A320ceo and 64 A320neo aircraft in November. The airline intends to expand its networks in the Philippines and Japan. **Tony Fernandes**, CEO of **AirAsia**, sees enormous potential for growth in those countries, adding to his three gold mines in Malaysia, Thailand and Indonesia. **AirAsia** wants to build its already extensive network through new routes and added frequencies and allow **AirAsia** to maintain its market leadership, he said. The airline currently operates an all-**Airbus** fleet of 100 A320s. **AirAsia** ordered 200 Airbus A320neo aircraft valued at \$18 billion (\$90 million each) at the **Paris Airshow** in June 2011. The first A320neo will be ready for delivery in late 2015, while the standard A320s could be delivered before that date. Analysts claim to not be worried about over-capacity because the new A320neos will be used to replace older jets and for capacity growth. The region has a huge population and a growing and affluent middle class. Southeast Asia can absorb the additional aircraft in the next 10 years, but other airlines in the region also have dreams of greatness. Indonesia's **Lion Air** recently ordered hundreds of

Sharklet-Equipped A320 Certified in November. **Airbus** achieved certification for its new fuel-saving A320 with Sharklets and CFM engines from the **European Aviation Safety Agency (EASA)**. The U.S. **FAA** approval will follow shortly. The flight test campaign for V2500-engined A320 Family aircraft is underway. The manufacturer is also testing the CFM56- and V2500-powered, Sharklet-equipped A319s and A321s. The tests will take approximately 600 flight-hours over nine to 10 months. Certification of the remaining aircraft/engine variants with Sharklets will come by the end of 2013. Due to strong demand for Sharklets, all of the **Airbus'** single-aisle final assembly lines (FALs) in Toulouse, Hamburg, and Tianjin, will build A320 Family aircraft with Sharklets. Production of the type will start in the new American FAL in Alabama shortly.

Airbus Delivered the First Sharklet-Equipped A320 to AirAsia on December 27. The airline is the first to operate the new fuel-saving large wing tip devices. **Sharklets** are now an option on all new-build A320 Family aircraft, and will be production standard on the A320neo Family. The **Sharklets** are designed to reduce fuel burn and emissions by significantly improving the aerodynamics of the A320. The wing tip devices are expected to cut airlines' fuel bills by around four percent and offer nearly 100 nautical miles more range. In December **AirAsia** placed a new order for 36 A320ceo aircraft with Sharklets and 64 A320neo. Altogether **AirAsia** has ordered 475 single aisle aircraft from **Airbus**, comprising of 264 A320neo and 211 A320ceo. Over 100 aircraft have already been delivered to the airline and are flying out of its bases in Bangkok, Kuala Lumpur, Jakarta, Manila and Tokyo.

737 MAX aircraft and is setting up the Malaysian low-cost carrier **Malindo Airways**. **AirAsia** also competes with budget airlines owned by **Qantas Airways** and **Singapore Airlines** as well as new independent low-cost carriers that are springing up in its target markets.

China Eastern Airlines agreed to buy 60 A320 aircraft in November, but the order has not been announced by **Airbus** yet. The planes are scheduled for delivery from 2014 to 2017 and will be used mainly on domestic routes. The order comes less than two weeks after the **European Union** cancelled its controversial carbon tax on airliner exhaust emissions. **China Eastern** said it won a "substantive discount" off the list price of \$5.4 billion (\$90 million each). The airline will also trade-in 18 regional jets to **Airbus**. The eight **Bombardier** CRJs and 10 **Embraer** regional jets have a book value of \$241 million.

China Southern Airlines also intends to order 10 more A330-300s, worth nearly \$1.9 billion (\$190 million each) based on the catalogue price. The airline did not disclose the engine type to be fitted on the planes. **China Southern** said it negotiated "certain price concessions" from the list price. The A330s will be delivered from 2014 to 2016, and the acquisition will be partly funded by internal resources and partly financed through commercial bank loans.

Pegasus Airlines, Turkey's second largest airline after state-owned **Turkish Airlines (THY)**, signed a contract for 58 A320neo and 17 A321neo aircraft; it optioned another 25 A320 Family airplanes. The firm order has a combined list price of \$7.5 billion (\$100 million each), and if the optioned aircraft are taken up, the total contract is worth \$9.9 billion (\$99 million each), based on official **Airbus** prices. **Pegasus** is a new **Airbus** customer and the first Turkish airline to order the A320neo. This was the largest single commercial aircraft order placed by a

The Airbus Global Market Forecast (GMF), reports that Latin American airlines will need 2,120 new aircraft by 2031. Airlines will require 1,660 single-aisle, 420 twin-aisle and 40 very large aircraft, worth an estimated at \$242 billion. The world market will require approximately 28,200 new aircraft, valued at \$4 trillion, to satisfy the robust market growth. Latin America's Gross Domestic Product (GDP) is currently growing at above the world average, and socio-economic indicators predict that its middle class will double by 2031. Additionally, Latin America is becoming the second most urbanized region worldwide after North America, and by 2031, 10 out of the 92 mega-cities with more than 10,000 daily long-haul passengers will be in the region. As a result of this region's dynamic economic growth, Latin America's air traffic will rise 5.3 percent per year over the next 20 years, well above the world average of 4.7 percent. Benefiting from this, the region's airlines will grow their own traffic by almost 6 percent per year, the second highest growth globally, only exceeded by those airlines based in the Middle East. Additionally, Latin American airlines' market share on long-haul routes increased by 8 percent between 2005 and 2011, to reach 21 percent today, showing that they have significant development potential for intercontinental networks.

Increased aircraft demand is also encouraging Latin American airlines to order larger aircraft. Between 2000 and 2012, average aircraft seat capacity increased by more than 13 percent, while the average age of Latin America's fleet in service decreased below the world average to 10 years of age.

"The Latin American market has become smarter, seeking out highly-efficient, cost-effective and versatile aircraft," said **Rafael Alonso**, Executive Vice President of **Airbus for Latin America and the Caribbean**. "Airbus is perfectly positioned to serve the market's requirements and future aviation demand with its A320, A330 and A350 Families, as well as the A380."

December 2012

Page 6 of 26

Turkish airline, and it was announced in December. **Pegasus'** new A320neos will be configured in a comfortable all-economy layout with 180 seats, and the A321neo will seat 220 passengers. The airline will deploy the new jets on domestic routes from Istanbul and to Europe and the Middle East. The A320neo Family aircraft will replace the 41 737-800s that **Pegasus** ordered in September 1997.

Airbus Completed the First A350 XWB Assembly. The first flight-test aircraft, SN 001, is complete enough to roll from the **Roger Béteille** A350 XWB Final Assembly Line (Station 40) main assembly hall to the adjacent indoor ground test station (Station 30). The A350 assembly line is located in Toulouse. **Airbus** said the assembly work at Station 40 included the successful electrical power-on of the aircraft's entire fuselage and wings. At Station 30, **Airbus** will test the aircraft's hydraulic system, and this will be followed by the full electric and hydraulic power-on of the aircraft at the end of the year. After the A350 prototype exits Station 30, the aircraft will undergo a series of extensive production and certification-development tests. Then it will be painted and the engines will be installed. By mid-2013, the plane will be rolled out and be prepared for its first flight.

Airbus Launched the 242 Metric Ton maximum take-off weight (MTOW) versions of the A330-200 and A330-300. The higher gross weight A330s carry more fuel and add hundreds of miles to their range. The upgraded A330s will be available in 2015. The new take-off weight capability and increased fuel capacity allow the A330-300 to carry more payload for another 500 nautical miles than today's 235-ton MTOW A330-300. The enhanced -200 will fly approximately 350 nm more than the current 238-ton A330-200. The new A330-300 will feature a center wing tank and associated systems that are a standard on the longer-range A330-200.



BOEING ORDERS

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Boeing Sold 124 New Aircraft in November. Orders were led by **Aeromexico's** order for 60 737-MAX aircraft. **SilkAir** purchased 23 Next Generation 737-800s and 31 737 MAX aircraft. **Boeing Business Jet** bought its third VVIP 787-9 Dreamliner. One **Unidentified Customer** ordered two 737-800s, and late in the month, another customer bought two 747-8F freighters. In early November, an unidentified customer purchased one 787-8 and four 787-9s. **Boeing** delivered 34 737NGs, four 747-8s, two 767-300s, six 777s and five 787-8s, for a total of 51 deliveries. At the end of the month, one 767 and five existing 747-8F orders were cancelled by **Air Astana** and **Dubai Aviation Enterprise** respectively. Earlier in the month, **Boeing** lost 15 737 orders from **GOL's** backlog.

In December, GECAS ordered four 737s, **Turkish Airlines** signed its commitment for 15 777, **FedEx** bought four 767-300Fs, and the **Republic of Iraq** announced its purchase of one 777-200LR. In late December, **Aviation Capital Group (ACG)** ordered 60 737 MAX aircraft. The 737 MAX has now accumulated more than 1,000 orders to date. **Aeromexico** purchased six more 787s and **China Airlines** picked up its first six 777-300ERs. The **United States Navy** placed a repeat order for two 737/C-40s, and **Unidentified Customer(s)** bought 55 737s and 30 777s. Sales during December included 121 737s, four 767s, 52 777s and six 787s for a total of 183. During the month, one customer cancelled three 737 orders, and another dropped 22 737 commitments. **Boeing** lost one order each for the 747 and 777 aircraft type and two 787 orders.

Boeing Had a Banner Year in 2012, recording 1,184 sales of 737NG and 737 MAX aircraft. The company sold seven 747s and 23 767s. **Boeing** booked an astounding 75 new commitments for the 777

December 2012

Page 7 of 26

and 50 new 787 sales, for a gross total of 1,338 orders booked in 2012. As of December 31, **Boeing** acknowledged the cancellation of 60 737s, six 747s, one 767, seven 777s, and 62 787s, for a total of 136 orders lost. The net totals were 1,124 737s, one 747, 22 767s, 68 777s and cancellation of 12 787s, for a grand total of 1,203 new airplanes. The gross orders of 1,338 beat the previous high of 1,214 sales in 2007, while the net orders after cancellation came a close second to **Boeing's** best year. The manufacturer delivered 415 737 NGs, 31 747-8s, 26 767s, 83 777s, and 46 787s, for a total of 601. The 737 and 787 deliveries broke records and the 83 777 deliveries were just five short of the record established in 2009. The manufacturer increased its deliveries by 26 percent over the previous year. **Boeing** (plus **McDonnell Douglas**) constructed an all-time high of 620 jet airliners in 1999. As of November 30, **Boeing's** unfilled commercial airplane orders stood at 4,373, the most in company history.

