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AVMARK INC.®

WORLDWIDE AVIATION MARKETING AND MANAGEMENT SERVICE

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Newsletter

Market Comment

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An Airplane for Every Market. Boeing wants to develop a 4,000nm-5,000nm range aircraft with 200-250 seats as a replacement for the long-range 757. The 757 has been out of production for 10 years and approximately four-fifths of the 1,050 757s built are still in service. Boeing chief executive **James McNerney** said the most attractive options are to stretch the 737 MAX or shrink the 787. At this time, the largest 737 MAX 9 offers a range of 3,600nm and the current 787s are optimized for flights of 8,000nm. Mr. McNerney wants to modify existing products rather than launch a clean-sheet program, which he calls a "moonshot". Boeing has risked the company's future on new products once every 25 years, first with the 707 in 1955, then with the 747 in 1970 and finally the 787 in 2003. In each case, it bet the farm on new technology and barely survived. "The headset will be to avoid the moonshot unless we have to," Mr. McNerney said to Boeing investors. "The headset will be to mature technologies we've got, to address it." He said the 757 replacement was not a near-term priority, because the company was already working on eight major variants of its commercial aircraft over the decade. There is little room to squeeze a new program into that timeframe.

AVMARK thinks it would be far easier and better to shrink the 787-9 than to stretch the 737 MAX 9. The end product would take advantage of the 787's composite fuselage, flight deck and engines and would offer twin-aisle comfort. Having sat in a 737-800 for more than five hours on a 2,500 mile flight, your editor would have preferred the ability to get up and move around a widebody. Boeing has another option which is to build an all new narrowbody to replace the 737 MAX in 10 years. By then, engineers should have made another leap in engine and airframe technology and will be able to offer a narrowbody with significant improvements in fuel economy. Boeing could cede the below 150-seat market to Bombardier and Embraer, and build a plane that caters to the many markets which will need a 150 to 250 seat aircraft. Boeing could offer aircraft that increase in size by 25-seat increments, and have a slightly wider body. Of course, such a clean-sheet project may be an apocalyptic risk for Boeing, which Mr. McNerney described as "the wrong way to do this business. The more-for-less world will not let you pursue moonshots." He said Boeing must continue developing new technologies, but add them into production in small steps rather than a single leap.

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Airbus Orders

Airbus booked 78 orders during March, including seven A319ceo (Current Engine Option) and 64 A321ceo aircraft from **American Airlines**. The U.S.-based carrier is adding to its A320 Family fleet, and now has 171 A321s and seven A319s on order, and 16 A319s and 14 A321s in service. The order underscores the A320ceo product line's sustained market appeal, with the aircraft to join an **American Airlines** fleet that ultimately will consist of A320 Family jetliners in both the CEO and NEO (new engine option) configurations, **Airbus** said. This month's order book was boosted by the purchase of one A320ceo by a private customer. **Airbus Military** sold six A330-200s to be outfitted as Multi-Role Tanker Transports (MRTTs) to the **Republic of Singapore Air Force**. The six A330 MRTTs will provide airlift and aerial refueling capacity. The **Republic of Singapore Air Force's** currently operates four **Boeing** KC-135R, and five **Lockheed Martin** KC-130H aerial tankers. **Airbus'** net jet orders totaled 142 through the end of April 2014.

Airbus delivered 52 aircraft to customers during the month, included 40 A320 Family jetliners and 12 A330s. The 2014 deliveries totaled 193 aircraft handed over to 61 customers. Deliveries included the first A330-200F for **Synergy Aerospace**, to be operated by **Avianca Brasil**, which became a new operator for the mid-size freighter. The **Airbus** backlog reached 5,508 aircraft at the end of April 2014, up from a backlog of 4,973 at the same period of 2013.

American Airlines Reshuffled the Order for 260 Airbus A320 Family Aircraft that was placed in 2011. Originally, the purchase was split equally between the new A320neo family and the current engine option A320ceo. Also **Airbus** agreed half of the 260 jets would be supplied to leasing companies. In April, **American** downgraded 30 of its orders for the A321neo to options leaving a total of 100 neo jets on firm order. The airline also chose to purchase 71 aircraft directly from **Airbus** that it originally intended to lease. This number includes the seven A319s ordered last month. The A319ceos were switched from leases to direct purchases from the planemaker. As of the end of April, **American** will buy more aircraft directly from **Airbus**, but its firm orders for the new A321neo shrank from 130 to 100.

Royal Brunei Airlines (RB) signed a contract with **Airbus** for seven A320neo (New Engine Option) aircraft and took three options in May. The planes will feature a two-class premium

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layout, and the aircraft will be operated on the airline's regional network linking Bandar Seri Begawan with destinations across Asia. The aircraft will be powered by **Pratt & Whitney** PW1100G-JM engines. **RB** has operated the A320 family of aircraft since 2003. The A320 Family has more than 10,200 orders to date and over 6,000 aircraft have been delivered. At the end of March 2014, firm orders for the neo stood at more than 2,700 aircraft from 50 customers.

China Southern Airlines said it ordered 30 A320ceo and 50 A320neo from **Airbus** worth at least \$7.3 billion at list price. The airline will receive the aircraft from 2016 to 2020, and the planes will be built on **Airbus's** final assembly line in Tianjin, China, and in Toulouse, France. The additional airplanes will increase the airline's capacity by over 12 percent. The state-owned carrier announced it will pay for the planes through its own funds and bank loans. **China Southern** will trade in six **Embraer** ERJ-145s to **Airbus** by the end of the year. **Airbus** has garnered nearly 60

percent of firm orders for its re-engined narrow bodies. However, **Boeing** said the 737 MAX has won a majority of orders since the MAX was launched in July 2011. **China Eastern Airlines** ordered 70 A320s in March, and **Airbus** predicts that China will overtake the U.S. as its largest single market.

A Middle Eastern Customer ordered an ACJ320, adding to the strong presence of **Airbus'** corporate jets in the region. The aircraft will be managed by **Aviation Link**, Jeddah, Saudi Arabia, and it will be outfitted with a VVIP interior with seating for 30 passengers. President and CEO **Abdulaziz Al Rowaished** said **Airbus** corporate jets, [with] their wider and taller cabins, are popular in the Middle East, because they allow larger business and family groups to travel in greater comfort and space than in traditional business jets. **Aviation Link** is the operator of the largest fleet of privately owned **Airbus** aircraft in the Middle East. It manages two ACJ319s and an ACJ320 for Middle Eastern clients. **Aviation Link** has "the expertise to help customers get the best out of the modern **Airbus** corporate jet family, whether they are companies, individuals or governments," he said. The ACJ320 Family delivers intercontinental range, and can easily connect popular destinations in Europe and the Middle East. The

Airbus Orders, Deliveries and Backlog April 2014

APR ORD	APR DEL	APR CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			A318		
-0-	-0-	-0-	79	79	-0-
			A319		
7	6	-0-	1,512	1,406	106
			A320		
1	25	-0-	6,651	3,644	3,007
			A321		
64	9	-39-	2,044	917	1,127
			A330		
6	12	-0-	1,342	1,082	260
			A350		
-0-	-0-	-0-	812	-0-	812
			A380		
-0-	-0-	-0-	324	128	196
This Month			This Year		BL
40	64	-39	142	193	5,508

Airbus sold 13,957 aircraft and delivered 8,449 as of April 30, 2014. Ninety-four orders were cancelled. Total orders, deliveries and backlog include cancellations and order changes.

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aircraft delivers innovative features as standard, in both cabin and cockpit, such as the alluring ambience of domed ceilings and mood-matched lighting, as well as a pilot-pleasing environment backed by the support, simplicity and savings of fly-by-wire controls, **Airbus** said. More than 170 **Airbus** corporate jets have been sold to date, and they are flying on every continent, including Antarctica.

Airbus Admitted it Faced a Shortage of A330 Orders After 2016. The manufacturer sold lots of A330s while 787 Dreamliner customers waited three years for **Boeing** to get the carbon-fiber jet into service. Now **Boeing** is catching up with 787 deliveries and the **Airbus** A350 will enter service later this year. The A350 was designed to replace the 20-year-old A330 design. A spokesman said **Airbus** will support the A330, "The market understands that we are investing in the A330 family, offering two new variants optimized for longer range and for regional operations, available as early as 2015. The long-range [A330] program presents no new challenges. However, managing the order book beyond 2016 becomes more challenging due to competition from A350 XWB and Boeing 787," the company said. **Airbus** will decide whether to launch the re-engined A330 "neo" and the go-ahead could be announced at the **Farnborough Airshow** in July. So far, **Airbus** has sold some long-range A330s to **AirAsia X**, but the Chinese market has not responded to the A330 "regional" **Airbus** is trying to encourage A350-800 customers to switch to the A330 "neo" **Boeing** thinks the older A330 can no longer compete with the lightweight 787-8 Dreamliner.

Airbus' Latest Global Market Forecast (GMF) said that traffic to and from Germany is set to grow at 3.5 percent per year, less than the (global average 4.7 percent), over the next 20 years. The market will need 1,821 aircraft to serve the country's rising international and domestic air travel requirements. The fleet will grow by 80 percent from today's 1,013 to 1,821 aircraft by 2032. The forecast suggests the market will require 1,338 single-aisle, 386 twin-aisle and 97 very large aircraft (VLA). Europe as a whole will need 5,950 new passenger and freighter aircraft market valued at \$803 billion. This represents 20 percent of world-wide demand, while North America will also account for 20 percent. The strongly growing emerging markets (such as Asia-Pacific) represent 38 percent of the global demand. **John Leahy**, **Airbus** Chief Operating Officer Customers, said, "Germany is the fifth largest aviation market in the world and will continue its upward trend, but its growth is less than the world average. With its airport infrastructure being constrained we see the need for bigger, quieter and more eco-efficient aircraft as confirmed by the number of VLA's increasing by five times from today's 21 to almost 100 aircraft by 2032."

Airbus Intends to Sell Several of the Five A350-900s in the Test Fleet. The airframer is preparing to deliver the final test aircraft (SN 005) to the flight test program. The jet will be fitted with a full cabin and it will be used for route proving. One other A350 (SN 002) has a cabin, while the first and third A350s are filled with electronic flight test equipment. A350s (SN 001 & 003) did much of the heavy development testing. **Airbus Group** Chief Financial Officer **Harald Wilhelm** said the sales of test planes would only take place "at a much later point in time". **Boeing** operated six 787-8s in its test fleet, but will only sell three of them because of the extensive modifications made to the other three. Mr. **Wilhelm** said the book value of the A350 test aircraft would be realistic, and added that "We don't expect any substantial profit or loss from [the sales]". **Airbus** is currently assembling the first two production A350-900s and they will be delivered to **Qatar Airways** in the fourth quarter.

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Boeing Orders

Boeing Sold 70 737 Aircraft in April, including five 737-800s to **Ryanair**. At the end of the month, **Turkmenistan Airlines** signed for three 737-800s. One **Unidentified Customer** bought 16 737-800NGs and 34 737 MAX on April 29. Another **Unidentified Customer** purchased five 737 MAXs on April 11. An **Unidentified Customer** bought seven 737 MAXs on the last day of April. The manufacturer lost 14 737 orders at the end of the month and 54 737 orders since January 1. The company ended the first quarter with 5,154 unfilled orders.

