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Market Comment

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Liberalization will solve the airlines ills, advocates DG of IATA Giovanni Bisignani. Ever since Alfred Kahn destroyed the Civil Aeronautics Board and deregulated the airlines, turmoil has reigned in the US airline industry. Deregulation was hailed as the end all to be all benefit of the US traveling public. But what's really been the result so far. On the positive side we have seen lower fares for the travelers but at the expense of the airline's earnings. We have seen huge (and still growing) declines in service to small communities and cut throat competition and excess capacity in prime routes. US carriers went from being net exporters of used aircraft to net importers because they could no longer afford new equipment. The following major carriers have failed or merged including both premier US flag carriers TWA and Pan Am as well as Braniff, Western and Eastern and almost all of the local service carriers. With the exception of American all of the other full service carriers have been in and out of bankruptcy and some like Continental more than once. Deregulation is a failed business model as even its author Alfred Kahn finally admitted years after he left the CAB.

The US government has been trying to shove Open Skies and liberalization down the throats of our allies. Where it's been implemented the results have been similar to the US experience. Why on earth is IATA pushing this indicative forward? The DG seems to think that foreign investment and globalization is the key to making the world's airlines healthy. But is it? The US has a cap of 49% foreign ownership of its airlines. This is because airlines serve in a number of strategic areas that the government deems in their best interest to support including military initiative. What guarantee is there that foreign owners would be willing to offer military charters at lower than average rates or support the CRAF program (or the reverse if US investors bought into foreign airlines).

And who wants to put their money into airlines anyway. The airlines historical margin is just 0.3%. Wow, with returns like that one wonders why foreign investors would be dumb enough to invest in US airlines when US citizens are smart enough not to.

Let's get over the idea that a "free global market" is better for airlines and the traveling public and focus on the real issues facing the industry: lack of liquidity from tightened lending sources, excess and or inefficient aircraft capacity, poor yields and high (and often uncontrollable costs). Let's deal with the real problems and stop thinking there is a quick fix for an industry that has been hemorrhaging for years. A single band aid simply will not do it.

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Airbus Orders

Airbus Sold Three A330-200s in April, and **Kingfisher Airlines** reconfirmed its five orders for the A350 XWB. **Airbus** delivered 46 aircraft ranging from the A318 to the A380.

Kingfisher Airlines ordered five of the original A350s in 2005. They converted the orders to the XWB model on April 1. **Airbus** shows the cancellation of orders for the old model and adds five A350 XWBs to the firm order list. The new orders do not change the overall A350 backlog of 483 aircraft. **Kingfisher** chose the shorter-body A350-800 version. The Indian carrier currently operates A319s, A320s, A321s and A330s, and has ordered three A340-500s and five A380s. The airline did not convert its 2007 **Paris Air Show** memorandum of understanding for 15 more A350s into firm orders.

Airbus Sold One A330-200 to ILFC for a total of 66. The lessor took immediate delivery of the plane. **ILFC** has also ordered and taken delivery of 30 A330-300s as of April 30. A new customer, **METCO** booked two A330-200s. **Skyliner Aviation News** says the A330s will be delivered as A330-200CJ corporate jets. A quick search of the internet did not turn up any references to **METCO** and the A330s other than what little **Airbus** said about it. In the single-aisle family, one A320 order was switched to an A319 and two A321 orders were dropped in favour of two A320s. The new orders give **Airbus** a net order total of just 11 aircraft for 2009. This is still better than **Boeing's** net loss of one order. In the first four months of this year **Airbus** delivered 162 jets.

According to **Skyliner**, **Adria Airways** signed a letter of intent for three A319-100s for delivery from 2009 to 2013.

Airbus Announced that It Is Cutting A380 Production by four aircraft this year. Just as it struggled to ramp up production after two years of manufacturing glitches, **Airbus** was forced by the global economic crisis to hit the brakes. After specific customer requests for deferrals by **Qantas Airways** and **Emirates Airline**, **Airbus** is slowing its A380 aircraft delivery schedule for 2009/ 2010. Under the new plan, **Airbus** will deliver 14 double-decker aircraft in 2009 and more than 20 aircraft in 2010. **Airbus** said production rates and deliveries are dependent on airline demand and availability of customer

financing after 2010. The superjumbo is operated by **Emirates**, **Qantas** and **Singapore Airlines**, **Air France** will receive its first planes this year and **Deutsche Lufthansa** will get its first A380 in

early 2010. **Qantas** will take its fourth, fifth and sixth A380 this year but deferred the next four. One was due this year and three in 2010. **Emirates** expects to get six A380s in 2009 while the seventh delivery slid from December to next January.

Airbus will slice two A320 family aircraft from its 36 aircraft per month production rate starting this October. It will build 34 single-aisle planes per month in 2010. A330/340 family production currently runs at a rate of 8.5 aircraft per month. **Airbus** intends to deliver the same number of aircraft as in 2008, which was a record year for the company at 483 deliveries.

Airbus Still Expects to Sell 300 Aircraft in 2009. Chief salesman **John Leahy** forecast that orders will pick up as 2009 progresses, but worries that the company will not hit even the low end of the target of 300-400 sales. **Airbus** booked a mere 30 new orders during the first four months. At that rate, **Airbus** will not break 100 by Christmas. Mr. **Leahy** thinks that “the rate is going to pick back up.” He conceded that “if **Tom [Enders]** would let me, I’d go for a lower number [than 300 orders] but I’ve got my target set so I’ve got to figure out how to get there.” Mr. **Leahy** looked at **Airbus’** and **Boeing’s** huge backlogs and admitted that “the important thing is not how many orders we book this year, but to keep the assembly lines running smoothly through 2009 and 2010.” Cancellations are not as bad as some people think. “If you look at cancellations as a percentage of the backlog it really isn’t that bad. You’ve seen some rescheduling, but you don’t see that many cancellations despite the headlines.” So far this year, **Airbus** lost 19 orders, five of which were for the original A350 and the rest are for single aisle planes. **Boeing** lost 50 old orders — most are for the 787.

Airbus April 2009 Orders, Deliveries and Backlog					
APR ORD	APR DEL	APR CANX	TOTAL ORD	TOTAL DEL	BACK LOG
-0-	1	-0-	83	68	15
-0-	8	-0-	1,527	1,172	355
-0-	18	-0-	3,962	2,105	1,857
-0-	8	-0-	749	514	235
3	9	-0-	1,021	609	412
-0-	1	-0-	385	364	21
5	-0-	-5	483	-0-	483
-0-	1	-0-	200	14	186
This Month			This Year		BL
8	46	-19	30	162	3,564
Airbus sold 9,226 aircraft and delivered 5,662 as of April 30, 2009. Total orders, deliveries and backlog include cancellations and order changes.					

Airbus Boosted the Range of the A330-200 by increasing the maximum takeoff weight by five metric tonnes. This was achieved without changing the aircraft's acoustic category or runway loading – allowing the improved A330-200 to use existing runways and airport take-off slots without penalty. The high gross weight A330-200s will be able to carry an extra 3.4 tonnes of payload or fly an additional 330

nautical miles. The first new plane will be delivered in August 2010. A retrofit package for A330s built after February 2004 will be available from November 2010. The high-gross A330-200 can fly from South America to northwest Europe, for from China to the U.S. West Coast – along with many other routes around the world.

EADS Reports First Quarter 2009 Results show a solid underlying performance in spite of a weak order intake. The strong order book means deliveries will continue at last years levels. Revenues stood at €8.5 billion from delivery of 116 aircraft, before one-off charges of €400 million from foreign exchange and an A400M accounting charge. **EADS** has a Net Cash Position at €8.7 billion. In the same period last year **EADS** earned €9.9 billion from the delivery of 123 **Airbus** aircraft. Revenues improved by 20 percent at **Astrium** and 4 percent at **Eurocopter**. **EADS** earned €232 million compared to €769 million in the previous year. Its net income was €170 million, down from €285 million in the First Quarter of 2008. Self-financed research & development expenses increased slightly to €562 million from €534 million in 2008. This reflects **Airbus'** and **Eurocopter's** continuing aircraft development programmes. **EADS'** order intake dropped to €9.3 billion from €39.3 billion in the first quarter of 2008. This clearly reflects the few commercial aircraft orders at **Airbus** and **Eurocopter** but supported by the order for 35 Ariane 5 worth more than € 4 billion and France's order for 22 NH90 helicopters booked in the first quarter of 2009. At the end of March 2009, **EADS'** order book stood at a record high, at €412.6 billion, up from year-end 2008: €400.2 billion. At the end of March 2009, **EADS** had 117,198 employees down 1,151 from year-end 2008's 118,349 employees.

The first A400M is undergoing systems testing in preparation for its first flight later this year. The second aircraft is complete and about to start systems testing. The engine tests are progressing satisfactorily on the flying test bed. Static test for the landing gear is complete and fatigue tests are in progress. **EADS** and **OCCAR** (the seven launch nations) are negotiating a number of unresolved issues to make contract conditions acceptable to all parties.