Aeromexico finalized its order for 60 737 MAX 8s and MAX 9s in November. The Mexican flag carrier took reconfirmation rights for another 30 737 MAXs. The commitment was first announced in July at the **Farnborough Airshow**. The deal was valued at more than \$6 billion (\$100 million each) at published list prices. The **Aeromexico** order brought 737 MAX firm orders to a total of 938. The 737 MAX features the new **Boeing Sky Interior** and the **Advanced Technology** winglets. **Aeromexico** currently operates an all-**Boeing** fleet of 45 737NGs, seven 767ERs and four 777-200ERs. It operates from its main hub at **Mexico City International Airport**. The airline offers more than 550 daily flights to different cities in Mexico, the United States, Canada, Central and South America, as well as Europe and Asia.

Boeing Announced the sale of one Boeing Business Jet 787-9 to a **VIP Customer** in November. The company has won six Business Jet 787 orders since July 2006.

SilkAir, Singapore Airlines' regional subsidiary, signed its order for 23 Next Generation 737-800s and 31 737 MAX 8s, valued at \$4.9 billion (\$90.74 million each) at list price. The order was originally

Boeing November 2012 Orders, Deliveries					
NOV ORD	NOV DEL	NOV CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			737		
116	34	-15	10,406	7,386	3,020
			747		
2	4	-5	1,526	1,454	72
			767		
-0-	2	-1	1,104	1,038	66
			777		
-0-	6	-0-	1,380	1,058	322
			787		
6	5	-0-	844	38	806
This Month			This Year		BL
124	51	-21	1,052	537	4,286
Boeing sold 22,790 aircraft and delivered 18,504 as of November 30, 2012.					
The Current Program includes sales and deliveries of 737s, 747s, 767s, 777s and 787s.					
Sales totals are net, minus 104 cancellations.					

December 2012

Page 8 of 26

placed in August, and included options for 14 more unspecified 737s. Delivery of **SilkAir's** planes will begin in 2014 and continue through 2021.

Turkish Airlines (THY) bought 15 777-300ER (Extended Range) aircraft in December. Deliveries will begin in 2014. The firm contract was worth \$4.7 billion (\$313.3 million each) at list prices; the deal included options for five additional 777-300ERs. The agreement was announced in October and is the largest order by value in **Turkish Airlines'** history. **THY** has 12 777-300ERs in its fleet of nearly 100 **Boeing** airplanes, and took delivery of the first 777 in October 2010. The 777-300ER seats up to 386 passengers in a three-class configuration and it has a maximum range of 7,930 nautical miles (14,685 km). The 777 is the backbone of the airline's long-haul operations. When this latest order is filled, the Turkish flag-carrier will be able to serve new destinations worldwide. **Turkish Airlines** currently flies to more than 200 cities across 90 countries worldwide.

FedEx Express ordered four more 767-300F Freighters, worth \$742 million (\$185.5 million each) at **Boeing's** current list prices. The new 767s will replace the aging MD-10 freighters in its fleet. **James R. Parker, FedEx Express** executive vice president, air operations, said, "These new 767s will provide significantly improved reliability and are substantially more fuel-efficient than the [MD-10] aircraft they will replace." The 767 Freighters will provide fuel, maintenance and other cost savings, and they also increase efficiency by sharing spare parts, tooling and flight simulators with the **Boeing** 757s that are part of the **FedEx** air fleet. The 767 Freighter is able to carry approximately 58 tons of revenue cargo on intercontinental routes.

Icelandair announced its commitment for eight 737 MAX 8s and four MAX 9s in December. The planes are valued at more than \$1.2 billion at list prices and the airline reserved purchase rights on another dozen planes. **Icelandair** will take delivery of its first new jets in the first half of 2018. Its MAX 8s will seat 153 passengers and the MAX 9s will be configured with 172 seats. The 737 MAX aircraft will complement the flag carrier's existing 757 fleet and ensure its expansion across both continents. Over the past two decades, **Icelandair** has operated an all-**Boeing** fleet of 23 757 airplanes from its Reykjavik hub. The airline offers low-cost passenger and cargo services to more than 25 destinations in Europe and North America. The long-range 737 MAX will offer significant fuel savings over the aging 757s. The airline is considering whether to operate its 183-seat 757s beyond 2020. Its **Icelandair Cargo** division flies four 757 freighters. The 757s "perfectly" suit the carrier's transatlantic operations through Reykjavik, **Icelandair** said. The 737 MAX's range will allow the airline to open new routes between North America and Europe. The planes will be purchased for less than the \$100 million list price and may be financed by the U.S. **Ex-Im Bank**.

China Airlines officially ordered six 777-300ER (Extended Range) airplanes in December. The order was valued at approximately \$2 billion at list prices and included purchase rights for another four 777-300ERs. The new airplanes will be the first 777s to join the airline's fleet. In addition to the new order, **China Airlines** will lease four 777-300ERs from **GE Capital Aviation Services (GECAS)** for delivery in 2014. The Taiwanese flag carrier currently operates 13 747-400s, 10 737-800s, 18 747-400Fs, 21 **Airbus** A330s, and six A340s. **China Airlines** will acquire one A330-300 in 2013 and another in 2014. It also has six 737-800s on order, with three due in 2013 and the last three to arrive in 2014. The airline ordered 14 A350-900s for delivery after 2016 and optioned another six. Some of the A350s can be delivered as the -1000 variant. The -900 models will be used to replace **China's** A340s and grow

December 2012

Page 9 of 26

capacity. The new 777s will replace aging 747-400s on trans-Pacific flights between North America and Asia.

Aeromexico finalized an order for six 787-9 Dreamliners in late December, and reconfirmed its purchase rights for another four 787s. The order was first announced in July as part of a commitment for 100 **Boeing** aircraft. The planes are valued at more than \$1.46 billion at published list prices. **Aeromexico** now has ordered 19 787s with the first one expected to arrive in the summer of 2013. The airline operates an all-**Boeing** fleet of airplanes larger than 100 seats. In 2011, **Aeromexico** transported more than 14 million passengers and offered close to 600 daily flights to cities in Mexico, the United States, Canada, Central and South America, as well as to Europe and Asia.

The U.S. Navy ordered its 13th and 14th C-40A Clipper transport aircraft, valued at \$145 million (\$72.5 million each) in late December. **Boeing** said the two additional C-40As will increase the service's ability to move military personnel and cargo around the world. The C-40A is a modified Next-Generation 737-700 aircraft and was purchased as part of the Navy's **Unique Fleet Essential Airlift Replacement Aircraft Program**. The new planes replace the **Navy Reserve's** aging fleet of DC-9-based C-9B Skytrains. The C-40A is certified to operate in an all-passenger configuration, an all-cargo variant, or as a "combi" that accommodates both cargo and passengers on the main deck. The **Boeing** C-40As will be manufactured in Renton, Washington, and flown to the company's facility in San Antonio for modifications and certification. **Boeing** delivered the first C-40A to the **Navy Reserve** in 2001. The C-40A fleet is supported by **Boeing**, **Delta Technical Operations**, and **J.K. Hill and Associates**.

Boeing Delivered a 777-200LR to the Republic of Iraq in December, the day the order was announced. This marks a renewal of **Boeing's** partnership with Iraq, having delivered the last new **Boeing** jet to **Iraqi Airways** in the early 1980s. Iraqi Minister for Transportation, **Hadi al-Ameri** said, "We are rebuilding our country's aviation sector and the purchase of the **Boeing** 777-200LR will help us begin developing the long-haul market." At the ceremony, the **Republic of Iraq** announced it ordered 30 Next-Generation 737s and 10 787 Dreamliners. The first 737s are scheduled for delivery in mid-2013. The **Iraqi Government** also ordered one A330-200 in November and took immediate delivery. This sudden burst of activity by the nearly moribund **Iraqi Airways** was due to the government's settlement with **Kuwait Airways Corporation (KAC)** in October 2012. **KAC** sued the **Republic of Iraq** and the state-owned **Iraqi Airways Company (IAC)** in 1991 to recover the value of 10 aircraft and related inventory that were lost during **Saddam Hussein's** invasion of Kuwait. **KAC** sued for \$1.8 billion but accepted \$500 million after 20 years of litigation. The Kuwaiti airline was able to recover six aircraft and much of the inventory after the war. The other planes were destroyed during coalition air raids. During the litigation, **KAC** was able to block **IAC's** international services when the Iraqi airline was re-launched in the 2000s. **Kuwait Airways** also seized several new CRJs that the **Iraqi Government** bought from **Bombardier**. That led to Iraq's cancellation of its outstanding CRJ orders. Now that the suit is settled, **Iraqi Airways** can spread its wings and launch international and regional services with its new 777, A330 and 737NGs.

Aviation Capital Group (ACG) finalized its order for 50 737 MAX 8s and 10 737 MAX 9s in late December. The order was worth \$6 billion (\$100 million each) at current list prices. **Boeing** sold 914 737 MAX aircraft in 2012, bringing total MAX orders to 1,064 by the end of 2012.

Boeing's Fifth Annual Finance Market Forecast. The manufacturer expected the world's airlines should see reasonable pricing for new-aircraft financing in 2013. **Kostya Zolotusky**, managing director of capital markets development and leasing at **Boeing Capital Corp.** said, "We expect that despite economic and political challenges, global air travel will again demonstrate its remarkable resilience in 2013. The industry's global growth and airlines' fleet replacements, accelerated by higher fuel prices, should keep demand stable and attract sufficient financing." **Boeing** believed total jetliner deliveries would total \$104 billion in 2013, with 95 percent of that value funded by diverse sources of equity and leverage. The fears that Europe's commercial banks would pull out of the aircraft market due to the economic crisis did not happen. The banks will continue aircraft financing because it is a high-performing sector for bank investments. **Boeing** said many regional commercial banks in Australia, China, Japan, the Middle East and North America, returned to or entered aircraft financing in 2012 and are expected to remain in the market in 2013. The company said increased financing clearly supports the higher production rate.

The Department of Civil Aviation of the Ministry of Public Works and Transport of Lao People's Democratic Republic validated the Sukhoi Superjet 100's Type Certificate in mid-December. This confirms that the SSJ100 met the certification requirements of the **Laos Aviation Authority**, which allowed its import to Laos and operation by **Laos Airlines** without restrictions.

The Sukhoi Superjet 100 SSJ-95B (SN 95022) will be ready for delivery to **Sky Aviation**, Indonesia, by the end of the year. The airline ordered 12 SSJ100s at the **Farnborough International Airshow** in June 2011, and scheduled them for delivery from late 2012 through 2015. **Sky Aviation** executed a pre-delivery inspection of its first Superjet 100 in Ulyanovsk, Russia, on December 13. The airplane was painted in **Sky** colors and the interior was installed in November. The first flight and cabin crews were trained by **SuperJet International**, and the first mechanics will complete the SSJ courses in January 2013.

Boeing Delivered a Record 377 737s by December 4. The company delivered a 737-900ER with **Boeing Sky Interior** to **United Airlines**. The previous record of 376 deliveries was set in 2010. The 737 also broke a record for net orders in a single year when it surpassed the 2007 record of 846 orders. By the end of December, **Boeing** sold 1,184 Next-Generation 737 and 737 MAX aircraft, which is also the first time that the company booked more than 1,000 orders for single-aisle aircraft in one year.