Boeing Delivered 56 Aircraft in April, including 39 737NGs. It also handed over one 747-8, eight 777s and eight 787s.

Ryanair finalized its order for five 737-800NG production slots that became available. The deal was valued at \$452 million at list prices. The Ireland-based, ultra-low-cost carrier now has 180 737NGs on order, worth more than \$16 billion at current list prices. They will be delivered by 2019. Last year, the airline ordered 175 737-800s and it is currently the world's largest 737-800 customer, having ordered 528 of the type. Four of the latest five 737NG orders will be filled in the summer 2015, with the fifth coming in February 2016. The airline will take delivery of 21 737s between September 2014 and July 2015. **Ryanair** took delivery of its first -800 in 1999 and currently operates more than 300 737-800s. The April 30 announcement raised **Boeing's** 737 sales to more than 11,000, and the manufacturer had 3,811 unfilled orders for 737NG and 737 MAX airplanes.

The Newly Launched, Eastern Air Lines Group, signed an initial order and paid deposits for 10 firm 737-800 Next Generation aircraft and took purchase rights for 10 737 MAX 8s. The group was formed to re-launch **Eastern Air Lines**, which operated from 1930 to 1991. It will fly the 737NGs from its base at **Miami International Airport**. The startup carrier may acquire up to 10 used jets from leasing companies, and plans to start charter flights in nine to 12 months. In January, it filed with U.S. **Department of Transportation** for an operating certificate and it will launch with a single

Boeing April 2014 Orders, Deliveries					
APR ORD	APR DEL	APR CANX	TOTAL ORD	TOTAL DEL	BACK LOG
737					
70	39	-14	11,830	8,019	3,811
747					
-0-	1	-0-	1,538	1,487	51
767					
-0-	-0-	-0-	1,110	1,061	49
777					
-0-	8	-0-	1,548	1,196	352
787					
-0-	8	-0-	1,031	140	891
This Month			This Year		BL
70	56	-14	345	217	5,154
Boeing sold 24,587 aircraft and delivered 19,433 as of April 30, 2014.					
The Current Program includes sales and deliveries of 737s, 747s, 767s, 777s and 787s.					
Sales totals include 54 cancellations.					

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Airbus jet. The airline plans to grow to three planes in its first year. The new 737s will be delivered after **Eastern** decides whether to move into scheduled service. The new **Eastern** acquired the intellectual property and brand name of the original carrier in 2009 and has been working to assemble financing to begin operations. Management wants to paint **Eastern's** winged logo and blue livery on its aircraft and it is headquartered in the former carrier's operations center at Miami. **Edward Wegel**, President and CEO of **Eastern**, said the name still has tremendous recognition, [and] it has a very, very favorable view among the traveling public based on surveys we conducted. The original **Eastern** declared bankruptcy in 1989 and ceased operations on January 19, 1991. Its reputation was tarnished by labor unrest and spotty service in the last two years. The re-born airline will enter a tough market against three prosperous mega-airlines, and several very successful low-cost competitors, **Allegiant**, **Spirit Airlines** and **Virgin America**.

9 Air, China, committed to buy 50 737s, including Next-Generation 737s and 737 MAXs. The deal is valued at \$5.5 billion at list prices, and \$3.8 billion after the typical discounts have been applied. The airline is a subsidiary of **Juneyao Airlines**, and will be based in Guangzhou. It plans to launch low-cost revenue service later this year. **Boeing** announced **9 Air's** commitment on May 19. The manufacturer **Boeing** said the order will be posted such to **Boeing's Orders & Deliveries** website once all contingencies are cleared. With this commitment, **9 Air** is poised to become another all-**Boeing** operator in China. The manufacturer plans to deliver about 140 aircraft to China this year; they handed over a record 143 jets to Chinese customers in 2013.

Shandong Airlines signed a commitment to buy 16 Next-Generation 737-800s and 34 737 MAXs on April 29. The airline plans to expand its capacity to meet growing demand in China and Northeast Asia. The order was posted on the **Boeing Orders & Deliveries** website as from an **Unidentified Customer**. **Shandong's** deal was worth \$4.65 billion at list price, and the aircraft are scheduled to be delivered between 2016 and 2020.

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

Boeing Celebrated its 2000th 737 MAX Sale in mid-May. **Unidentified Customers** ordered 30 737 MAX aircraft and raised the program's total to 2,010 orders from 39 customers worldwide. The sales are valued at \$209 billion at list prices. The 737 MAX program has commitments for more than 250 additional airplanes. The 737 MAX reached 2,000 orders faster than any other **Boeing** airplane in history. **Keith Leverkus**, VP and General Manager of the 737 MAX Program, said, "Since its first order, the 737 MAX has received more than 50 percent of the new orders versus its direct competition [A320neo Family], proving the value this airplane offers to our customers." Mr. **Leverkus** said, "The 737 MAX offers our customers a new engine and more. In addition to the latest technology LEAP-1B engines from **CFM International**, the MAX combines advanced aerodynamics including the Advanced Technology winglets, 787-style large screen flight deck displays and the passenger preferred **Boeing Sky Interior** to give customers an airplane that will enhance their fleets for decades to come." The first 737 MAX will be built in 2015, and will fly in 2016. The first MAX 8 will be delivered to launch customer **Southwest Airlines** in the third quarter of 2017.

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currently operates 15 leased 737NGs, and this is the airline's first direct order with **Boeing**. The 737 MAX now has 2,017 orders from 40 customers.

Regional Report

Embraer delivered 14 commercial jets during the first quarter, and handed over 20 (17 light and 3 large) business jets, for a total of 34 aircraft. In the same quarter last year, it delivered 29 aircraft. As of March 31, 2014, the manufacturer's order backlog totaled \$19.2 billion, representing an increase of \$1.0 billion above the year end 2013 backlog. The backlog was also the largest since the second quarter of 2009, mainly as a result of orders in the commercial aviation segment. New jet deliveries and revenues from **Embraer's** growing **Defense & Security** business, raised first quarter 2014 revenues to \$1,242.3 million. Revenues from the **Defense & Security** and **Executive Jets** units increased by more than 50 percent in the quarter, when compared to the prior year's quarter. **Embraer** ended the first quarter with a net cash position of \$52.7 million.

Bombardier CSeries Woes. **Air Canada** decided not to retire 25 of its 45 EMBRAER

190s, which means it will not be replacing them with CSeries jets any time soon. The carrier said in a statement, "After careful consideration, **Air Canada** has decided to continue to operate the [**Embraer**] aircraft given their young age, productivity and high customer acceptance on existing routes and to avoid additional capital expenditures and debt." In April, **Air Canada** said it would trade in 20 of its E190s to **Boeing** as part of its purchase of 61 737 MAX jets. The airline will lease 10 larger, narrow-body aircraft until it starts taking delivery of the 737s in 2017. The airline decided to continue to operate the remaining E190s to avoid additional capital expenditures and debt. The decision was prompted by a first quarter net loss of C\$341 million (\$312.7 million) in the quarter ended March 31, 2014; this was up from their C\$260 million loss from a year earlier. Some of the losses were due to a weakening Canadian dollar. When it signed the 737 MAX order, **Air Canada** said it would review various options for the remaining 25 E190s, "including continuing to operate them or replacing them with a yet to be determined number of aircraft in the 100 to 150 seat range." A spokeswoman for **Bombardier**, **Marianella de la Barrera**, said, "Air Canada is a valued customer of ours, and we still believe the CSeries is the perfect aircraft for them." **Air Canada** CEO, **Calin Rovinescu**, said the airline could

Libyan Airlines Wants to Buy Six CSeries Jets.

The airline aims to swap its eight **Bombardier** CRJ900 regional jets for a mix of CS100 and CS300 trunkliners. **Libyan** wants to place six orders and four options. Its sister carrier **Afriqiyah Airways** is negotiating to buy 10 **Boeing** 737 MAX aircraft to replace its **Airbus** A320s, said **Ali Elayan**, the general manager of **Libyan African Aviation Holding Co.** The airlines should wrap up talks with manufacturers by the end of this year, and the purchases will be funded through local bank loans, Mr. **Elayan** said. The short-haul jets will be used on Mediterranean and North African routes and eventually to Europe, after the European Union lifts its ban on Libyan carriers. He said, "The Libyans are doing better financially and traveling for both leisure and business. It was unexpected after the revolution." The two Libyan airlines reported load factors above 80 percent. The country is investing in airport capacity, and 14 airports being outfitted with new ground equipment. "Libya has big ambitions for the future, the fleets are available, and there will be big developments," Mr. **Elayan** said. The two airlines have a combined 31 aircraft, including five long-haul A330s. Two more are on order for short term delivery. The holding company also ordered 10 **Airbus** A350s for delivery starting in 2019. The North African nation has plans to fly directly to New York, Montreal and Guangzhou, China, with the **Airbus** widebodies.

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eventually consider the CSeries again when it looks to replace its E190s and **Airbus** A319s as they near the end of their useful life. "That's not a tomorrow decision. This is several years away. The CSeries is a great airplane. It's a question of cost and benefit. It's as simple as that."

Republic Airways Holdings delayed a decision to confirm its order for 40 **Bombardier** CSeries aircraft, CEO **Bryan Bedford** told the **Regional Airlines Association (RAA)** convention in May. The Indianapolis-based carrier ordered the CS300s (valued at \$3.06 billion) in 2010 and intended for its **Frontier Airlines** subsidiary to operate them. It sold the Denver-based low-cost carrier to **Indigo Partners** in December 2013, hence alleviating the need for the 138-seat jet. **Republic** is now focused on the profitability of its regional operations feeding mainline carriers currently, said Mr. **Bedford**. The CSeries is too large for these operations. "We're focused on our core fixed-fee business," he said. "There is no place to operate the CSeries in that model." The airline has about two years before it needs to make a final decision on its CSeries order. "The aircraft purchase agreement has value or not and, if it does, then it becomes an asset and assets can be sold," he explained. The first CSeries will not be ready for delivery until the third quarter of 2016, and **Republic** holds early production slots. Mr. **Bedford** visited **Bombardier's** factory and commented, "[I'm] impressed with the product. I think it's going to meet the performance parameters that **Bombardier** put out there." **Rob Dewar**, **Bombardier's** VP of the CSeries program, said the flight test program operated more than 100 flights for a total of more than 300 hours. The fourth flight test aircraft (FTV-4) will fly "soon," he said. Further, the CSeries program is on-track to achieve final certification and entry-into-service by the second half of 2015. The manufacturer has won firm orders and commitments for 452 CSeries aircraft. **Republic** accounts for 40 orders and another 40 options. One analyst said it was likely that **Republic** would cancel the CSeries order. The first of the smaller CS100s is now scheduled to enter service in the second half of 2015.

