Issue No: 51

Aviation Strategy

January 2002

2002 outlook

This year will be better than 2001 - how could it be worse? Traffic is now showing definite signs of recovery but it will not be until well in the second half of the year that a really significant upturn in traffic takes place. Yields are still very weak, so the traffic recovery by itself will not help financial results as much as might be expected. There could be a false dawn before the financial turnaround occurs.

The situation has at least stabilised in the US where the government is providing a safety net and has entered for the first time the airline ownership game, having taken warrants which it could convert into 33% of America West's stock - see page 3. However, the government is charging a very high price for its support and some carriers may even decide that Chapter 11 is a better option.

Southwest, perhaps surprisingly, welcomes the state aid. It reasons that it would prefer to compete against government-aided carriers than Chapter 11 airlines. And there is the possibility that carriers might take the opportunity of bankruptcy restructuring to re-invent themselves as point-to-point airlines, as opposed to network airlines, so increasing potential competition to Southwest (see page 7).

In Europe there are a couple of small flag-carriers that could well follow Sabena and Swissair into bankruptcy (and their successor companies are going to face huge difficulties - see page 2). It is becoming blindingly clear that carriers such as Olympic and, perhaps, Aer Lingus will not survive by just modifying their present operating structures (network, fleet, variable costs, etc.). Could they possibly convert to a low-cost model?

The low-cost carriers are of course thriving in the post September 11 environment. But their continued expansion depends on their ability to build rapidly at new bases in countries which are not used to the low-cost concept (Easyjet at Geneva and Paris and Ryanair at Brussels Charleroi and Frankfurt Hahn). It will be challenging, but their strength is that they have tapped into a rich vein of consumer demand at the same time as carriers like BA are cutting their intra-European services.

While Air France and Lufthansa are fairly confident are their business focus, BA is still struggling to find a new strategic direction. Its managers are asking the correct questions (see page 4) but the answers are proving elusive at the moment.

In terms of industry consolidation, 2002 will see more speculation about BA/KLM. Alitalia/ Air France has a certain amount of commercial logic, but the resistance within and outside the two airlines to a merger will be intense.

www.aviationeconomics.com

CONTENTS

PUBLISHER

Aviation Economics
James House, LG,
22/24 Corsham Street
London N1 6DR
Tel: +44 (0) 20 7490 5215
Fax: +44 (0) 20 7490 5218
e-mail: info@aviationeconomics.com

Belgian exertions to resurrect flag-carrier

On December 21, the investors group SN Air Holding led by Belgian luminaries Etienne Davignon and Maurice Lippens acquired all the shares of DAT, the former Sabena regional subsidiary, from the bankruptcy administrators for one "symbolic" Euro. The airline will be headed by Dutchman Rob Kuijpers, 63, former CEO of DHL Worldwide Express.

The investors group has pledged to invest Euro 200m in the "new Sabena" under two conditions:

• SIC (the former Sabena financial coordination centre) must renounce its EUR 111 million claim on DAT; and

• Leasing contracts for 28 aircraft (out of a fleet of 32) must be revised 40% down on current levels.

The investors group will walk away from the airline if both conditions are not met by mid-January.

The creation of the so-called "private" investors group has not been smooth sailing and tensions still exist within the group itself. Banks that are creditors of Sabena and which have been asked to transform their claims into equity in the new airline are not pleased.

Curiously, the investors group will not reveal the names of its members. It is up "to them to say whether they have joined or not." The Flemish Region, for one, has steadfastly refused to inject its proposed share of EUR 24.7 million. The Flemish Region is however willing to put money into Brussels International Airport Company BIAC), the state-owned airport operator. BIAC, which is to be privatised, is not so keen on the offer.

The Virgin Group (not Virgin Express, which could not afford it) has replaced the reluctant Flemish Region in the investors group, and has reported injected Euro 25m. Virgin's position is complicated by the fact that it is a partner to DAT on some routes and in direct competition with the airline on others. Talks to reduce "overcapacity" on the latter are currently taking place.

Meanwhile, time is running out fast for DAT. The airline has used up all of the Euro 124m bridge loan received from the Belgian state in early November (the loan was originally destined for Sabena but the European Commission agreed that it could be transferred to DAT). The airline is now kept alive by short-term bank loans, which may be transformed into equity at a later stage. The pledge made by Belgium to repay the bridge loan within six months - a condition imposed by the European Commission - appears to have become academic.

Linguistics

At the best of times, Belgian politics are complicated by the linguistic divide between North and South, and the sharing of power between powerful trade unions and the political parties that is enshrined in the system. Adding insult to injury, the collapse of the national carrier took place during the Belgian presidency of the European Union, causing huge embarrassment to the ruling coalition of Liberals, Socialists and Greens.

It was therefore inevitable that no effort would be spared by the federal government to ensure that Sabena would be resurrected in one form or another - or at least to be perceived to make such an effort.

Regional subsidiary DAT was spared the fate of its parent Sabena and allowed to operate under court protection. DAT, having no real equity of its own, was then given the bridge loan originally intended for Sabena. At the same time, the government assembled a posse of business leaders whose tasks were to corral investors from the private sector. Recognising the challenge of seeking private investment in a failing airline at the worst of times, and unable to intervene itself under EC regulations, the federal government also attempted to convince the three regional governments (Flanders, Brussels and Wallonia) to join the investors group. Brussels and Wallonia, normally more inclined to favour state intervention in the economy than Flanders, agreed.

But the private sector needed more convincing arguments. Discreet but firm entreaties were made to the leading companies in Belgium. The

Aviation Strategy is published 11 times a year by *Aviation Economics* at the beginning of the month

Editor:
Keith McMullan

Subscription enquiries:
Keith McMullan
Tel: +44 (0) 20 7490 5215

Aviation Economics
Registered No: 2967706 (England)

Registered Office:
James House, LG
22/24 Corsham St
London N1 6DR
VAT No: 701780947

ISSN 1463-9254

banks, of course, because they were already involved as creditors of Sabena, but perhaps more surprisingly a range of industrialists engaged in the chemical, brewing and retail sectors, as well as utilities, were contacted by teams set up by Davignon and Lippens.

Public calls for patriotism (we need a national airline) were quietly supported by generous tax inducements. It has been reported that investors in the new airline will be allowed to fiscally deduct their entire investment in one year.

State-owned air traffic control provider Belgocontrol was also asked to join the investors group. The state-appointed board of directors first declined the offer, then was persuaded to join, and finally decided against it on legal grounds.

Another state-controlled institution, the insurance company SMAP, has refused to contribute a share of EUR 8m. Conversely, family-controlled Solvay chemical group has pledged its share, despite objections raised by US institutional investors.

This enormous collective effort will come to naught if leasing companies do not cooperate, or if EU law is found to have been breached. But even if it is relaunched under a new name, according to the current plan, DAT will face angry competitors on all of its major routes.

America West loan approved, government safety net in place

By approving America West's revised $380m federal loan guarantee application, the Air Transportation Stabilization Board (ATSB) effectively ensured that there would be no major carrier bankruptcies in the US in the short term. After all, if the financially weakest airline presented an acceptable risk to taxpayers, surely everyone else would also qualify for government assistance if they needed it.

However, by imposing unexpectedly harsh terms and conditions for the "test case" transaction and making it a traumatic and humiliating experience for America West, the ATSB also signaled to the rest of the industry that getting an application approved would be far from easy. In fact, the ATSB may have ensured that no major airline with any self-respect will apply for federal loan guarantees unless and until it is truly desperate.

After submitting its application in mid-November (*Briefing*, December 2001), America West was asked to revise it three times, with more demanding conditions added in each round. The airline ended up having to grant the government warrants for up to 33% of its fully diluted stock, almost double the transaction fees to $175m and reduce the size of the guaranteed loan from $400m to $380m.

AWA subsequently agreed to issue to the ATSB warrants to acquire 18.75 of its Class B shares at $3 per share over ten years. Another 3.8m warrants will be issued to other loan participants. AWA will also issue $120m of seven-year debentures convertible into shares at a price of $12 as consideration for the concessions provided by aircraft lessors.

To get the loan guarantees, AWA also had to negotiate $63m of additional financial support and concessions from key business partners and constituents, to boost the total concessions package to over $600m. It also had to make a seven-year commitment to hold down labour costs (which remain well below industry average). If for any year actual unit labour costs exceed the business plan estimates submitted to the ATSB, AWA will have to partially prepay the new loan.

Even then it was not a unanimous decision by the ATSB. Treasury representative Peter Fisher voted against granting loan guarantees to America West, suggesting that it could "impede, rather than promote, real progress towards a safe, efficient and viable air transportation system". The $10bn loan guarantee programme was originally pushed through by Congress, against opposition from the White House, Treasury department and the Federal Reserve board.

AWA pointed out that, in the end, total returns to taxpayers were well in excess of the private commercial loan that it negotiated in August, but which never closed because of the terrorist attacks. However, it was in no position to turn down the loan guarantee terms, because it had $72m of debt payments coming due on January 2 and deferred ticket tax payments due two weeks later. Without the loan guarantees, America West would have probably filed for Chapter 11 bankruptcy protection in the second week of January.

After receiving conditional approval for the loan guarantees from the ATSB, AWA also obtained approval from its audit committee and the NYSE to proceed with the loan transaction without a shareholder vote. The company made a debt payment of $23m on January 4 and indicated that the remaining $49m would be paid within the applicable grace period. AWA expected to close the new loan transactions for a total amount of $429m in the third week of January.