Boeing Orders

Boeing Sold 17 Aircraft in April, but lost orders for one 777 and 25 787s. **THY Turkish Airlines** firmed up its order for five 777s. **Alaska Airlines** ordered four 737-800s for delivery in 2014 and 2015. **Gulf Air** firmed options for eight 787-8 Dreamliners. The airline signed a letter of intent in September 2008 to add the eight 787s to its existing commitment for 16. The company sold 28 737s, nine 777s and eight 787s but lost one 747-8, one 777 and 57 787s so far this year. Orders as

The First A320 Assembled by the Airbus Final Assembly Line China — FALC flew from **Tianjin International Airport**. It was aloft for four hours and fourteen minutes and crewed by **Airbus** employees from Europe and China. **Fernando Alonso**, Senior Vice President Flight & Integration Tests said, "This A320 assembled in China unquestionably demonstrated the same quality and performance as those assembled and delivered in Hamburg or Toulouse." This aircraft will be delivered to **Dragon Aviation Leasing** in June and will be operated by **Sichuan Airlines**. Chinese customers have ordered more than 700 **Airbus** aircraft; the majority is from the A320 Family. **FALC** will deliver 11 A319/A320 aircraft in 2009, and the production rate will be ramped up to four aircraft per month by the end of 2011. The A320 FALC is a joint-venture between **Airbus China** (51 percent) and a Chinese consortium comprising **Tianjin Free Trade Zone — TJFTZ** and **China Aviation Industry Corporation — AVIC** (49 percent).

of April 30 stand at negative 14. **Boeing** delivered 31 737NGs, one 747F, one 767 and six 777s in April.

THY-Turkish Airlines ordered five Boeing 777-300ERs valued at \$1.36 billion at current list prices. These are the first new 777s that **THY** will acquire directly from **Boeing**. They will be delivered from October 2010 through February 2011. The airline currently leases three 777-300ERs from **Jet Airways** for 25 months and operates 51 737-800s. According to **Boeing**, “**Turkish Airlines** is one of the fastest growing and prosperous airlines in the world.” It carries approximately 20 million passengers a year, with direct flights to 108 international and 33 domestic destinations.” **THY** was founded in 1933 and made its first international flight in 1947.

In early May, **Unidentified Customers** ordered 13 737s. In mid-month **Aerolineas Argentinas** ordered one 737NG and an unidentified customer ordered one 777 while one 737 order was cancelled. This brought **Boeing’s** net orders to zero as of May 19.

SunExpress, the Turkish-based joint venture of **Lufthansa** and **Turkish Airlines** announced it will buy three additional 737-800s and lease five more -800s by the end of next year, for a fleet to 25 737-800s. It will retire three 757-200s as the 737s are delivered.

Virgin Blue picked up options for five 737-800s on March 26. The order was originally listed as “unidentified.” The new 737-800s will replace leased aircraft.

Boeing announced that it lost 25 787 orders in April. This brings the total number of 787 cancellations to 49 in 2009. **Boeing** did not comment on the latest customers that have cancelled orders, but **Airbus** told **ATWOnline** that the **Royal Bank of Scotland's RBS Aviation Capital** subsidiary was the customer that canceled its order for 25 787s. **ATWOnline** said **RBS** was hit hard by the financial crisis and the UK government has taken a majority stake as part of its bailout effort. The order cancellation

Boeing April 2009 Orders, Deliveries and Backlog					
APR ORD	APR DEL	APR CANX	TOTAL ORD	TOTAL DEL	BACK LOG
			737		
4	31	-0-	8,188	6,012	2,176
			747		
-0-	1	-0-	1,523	1,415	108
			767		
-0-	1	-0-	1,039	973	66
			777		
5	6	-0-	1,107	777	330
			787		
8	-0-	-0-	861	-0-	861
This Month			This Year		BL
17	39	-59	58	160	3,541
Boeing sold 20,248 aircraft and delivered 16,707 as of April 30, 2009 The Current Program includes sales and deliveries of 737s, 747s, 767s, 777s and 787s. Sales totals are net, minus cancellations.					

limits **RBS'** exposure to non-core investments. **RBS Aviation Capital** owns/manages or has orders for 372 aircraft and has 100 airline customers in 38 countries. **RBS** ordered two 787-8s in July 2006 and 23 787-8s in January 2008.

Boeing is Making Progress Toward the 787 First Flight It completed the first engine runs on the all-new airplane on May 21. **Boeing** ran the Dreamliner's **Rolls-Royce** Trent 1000 engines for 40 minutes. The company said, "During initial engine runs, the engines are started and operated at various power settings to ensure all systems perform as expected. Today's engine run test began with the Auxiliary Power System providing power to start the two. Basic systems checks continued throughout the test. The engines were powered down and inspected and will be restarted following a technical review. The team completed a vibration check and monitored the shutdown logic to ensure it functioned as expected."

Order Changes

TACA changed one A320 order to the A319-100 type in April. The airline has now ordered 19 A319s and 54 A320s. It has taken delivery of 14 A319s and 41 A320s.

ILFC took delivery of three A320s that were previously listed as undisclosed. Two of those undisclosed orders were switched from the A321 model. In March, **Airbus** listed undisclosed orders for 33 A320s and six A321s. In April, the manufacturer reported 32 undisclosed orders for the A320 and four for the A321. During the same periods, **ILFC** had orders 202 A320s and taken delivery of all of them. In April, the A320 orders and deliveries rose to 205. The A321 orders were unchanged at 86.

Boeing Offers BBJ Convertible. At the **European Business Aviation Conference & Exhibition—EBACE**, **Boeing** announced that it was selling the 737 BBJ Convertible to prospective customers. The airplane reconfigures from all-passenger to all-cargo configuration in less than eight hours. It is based on the 737-700C that was ordered by the **U.S. Navy** and the **ARAMCO** and **Sonair** oil companies. The -700C is equipped with a large door on the left side of the aircraft. **Boeing** said that, "Governments, corporations and private individuals can quickly change from transporting VIPs, staff or troops to delivering disaster-relief supplies or configuring for medical evacuation. There is room for transporting tools, parts and machinery; race cars or race horses; or equipment for touring bands and musicians."

Suppliers Think Boeing Will Cut 737 Production by 2010. **Marcus Bryson**, CEO of **GKN Aerospace** told the press that **Boeing** suppliers foresee dramatic output cuts. Mr. **Bryson** expects cuts in **Airbus and Boeing** single-aisle production. In January he said A320 output will drop to 30 a month by the end of this year. **Airbus** recently cut the rate of A320 production from 36 to 34 a month. **Boeing** currently builds 31 737NGs per month and the manufacturer said it was holding 737 out put steady. It will cut 777 production rate from seven to five a month after June 2010. Mr. **Bryson** sees monthly 737 production falling by ten planes to 21. He put the drop in output levels into perspective by noting that a few years ago the production of 20 planes a month would have been considered good. The airframers struggled to complete 30 a month. The question is how long the manufactures hold out before re-evaluating their order books. Mr. **Bryson** suggests that they look at the airlines' summer traffic to see if it matches old expectations for demand. This could trigger the drop in production to realistic levels. Air traffic always follows the trend of the economy, both in bad and good times, so airline recovery will come only after a significant improvement in world GDP. Since the recession has not hit bottom yet, it is not time to look for a surge in demand for new lift.

Boeing Order Changes. SAS switched on 737-800 order for one -700 order. It has now ordered 10 -700s and 23 -800s. **Continental Airlines** exchanged five 737-700 orders for five larger 737-800s. That airline has 68 -700s and 126 -800s on order. **Dubai Aerospace Enterprise** cancelled one of their 70 737-700 orders in favor of its first -800. **Qatar Airways** ordered its third 777-200F and cancelled one of its 17 -300ER orders. **Boeing** lost one 777 order in April.

Regional Report

Sukhoi Civil Aircraft announced it will deliver the first **Sukhoi Superjet 100** to Armenia's national airline **Armavia** by the end of 2009. **Armavia** ordered a plane in basic configuration which is simpler to make. For this reason, the airline will be the first to receive a Superjet 100. **Armavia** has two firm and two conditional orders. The Superjet lists for \$28 million. **Sukhoi** sold 98 aircraft, including 30 to **Aeroflot**, Russia and 10 to Italian companies. **Sukhoi** director general **Mikhail Pogosyan** reported that financing was a problem. "We cannot resolve this without government support," he said. "Airlines do not possess the necessary financial stability to invest in the production of aircraft." Russian Prime Minister **Vladimir Putin** pledged 6.8 billion roubles (\$210 million) to fund the Superjet project.