Regional Report

Bombardier Aerospace Sold 40 CRJ900 NextGen jetliners to **Delta Air Lines**. The order included 30 options for CRJ900s. The firm order was worth \$1.85 billion and if the options were taken up, the contract would be worth \$3.29 billion (\$47 million each) at list price. The new jets will be operated by **Delta Connection**, the regional subsidiary of **Delta Air Lines**. Deliveries of the 76-seaters will begin in the second half of 2013. The new CRJ900s will replace **Delta's** fleet of 60 CRJ200s. **Bombardier** will help the airline sell its 50-seaters. **Delta** President **Ed Bastian** said, "The economics and customer features of the **Bombardier** CRJ900 made it the right aircraft to add to our **Delta Connection** fleet. Combined with the removal of 50-seat aircraft, this opportunity bolsters our ongoing fleet restructuring program to remove less-efficient, smaller regional aircraft from the system." The **General Electric** CF34-powered CRJ900s will be configured in a three-class layout, with 12 first-class, 12 economy comfort and 52 economy seats. The airline is retiring its fleet of 286 50-seat jets and replacing them with

December 2012

Page 11 of 26

the CRJ900s and 88 **Boeing** 717-200s fitted with 110 seats. The 717s are being bought from **AirTran**. **Delta** already operates 101 CRJ900s. With the **Delta** order, **Bombardier** has booked 314 CRJ900 and CRJ900 NextGen orders.

AirBaltic, Riga, Latvia, placed a firm order for 10 **Bombardier** CS300s, and took purchase rights for another 10 CS300s. The firm order was valued at \$764 million (\$76.4 million each) at list prices. If the purchase rights are converted to firm orders, the purchase price will increase to \$1.57 billion (\$78.5 million each). The **airBaltic** order was announced at **Farnborough Airshow** as a letter of intent. The Cseries aircraft will replace older **Boeing** and **Fokker** aircraft at the Latvian carrier. The first Cseries aircraft will fly in 2013. The dates of delivery to **airBaltic** were not announced.

SkyWest Airlines, St. George, Utah, confirmed its \$4.2 billion order for 100 **Mitsubishi Aircraft Corporation** MRJ90s, and placed an option for up to 100 additional jets, worth another \$4.2 billion (\$42 million each at list prices). The 90-seat MRJ90 regional jets will be powered by the **Pratt & Whitney** PW1200G geared turbofan engines. **Mitsubishi** expects to deliver the first new jets beginning in 2017. The first optioned aircraft deliveries will arrive in 2021. **SkyWest** is the largest customer for the MRJ, followed by **Trans States Holdings**, the parent of three regional airlines, **Compass Airlines**, **GoJet Airlines** and **Trans States Airlines**. **Trans States** ordered 50 MRJs and optioned another 50. **Trans States'** first MRJ will be delivered in 2015.

First Special Mission CRJ700 Aircraft.

Bombardier Aerospace announced that an undisclosed Chinese customer purchased seven CRJ700 NextGen aircraft. The airplanes and ancillary services are valued at approximately \$330 million, based on the aircraft's list price. **Michel Bourgeois**, President of **Bombardier's Specialized and Amphibious Aircraft** unit said, "This latest order is a great step in establishing the CRJ700 NextGen aircraft as an excellent special mission aircraft. Chinese companies operate more than 100 CRJ Series and Q-Series commercial aircraft, as well as Learjet, Challenger and Global business jets."

Fuji Dream Airlines (FDA), Japan, signed a repeat order for two EMBRAER 175s, valued at \$81.6 million (\$40.8 million) at list price. When the 84-seat planes are delivered, the airline will have eight in its fleet.

Embraer Delivered the 200th Legacy 600/650. The Legacy 650 large executive jet went to China's **Minsheng Financial Leasing Co., Ltd. (MSFL)**. The plane was one of the 13 Legacy 650s that **MSFL** ordered in October 2011. It will be used by an unnamed Chinese customer. **MSFL** is one of the largest financial institutions in China that provides executive jets leasing services. It also ordered ultra-large Lineage 1000 executive jets. The first Legacy 600/650 family was delivered in early 2002. The Legacy 600 is based on the ERJ-135 and the Legacy 650 is the VIP version of the ERJ-145. The Lineage series are based on the E-Jet family.

AviancaTaca placed a \$700 million order for 15 ATR 72-600s, and optioned another 15 aircraft (\$23.33 million each at list price). **ATR** will begin delivering the turboprop aircraft in June 2013. **AviancaTaca** CEO **Fabio Ramirez** said the Latin American aviation group would use the ATR 72s to grow its network to destinations in Central America. The 15 brand new 70-seat ATR 72-600 will replace the Fokker 50s and ATR 42s in its fleet. **AviancaTaca** operates the second largest fleet in Latin America with a combined fleet of more than 150 aircraft. The group serves more than 100 destinations in Latin America, the United States, Canada, Caribbean and Europe. It has four major hubs in Bogota, San

December 2012

Page 12 of 26

Salvador, Lima and San José de Costa Rica. Approximately 150 ATR aircraft are flying within Latin America; some 50 more aircraft will be delivered in the region.

Avation PLC, a Singapore-based lessor, purchased seven additional ATR 72-600s, valued at more than \$160 million (\$22.858 million each at list price). The new contract raised **Avation's** ATR 72 orders to 20. The first deal was signed in early 2011; the lessor has options and purchase rights for more aircraft. **Avation** has taken delivery of the first seven ordered aircraft for operation by **Skywest Airlines** for **Virgin Australia**.

Malaysia Airlines (MAS) signed a memorandum of understanding with **ATR** to buy 36 ATR 72-600s for \$981 million (\$28.03 million each at list price). The first of the new ATRs are expected to arrive in late 2013. The country's flag carrier intends to remain competitive with the likes of **AirAsia** by replacing its aging fleet and reducing fuel costs. **MAS** will transfer 20 ATR 72s to its wholly-owned regional carrier **Firefly**, and the Sabah/Sarawak-based **MASwings** will take 16 aircraft. **Firefly** currently operates 12 ATR 72-500s, and **MASwings** flies 10 ATR 72-500s.

Engine News

Rolls-Royce will supply Trent 900 engines to power six **Airbus A380** aircraft ordered by Japan's **Skymark Airlines**. The two parties also signed a Letter of Intent (LOI) for Trent 700 engines to power up to 10 **Airbus A330s**. The deal was worth more than \$1 billion. The Trent 900 order was confirmation of a LOI signed in September 2011. The contract included long-term **TotalCare®** service support for the aircraft that will enter service in 2014. The **TotalCare®** agreement covered the Trent 700 engines for 10 leased A330s which will be delivered in 2014. **Skymark** is a new customer for **Rolls-Royce** and is the only carrier in Japan to select both the Trent 900 and Trent 700. **Rolls-Royce** said that the

The ATR 42-600 and ATR 72-600 were certified by Russia's Interstate Aviation Committee (IAC) allowing airlines in Russia and the Commonwealth of Independent States (CIS) to buy and operate the aircraft. Certification included approval for the ATR 600's new full-glass cockpit avionics suite. The 70-seat ATR 72-600 and the 50-seat ATR 42-600 were certified by the European Aviation Safety Agency (EASA) in May 2011 and June 2012 respectively. ATR has more than 50 ATR aircraft operated by **UTair**, **UTair-Ukraine**, **Nordstar Airlines (Taimyr)** and **Azerbaijan Airlines** in Russia and the CIS. To date, **Nordstar** has outstanding orders for two ATR 72-600s and three ATR 42-600s.

The Export-Import Bank of the United States (Ex-Im Bank) approved an \$84.8 million loan guarantee to **GOL Transportes Aereos S.A.**, Brazil, to support the export of engine maintenance services by **Delta TechOps**, a subsidiary of **Delta Air Lines**. **GOL's** engines will be shipped from São Paulo to Atlanta for heavy maintenance by **Delta Air Lines'** maintenance, repair, and overhaul unit. In December 2010, **GOL** signed a contract with **Delta** to perform heavy maintenance on **GOL's** CFM56-7B engines that are installed on the airline's 737 Next Generation aircraft fleet. As part of the contract, **Delta TechOps** would provide **GOL** with up to 253 scheduled engine removals and additional unscheduled removals. **Ex-Im Bank's** guarantee will cover the first two years of **GOL's** five-year contract with **Delta TechOps**, the **Ex-Im Bank** said. Chairman and President **Fred P. Hochberg** said, "Ex-Im Bank's financing will support high quality, high-wage, technical jobs for **Delta** employees in Atlanta. **GOL** is a long-time Ex-Im customer, and I'm pleased that they have chosen to have their engines repaired by highly-skilled American workers. This transaction truly highlights why Ex-Im financing is so critically important to U.S. businesses such as **Delta**."

December 2012

Page 13 of 26

Trent 900 was chosen by 11 of the 17 airlines who operate the A380. In Asia it has been selected by six out of seven operators. The Trent 700 is the only engine specifically designed for the A330 and remains the market leader for the aircraft with more than 1,400 of the engines either in service or on order.

Rolls-Royce delivered the first Trent 900 aero engine to be manufactured in Singapore to an A380 customer in the region. **Paul O'Neil**, **Rolls-Royce** Director of **Seletar Campus**, said, "The delivery of the first Trent aero engine produced in Singapore is a significant milestone for us. It represents a huge collaborative effort with colleagues in the U.K. supporting our team here to ensure that the engine, produced to our exacting standards, was delivered on time."

Pratt & Whitney sold PurePower PW1100G-JM engines to **TransAsia Airways** in November. The airline converted six options for A321neo aircraft into firm orders for a total order of 12 A321neos. They will be delivered from 2017 to 2022. The contract included a 10-year **PureSolution** maintenance service agreement for 27 engines, which included spare engines.

Order Changes and Cancellations

Airbus Order Shuffle. In November, **Gulf Air**, Bahrain, officially cancelled 14 of its 20 long-range A330-300s, and ordered three A319s, 10 A320s and two A321s to bolster its medium-haul fleets. The airline intends to cancel the other six A330s and order up to 16 A320neos as well. The first A320ceo (current engine option) aircraft are due in December 2012. **LATAM Group** cancelled three A319 orders and ordered three more A320s, for a total of 29 A319 and 114 A320 orders. The 10 orders for A321s were not disturbed. **GECAS** switched two A320 orders to the A321 type. **Airbus** lost 10 undisclosed A320 orders and two undisclosed A321 orders in November. **AerCap** dropped its last A330-200 order. The lessor has taken delivery of 11 A330-200s and 15 A330-300s.