Of course, the AWA loan terms were more onerous than what other carriers might expect because of the risk involved. The ATSB considered that the AWA proposal presented a "significant risk of default", while many analysts have cautioned that the airline still faces considerable hurdles in recovering from the crisis and restoring financial viability.

Harsh conditions

Because of the harsh conditions and the stigma attached, virtually all of the other major airlines have indicated that they are now more determined than previously to avoid the loan guarantees. They will continue to seek conventional financing and are now likely to accept it at higher rates. They see the loan guarantees as a safety net, to be used if there are further adverse developments or if economic recovery falters (they have until June 28 to apply).

However, S&P's Philip Baggaley suggested in a recent research note that, in the event that the loan guarantees are needed, it is not at all certain that every airline would be able to obtain enough concessions from third parties to meet the ATSB's requirements.

US Airways and United, for example, face potential hurdles in two areas. First, they have used mainly public capital markets instruments to finance their fleets - such financings are much harder to renegotiate than operating leases. Second, unlike America West, they have relatively high labour costs and would probably be asked to secure pay and work rule concessions as part of a loan application.

Baggaley suggested that since such labour negotiations would undoubtedly be long and difficult, the airline involved could choose to file for bankruptcy if it runs short of cash while attempting to secure concessions needed to satisfy the ATSB.

So far, the only other carrier that has applied for loan guarantees is Vanguard Airlines - a low-cost, mid-1990s entrant that has struggled through much of its brief existence. It is asking for guarantees to cover a $60m loan, but its chances do not look very promising in light of the difficulty that America West experienced.

By Heini Nuutinen

BA thinking the unthinkable

BA's top managers have been told to think the unthinkable about the airline's future strategy. Their thoughts are due in February. In the meantime, here are some of the issues they will be addressing.

The latest traffic figures for BA were better than market expectations, and the share price has recovered somewhat - in early January it was trading above £2 mark, having fallen below £1.30 immediately after September 11.

However, this may be a false dawn as yields are suffering from the need to generate traffic through fare promotions and premium traffic is still very weak.

JP Morgan is forecasting a £600m net loss for the current financial year to March 2002 and a £400m loss for the 2002/03 financial year. Reports that BA is considering a £1bn rights issue seem unlikely given this gloomy profits outlook and uncertainty over the rate of traffic recovery.

BA/AA and antitrust immunity

The price of an antitrust-immunised agreement is becoming a bit clearer. The US DoJ has demanded the divestiture of 126 Heathrow slots, down from the 216 slots required in 1998

However, the DoJ will only grant antitrust immunity on two routes, Heathrow-New York and Heathrow-Boston. The assumption here is that the 126 slots divested would be given to other carriers which would then be able to offer an additional seven daily round trips to New York and two daily round trips to Boston. Antitrust immunity will not be given, under the present proposals, on the routes to AA's hubs at Chicago and Dallas

The situation is further confused as it is the US DoT, not the DoJ, that has the final say.

Moreover, BA has two other European regulatory battles. One would normally expect BA to get an easier ride from the UK authorities (Office of Fair Trading) than from Brussels. On the other hand, the EC has voiced some concern over the lead that the Star Alliance has been able to obtain over oneworld.

BA's and AA's initial statements on the US DoJ demands suggest they are regarded as harsh but with further negotiation might be acceptable. In the background is the likelihood that the European Court of Justice will give the EC powers to negotiate traffic rights with the US. The assumption is that the EC will then start to amalgamate the existing bilateral open skies agreements signed by individual EU members and the remaining restrictive bilaterals into a "single European open sky" initiative.

BA's Board has got to decide whether, given the regulatory demands, oneworld is worth pursuing. The alliance must carry less importance now that BA is in downsizing mode and when the very future of the airline is on the line. On the other hand, could favourable alliance news support a "rescue rights issue"

"Future Size and Shape" study

Cynics might say that BA is conducting a carefully orchestrated number of leaks regarding this study. Scare the workforce with draconian cutbacks and then announce something less severe.

Still, there are indications of a major shake-up:

• Closure of large part of Gatwick operation (although BA appears to be back-tracking on this idea, perhaps noting the enthusiasm with which easyJet is applying for slots at the airport).

• Closure of short-haul routes to "secondary European cities" (Lyons, Pisa, Bologna, Venice, for example, all of which have low-cost airline competition)

• Closure of more long-haul services, marginal as a result of September 11.

BA'S LATEST TRAFFIC FIGURES

	October	November	December
Passenger traffic decline	-25.0%	-18.0%	-10.0%
Passenger load factor change	-8.1%	-2.4%	+1.5%
Premium traffic decline	-36.0%	-24.0%	-18.0%
Non-premium traffic decline	-22.0%	-16.0%	-9.0%

BA's Board will have to judge the following:

• How far BA can go in cutting costs and the network without alienating staff? BA cannot afford a repeat of the 1997 cabin crew dispute.

• How swiftly traffic will recover, and whether there will be any permanent loss of premium traffic (through increased use of video-conferencing, etc)? Rod Eddington has launched a promotional campaign to encourage business travellers back in the air - the message is that there is no substitute for doing business face-to-face.

• How to stimulate business travel? BA is currently promoting business travel in both business and premium economy classes.

• The extent to which the short/medium haul network can be cut back without damaging the long-hauls and conceding more market share to the low-costs. The radical idea of reverting to a BOAC-type operation has been dropped idea. Indeed, Eddington has now said that BA has no choice but to maintain a short-haul network as the only way it can make money is as a full service network carrier.

• What to do with the 757s and 767s that are now surplus to requirements. Selling them in today's market is an not attractive idea.

RJs: the prospects are brighter

This year the two main manufacturers, Boeing and Airbus, may be hard pressed to deliver 500 units to airlines and lessors. The regional jet manufacturers have a similar number scheduled, but their prospects are looking much brighter.

As the table on page 6 shows, there are 467 Regional Jets scheduled for delivery in 2002 (this includes some aircraft that scheduled for the end of 2001). The listing is completely dominated by US regionals affiliated to the US Majors.

September 11 have accelerated the trend towards increased usage of RJs rather than 150-seat types. RJs had primarily been used to fly thinner routes which were unsuitable for 150-seaters and to open up new markets. Their new role is to replace 150-seaters allowing Majors to maintain their presence in markets that may have lost 20% of the traffic. With RJs it is possible to downsize and reduce unit costs because of the lower pay scales that RJ crews are on.

Resistance to RJ incursion from the mainline pilots is weakening in the post-September 11 environment. For example, US Airways' management is currently negotiating hard with ALPA on proposals to amend the scope clause so as to at least treble the 70 RJs currently operating in the US Airways network in return for guarantees on jobs and furloughs

At United the pilots are objecting to the continued expansion, arguing that the expansion of the regional affiliates at the same time as the mainline fleet is shrinking breaks the term of the scope agreement . The three United Express franchisees - Air Wisconsin, Atlantic Coast Airlines and SkyWest Airlines - have well over 100 RJ additions to their fleets this year.

The other, perhaps more important, issue for the regional airlines is their contracts with the majors. So far they have been sheltered from the full impact of September 11 because their contracts usually stipulate a fixed fee per seat (rather than per passenger). Inevitably, these contracts will be renegotiated downwards.

REGIONAL JETS: SCHEDULED DELIVERIES TO END 2002

	135	140	145	170	Embraer Total	Dornier 328JET	Bombardier CRJ	TOTAL
Continental Express	13		45		58			**58**
Atlantic Coast Airlines						29	23	**52**
Comair							36	**36**
Skywest Airlines							36	**36**
American Eagle		23			23		10	**33**
Mesa Airlines			17		17		10	**27**
Air Wisconsin							25	**25**
Express Airlines							25	**25**
Atlantic Southeast Airlines							21	**21**
Swift Aviation	15				15			**15**
Eurowings							13	**13**
Horizon Air							12	**12**
Lufthansa Cityline							12	**12**
Northwest Airlines							12	**12**
Regional Airlines	6		4		10			**10**
Skyway Airlines		5			5	4		**9**
Brit Air							8	**8**
Crossair			7	1	8			**8**
Gecas							8	**8**
China Yunnan							5	**5**
Interstate Equipment Leasing	5				5			**5**
Maersk Air UK							5	**5**
Air Nostrum							4	**4**
Bmi	2		2		4			**4**
LOT			4		4			**4**
Others (14 operators)	2		8		10	1	9	**20**
TOTAL	**43**	**28**	**87**	**1**	**159**	**34**	**274**	**467**

Source: ACAS, Nov 2001 Note: Table includes aircraft scheduled for delivery in December 2001

Southwest: how to overcome the September 11 crisis

Having again proved its remarkable resilience when the going gets tough, Southwest is now the first US major airline to start cautiously growing again. Early next month (February), it will take delivery of two 737-700s - its first fleet additions since September 11 - to boost service in selected major Northeast-to-Florida markets.

This is several months earlier than expected. Previously Southwest did not envisage needing more aircraft until April, at the very earliest. When announcing the decision just before Christmas, the airline said it was still in a recovery mode, with load factors lagging year-earlier levels, but that performance had been strong enough to justify adding some new flights (but no new cities at this stage).