SuperJet International may forego the 75-seat regional jet and will likely stretch the original 95 seat SSJ 100 to the 100/115-seat range. CEO **Alessandro Franzoni** told the **Regional Airline Association** conference in Salt Lake City. "We're considering a different strategy. We haven't abandoned our plans for a 75-seater but our focus now is on the stretch version in response to our customers. The economics of the stretch work better." The market has changed over the past five years and now there is a preference for the larger RJ. The stretched version would be compatible with the SSJ 100 and could come to market within two years. Two SSJ 100s are in certification testing and another 13 are in production. A Superjet will be debuted at **Paris Air Show** in June. Mr. **Franzoni** hinted that another sale could be announced. **SuperJet** sold 98 aircraft to date and estimates a potential market for 6,400 regional aircraft in the 75/100-seat range over the next two decades according to **ATWOnline**. **SuperJet** hopes to capture some 1,600 orders.

Hainan Airline—HNA amended its 50-plane contract with **Harbin Embraer Aircraft Industry Company**—HEAI to cut 25 orders. In August 2006, HNA placed a firm order for 50 ERJ-145 regional jets. By April 30, HEAI delivered 12 ERJ-145s to HNA's subsidiary **Great China Express**. The new agreement rescheduled completion

Russian

United Aircraft—UAC, the state-run manufacturing group will cut planned airliner deliveries by more than 50 percent. They had planned to build 400 aircraft between 2009 and 2012 but now intend to manufacture fewer than 190 aircraft, according to **Flight International**. The cuts will affect all the Russian airliner programs, including the **Sukhoi Superjet**, which will account for half the production output. UAC blamed the global financial crisis and weakened demand for new aircraft due to falling passenger and cargo traffic. UAC figures suggest production of 44 **Antonov An-148** regional jets in the period. Military aircraft production plans remain unchanged

SuperJet International CEO **Alessandro Franzoni** denied that Superjet 100 production would be cut to 74 aircraft from the 230 it planned to build by 2012 according to **ATWOnline**. "Overall, the expected production rate has not changed but has been adjusted to new dates," he told **ATWOnline**. The first delivery is a year behind the original schedule. Mr. **Franzoni** blamed a misuse of "proper language to communicate." They plan to produce 70 aircraft annually by 2012.

of the remaining 13 deliveries by the first half of 2011. The original plan called for the last delivery by the end of 2010. **HNA** is the only customer for the **HEAI ERJ-145**, which is assembled at Harbin, China.

Argentina's Austral Lineas Aereas ordered 20 **EMBRAER 190** regional jets from Brazilian aircraft maker **Embraer**. First deliveries are expected in the first half of 2010 and will be completed with in five years. The \$700 million order will be financed by Brazil's state development bank, **BNDES**. **Embraer** stated the airplanes will be the **AR (Advanced Range)** model, which can fly up to 2,400 nautical miles (4,400 km). They will be fitted with a dual-class 96-seat configuration. **Austral** plans to use the **EMBRAER 190** jets mainly to ramp up its frequencies on domestic routes, with the potential of opening new markets, thus allowing the airline to fly nonstop routes inside Argentina, as well as destinations in South America.

Embraer CEO Frederico Curado told the **Reuters Latin American Investment Summit** in Sao Paulo that the current economic crisis hurt the aviation industry worse than the downturn after September 11, 2001. The recovery of the commercial jet market unlikely before 2011 he said. Mr. **Curado** also said that the business jet market could take up to six years to rebound, since companies have scaled back on private planes. "You have two elements interacting, the recessive environment and the dearth of credit, and the prospects are definitely not for a V-shaped recovery at all," said Mr. **Curado**. "This situation will persist for another two years." In spite of **Hainan's** cancellations and delivery delays, the company forecasts the delivery of 242 planes this year and a similar number in 2010. "We are basically burning through our backlog because we don't see anything related to an uptick in sales or any new sales at all," he said. On the bright side, Mr. **Curado** sees "faint signs" that the slump is leveling off. "It appears that it has stopped getting worse," he said. The company reported that **Embraer's** first-quarter profit sank 75 percent.

Will the Desire for a 100-Seat Turboprop be Filled? **ATW Online** reports that some airlines expressed interest in a 90-100 seat turboprop, but neither **ATR**

ATR Orders

ATR Launched the ATR Corporate at EBACE. **ATR** sales director **Milco Rappuoli** said, "We are working on a nickname for the aircraft, but we wanted to come to **EBACE** to promote the idea of comfort, performance and efficient travel on a platform that is proven." Several airlines already use a multi-configuration version of the turboprop. It can be converted from VIP to shuttle or medevac. An Azeri customer ordered a fully equipped VIP aircraft last year. Mr. **Rappuoli** touted the plane. "In a VIP configuration, the aircraft has a range of 1,640nm [3,034km]. In addition the short-field performance – we only need a 900m [2,950ft] strip – means we can reach 25 percent more airports compared to a corporate jet." Recently, **ATR** sold a head-of-state aircraft to the **Royal Thai Air Force**. The basic corporate variant is priced at \$17million and can be configured with a forward VIP lounge of eight seats and a number of different seating options at the rear. The airframe it can be converted back to a passenger or cargo aircraft for relatively little cost to meet the particular needs of the customer, so the asset value remains high."

ATR to Begin ATR 42/72-600 Flight Tests in June. **ATR** launched the upgrade of the -500 model in October 2007. The manufacturer did not structurally change the aircraft. It installed a new avionics suite supplied by **Thales**, higher-thrust **Pratt & Whitney Canada** PW127M engines, enhanced the interior and increased payload. **ATR** expects to certify and deliver the -600 the second half of 2010. It will certify the larger 70-seat **ATR-72-600** first, followed by the 50-seat **ATR 42-600**. **ATR** expects to deliver 60-65 aircraft this year after revising downward its original estimate of 75 deliveries.

nor **Bombardier** has gone to the drawing boards. **Bombardier** Commercial Aircraft VP **Rod Williams** said, "There's been substantial interest in a Q400X, but we're not there yet. There's not a formal product program." **ATR** Head of Sales-North America **John Moore** said, "There is a market potential for a larger aircraft." The problem is that a stretch version could require a new airframe and engine. On the bright side, the market could prompt competition among engine manufacturers. Both the ATR 72 and Dash 8-Q400 are powered by **Pratt and Whitney Canada** PW100 series engines. **Chuck Nugent**, GM of GE's CF34 said that technology from its fan-jet could be "incorporated" into a turboprop for the stretched designs.

Porter Airlines, Canada said it could buy the stretched version of the Q400 once it sees the type's performance characteristics, *Flight International* reports. The airline says it wants more Q400s and **Porter** could put the 90-seat Q400X on high-demand routes. **Bombardier** is studying a stretch of the 78-seat turboprop for introduction in the 2013-14 timeframe.

Embraer is investing in improving its line-up of military airplanes. It already builds the Super Tucano turboprop trainer and light-attack aircraft. **Embraer** launched its \$1.3 billion KC-390 cargo/tanker airplane to increase its presence in the defense market. Mr. **Curado** hopes **Embraer** will double its defense revenue to 15 percent by the time the KC-390 flies in 2016. "This crisis has proven the necessity for us to expand our defense business," he said. **Embraer** will not finance jet purchases, because it

Air Astana, the Kazakh flag-carrier contracted to lease two EMBRAER 190s in 2011. They will be used for new regional jet operations from Almaty, the Kazakh commercial center, to cities such as Baku, Bishkek and Urumqi. The airplanes will be leased through a newly-created lessor, **KazAviaLizing**, which would oversee the purchase. The airline may acquire another 10 Embraer aircraft later. **Air Astana** operates a fleet of 10 A320s as well as two Boeing 767s, four 757s and five Fokker 50 turboprops. The fleet will grow to 28 aircraft by 2013. The airline operates to 21 international and 22 domestic destinations from its main stations at Almaty, Astana and Atyrau.

Bankruptcy of the Month

Air Fiji was grounded in late April after experiencing financial difficulties. It is selling its aircraft and other assets. The regional carrier operated a **Britten-Norman** Trislander, two Britten-Norman Islanders, an Embraer EMB-110 and a Harbin Y-12. The Fijian magazine *Islands Business* lists creditors: the **National Bank of Tuvalu**, the **Fiji Islands Revenue and Customs Authority**, the **Fiji Development Bank** and the **Fiji National Provident Fund**. The airline's two major shareholders are the **Tuvulu Government** and **China National Aero-Technology Import & Export—CATIC**.

Linus Airways, Indonesia ceased operations on April 27, and seeks new investors to restart. The company grounded its two BAe 146-200s for financial reasons. The airline flew to eight domestic destinations. The airline leases both BAe 146s from **Trident Jet**, Dublin.

OzJet, Melbourne, Australia entered voluntary bankruptcy on May 20. It is trying to maintain its charter services by contracting out the flights to other airlines. **OzJet** operates four 737-200s. It was bought by **HeavyLift Cargo Airlines** in May 2008. The cargo carrier quit subsidizing **OzJet** and is now trying to sell the airline. **OzJet** ran up hundreds of thousands of dollars of fees at the **Perth Airport**, which quit taking its IOUs. **OzJet** is the third Australian airline to go into administration this year after **SkvAirWorld** and **MacAir**.

does not want to adversely affect cash-flow. Instead, Brazil's state development bank **BNDES** will take a leading role to help fund **Embraer's** deliveries. **BNDES** disbursed 18.7 billion reais (\$9.03 billion) in the first quarter. "The importance of **BNDES** in our funding mix has been growing, especially in the past two years," Mr. **Curado** said. The bank could finance up to 30 percent of **Embraer's** deliveries this year, up from 11 percent in 2008, according to *Reuters* news service.