Embraer Commercial Aviation forecasts that airlines in Africa and the Middle East will take delivery of 530 new jets in the 70 to 130-seat segment over the next 20 years. They will be worth \$25 billion at list prices, and will represent eight percent of the worldwide demand. **Embraer** estimated that 65 percent of the total new deliveries will be used for growth in market demand, while 35 percent will replace ageing aircraft. Forecasts show that 17 of the 30 fastest growing countries in 2014 are in Africa and the Middle East. Traffic will grow at 5.3 percent and 7.1 percent per year respectively, over the next 20 years. The world average is 4.8 percent. Traffic to, from, and within the region, will more than triple. **Embraer** reported that 60 percent of the single aisle jet flights to or from African and Middle Eastern destinations have an average of 110 passengers on-board resulting in low load factors. The region is mostly composed by low- and mid-density markets.

Commercial Aircraft Corporation of China, Ltd. (COMAC) has sold 252 ARJ21-700 regional jets to 13 domestic and foreign customers. Its first two production jets (SN 105 & 106) left the assembly line in late 2013 and are expected to be delivered early next year. The manufacturer expects to achieve certification for its much delayed regional jet by the end of 2014. This year, **COMAC** won its first order for the business jet variant of the ARJ21 jet. Chinese conglomerate **Yan Shang Group** signed a letter of intent for the purchase of an ARJ21-700 business jet on May 10. The delivery schedule was not announced. The LOI will speed up the development of Chinese-made business jets, and also push forward the development of the ARJ21 series, **COMAC** said. The Chinese airframer said that it intends to develop stretched, freight and business jet variants of the ARJ21. It started work on the ARJ21

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program 12 years ago, but progress was slowed as engineers encountered problems in both development and certification.

Order Changes and Cancellations

Airbus Order Changes and Cancellations.

U.S. leasing giant **International Lease Finance Corp. (ILFC)** cancelled orders for 9 A321ceo aircraft after it was taken over by Dutch-based **AerCap**. **American Airlines** downgraded 30 firm A321neo orders to options. As of April 30, **American** had firmly ordered seven A319ceos, 71 A321ceos and 100 A321neos. **ILFC** had ordered 153 A319s and took delivery of all of them. The lessor ordered 338 A320s and had received 213. It purchased 121 A321s and leased out 90 to date. **LATAM Airlines Group** exchanged three A319 orders for the A320 type. **TACA International Airlines** switched one A319 order for its 12th A321 order. **Vueling** exchanged five A320 orders for its first five of the larger A321 model.

ATR, the European Regional Turboprop Manufacturer reported it sold more than 100 firm ATR aircraft in the first four months of 2014. **ATR** has already announced orders from **DAE**, a United Arab Emirates leasing firm, for 20 firm ATR 72-600s and 20 options, and **Binter Canarias**, Canary Islands, ordered six ATR 72-600s; both deals were announced at the **Singapore Airshow** in February. Since then, **ATR** has booked eight additional contracts for 81 firm aircraft plus 41 options. Most of these new orders will be unveiled in the coming weeks. Since the beginning of the year, sales of new ATR -600s represent over 80 percent of total orders for regional aircraft below 90-seats. This year's sales have surpassed last year's firm orders for 89 ATR -600s. The company now has a backlog of more than 300 aircraft. The manufacturer has sold more than 470 of its -600 series aircraft and delivered approximately 150 of them.

Boeing Cancellations and Changes. **Boeing** lost 14 737 orders in April. The model and customers were not announced. **ILFC** recently converted firm orders for eight 787-8s to the larger 787-9 model. The lessor is now the single largest customer of the 787-9. **ILFC** originally ordered 74 Dreamliners from 2005 through 2007. They were previously split between 41 787-9 and 33 787-8s. **Boeing's** latest **Orders and Deliveries** website shows that **ILFC** now has 49 787-9 and 25 787-8 orders as of April 30. The lessor chose to power four 787-9s with **Rolls-Royce** Trent 1000 engines and three 787-9s with **General Electric** GEnx-1b engines, with one aircraft with no engine selected. So far **ILFC** has not picked an engine supplier for the first 41 787-9s.

Leasing Companies

AerCap Holdings Completed its Acquisition of International Lease Finance Corporation (ILFC). Under the terms of the agreement, **AerCap** paid **American International Group, (AIG)** \$3.0 billion in cash and 97,560,976 **AerCap** ordinary shares. The stock represents 46 percent ownership of **AerCap's** ordinary shares. **AerCap Ireland Capital Limited** and **AerCap Global Aviation Trust** (both wholly-owned subsidiaries of **AerCap**) privately placed senior notes worth \$2.6 billion, in three tranches. The notes are guaranteed on a senior unsecured basis by **AerCap** and certain of its subsidiaries. The proceeds of the private placement were used to finance the \$3.0 billion cash part of the acquisition. **AerCap's** new \$2.75 billion four-year unsecured revolving credit facility was activated at the closing of the **ILFC** acquisition, and replaced **ILFC's** \$2.3 billion unsecured revolving credit facility. Additionally, **AIG** offered a five-year \$1.0 billion unsecured revolving credit facility to **AerCap**. **AerCap's**

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CEO **Aengus Kelly** commented, "With approximately \$45 billion of assets coupled with a diverse fleet of 1,300 aircraft and an attractive forward order book [of 363 aircraft] **AerCap** will be a driving force in the industry." **AIG** President and CEO, **Robert H. Benmosche**, and Executive VP and CFO, **David L. Herzog**, joined **Aercap's** Board of Directors. **Aercap** is headquartered in Amsterdam, and the company has offices in Los Angeles, Shannon, Dublin, Fort Lauderdale, Miami, Singapore, Shanghai, Abu Dhabi, Seattle and Toulouse. **AerCap** currently serves over 200 customers in more than 90 countries and provides part-out and engine leasing services through its subsidiary, **AeroTurbine**.

Air Lease Corporation (ALC) acquired its 200th aircraft when **ALC** simultaneously delivered three new aircraft to three different lessees on the same day. One new **Boeing 737-800** was delivered to **MIAT Mongolian Airlines** in Seattle, Washington; a new **Airbus A321** was delivered to **Thomas Cook Airlines** in Hamburg, Germany; and a new **Avions de Transport Régional ATR 72-600** was delivered to **Golden Myanmar Airways** in Toulouse, France, on May 9. These aircraft were all from **ALC's** order book, and are all on long-term leases with these airlines.

Air Lease Corporation announced it will long-term lease three new **Airbus A321neos** to **Novair**. The first will be delivered in 2017. **Novair** is based in Stockholm, Sweden and owned by Switzerland's **Kuoni Travel Group**. These aircraft are from **ALC's** order book from **Airbus**. **ALC** will long term lease two new **Boeing 737-800s** to **Mihin Lanka**, Sri Lanka, with delivery from **ALC's** orderbook in 2015. The new 737s will be used for fleet renewal.

Air Lease Corporation reported another consecutive quarter of fleet, revenue and profitability growth. Revenues increased 28 percent to \$246 million, compared to \$192 million in 2013. Income before taxes increased 54 percent to \$95 million with a pretax margin of 39 percent for the first quarter in 2014, compared to income before taxes of \$62 million with a pretax margin of 32 percent in 2013. **Air Lease Corporation** recorded \$15.9 million in gains on aircraft sales, trading and other activity for the first quarter 2014. It placed orders for nine additional aircraft from **Airbus**, **Avions de Transport Régional** and the **Boeing Company** which are scheduled for delivery from 2014 through 2017. The Company signed forward lease placements with four new airlines.

International Lease Finance Corporation (ILFC) will lease two 787-8 Dreamliners to the Italian carrier **Neos SpA**. The airline is based at **Milan Malpensa Airport** in northern Italy, and it will become the country's first 787 operator when it takes delivery of the airplane in 2018. **Neos** currently operates a fleet of six 737-800NGs and two 767-300ERs. The airline will use the 787s to provide even greater passenger comfort and service, and expand its route network. **Neos** is a part of the **Alpitour Group**, the most important and best integrated tourism group in the country, **ILFC** said. It was founded in 2001, and **Neos** caters to Italy's leisure market by providing flights from Milan, and other major Italian cities, to destinations across Africa, Asia, the Caribbean and the Mediterranean.

Norwegian Air Shuttle, operating as **Norwegian**, signed agreements to lease three new **Boeing 787-9** Dreamliners from **ILFC/Aercap** for its **Norwegian Long Haul** operation. Two of the aircraft will be delivered in 2016 and one in 2017. Today, **Norwegian** has five 787-8 Dreamliners in its fleet and another three on order. In addition, the company has six 787-9 Dreamliners on order. With the new order announced on May 7, **Norwegian** will have 17 aircraft in its long-haul fleet in 2018.

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FLY Leasing Limited, a global lessor of modern, fuel-efficient commercial jet aircraft, announced its financial results for the first quarter of 2014. It reported adjusted net income of \$5.1 million and the purchase of four aircraft at a cost of \$82 million. Since March 31, **FLY** acquired three more aircraft for \$94 million. The lessor declared its 26th consecutive quarterly dividend. **FLY** CEO, **Colm Barrington** said, "In the first four months of the year, we have added seven aircraft to the fleet, with a consequent growth in top line revenues. We are making strong and steady progress in achieving our target of 15 percent growth in our fleet this year, having already spent \$176 million. We have a robust acquisition pipeline and our continued deployment of capital will drive further revenue and earnings growth as the year progresses. We will also be selling more aircraft, demonstrating our consistent ability to monetize a range of aircraft types and ages at prices above their book values. This again underscores the positive market value of **FLY's** fleet as compared to its book value."

CIT Group Inc. announced that **CIT Aerospace**, a global leader in aircraft finance, signed a total of 55 agreements in the first quarter of 2014 for the current and future leases of commercial aircraft. **CIT Aerospace** delivered 28 aircraft, including new and used aircraft and lease extensions of the existing fleet, to its airline customers around the world. **CIT Aerospace** owns and finances a fleet of more than 300 commercial aircraft leased and financed to more than 100 customers in 50 countries.

CIT Aerospace contracted to purchase and leaseback 24 new aircraft, including 10 **Boeing** 737-900ERs and 14 **Bombardier** CRJ900s with **Delta Air Lines**. The 737-900ERs will be operated by **Delta** and the CRJ900s will be operated by **Delta Connection** carrier **Endeavor Air**. As of mid-May, six 737-900ERs and six CRJ900s have been delivered. The remaining aircraft are expected to arrive in 2014. **Skyworks Capital** acted as advisor to **Delta** on this transaction.

AWAS agreed to lease one new 737-800NG to Ethiopia's flag carrier, **Ethiopian Airlines**. This aircraft will come from **AWAS's** orders with the manufacturer. This additional 737 will further support **Ethiopian's** announced 15-year strategic plan, the **Vision 2025** initiative, which will establish multiple hubs across Africa. **Ethiopian** is a multi-award winning airline which registered an average growth of 25 percent in the past seven years.

Engines

Pratt & Whitney launched its newest addition to the PurePower engine family, the PW1135G-JM Geared Turbofan engine. It is a 35,000 lb. thrust class engine and will be installed on the **Airbus** A321neo. The engine's higher thrust makes it the most powerful engine on the A321neo allowing A321neo operators to fly routes of greater distances while carrying more passengers or larger payloads when operating out of high-altitude airports such as Mexico City and Bogota, **Pratt & Whitney** said.