Hong Kong Airlines wants to exchange some of its 10 A380 orders for smaller models because of the airline's new focus on short-haul routes. The remaining A380 deliveries would be deferred. **Airbus** has not commented on the negotiations. **Hong Kong Air** is backed by the **HNA Group**, and has seen its long-haul traffic slump due to slow growth in Europe. The airline's rival **Cathay Pacific** cut capacity and began a cost-cutting drive. **Hong Kong Air's** President **Yang Jianhong** said, "We won't resume long-haul routes in the short term. Now, we are trying to do a better job in operations." The airline's focus on regional services should earn it a profit this

Qatar Airways converted its existing firm order for 20 A350-800s, 40 A350-900s and 20 A350-1000s to 43 A350-900s and 37 A350-1000s, by cancelling its 20 -800s. **Qatar's** total order for A350 XWBs remains at 80 aircraft. The airline's CEO **Akbar Al Baker** said the larger planes better suited its business model. Further, he said, "We had an option in our purchase agreement to switch variants, and because of the delay in the production of the -800 we decided not to wait for it and elected to go for the -900." In June 2011, **Airbus** revised the A350-800's production schedule because it redesigned the largest A350 XWB, the -1000 model, and this delayed the baseline -900's development. The -800 is still the second variant to be built, but service-entry was delayed by two years from the second half of 2014 to mid-2016. Several airlines, including **Qatar**, have switched their A350-800 orders to larger variants shrinking the backlog to 92 aircraft; **Airbus** said it was fully committed to the smallest variant. **Qatar Airways** will be the first customer to take delivery of the A350-900 "by the end of 2014, maybe early 2015," Mr. **Al Baker** said.

December 2012

Page 14 of 26

year, Mr. Yang said. It delayed the deliveries of its six 777F freighters until mid-2014 from next year.

Boeing's Order Cancellations and Changes.

Boeing announced the cancellation of 15 **United Airlines** (ex-**Continental**) 737-900ER orders on November 15. **Dubai Aerospace Enterprises (DAE)** cancelled its last five 747-8F orders. The planes were purchased in September 2006. **Air Astana** dropped one of the four 767-300ERs that it ordered in February. **GOL Airlines** cancelled a dozen 737-800 orders when it ordered 60 737 MAX 8s in October. **Aeromexico** dropped its last four 737-700 orders and picked up four more 737-800s. The airline now has seven -800s on order and nine in its fleet. **Aviation Capital Group**

exchanged one of its 48 737-700 orders for its 49th -800. The lessor has taken delivery of only one -700 and 39 -800s to date. **Alaska Airlines** traded its last three 737-800 orders for three orders for the larger -900ER. **Alaska** now has taken delivery of 57 -800s and has outstanding orders for 36 -900ERs. **Okay Airlines**, China, transferred two of its 10 737-800 orders to **Kunming Airlines (KNA)**.

Jet Airways, India, may switch its 10 orders for the 787-8 to the larger -9 variant. The first of the carrier's -8s were scheduled to be delivered in 2014. However, if the airline buys the 787-9, there will be a delay. **Jet** was attracted to the better economics of the -9 so they may be willing to wait. The airline also has options for an additional 10 787s. The -9 was due to enter flight tests in 2013, and could enter into service in early 2014, so the potential delays could be short. Several carriers including **Air China**, **All Nippon Airways** and **Vietnam Airlines** have recently switched orders from the -8 to the -9. **Boeing** has sold 525 787-8s and 319 -9s as of November 30.

Leasing Companies

Dublin-Based Aircraft Lessor, AWAS, entered into a purchase and leaseback transaction for one new **Boeing** 737-800 with **airberlin**. The airline ordered the 737 directly from the manufacturer. It will be long-term leased from **AWAS** upon delivery in mid-2013. **AWAS** purchased two midlife 737-800 aircraft from **KLM Royal Dutch Airlines** and leased them back. The 737-800 continues to be the backbone of **KLM's** intra-European fleet. The Dutch flag carrier operates 96 direct routes to Europe, Americas, Africa, Asia and the Middle East.

BOC Aviation will purchase and leaseback eight new **Boeing** 737-800s with **GOL Linhas Aéreas Inteligentes S.A. (GOL)**. The aircraft are to be delivered from the first quarter of 2013 through to the third quarter of 2014. **GOL** is the largest low-cost and low-fare airline in Latin America. **BOC Aviation** entered a purchase and leaseback deal with **Lion Air** for six 737-800s and three 737-900ERs. The first 737-900ER was delivered to **Lion Air** in November; the other eight 737s will be delivered through to the first quarter of 2014. This was **BOC Aviation's** first transaction with Indonesia's largest private airline. **Lion Air** has 49 percent share of Indonesia's domestic air travel; it has continued to expand its regional routes from Indonesia. These were the first 737-900ERs to join **BOC Aviation's** portfolio.

Qatar Airways will replace its three A300-600 freighters with three new-build A330-200Fs leased from **BOC Aviation**. **Qatar's** CEO **Akbar Al Baker** said, "Delivery is imminent, the first is in the paint shop and will be delivered in December, with the others due in early 2013." The three A330-200Fs were intended for lease to **HNA Group**, China. The airline is negotiating a larger deal to buy new or converted A330 freighters from **Airbus**. **Qatar Airways** was still talking with **Airbus** and **EADS EFW**

December 2012

Page 15 of 26

about converting some of the airline's passenger fleet of 16 A330-200s and 13 -300s to freighters, but a deal has not been struck.

Air Lease Corporation (ALC) placed two new ATR 72-600s on long-term lease to **KALSTAR Aviation**. They will be delivered in the second and third quarters of 2013. **KALSTAR** is a major Indonesian regional airline and serves the fast growing region of Kalimantan (Borneo), which is rich in natural resources and has robust economic growth. **KALSTAR** currently operates ATR turboprops and Boeing 737s on domestic and international routes in Southeast Asia.

Air Lease Corporation will lease two ATR 72-600s to **Aeromar, Mexico**. The first (SN 1086) will be delivered in April 2013 and the second (SN 1096) will arrive in May 2013.

Onex Corporation, Toronto, Canada, will acquire a 50 percent interest in **BBAM**, for \$165 million. The sale was expected to close by the end of 2012 and was subject to certain conditions and approvals. **Onex** would acquire 35 percent interest in the world's third largest manager of commercial jet aircraft from **BBAM's** management team and the other 15 percent from **FLY Leasing Limited**. **FLY** is a global lessor of 110 commercial jet aircraft and is managed by **BBAM**. It has aircraft on long-term operating leases to 53 airlines in 29 countries. **Onex** and **BBAM's** management will invest \$25 million in newly issued shares of **FLY** at \$11.41 per share. **FLY** will receive nearly \$75 million in pre-tax gross proceeds from the sale of its interest in **BBAM** and the

GE Capital Aviation Services (GECAS) will lease four new Boeing 777-300ERs to **China Airlines**. The first aircraft is scheduled for delivery in 2014, and the last will be due a year later. All four 777s will come from **GECAS'** existing order book with **Boeing**. **GECAS** already leased two new **Airbus A330-300s** to **China Airlines**. They were delivered in October and December 2012 and another two are due in 2013. The new widebodies are being used for fleet renewal. **Huang-Hsiang Sun**, President of **China Airlines** said, "One of **China Airlines'** priority missions is to streamline our fleet and upgrade our service quality." The flag carrier operates a fleet of 72 regional and international aircraft to over 112 destinations in 28 countries across Asia and to Oceania, Europe and the U.S.

GECAS will lease five new **Airbus A320s** and two new A321s to **Juneyao Airlines** to expand the airline's fleet. **GECAS** delivered the first two A320s in September and October. The other three are scheduled for delivery in 2013 and the two A321s will be delivered in 2014. All seven aircraft come from **GECAS'** existing order book. **Juneyao** started operations in 2006 as one of China's first private airlines. Today it operates more than 30 aircraft to some 50 destinations in China.

DVB Bank SE (DVB) suspended all financing to Indian carriers after the country's civil aviation ministry failed to deregister two A320s that were repossessed from **Kingfisher Airlines**. After terminating leases on the A320s earlier this year, **DVB** repossessed the planes, but the bank still has not received the necessary documentation that would let it lease the jets to another customer. **DVB's Bertrand Grabowski** said, "Until we have the planes deregistered, we can't redeploy the airplanes and that means a loss." Holding security over an aircraft registered in India "does not provide acceptable protection to owner and mortgagees," Mr. **Grabowski** said. So the bank stopped financing the Indian market. **DVB** previously financed **Air India**, **Kingfisher**, **IndiGo** and **Jet Airways**, either directly or through lessors.

Airline News

International Air Transport Association (IATA) reported that October international passenger demand rose 3.2 percent compared to the year-ago period, but contracted 0.2 percent compared to September. In some cases results were affected by **Hurricane Sandy**, which struck the U.S. East Coast in late October. International capacity rose 2.2 percent year-over-year while the load factor rose 0.8 percentage points to 78.3 percent.

The U.S. Energy Information Administration (EIA) Posted December Jet Fuel Prices. The **Department of Energy** updates the U.S. Gulf Coast jet fuel spot price each week. On December 7, the spot price of fuel was \$2.928 per gallon. The fuel price was \$3.017 per gallon on October 29, and was \$2.939 in late November 2011. Jet A has been trading in a narrow range for the last year, with a low of \$2.673 and a high of \$3.294. Fuel now accounts for approximately one-third of the world's airlines' total costs. In 2011 the fuel bill was estimated at \$176 billion (accounting for 30 percent of operating expenses). **IATA** forecast that the global airline industry's fuel bill would total \$207 billion in 2012 (at \$110.0/barrel of oil). This was an increase of \$31 billion over 2011 and was almost five times 2003's fuel bill of \$44 billion (when fuel accounted for 14 percent of operating expenses at \$28.8 per barrel of Brent crude). In spite of high fuel costs, the world's aviation industry is expected to earn profits of \$3.0 billion in 2012.

Chinese Airlines Join Alliances. **Shenzhen Airlines** joined the **Star Alliance** network on November 29th. It is China's fifth largest carrier and strengthens the **Star Alliance** presence in China and the economically important Pearl River Delta. **Shenzhen** gained access to a global network which benefits its passengers. **SkyTeam** welcomed **Xiamen Airlines** as its 19th member. **Xiamen** was also **SkyTeam's**

International Air Transport Association October International Traffic Growth.