AVIATION BUSINESS

Airline News

Hainan Airlines Group will rename its subsidiary, **Grand China Express Airlines** as **Tianjin Airlines** in June to reflect the local government's investment. The **Tianjin** provincial government injected 200 million Yuan (\$29.3 million) into **Grand China**, for a 15.4 percent stake in the renamed carrier. The deal was signed in December and approved by the **CAAC** recently. **Hainan Group** invested CNY500 million into the regional airline and expanded its share to 83.4 percent. The remaining 1.5 percent is owned by **Hainan Airlines**. **Grand China** was founded in June 2007 and its fleet grew to 11 **EMBRAER 190s**, 12 **Harbin Embraer Aircraft Industry Company—HEAI ERJ-145s** and 29 **Dornier 328-300s**. It operates more than 80 domestic routes. The new **Tianjin Airlines** plans to operate 100 regional aircraft to 100 cities by 2012.

The Tianjin Government intends to invest in Tianjin-based **Okay Airways**. **Okay** suspended passenger operations for a month at the beginning of this year. A local observer said that the government plans to buy up to 40 percent of **Okay Airways**, but an agreement has not been signed yet. **Okay** was founded as China's first privately owned airline in 2005 and started operating cargo services for **FedEx** with three 737-300Fs in 2007. The airline also operates four 737-800s and one 737-500 on passenger services. The airline signed a letter of intents for 30 **Xian MA60** turboprops and operates one.

Air China will replace **East Star Airlines** as Wuhan, Hubei Province's regional airline. **Air China's** parent **CNAC** originally intended to buy **East Star** but the deal fell through. **East Star** ceased operations in March and filed for bankruptcy. **ATWOnline** reports that **Air China** will purchase **East Star's** assets including routes and slots. It will hire the former **East Star** staff and has applied to **CAAC** to set up the subsidiary in Wuhan. **Air China** will allocate 15 aircraft to the Wuhan market. It ambitiously wants to start service to Paris, Tokyo and Singapore by 2010 and double the fleet to 30 aircraft by 2015. **Air China** accounts for 5 percent of Wuhan's traffic. Rival **China Southern Airlines** has 40% and **China Eastern Airlines**. **Air China** intends to introduce 27 new aircraft in 2009 and let 8-10 leases expire.

Canada/EU Open Skies Agreement. The two trading partners signed an "open skies" treaty in May which allows airlines to fly freely between any airport in the 27 countries of the EU and in Canada. The treaty replaces the restrictive bilateral agreements between Canada and European states, which governed routes, prices and the number of flights per week. The agreement loosens controls on the ownership of airlines. Canada plans to raise the foreign ownership limit from 25 percent of an airline's voting stock to 49 percent. This is welcomed by **Air Canada** and **WestJet Airlines**. The former is broke and could use more investment. The deal is similar the European Union and United States "open skies" agreement that was signed in March 2008. **European Commission** President **Jose Manuel Barroso** told the press, "This will generate major benefits for consumers and airlines... and will make the EU-Canada aviation

market one of the most open in the world.” The **European Commission** reported that the aviation agreement could generate an additional half-million passengers per year, add 1,000 jobs and about €72 million (\$96 million) to the economy. Implementation will come in stages. At first investors will be able to buy or found airlines in each other's markets. Later, airlines will fly freely within each other's markets and onwards to third countries.

The treaty was signed when some politicians are demanding protection for domestic industries, so this is a sign that the EU and Canada may also agree to a comprehensive trade deal worth \$27 billion to the combined economies of Canada and the EU per year. Canadian Prime Minister **Stephen Harper** said the two parties had worked on this trade agreement for 30 years. “Finally this agreement we have is a glimmer of light in the darkness of the global recession.”

Leasing Companies

Air France Sold/Leased-Back 777s with BOC Aviation. **BOC Aviation** announced that it was buying two passenger 777-300ERs and two 777-200LR freighters from **Air France**. The two freighters SN 32965 & 32966 were picked up on 29 April, and the second tranche of two passenger aircraft is expected to close in June 2009. **BOC Aviation** is the leading Asia-based aircraft leasing company with a portfolio of 115 aircraft. **BOC** has 69 aircraft on firm order for delivery through to 2013.

AerCap Holdings N.V. reported net income of \$30.0 million for the first quarter 2009, down from \$50.9 million for the same period in 2008. The drop was due to the sale of fewer assets last quarter than in the first quarter 2008. Total revenue fell to \$208.5 million from \$294.5 million for the same period in 2008. This was also due to lower aircraft sales revenue which fell from \$142.5 million in 2008 to \$41.7 million in 2009. This last quarter, **AerCap** sold four engines and parts inventory. Total assets rose 26 percent to \$5.8 billion as of March 31, 2009, from \$4.6 billion at March 31, 2008. Operating lease revenue rose 10 percent to \$53.4 million from \$48.4 million in the same period of 2008.

Alliance News

Aegean Airlines, Greece will join the **Star Alliance**. **Aegean** is the country's largest airline in terms of passenger numbers but does not have any long-haul aircraft. The alliance gives **Aegean** access to many markets across the globe with large communities of Greek descendants, the airline said. **Aegean** competes domestically with former state carrier **Olympic Airlines** and operates 17 A320s, four A321s, six Avro RJ100s and eight Classic 737s on 47 domestic and international routes. The airline codeshared with **Star Alliance** members **Lufthansa** and **TAP Air Portugal** for several years. The integration into the alliance should take one year. Once complete, the **Star Alliance** will consist of 26 carriers.

S7 Airlines, Russia will join the **oneworld** alliance next year. This adds eight new countries (Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan and Uzbekistan) and 54 new cities to the 10-member group's network. **British Airways** will sponsor and advise **S7's** 18-month integration program. The first step will be putting **S7** on **oneworld's Global Explorer** round-the-world fare. **S7** operates 26 A320 family aircraft, seven A310s and two 767s. It carried 6 million passengers and earned a \$3 million net profit on revenue of \$1.7 billion in 2008. It is 25 percent state owned. Five **oneworld** members **BA**, **American Airlines**, **Iberia**, **Japan Airlines** and **Royal Jordanian** serve **S7's** Moscow hub at **Domodedovo**. **S7** is the second Russian carrier after **Aeroflot** to join an alliance. **Star Alliance** is in no rush to win a Russian member because their airline industry is unsettled. **Star's** best bet is **Transaero Airlines** now that **S7** is taken.

The lessor added aircraft which generated more revenue. **AerCap** is committed to the purchase of aviation assets worth \$1.8 billion in 2009, of which \$300 million were acquired in first quarter. **AerCap** closed debt facilities for \$106 million with two European financial institutions to finance pre-delivery payments of four A330s ordered in December 2006. In March, associate company **AerVenture** signed an \$846 million export credit facility with commercial banks to finance up to 20 Airbus A320s. Repayment under the credit facility is guaranteed by the **European Export Credit Agencies**.

B&B Air's first quarter net income jumped to \$47.0 million from \$11.7 million net income in the same period in the preceding year. The first quarter result includes a \$49.0 million gain, before income tax. This was from the purchase of notes with a \$100 million principal payment for \$48.7 million. A partial settlement for repossessed aircraft earned \$6.5 million.

Aircastle Limited reported its total revenues dropped \$2.8 million to \$132.1 million from the first quarter 2008. Lease rental revenue also dropped, by \$5.0 million to be \$126.0 million due principally to the loss of \$7.7 million in potential revenue from aircraft between leases and in freighter conversion. Its first quarter net income was \$18.5 million. End of lease maintenance revenue for the quarter was higher by \$6.6 million and amortization of net lease discounts and lease incentives was lower by \$3.8 million versus the first quarter 2008.

DAE Capital secured a financing commitment with the U. S. **Export-Import Bank** worth over \$500 million. The financing deal supports the delivery of 10 aircraft by guaranteeing commercial loans or providing the loan itself. The aircraft will be purchased from and leased-back to **Emirates Airlines** and **Garuda Indonesia**. **DAE Capital** currently has 34 single-aisle and wide-body aircraft in its portfolio. It has 27 aircraft on contract to purchase and leaseback with airlines. **DAE Capital** said it committed to invest in a fleet portfolio worth \$27 billion. **DAE** ordered 100 Airbus A320 family and A350 XWBs and 100 Boeing 737 Next Generation aircraft and wide-body planes. The first ones will be delivered in 2010.