Pratt & Whitney (P&W) delivered the first two PurePower PW1100G-JM engines to **Airbus** for installation on the first A320neo (new engine option). The geared turbofan engine is one of the two options for the new A320neo aircraft. The PurePower engine family has completed more than 9,000 hours of rigorous testing. The engine will continue to be tested at **P&W**, and the company expects it will be certified in the second half of 2014. The first PW1100G-powered A320neo is planned for delivery in the fourth quarter of 2015.

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International Aero Engines (IAE) shipped the first six V2500-E5 engines to **Embraer** to power the KC-390 multi-role tanker and transport. **IAE** said the engines will be used for flight tests that will start later in 2014. **Embraer** is scheduled to deliver the first certificated KC-390 to the **Brazilian Air Force** in 2016. The V2500-E5 is rated at 31,300lb-thrust, **IAE** anticipates that the engine will achieve civilian certification in the third quarter of 2014. The engine was selected by **Embraer** and the **Brazilian Air Force** in July 2011. Production of the venerable V2500 engine will wind down by 2020, as the PW1000 PurePower geared turbo fan engine replaces it on the assembly line. The geared turbofan will power **Airbus A320neos**, **Bombardier CSeries**, **Embraer E2** family E-Jets and **Mitsubishi MRJ** regional jets.

Royal Brunei Airlines, the flag carrier of Brunei Darussalam, signed a letter of intent with **Pratt & Whitney** for PurePower PW1100G-JM engines. They will power seven firm A320neo aircraft (and three options). Deliveries are scheduled to commence in 2018. To date, the PurePower engine family has more than 5,300 orders and commitments, including options, from more than 50 global customers. **Rolls-Royce** dispatched the first production Trent XWBs to **Airbus** in Toulouse. The engines will power the launch-customer **Qatar Airways'** first A350-900s, which will enter commercial service later this year. **Qatar Airways** ordered 80 A350 XWBs including 43 A350-900s and 37 A350-1000s. **Rolls-Royce** said the Trent XWB is the most efficient aero engine and it was specifically designed for the A350 XWB. The airplane is exclusively powered by the Trent XWB. It is the fastest-selling large civil engine ever, and **Rolls** has sold more than 1,600 engines to 40 customers.

GE Aviation sold more than 470 CF34 engines in 2013, because airlines revitalized their regional jet fleets. The manufacturer will boost production rates from more than 330 engines in 2013 to close to 400 engines in 2014 and more than 475 engines by 2016. **Kathy MacKenzie**, General Manager of **GE Aviation's Regional Engines & Services** said, "The CF34 engines remain one of the most reliable and durable engines for regional aviation with an outstanding 99.95 percent dispatch reliability and durability that is unparalleled. These characteristics along with **GE's** commitment to product support are why operators continue to select CF34-powered aircraft for their regional aviation needs." **GE** has delivered more than 6,000 CF34 engines and has continuously invested in product enhancements since it entered service in 1992. Today, CF34 engines are in service with 150 operators in more than 60 countries.

Airline News

Bigger is Better, Biggest is Best. **AirAsia X**, the long-haul arm **AirAsia Bhd**, Malaysia, wants to be the region's dominant airline and has a plan to stay there. They are actively expanding capacity and will open two more hubs, in Thailand and Indonesia, in June and late 2014, respectively. CEO **Azran Osman Rani Azran** said, "This is the business where, basically to succeed, you've really got to be number one in your segment. If you're number three or number four, it is going to be very hard... that's proven around the region, in America and Europe and how **AirAsia** continues to survive in Southeast Asia by being more than double the size of the competition. The airline flies 21 **Airbus A330-300s** from Kuala Lumpur to Saudi Arabia and 18 cities in the Asia-Pacific region including Australia, China and Japan. It expanded capacity by 49 percent in the fourth quarter of 2013 and plans a 40 percent increase for 2014, up from the 19 percent average in 2013. "Naturally there is short-term pressure on yields because typically every new capacity that we add in takes at least 12 months to break even," he said. Yields took a severe hit on medium and long-haul routes last year when rival **Malaysian Airlines**

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cut fares, forcing **AirAsia X** to discount its already low fares to maintain load factors. The airline reported a net loss of 131 million Malaysian ringgit (\$40.12 million) in the fourth quarter, dramatically down from a profit of 14 million ringgit a year ago. Improved performance at key routes and lower capacity growth over the next few years will help stabilize yields, Mr. **Azran** predicted. The airline ordered 25 more A330-300s in December, 2013, worth \$6.0 billion at list prices, and the first will be delivered in 2015. It expects to receive four more new A330 from previous orders by end the year. So when will they rein in capacity growth?

Singapore Airlines' and Tata Group's Indian joint venture airline expects to start flying on September 1. **TATA SIA Airlines** is 49 percent-owned by the Singapore carrier and it will operate 87 flights a week during its first year of operation according to its application to the Indian aviation authorities. The airline plans to nearly double the number of flights during its second year. The carrier will lease **Airbus** A320-200ceo aircraft for now and will add A320-200neos later. The number of planes to be acquired was not stated. The airline will be based in Delhi and may add other bases in India as it grows. **TATA SIA** will operate full-service domestic flights at its launch, but will eventually expand to international flights. **AirAsia** finally received an operating license for its Indian venture in May. The Malaysian low-cost carrier waited more than a year for the authority to start flying after it was provisionally approved in March 2013 to form a joint venture airline with the **Tata Group**. **AirAsia India** intends to start flying domestic routes in the South Asian nation shortly, as well as offer some free tickets. It will be based in Chennai (formerly Madras) on the southeastern coast. The budget carrier will fly A320s to smaller cities and will try to attract passengers from among the million people who take trains every day in India.

IATA Posts May Jet Fuel Prices. Fuel prices were remarkably stable in 2014. The association updates the world's average jet fuel price each week. On May 9, 2014, the average price of fuel was \$2.902 per gallon. The fuel price was \$2.879 per gallon on April 14, 2014. The May price was 0.4 percent higher than in April, and was 4.0 percent higher than in May 2013. The price of fuel was affected by location. It was only \$2.837 in the Middle East region and was as high as \$2.987 per gallon in Latin America. **IATA** estimated that the global airline industry's fuel bill will total \$123.3 billion in 2014. This was a decrease of \$6.2 billion from 2013's price.

SriLankan Airlines joined the **oneworld** alliance on May 1. It now offers the full range of services and benefits of the fast growing global airline alliance. The airline becomes the first carrier from the Indian subcontinent to join any of the global airline alliances and completes **oneworld's** biggest expansion program since the alliance was launched 15 years ago.

Tiger Airways, the Singapore-based low-cost carrier, reported a huge increase in its fourth-quarter net loss after the airline was hurt by losses in its joint ventures and exceptional charges. **Tiger** lost Singapore \$95.5 million (\$76.25 million) in the quarter ending March, up from its S\$15.4 million loss in the same period in 2013. The airline is being crushed by its big-spending rivals. "Due to an industry over-supply of capacity, **Tigerair** continues to operate in a challenging business environment. It is expected that yield and load factors will remain under pressure," **Tiger** said. "Given uncertain market conditions, the group is reviewing its investment in **Tigerair Mandala**, in Indonesia.

Air France/KLM sold its **CityJet** unit to **Intro Aviation GmbH**, Germany. **Air France** will continue its commercial cooperation with **CityJet**, which will develop a European network under its own brand from the **London City Airport** base. **Intro Aviation** also finalized its purchase of **Air France's** Belgian

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regional, **VLM**. The German investment company offered to buy **VLM** in 2012 as **Air France** stepped back from regional flights after years of losses. **CityJet** operates 23 Avro RJ85 jets and 15 Fokker 50 turboprops which can take off from the short runway at **London City**. **CityJet** will operate flights for **Air France** at **Paris Charles de Gaulle Airport**. **VLM** and **CityJet** will remain separate entities.

Qatar Airways became fully government owned in July 2013, after Qatar's former prime minister and other shareholders sold their half of the airline to the country's sovereign fund. CEO **Akbar Al Baker** said the company will publish its 2013 financial reports shortly. He also told the press that the airline wants to buy a share of **IndiGo**, India. It recently premiered its **Airbus A380** first-class cabin, which is much less opulent than First Class in **Etihad Airways'** A380s. **Qatar's** will offer eight first-class seats that are essentially upsized business-class seats. "Executive travel returning to first class will never happen, that's why we decided on a first-class product with a business class price," because first class load factors were only 40 percent, Mr. **Al Baker** said. "We [are] better not [to] have first class but [to] give a very good business class product," he commented. **Qatar's** three A380s are in final assembly at **Hamburg** and will be delivered in June, July and August, with 48 business-class seats and a total of 517 seats on the two decks. Mr. **Al Baker** said carriers would be well advised to use the A380 space efficiently to wring money from the jetliner. "An aircraft [is] the most expensive real estate in the world, so we need to make maximum use of the space."

Etihad Airways' A380s will be fitted with the ultimate in First Class travel. The first A380 will be delivered by December with nine first-class "apartments", a three-piece enclosed cabin with a double-bed, living area and shower room complete with a dedicated attendant the airline said. CEO **James Hogan** boasted, "We've taken the concept of private jets and put them into the A380." Each A380 will also have an individually-styled cabin branded "The Residence" and featuring a double bedroom, separate living area and a shower room, with a dedicated attendant trained at the **Savoy Butler School**, he said. "We believe there will be strong market for the Residence and Apartment," Mr. **Hogan** said. "It's compartmentalized and can be used by families and government delegations, so you can charter

Budget Airline, Norwegian Air has delayed buying 20 Dreamliner planes in late April, because it has not received U.S. **Department of Transportation (DOT)** approval for long-haul operations from its base in Ireland. Chief Executive **Bjoern Kjos** said the airline planned to relocate its long-haul subsidiary to Ireland in order to be a European Union-based carrier. As such, it could take advantage of the Open Skies trade between the U.S. and the EU. **Norwegian** is currently operating its flights to the U.S. and Thailand under a temporary permit issued by the government in Oslo. Critics, including rivals and unions, said **Norwegian** was trying to escape high Nordic labor costs and wanted to employ cheap Thai crew, gaining an unfair advantage. So far, the U.S. **DOT** has not granted a permanent license. Mr. **Kjos** commented, "Unfortunately, the delay in the **DOT** process has given us no other choice than to put our ongoing negotiations with **Boeing** to purchase 20 new 787-9 Dreamliner aircraft - due to be registered in Ireland - on hold until **Norwegian Air International's** future in the U.S. has been decided. An additional delay - or in the worst case, a negative decision by the U.S. **DOT** - may regrettably force us to reverse our commitment to build an international long-haul airline in Ireland." **Norwegian** has more than 200 aircraft on order, including commitments to buy or lease 14 787-8s and three 787-9s. It is opening bases across Europe and intended to launch long-haul flights between London and New York. If its bid to be a big player in the trans-Atlantic market fails, it would re-base the 787s in Norway, where it has a permit to operate.

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that part of the aircraft. In that regard it's better than private jets. Etihad announcing that the planes will serve London, New York, and Paris to the west and Melbourne and Sydney to the east, which already have extensive A380 services. Etihad will be the 14th airline to operate the A380 when it launches services on December 27. It has 10 of the double-deckers on order, and they will compete with Emirates and Qatar on many of the same intercontinental routes.

