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## WEEKLY AVIATION HEADLINES

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AviTrader Weekly Aviation Headlines is a free email circulation to the aviation industry by ARYX Business Solutions Inc., 203-38 Fell Avenue, North Vancouver, BC, Canada, V7P3S2 Contact information: Peter Jorssen, phone +1 (604) 448-0970, email: peter.jorssen@aryxsolutions.com

### **Aircraft / Engine Deals**

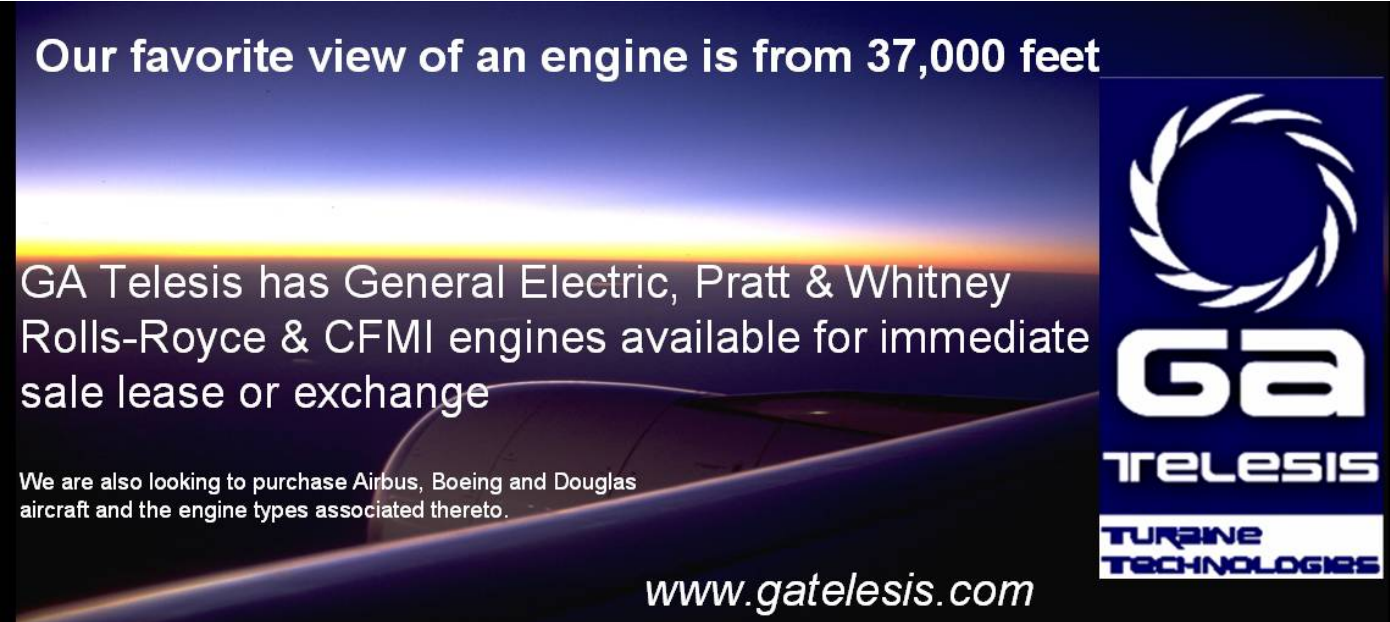
**Airblue** (Pakistan) announced its intention to purchase eight Airbus A320-200 and two airbus A330-200 aircraft from Airbus Industries for an estimated cost of \$ 790 million.

**CIT Group Inc.** signed a purchase agreement with **Airbus** for 24 A320 family aircraft, to be delivered in 2007 and 2008, and five (5) A350 aircraft, to be delivered in 2012 and 2013. The total dollar value of the aircraft order is approximately US \$2.2 billion, based on Airbus' current list prices. CIT also has options to acquire additional aircraft.

**Embraer** announced the delivery of three (3) specially configured Legacy Executive aircraft to the government of India, which ordered five airplanes of the model and holds options on two more. Three of the Legacys delivered will serve the Indian Air Force and one will serve India's Border Security Force.

**LAN Airlines** selected **International Aero Engines** (IAE) V2500 engines to power up to 40 Airbus A320 family aircraft. The order is made up of 18 firm and 22 options. The airline also selected a long-term Fleet Hour Agreement (FHA) to cover the fleet expansion. The announcement is in addition to the 20 V2500-powered Airbus A320 aircraft already ordered by LAN Airlines.

**LAN Airlines** will be the launch customer for the **Pratt & Whitney** PW6000 engine. LAN's engines will power 15 firm Airbus A318 aircraft for a total of 34 engines (30 installed and 4 spares). A long-term maintenance agreement is included. In addition, LAN Airlines has signed with Pratt & Whitney to power up to 25 option aircraft. If LAN exercises all options it would mean an additional 56 (50 installed and six spare) engines.



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**Qantas** announced it would issue a Request for Proposal (RFP) to aircraft manufacturers for the future provision of new wide-body aircraft. The aircraft would replace the Qantas Group's fleet of medium wide-body Boeing 767-300 aircraft and also cater for international capacity growth and new route opportunities in coming years.

**UPS** announced a firm order for eight (8) new **Boeing** 747-400 freighters – the first UPS order placed directly with Boeing for the 747 Freighter family and the carrier's first for 747-400 Freighters. Terms of the deal were not disclosed. Deliveries of the 747-400's will begin in June 2007 with two additional deliveries that year, followed by the remaining five deliveries in 2008. UPS has selected **General Electric** CF6-80C2-B1F engines to power the new aircraft.