Cargo Pallet

Deccan Express Logistics, India plans to launch commercial cargo operations on May 19 using its first Airbus A310 freighter. The carrier is close to winning its air operator's certificate. It will

Military Market

The Czech Republic Ministry of Defence ordered four C-295 military transports aircraft from **Airbus Military**. The C-295s will replace the fleet of Antonov An-26s. The deal includes logistical support. The four aircraft will be delivered from late 2009 to the end of 2010. **EADS CASA** has sold 72 C-295s to the nations of Poland, Finland, Portugal, Brazil, Chile, Jordan and Spain, among others. **EADS** said, "The C-295 is a multipurpose aircraft used in humanitarian missions, deployment of rapid reaction forces, maritime surveillance and homeland security worldwide." **EADS CASA** has delivered more than 250 CN-235/C-295 aircraft that serve in the harshest conditions from the deserts of the Middle East and the inhospitable polar regions. The C-295 is a medium weight tactical transport aircraft, powered by twin Pratt & Whitney PW127G turboprop engines. The C-295 can carry 71 troops, 49 paratroops + one jumpmaster, five MIL STD 88" x 108" 463L pallets or up to ten 88"x 54" pallets. The max cruise speed is 260 kts (480 km/h). Max TOW is 51,150 lb (23.2 ton). Basic dimensions (approx.) are 85 ft (26 m) wingspan, 80 ft (24.5 m) length, and 28 ft (8.7 m) height, **EADS** said.

launch twice-weekly services on the Hong Kong-Delhi-Chennai-Hong Kong route, says **Deccan's** founder **GR Gopinath**. The first A310F is in India and **Deccan's** other two are on their way. The airline will add Dubai, Hyderabad, Kolkata and Mumbai to its network when they add capacity. Mr. **Gopinath** emphasized that **Deccan Express Logistics** is more than a cargo airline but an integrated logistics company. The company's brand name will be **Deccan 360**, which is painted on the fuselage. The company will start express logistics business that will connect 25 Indian cities using trucks.

AIRCRAFT DELIVERIES & SALES

Jet Aircraft

A318 & A319. Airbus delivered one A318-112 Elite SN 3530 to **Jet Alliance** and eight A319s in April. In Europe, a private Swiss customer took delivery of A319-115X SN 3856. **Hamburg International** received its seventh -112 SN 3853. **EasyJet** accepted -111 SN 3854. **Air Berlin** accepted -112s SN 3865. In Asia, **Hainan/Deer Jet** took delivery of -132 SN 3851 and **China Southern Airlines** bought -132 SN 3860. **Indian Airlines (NACIL)** received -112 SN 3874. **ILFC** leased the second of three -133s SN 3876 to **Chongqing Airlines**. The last one is due by the end of May.

BizJet International, the Tulsa-based wholly-owned subsidiary of **Lufthansa Technik**, received its first Airbus A318 Elite. The company will take over the A318 Elite executive interior installations from **Lufthansa Technik's** completion site in Hamburg. The first aircraft will be redelivered to Airbus in the autumn. The Elites will have supplemental type certificates from the **Federal Aviation Administration** and **European Aviation Safety Agency**. **BizJet** has contracts to finish six A318 Elite aircraft.

The German Government's first A319 Corporate Jetliner flew for the first time from the Finkenwerder factory in Hamburg. The ACJ is painted in **German Luftwaffe** colors and will have the interior completed by **Lufthansa Technik—LHT**. It and a sister-ship will be delivered to the **Ministry of Defense's** special mission wing in 2010. **LHT**, as prime contractor ordered two VIP A319 ACJs to replace Germany's existing fleet of Challenger 601s.

A320. Airbus delivered 18 A320s last month, including two -216s SN 3831 & 3846 to **Aircraft Purchase Fleet** for lease to **Alitalia**. **RBS Aerospace** leased -214 SN 3857 to **Aer Lingus** and SN 3840 to **Air Arabia**. **ILFC** leased three -200s in April, -232 SN 3873 to **Asiana Airlines**, -214 SN 3861 to **Bahrain Air** and -214 SN 3866 to **S7 Airlines**. **Aerdragon Aviation Partners** leased -214 SN 3852 to **Aigle Azur**. **EasyJet** accepted two 214s SN 3843 & 3871. In Asia, **Indonesia AirAsia** accepted -216 SN 3875 and **Shenzhen Airlines** received two -214s SN 3848 & 3855. **Aegean Airlines** accepted -232s

A380. **Emirates** took its fifth A380-861 SN 017 and the 14th A380 to be produced in April. The airline will receive five more A380s this year.

The delivery of the fourth A380-842 to **Qantas** was delayed by over a month because of production problems at the manufacturer, the airline said. The aircraft was due for delivery at the end of May. **Qantas** said, "Airbus has advised us that, due to production issues, it will not be delivered until mid-July." **Qantas** deferred three A380 deliveries by up 10-12 months, but is still taking three aircraft this year, one in July and two by the end of the year.

SN 3850. **Middle East Airlines** took delivery of its third -233 SN 3837. **GECAS** leased -214 SN 3868 to **Iberworld**. **Wizzair** accepted -2132 SN 3877. **Airbus** delivered -232 SN 3863 to **IndiGo**.

A321. **Airbus** delivered eight A321s in April. **ILFC** leased the third -211 SN 3878 to **Aegean Airlines**, -231 SN 3862 to **Vietnam Airlines**. **Airbus** delivered -231 SN 3867 to **China Southern Airlines** and -231 SN 3893 to **Sichuan Airlines**. **US Airways** accepted its 36th and 37th -231s SN 3879 & 3881. **Lufthansa** received -231 SN 3864 and **TACA International Airlines** got -231 SN 3869.

A330 & A340. **Airbus** handed over nine A330s in April, including two -200s to **ILFC**. **Garuda Indonesia** leased one -243 SN 988 from **ILFC** and the second, SN 1008 was leased by **HiFly**, Portugal. **Avianca** accepted its third -243 SN 1009. **Lease Corporation International** leased the second and third A330-343Es SN 1006 & 1010 to **Singapore Airlines**. **Singapore** transfers A330 orders to lessors as it leases the new planes. It transferred three orders to **AWAS** and three to **LCI**. The airline lists 13 more A330s on order. **AWAS** and **LCI** will each lease six -343Es to **SIA**. **Finnair** took delivery of its second -302E SN 1007. **Finnair** will receive five new A330s this year. It took SN 1013 in May and will receive SN 1023 in June. **Swiss International Air Lines** accepted its first of nine new A330-343Es SN 1000 on April 20. Three more -300Es are due this year. The airline ordered nine A330s in September 2007 to replace its fleet of nine A330-223s. The -300s are powered by **Rolls-Royce** Trent 772B EP engines. **AerCap** leased -323E SN 1001 to **Asiana Airlines**. **Thai Airways International** accepted its 13th of 20 -343Ws SN 990. **Arik Air** received its second ex-**Kingfisher** A340-542.

China Eastern Airlines will sell and lease back two of its five A340-642s with **Bank of Communications Finance Leasing** to improve cash flow. **China Eastern** is selling the two planes for their combined book value of \$86 million. It will pay about 17 million Yuan each quarter to lease them back over the next five years. **China Eastern** is considering cancelling its order for nine Boeing 787s if the international travel market remained sluggish. The company already cancelled leasing contracts for seven Boeing 737s. It may return to profitability this year because the domestic air travel market has picked up.

Strategic Airlines leased an A330-200 from **Swiss Airlines International**. It will replace the A330-300 that **Strategic** currently charts. The A330-200 will be used for Australian contractual requirements, as well as additional charter and ACMI contracts in the region.

BAE Systems. **Astra Airlines**, Greece acquired a second BAe 146-300 SN E3193 from **BAE Systems Asset Management** in May. It commenced operations with the first in July 2008. The -300 is configured in a 99-seat all economy class layout. **Astra** is based at Thessaloniki, northern Greece. It operated nearly 500 direct ad hoc and pre-scheduled charter flights on behalf of tour operators, agencies and brokers from Greece, Cyprus, Poland and Ukraine covering sporting and cultural events, trade fairs as well as incentive and pilgrim flights. The second aircraft will launch its first scheduled operation between Thessaloniki and Kiev in Ukraine. **Astra Airlines** is expanding its existing ACMI—aircraft, crew, maintenance and insurance co-operation with **Olympic Airways**.

Boeing 737NG. **Boeing** delivered 31 737s in April, including five 8AS/Ws SN 35006, 35007, 35008, 35009 & 35010 to **Ryanair**. The airline has taken 209 of the 338 on order. Elsewhere in Europe, **TUI** received its 49th and 50th -8K5/Ws SN 34688 & 34689 and **Air Europa** accepted a -800. In the Americas, **Southwest Airlines** bought two -7H4/Ws SN 36640 & 36642; they have 88 more on order.