Technical

Alpha Star Aviation Services, Saudi Arabia, was the first **Airbus ACJ320** customer to have Sharklet wingtips retrofitted to its aircraft. The wingtips can save about four percent in fuel consumption while also enhancing performance and appearance. Alpha Star plans to fit Sharklets to another **Airbus ACJ320** in 2016. **Comlux—The Aviation Group** will be the first customer to retrofit Sharklets on its **Airbus ACJ319**. The conversion will take place during 2016. The retrofits comprise reinforcements of the outer wings, software upgrades to several flight-control computers, and replacement of the existing wingtips with Sharklets. Alpha Star is also the first Saudi Arabian corporate jet customer for **FlySmart**, Airbus' performance calculation software for iPad.

International Air Transport Association (IATA) reported that air freight traffic was up 5.9 percent in March, compared to a year ago and capacity grew 3.4 percent. Much of the growth took place in the final quarter of 2013. Since the beginning of the year, air cargo volumes have been basically flat. This plateau in volumes is consistent with the recent pause in improvements to business confidence and world trade. IATA said business conditions in the U.S. and Europe provide a reason to be cautiously optimistic for a resumption of growth in the months ahead. Rising export orders are expected to raise the U.S. and European markets. This is balanced by the slowdown in Chinese manufacturing, which is in its fourth month of decline, and exports from emerging Asian countries also contracted in February. IATA's Director General and CEO, **Tony Tyler** said, "The business cycle will eventually swing upwards. But the air cargo industry also needs to improve its value proposition if it is to attract growth when markets improve. Modernizing air cargo processes and infra-structure offers the potential to cut end-to-end shipping times by up to 48 hours. We cannot let market doldrums hold us back from this critical competitive gain." Since the introduction of the 747 freighter 40 years ago, the end-to-end shipping time for goods by air has remained unchanged, at six to seven days. Recently, innovators have speeded up deliveries through integrating the airline and ground components of freight. This has added value to air cargo and challenged the existing business model for many participants.

Cargo Pallet

PEMCO World Air Services redelivered 737-4Q8SF (SN 25375) to **Rio Linhas Aéreas (Rio Cargo)**, the national postal service carrier of Brazil. The 11-pallet freighter was converted by **COOPESA**, PEMCO's Costa Rican conversion partner. Rio Cargo is currently modernizing its fleet of 12 **Boeing 727-200SFs** to PEMCO-converted 737-400Fs. Rio Linhas Aéreas' -400SF freighters will replace five 727-200Fs that are currently operated on behalf of **DHL Express**, and they will fly for **Correios** – the **Brazilian Postal Service's** courier division – for whom Rio Cargo hauls an average of 75 tons of mail each day. This aircraft was the first of several -400s currently in the conversion pipeline for **Global Air Fleet (GAF)**, an international multi-functional sales and remarketing aircraft company.

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Air Transport Services Group (ATSG) will dry-lease two **Boeing 767-200SF** freighters to **Cargojet**, Canada, for up to three years. The planes will be handed over in the second and third quarters of 2014. The airline already leases two **Bedek**-converted 767-223BDSF freighters (SN 22316 & 22319) from **ATSG**-subsidiary **Cargo Aircraft Management (CAM)**. **ATSG** will also dry-lease two **Boeing 767-300SF** freighters to **Amerijet International**, Florida, for six years beginning in the third quarter 2014. **Amerijet** currently leases three 767-223BDSF freighters (SN 22215, 22216 & 22218) from **CAM**. When the -300SFs arrive, **Amerijet** will return one -200BDSF to the lessor, and will extend the leases of the other two until early 2019.

Air Transport Services Group reported its consolidated financial results for the first quarter ending March 31st, 2014. The quarter's revenues were \$143.6 million, about the same as a year ago. The increases in revenues from aircraft leasing and other business activities offset lower revenues from airline operations. The \$6.5 million earnings from continuing operations were lower than the \$8.5 million the company earned a year ago. A \$4.1 million increase in depreciation and amortization expense was caused by the addition of more modern aircraft to **ATSG's** fleet. This offset decreases in other operating expenses.

GECAS leased a **Boeing 737-300SF** freighter to a new airline customer, **PT Trigana Air Service**, Indonesia. **Trigana Air** will use the aircraft to expand its fleet of nearly 20 passenger and freighter aircraft that it operates to more than 20 domestic destinations.

Military Market

Boeing Delivered the Fourth P-8I Maritime Patrol Aircraft to India, and has filled the first half of the contract. The P-8I left Seattle and arrived at **Naval Air Station Rajali** on May 21, where it joined three P-8Is currently undergoing operational evaluation. The **Indian Navy** is putting the first three P-8Is through their paces operationally, and the P-8I delivered today will begin flight trials in the coming months, **Boeing** said. The P-8I incorporates India-unique design features, and Indian-built subsystems that are tailored to the country's maritime patrol requirements. In order to efficiently design and build the P-8I and the P-8A, the **Boeing**-led team was using a first-in-industry, in-line production process that draws on the company's Next-Generation 737 production system, the company said.

Boeing Delivered the Second Peace Eagle Airborne Early Warning and Control (AEW&C) to the Turkish Armed Forces. The 737-based AEW&C aircraft arrived at **Konya Air Base** in May. The first **Peace Eagle** was delivered January 31, and a third will be delivered later this year. **Boeing** is scheduled to deliver the fourth aircraft for the program in 2015. **Turkish Aerospace Industries, Turkish Airlines, HAVELSAN** and **MiKES** are key suppliers on the program.

Israel's Cabinet approved the purchase of a dedicated aircraft that will serve the nation's prime minister and president on official trips. The government currently charters an aircraft from one of the three Israeli airlines each time the prime minister was due to fly for an official visit abroad. The cabinet decision allows for the purchase of a new, or used **Boeing 767**-sized aircraft to serve as Israel's **Air Force One**. The dedicated aircraft will also serve as an advanced airborne command post, which will allow the prime minister and his aides to be connected to all the vital defence organisations from anywhere in the world. The airplane will be equipped with a laser-based countermeasures system developed by **Elbit Systems** to protect aircraft from shoulder-launched surface-to-air missiles.

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The Mexican Government is evaluating the Airbus Defence & Space A400M Atlas airlifter in May. Airbus flew one of its “Grizzly” development aircraft to Mexico City on May 15. The aircraft demonstrated its capabilities to meet the challenges of the country’s rugged terrain and hot and high airports. It left Mexico on May 23. The Mexican Air Force already operates the Airbus C295 medium transport, as well as the Alenia Aermacchi C-27J Spartan. If purchased, the A400M would replace Mexico’s elderly 1960’s era Lockheed C-130E/Ks and one L-100 Hercules. Mexico’s other option is to buy new-generation Lockheed Martin C-130Js from the U.S.

Iberia Won a New Contract from Airbus Defence & Space to convert three new A330-200s to the Multi-Role Tanker Transport (MRTT) configuration. The new contract extends a previous deal between the two companies for three more years, as each aircraft will require one year each to convert to the air-to-air refuelling role. Iberia’s technical management teams converted two A330s for the Royal Saudi Air Force (RSAF). The first of three A330 MRTTs was handed over to the RSAF in February 2013, and deliveries are now complete. A follow-on batch of three tankers is due for delivery to Iberia late this year. It is believed that the latest conversion contract is for Saudi aircraft, although Iberia did not make mention of the eventual customer in its announcement. Conversion to the military role requires the complete dismantling of the aircraft’s internal cabin, and the installation of structural alterations and mission-specific equipment, such as the three-point refuelling layout, with two hose-and-droge units beneath the wings plus a fly-by-wire-controlled boom on the centreline.

The Royal Jordanian Air Force received its first Airbus Defence & Space CN235 light gunship. Jordan’s King Abdullah II Design and Development Bureau and U.S. contractor ATK Defense, jointly modified the AC235 and displayed it at the SOFEX exhibition in Amman. The AC235 is equipped with a side-mounted 30mm cannon, four Lockheed Martin AGM-114M/K Hellfire air-to-surface missiles and two pods for BAE Systems 70mm (2.75in) Advanced Precision Kill Weapon System laser-guided rockets. The rockets are carried in fuselage-mounted pylons. The aircraft was equipped with a suite of counter-measures systems for self-protection. It was extensively modified, including the installation of an ATK mission suite with two on-board operator stations, and was previously operated by the Royal Jordanian Air Force as an air transport.

The Brazilian Air Force signed a firm order for 28 production KC-390 tactical transport/tanker aircraft, during the public unveiling of Embraer’s KC-390 final assembly site in Gavião Peixoto, Sao Paulo. The first delivery is expected at the end of 2016. The contract is valued at R7.2 billion (\$3.25 billion), and the two parties have additional documentation to sign in about 90 days. The contract includes a comprehensive logistics support package covering spare parts and maintenance services. The KC-390 is the largest aircraft to be designed and developed in the southern hemisphere. Embraer expects the KC-390 will be popular on the export market. The firm order paves the way for the confirmation of sales to Argentina, Czech Republic, Chile, Colombia, and Portugal, which have memorandum of understanding for 32 KC-390s. The first KC-390 is in final assembly and the first flight is expected late this year. The two prototypes may be slightly different from the full production aircraft, due to fine tuning of the specifications. They will not be converted into full operational aircraft.

Alenia Aermacchi, in partnership with ATK Defense, developed a fully configured MC-27J multi-mission tactical transport aircraft. It first flew from the company’s Turin Test Flight Center in April. The demonstrator aircraft has an L-3 Electro-Optical and Infrared Turret mounted under the nose, and

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the plane is optimized for Intelligence, Surveillance and Reconnaissance (ISR) and Search and Rescue missions. The MC-27 can be fitted with the ATK-developed modular roll-on/roll-off palletized mission system, the company said. Provisions for upgraded communication system with crypto capability have also been set up. **Alenia** will install both the mission and weapon systems, and the modified side door for the GAU-23 30 mm cannon will be completed in May. They will test fire the side-mounted cannon in June. The **Italian Air Force** expects to modify six of its C-27Js to the MC-27J configuration.

The **Belgian Air Force** replaced its A330-322 (SN 096) with an A321-231 (SN 1004) that was leased from **HiFly**, Portugal. The grey-painted A321 was officially presented on May 20. **Belgium** leased its A330 from **HiFly** since late 2009. The new plane will be used to transport troops and conduct the emergency evacuations of people and cargo, if required. It can carry 152 passengers and has a 2,320nm (4,300km) range. The Belgian defence ministry could save up to 4.3 million (\$5.9 million) annually, by operating the smaller aircraft.

Brazil Contracted for a Third Boeing 767-300 Tanker from Israel Aerospace Industries. In March 2013, the air force chose **IAI** to convert two commercial Boeing 767-300ERs into tankers, and took two options. The three tankers will replace the service's four KC-137s that it operated from 1986 to 2013. The 767 Multi-Mission Tanker Transports (MMTT) will be configured with under-wing hose-and-drogue refuelling pods to support **Brazilian Air Force** fighters. At least one of the 767s will be converted by **IAI's Bedek division**, with the rest to be modified in Brazil by **TAP Manutenção e Engenharia Brasil** under Israeli supervision.