**World Airways** will convert one MD-11 passenger aircraft to cargo configuration in 2006, bringing the company's cargo fleet to six MD-11Fs and two DC-10-30Fs.

### MRO / Production

**easyJet** signed a 10-year contract with **SR Technics** for the full technical support of the low-cost carrier's Airbus A319 fleet. The agreement, valued at \$1 billion over the life of the contact. SR Technics will provide full technical management for the A319 fleet, planned to rise from currently 54 aircraft to a total of 120 aircraft by 2007. SR Technics will provide a full range of services including line, light and base maintenance, maintenance operations control, engineering & technical services, component repair and logistics management. SR Technics' major facilities and easyTech, the JV at Luton, will be the main locations to provide support day to day but SR Technics international network will enable easyJet aircraft to be supported wherever required throughout Europe and beyond SR Technics will also continue to provide full support for the B737 easyJet fleet.

**ExpressJet Holdings** announced its subsidiary, **ExpressJet Services, LLC**, received a repair station certificate from the Federal Aviation Administration.

**Hamilton Aerospace Technologies** signed an exclusive 5 year maintenance contract with an option for 5 additional years with the new low-cost Mexican airline, **AVOLAR**. Under the terms of this exclusive agreement, HAT will provide to AVOLAR all maintenance services from turn-around line maintenance to scheduled heavy maintenance, including parts support. AVOLAR's business plan calls for a fleet made up exclusively of Boeing 737-300 and 737-500 aircraft. AVOLAR plans to have 5 aircraft in service by the end 2005, and thereafter integrate approximately one aircraft per month, culminating in 30 aircraft being placed in service by September 2007. HAT anticipates approximately \$1.5 million in revenue from this contract through the end of 2005.

In order to efficiently perform the large volume of maintenance services projected for the AVOLAR contract, HAT entered into a lease agreement for approximately 50,000 sq. ft. of office and hangar space in an existing large aircraft maintenance facility in Tijuana, Mexico. HAT's lease agreement also contains options for an additional 230,000 sq. ft. of hangars, back shops and offices at the same facility.

**Lufthansa Technik's** Completion Center signed its first contract for a VIP completion of a Boeing Business Jet (BBJ) in Russia and the Commonwealth of Independent States. The airplane will be outfitted for a Russian company and will be operated by **Vizavi Aviation**. Delivery of the completed airplane will be mid-2006.

**Pulkovo Airlines**, one of the largest carriers in Russia and the Commonwealth of Independent States (CIS), and **Lufthansa Technik** signed a five-year Total Technical Support TTS® contract for the newly leased fleet of Boeing 737-500 airplanes. The Total Technical Support TTS® for the Boeing jets includes various products like line

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maintenance, customized maintenance planning, troubleshooting, engineering services, repair and overhaul of aircraft, engines and components, spare-parts pooling, modifications, Airline Support Teams AST®, logistics as well as training. Lufthansa Technik will train and support Pulkovo Airlines to develop own maintenance capabilities at the hub in St. Petersburg and will help to achieve necessary certification.

**Siberia Airlines**, the second largest carrier in Russia and the Commonwealth of Independent States (CIS), and **Lufthansa Technik** signed new Technical Support agreements for the Airbus A310 and Boeing 737 fleets. Over the next five years Lufthansa Technik will serve the fleet of all together eight Airbus A310 airplanes via a Total Component Support TCS® contract with the provision of components at the carrier's hubs in Moscow and Novosibirsk.

**Timco Aviations Services** announced that it acquired tooling and other equipment to be used for the repair and overhaul of CFM56 engines. The acquisition was financed through an operating lease agreement with Maxus Leasing Group.

### Corporate News

**ACE Aviation Holdings**, parent company of **Air Canada**, announced the following key executive appointments: Brian Dunne, formerly Chief Financial Officer at Aer Lingus, joins ACE as Executive Vice President and Chief Financial Officer; Rob Peterson, formerly Executive Vice President and Chief Financial Officer of ACE, will assume the position of Executive Vice President, Finance and Chief Financial Officer at Aeroplan LP; Greg Cote, formerly Senior Vice President and Partner, Ernst &Young Corporate Finance, joins ACE as Senior Vice President, Corporate Finance and Strategy.

**Aeroflot** announced that it served 709.0 thousand passengers in July 2005(including 4.1 thousand served by charter flights) and 11.8 thousand tones of mail and cargo loads. 2 billion 159 million of passenger/km and 263.3 million tones/km were made. In July the percentage of cargo payload use was 58.3%, and the percentage of passengers' capacity use was 72.1%.