Delta Air Lines received three -832s and sold them to leasing companies for other operators. **Alaska Airlines** received one -890/W SN 35196. **American Airlines** took delivery of another two of 76 new -823/Ws SN 29569 & 31097. The next 72 will be delivered through early 2011. **GECAS** leased out three -86N/Ws and **ILFC** leased two -800s to airlines. **GOL Airlines** accepted -8EH/W SN 36147. In Asia, **Lionair**, Indonesia accepted its 17th -9PGER/W SN 35724. **JAL International** received its 18th -846/W SN 35348. **Boeing** delivered one -89L/W SN 36742 to **Air China**, one -85N/W SN 36773 to **Shandong Airlines** and one -81B/W SN 35373 to **China Southern Airlines**. **BOC Aviation** leased out one -700. **Air India** received its 15th of 18 737-8HG/Ws SN 36337. In Africa, **Royal Air Maroc** accepted -86B/W SN 33068.

FlyDubai, UAE leased its first two 737-800s SN 35794 & 35795 and will begin services on June 1. **FlyDubai** is a new Dubai based low-cost carrier. It will initially fly to Amman, Beirut, Damascus and Alexandria. **FlyDubai** ordered 50 737-800s at **Farnborough Air Show 2008**. **FlyDubai** is one of the launch customers for the enhanced 737s program that **Boeing** announced in April. The airline has the option to trade part of the order up to the larger -900ER variant. The -800s will be fitted with 189 seats in high-density layout.

KLM appointed **Cabot Aviation** to remarket thirteen 737-300/-400 aircraft, which are being phased out from 2010 till 2012. The seven -300s are SN 24261, 24262, 24404, 27420, 27421, 28719 & 28720 and six -400s are SM 24344, 24468, 25412, 25423, 27232 & 27233.

Boeing 747. **Boeing** delivered the sixth and final 747-467ERF SN 36871 to **Cathay Pacific Airways** in April.

Boeing 757. **American Airlines** will reconfigure 18 domestic 757-200s to operate trans-Atlantic services from Miami and the northern U.S. to Europe. Two aircraft have been modified with winglets and lie-flat business-class seats in the front of the cabin. **American** will put those two on seasonal service between New York JFK and Brussels. In August, reconfigured 757s will fly between Barcelona and JFK. **American** may launch services to new European destinations.

Boeing 767. All **Nippon Airways** took the only 767 delivered in April, -381ER SN 37720. The airline operates 61 767-300s, -300ERs and -300Fs. It has nine more on order.

Boeing delivered the 50th 767 767-346ER SN 37549 to **JAL International** in May. **JAL** is the fifth-largest 767 operator in the world. **JAL** has one more 767 on order. This 767-300ER is the 404th **Boeing** or **McDonnell Douglas** airplane delivered to the Tokyo-based **JAL Group** since 1960.

British Airways Will Ground eight 747-400s and eight 757-200s in order to cut winter capacity by 4 percent, **Flight International** reports. **BA** is planning to sell its 757 fleet to another operator for cargo conversion. Last winter, **BA** cut capacity by 3.1 percent and will cut summer capacity by 2.5 percent. **BA** said it intends to target the jets which are older than 20 years in its long-haul fleet. Sixteen of the 747-400s and 767s will be above this 20-year threshold in 2010-11. **BA** CEO **Willie Walsh** said that the airline had to mitigate the impact of the economic crisis on our business by cutting excess capacity to match traffic. The airline lost £220 million (\$349 million) over the last year. Its operating loss in the fourth quarter dropped to £309 million because revenues dropped by 8.4% to £1.9 billion.

Boeing 777. Boeing delivered six 777s in April, including two -232ERs SN 30440 & 39091 to **Delta Air Lines**. The airline has 15 in service and three more on order. **ILFC** leased out one -300ER **Air France** accepted -328ER SN 35543. It has 16 more on order.

GECAS leased new 777-F6N SN 37708 to **LAN Cargo** to support the freight carrier's fleet expansion. The 777 is powered by two GE90 engines and is the first of two 777F that **LAN** will lease from **GECAS** this year. **LAN** also has two 777Fs on order. The 777F joins one 767-316F and 767-300ER that **GECAS** leases to the airline. **LAN** operates have a fleet of nine 767-300Fs and 17 passenger 767-300ER.

Boeing Delivered the 777th Boeing 777 to Emirates in April. Boeing 777-31HER SN 35588 is also the airlines 75th 777. The Dubai-based carrier is one of the largest operators of the 777 type and will become the world's largest 777 operator later this year when several more of the 28 firm-ordered -300ERs arrive. **Singapore Airlines** is currently the largest 777 operator with 77 in its fleet.

Jet Airways will lease a fourth 777 to **THY Turkish Airways** for 25 months. The other three have been delivered already.

Boeing delivered of the first of eight 777 Freighters SN 36001 to **Deucalion Capital** for lease to **AeroLogic GmbH** on May 12. **AeroLogic** was formed in 2007 and based in Leipzig, Germany, as a joint venture cargo company between **Lufthansa Cargo** and **DHL Express**. The 777 Freighter is powered by **General Electric** GE90-110B1 engines. Eleven customers have ordered a total of 72 777 Freighters.

Bombardier. **Eurowings** is replacing its fleet of five BAe 146-200s and ten -300s with new **Bombardier** CRJ-900 NextGen SN 15229 was delivered on April 24 and SN 15230 arrived May 15. The first was formally christened **Amberg** and entered service on May 10. **Lufthansa, Eurowings'** parent ordered 15 CRJ900s. two years ago. They are replacing the BAe 146s, on a one-for-one basis, giving **Eurowings** an all-CRJ fleet in 2010. The airline already operates 18 CRJ-100/200s and two CRJ-700s. The 146s are being returned to **BAE Systems**.

Embraer. **Embraer** delivered the first EMBRAER 190 SN 19000285 to **Niki**, an Austrian budget airline. It ordered five E-190s last year and optioned five more. The regional jets will fly from Vienna and Innsbruck to destinations within Europe. **Embraer** delivered the first Lineage 1000 executive jet to **HE Aamer Abdul Jalil Al Fahim**, of Abu Dhabi, United Arab Emirates. **Prestige Jet**, Abu Dhabi will manage the aircraft. The Lineage 1000 executive jet is based on the EMBRAER 190 airframe and costs some \$42 million at list price. **Embraer** leased the first of two ERJ-145s to **Passaredo Linhas Aéreas**

McDonnell Douglas.

UPS grounded its DC-8 fleet after 21 years of operation. The carrier accelerating plans to ground these aircraft after the deal to operate them for **DHL** fell through. **UPS** started DC-8 operations on February 1, 1988 and currently owns 44 of them. Only nine were active when **UPS** pulled the fleet from service. The airline hoped to keep them flying until 2013. The fleet age ranges from 38 to 42 years old. **UPS** intended to take over the **DHL** contract from **ABX Air**, but that deal was criticized by U.S. legislators. **UPS** plans to dispose of the DC-8s through sales, parting out, or scrapping for their metal content.

AWAS, delivered the first MD-11F freighter to the re-launched cargo carrier **Cargoitalia**, Italy. It will fly between Milan Malpensa and New York, Toronto and Abu Dhabi. The aircraft will enter into service later this month.

in April. The lease was transacted through **Embraer's** wholly owned subsidiary **ECC Leasing Company Limited**. The second pre-owned ERJ 145 is in the final preparation stage at **Embraer Aircraft Maintenance Services—EAMS**, in Nashville, Tennessee. It will be re-delivered soon. **Passaredo** currently operates six EMB-120 Brasilias and will use the ERJ-145 jets to strengthen its presence in Brazil's regional markets.

Midwest Airlines and Republic Airways announced the expansion of their air services agreement, including the addition of two new EMBRAER 190AR jets. The E-190s will seat 100 passengers in a single cabin that includes 20 Signature seats. **Midwest** will introduce the new aircraft in August and September, and will announce new routes and schedules in the near future

Turboprop Aircraft

ATR delivered the ATR 72-500 SN 861 to Romania's flag carrier **Tarom** in May. Last year, the airline ordered two ATR 72-500s valued at some \$37 million. The airline currently operates a fleet of seven ATR 42-500s, and will take delivery of its second new ATR 72-500 later this year. **Air Tahiti**, French Polynesia took delivery of its 25th ATR aircraft, an ATR 72-500 SN 862 in April. **Air Tahiti** is a launch customer for the new ATR "600 series" aircraft and has ordered three ATR 42-600s and two ATR 72-600s. The first will be delivered in spring 2011. **ATR** sold 422 ATR 42s and 563 ATR 72s since the beginning of the program.

Bombardier delivered the first Q400 NextGen SN 4244 to Norwegian regional carrier **Widerøe's Flyveselskap A/S**. They have five more on firm order. **Widerøe** has operated **de Havilland/Bombardier** aircraft since 1957 and currently flies 30 Dash 8-100s, Q300s and Q400s. **Widerøe** is celebrating its 75th anniversary of its founding this year. **Bombardier** sold two ex-**Scandinavian Airlines** Q400s to the **French Department of Civil Defense** in 2005. They were converted into an aerial forest-fire water bomber by **Cascade Aerospace**. The Q400's water tank carries at least 2,500 gallons (20,000lb- 9,080kg) of water.

KLM appointed **Cabot Aviation** to remarket six F50 aircraft SN 20206, 20207, 20211, 20217, 20218 & 20219.