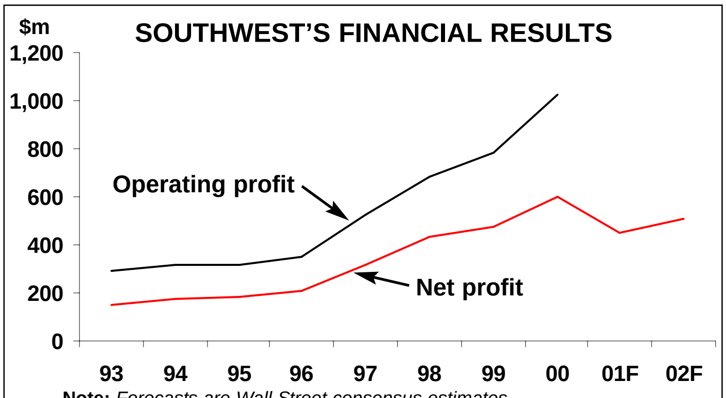
In recent weeks there has been a growing perception that the recovery prospects for the airline sector are brightening. This partly reflects improved outlook for the US economy - recession is almost over as GDP growth is expected to resume in the current quarter - and a slow but steady improvement in industry fundamentals. However, most airlines face a long road to financial recovery and have to continue to focus on cash conservation and cost cutting before they can think about expansion.

Southwest's ability to resume growth so early indicates that its unique way of handling the crisis has worked. When all the other major airlines slashed capacity by 15-20% and laid off 10-15% of their workers in the wake of the September 11 terrorist attacks, Southwest merely froze its headcount and temporarily suspended growth plans.

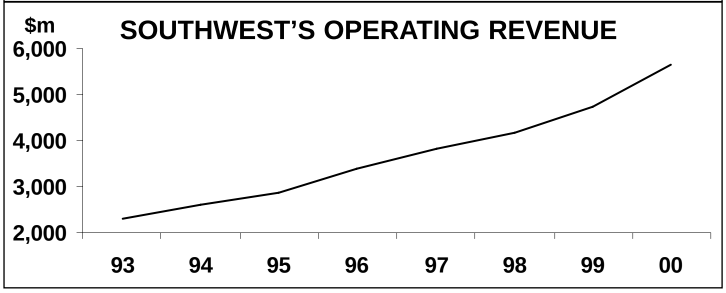
Some people called that strategy risky, but Southwest made it clear that it was ready to reduce its schedule at a moment's notice if load factors remained weak. The high percentage of owned aircraft in its fleet (about 70%) would have given it much flexibility to cut capacity quickly if necessary. Also, Southwest was quick to implement extensive cash conservation measures, including cutting nonessential operating expenses, delaying nonessential capital spending and deferring aircraft deliveries.

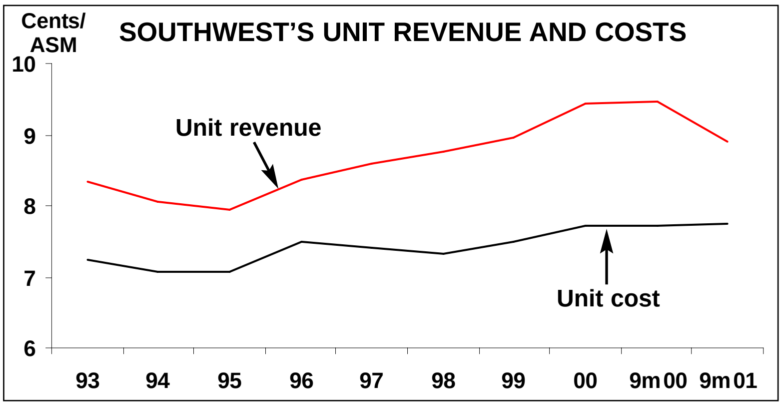
But, above all, Southwest has been able to get away with it because of its hugely successful low fare strategy and extremely low cost structure. With costs per ASM of 7.73 cents in 2000 and 7.66 cents in the first nine months of 2001, the unit cost advantage over competitors appears to have widened over the past couple of years.

The industry's fourth-quarter operating statistics provide further evidence that Southwest's post-attack strategy has worked. Its capacity (ASMs) rose by 6.4% year-over-year in October-December, compared to an aggregate 14.6% decline for the major carriers. However, Southwest's traffic (RPMs) fell by only 0.5%, compared to a 19.6% fall in industry traffic. This meant that Southwest's load factor decline of 4.5 points



Note: *Forecasts are Wall Street consensus estimates.*





was only marginally higher than the industry's 4.1-point decline.

For the year, Southwest still managed 9% capacity growth - within the 8-10% benchmark range that it uses for planning purposes though less than the previous year's 13% - while industry capacity declined by 3.4%. Southwest's traffic rose by 5.4%, while its load factor declined by 2.4 points to 68.1% in 2001.

However, much of the traffic has been generated by fare sales. Yields and unit revenues have been hit hard because, like all US airlines since September 11, Southwest has discounted aggressively to attract passengers.

Southwest executives said in November that the airline had been able to maintain high aircraft utilisation and its trademark quick turnaround times, despite increased security measures. The biggest operational issue had been passenger processing, which was a huge problem at some cities at peak times.

Market share gains

Although this was probably not the intention, Southwest was poised to gain market share simply by the virtue of maintaining pre-attack service levels in most markets when competitors cut planned capacity by 15-20%.

In a recent report, Merrill Lynch analyst Michael Linenberg provided a rather dramatic example of how that process was playing out in the important Phoenix-Los Angeles market. Between September 1 and November 1, total service in that market declined from 44 to 33 daily flights, as both American and United pulled out (with regional partner SkyWest replacing some of United's capacity with RJ service) and America West cut its flights from 15 to eight. By simply maintaining its 19 daily flights, Southwest saw its seat share increase from 44.6% to 63.5% - almost 20 percentage points.

Linenberg suggested that, given Southwest's commanding position in the Phoenix-Los Angeles market, its revenue share had probably increased at a disproportionately greater rate. He predicted that Southwest would repeat that scenario in many other markets, including Baltimore/Washington, Raleigh/Durham and Las Vegas.

In particular, Southwest is poised to benefit from the decisions of three major network carriers to drastically scale back or eliminate their low cost, low fare subsidiaries. United discontinued the United Shuttle brand at the end of October and US Airways eliminated MetroJet in December, while Delta has halved its Delta Express operation. The modest service increases that Southwest is implementing next month are all in former MetroJet and Delta Express markets out of Baltimore and Islip (Long Island).

Aircraft deferrals

In the wake of the September 11 events, Southwest was the first airline to complete negotiations with Boeing to defer aircraft deliveries, reflecting its considerable clout with the manufacturer. The airline deferred 19 737-700s that had been scheduled for delivery in the fourth quarter or in early 2002, paying penalties that it considered "very fair and reasonable". This gave it a head start in dealing with the crisis.

However, some of those aircraft had new delivery dates in November, and Southwest subsequently decided that it did not want to take any aircraft at all until April 2002. So the airline found a third party to finance and take delivery of all of the 19 aircraft (through an entity called the Amor Trust) and store them in the Mojave Desert until it is ready to buy them back.

The airline said that the deal had very favourable terms and gave it the flexibility it needed to tailor capacity to demand. It will now take 11 of the Amor Trust aircraft in 2002, beginning with the two in February, and the remaining eight in the early part of 2003. Separately, Southwest reached agreement with Boeing to defer 19 other 737-700s that were due to arrive in 2002. As a result, it reduced this year's total deliveries from 27 to 11 aircraft. It is also looking to retire some of its older 737-200s.

Southwest has also delayed some of its 2004 deliveries to later years. The effect of the changes is to even out the delivery schedule over the next ten years; for example, 2005 previously had only five aircraft scheduled, now there are 24.

There have been no order cancellations. Southwest's total orders, options and purchase rights through 2012 have remained unchanged at 436 aircraft (of which 132 are firm orders). The airline has the option, which must be exercised two years prior to delivery dates, to substitute 737-600s or 737-800s for any of the 737-700s scheduled for post-2002 delivery.

At year-end, the aggregate firm order commitments added up to $3.6bn. This year's funding needs are now only $322m, followed by $687m in 2003, $670m in 2004, $706m in 2005 and $1.26bn thereafter.

Strong liquidity position

Southwest entered the current industry crisis in a position of relative financial strength, with cash reserves of over $1bn, an unused $475m credit line and a debt-to-capital ratio (including operating leases) of less than 40%. It also had 206 unencumbered aircraft, worth $5.4bn, of which 84% were Section 1110-eligible (offering special protections to noteholders in the event of bankruptcy). Consequently, raising liquidity was easy when the need arose after September 11.

First, on September 12, the airline drew down the $475m credit facility. A month later, it raised $614m in the capital markets in its first ever offering of enhanced equipment trust certificates (EETCs). As a result of those actions and the receipt of the initial government cash grants ($169m on a pretax basis), Southwest had well over $2bn in cash at the end of October.

The EETC was notable in that it was the first - and so far the only - totally new EETC offering brought to the market since September 11. Although American and Delta have successfully raised $1.9bn and $1.25bn respectively through EETCs since the attacks, those transactions had already been in the works before September 11.

Unlike American, which has only been able to tap the private market (rumouredly with manufacturer participation on the junior tranches) and has paid higher interest rates since September 11, Southwest did a regular public offering (which was six times oversubscribed) at a record low average interest rate of 5.53%. This reflected Southwest's uniquely strong credit quality. Even in the depths of the current industry crisis, Southwest was regarded as the one certain long-term survivor.

It is worth noting that American went ahead with its main offering in late September only because it was truly desperate for cash, whereas Southwest chose the EETC market as the most efficient way of raising liquidity at that point. Prior to September 11 it had no plans to tap that source.

Collateral in the Southwest offering included 29 737-700s that were delivered between December 1997 and June 2001.