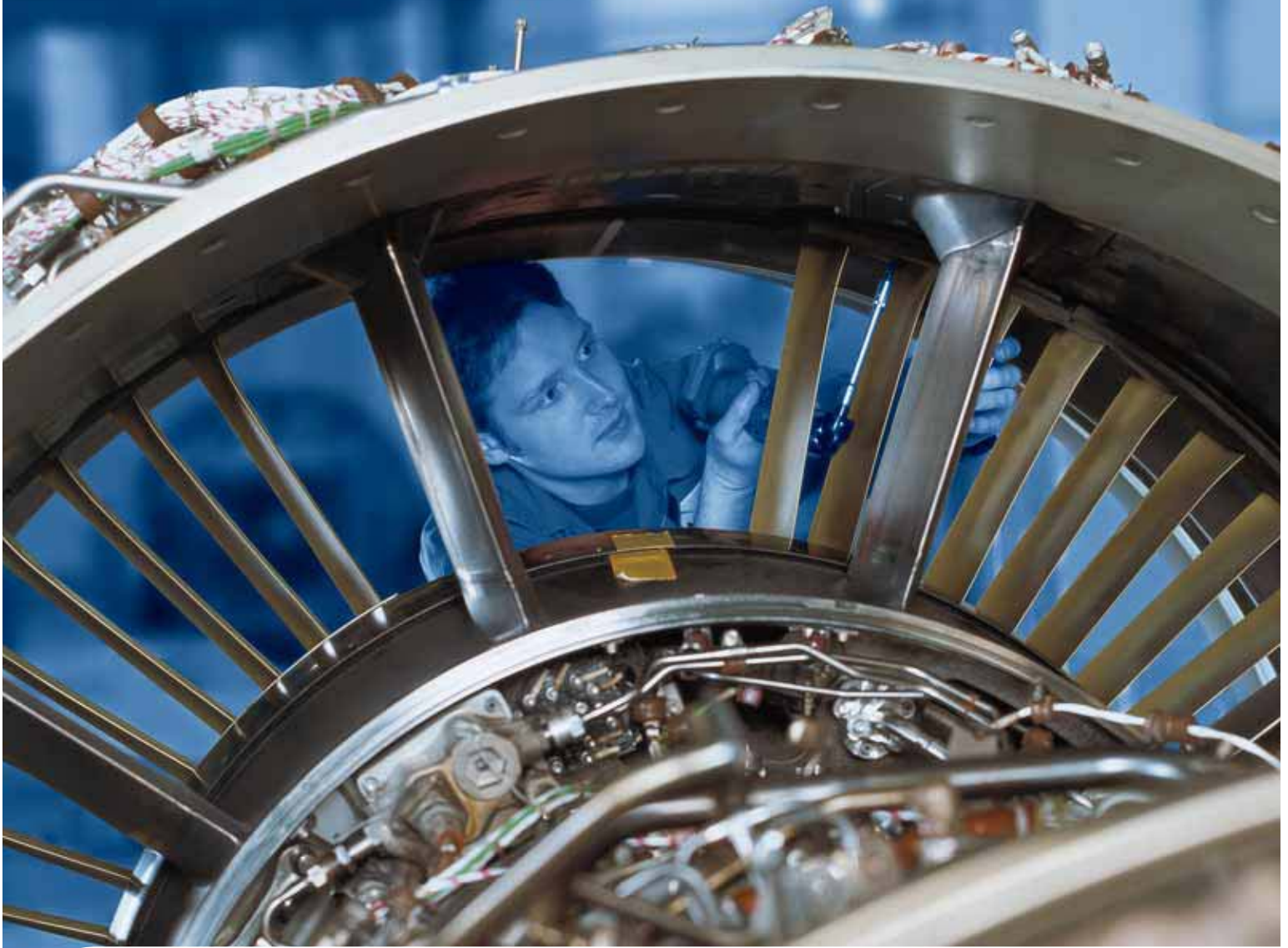
**Air Wisconsin Airlines Corporation (AWAC)** and **US Airways** marked the start of their new relationship, with the first AWAC aircraft operating under the US Airways Express name taking flight on 13 August.

**Airbus** and Russian scientific production corporation **Irkut** signed a preliminary agreement on Russian participation in A350 development and future Airbus aircraft programmes. The letter of intent (LOI) confirms Airbus' proposal for Russian aviation industry participation in the design and manufacture of the A350 on a risk-sharing basis. In addition, it establishes that both parties will explore opportunities in research & technology that could further enhance Russia's contribution to future Airbus aircraft programmes.

Airbus parent **EADS** and **Irkut** signed an agreement confirming the intention for a strategic investment in the Russian plane manufacturer through the prospective acquisition of newly-issued shares, representing up to 10 % of Irkut's outstanding capital. The parties envisage the transaction to be closed at the end of 2005.

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**Alaska Airlines** and the Transport Workers Union (TWU) jointly announced ratification of an amended contract extending the current agreement covering the airline's 34 dispatchers to June 30, 2010. The five-year contract in effect since July 1, 2002, called for a reconsideration of wages in 2005. The extended contract includes a redistribution of planned wage increases through 2010 and other contract updates and clarifications resolving issues raised by the union and the airline.

**Alenia Aeronautica**, a subsidiary of Italy's defense and aeronautic group **Finmeccanica**, is to take a stake of at least 25% in the civil aviation division of Russian state-controlled **Sukhoi**, Russia's major aircraft holding company.

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**ATA Holdings Corp.** announced that its founder, J. George Mikelsons, intends to retire from his position as President and Chief Executive Officer of the Company. Upon retirement, Mr. Mikelsons will continue to serve as the Company's non-executive Chairman of the Board until the earlier of the Company's confirmed plan of reorganization or December 31, 2005. The Company, its subsidiary, ATA Airlines, Inc. and Mr. Mikelsons are seeking Bankruptcy Court approval of the terms of Mr. Mikelsons' retirement and retirement compensation arrangements. If Bankruptcy Court approval is obtained, Mr. Mikelsons' retirement will be effective on August 31.