Airbus A319. Six A319s were delivered in April, including the first Sharklet fitted A319-115/W (SN 5855) for **Tibet Airlines**. The airplane was built at the **Airbus Tianjin Final Assembly Line (FAL)**, and joined the airline's fleet of eight A319-115s. Another three **Tianjin FAL** A319s were delivered to Chinese airlines. **Sichuan Airlines** accepted -133/W (SN 5910), and **China Eastern Airlines** received -132 (SN 5920). The latter airline also leased -115 (SN 5886) from **ICBC Financial Leasing**. **American Airlines** leased -112/W (SN 6040) from **Aviation Capital Group**. **TACA International** leased -132/W (SN 6068) to **Avianca**. **SMBC Aviation Capital** purchased ex-**China Eastern** -112 (SN 1541) from **GECAS** in April, and leased it to **Bhutan Airlines**.

Airbus A320. **Airbus** delivered 25 A320s in April. **AWAS** leased the fourth, fifth and sixth -214/Ws (SN 6045, 6049 & 6081) to **Vueling**, the Spanish low-cost airline. **Aeroflot** leased the eighth Sharklet-fitted -214/W (SN 6060) from **AWAS**. The planes came from the lessor's new order pipeline and were factory-fitted with Sharklet wing tip devices. **Aeroflot** leased its fifth -214/W (SN 6043) from **ICBC Financial Leasing** and its seventh -214/W (SN 6044) from **SMBC Aviation Capital**. **SMBC** also leased one -214 (SN 6066) to **S7 Airlines**, Russia. **CIT Aerospace** leased -232/W (SN 6029) to **Air Astana**, and **GECAS** leased -214/W (SN 6050) to **Avianca Brasil**. **BOC Leasing** leased a third -232/W (SN 6078) to **China Southern Airlines**. **Qingdao Airlines**, a new Chinese start-up airline, leased its first aircraft, an -214/W (SN 6061) equipped with Sharklets, from Hong Kong-based **China Aircraft**

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Leasing Company (CALC). Qingdao Airlines placed an order for 23 A320 Family aircraft in 2013. **Zhejiang Loong Airlines** purchased two -214/Ws (SN 6026 & 6055) from **LATAM Airlines Group**. **AirAsia** acquired three -216/Ws (SN 6048, 6064 & 6075) for its own fleet. Elsewhere in the Asia/ Pacific region, **Cebu Pacific Air** received -214/W (SN 6051), and **IndiGo** accepted its 78th -232/W (SN 6036). **Airbus** delivered the 24th -214/W (SN 6054) to **Air Arabia**, and **Tianjin FAL** delivered one -232/W (SN 5942) to **China Eastern Airlines**. A **Private Customer** accepted ACJ320-214/W (SN 6069). It was flown to Kansas City for its interior installation and will be registered 4K-A103. The plane will be operated by **AZAL Azerbaijan Airlines**. In Europe, **Wizz Air Hungary** acquired two -232/Ws (SN 6058 & 6086), and **easyJet** received -214/W (SN 6047). **Lufthansa** accepted its 68th -214/W (SN 6092). **Jetstar** sold -232/W (SN 5971) to **Tainjin Airlines** in April. **Airbus** delivered the plane to **Jetstar** in February but it was stored in Toulouse until it could be sold.

Indonesia's Lion Group's first **Airbus** aircraft entered the A320 Final Assembly Line in Toulouse, France, in May. The aircraft will be delivered in the third quarter and will be operated by **Lion Group's** full service subsidiary, **Batik Air**, on its growing domestic and regional network. **Lion** placed a huge order for a total of 234 A320 Family aircraft, including 60 A320ceo, 109 A320neo, and 65 A321neo aircraft in March 2013.

SMBC Aviation Capital leased its eighth A320-214/W (SN 6090) to **Aeroflot** in May.

Viva Aerobus started operating its first three used A320-232s (SN 2157, 2210 & 2443) aircraft in April. The first two are leased from **SMBC Aviation Capital**, and the third was leased from **AWAS**. The low-cost carrier will receive an additional two A320s before the end of 2014. The A320s, powered by **IAE V2500** engines, are configured in an all-economy, 180-seat configuration. The 32 additional seats represent a 22 percent increase in capacity as compared to **Viva Aerobus'** existing fleet of 137-seat 737-300s.

Air Lease Corporation leased one used **Airbus A320-232** (SN 2645) to **Air Serbia** in March. **ALC** CEO **Steven F. Udvar-Házy** said, "Air Serbia is a new customer in Eastern Europe for **ALC**. **ALC** looks forward to a long and successful relationship with **Air Serbia** as they expand their fleet and route network in Europe and beyond. Additionally, this placement further develops our close collaboration with **Air Serbia's** significant shareholder and current **ALC** customer, **Etihad Airways**."

Airbus A321. **Airbus** delivered nine A321s in April, including another -231/W Transcontinental (SN 6046) to **CIT Aerospace** for lease to **American Airlines**. **JetBlue Airways** accepted its sixth -231/W (SN 6031). **Thomas Cook Airlines** leased one -211/W (SN 6056) from **Air Lease Corp.**, and one -211/W (SN 6053) from **Aviation Capital Group**. The latter airplane was subleased to **Condor**. **Aviation Capital Group** also leased -231/W (SN 6059) to **Monarch Airlines**. **UTair** acquired its seventh -211/W (SN 6067), and **China Southern Airlines** received -231 (SN 6049). **Philippine Airlines** took delivery of -231/W (SN 6074), and **Finnair** bought -231/W (SN 6083). The Finnish flag carrier sold it to **Jackson Square Aviation** and leased it back. This was the third of a three plane sale and leaseback package with the U.S.-based lessor. The first (SN 5922) was delivered December 2013, and the second (SN 5961) arrived in February. The lessor financed the new aircraft with a loan from parent company **Mitsubishi-UFJ**.

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Airbus A330. Airbus delivered four -200s, one -200F and seven -300s in April, a new record. **Synergy Aerospace**, owner of **Avianca**, leased -243F (SN 1506) to **Avianca Brasil**. **Synergy** has another two -243Fs and six -243s on order. **MTAD** took delivery of -202MRTT (SN 1516) for modification and eventual hand over to the **Royal Saudi Air Force**. **US Airways** accepted its 14th -243 (SN 1512), and **Hawaiian Airlines** received its 13th -243 (SN 1511). **China Eastern Airlines** received its 22nd -243 (SN 1520). **Airbus** delivered the 17th -343 (SN 1510) to **Philippine Airlines**, and the 15th -303 (SN 1514) to **Turkish Airlines**. **China Southern Airlines** accepted one -323E (SN 1519), and **Saudi Arabian Airlines** acquired -343E (SN 1513). **Intrepid Aviation Group** leased -323E (SN 1518) to **Asiana Airlines**. **Aercap** leased its fourth -343E (SN 1517) to **Singapore Airlines**. It was the 27th -300 to be received by **Singapore**.

BOC Aviation delivered the eighth and last A330-302 (SN 1515) to **Iberia** in April. The Spanish carrier has also leased four new A320s from **BOC**. The 12 aircraft were delivered between February 2013 and April 2014, and the planes came from **Iberia's** order backlog.

Finnair sold and leased back two A330s with **Novus Aviation Capital**. The two unidentified planes were valued at approximately \$110 million (\$149.6 million). The first transaction was finalized on March 31, and the second deal closed in mid-May.

Boeing

Boeing 737 NG. Boeing delivered 39 737s in April, including the 8,000th 737 to come off the production line. The manufacturer presented Next-Generation 737-924ER/W (SN 43535) to **United Airlines** on April 16. The aircraft featured a special logo. It was joined by -924ER (SN 42178) a week later. Elsewhere in the Americas, **Delta Air Lines** received two -932ER/Ws (SN 31930 & 319319) for a fleet total of 20, with 80 more on order. The aircraft were sold to **CIT Aerospace** and leased back. **Southwest Airlines** acquired three more -737 MAX 8s (SN 36894, 36895 & 42384) for a fleet total of 52. They were fitted with **APB Split Scimitar** wingtip devices before entering service. **American Airlines** took delivery of one -737 MAX 8 (SN 31192). It was

Airbus A380. No A380s were delivered in April. South Korea's **Asiana Airlines** received its first **Airbus A380-841** (SN 152), becoming the eleventh operator of the type in the world. **Asiana** ordered six A380s, powered by **Rolls-Royce Trent 900** engines. The airplane was fitted with a premium three class layout, seating a total of 495 passengers, with 12 private suites in First Suite, 66 fully flat seats in Business Smartium and 417 seats in Travel Class. All seats are equipped with the latest on-demand in-flight entertainment systems.

The London-Based Lessor Amedeo intends to be the primary A380 leasing specialist and it will expand its portfolio by buying second-hand A380s aircraft when their initial lease terms expire. **Amedeo** ordered 20 A380s for delivery from late 2016 and it is the asset manager or overseer of 12 **Emirates** aircraft that were financed through the U.K. market between 2010 and 2013. **Amedeo** is looking at ways to remarket second-hand A380s, including the **Emirates** aircraft. CEO **Mark Lapidus** said, "We have in mind all of the A380s that may be coming back [off lease] from any operator, whether they are managed by us or not, because we see ourselves as a market maker with vast opportunities to deal with returning aircraft in terms of knowing where they can be deployed, having **Airbus** agreements that allow us to reconfigure aircraft inexpensively." The first batch of **Rolls-Royce Trent 900**-powered A380s will become available in 2018, when the early deliveries to **Singapore Airlines** come off lease. Mr. **Lapidus** said **Amedeo** would "certainly be looking at being involved with those."

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sold to a lessor and leased back. **Alaska Airlines** accepted its 18th -990ER/W (SN 36361), and the **United States Navy** took delivery of its 26th -8FV (P-8A) **Poseidon** (SN 42254). The airplane is awaiting the installation of its mission suite. **Boeing** delivered one -8EH/W (SN 39637) to **GOL Transportes Aéreos**, and one -8V3/W (SN 40783) to **COPA Airlines**. The **COPA** plane was sold to **SMBC Aviation Capital** and leased back. This was the second of a four aircraft sale and leaseback transaction and is being fitted with **APB Split Scimitar** wingtip devices. Seven lessors bought a total of eight -800s. **SMBC Aviation Capital** leased -85N/W (SN 39939) to **Garuda Indonesian Airways**, and -85N/W (SN 39940) to **Malaysian Airline System**. **GECAS** leased the first of two -86N/Ws (SN 41247) to **Okay Airways**, and **AWAS** long-term leased one new -81D/W (SN 39439) to **Aeromexico**. The lessor will also purchase one new -800NG from the airline and lease it back. **Air Lease Corp.** leased -81B/W (SN 41317) to **China Southern Airlines**, and **CIT Aerospace** leased -8BK/W (SN 41561) to **Aerolineas Argentinas**. **BBAM** leased one new -8FZ/W (SN 41991) to **Aeroflot**, which subleased it to its new low-cost subsidiary **Dobrolet**. **Jet Airways** leased -8AL/W (SN 39065) from **BOC Aviation**. **GECAS** bought the second of three new -8K2/Ws (SN 37791) from **Air Berlin** and leased it to **Transavia France**. The third transaction will close in May. **Lion Air** accepted two -8GP/Ws (SN 38750 & 39814). **Avolon** purchased the first aircraft and leased it back to the airline. It was the last of a six plane deal. **Iraqi Airways** acquired its fourth -81Z/W (SN 40076) from the **Iraqi Government**. **TUI Travel PLC** took delivery of -8K5/W (SN 37263) and leased it to **Thomas Airways**. **KLM - Royal Dutch Airlines** took delivery of -8K2/W (SN 42151), and **Norwegian Air Shuttle ASA** received its 49th -8JP/W (SN 39032). **Turkish Airlines** accepted two more -8F2/Ws (SN 40990 & 42005). The latter airplane was **Turkish Airlines** 75th Next-Generation 737 airplane. **UTair** acquired its third of 30 -8LP/Ws (SN 41836), and **SilkAir** accepted its third -8SA/W (SN 44219). **All Nippon Airways** picked up its 25th -881/W (SN 33906). The airline has six more on order. Six -800s were delivered directly to Chinese airlines, including one -89L/W (SN 40024) to **Air China**, one -89P/W (SN 39733) to **China Eastern Airlines**, and one -81B/W (SN 38921) to **China Southern Airlines**. **Shenzhen Airlines** received two -87L/Ws (SN 37621 & 37625), and **Xiamen Airlines** accepted one -85C/W (SN 39908). Only one -700 was delivered in April, -74P/W (SN 39210) which was acquired by **Hainan Airlines**.