Scrap Heap

GA Telesis acquired two Boeing 767-300s from **Japan Airlines**. **JAL** recently retired the two planes from domestic and international services. The 767-300s will be disassembled by **GA Telesis** in Florida. The parts will be marketed by the **GA Telesis Aircraft Systems Group** and **Turbine Engine Group**.

Emirates is still deciding whether to repair or scrap the A340-500 that was badly damaged by a tail strike. The A340, A6-ERG is only five years old. It dragged its tail while trying to take off from Melbourne in March 20. The flight crew typed the wrong takeoff weight into the flight computer so the plane used up the whole runway before lifting off and hitting some lights. The underside of the rear fuselage was badly scratched. The flight crew resigned. The airline reported, "At present, repair options for the aircraft are under consideration in conjunction with the manufacturer. A final decision on the form of repair of the aircraft is yet to be taken."

Accidents and Safety

From Aviation Safety Foundation

A **B737-200**, TL-ADM, SN 22264 possibly owned by **Centrafrique Air Express** crashed near Massamba Village, Bandundu Province, Democratic Republic of Congo on April 29, killing the two pilots and five engineers on board. The details are sketchy. The airplane was operating a ferry flight from **Bangui Airport**, Central African Republic to **Harare Airport**, Zimbabwe for maintenance. Or it was reported to be flying cargo. As of now, the press is not even sure as to the operator or the airplane.

Tentara Nasional Indonesia-AU (Air Force) Lockheed C-130H Hercules, A-1325, SN 4917 crashed short of the runway at **MadiunMadiun-Iswahyudi Airport**. It hit four houses before it burst into flames. All 14 crew and 98 passengers as well as two or more people on the ground were killed on May 20. The airplane was carrying military personnel and their families.

A **British Aerospace** 3201 Jetstream 32, registered as YV1467 crash landed near Utila Airport on the Islas de la Bahia, Honduras, killing one of the crew and injuring the other two, on May 10. The police confiscated 3,000 pounds of cocaine. Apparently the Jetstream ran out of fuel and attempted a forced landing in rainy weather. The Venezuelan registered airplane was reported missing during a domestic flight from **Metropolitano International Airport**.

Saudi Arabian Airlines MD-90-30, HZ-APW, SN 53513 was substantially damaged when it went off the runway at Riyadh, Saudi Arabia, after a ferry flight. The crew of eight escaped injury on May 8, but the plane's right hand main gear collapsed.

Iran Air Tours almost lost Tupolev 154M, EP-MCR, SN 86A743 on May 8, 2009, when the plane was buffeted by severe turbulence and hail stones while flying near **Mashad Airport**, Iran. All 169 passengers and crew survived but the plane's fuselage sustained substantial damage from the 1.8 G acceleration forces.

From www.airfrance.com

Air France confirmed the disappearance of flight AF 447 flying from **Rio de Janeiro** to **Paris-Charles de Gaulle**, scheduled to arrive at 11:10am local time today [June 1, 2009], as announced to the press by

Antiques and Other Junque

The Museum of Mountain Flying, Missoula Montana is looking to sell 1958 model Fairchild F-27F freighter, SN 31. The airplane is not currently airworthy and may only be good for parts or display. Airplane comes with a plane load of spare parts too. Contact **Jim Beyer** at 406-274-3521 or e-mail mrmotomontana@msn.com for photos and information. The museum is accepting offers for the plane as it sits. We can make arrangements to transport by truck.

For Sale: Three Wooden Wings from a 1929 **Travelair** biplane. The wings are good for display only. Weathered and missing some ribs. They would make nice wall decoration. \$100 each. Other decorative parts available, including engine nacelles from a Cessna UC-78 Bobcat and engine cowl flaps from Consolidated PB4Y Privateer patrol bomber—also a rudder from a UC-78 and small Cessna plane and numerous WW2 era instruments for desk ornaments. Contact **Jim Beyer** at 406-274-3521 or e-mail mrmotomontana@msn.com for photos and information.

Air France CEO, Pierre-Henri Gourgeon. The **Airbus A330-200**, registration F-GZCP, left Rio on 31 May at 7:03pm local time (12:03am in Paris). The aircraft hit a zone of stormy weather with strong turbulence at 2am this morning (universal time), i.e. 4am in Paris [June 1, 2009]. An automatic message was received from the aircraft at 2:14am (4:14am in Paris) indicating a failure in the electric circuit a long way from the coast. The Brazilian, African, Spanish and French air traffic control centres all tried to make contact with flight AF 447 but to no avail. The French military air traffic control centre tried to detect the aircraft but did not succeed. 216 passengers were on board: 126 men, 82 women, 7 children and one infant. There were 12 flight crew members: 3 pilots and 9 flight attendants. The flight captain had a record of 11,000 flight hours and had already flown 1,700 hours on Airbus A330/A340s. Of the two first officers, one had flown 3,000 flight hours (800 of which on the Airbus A330/A340) and the other 6,600 (2,600 on the Airbus A330/A340). The aircraft was powered by General Electric CF6-80E engines. The aircraft had totalled 18,870 flight hours and went into service on 18 April 2005. Its last maintenance check in the hangar took place on 16 April 2009. This is the first crash of an A330 since its introduction into commercial service in 1993. **Air France's** last accident was the loss of an A340 that overran the runway at Toronto's **Pearson International Airport** in 2005. All 309 people on board escaped safely.

Speculation as to the cause of the crash has already started. **Air France** spokesman **Francois Brousse** said it was possible the plane was hit by lightning, according to the **Associated Press**. **Bill Voss**, CEO of **Flight Safety Foundation** said "Lightning issues are less common now since it's easier to avoid thunderstorms. I cannot recall in recent history any examples of aircraft being brought down by lightning." **AVMARK** remembers that an **Imperial Iranian Air Force 747-100** was struck by lightning over Spain in the early 1970s and it lost a wing due to a fuel tank explosion. **Mr. Voss** told the **AP** that airplanes have specific measures built in to help dissipate electricity along the aircraft's skin. An anonymous Pentagon official in Washington said he'd seen no indication that terrorism or foul play was involved. What ever happened, it happened quickly because the crew did not have time to radio a mayday call, **Jane's Aviation** analyst **Chris Yates** said. He added that the possibilities ranged from mechanical failure to terrorism. **Airbus** and France's civil aviation investigation office, the **BEA** will aid the search for the wreckage and black box, which are thousands of feet below the ocean's surface. The task of finding them is daunting and chances of success are slim since it will be hard to pinpoint the crash site.

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

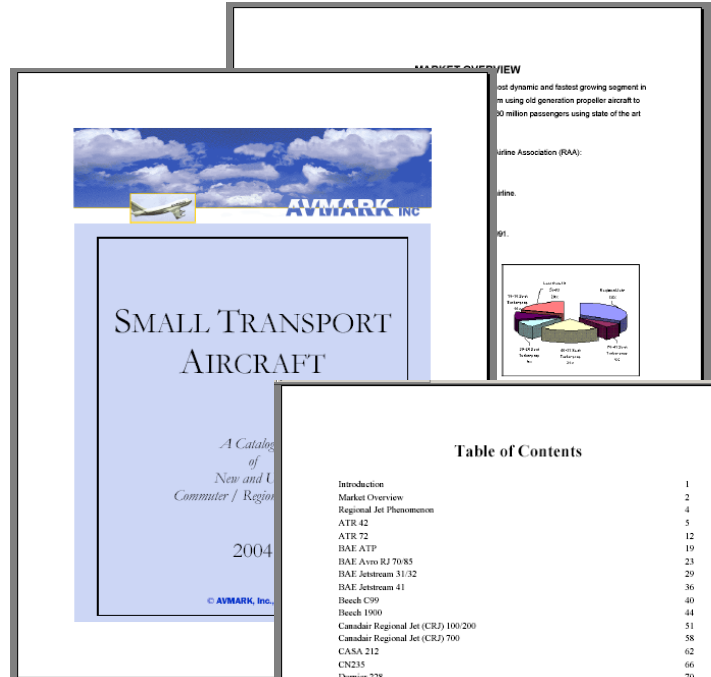


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ATR 42-300

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

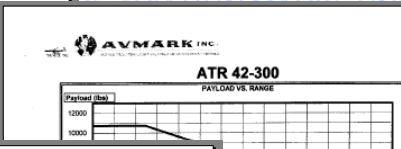
Specifications	
Accommodations	
Passengers*	46
Pilot	2
Cabin Attendants	1
Powerplant	
2 Pratt & Whitney PW120 Turboprops	1,800 SHP / 1,342 kW
Hotstart Propellers	4 blades
Dimensions	
74 ft 5 in	
80 ft 7 in	
24 ft 11 in	
Weights	
48 ft 5 in	
8 ft 5 in	
6 ft 3 in	
170,170 / 53 cu ft	
36,815 lb	
36,155 lb	
33,510 lb	
22,975 lb	
10,835 lb	
9,920 lb	
62.43 lb / sq ft	
10.23 lb/lb thrust	

ATR 42-300

Standard Equipment: Right engine Propeller Brake, Airsearch Air Conditioning, Stall Warning, Altitude and Heading Reference Systems (AHRS), Computers (ADC), 1 DFZ 000 Automatic Flight Director, Dual King Gold Crown Dual King Gold Crown VHF Nav Radios, DME Radio Altimeter, Honeywell P-800 Weather Ra

Optional Equipment: KLU 900 GPS/W, FMS, Area Navigation (RNAV), Microwave Landing System, VLF/Omega Long Range Navigation System, Dual Honeywell AZ-800 Digital Air Data Computers, PA System, HF Radio, Collins Avionics in place of King Avionics, CDT 8

Avionics: EDZ 800 Electronic Flight Instrument System (EFIS) - 4 CRT's for dual



THE AVIONE DE TRANSPORT REGIONAL (ATR) first flew in August 1984, and entered service in December 1985 with the French regional Bist Air. The aircraft is a joint venture between Aerospaziale 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 row allows for a seating configuration of up to 50 passengers.