**Avcorp Industries** announced contract extensions and renewals with **Boeing**. Boeing Commercial Airplanes has exercised an extension to its existing contract with Avcorp to the end of 2006. Boeing Canada Technology has renewed its contract to the end of 2006. The products supplied by the Company under these agreements include miscellaneous sheet metal details and assemblies for the Boeing 737, 747 and 777 airplanes.

**Boeing** projected strong market demand for commercial airplanes in Russia and the CIS, which will require approximately 1,340 passenger airplanes over the next 20 years, according to company's annual forecast for the commercial airplane market. Airplane acquisition will consist of new and used airplanes. Single-aisle airplanes in the Boeing 737 family size range - from 110 seats up - will account for nearly 50 percent of all new airplanes entering the Russia and CIS market combined. Around 36 percent will be regional jets, defined by Boeing as airplanes with 100 seats or less. Airlines will require around 130 (or 9%) twin-aisle airplanes.

**British Airways** has opened an investigation into the circumstances of the unofficial industrial action taken by about 1,000 of its staff last week. The inquiry will seek to establish the facts of what happened in order to take appropriate action. The airline is also investigating whether any staff were bullied or intimidated into walking out or staying out. Groups of baggage handlers, cargo workers and bus drivers staged a wildcat strike last Thursday, causing the cancellation of more than 700 flights and severe disruption for 100,000 passengers.



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# COMMERCIAL AIRCRAFT MARKETPLACE

August 22, 2005



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## AAR Corporation

<b>MD80-83</b>	JT8D-219	49966	1993	May-06	Lease	<b>Chris Olds</b>	<a href="mailto:christopher.olds@aarcorp.com">christopher.olds@aarcorp.com</a>	(1) 630 227-2425
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## Bristol Associates, Inc.

<b>737-300</b>	CFM56-3B-2	23931	1988	immediately	Sale, Lease	<b>Pete Seidlitz</b>	<a href="mailto:bristol@bristolassociates.com">bristol@bristolassociates.com</a>	(1) 202 682-4000
<b>737-300</b>	CFM56-3B-2	23932	1988	immediately	Sale, Lease	<b>Ed McNair</b>	<a href="mailto:bristol@bristolassociates.com">bristol@bristolassociates.com</a>	(1) 202 682-4000
<b>747-400</b>	PW4056	24363	1989	immediately	Sale, Lease			
<b>747-400</b>	PW4056	25395	1992	immediately	Sale, Lease			
<b>747-400</b>	PW4056	26474	1993	immediately	Sale, Lease			
<b>747-400</b>	PW4056	26879	1993	immediately	Sale, Lease			
<b>747-400</b>	PW4056	26881	1993	immediately	Sale, Lease			
<b>767-300ER</b>	PW4056	25285	1992	immediately	Sale, Lease			
<b>767-300ER</b>	PW4056	25287	1992	immediately	Sale, Lease			
<b>767-300ER</b>	PW4056	25392	1992	immediately	Sale, Lease			
<b>767-300ER</b>	PW4056	25393	1992	immediately	Sale, Lease			
<b>767-300ER</b>	PW4056	25394	1992	immediately	Sale, Lease			
<b>777-200</b>	PW4077	26917	1994	immediately	Sale, Lease			

## CIT Aerospace

<b>737-300</b>	CFM56-3B-2	23970	1987	Dec-05	Lease	<b>Nicole Johnson</b>	<a href="mailto:nicole.johnson@cit.com">nicole.johnson@cit.com</a>	(353) 1 656 1012
<b>737-300</b>	CFM56-3B-1	24011	1988	Dec-05	Lease			
<b>757-200</b>	RB211-535E4	23895	1987	Oct-05	Lease			
<b>MD80-87</b>	JT8D-219	49779	1989	Sep-05	Lease			
<b>DHC8-102</b>	PW120A	205	1990	immediately	Sale, Lease			
<b>DHC8-102</b>	PW120A	211	1990	immediately	Sale, Lease			
<b>DHC8-102</b>	PW120A	322	1992	immediately	Sale, Lease			
<b>DHC8-102</b>	PW120A	324	1992	immediately	Sale, Lease			
<b>328-100</b>	PW119C	3084	1997	immediately	Sale, Lease			
<b>328-100</b>	PW119C	3087	1997	immediately	Sale, Lease			

## Gas Turbines International

<b>A310-322</b>	JT9D-7R4E1	410	1986	immediately	Lease	<b>Lawrence Rayman</b>	<a href="mailto:lray@gti-power.com">lray@gti-power.com</a>	(1) 561 572-3333
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## Jetlease

<b>MD80-81</b>	JT8D-217A	48015	1980	immediately	Sale, Lease	<b>Trevin Baker</b>	<a href="mailto:tbaker@jetleaseinc.com">tbaker@jetleaseinc.com</a>	(1) 713 952-5100
<b>MD80-81</b>	JT8D-217A	48016	1980	immediately	Sale, Lease			
<b>MD80-81</b>	JT8D-217A	48017	1980	immediately	Sale, Lease			
<b>MD80-82</b>	JT8D-217A	49141	1982	immediately	Sale, Lease			
<b>MD80-82</b>	JT8D-217A	49144	1983	immediately	Sale, Lease			
<b>MD80-83</b>	JT8D-219	53168	1993	immediately	Sale, Lease			

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# AIRCRAFT ENGINE MARKETPLACE