Lion Air Deals. **Avolon** purchased a 737-8GP/W (SN 39815) from **Lion Air** on May 6. This is the first of a six aircraft sale and leaseback deal with **Lion Air**, which includes four **Boeing** 737-800NGs and two **Airbus** A320-200s. **SMBC Aviation Capital** purchased one new 737-8GP/W from **Lion Air** in May, and leased it back.

The Indonesia Air Force (TNI AU) received **Boeing Business Jets** BBJ2 (737-8U3 BBJ2, SN 41706) in April. It was delivered to **Boeing Business Jets** in February 2012 and flown to a competition center for the interior installation. The VIP jet will be used for presidential transport duties, and cost \$89.6 million.

Boeing 747. **Boeing** delivered the 13th of 19 747-830 Intercontinentals (SN 37841) to **Lufthansa** in April. It was the German airline's 75th 747. **Lufthansa** was the launch customer for the 747-8 Intercontinental jetliner and took delivery of the first one in April 2012. The airline currently flies the 747s to 22 destinations in 10 countries. Over the years, the flag carrier has ordered a total of 81 747s, and its first 747-130 was delivered in 1970. The airline was also the first to order the 747-200F Freighter. The 747-8 has accumulated 120 orders for passenger and cargo versions, 68 of which have been delivered.

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Boeing 767. Boeing did not deliver any 767s in April. **GE Capital Aviation Services (GECAS)** leased a 767-300ERF freighter to **All Nippon Airways (ANA Cargo)**. ANA Cargo will use the wide-body freighter to expand its cargo operations. The airline operates seven 767-300ERFs and three 767-300F freighters on 18 international and six domestic routes.

Boeing 777. Boeing delivered eight 777s in April, including the sixth 777-FDZ (SN 39645) to **Qatar Airways**. **Turkmenistan Airlines** received its third and final -22KLR (SN 42297), and **Aeroflot – Russian Airlines** accepted its eighth -3MOER (SN 41683). **Air China** acquired its 19th and last -39LER (SN 60374), and **Emirates** purchased its 63rd of 120 -31HERs (SN 41362).

Cathay Pacific Airways received its 35th of 49 -367ERs (SN 41433). **American Airlines** accepted its 12th of 20 -323ERs (SN 31533), and **EVA Airways** acquired -35EER (SN 43289). **EVA** leased one -36NER (SN 42103) from **GECAS** in May and the two 777s were flown to **EVA's** base in Taipei, Taiwan, on May 21 to celebrate the airline's 25th anniversary. The event marked the airline's first double airplane delivery. Now **EVA** operates 17 777-300ERs and 32 other **Boeing** airplanes.

GECAS leased a second new 777-36NER (SN 41819) to **Kenya Airways** in May. The aircraft comes from **GECAS'** order book with **Boeing**, and it will be used to expand the carrier's long haul fleet of six 767-300ERs, four 777-200ERs, one 777-300ER and one 787-8.

Boeing Delivered the First 787-8 Dreamliner to Air Canada in May. The airplane was the first of 37 787s on order for delivery through 2019. **Air Canada** announced it will use the -8 (SN 35257) on its Toronto-Tel Aviv routes, as well as to launch a new route to Tokyo's **Haneda Airport**. The airplane is fitted with a new International Business Class Cabin with 20 seats, and 21 seats in Air Canada's Premium Economy Cabin with 210 seats in Air Canada Economy. Customers will be more comfortable with improved lighting, bigger windows, larger overhead bins, lower cabin altitude and enhanced ventilation systems, among other features, **Boeing** said.

Boeing 787. Boeing delivered eight 787-8s in April. **Qatar Airways** took delivery of its 12th and 13th -8s (SN 38328 & 38331). **Royal Brunei Airlines** received -8 (SN 34788), and it has one more on order. **Norwegian Long Haul** accepted its second -8 (SN 34796) and it leases three more from **ILFC**. **ILFC** leased its second -8 (SN 35312) to **Aeromexico**. **Qantas** leased its fourth -8 (SN 36230) to **Jetstar Airways**. **LOT Polish Airlines** acquired its sixth -8 (SN 35942). **China Southern Airlines** took delivery of its ninth -8 (SN 34931).

Regional Jet

Bombardier delivered four CRJ900 NextGens (SN 15308, 15310, 15311 & 15313) to **Delta Air Lines** in April. They were leased to **Endeavor Air**, for operation under the **Delta Connection** brand. The airline now has 22 CRJ900NGs in its fleet, another 18 on order, and 30 on option. **China Express Airlines** took delivery of CRJ900NG (SN 15312).

American Airlines Group ordered 30 enhanced CRJ900 NextGen aircraft in December 2013. The purchase contract included options on more 40 CRJ900 NextGen aircraft. **Bombardier** unveiled the first aircraft to **American Airlines** employees and the media at **Dallas/Fort Worth International Airport**, in May. It was then showcased in Dayton, Ohio, to employees at the **Group's** wholly-owned subsidiary,

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PSA Airlines. PSA will operate the 30 CRJ900 NGs aircraft under the **American Eagle** brand. **American** will be the first customer to operate the enhanced CRJ900, which offers up to 5.5 percent lower fuel burn reduction than earlier-generation CRJ900 aircraft. As of March 31, 2014, **Bombardier** had recorded firm orders for 1,817 CRJ Series aircraft, including 343 CRJ900 and CRJ900 NextGen aircraft. Worldwide, CRJ Series aircraft are in service with more than 60 airlines and more than 30 customers operate corporate variants of the aircraft.

Sukhoi. Sukhoi Civil Aircraft Company (SCAC) delivered one Sukhoi Superjet 100 SSJ-95B (SN 95040) to **Inbterjet**, Mexico, in April. **Aeroflot** accepted SSJ-95B (SN 95047) and returned (SN 95014) to **VEB Leasing**.

Embraer delivered three EMBRAER 170-200 LR (E175) (SN 17000388, 17000394 & 17000398) to **United Airlines**, which leased them to **Mesa Air Group**, in April. **Republic Airways** accepted two more E175s (SN 17000396 & 17000397) for operation on behalf of **American Eagle**. **Fuji Dream Airlines** leased E175 (SN 17000391) from **J Suzuyo & Co.** **Skywest Airlines** took delivery of E175 Enhanced (SN 17000395). **BOC Aviation** leased EMBRAER 190-100 STD (E190) (SN 19000661) to **KLM Cityhopper**. **Azul Linhas Aereas Brasileiras** acquired another E195 (SN 19000662). **BOC Aviation** leased two E190s (SN 19000664 & 19000666) to **Aerolittoral**. **Belavia** took delivery of E195 (SN 19000667), and **Minsheng Financial Leasing Co.** received two ECJ Lineage 1000s (SN 19000534 & 19000641) in April. **Falcon Aviation**, Abu Dhabi, accepted Lineage 1000 (SN 19000362) last month.

Finnair Aircraft Finance, Finnair's fleet management subsidiary, has signed a Memorandum of Understanding to sell three Embraer 170s to affiliates of **Infinity Aviation Capital**, a U.S.-based aircraft leasing company. The value of the three aircraft is approximately \$40 million, and the deal is expected to close in the second half of 2014. Two of the aircraft are currently operated by **Kenya Airways** and the other by **Aerolittoral Mexico**. All three will ultimately be leased to **Aeromexico Connect**.

Republic Airlines is actively trying to sell 12 **Embraer** ERJ-145 aircraft by the end of 2014. **Republic** decided to remove the aircraft, as well as 15 **Embraer** ERJ-140s, from service due to a lack of qualified pilots earlier in 2014. It operated the ERJ-140s for **American Airlines** and the ERJ-145s for **United Airlines**. All 12 of the **United** aircraft were retired on April 1 and six of the **American** aircraft were parked in March and April. The other six are scheduled to be withdrawn from the fleet by the end of the third quarter. The regional carrier recorded an impairment charge of \$19.9 million from parking the ERJ-140s in the first quarter. The airline sees more trouble selling the 44 passenger ERJ-140s.

Turboprop Aircraft

ATR. **Malindo Airways** took delivery of one ATR 72-600 (SN 1135) in April. **Air Arann** acquired -600 (SN 1139), and **TransAsia Airways** received its second of 10 ATR 72-600s (SN 1141). **Royal Air Maroc Express** accepted -600 (SN 1143). **Azul Linhas Aereas Brasileiras** leased the fifth and final -600 (SN 1144) from **Nordic Aviation Capital**.

Nordic Aviation Capital (NAC) leased two ATR 72-500 (SN 660 & 664) to **Etihad Regional**; they are operated by **Darwin Airline**. NAC leased two ATR 72-500s (SN 540 & 548) to **Jet Time A/S** in April. NAC leased one ATR 72-500 (SN 499) to **HOP!** (formerly **Airlinair**). **HOP!** provides regional feeder

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service throughout France on behalf of **Air France**. **NAC** is a global aircraft leasing company dedicated to the worldwide sale, purchasing and financing of commercial jet and turboprop aircraft. It is the largest lessor of turboprops in the world.

Bombardier. **Westjet Encore** received 8Q-402 NextGen (SN 4466) in April.

Viking. The manufacturer delivered DHC-6 Series 400 Twin Otter (SN 884) to the **Vietnamese Navy** in April. **Viking** handed over Series 400 (SN 893) to **MASwings**, a subsidiary to **Malaysian Airlines**, which now has received four of its six Twin Otters on order.