The baseline aircraft is the ATR 42-300/200 powered respectively by PW120/121 engines. The latest version is the ATR 42-500 powered by PW127A 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 wing turboprops, 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 storage, in an externally accessed forward and aft baggage compartment, and in a closet.

Price List

Years Built	Base (\$ mil)
ATR 42-300	85-95 3.0

Direct Operating Costs (\$ per block hour)

Utilization (Block Hours / Year)	100	300
Average Stage Length (nm)		
Flying Operations	\$180	\$180
Flight Crew, Salaries / Expenses	\$173	\$162
Fuel, Oil, Taxes	\$3	\$3
Other	\$3	\$3
Aircraft Costs		
Insurance	\$3	\$3
Maintenance	\$410	\$410
Depreciation	\$62	\$62
Rentals	\$318	\$318
Total Direct Operating Costs	\$905	\$833
Cost per Available Seat Mile - \$	12.33	9.65
Cost per Airplane Mile	\$5.67	\$4.44
Cost per Seat Block Hour	\$16.67	\$15.11

Note: Data from DOT airline filings.

Cost: US \$ 350.00

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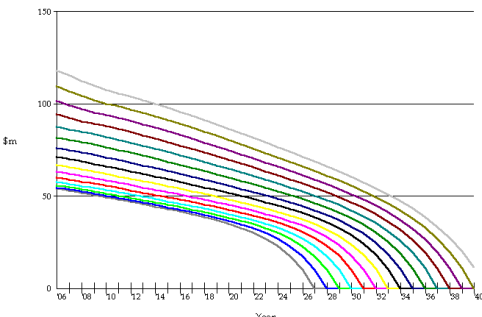
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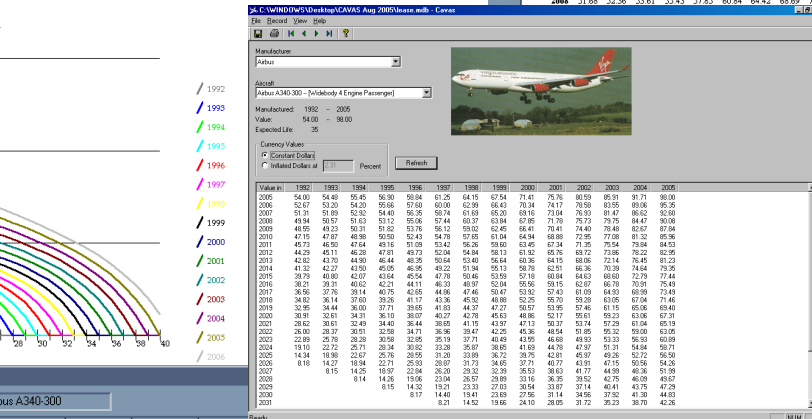
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CAVAS Graph



Profit & Loss Report					
Aircraft Type	Airbus A340-300				
Period	1	2	3	4	5
REVENUES (US\$'s)					
Passengers	49,328,754	49,270,739	49,212,559	49,154,213	49,095,701
Freight & Mail	8,879,176	8,868,733	8,858,261	8,847,758	8,837,226
Other Revenue	986,575	985,415	984,251	983,084	981,914
TOTAL OPERATING REVENUE	59,194,505	59,124,887	59,055,070	58,985,055	58,914,841
VARIABLE EXPENSES					
Fuel	6,918,975	6,917,340	6,916,036	6,914,732	6,913,428
Landing Fees	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
Pax Commissions	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
Food & Supplies	3,999,194	3,999,194	3,999,194	3,999,194	3,999,194
Passenger Liability Insurance	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
SEMI-VARIABLE EXPENSES					
Crew Salaries & Expenses	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
TOTAL FIXED COST	522,892	697,747	871,835	1,045,156	1,217,711
TOTAL OPERATING COST	31,464,497	32,185,749	32,903,601	33,618,052	34,329,104
General and Admin. Allocation	1,573,225	1,609,287	1,645,180	1,680,903	1,716,455
TOTAL COST	33,037,722	33,795,036	34,548,781	35,298,955	36,045,559
OPERATING PROFIT OR LOSS	26,156,782	25,329,851	24,506,290	23,686,100	22,869,282
D-CHECK ADJUSTMENT					
Cumulative Hours	4,830	9,650	14,455	19,257	24,045
Cumulative Dollars	315,000	0	0	0	0
ADJUSTED CASH FLOW	25,841,782	25,329,851	24,506,290	23,686,100	22,869,282
AIRCRAFT LIFE ADJ. CASH FLOW	25,841,782	25,329,851	24,506,290	23,686,100	22,869,282



CAVAS Figures												
Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
2006	54.00	54.61	55.83	57.66	60.10	63.14	66.80	71.07	75.94	81.43	87.52	94.22
2007	52.85	53.49	54.73	56.56	58.98	62.01	65.63	69.95	74.86	80.37	85.52	91.12
2008	51.68	52.36	53.61	55.43	57.85	60.84	64.43	68.69	73.65	79.18	84.76	90.48
2009	50.49	51.19	52.46	54.28	56.70	59.67	63.24	67.48	72.48	78.01	83.59	89.31
2010	49.28	49.99	51.27	53.09	55.51	58.48	62.03	66.24	71.21	76.83	82.50	88.31
2011	48.05	48.77	50.05	51.87	54.29	57.26	60.81	65.01	70.00	75.69	81.46	87.41
2012	46.80	47.52	48.80	50.62	53.04	56.01	59.56	63.76	68.73	74.54	80.49	86.67
2013	45.53	46.25	47.53	49.35	51.77	54.74	58.29	62.49	67.44	73.23	79.25	85.60
2014	44.24	44.96	46.24	48.06	50.48	53.45	57.00	61.20	66.15	71.94	78.05	84.58
2015	42.93	43.65	44.93	46.75	49.17	52.14	55.69	59.89	64.84	70.63	76.84	83.56
2016	41.60	42.32	43.60	45.42	47.84	50.81	54.36	58.56	63.51	69.30	75.51	82.23
2017	40.25	40.97	42.25	44.07	46.49	49.46	53.01	57.21	62.16	67.95	74.16	80.88
2018	38.88	39.60	40.88	42.70	45.12	48.09	51.64	55.84	60.79	66.58	72.79	79.51
2019	37.49	38.21	39.49	41.31	43.73	46.70	50.25	54.45	59.40	65.19	71.40	78.12
2020	36.08	36.80	38.08	39.90	42.32	45.29	48.84	52.94	57.89	63.68	70.00	76.72
2021	34.65	35.37	36.65	38.47	40.88	43.85	47.40	51.50	56.45	62.24	68.56	75.28
2022	33.20	33.92	35.20	37.02	39.53	42.50	46.05	50.15	55.00	60.79	67.11	73.83
2023	31.73	32.45	33.73	35.55	38.06	41.01	44.56	48.66	53.51	59.30	65.62	72.35
2024	30.24	30.96	32.24	34.06	36.57	39.92	43.41	47.51	52.36	58.15	64.47	71.00
2025	28.73	29.45	30.73	32.55	35.06	38.47	42.36	46.46	51.31	57.10	63.41	70.00
2026	27.20	27.92	29.20	31.02	33.53	36.98	40.91	45.01	50.00	55.79	62.00	68.72
2027	25.65	26.37	27.65	29.47	31.94	35.49	39.46	43.56	48.55	54.34	60.60	67.33
2028	24.08	24.80	26.08	27.90	30.35	33.86	37.81	41.81	46.80	52.59	59.20	65.93
2029	22.49	23.21	24.49	26.31	28.72	32.17	36.12	40.17	45.16	50.95	57.56	64.14
2030	20.88	21.60	22.88	24.70	27.11	30.48	34.43	38.48	43.47	49.26	55.87	62.45
2031	19.25	19.97	21.25	23.07	25.48	29.53	33.58	37.63	42.62	48.41	54.80	61.36

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