August 22, 2005



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## AeroTurbine

1	CF6-80A	immediately	Sale, Lease, Exchange	<b>Bob Nichols</b>	<a href="mailto:bnichols@aeroturbine.com">bnichols@aeroturbine.com</a>	(1) 305 590-2600
1	CF6-80A2	immediately	Sale, Lease, Exchange	<b>Chris Grey</b>	<a href="mailto:cgrey@aeroturbine.com">cgrey@aeroturbine.com</a>	(44) 1665 606767
1	CFM56-3B-1	immediately	Sale, Lease, Exchange			
1	CFM56-3B-2	immediately	Sale, Lease, Exchange			
5	CFM56-3C-1	immediately	Sale, Lease, Exchange			
1	JT8D-219/217C	Sept.05	Sale, Lease, Exchange			
2	V2500-A1	immediately	Sale, Lease, Exchange			

## Gas Turbines International

1	JT8D-9A	immediately	Sale, Exchange	<b>Jason Rayman</b>	<a href="mailto:jray@gti-power.com">jray@gti-power.com</a>	(1) 561 572-3333
				<b>Nicole Sallee</b>	<a href="mailto:nicole@gti-power.com">nicole@gti-power.com</a>	(1) 561 572-3332

## GE Aviation Materials

1	CF6-80C2D1F	immediately	Sale	<b>Richard Kruze</b>	<a href="mailto:richard.kruze@ae.ge.com">richard.kruze@ae.ge.com</a>	(1) 513 552-2352
1	CFM56-3B-2	immediately	Sale, Lease, Exchange			

## International Turbine Service

1	TAY 650-15	immediately	Sale	<b>Linda Martin</b>	<a href="mailto:lmartin@intl-turbine.com">lmartin@intl-turbine.com</a>	(1) 214 353-6723
1	TAY 650-15	immediately	Sale, Exchange			

## Jet Aviation Components & Aircraft International

10	JT8D-9A	immediately	Sale, Lease	<b>Allen Beni</b>	<a href="mailto:allenbeni@jetavicom.com">allenbeni@jetavicom.com</a>	(1) 786 282-8888
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## MED-AIR

1	JT3D-3B	immediately	Sale	<b>Mario Duenas</b>	<a href="mailto:mario@med-air.com">mario@med-air.com</a>	(1) 305 777-2036
1	JT3D-7	immediately	Sale			
1	JT8D-17R	immediately	Sale			
1	JT8D-7B	immediately	Sale			
1	JT8D-9A	immediately	Sale			

## Pinnacle Aircraft Parts, Inc.

1	JT8D-17	immediately	Sale	<b>Jaime Sanchez</b>	<a href="mailto:jsanchez@pinnacleaircraft.com">jsanchez@pinnacleaircraft.com</a>	(1) 305 591-9911 ext.104
1	JT8D-9A	15-Aug-05	Sale			

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**China Airlines** announced its revision of financial forecast. The annual operating revenue was raised to NT\$ 111.69 billion, an increase of 5.8% compared to the original forecast. However, due to fuel price increases, the pre-tax profit forecast was reduced from original NT\$ 4.4 billion to NT\$ 3.08 billion.

**Cobham plc** announced that **Dräger Aerospace** of Lübeck, Germany, part of Cobham's Aerospace Systems Group (ASG), was awarded a long term contract by **Boeing** to provide Passenger Service Units (PSUs) for the new Boeing 787 Dreamliner. The PSUs will house service systems for passengers on the Dreamliner, including emergency oxygen, personal lighting, ventilation and signs. Boeing expects to begin rate production of the aircraft in 2009 and the value of the contract is expected to reach US\$200m.

**Delta Air Lines** announced that it has entered into a definitive agreement to sell its wholly owned regional airline subsidiary Atlantic Southeast Airlines, Inc. (ASA) to SkyWest, Inc. for a purchase price of \$425 million in cash. ASA will continue to serve Delta customers under a new 15-year Delta Connection agreement, with ASA's fleet of more than 150 aircraft continuing to fly Delta routes.

**Delta's** ratings on the **Standard & Poor's** Ratings Services were placed on CreditWatch with negative implications, reflecting a very high risk of near-term bankruptcy. The agency said that the airline's ratings, which were lowered to current levels on 16 September 2004, already reflect a high likelihood of default. Delta has about \$21 billion of lease-adjusted debt. "The recent surge in fuel prices and Delta's disclosure that it will have to post \$750 million of cash collateral to extend its credit card processing agreement indicate that the airline's already slim chances of avoiding bankruptcy are dwindling rapidly," said Standard & Poor's credit analyst Philip Baggaley.

**Embraer** recorded second quarter 2005 net sales of US\$812.4 million, down 12% from the US\$924.3 million recorded over the same period last year. Net income for the period was US\$83 million, up from US\$80.2 million over the same period last year., while firm order backlog increased by US\$1 billion to US\$10.9 billion. 60% of the 2005 deliveries are scheduled for the second half of 2005, following certification of the Embraer 175 (July) and of the Embraer 190 (expected this month).

**Estonian Air** shows solid growth in H1, 2005: Estonian Air transported a total of 293.700 passengers in the first half year of 2005, an increase by 20.2% compared with the same period in 2004 when the figure was 244.400. Passenger load factor improved by 3.4 %-points, from 58.5% in 2004 to 61.9% in H1, 2005. H1 operating revenue of Estonian Air rose by 13% to EEK 494.1m y-o-y. Net profit for the first six months of 2005 amounted to EEK 17.7m. The same period in 2004 showed a loss of EEK 1.1m. Total unit cost per available seat kilometer (ASK) decreased by 12.3% in H1, 2005 despite higher fuel price.