Oct 2012 vs. Oct 2011	RPK Growth	ASK Growth	Pax Load Factor	FTK Growth	AFTK Growth
Africa	2.8%	2.4%	67.7%	-3.0%	2.6%
Asia/Pacific	1.4%	0.1%	75.9%	-7.6%	-5.6%
Europe	2.6%	1.7%	80.9%	-4.5%	2.5%
Latin America	6.8%	7.6%	76.2%	-0.1%	8.7%
Middle East	12.4%	12.1%	75.0%	13.6%	9.2%
North America	0.2%	-2.2%	82.2%	-6.3%	-5.4%
Industry	3.2%	2.2%	78.3%	-3.8%	-2.0%

Year to Date 2012 vs. 2011	RPK Growth	ASK Growth	Load Factor	FTK Growth	AFTK Growth
Africa	7.8%	7.7%	67.2%	5.4%	10.2%
Asia/Pacific	4.7%	2.9%	77.7%	-6.8%	-2.8%
Europe	5.7%	3.6%	80.9%	-3.5%	0.7%
Latin America	8.6%	7.3%	78.5%	-1.8%	6.2%
Middle East	16.0%	12.6%	77.8%	14.4%	12.3%
North America	1.2%	-0.4%	82.3%	-1.9%	-1.2%
Industry	6.1%	4.2%	79.2%	-2.5%	1.0%

RPK: Revenue Passenger Kilometers measures actual passenger traffic

ASK: Available Seat Kilometers measures available passenger capacity

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

FTK: Freight Tonne Kilometers measures actual freight traffic

AFTK: Available Freight Tonne Kilometers measures available total freight capacity

fourth member from Greater China. The airline added three new hubs, Xiamen, Fuzhou and Hangzhou, and an extensive domestic and international network.

Ireland's Ryanair Made a Third Offer to Buy Rival Aer Lingus and made concessions to **European Union** antitrust regulators to win the airline. The **European Commission (EC)** obstructed **Ryanair's** first attempt to takeover **Aer Lingus** in 2007, and the budget airline dropped its second offer in 2009 after running into opposition. The **EC** said it would decide whether to clear or block the deal by February 27. The **EC** acts as the competition authority for the **European Union**, and did not report the details of **Ryanair's** latest proposals. To enhance competition, **Ryanair** should drop some routes that it and **Aer Lingus** currently fly from Ireland. **Ryanair** operates 305 737-800s on mostly intra-European routes, while **Aer Lingus** operates trans-Atlantic services with seven A330s and European-area routes with 37 A320 Family aircraft.

US Airways Formally Proposes Merger with American Airlines (AMR). The airline offered an \$8.5 billion all-stock proposal to **AMR** and its unsecured creditors committee in mid-November. The bankrupt airline's creditors would own 70 percent of the merged company's stock and **US Airways** shareholders would retain 30 percent. The two airlines are negotiating the merger agreement, which could be finalized as soon as January. **AMR's** Plan B was to emerge from bankruptcy proceedings as an independent airline. The creditors must determine where their best interests lay. If **AMR** and **US Airways** merge, they would be worth almost as much as **Delta Air Lines**, which has a market value of nearly \$8.6 billion.

Continental Airlines Not at Fault for the Concorde Crash at Paris in July, 2000. A French appeals court absolved the airline for the death of 113 people and cleared a **Continental** mechanic of the charge of involuntary manslaughter. The verdict was reached 12 years after the accident which ended the career of the supersonic airliner. A lower court ruled that a small titanium strip fell from a **Continental** aircraft and cut the tire of the Concorde as it took off from Paris. The tire burst and caused the crash. After the court fined **Continental** \$200,000 and ordered it to pay **Air France** \$1 million in damages. The U.S. airline was also ordered to pay 70 percent of any damages payable to families of victims. **EADS**, the successor company for **Aérospatiale**, would have to pay the other 30 percent. Calling the verdict unfair and absurd, **Continental** appealed the ruling. The crash grounded the Franco-British Concorde for approximately a year and the post 9/11 recession killed it. **Air France and British Airways** retired the Concorde in 2003 due to high operating costs and a drop in demand.

Kingfisher Airlines lost its operating license at the end of the year because it expired, India's aviation regulator reported. **Directorate-General of Civil Aviation (DGCA)** chief **Arun Mishra** said, "Kingfisher's flying permit has lapsed. They failed to provide additional details on the funding of operations." The airline's management said there was no cause for alarm because it can apply for the renewal of its permit within two years. Further, it was confident of securing approval from the regulator on the restart plan, license approval and reinstatement of its operating permit. **Kingfisher** reportedly was planning to sell 48 percent of its shares and was talking with **Etihad Airways** and other investors.

German Efromovich Bid for TAP Air Portugal. The Brazilian owner of the **Synergy** group that controls **AviancaTaca**, **Avianca Brazil** and **Tampa Cargo** airlines, submitted the only binding offer for Portuguese state-owned airline **TAP Air Portugal**. **Synergy** reportedly offered less than \$500 million (\$645 million) for the 67-year old flag carrier. Portugal was selling its airline to meet the requirements

December 2012

Page 18 of 26

of an **International Monetary Fund** bailout. **TAP** currently offers 74 weekly flights to Brazil and Africa and serves 46 cities in Europe. **TAP** could provide dozens of connections from Lisbon for **Avianca Brazil**. **European Union** rules limit outside ownership of EU airlines to 49 percent, so Mr. **Efromovich** won Polish citizenship, based on his parents' country of origin. He was granted a Polish passport in November and now qualifies to own a European airline.

Bankruptcy of the Month

Fastjet, a new African budget carrier was talking about buying **1time**, the bankrupt South African airline. The airline was offering to pay a nominal sum for the purchase. **1time** was a low-cost carrier based in Johannesburg. It had seven MD-80s in its fleet when it faltered and filed for bankruptcy on November 2. If **Fastjet** reaches agreement with **1time's** creditors the purchase would speed growth for **Fastjet** which launched operations with a first flight from Dar es Salam to Mwanza in Tanzania in December.

Military Market

The Royal Australian Air Force (RAAF) formally accepted the last of its five A330-203 MRTT multi-role tanker transports from **Airbus Military** in November. The KC-30A (SN 1183) was expected to enter service in December. The **RAAF's** KC-30As are powered by **General Electric** CF6-80E engines, and are configured with under-wing hose-and-drogue refuelling pods and an advanced refuelling boom system (ARBS). This aircraft was converted into a tanker by **Qantas Defence Services** in Brisbane, and it can carry 111 tons of fuel or up to 270 passengers. The **RAAF** received its first A330 tanker in 2006, and accepted three more in 2008 and 2009.

Boeing delivered the first P-8I Poseidon -8FV/W (SN 40612) aircraft to the **Indian Navy** on December 19. The plane was officially handed over on November 29. The **Indian Navy** will receive two more of its eight ordered P-8Is in 2013.

AIRCRAFT DELIVERIES & SALES

Jet Aircraft

Airbus A318 & A319. **Airbus** delivered three A319s in November, including one -115s (SN 5380) to **China Eastern Airlines**. **TAM** received its 25th -132 (SN 5345); the airline has 10 more on

Cargo Pallet

Air Transport Services Group (ATSG) purchased three 757-200 combi aircraft from **National Air Cargo Group**. The airplanes were recently modified to combi (combined passenger and main-deck cargo) configuration and the first was handed over in December. The other two will be ready in early 2013. The combis will be operated by **ATSG's** subsidiary, **Cargo Aircraft Management (CAM)**.

Lockheed Martin delivered the first of six C-130J Super Hercules aircraft to the **Iraqi Air Force** in December. "Fifteen countries have already selected the C-130J Super Hercules to meet their airlift requirements," said **George Shultz**, vice president and general manager for C-130 Programs at **Lockheed Martin**. "Be it recapitalization of existing fleets, or new operators seeking proven airlift performance and capability, the C-130J is always the logical, low risk, affordable, proven answer." The **Iraqi Air Force** will use the transport aircraft to provide intra-theater support for its troops and for humanitarian relief operations.

order. **Tibet Airlines** accepted -115 (SN 5157) (see text box at right).

Allegiant Airlines canceled its deal to buy 10 A319s from **Cebu Pacific Air**, the Philippines, in late December. The airline signed a letter of intent with **Cebu** in July, but canceled the transaction because the two failed to agree on some of the economic terms of the contract. **Allegiant's** President, **Andrew C. Levy**, said, "We will not purchase aircraft just for the sake of growth. Our disciplined approach in asset purchases is a core competency that we will not compromise." The airline is actively pursuing more opportunities to purchase or lease A319s.

Airbus A320. **Airbus** delivered 33 A320s in November, including three -216s (SN 5347, 5353 & 5359) to **AirAsia**. The latter two were leased to **Thai AirAsia** and **Indonesia AirAsia** respectively. **Avianca** took delivery of two -214s (SN 5333 & 5360) and leased the first to **TACA International Airlines**. **Garuda Indonesia Airways (Citilink)** leased -214 (SN 5351) from **SMBC Aviation Capital** and -214 (SN 5379) from **CIT Leasing Corp.** **AWAS** leased the second of two new -214s (SN 5371) to **Philippine Airlines**, and the seventh and last -232 (SN 5367) to **Royal Jordanian Airlines**. The airline and **AWAS** signed a lease contract for the seven A320 Family aircraft in early 2011. **Jetstar Airways** leased -232 (SN 5334) from **BOC Aviation**. **Qantas** leased -232 (SN 5355) to **Jetstar Japan** and -232 (SN 5390) to **Jetstar Asia**. In the Americas, **JetBlue Airways** accepted its 128th -232 (SN 5349), **LATAM Airline Group** acquired -214 (SN 5364), **Spirit Airlines** took delivery of -232 (SN 5370), **Volaris** bought two -223s (SN 5322 & 5391), and **Interjet** received two -214s (SN 5358 & 5372). In China, **Dragonair** leased -232 (SN 5362) from **BOC Aviation**, **China Eastern Airlines** acquired -232 (SN 5363), and **Air China** bought -214 (SN 5386). **Tianjin FAL** delivered one -214 (SN 5131) to **Juneyao Airlines**, and one -232 (SN 5141) to **Sichuan Airlines**. Elsewhere in Asia, **IndiGo** purchased -232 (SN 5365), **GECAS** leased -214 (SN 5384) to **Peach Aviation**, **Cebu Pacific Airlines** accepted -214 (SN 5381), and **Tiger Airways** leased -232 (SN 5375) to **Mandala Airlines**. In the Middle Eastern region, **Etihad Airways** accepted -232 (SN 5348), **Qatar Airlines** took delivery of -232 (SN 5361), and **Libyan Airlines** received its fifth -214 (SN 5373). In Europe, **easyJet** accepted its 56th of 70 -214s (SN 5319), and **airberlin** took delivery of -214 (SN 5290).

Tibet Airlines, China took delivery of its first A319 assembled at the **Airbus Tianjin Final Assembly Line (FAL)**. This was the fifth A319-115 (SN 5157) to join the all-Airbus fleet operated by Lhasa-based **Tibet Airlines**. The order was announced when the airplane was delivered on November 19. The airline's other four A319s were built in Europe and the first was delivered in July 2011. The newly delivered A319 was fitted with eight premium seats and 120 economy seats, and powered by CFM56-5B engines. **Airbus** said the aircraft would operate from **Lhasa Gongga Airport**, which at 12,000 feet in altitude, is one of the world's highest. It will fly the route between Lhasa and Shenzhen, which borders Hong Kong in Southern China, with a stop-over in Chengdu, Southwestern China. The newly introduced A319 was certificated for high altitude airport operation and featured **RNP-AR (Required Navigation Performance – Authorization Required)** and **Satcom**.