SOUTHWEST'S REVISED 737-700 DELIVERY SCHEDULE

	Firm orders	Options/ purchase rights	Firm orders	Options/ purchase rights
2001 (Sep 11 -Dec 31)	11			
2002	27		11	
2003	13	13	21	
2004	29	16	23	13
2005	5	18	24	20
2006	22	15	22	20
2007	25	20	25	29
2008		45	6	45
2009-12		177		177
TOTAL	**132**	**304**	**132**	**304**

Terms are only five years, because the purpose was to raise liquidity rather than long-term aircraft finance - and to take advantage of historically low short-term Treasury rates.

Since October Southwest is believed to have started generating slightly positive cash flow from operations. It has also collected another $66m in government cash grants, so its current cash position is believed to be an extremely healthy $2.2-2.3bn.

Interestingly, Southwest's second-round cash grant payment seems to be only about half of what it previously expected. The purpose of the grants was to compensate US airlines for the direct financial losses incurred due to the three-day grounding in September and the subsequent losses arising from the terrorist attacks through year-end 2001. The grants were primarily allocated on the basis of ASM shares, but all airlines were also required to submit specific estimates of financial losses. The DoT intended to distribute up to 85% of each airline's total entitlement by year-end and the remaining 15%, if needed, in early 2002.

Southwest is likely to continue financing aircraft purchases from cash flow, at least this year because of the relatively modest funding needs. However, it does have outstanding shelf registrations with the SEC for the issuance of $705m in public debt securities and pass through certificates. The company may utilise those to pay down short-term borrowings or finance aircraft.

In the autumn Southwest executives surprised many by insisting that the airline would apply for financing under the $10bn federal loan guarantee programme. The idea was to make a political point - CEO James F Parker explained at a conference in November that the airline believed the $10bn "ought to be distributed on an equitable basis to all airlines, so as not to upset the competitive balance that existed before September 11".

However, barring further adverse developments, it is hard to envisage Southwest wanting to waste management time with a loan guarantee application.

By Heini Nuutinen

Earnings outlook -the only profitable US major

Southwest will be the only US major carrier to report a profit for 2001 (the results are expected on January 17). After previously anticipating a loss in the fourth quarter, the airline will now more or less break even. Analysts' consensus estimate in early January was a very marginal loss of one cent per share in the fourth quarter. As a result, Southwest's full-year net profit is likely to be similar to the $448m reported for the first nine months of 2001. By comparison, the other eight major airlines are expected to report an aggregate net loss of around $6.8bn.

The current expectation is that Southwest's net profit will improve to around $500m in 2002, though individual analysts' estimates range from just over $400m to $565m. The variation reflects differing views on the rate of economic recovery, improvement in industry fundamentals and the trend in fuel prices. Most analysts currently forecast industry losses in the $2-3bn range for 2002.

Southwest's remarkable resilience in adverse economic or industry conditions has been reflected in its share price, which has shown relatively little decline or fluctuation since September 11. Over the past month or so, some analysts have downgraded the stock to "hold" or "neutral" - all based purely on price. When taking such action in early January, Salomon Smith Barney analyst Brian Harris pointed out that Southwest's stock "tends to underperform cyclical majors in the recovery part of the cycle".

Southwest's executives have said that while the airline is keen to resume its long-term growth plan, this year's expansion may be below the normal 8-10% target. There are still many unknowns - not just market conditions but also issues such as security costs, the availability of war risk insurance and airport costs. However, it is characteristic of Southwest to start with an extremely cautious attitude and then move aggressively.

Russian airlines: traffic recovers but bureaucratic barriers remain

Russian traffic is now moving strongly upwards again but major impediments remain in term of import taxes and access to Western finance.

The decline in Russian traffic was finally reversed two thirds of the way through 2000 when the new aviation administration brought in new policies on route licencing and holiday charters. The passenger total came to 21.76m, an increase of just 1% on 1999. However, this growth was generated in the final three months of the year, whereas the first nine months had shown a decline of about 8%.

The traffic upturn continued strongly throughout 2001, with monthly growth rates of 15-19% up to the end of October. September 11 appears to have had a minimal impact on Russian domestic travel. North America is down of course, although the only Russian carrier serving that region is Aeroflot, which is predicting an overall drop in 2001 transatlantic passenger numbers of 1% as a consequence.

Consolidation is accelerating: there are now 242 registered operators, well down from the 321 of a year ago, with about 110 authorised to carry passengers. Again, the concentration of traffic with the larger carriers continues, In 2000, the top 10 carried over 11.5m passengers, well over half; by the end of 2001, some 12m were carried on the five major airlines.The Ministry of Transport has announced plans intended further to reduce the number of air operators in the country.

For example, one new rule states that unless a back-up aircraft of the same or greater capacity is available, an operator cannot offer service with a particular type. As an extreme example - an airline with two aircraft, a 350-seat Il-85 and a 32 seat Yak-40, cannot market the Il-85 except as a back-up for the Yak 40. Russia does not presently allow back-ups from other companies.

Import taxes on aircraft have been reduced from 56% to 44%, but they still represent an almost impossible hurdle for airline growth. The days of Presidential exemptions for favoured carriers are gone, but it is possible to find specific exemptions when replacing aircraft.

Just now, at least seven carriers are looking hard at Western types, hoping to take advantage of depressed second-hand prices. But, evidently, something has to change in terms of funding availability before airlines will have any real prospect of replacing their aging aircraft.

Some progress has been made on the question of leasing, with two companies awarded the "contract" to win some state support, although the conditions seem unduly onerous. These are Ilyushin Finance (but only for the Il-96-300) and the Financial Leasing Company from Tatarstan for the Tupolev Tu-214, a longer range version of the -204.

Aeroflot - Russian Airlines

The country's national airline carried 5.1m passengers or some 24% of the country's total, in 2000, 10.6% up on 1999 (volumes were boosted by the purchase of 51% of a Rostov- based airline, now renamed it "Aeroflot-Don"). Thus for the first time since the end of the USSR in 1990, it exceeded the 4.76m carried by the former Aeroflot international division. The seat load factor came to 64.2%.

Aeroflot has launched a three-year Strategic Development Programme aimed at improving its management, controls, passenger image and transparency. There have been noticeable improvements since then.

One major problem remains its base airport, Sheremetyevo. Aeroflot has begun to face up to this, and work on a new terminal at the airport has begun, with Bovis International hired to complete the work.

In September 2000, Aeroflot's board approved a plan to authorise up to 20% of its issued capital to the American Depository Receipt market through Deutschebank.

The new transparency has resulted in the publication of western- standard material in its annual report published with the 2000 results in mid-2001.

Total revenues came to $1,407m and pre-tax profit to $39.5m. After tax and minority interests, the net profit came to $8.6m. In 1999 considerable charges were taken to bring the accounts into line with western practice, and thus showed a net loss amounted to $59.6m. Up to September, Aeroflot had expected 2001 to be better, but it has revised its forecasts sharply downwards to an after tax figure of about $1m since then.

Plans to join the Delta/ Air France/ Aeromexico "Sky Team" alliance by 2003 are progressing. The expected order for A320s has not yet materialised, due mainly to pressure from the Russian manufacturing industry, although Boeing has also appealed to the government for the order. Aeroflot has continued to option new Russian aircraft, particularly in the regional market, although it is concerned about the manufacturing industry's ability to deliver. The failed attempt to purchase Virgin Express Ireland was in part an attempt to get round the rules on importing Western equipment.

Chief Executive: Valeri M. Okulov
Tel/Fax: (095)752 9001. (095) 155 6647
Address: 37, Leningradski Prospekt, Moscow 125167

Pulkovo Aviation Enterprise

The St. Petersburg- based airline carried 1.63m passengers in 2000, a 10% increase on 1999, and retained second place in the Russian industry list. It is expected to reach the 2m mark for 2001.

It has continued its development of services to Europe, and is currently looking at the possibility of adding some western types to ensure that it can meet Chapter 3 requirements. Some of its Tu-154s have been modified for this, but the older aircraft, and its Tu-134s and Il-86s, cannot meet the tightened noise and emission regulations.

Chief Executive: Boris G.Demchenko
Tel/ Fax: (812) 122 9422, (812) 104 3302
Address: 196210 St. Petersburg, Pilot St., 18/4

Vnukovo Airlines

The expected collapse of Vnukovo occurred early in 2001, and it was subsequently bought out by Sibir. The price paid was, quite simply, Sibir's agreement to accept all the debts of the Moscow carrier, probably amounting to about $40m, a very large amount for any Russian airline. Only 11 Vnukovo aircraft remained airworthy, and Sibir has been overhauling the others as cash permits, with some joining the Sibir fleet, and others going to establish a new leasing company at the request of the Minister of Transport.

Kras Air

Apart from Vnukovo, Kras Air was the only one of the top six airlines to see a fall in traffic in 2000, down almost 5% to 0.73m on the previous year. However, strong growth resumed in 2001, and Kras expects to report a passenger total of over 1m for the year.

The airline has developed a strategic plan for development over the next ten years. The first stage is to develop in the Russian market - it is aiming to become one of the three largest in the market. Next will come the CIS market, then the international one. It sees the location of Krasnoyarsk as being a suitable transpolar hub for cargo and some passenger services, and aims to develop the airport to meet the standards required by long-range international operators.

In the development of its Russian services, the airline has recently agreed to join with the southeast Siberian carrier Chita Avia to partner it in the creation of a second hub for Kras Air.

Kras Air has now received its second Tu-204, and the two aircraft were widely used on holiday charters throughout the summer.

They also served a wet- lease route, Sierra Leone-London, for some months.

CEO: Boris M. Abramovich
Tel/ Fax: (3912) 236366, (3912) 244895
Address: 663020 Krasnoyarsk, Yermelianovo Airport.