**ExpressJet Holdings** announced the election of Thomas W. Horton to fill the vacancy on the Board of Directors resulting from the resignation of Thomas E. Schick. Mr. Horton was elected by the remaining members of the company's board. Mr. Horton is the Vice Chairman and Chief Financial Officer of AT&T Corp. where he is responsible for finance, as well as planning and strategy. Prior to joining AT&T in 2002, Mr. Horton was Senior Vice President and Chief Financial Officer of AMR Corporation, the parent company of American Airlines.

**Finnair** reported strong second quarter 2005 results showing a 15.6% rise in turnover to 471.9 million euros, up from 403.3 million euros over the same period last year. Profit after financial items was 36.3 million euros, up from 3.7 million euros over the same period in 2004.

**FL GROUP**, i.e. the parent company and the fourteen subsidiaries, showed good results in the first six months. Turnover was ISK 20.1 billion, increasing by 6.4% compared with the same period last year. Profit before income tax

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amounted to ISK 2.3 billion, compared with a profit of ISK 148 million last year. As a result the Group's performance has improved by nearly ISK 2.2 billion between years. These results were largely generated by the Group's investment business.

**FL Group's** purchase of **Bluebird Cargo** and associated freight forwarding company Flugflutningar have been confirmed following a due diligence process. Earlier Icelandic Competition Authorities had approved the contract signed in February this year. Bluebird Cargo now operates five Boeing 737 cargo aircraft, two of which it owns, and 80% of its operation is on the international market. The total turnover of Bluebird and Flugflutningar in 2004 was 2.660 ISK and EBITDA profit was 800 million ISK. The purchase price for both companies is ISK 3.8 billion and the FL Group takes on debt obligations for aircraft worth ISK 1.4 billion. The purchase price is paid in cash and with ISK 1.4 billion of FL Group Shares, and has all ready been paid.

**Global Aircraft Solutions**, parent company of **Hamilton Aerospace Technologies** and **World Jet**, announced that its second quarter 2005 revenue was \$8.83 million, an over-100% increase compared to the \$4.30 million reported for the second quarter of 2004. The company reported a net profit of \$682,167.

**Goodrich Corporation** appointed Marc Duvall President of its Engine Control Systems business, reporting to Cindy Egnotovitch, Segment President, Engine Systems. Duvall comes to Goodrich from Honeywell Process Solutions, Americas, where he was Vice President and General Manager.

**Icelandair** had record passenger traffic figures in July when over 214 thousand passengers traveled with the airline, an increase of 16,2% from July 2004. This is the highest number for a period of one month in the history of the company and corresponds to transporting over 70% of the Icelandic nation in one month. However, that is not the case as majority of the passengers reside outside of Iceland. On average, Icelandair transported almost seven thousand passengers each day in July. The capacity (ASK) in July increased by 23% compared to the same month last year and sales (RPK) increased by 23,2%, resulting in passenger load factor of 86,6%, up by 0,1 percentage point from last year. In the first seven months of the year, Icelandair's passenger traffic figures have increased by 13,5% from last year, capacity by 14,3%, and load factor is up by 2,3 p.p.

**International Lease Finance Corporation (ILFC)** announced that for the quarter ending June 30, 2005, revenues increased to \$893.7 million, an increase of 14.6% from 2<sup>nd</sup> quarter 2004 revenues of \$779.5 million. For the 2nd quarter of 2005, income before provision for income taxes rose to \$183.9 million from \$173.6 million in 2004, an increase of approximately 6%.

**JetBlue Airways** announced that its Board of Directors elected Angela Gittens as a Director, effective September 30. Ms. Gittens is presently Vice President of Airport Business Services at HNTB Corporation.

**L-3 Communications** announced that A. Anton Frederickson has been appointed president and chief operating officer of the newly created Titan Group, which consists of several strategic components of the company's recently acquired L-3 Titan subsidiary.

**Morgan Stanley** announced that it will sell its non-core aircraft-leasing business, AWAS, one of the world's largest aircraft leasing companies. "Aircraft leasing is not a business that fits with our strategy," said a company executive. "We have long made it clear that we should divest this business and focus on our core financial services."

**Northwest Airlines** said that it plans to operate its normal schedule despite the failure to reach a consensual agreement with the Aircraft Mechanics Fraternal Association (AMFA).

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## WEEKLY AVIATION HEADLINES

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**Norwegian Air Shuttle** reported a 71% increase in total operating revenue to NOK531.3 million for 2<sup>nd</sup> quarter 2005, up from NOK311.1 million in the same period last year. Net profit for the period was NOK14.84 million, compared to the NOK27.42 million loss recorded in 2<sup>nd</sup> quarter 2004.

**Polar Air Cargo**, a subsidiary of Atlas Air Worldwide Holdings, Inc., and the **Airline Pilots Association (ALPA)**, the collective bargaining representative of the Crewmembers employed by Polar, were released from negotiations by the National Mediation Board (NMB) into the 30-day cooling off period that must occur before either party can engage in economic self-help, which includes the right to strike on the part of the Polar Crewmembers. This action by the NMB followed a decision by ALPA to reject the NMB's proffer of binding arbitration. The 30-day cooling off period is set to expire at 12:01 a.m. EDT on September 16, 2005.