Starflyer, Japan, took delivery of its first new A320, at a ceremony in Toulouse, in December. The airline ordered three A320-214s in 2011. They are powered by CFM56-5B4/P engines and fitted with 150 seats in a single-class configuration. **Starflyer** will fly the new aircraft on its domestic network in Japan and to regional destinations. The airline already operates seven leased A320s; the first was delivered seven years ago.

December 2012

Page 20 of 26

GE Capital Aviation Services leased four new A320s to **Volaris**, Mexico. All four aircraft were purchased from the airline and leased back. The airplanes came from the airline's current **Airbus** backlog. **GECAS** announced that it delivered three new, leased A320s to Japanese low-cost carrier **Peach Aviation**. The airline was founded in February 2011, and now leases six A320s from **GECAS**.

BOC Aviation will lease a 2005-model A320-231 to **Bangkok Airways**. The A320 was equipped with **IAE V2527-A5** engines. This was the first transaction between **BOC Aviation** and **Bangkok Airways**, a niche carrier serving regional destinations in Asia from its base at **Suvarnabhumi Airport** in Bangkok.

In December **AWAS** leased the first of two new A320-214s (SN 5403) to **Spring Airlines**. **Spring** has already leased a used A320 from **AWAS** that was acquired from another lessor.

Airbus A321. **Airbus** delivered five A321s in November, which included one -231 (SN 5374) to **US Airways**. **Vietnam Airlines** took delivery of one -231 (SN 5343) and leased it to **Cambodia Ankor Air**. **China Southern Airlines** acquired another -231 (SN 5279), and **CIT Leasing Corp.** leased -231 (SN 5350) to **Asiana Airlines**.

Air Astana, Kazakhstan's flag carrier, took delivery of its first A321-231 (SN 5357) out of a total of six A320 Family aircraft that it ordered in May 2008. The aircraft will join **Air Astana's** fleet of one A319, seven A320s and two A321s. They are operated on the airline's domestic and international network. The A321 was powered by **IAE V2500** engines, and featured a two class cabin layout with 28 passengers in business class and 151 in economy. **Air Astana** was launched in 2002 and leased its first A320 in 2006.

Airbus A330 & A340. **Airbus** delivered four A330-200s and six -300s in November. **Iraqi**

US Airways announced that it priced an offering of two classes of enhanced equipment trust certificates in the aggregate face amount of approximately \$546 million. The airline reported that it would use the funds to finance its purchase of 11 **Airbus** aircraft scheduled to be delivered from May 2013 to October 2013 and to use the balance, if any, for general corporate purposes.

Airbus and Boeing A340 Trade-ins. The two airframers are selling new twin-engined widebodies and are accepting older A340s as trade-ins. **Iberia** and **Singapore Airlines (SIA)** will retire their A340s, adding more planes on the market. **Airbus** proposes to sell five ex-**Singapore** A340-500s as reconfigured VVIP aircraft to possible customers in the Middle East. **SIA** will return the first -500 in the fourth quarter of 2013. That allows **Airbus** enough time to sell the new A340 **Gala** cabin concept to potential customers. **Francois Chazelle**, vice-president for **Airbus Corporate Jets**, said the A340-500s "are large and have a long range, and are perfect for this. In the VVIP configuration, they can go even further than the flights between Singapore and New York that **SIA** operated." Interior outfitters will have time before the A350s arrive, giving them an opportunity to work on the design and configuration. Then it will take 12 to 18 months to deliver the modified A350s to the customers. Mr. **Chazelle** said one-third of ACJ-Airbus Corporate Jet deliveries are to Middle Eastern clients but the Chinese market was growing faster. Rival **Boeing** has sold 18 new VVIP widebodies (nine 747-8Is, one 767-400, two 777s and six 787s) to governments or private operators. The VVIP A340 offers similar capacity and capability at a significantly lower acquisition cost. But a snobbish yacht salesman will tell you "If you have to ask the price, you can't afford it."

December 2012

Page 21 of 26

Airways bought its first -202 (SN 1339). It was originally built for **Malaysian**. The plane was officially ordered by the **Iraqi Ministry of Transportation** at the time of delivery. **Garuda Indonesia Airways** accepted its first of three -243s (SN 1364). **Airbus Military** took delivery of -243 (SN 1363). It will be transformed into a MRTT for the **Royal Air Force (RAF)**. **CIT Leasing Corp.** leased -202 (SN 1365) to **Qantas/Jetstar Airways**. **Airbus** delivered the first -300s to **Corsair**, **TransAsia**, and **XL Airways**. **Corsair** leased -343E (SN 1359) from **TUI Travel**, **TransAsia Airways** bought the first of two -343Es (SN 1357), and **XL Airways** leased -303 (SN 1360) from **GECAS**. **Cathay Pacific Airways** accepted -343E (SN 1362), **Hong Kong Airlines** received -343E (SN 1358), and **Virgin Atlantic** bought -343E (SN 1352).

Doric acquired its 18th A380 under management, a -861 (SN 110) from **Emirates**, on November 30. The A380 was purchased by **Doric Nimrod Air Finance Alpha Limited (Doric Alpha)**, a wholly owned subsidiary of **Doric Nimrod Air Two Limited**. The A380 was leased to **Emirates** for 12 years, and was the fourth and final aircraft financed through **Doric Alpha**. **Doric Alpha** said it was using **Enhanced Equipment Trust Certificates (EETC)s** worth almost \$590 million to help finance the purchase of four A380s from **Emirates**. **Doric's** aviation portfolio now comprises 35 aircraft valued at about \$7 billion.

Scandinavian Airlines System (SAS), signed a \$125.2 million senior secured loan facility with the East Asia-based **Global Insurance Company**. The loan covered three of **SAS'** four A330-343Xs (SN 496, 515 and 568). The planes were delivered from 2002 to 2004. The transaction was arranged by **SkyWorks Leasing**. The tranches covering two aircraft were drawn down to pay off **SAS'** original **ECA-backed** loans. The third tranche will be due in February 2013.

Airbus delivered the first A330-243F freighter (SN 1368) to **AviancaTaca's** Colombia-based **Tampa Cargo**. **Tampa's** new A330F was powered by **Rolls-Royce** Trent 772B engines. The airline will use the freighter to expand its services to the United States, Mexico, Brazil, Ecuador and Uruguay. **Tampa Cargo** was the first airline in the Americas to operate the A330-200F.

Airbus A380. **Airbus** delivered two A380-861s (SN 109 & 110) to **Emirates** in November. It also delivered the second of six -841s (SN 093) to **Thai International Airlines**. **Airbus** has now delivered 25 A380s in 2012.

Boeing 737NG. **Boeing** delivered 34 737s in November, which included three -924ER/Ws (SN 37200, 37201 & 37207) to **United Air Lines**. **American Airlines** received three -823/Ws (SN 31157, 31158 & 33318). The planes were sold to **International Lease Finance Corporation (ILFC)** for lease-back. The three -823s were the last of the 15-aircraft sale-leaseback deal that was signed with **ILFC** and initiated in November 2011. Elsewhere in the Americas, **Southwest Airlines** accepted four -8H4/W (SN 35966, 35969, 37003 & 37005), and **Alaska Airlines** received its second of 38 -990ER/Ws (SN 41730). **GOL Transportes Aereos** accepted -8EH/W (SN 39607), and **COPA Airlines** leased -8V3/W (SN 38879) from **Aviation Capital Group**. Five other 737s were delivered to lessors. **China Eastern Airlines** leased -8SH/W (SN 41301) from **Air Lease Corp.**, and -8Q8/W (SN 41785) from **ILFC**. The **ILFC** plane was subleased to **China United Airlines**. **ILFC** is the largest aircraft lessor in China and controls 30 percent of the leasing market. It has leased more than 175 aircraft to 16 airlines in the Greater China region. **BOC Aviation** leased -8AL/W (SN 39051) to **Jet Airways**, and **Malaysia**

Airline System leased two -8FZ/W (SN 39327 & 39328) from **BBAM**. In Europe, **airberlin** received its 64th -86J/W (SN 37772), **Norwegian Air Shuttle** obtained one -8JP/W (SN 39017), and **TUI Travel** leased -8K5/W (SN 37239) to **Thompson Airways**. In the Middle East, **flydubai** took delivery of one -8KN/W (SN 40256), **Turkish Airlines (THY)** acquired another -9F2ER/W (SN 40985), and **Pegasus** received -82R/W (SN 40879). **Boeing** delivered eight 737s to East Asian operators; two -89L/Ws (SN 40018 & 40037) went to **Air China**, and **Malaysia Airlines** accepted one -8H6/W (SN 40139). **China Eastern Airlines** received one -79P/W (SN 39723), and **China Southern Airlines** bought one -81B/W (SN 38933). **Lion Air** took delivery of its 12th -8GP/W (SN 38725) and its 65th -9GPER/W (SN 38683). Also, the **Indian Navy** accepted its first P-8I Poseidon -8FV/W (SN 40612) in November. The plane still needs to have its electronic suite installed. In Africa, **Ethiopian Airlines** received one -860/W (SN 40963), and **Comair Limited**, South Africa, obtained its second -8LD/W (SN 40853). It will be operated by **Kulula**.

AAR and its joint venture partner sold 10 737-4H6s to their lessee, **Malaysian Airline System Berhad (MAS)**. Net cash proceeds of approximately \$20 million will be booked in **AAR's** 2013 fiscal third quarter. The aircraft have been on lease to **MAS** since they were acquired by the joint venture in July 2007. One of **AAR's** goals was to shrink its investments in aircraft leasing. At the closing of the sale to **MAS**, **AAR** will own only two aircraft and hold six more with joint venture partners. This was down from the 11 wholly-owned and 31 joint-venture aircraft that were in its portfolio in 2007. The company said it would remain active in the aircraft sales and re-marketing business.

WestJet celebrated the delivery of its 100th Next-Generation 737 in December. The airline launched operations to five cities in 1996 with three 737-200s. It is now Canada's largest low-fare airline and flies to 81 destinations across Canada, the United States, Mexico, the Caribbean and Central America. The -8HX/W (SN 38880) was leased from **Aviation Capital Group**.

GECAS leased four new -800s to Indonesia's **Lion Air** as part of a purchase and leaseback transaction. The 737s were ordered by **Lion Air** and were delivered in September and October. **GECAS** leased 12 new 737s to the low-cost carrier in 2012. **PT Lion Mentari Airlines** and affiliated carriers are Indonesia's largest private airline group and operate a fleet of more than 100 aircraft. It has an order backlog of more than 300 new aircraft. The airlines fly to more than 75 destinations.