Sibir

Sibir increased its passenger numbers by some 12% in 2000 to 0.83m passengers. Revenues rose to some $120m, and a profit of about $4m was reported. Then in February came its opportunity. Vnukovo Airlines ran into major financial difficulties. Although it took three months to close the deal, in the end over 99% of all shareholders and creditors accepted the Sibir offer, and it received approval from the government and regulatory authorities.

This gave the Novosibirsk company what it needed - access to the Moscow market, the largest in Russia, and the key to its future growth.

By Russian standards, the price was high - Sibir had to accept all the debts of the defunct airline, and these will work out at about $40m. And the shortage of cash at Vnukovo had resulted in several aircraft being impounded at different airports.

By the end of October 2001, Sibir had carried some 1.65m passengers in the year, and expects to reach about 1.95m by the year-end, thus vying with Pulkovo for second place. At the request of the Minister for Transport, it is looking at possible synergy with Aeroflot, including in the area of leasing. With the extra aircraft from the Vnukovo fleet, the Minister has suggested that Sibir should set up a leasing company with the surplus Tu-154s and Il-86s.

In October, the airline suffered a major loss, when one of its aircraft was accidentally shot down by a missile over the Black Sea. The airline asked the relatives of its passengers to join with it in suing the Ukrainian government for their loss, and won praise from Russian media for worrying about its customers - a rare commodity in the country.

With its added maintenance requirements, Sibir has decided to retain and upgrade its maintenance base in Novosibirsk, and this summer it became the first Russian airline to receive approval from

MAIN RUSSIAN AIRLINE FLEETS

	Aeroflot	Aerosvit	Pulkovo	Trans-aero	Sibir	Kras Air	Ukraine Int. AL	Domode-dovo AL	Tyumen-aviatrans	Total
IL-96-300	6 (7)							3		**9 (7)**
IL-86	14		9	1	12	4				**40**
IL-76	11					11		4		**26**
IL-62	12							15		**27**
TU-154	24		22		23	18			14	**101**
TU-134	12		10			4			6	**32**
TU-204					2	2				**4**
AN-2									55	**55**
AN-24						4			6	**10**
AN-26						3			2	**5**
YAK-40						3			22	**25**
A310	11									**11**
737-200		2		3			1			**6**
737-300		2					3			**5**
737-400	10									**10**
737-500		1 (2)					1			**2 (2)**
737-700				2						**2**
767-300ER	4									**4**
777-200	2									**2**
DC-10F	1 (4)									**1 (4)**
Total	**107 (11)**	**5 (2)**	**41**	**6**	**37**	**49**	**5**	**22**	**105**	**377 (13)**

Note: Vnukovo Airlines' fleet will being absorbed into Sibir's after overhauls have been completed. 19 IL-86s, 228 Tu-154s and 6 Tu-204s are available for transfer.

the aviation regulatory authorities and from Tupolev (necessary under the regulations) to upgrade its capability.

CEO: Vladislav F. Filiov
Tel/ Fax: (3832) 227572, (3832) 599064
Address: 633115 Novosibirsk, Tolmachevo Airport

Transaero

Transaero decided to suspend some of these European routes after September 11, and returned its only Airbus A310 to the lessor. It plans to return to these routes in the near future, and is currently seeking to augment its capital by about $4m. Early in 2002, it will begin to look for either A310s or 767s to resume some long-distance services. It is currently completing negotiations to replace its 737-200s with Chapter 3-compliant 737 Classics, necessary if it is to operate into Western Europe from next April.

In 2000, it carried just 0.43m passengers (twelfth position for the year), but it earned operating profits in each quarter, and claims to have achieved a small net profit in the year. In May, it moved its operations from Moscow's dismal Sheremetyevo Airport to the newly rebuilt Domodedovo, a move both popular with passengers and cost- effective.

Chief Executive: Olga Pleshakova
Tel/ Fax: (095) 937 8463 (095) 937 8463
Address: 113054 Moscow, Paveletskaya Square 2/1 (second floor)

Domodedovo Airlines

Domodedovo's management has been caught in a privatisation problem in the last few months. The price expected by the state for some of its shares in dispute, and as a result, management has not been able to concentrate on the airline's development.

As a result, traffic fell by 23% to just 0.43m in 2000, although some recovery is expected for 2001.

Chief executive: Alexander I. Akimov
Tel/ Fax: (095) 323 8991, (095) 952 8651
Address: 142945 Moscow Region, Domodedovo Airport

Kolavia - Kogalym Airlines

Kolavia saw a further drop in its passengers in 2000, when it carried 0.44m, but 2001 has shown reasonable growth, and it should carry over 0.5m. With its major customer, the oil industry, switching its western Siberia base to Surgut, some 300km from Kogalym, the airline relocated its main base to the new oil capital.

Chief Executive: Nikolai N. Zolnikov
Tel/ Fax: (3462) 241113, (3462) 280085.
Address: 624600 Tyumen Region, Surgut Airport

Tyumenaviatrans (TAT)

TAT continued its strong growth in 2000, and ended the year in sixth overall position, with 0.65m passengers. Uniquely in Russia in the past decade, it was even profitable on its short- range feeder services, where it uses the original RJ - the Yak 40 - and some elderly Antonov turboprops.

On revenues of $85m, it achieved a remarkable $17.5m net profit before taxes (under Russian accounting standards). This is due mainly to its inheritance of a huge helicopter fleet from Soviet times. In 2001, its profits will be lower, as it is spending considerable amounts on restoring helicopters that have not flown for some years.

With the world's largest helicopter fleet, including the world largest production model, the Mi-26, the $2m revenues earned by the previous management seemed seriously inadequate. 2000 ended with the company opening a new office in New York to negotiate with the United Nations for some $25m in contracts.

The regional governments in western Siberia have followed closely the airline's progress, including the introduction of Western management techniques, and bought substantial shareholdings early in 2001, while leaving the management unchanged. One result was their announcement that they would seek to merge several other airlines in the region into TAT. Negotiations are now under way with Tyumen Airlines and Yamal, both substantially owned by these regions, but Kolavia, mostly owned by the Lukoil Company, is resisting.

TAT is one of the coming carriers.

Chief Executive: Andrei Martirosov
Tel/ Fax: (3462) 280057, (3462) 280116
Address: 624600 Tyumen Region, Surgut Airport

Volga Dnepr Airlines

Early in 2001, Russia's largest cargo operator terminated its partnership with HeavyLift for reasons not made clear. It suffered some loss of business in the next quarter, but by the end of October it had managed to catch up, and expects the year to end level with 2000 in terms of work and revenues - about $120m.

In December, it applied for European certification for two An-124s currently under construction and it reckons it has about a 50/50 likelihood of success. With this, it hopes to gain access to western finance by using the aircraft as collateral for expansion funds.

It has set up subsidiaries in the UK and the US, and has reached agreement with the US Federal Emergency Management Administration to provide airlift capacity in major emergency situations. It has retained its 55% share of the outsize cargo market with customers including Boeing and Lockheed Martin.

Chief Executive: Alexei I. Isaikin Tel/ Fax: (8422) 202671, (8422) 204997
Address: 432062 Ulyanovsk, Karbyshev Street, 14

Ukraineg

The Ukrainian government has at last decided its policy toward building an airline industry in the country. It has asked Aerosvit, Ukraine International and Air Ukraine to come up with proposals for a merger. While the first two of these have been working closely together and helping each other wherever possible, they have outside shareholders, and these will need to be satisfied with the outcome.

Air Ukraine is in a much more complex position. It left the USSR with a fleet of over 100 aircraft and about 15m passengers annually. Since then, each town and region in the country has been permitted to keep its aviation assets, and as these were separated from the national airline, they were permitted to leave it to hold their share of the liabilities. Thus, by early 2001, it had only five aircraft in operation, and these were often detained for unpaid debts. Much will need to be sorted out.

Aerosvit

In 2001, the airline expects to carry some 0.31m passengers and earn a net profit of about $2m. It has recently signed to lease two 737-500s to begin to replace its Chapter 2 737-200s.

Chief Executive: Gregory A. Gurtovoi
Tel/ Fax: (38 044) 235 8710, (38 044) 246 5184
Address: 58A, T. Shevchenka Bulvard, Kiev 01032, Ukraine

Ukraine International Airlines (UIA)

Founded in 1992 as a partnership between the Ukraine government and the (then) Guinness Peat Aviation Group, UIA was planned to bring western airline standards to the Ukrainian market. It added Finnair to its list of codeshare partners, with a UIA service to Helsinki starting in September.

In 2000, it carried 0.25m passengers. For 2001, it expects some 0.31m and revenues of $67m. An operating profit of $3m is also expected. In the year, it added its first 737-500, and carried the Pope during his visit to Ukraine.