**Qantas** announced a profit before tax of \$1,027.2 million for the year ended 30 June 2005, a 6.5 per cent increase on the previous year. The net profit after tax was \$763.6 million, up 17.8 per cent. But company CEO Geoff Dixon predicted harder times ahead, saying fuel represented the greatest challenge for Qantas in the coming 24 months. "Fuel in 2004/05 was 19 per cent of our total operating costs, up from around 15 per cent in 2003/04. It will increase to almost 30 per cent of our total operating costs in 2005/06."

**Rosoboronexport State Corporation** of Russia and the Indian Corporation **Hindustan Aeronautics Limited (HAL)** signed a general contract on license production of the AL-55I aeroengines at HAL facilities. The document covers the whole spectrum of works from the new engine's development up to its serial production and export. According to the general contract, HAL has the right to produce 1000 engines. At first 250 units of AL-55I will be manufactured. The Ufa Engine Manufacturing Plant JSC is identified as the main integrator on organization of license production.

**Rosoboronexport State Corporation** of Russia signed a contract with the Jordanian Armed Forces for the delivery of two IL-76MF military transport aircraft. Under the contract both aircraft will be equipped with the Russian-made PS-90A-76 aeroengines.

**SAS Group** reported that net income for the second quarter of 2005 amounted to SEK 499 million, up from SEK 147 million over the same period last year, while operating revenue rose 5.8% to SEK 16,017 million for the second quarter of 2005. The Group transported a total of 9.4 million passengers in the second quarter, an increase of 5.1% compared with 2004.

**Standard Aero Holdings, Inc.** announced that it will restate and reclassify its audited consolidated financial statements for the period from August 25, 2004 to December 31, 2004 and as of December 31, 2004 and for the interim unaudited financial information for the first quarter of 2005 to reflect the non-cash effect of changes in the recorded amount of the Company's foreign deferred tax liabilities. For the 2004 period, the restatement and the reclassification will result in an increase in the Company's net losses as well as an increase in the Company's income from operations and Adjusted EBITDA. For the first quarter of 2005, the restatement and reclassification will result in an increase in the Company's net income and a decrease in the Company's income from operations and Adjusted EBITDA.

**Thai Airways** announced financial results for the third quarter ending 30 June 2005. Total revenues from sale of goods and rendering of services amounted to THB 37,129 million, an increase of THB 2,531 million or 7.3% over the same period last year, including expansion of its new destination to New York that began on May 1, 2005. The Company's net result for the quarter is a loss of THB 4,779 million, exceeding last year's loss of THB 913 million for the same period.

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## WEEKLY AVIATION HEADLINES

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**Timco Aviation Services** reported second quarter 2005 revenue of \$81.1 million, up \$2.9 million from revenues of \$78.2 million recorded over the same period last year. Net income for the quarter was \$1.3 million, compared to a net loss of \$0.2 million over the same period last year.

**United Airlines** unveiled its new exlupsm brand -- a United Express® service featuring Embraer-170 (70-seat) and Canadair RJ-700\* (66-seat) regional jets.

**US Airways Group, Inc** was cleared by a U.S. Bankruptcy Court to sell four of its Boeing 767 aircraft and one spare engine to Mountain Capital Partners LLC, an affiliate of Goldman Sachs Group, Inc., as part of a new sale-leaseback agreement with Mountain Capital. The sale-leaseback agreement will provide US Airways with \$30.8 million initially upon completion of the sale, and another \$10 million after recurrent maintenance checks through 2009. US Airways has been operating under a month-to-month agreement with Mountain Capital, enabling the company to return planes and the spare engine as it takes delivery of new aircraft.

The course also cleared an agreement between US Airways and the Air Transportation Stabilization Board (ATSB) that extends through Oct. 25, 2005, the company's authorization to use the cash collateral that secures the ATSB's federally guaranteed loans. The agreement also will allow US Airways to retain approximately 40 percent of the proceeds from the sale of certain assets on which the ATSB holds liens.

**Willis Lease Finance Corporation** reported it closed a private placement of a \$228 million asset backed securitization (ABS) through a newly created, wholly-owned trust, Willis Engine Securitization Trust (WEST). The transaction is the first of its kind to securitize a diversified portfolio of leased aircraft engines, and the first aviation-related pooled securitization transaction since September 11, 2001, to be issued without an insurer guaranty. The proceeds of the notes were used to repay existing warehouse borrowings. Within the same financing structure, WEST issued warehouse notes which provide an additional \$114 million in available capital.

**World Air Holdings Inc.** appointed World Air Holdings President Jeffrey L. MacKinney as a director, following the retirement of John E. Ellington at the August meeting. MacKinney was named president of World Air Holdings in April 2005. He previously served as chief operating officer of the company and World Airways. He joined World Airways in August 2003 as senior vice president of Planning and Corporate Development, after serving as president of his own aviation consulting firm. Prior to forming his own company in 2002, MacKinney was president and CEO of TransMeridian Airlines.

**World Air Holdings**, parent company of World Airways and North American Airlines, reported second quarter 2005 operating revenues of \$172.6 million, up 50% over the same quarter a year ago. Quarterly net earnings were \$4.2 million, compared to net earnings of \$2.6 million, for the same quarter of last year.