AWAS, the Dublin based aircraft lessor, leased one 737-300 to one of Mexico's low-cost carriers, **VivaAerobus**. This was the seventh 737 Classic that **AWAS** has handed over to the Monterrey-based airline. **VivaAerobus** offers intra-Mexico and international flights with its all-737 fleet. **AWAS** acquired a late model 737-800 from another lessor for continued long-term leased to **EL AL Israel Airlines**.

Boeing 747. **Cargolux Airways** accepted its sixth -8R7F (SN 35812) and **Volga-Dnepr Airlines** acquired its third of five -8HVF (SN 37580), in November. It was leased to **AirBridge Cargo Airlines**. One VVIP 747-8JK (SN 38636) was delivered to **Boeing Business Jets** for onward delivery to the **Government of Kuwait**. **Boeing Business Jets** received VVIP 747-8I, -8LO (SN 41060). It was flown to Waco, Texas, for outfitting by **L-3 Communications**. **Qatar Airways Amiri Flight** ferried VVIP -8KB (SN 37075) to Basel, Switzerland, for outfitting with an executive interior. The plane was

delivered in April. VVIP 747-8H0 (SN 39749)) was also being readied for delivery to the **Oman Royal Flight**.

Boeing 767. LAN Airlines received its 31st -316ER (SN 42213). The airline has four more on order. **DHL International** accepted its sixth and final -3JHERF (SN 37810) in November. Both LAN's and DHL's 767Fs are fitted with APB winglets.

Boeing 777. Boeing delivered five 777s in November, including the 20th i FS2 (SN 41067) to **FedEx Express**, and the sixth -3F1H (SN 35609) to **Dubai Aerospace Enterprises** for lease to **Emirates**. **Emirates** took delivery of its 49th and 50th of 120 -31HERs (SN 41075 & 41083). **TAM** acquired its eighth of 12 -32WERs (SN 38889) and **Philippines Airlines** received its second of four -3F6ERs (SN 35556).

The Republic of Iraq took delivery of its first 777-29MLR (SN 40993) in Baghdad in December. The ceremony was attended by senior Iraqi government leaders and the U.S. Ambassador to Iraq **Steve Beecroft**. This was the first transaction between **Boeing** and Iraq since **Iraqi Airways** purchased a 747 in 1982. The 777 will be operated by **Iraqi Airways**, along with a new A330-202 (SN 1339), two A320s, two A321s, one 737-200, two 737-700s, one 747-400, one 767-300 and six CRJ900s. The **Iraqi Government** operates one 30-year-old A300B4-203 (SN 239). **Boeing** revealed a previously unannounced sale of 30 737 NGs and 10 787 Dreamliners to **Iraqi Airways** in December. The first 737 was scheduled for delivery in mid-2013, **Boeing** said.

American Airlines took delivery of its first 777-323ER (Extended Range) in December. The airplane will enter service in early 2013 on **American's** Dallas/Fort Worth-Sao Paulo route. The 777s were ordered as part of the airline's fleet modernization program. This delivery made **American** the first U.S. airline to add the 777-300ER type to its fleet. The airline has another dozen 777-300ERs and five -200ERs on order.

WORLDWIDE AVIATION MARKETING AND MANAGEMENT SERVICE

Boeing 787. LOT Polish Airlines took delivery of its first 787-8 (SN 36938) on November 9, becoming the first European airline to receive a 787. **Qatar Airways** accepted another two 787-8 Dreamliners (SN 38319 & 38330) in November, joining its first -8 that was delivered in October. The airline has 27 more **General Electric** GENx-powered 787s on firm order, and another 30 on option. The first plane (SN 38320) entered service on November 20. **Ethiopian Airlines** took delivery of its fourth -8 (SN 34744). **United Airlines** received its third -8 (SN 34822) from **Boeing** on November 21. Another two 787s will be delivered in December.

Bombardier delivered another two CRJ1000 NextGens (SN 19027 & 19028) to **Garuda Indonesia** in November. The flag carrier bought six CRJ1000NGs and optioned 18 more aircraft, and plans to lease another 12 CRJ1000s from various leasing companies. **Comair** sold five CRJ700ERs (SN10079, 10090, 10097, 10176 & 10182) to **Delta Air Lines** in November. The planes were leased to **Gojet Airlines**.

Embraer Deliveries. The manufacturer delivered EMBRAER 170-200 LR i E175 (SN 17000354) to **Oman Air** in November. **J-Air** accepted E170 (SN 17000353) and **Flybe** received E175 (SN 17000355). **CIT Leasing Corp.** leased EMBRAER 190-200 IGW i E195 (SN 19000569) to **Azul Linhas Aereas**. **Air Dolomiti** accepted E195 (SN 19000578), **Tianjin Airways** bought E190 (SN 19000592), and **LOT Polish Airlines** received E195 (SN 19000583). **Air Lease Corp. (ALC)** leased E190 (SN 19000584) to **Bulgaria Air**.

GE Capital Aviation Services Limited (GECAS) leased the first E190 aircraft to **Myanmar Airways**, the flag carrier of Myanmar. The aircraft was previously leased to a U.S. customer and was ferried to Myanmar in December. A second E190 will be leased in early 2013.

Turboprop Aircraft

ATR delivered ATR 72-600 (SN 1053) to **Skywest Airlines**, Australia. It was sold to **Avation Airframe Holdings** and leased back. The plane has been operated for **Virgin Australia Airlines**. **Air Lease Corp. (ALC)** leased -600 SN (1054) to **Trip Linhas Aéreas**. **Wings Abadi Airlines**, Indonesia, took delivery of -600 (SN 1055). **GECAS** leased -600 (SN 1056) to **Jet Airways/JetKonnet**. **Azul Linhas Aéreas Brasileiras** received -600 (SN 1057). **Caribbean Airlines** accepted -600 (SN 997). **Intersky**, Austria will take delivery of two ATR 72-600s (SN 1038 & 1042) in January and March 2013, respectively. The planes were built for **Caribbean**, and were redirected to **Intersky**. In November, **Precision Air Services**, Tanzania, took delivery of the first ATR 42-600 (SN 1001) to enter airline service. The airline has three more ATR 42-600s and one ATR 72-600 on order. The second ATR 42-600 (SN 1003) will be delivered in December. Two ATR 42s will be handed over in 2013 and the ATR 72-600 was scheduled for 2014.

Airstream International Group sold two ERJ-145EU aircraft to **NovoAir**, Bangladesh, on behalf of their owner, **Aircraft Solutions**. **NovoAir** is a start-up airline and will offer scheduled domestic operations from its base in Dhaka with the **Embraer** regional jet. These aircraft sales represent the fifteenth and sixteenth aircraft placements **Airstream** have arranged in 2012, including eight ERJ regional jets.

Bombardier delivered Dash 8Q-402 NextGen (SN 4425) to **Luxair** in November. **Ethiopian Airlines** bought its second Dash 8Q-400 NextGen (SN 4427). The airliner entered service with **Ethiopian's** affiliate, **ASKY Airlines** of Togo. The turboprop airliners were outfitted with a dual-class configuration seating seven business class and 60 economy passengers. It featured fore and aft lavatories and a galley that can provide cold and hot meals. **ASKY Airlines** will operate three of the five dual-class Q400 NextGen aircraft which were ordered by **Ethiopian Airlines** in February 2012.

Viking Air delivered the last DHC-6-400 (SN 863) to the **U.S. Army Golden Knights** in November. The **Vietnamese Navy** received -400 (SN 867).

Accidents and Safety

From Aviation Safety Foundation

Several Russian Aircraft Crashed Around the World. An **Aéro-Service/Trans Air Congo** Ilyushin 76T (EK-76300, SN 083410300) crashed short of the runway at **Brazzaville-Maya Maya Airport**, Congo, on November 30. The airplane was attempting to land in a thunderstorm and came down in a residential area. The Il-76 crushed a dozen houses, fell into a ravine and caught fire. All six crew members, one passenger and 25 people on the ground were killed. A **Trans Air Congo** Antonov cargo plane crashed into houses in Pointe-Noire while attempting to land in March 2011, and killed 23 people.

Amazon Sky Antonov 26 (OB-1887-P, SN 6606) crashed into a mountain near Tomas, Yauyos province, Peru, on December 17. All four crew members were killed. The airplane descended into high ground due to apparent pilot error.

December 2012

Page 25 of 26

Polyarnye Avialinii Antonov 26B-100 (RA-26061, SN 11108) was substantially damaged when it left the runway on November 21. The plane drifted off the left side of the runway and ran into a snow bank at **Deputatskiy Airport**. All 21 passengers and five crew members survived.

Red Wings Airlines Tupolev 204 (RA-64047, SN 1450744864047) was destroyed by a landing accident at **Moskva-Vnukovo Airport**, Russia, on December 29. The captain, co-pilot, flight engineer and one flight attendant were killed, while the other four crew members were seriously injured. There were no passengers on board. The Tu-204 overran the runway and collided with a highway embankment. It broke into three pieces. The runway was snowy and there was a significant cross wind at the time of the accident. The Russian press reported that the plane's brakes failed.

United Airlines Boeing 787-8 (N26902, SN 34822) diverted to New Orleans after leaving Houston on a scheduled flight to Newark, on December 4. The pilots received multiple messages regarding flight-system errors, so they chose to land at a nearby airport. The airline said it would work with **Boeing** to review the diversion and determine the cause. **United** flew its first commercial 787 flight on November 4.

Kazakhstan Border Guards Antonov An-72 (UP-72859, SN 36576092859) crashed approximately 20 kilometers from **Shymkent Airport**, Kazakhstan. All 20 passengers and seven crew members were killed. It was snowing heavily at the airport, which may have contributed to the accident.

Ultimate Air Antonov 26 (3X-GFN, SN unknown) left the runway at Yida, South Sudan, on November 19. The left hand main undercarriage collapsed and the Number 1 propeller was damaged. No one was seriously injured in the accident.

Inter Iles Air Embraer 120ER Brasilia (D6-HUA, SN 120149) faltered and descended into the sea after takeoff from **Moroni-Prince Said Ibrahim In Airport**, Comoros, on November 27. All 25 passengers and four crew members were rescued.

Perimeter Aviation/Kivalliq Air Swearingen SA227-AC Metro III (C-GFWX, SN AC-650B) touched down hard and overrun the runway, on December 22. The flight crew were seriously injured and one of the seven passengers was killed.

Air Bagan Fokker 100 (XY-AGC, SN 11327) was destroyed when it struck power lines one mile from **Heho Airport**, Myanmar, on December 25. The plane crash-landed in a paddy, broke in two pieces and caught fire. One of the 65 passengers and one person on the ground were killed, while eight other people on board were injured.