Chief Executive: Vadim Potiomski
Tel/ Fax: (38 044) 216 4093, (38 044) 216 7994
Address: 14, Peremohy Avenue, Kiev 01135, Ukraine

By Paul Duffy

EUROPEAN SCHEDULED TRAFFIC

	Intra-Europe			North Atlantic			Europe-Far East			Total long-haul			Total international		
	ASK bn	RPK bn	LF %	ASK bn	RPK bn	LF %	ASK bn	RPK bn	LF %	ASK bn	RPK bn	LF %	ASK bn	RPK bn	LF %
1993	137.8	79.8	57.9	145.1	102.0	70.3	96.3	68.1	70.7	319.1	223.7	70.1	479.7	318.0	66.3
1994	144.7	87.7	60.6	150.3	108.8	72.4	102.8	76.1	74.0	334.0	243.6	72.9	503.7	346.7	68.8
1995	154.8	94.9	61.3	154.1	117.6	76.3	111.1	81.1	73.0	362.6	269.5	74.3	532.8	373.7	70.1
1996	165.1	100.8	61.1	163.9	126.4	77.1	121.1	88.8	73.3	391.9	292.8	74.7	583.5	410.9	70.4
1997	174.8	110.9	63.4	176.5	138.2	78.3	130.4	96.9	74.3	419.0	320.5	76.5	621.9	450.2	72.4
1998	188.3	120.3	63.9	194.2	149.7	77.1	135.4	100.6	74.3	453.6	344.2	75.9	673.2	484.8	72.0
1999	200.0	124.9	62.5	218.9	166.5	76.1	134.5	103.1	76.7	492.3	371.0	75.4	727.2	519.5	71.4
2000	208.2	132.8	63.8	229.9	179.4	78.1	137.8	108.0	78.3	508.9	396.5	77.9	755.0	555.2	73.5
Nov 01	15.1	8.4	55.4	13.6	8.9	65.8	10.2	6.9	67.7	34.9	24.1	69.1	60.6	38.8	64.1
Ann. chng	-11.2%	-14.7%	-2.3	-25.5%	-31.5%	-5.7	-10.8%	-20.3%	-8.0	-15.1%	-20.7%	--4.9	-7.8%	-21.2%	-10.9
Jan-Nov 01	**198.9**	125.4	63.1	203.9	151.5	74.3	121.6	93.4	76.9	456.3	346.3	71.6	638.3	460.9	72.2
Ann. chng	2.7%	0.6%	-1.3	--4.3%	-9.7%	-4.4	-6.7%	-2.0%	-2.0	-5.9%	-2.5%	--2.4	0.1%	-3.0%	-2.3

Source: AEA.

US MAJORS' SCHEDULED TRAFFIC

	Domestic			North Atlantic			Pacific			Latin America			Total international		
	ASK bn	RPK bn	LF %	ASK bn	RPK bn	LF %	ASK bn	RPK bn	LF %	ASK bn	RPK bn	LF %	ASK bn	RPK bn	LF %
1993	867.7	538.5	62.1	140.3	97.0	69.2	112.5	79.7	70.8	55.8	32.5	58.2	308.7	209.2	67.8
1994	886.9	575.6	64.9	136.1	99.5	73.0	107.3	78.2	72.9	56.8	35.2	62.0	300.3	212.9	70.9
1995	900.4	591.4	65.7	130.4	98.5	75.6	114.3	83.7	73.2	62.1	39.1	63.0	306.7	221.3	72.1
1996	925.7	634.4	68.5	132.6	101.9	76.8	118.0	89.2	75.6	66.1	42.3	64.0	316.7	233.3	73.7
1997	953.3	663.7	69.6	138.1	108.9	78.9	122.0	91.2	74.7	71.3	46.4	65.1	331.2	246.5	74.4
1998	960.8	678.8	70.7	150.5	117.8	78.3	112.7	82.5	73.2	83.5	52.4	62.8	346.7	252.7	72.9
1999	1,007.3	707.5	70.2	164.2	128.2	78.1	113.2	84.7	74.8	81.3	54.3	66.8	358.7	267.2	74.5
2000	1,033.5	740.1	71.6	178.9	141.4	79.0	127.7	97.7	76.5	83.0	57.6	69.4	380.9	289.9	76.1
Nov 01	74.1	50.5	68.2	11.4	7.3	64.6	8.0	5.1	63.1	6.1	3.9	63.5	25.6	16.3	63.9
Ann. chng	-14.8%	-17.7%	-2.5	-20.0%	-29.1%	-8.3	-21.2%	-32.7%	-10.8	-11.2%	-14.8%	-2.6	-18.4%	-27.3%	-7.9
Jan-Nov 01	947.9	660.1	69.6	162.3	120.6	74.3	111.8	81.7	73.1	76.4	52.0	68.0	350.5	254.3	72.6
Ann. chng	-3.1%	-6.2%	-2.3	-1.5%	-8.3%	-5.5	-2.3%	-7.0%	-3.7	1.0%	-1.1%	-1.4	-1.2%	-6.5%	-4.1

Note: US Majors = American, Alaska, Am. West, Continental, Delta, NWA, Southwest, United, US Airways. **Source:** Airlines, ATA.

ICAO WORLD TRAFFIC AND ESG FORECAST

	Domestic			International			Total			Domestic growth rate		International growth rate		Total growth rate	
	ASK bn	RPK bn	LF %	ASK bn	RPK bn	LF %	ASK bn	RPK bn	LF %	ASK %	RPK %	ASK %	RPK %	ASK %	RPK %
1993	1,349	855	63.3	1,785	1,205	67.5	3,135	2,060	65.7	3.4	2.0	4.4	4.8	3.9	3.6
1994	1,410	922	65.3	1,909	1,320	69.1	3,318	2,240	67.5	4.6	7.9	6.9	9.4	5.9	8.8
1995	1,468	970	66.1	2,070	1,444	69.8	3,537	2,414	68.3	4.1	5.4	8.5	9.4	6.6	7.8
1996	1,540	1,043	67.7	2,211	1,559	70.5	3,751	2,602	79.4	4.9	7.4	6.8	8.0	6.0	7.8
1997	1,584	1,089	68.8	2,346	1,672	71.3	3,930	2,763	70.3	2.9	4.5	6.1	7.2	4.8	6.1
1998	1,638	1,147	70.0	2,428	1,709	70.4	4,067	2,856	70.3	3.4	5.2	3.5	2.2	3.4	3.4
1999	1,911	1,297	67.9	2,600	1,858	71.5	4,512	3,157	70.0	5.4	5.0	5.7	7.4	5.6	6.4
2000	2,005	1,392	69.4	2,745	1,969	71.8	4,750	3,361	70.8	4.9	7.2	5.6	6.0	5.3	6.5
***2001**							4,713	3,205	68.0					-1.1	-6.0
***2002**							4,737	3,270	69.0					0.5	2.0
***2003**							5,066	3,596	70.9					6.9	10.0
***2004**							5,320	3,830	72.0					5.0	6.5

Note: * = Forecast; ICAO traffic includes charters. **Source:** Airline Monitor, Oct 2001.

DEMAND TRENDS (1990=100)

	Real GDP					Real exports					Real imports				
	US	UK	Germany	France	Japan	US	UK	Germany	France	Japan	US	UK	Germany	France	Japan
1993	105	100	100	101	105	117	107	106	109	112	117	104	108	101	96
1994	109	103	103	104	106	126	117	115	115	117	131	110	117	107	104
1995	111	106	105	106	107	137	126	122	123	123	141	115	124	113	119
1996	114	108	107	107	111	152	135	128	128	126	155	124	127	116	132
1997	118	112	110	109	112	172	146	142	142	138	177	135	136	123	132
1998	122	115	113	112	109	173	150	152	150	135	196	144	147	133	121
1999	127	117	114	115	111	179	150	155	153	135	220	151	152	136	122
2000	134	121	117	119	114	198	162	174	172	153	250	164	166	153	139
***2001**	138	124	121	122	116	216	173	191	188	162	272	176	179	165	148

Note: * = Forecast; Real = inflation adjusted. **Source:** OECD Economic Outlook, December 2000.

FINANCIAL TRENDS (1990=100)

	Inflation (1990=100)					Exchange rates (against US$)				LIBOR
	US	UK	Germany	France	Japan		UK	Euro**	Japan	6 month Euro-$
1993	111	109	114	108	106	**1992**	0.570	0.773	126.7	3.84%
1994	113	109	117	110	107	**1993**	0.666	0.854	111.2	3.36%
1995	117	112	119	112	107	**1994**	0.653	0.843	102.2	5.06%
1996	120	114	121	113	107	**1995**	0.634	0.765	94.1	6.12%
1997	122	117	123	114	108	**1996**	0.641	0.788	108.8	4.48%
1998	123	120	124	115	109	**1997**	0.611	0.884	121.1	5.85%
1999	125	122	126	116	108	**1998**	0.603	0.896	130.8	5.51%***
2000	128	124	127	117	107	**1999**	0.621	0.991	103.3	5.92%***
***2001**	131	127	128	119	107	**2000**	0.603	1.086	118.1	5.36%***
						Dec 2001	0.693	1.122	117.6	3.35%***

Note: * = Forecast. **Source:** OECD Economic Outlook, December 2000. **Euro rate quoted from January 1999 onwards. 1990-1998 historical rates quote ECU. *** = $ LIBOR BBA London interbank fixing six month rate.