Xian delivered MA60 (Modern Ark 60) to **Nepal Airlines Corporation** at **Tribhuvan International Airport** in Kathmandu, Nepal, on April 27. The plane was met by high level Nepalese government officials, high level representatives from the **Chinese Embassy**, Chinese delegates, airline officials and journalists. The MA60 was named **ñRaraò** after Nepal's largest lake. The 58-seat turboprop will enter commercial service on May 15 and will fly to domestic destinations including Bhairawaha, Bhadrapur, Biratnagar and Dhangadi in the first phase

Antiques and Other Junque

Philippine Airlines (PAL) is retiring its **Boeing** 747-400s this spring and replacing the type with much newer 777-300ERs on the carrier's 18 weekly services to the U.S. The carrier's last 747 flight from Manila to San Francisco will take place in early June. The U.S. **Federal Aviation Administration** upgraded the Philippines to Category I status, which allowed **PAL** to introduce the new aircraft on its U.S. services. The twin-engined 777 currently operates services to Australia, Canada and Europe. The airline expects to save as much as \$120 million annually in fuel and maintenance costs using the 777s instead of the 20-year old 747s. As of mid-May 2014, **PAL** operated four 747-400s, and six 777-300ERs.

GA Telesis added two **Boeing** 767-200ERs, two 757-200s, one 737-800, one 777-200ER, one **Airbus** A320-200, one A310-300, and one new CF34-10E5A1 engine to its portfolio in the fourth quarter of 2013 and in the first quarter of 2014. The company sold or leased eight MD-80 airframes, one A320-200 aircraft, one 757-200 airframe, one A310-300 airframe, three CRJ100 airframes, seven CF34-3A1 engines, one CF34-3B1 engine, six JT8D-217 engines, two CFM56-7B22 engines, one CFM56-5B4/P engine, one CFM56-5C4 engine, one CFM56-5A1 engine, one RB211-535E4 engine, two CF6-80C2B6 engines, one CF6-80C2B1F engine, one CF6-80C2A2 engine, and one PW4056-1C engine during the same period. **GA Telesis** has started the disassembly of one **Airbus** A320-211 (SN 245) powered by CFM56-5A engines. The ex-**All Nippon Airways** aircraft entered the **GA Telesis** disassembly line in California. The remarketing of the removed parts is being directed by both the **Aircraft Systems** and **Turbine Engine** groups in Fort Lauderdale.

A **Royal Netherlands Air Force McDonnell Douglas DC-10** transport/freighter was flown to **Newquay Airport** in the UK for dismantling, after three years of operation. The DC-10-30CF (SN 46987) was acquired from **United Airlines** in 2004, and was extensively modernized before entering service in May 2011. It was declared surplus to requirements after defence cuts were announced later that year. The plane was offered for sale but no one was interested. Some parts from the retired aircraft will support the Netherlands's pair of KDC-10-30CF tanker/ transports, which have also received the same cockpit and systems upgrades.

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

Accidents and Safety

From Aviation Safety Foundation

Air Contractors Boeing 737-476SF Freighter (EI-STD, SN 24433) suffered substantial damage in a landing accident at East Midlands Airport near Nottingham, U.K., on April 29. After a successful landing, the aircraft was damaged when parts of the landing gear failed and the undercarriage collapsed. The two crew members were uninjured.

Lao Air Force Antonov An-74 TK-300 (RDPL-34020, SN 36547098982) crashed while on final approach to **Xieng Khoang Airport**, Laos, on May 17. Sixteen passengers and the six crew members died in the crash, including the nation's deputy prime minister/defence minister, the minister of Public Security and the governor of Vientiane. There was one survivor. The crash occurred at 7 AM local time in a densely forested area.

Kenyan Air Force Harbin Y-12 transport (registration unknown) crashed shortly after taking off from **El Wak Airport**, Kenya, on May 12. One pilot member died and 11 passengers survived their injuries. There were no other details.

IRS Airlines Fokker F100 (5N-SIK, SN 11286) was operating a post C-check ferry flight from Bratislava, Slovakia, to Kano, Nigeria. The plane made a forced landing in the Ganla area of Niger on May 10, after the plane ran out of fuel. Its right hand main landing gear and nose gear collapsed during the landing. There were no serious injuries.

Iran Aseman Airlines Fokker 100 (EP-ASZ, SN 11421) was substantially damaged in a landing accident at **Zahedan Airport**, Iran. The left hand main undercarriage failed to extend or lock prior to landing. None of the 103 people on board were seriously injured.

AVMARK CAPABILITIES

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

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

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

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PUBLICATIONS

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

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

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

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

Sample of Avmark Publications

SMALL TRANSPORT AIRCRAFT CATALOG

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

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

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CN235	66
Dornier 228	70
Dornier 328	74
Dornier 328JET	78
Dornier 728JET	82
de Havilland DHC-6	86
de Havilland DHC-7	90
de Havilland DHC-8 100/200	93
de Havilland DHC-8 300	100
de Havilland DHC-8 400	104
Embraer 120 Brasília	108
Embraer Regional Jet (ERJ) 135/140/145	112
Embraer 170	121
Metrol	124
Fokker 50	128
Fokker 70	132
Let 410/420	136
Saab 340	140
Saab 2000	144
Shorls 330	148
Shorls 360	152

ATR 42-300

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

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

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

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

Avionics: EDZ 820 Electronic Flight Instrument System (EFIS) - 4 CRT's for dual Attitude and Heading Reference Systems (AHRS), Dual Autopilots, Dual GPS, Dual ADI, Dual VSI, Dual CDI, Dual King Gold Crown VHF Nav, Radios, DME, Radio Altimeter, Honeywell P-800 Weather Radar.

Price List

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

ATR 42-300 85-99 2.0

Direct Operating Costs (\$ per block hour)

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

Note: Data from DOT Airline Reports.

ATR 42-300

PAYLOAD VS. RANGE

Range (nm)

Distance (nm)

ATR 42

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

The baseline aircraft is the ATR 42-300/320 powered respectively by PW120/121 engines. The latest version is the ATR 42-500 powered by PW127s engines and Hamilton six-bladed propellers. Thus increasing the payload to 12,015 lb and the cruise speed to 300 kts.

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

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

TYPICAL CABIN CONFIGURATION

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

US \$ 350.00

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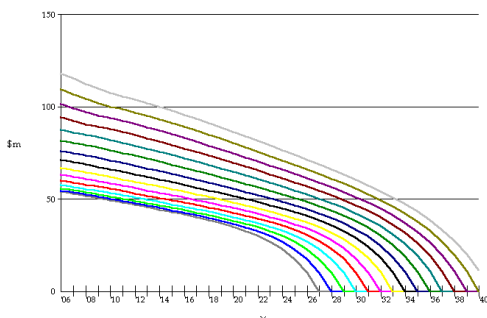
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CAVAS Graph



Profit & Loss Report

Aircraft Type	Period	1	2	3	4	5	6
REVENUES (US\$)							
Passengers	49,328,754	49,270,739	49,212,559	49,154,213	49,095,701	49,037,189	48,978,677
Freight & Mail	8,879,176	8,868,733	8,858,261	8,847,758	8,837,226	8,826,673	8,816,110
Other Revenue	986,575	985,415	984,251	983,084	981,914	980,744	979,574
TOTAL OPERATING REVENUE	59,194,505	59,124,887	59,055,070	58,985,055	58,914,841	58,844,626	58,774,410
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	9,650	14,459	19,257	24,045	28,833	33,621
Cumulative Dollars	315,000	0	0	0	0	0	0
ADJUSTED CASH FLOW	25,841,782	25,329,851	24,506,290	23,686,100	22,869,282	22,052,464	21,235,646
AIRCRAFT LIFE ADJ. CASH FLOW	25,841,782	25,329,851	24,506,290	23,686,100	22,869,282	22,052,464	21,235,646

Profit & Loss Report

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

Select Aircraft Type

Available Aircraft

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

Picture

Selected: Airbus A340-300

Description: Widebody 4 Engine Passenger

Manufactured: 1992 To 2006

Values: \$54.00m \$118.00m

Estimated Life: 35 years File No. 013

Search Term

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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	89.34	95.81	103.44	111.60
2010	49.28	49.99	51.27	53.10	55.50	58.46	62.01	66.24	71.15	76.64	82.21	87.94	94.61	102.54	110.75
2011	48.06	48.78	50.06	51.89	54.28	57.23	60.77	64.98	69.86	75.33	80.89	86.62	93.38	101.54	109.75
2012	46.83	47.55	48.83	50.66	53.04	56.00	59.53	63.73	68.60	74.05	79.59	85.32	92.08	100.24	108.45
2013	45.59	46.31	47.59	49.42	51.80	54.75	58.28	62.47	67.33	72.77	78.29	84.02	90.78	98.94	107.15
2014	44.34	45.06	46.34	48.17	50.54	53.49	57.01	61.19	65.94	71.37	76.89	82.62	89.38	97.54	105.75
2015	43.09	43.81	45.09	46.92	49.29	52.24	55.76	59.94	64.69	69.91	75.43	81.16	87.92	96.08	104.29
2016	41.84	42.56	43.84	45.67	48.03	51.00	54.51	58.68	63.42	68.63	74.15	79.88	86.64	94.80	103.01
2017	40.59	41.31	42.59	44.42	46.78	49.74	53.25	57.42	62.15	67.36	72.88	78.61	85.37	93.53	101.74
2018	39.34	40.06	41.34	43.17	45.53	48.49	52.00	56.17	60.89	66.10	71.62	77.35	84.11	92.27	100.48
2019	38.09	38.81	40.09	41.92	44.28	47.24	50.75	54.92	59.64	64.85	70.37	76.10	82.86	91.02	99.23
2020	36.84	37.56	38.84	40.67	43.03	45.99	49.50	53.67	58.38	63.59	69.11	74.84	81.60	89.76	97.97
2021	35.59	36.31	37.59	39.42	41.78	44.74	48.25	52.42	57.13	62.34	67.86	73.59	80.35	88.51	96.72
2022	34.34	35.06	36.34	38.17	40.53	43.49	46.99	51.16	55.87	61.08	66.60	72.33	79.09	87.25	95.46
2023	33.09	33.81	35.09	36.92	39.28	42.24	45.75	49.92	54.63	59.84	65.36	71.09	77.85	86.01	94.22
2024	31.84	32.56	33.84	35.67	38.03	40.99	44.50	48.67	53.38	58.59	64.11	69.84	76.60	84.76	92.97
2025	30.59	31.31	32.59	34.42	36.78	39.74	43.25	47.42	52.13	57.34	62.86	68.59	75.35	83.51	91.72
2026	29.34	30.06	31.34	33.17	35.53	38.49	41.99	46.16	50.87	56.08	61.60	67.33	74.09	82.25	90.46
2027	28.09	28.81	30.09	31.92	34.28	37.24	40.75	44.92	49.63	54.84	60.36	66.09	72.85	81.01	89.22
2028	26.84	27.56	28.84	30.67	33.03	35.99	39.50	43.67	48.38	53.59	59.11	64.84	71.60	79.76	87.97
2029	25.59	26.31	27.59	29.42	31.78	34.74	38.25	42.42	47.13	52.34	57.86	63.59	70.35	78.51	86.72
2030	24.34	25.06	26.34	28.17	30.53	33.49	36.99	41.16	45.87	51.08	56.60	62.33	69.09	77.25	85.46
2031	23.09	23.81	25.09	26.92	29.28	32.24	35.75	39.92	44.63	49.84	55.36	61.09	67.85	76.01	84.22

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