### Routes

**Aer Lingus** has announced a further expansion of its European route network with the introduction of five new routes from Dublin and Cork which will be included in its winter schedule from the end of September. The new routes include direct services from Dublin to Fuerteventura, Bordeaux, Riga, Salzburg and a new direct service from Cork to Warsaw. The Warsaw service is Cork's first direct service to Poland.

**American Eagle** announced that it will initiate nonstop service between Fort-de-France, Martinique, and San Juan,

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Puerto Rico, effective Dec. 15.

**CanJet**, Canada's low-fare airline, announced its new weekly non-stop service between Moncton and Sarasota-Bradenton, Florida, beginning Thursday, February 9, 2006 and concluding Thursday, May 4, 2006.

**Copa Airlines** of Panama announced a codeshare agreement with Brazilian low-cost carrier **Gol** starting 17 August.

**Delta Air Lines** announced that its new Delta Connection carrier Shuttle America will operate two daily non-stop flights between Salt Lake City and Columbus, Ohio, and two daily non-stop flights between Salt Lake City and Indianapolis, starting 15 October.

**easyJet** announced it is launching three new ski routes this winter, connecting Robin Hood Airport Doncaster Sheffield, Edinburgh and Glasgow International Airports with Geneva.

**Freedom Airlines**, Delta's newest Delta Connection carrier, will offer new non-stop service beginning in October between Orlando and six destinations: Austin, Texas; Charlottesville, Va.; Chattanooga, Tenn.; Fort Wayne, Ind.; Jackson, Miss.; and Northwest Arkansas Regional, Ark. Additionally, Delta Connection carriers plan to increase daily service between Orlando and nine more markets by December.

**Gulf Air** and **Saudi Arabian Airlines** signed an agreement to strengthen and extend their current code share operational services, covering all flights operated by the two carriers between Bahrain, Abu Dhabi and Muscat International Airports, as well as the two terminals of King Abdul Aziz International Airport in Jeddah.

**One Two Go** (Thailand) launched its inaugural flight from Bangkok to Ubon Ratchathani on August 12.

**Qatar Airways** is to launch flights to Berlin on 15 December as part of a route expansion programme in Germany over the next 18 months.

**Ryanair** announced new service to Oslo from Newcastle, starting on 27 September.

**Song**, Delta Air Lines' low-fare air service, will start flights between Orlando International Airport (MCO) and San Francisco International Airport (SFO).

**Southwest Airlines** announced the addition of new service from Pittsburgh to Tampa Bay (30 October) and Phoenix (22 November).

### Other News

**Aerospace Industries Association** statistics revealed that aerospace industry employment in the US continued a positive trend that started last year, adding 11,100 jobs since the end of 2004. Total aerospace employment after the first two quarters of 2005 reached 618,400, up from 607,300 in December 2004.

**BAE Systems** has successfully completed the first flight test of its Electronic Warfare (EW) system for the F-35 Joint Strike Fighter (JSF) aircraft.

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**Israel Aircraft Industries (IAI)**'s MLM Division and BVR Systems Ltd., today announced the expansion of the cooperation agreement regarding the EHUD Autonomous Air Combat Maneuvering Instrumentation (AACMI) System, for a period of ten years. The cooperation agreement extends and expands the already existing cooperation between the companies in relation to EHUD products, in accordance with an agreement signed in August 1999. The agreement expands the cooperation between the parties to the marketing of naval combat maneuvering instrumentation systems in various countries worldwide.

**Moog** announced that it has closed on its acquisition of FCS Control Systems. FCS is a designer and manufacturer of high-fidelity electromechanical and electrohydraulic flight and vehicle simulation equipment, and structural test systems that are supplied to the aerospace and automotive markets.

**Pratt and Whitney, Military Engines**, is being awarded a not-to-exceed \$968,607,839 modification to a previously awarded cost-plus-award-fee contract (N00019-02-C-3003) to extend the F135 System Development and Demonstration (SDD) contract period of performance by 16 months.

**Singapore Airlines** clinched the Best Overall Airline for the 10th consecutive year in the AB Road "Annual Airline Ranking 2005" survey.

**Woodward Governor Company** announced that it is providing advanced combustion testing capability for aircraft and industrial gas turbine engine applications. Woodward's newly built Turbine Combustion Systems Test Facility, at its Zeeland, Michigan location, has two state-of-the-art cells that provide controlled, repeatable, and environmentally friendly testing.

The **US Bureau of Transportation Statistic** released on August 11<sup>th</sup>, 2005 the preliminary Airline Traffic Data for May 2005. Among airlines, Southwest Airlines carried 34.7 million domestic passengers during the first five months of 2005, the most of any airline.

Top 10 US Airlines, ranked by January-May 2005 Domestic Enplanements				
Jan-May 2005 Rank	Carrier	Jan-May 2005 Passengers	Jan-May 2004 Rank	Jan-May 2004 Passengers
1	Southwest Airlines	34,703,350	1	32,465,467
2	Delta Air Lines	33,466,266	2	32,184,424
3	American Airlines	31,210,267	3	29,689,393
4	United Airlines	22,038,433	4	23,525,420
5	Northwest Airlines	19,299,175	5	17,965,625
6	US Airways	16,341,843	6	15,386,714
7	Continental Airlines	13,268,889	7	12,691,915
8	America West Airlines	8,428,600	8	7,970,803
9	American Eagle Airlines	6,568,033	9	5,479,608
10	AirTran Airways	6,275,717	11	5,190,590

*Source: US Bureau of Transportation Statistics, T-100 Domestic Market*

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