AIRCRAFT AVAILABLE FOR SALE OR LEASE

	Old narrowbodies	Old widebodies	Total old	New narrowbodies	New widebodies	Total new	TOTAL
1989	216	38	254	42	2	44	298
1990	380	77	457	74	14	88	545
1991	457	129	586	114	27	141	727
1992	433	138	571	75	15	90	661
1993	370	195	565	103	37	140	705
1994	267	182	449	61	23	84	533
1995	238	157	395	49	29	78	473
1996	124	101	225	32	22	54	279
1997	162	104	266	54	13	67	333
1998	187	125	312	67	55	122	434
1999	243	134	377	101	53	154	531
2000	302	172	474	160	42	202	676
2001-Jan	288	150	438	172	43	215	651
2001-Feb	298	155	453	152	46	198	651
2001-Mar	345	144	489	164	47	211	700
2001-Apr	326	130	456	184	61	245	701
2001-May	371	140	511	210	61	271	782
2001-Jun	353	150	513	222	67	289	802
2001-Jul	352	145	497	179	64	243	740
2001-Aug	373	157	530	218	80	298	828
2001-Sep	388	173	561	251	95	346	907
2001-Oct	378	180	558	263	97	360	918

Source: *BACK* **Notes:** *As at end year; Old narrowbodies = 707, DC8, DC9, 727,737-100/200, F28, BAC 1-11, Caravelle; Old widebodies = L1011, DC10, 747-100/200, A300B4; New narrowbodies = 737-300+, 757. A320 types, BAe 146, F100, RJ; New widebodies = 747-300+, 767, 777. A600, A310, A330, A340.*

JET AND TURBOPROP ORDERS

	Date	Buyer	Order	Price	Delivery	Other information/engines
Airbus	Dec 10	Air Calin	2 A330-200			
	Dec 20	Lufthansa	15 A380			Order postponed after Sept 11
ATR	Dec 20	Aerogavista	1 ATR 42-500			
Boeing	Dec 11	ILFC	6 737-800			
	Dec 11	GECAS	3 737-700			
	Dec 11	Vietnam AL	4 777-200ER			
Embraer	Dec 20	Wexford Capital	8 Emb 140LR			For Chautauqua
Fairchild	Dec 12	Grupo Protexa	1 328JET			
	Dec 20	ACA	1 328 JET			

Note: Prices in US$. Only firm orders from identifiable airlines/lessors are included. MoUs/LoIs are excluded. **Source:** Manufacturers.

	Group revenue US$m	Group costs US$m	Group operating profit US$m	Group net profit US$m	Total ASK m	Total RPK m	Load factor %	Group rev. per total ASK Cents	Group costs per total ASK Cents	Total pax. 000s	Total ATK m	Total RTK m	Load factor %	Group employees
American*														
Jan-Mar 00	4,577	4,365	212	132	64,392.8	43,478.4	67.5	7.11	6.78					104,500
Apr-Jun 00	5,011	4,494	517	321	67,000.4	50,538.7	75.4	7.48	6.71					105,900
Jul-Sep 00	5,256	4,684	572	313	66,654.0	50,828.1	76.3	7.89	7.03					107,500
Oct-Dec 00	4,859	4,779	80	47	63,562.5	44,318.5	69.7	7.64	7.52					107,500
Jan-Mar 01	4,760	4,743	17	-43	62,725.7	42,590.7	67.9	7.59	7.56					108,900
Apr-Jun 01	4,838	5,586	-748	-494	66,007.0	47,484.0	71.9	7.33	8.46					128,300
Jul-Sep 01	4,816	5,374	-558	-414	62,675.9	45,314.7	72.3	7.68	8.57					127,200
America West														
Jan-Mar 00	563	552	11	15	10,440.8	6,960.5	66.7	5.39	5.29	4,612				12,024
Apr-Jun 00	618	570	48	33	10,979.8	8,091.7	73.7	5.63	5.19	5,206				12,158
Jul-Sep 00	591	591	0	1	11,079.9	8,088.3	73.0	5.33	5.33	5,178				
Oct-Dec 00	573	654	-81	-47	11,133.1	7,616.8	68.4	5.15	5.87	4,958				
Jan-Mar 01	587	612	-25	-13	11,355.2	7,857.8	69.2	5.17	5.39	5,104				
Apr-Jun 01	587	641	-54	-42	11,097.7	8,367.4	75.5	5.29	5.78	5,294				
Jul-Sep 01	491	590	-99	-32	10,774.3	7,973.0	74.0	4.57	5.48	5,034				
Continental														
Jan-Mar 00	2,277	2,223	54	14	33,710.2	24,143.0	71.6	6.75	6.59	11,201				
Apr-Jun 00	2,571	2,292	279	149	34,406.9	26,534.0	77.1	7.47	6.66	12,084				
Jul-Sep 00	2,622	2,368	254	135	35,978.0	27881.1	77.5	7.29	6.58	12,155				
Oct-Dec 00	2,429	2,332	97	44	34,454.0	24,685.1	71.6	7.05	6.77	11,456				
Jan-Mar 01	2,451	2,375	76	9	34,533.9	24,322.9	70.4	7.10	6.88	11,220				
Apr-Jun 01	2,556	2,419	137	42	36,712.9	27,443.4	74.8	6.96	6.59	12,256				
Jul-Sep 01	2,223	2,136	87	3	35,394.9	26,086.1	73.7	6.28	6.03	11,254				
Delta														
Jan-Mar 00	3,960	3,605	355	223	57,093.8	39,404.4	69.0	6.94	6.31	25,093				72,300
Apr-Jun 00	4,439	3,863	606	460	59,753.4	46,509.8	77.8	7.48	6.46	28,333				73,800
Jul-Sep 00	4,325	3,827	498	127	61,319.9	47,076.5	76.8	7.05	6.24	27,378				
Oct-Dec 00	4,017	3,839	178	18	58,655.8	40,527.0	69.1	6.85	6.54	24,919				
Jan-Mar 01	3,842	3,957	-115	-133	60,714.1	40,690.6	67.0	6.33	6.52	26,932				
Apr-Jun 01	3,776	3,890	-114	-90	61,538.0	44,783.6	72.8	6.14	6.32	28,130				82,500
Jul-Sep 01	3,398	3,649	-251	-259	60,718.9	43,259.6	71.3			26,441				83,500
Northwest														
Jan-Mar 00	2,570	2,573	-3	3	39,486.0	28,627.4	72.5	6.51	6.52					
Apr-Jun 00	2,927	2,675	252	115	42,049.6	33,523.5	79.7	6.96	6.36					
Jul-Sep 00	3,178	2,824	354	207	44,379.9	35,353.1	79.7	7.16	6.36					
Oct-Dec 00	2,740	2,774	-34	-69	40,417.6	29,850.1	73.9	6.78	6.86					
Jan-Mar 01	2,611	2,847	-236	-171	40,211.6	29,394.7	73.1	6.49	7.08					
Apr-Jun 01	2,715	2,751	-36	-55	42,216.8	32,886.9	77.9	6.43	6.52					
Jul-Sep 01	2,594	2,749	-155	19	41,870.8	31,753.1	75.8	6.20	6.57					
Southwest														
Jan-Mar 00	1,243	1,057	155	74	22,773.8	15,210.2	66.8	5.46	4.77	14,389				27,911
Apr-Jun 00	1,461	1,146	315	191	23,724.3	17,624.9	74.3	6.16	4.83	16,501				
Jul-Sep 00	1,479	1,179	300	184	24,638.0	17,650.8	71.6	6.00	4.79	16,501				
Oct-Dec 00	1,467	1,216	251	155	25,267.5	17,443.2	69.0	5.81	4.81	16,287				
Jan-Mar 01	1,429	1,218	210	121	25,512.2	17,169.7	67.3	5.60	4.77	15,716				29,563
Apr-Jun 01	1,554	1,263	291	176	26,430.0	18,970.4	71.8	5.88	4.78	17,527				30,369
Jul-Sep 01	1,335	1,242	93	151	26,216.8	18,120.7	69.1	5.09	4.74	16,208				30,946
TWA														
Jan-Mar 00	954	939	15	-4	15,465.4	11,607.0	75.1	6.17	6.07	7,020				
Apr-Jun 00	973	984	-11	-35	15,928.0	12,316.3	77.3	6.00	4.79	7,211				
Jul-Sep 00														
Oct-Dec 00														
Jan-Mar 01														
Apr-Jun 01														
Jul-Sep 01														
United														
Jan-Mar 00	4,546	4,294	252	-99	68,421.1	46,683.5	68.2	6.64	6.28	20,141				96,100
Apr-Jun 00	5,109	4,504	605	408	70,913.5	53,624.8	75.6	7.20	6.35	22,412				98,300
Jul-Sep 00	4,905	4,946	-41	-116	72,495.7	54,049.9	74.6	6.77	6.82	21,458				99,700
Oct-Dec 00	4,792	4,955	-163	-71	70,550.1	49,897.9	70.7	6.79	7.02	20,509				99,100
Jan-Mar 01	4,424	4,815	-391	-313	67,741.4	46,267.7	68.3	6.53	7.11	18,860				98,600
Apr-Jun 01	4,658	5,011	-353	-292	71,928.2	52,651.5	73.2	6.48	6.97	21,331				98,000
Jul-Sep 01	4,107	4,819	-712	-542	69,232.9	50,609.3	73.1			19,815				95,900
US Airways														
Jan-Mar 00	2,098	2,237	-139	-218	24,250.3	15,568.7	64.2	8.65	9.22	12,804				42,727
Apr-Jun 00	2,433	2,265	168	80	26,171.9	19,557.4	74.7	9.30	8.65	15,554				42,653
Jul-Sep 00	2,381	2,376	5	-30	28,452.4	20,726.2	72.8	8.37	8.35	15,809				44,026
Oct-Dec 00	2,347	2,428	-81	-98	28,275.4	19,590.0	69.3	8.30	8.59	15,605				43,467
Jan-Mar 01	2,241	2,469	-228	-171	27,752.4	18,372.1	66.2	8.07	8.90	14,193				44,077
Apr-Jun 01	2,493	2,473	20	-24	29,394.8	21,693.4	73.8	8.48	8.41	16,582				44,673
Jul-Sep 01	1,989	2,739	-750	-766	27,609.2	19,618.9	71.1	7.20	9.92	14,188				42,723
ANA														
Jan-Mar 00	5,591	5,842	-251	6	49,646.9	31,844.9	64.1	11.26	11.77	27,430				
Apr-Jun 00	SIX MONTH FIGURES													
Jul-Sep 00	5,288	4,793	495	359	47,586.3	31,753.1	66.7	11.11	10.07	24,958				
Oct-Dec 00	SIX MONTH FIGURES													
Jan-Mar 01	5,376	5,186	190	-486	46,278.4	29,168.4	63.0	11.61	11.21	24,471				
Apr-Jun 01	SIX MONTH FIGURES													
Jul-Sep 01	5,168	4,811	357	136	45,756.4	30,790.3	67.3	11.29	10.51	25,876				
Cathay Pacific														
Jan-Mar 00	SIX MONTH FIGURES													
Apr-Jun 00	2,070	1,765	305	285	29,839.0	22,588.1	75.7	6.94	5.92		5,483.0			
Jul-Sep 00	SIX MONTH FIGURES													
Oct-Dec 00	2,356	1,983	373	382	32,070.0	24,586.6	76.7	7.35	6.13		6,147.0			
Jan-Mar 01	SIX MONTH FIGURES													
Apr-Jun 01	2,031	1,898	133	170	32,419.0	23,309.3	71.9	6.26	5.85		5,936.0			
Jul-Sep 01														
JAL														
Jan-Mar 00	14,665	14,254	411	181	126,282.4	88,478.5	70.1	11.61	11.29	37,247	18,856.7	12,738.0	67.6	
Apr-Jun 00														
Jul-Sep 00														
Oct-Dec 00	TWELVE MONTH FIGURES													
Jan-Mar 01	14,198	13,542	656	342										
Apr-Jun 01														
Jul-Sep 01														

Note: Figures may not add up due to rounding. 1 ASM = 1.6093 ASK. *Airline group only.