AVMARK CAPABILITIES

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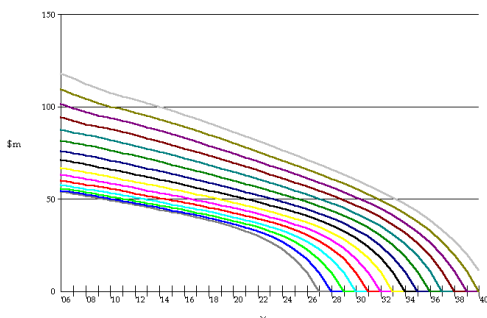
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TAV reports current fair-market values by year of build and projects the future value of 116 transport category aircraft. The future values are based on an economic model that projects the values based on the earning stream of approximately 130 different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

CAVAS Graph



Profit & Loss Report

Aircraft Type	Period	1	2	3	4	5	6
REVENUES (US\$)							
Passengers	49,328,754	49,270,739	49,212,559	49,154,213	49,095,701	49,037,189	48,978,677
Freight & Mail	8,879,176	8,868,733	8,858,261	8,847,758	8,837,226	8,826,673	8,816,110
Other Revenue	986,575	985,415	984,251	983,084	981,914	980,744	979,574
TOTAL OPERATING REVENUE	59,194,505	59,124,887	59,055,070	58,985,055	58,914,841	58,844,626	58,774,411
VARIABLE EXPENSES							
Fuel	6,918,975	6,917,340	6,915,705	6,914,070	6,912,435	6,910,800	6,909,165
Landing Fees	3,021,823	3,021,823	3,021,823	3,021,823	3,021,823	3,021,823	3,021,823
Enroute Charges	392,440	392,440	392,440	392,440	392,440	392,440	392,440
Pax Commissions	7,399,313	7,399,313	7,399,313	7,399,313	7,399,313	7,399,313	7,399,313
Freight Commissions	1,331,876	1,331,876	1,331,876	1,331,876	1,331,876	1,331,876	1,331,876
Food & Supplies	3,993,194	3,993,194	3,993,194	3,993,194	3,993,194	3,993,194	3,993,194
Passenger Liability Insurance	379,590	379,590	379,590	379,590	379,590	379,590	379,590
TOTAL VARIABLE COST	23,443,212	23,443,212	23,443,212	23,443,212	23,443,212	23,443,212	23,443,212
SEMI-VARIABLE EXPENSES							
Crew Salaries & Expenses	5,177,760	5,177,760	5,177,760	5,177,760	5,177,760	5,177,760	5,177,760
Maintenance & Engineering	587,650	587,650	587,650	587,650	587,650	587,650	587,650
TOTAL SEMI-VARIABLE COST	5,765,410	5,765,410	5,765,410	5,765,410	5,765,410	5,765,410	5,765,410
TOTAL OPERATING COST	29,208,622	29,208,622	29,208,622	29,208,622	29,208,622	29,208,622	29,208,622
OPERATING PROFIT OR LOSS	29,985,883	29,916,265	29,846,647	29,777,029	29,707,411	29,637,793	29,568,175
D-CHECK ADJUSTMENT							
Cumulative Hours	4,830	9,660	14,490	19,320	24,150	28,980	33,810
Cumulative Dollars	315,000	630,000	945,000	1,260,000	1,575,000	1,890,000	2,205,000
ADJUSTED CASH FLOW	25,841,782	25,329,851	24,817,920	24,306,000	23,794,079	23,282,158	22,770,237
AIRCRAFT LIFE ADJ. CASH FLOW	25,841,782	25,329,851	24,817,920	24,306,000	23,794,079	23,282,158	22,770,237

Profit & Loss Report

Aircraft Type	Period	1	2	3	4	5	6
FIXED EXPENSES							
Station Overhead	346,597	346,597	346,597	346,597	346,597	346,597	346,597
Maintenance Burden	176,295	176,295	176,295	176,295	176,295	176,295	176,295
Other Overhead	0	0	0	0	0	0	0
TOTAL FIXED COST	522,892	522,892	522,892	522,892	522,892	522,892	522,892
TOTAL OPERATING COST	31,464,497	31,464,497	31,464,497	31,464,497	31,464,497	31,464,497	31,464,497
General & Admin. Allocation	1,573,225	1,573,225	1,573,225	1,573,225	1,573,225	1,573,225	1,573,225
TOTAL COST	33,037,722	33,037,722	33,037,722	33,037,722	33,037,722	33,037,722	33,037,722
OPERATING PROFIT OR LOSS	26,156,782	26,156,782	26,156,782	26,156,782	26,156,782	26,156,782	26,156,782
D-CHECK ADJUSTMENT							
Cumulative Hours	4,830	9,660	14,490	19,320	24,150	28,980	33,810
Cumulative Dollars	315,000	630,000	945,000	1,260,000	1,575,000	1,890,000	2,205,000
ADJUSTED CASH FLOW	25,841,782	25,329,851	24,817,920	24,306,000	23,794,079	23,282,158	22,770,237
AIRCRAFT LIFE ADJ. CASH FLOW	25,841,782	25,329,851	24,817,920	24,306,000	23,794,079	23,282,158	22,770,237

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

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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	52.85	53.49	54.70	56.56	58.99	62.01	65.62	69.95	74.86	80.37	85.52	92.18	99.12	106.73	115.25
2008	51.68	52.36	53.61	55.43	57.85	60.84	64.42	68.69	73.65	79.18	84.76	90.48	96.97	104.20	112.39
2009	50.49	51.19	52.46	54.29	56.70	59.67	63.24	67.50	72.44	77.95	83.52	89.23	95.06	101.01	107.07
2010	49.28	49.99	51.27	53.10	55.50	58.46	62.01	66.25	71.17	76.66	82.32	88.13	94.07	100.13	106.30
2011	48.06	48.78	50.06	51.89	54.28	57.23	60.77	64.99	69.88	75.54	81.33	87.24	93.36	99.68	106.00
2012	46.83	47.55	48.83	50.66	53.04	56.00	59.53	63.74	68.61	74.25	80.02	85.91	91.91	98.01	104.11
2013	45.59	46.31	47.59	49.42	51.80	54.75	58.27	62.47	67.33	72.94	78.70	84.60	90.61	96.71	102.81
2014	44.34	45.06	46.34	48.17	50.54	53.49	57.00	61.19	66.04	71.64	77.40	83.30	89.31	95.41	101.51
2015	43.09	43.81	45.09	46.92	49.29	52.24	55.75	59.94	64.80	70.39	76.14	82.04	88.05	94.15	100.25
2016	41.84	42.56	43.84	45.67	48.03	51.00	54.50	58.68	63.53	69.11	74.86	80.76	86.77	92.87	98.97
2017	40.59	41.31	42.59	44.42	46.78	49.75	53.25	57.43	62.28	67.85	73.60	79.50	85.51	91.61	97.71
2018	39.34	40.06	41.34	43.17	45.53	48.50	52.00	56.17	60.92	66.49	72.24	78.14	84.15	90.25	96.35
2019	38.09	38.81	40.09	41.92	44.28	47.25	50.75	54.92	59.67	65.24	70.99	76.89	82.90	88.90	94.90
2020	36.84	37.56	38.84	40.67	43.03	46.00	49.50	53.67	58.42	63.99	69.74	75.64	81.65	87.65	93.65
2021	35.59	36.31	37.59	39.42	41.78	44.75	48.25	52.42	57.17	62.74	68.49	74.39	80.39	86.39	92.39
2022	34.34	35.06	36.34	38.17	40.53	43.50	47.00	51.17	55.92	61.49	67.24	73.14	79.15	85.15	91.15
2023	33.09	33.81	35.09	36.92	39.28	42.25	45.75	49.92	54.67	60.24	66.00	71.90	77.91	83.91	89.91
2024	31.84	32.56	33.84	35.67	38.03	41.00	44.50	48.67	53.42	58.99	64.74	70.64	76.65	82.65	88.65
2025	30.59	31.31	32.59	34.42	36.78	39.75	43.25	47.42	52.17	57.74	63.49	69.39	75.40	81.40	87.40
2026	29.34	30.06	31.34	33.17	35.53	38.50	42.00	46.17	50.92	56.49	62.24	68.14	74.15	80.15	86.15
2027	28.09	28.81	30.09	31.92	34.28	37.25	40.75	44.92	49.67	55.24	60.99	66.89	72.90	78.90	84.90
2028	26.84	27.56	28.84	30.67	33.03	36.00	39.50	43.67	48.42	53.99	59.74	65.64	71.65	77.65	83.65
2029	25.59	26.31	27.59	29.42	31.78	34.75	38.25	42.42	47.17	52.74	58.49	64.39	70.40	76.40	82.40
2030	24.34	25.06	26.34	28.17	30.53	33.50	37.00	41.17	45.92	51.49	57.24	63.14	69.15	75.15	81.15
2031	23.09	23.81	25.09	26.92	29.28	32.25	35.75	39.92	44.67	50.24	56.00	61.90	67.91	73.91	79.91
2032	21.84	22.56	23.84	25.67	28.03	31.00	34.50	38.67	43.42	48.99	54.74	60.64	66.65	72.65	78.65
2033	20.59	21.31	22.59	24.42	26.78	29.75	33.25	37.42	42.17	47.74	53.49	59.39	65.40	71.40	77.40
2034	19.34	20.06	21.34	23.17	25.53	28.50	32.00	36.17	40.92	46.49	52.24	58.14	64.15	70.15	76.15
2035	18.09	18.81	20.09	21.92	24.28	27.25	30.75	34.92	39.67	45.24	50.99	56.89	62.90	68.90	74.90
2036	16.84	17.56	18.84	20.67	23.03	26.00	29.50	33.67	38.42	43.99	49.74	55.64	61.65	67.65	73.65
2037	15.59	16.31	17.59	19.42	21.78	24.75	28.25	32.42	37.17	42.74	48.49	54.39	60.40	66.40	72.40
2038	14.34	15.06	16.34	18.17	20.53	23.50	27.00	31.17	35.92	41.49	47.24	53.14	59.15	65.15	71.15
2039	13.09	13.81	15.09	16.92	19.28	22.25	25.75	29.92	34.67	40.24	46.00	51.90	57.91	63.91	69.91
2040	11.84	12.56	13.84	15.67	18.03	21.00	24.50	28.67	33.42	39.00	44.74	50.64	56.65	62.65	68.65
2041	10.59	11.31	12.59	14.42	16.78	19.75	23.25	27.42	32.17	37.74	43.49	49.39	55.40	61.40	67.40
2042	9.34	10.06	11.34	13.17	15.53	18.50	22.00	26.17	30.92	36.49	42.24	48.14	54.15	60.15	66.15
2043	8.09	8.81	10.09	11.92	14.28	17.25	20.75	24.92	29.67	35.24	41.00	46.90	52.91	58.91	64.91
2044	6.84	7.56	8.84	10.67	13.03	16.00	19.50	23.67	28.42	33.99	39.74	45.64	51.65	57.65	

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