Micro-trends

	Group revenue US$m	Group costs US$m	Group operating profit US$m	Group net profit US$m	Total ASK m	Total RPK m	Load factor %	Group rev. per total ASK Cents	Group costs per total ASK Cents	Total pax. 000s	Total ATK m	Total RTK m	Load factor %	Group employees
Korean Air														
Jan-Mar 00														
Apr-Jun 00														
Jul-Sep 00	TWELVE MONTH FIGURES													
Oct-Dec 00	4,916	4,896	20	-409	55,824.0	40,606.0	72.7	8.81	8.77	22,070		10,407		16,000
Jan-Mar 01														
Apr-Jun 01														
Jul-Sep 01														
Malaysian														
Jan-Mar 00	2,148	1,652	496	-67	48,906.0	34,930.0	71.4	4.39	3.38		7,531.5	4,853.4	64.4	
Apr-Jun 00														
Jul-Sep 00														
Oct-Dec 00	TWELVE MONTH FIGURES													
Jan-Mar 01	2,357	2,178	179	-351	52,329.0	39,142.4	74.8	4.50	4.16		8,055.0	5,379.0	66.8	
Apr-Jun 01														
Jul-Sep 01														
Singapore														
Jan-Mar 00	2,459	2,203	256	439	44,582.6	33,430.1	75.0	5.51	4.94	7,030	8,665.8	6,185.7	71.4	
Apr-Jun 00	SIX MONTH FIGURES													
Jul-Sep 00	2,864	2,438	426	668	46,477.5	36,136.6	77.8	61.6	5.25	7,584	8,950.0	6,524.6	72.9	
Oct-Dec 00	SIX MONTH FIGURES													
Jan-Mar 01	2,635	2,317	318	209	46,170.5	34,981.8	75.8	5.71	5.02	7,416	9,084.0	6,460.4	71.1	
Apr-Jun 01														
Jul-Sep 01														
Thai Airways														
Jan-Mar 00														
Apr-Jun 00	TWELVE MONTH FIGURES													
Jul-Sep 00	3,111	2,732	379	121	55,517.0	41,347.0	74.5	5.60	4.92	17,700	7,752.0	5,469.0	70.6	
Oct-Dec 00														
Jan-Mar 01														
Apr-Jun 01														
Jul-Sep 01														
Air France														
Jan-Mar 00	4,831	4,430	401	41	55,508.0	41,650.0	75.0	8.70	7.98	19,200				
Apr-Jun 00	SIX MONTH FIGURES													
Jul-Sep 00	5,506	5,132	374	385	60,088.0	48,464.0	80.7	9.16	8.54					
Oct-Dec 00	SIX MONTH FIGURES													
Jan-Mar 01	4,981	4,988	-7	-25	59,100.5	44,622.2	75.5	8.42	8.43					
Apr-Jun 01	SIX MONTH FIGURES													
Jul-Sep 01	5,798	5,511	287	250	64,474.4	50,984.1	79.1	8.99						
Alitalia														
Jan-Mar 00	SIX MONTH FIGURES													
Apr-Jun 00	2,225	2,254	-29	-15	24,747.8	16,898.8	68.3	8.99	9.11	11,693	3,464.8	2,404.5	69.4	
Jul-Sep 00	SIX MONTH FIGURES													
Oct-Dec 00	2,553	2,753	-200	-209	32,735.2	24,534.2	74.9	7.80	8.41					
Jan-Mar 01														
Apr-Jun 01														
Jul-Sep 01														
BA														
Jan-Mar 00	3,097	3,281	-184	-247	44,533.0	29,328.0	65.9	6.95	7.37	10,778	6,253.0	4,041.0	64.6	64,874
Apr-Jun 00	3,488	3,342	146	-85	44,826.0	32,295.0	72.0	7.78	7.46	11,633	6,475.0	4,407.0	68.1	61,411
Jul-Sep 00	3,673	3,293	380	197	45,333.0	35,093.0	77.4	8.10	7.26	12,615	6,608.0	4,741.0	71.7	62,793
Oct-Dec 00	3,328	3,212	116	84	42,347.0	29,008.0	68.5	7.86	7.58	10,493	6,230.0	4,128.0	66.3	62,831
Jan-Mar 01	3,048	3,136	-88	-111	40,018.0	26,800.0	67.0	7.62	7.84	9,721	5,883.0	3,711.0	63.1	62,425
Apr-Jun 01	3,277	3,206	71	37	40,980.0	28,646.0	69.9	8.00	7.82	11,293	6,124.0	3,915.0	63.9	58,989
Jul-Sep 01	3,219	3,116	103	33	39,629.0	29,297.0	73.9	8.12	7.86	11,306	5,969.0	3,868.0	64.8	59,902
Iberia														
Jan-Mar 00														
Apr-Jun 00														
Jul-Sep 00	TWELVE MONTH FIGURES													
Oct-Dec 00	4,136	4,075	61	188	54,120.0	40,049.0	74.0	7.64	7.53	24,500		4,382		26,814
Jan-Mar 01														
Apr-Jun 01														
Jul-Sep 01														
KLM														
Jan-Mar 00	1,361	1,436	-75	-142	18,627.0	14,084.0	75.6	7.31	7.71		3,238.0	2,453.0	75.8	35,348
Apr-Jun 00	1,600	1,509	91	39	18,730.0	15,149.0	80.9	8.54	8.06		3,276.0	2,549.0	77.8	27,267
Jul-Sep 00	1,615	1,445	170	100	19,386.0	16,378.0	84.5	8.33	7.45		3,359.0	2,703.0	80.5	26,447
Oct-Dec 00	1,617	1,574	43	4	19,050.0	14,715.0	77.2	8.49	8.26		3,316.0	2,618.0	78.9	26,349
Jan-Mar 01	1,360	1,422	-62	-77	18,056.0	13,805.0	76.4	7.53	7.88		3,230.0	2,471.0	76.5	26,538
Apr-Jun 01	1,507	1,487	20	17	19,231.0	15,200.0	79.0	7.84	7.73		3,322.0	2,526.0	76.0	27,211
Jul-Sep 01	1,679	1,596	83	24	19,554.0	16,049.0	82.1	8.59	8.16		3,328.0	2,559.0	76.9	28,911
Lufthansa***														
Jan-Mar 00	2,831	2,742	89	11	28,599.0	19,781.0	69.2	9.90	9.59	10,355	5,422.0	3,751.0	69.2	67,489
Apr-Jun 00	3,346	3,123	223	400	31,865.0	24,405.0	76.6	10.50	9.80	12,249	5,988.0	4,338.0	72.4	68,000
Jul-Sep 00	3,375	2,993	382	182	32,654.0	25,878.0	79.2	10.33	9.17	12,849	6,156.0	4,536.0	73.7	
Oct-Dec 00	3,750	3,148	602	10	30,682.0	22,096.0	72.0	12.22	10.26	11,547	5,997.0	4,293.0	71.6	69,523
Jan-Mar 01	3,222	3,202	20	-80	30,223.0	21,232.0	70.3	10.66	10.59	10,903	5,781.0	3,953.0	68.4	72,279
Apr-Jun 01	4,119	4,045	74	41	30,658.0	22,930.0	74.8	13.44	13.19	12,236	6,371.0	4,239.0	66.5	85,771
Jul-Sep 01	4,188	4,027	161	96	32,454.0	24,546.0	75.6	12.90	12.41	12,692	6,271.0	4,282.0	68.3	83,447
SAS														
Jan-Mar 00	1,145	1,179	-34	-33*	8,253.0	4,992.0	60.5	13.87	14.24	5,314				28,060
Apr-Jun 00	1,289	1,176	113	112*	8,492.0	6,004.0	70.7	15.18	13.85	6,236				28,295
Jul-Sep 00	1,122	1,070	52	33*	8,496.0	6,155.0	72.4	13.21	12.59	5,943				28,485
Oct-Dec 00	1,310	1,131	179	174*	8,541.0	5,492.0	64.3	15.34	13.24	5,747				27,767
Jan-Mar 01	1,183	1,175	8	2*	8,558.0	5,286.0	61.8	13.82	13.73	5,482				29,985
Apr-Jun 01	1,345	1,329	16	18*	9,144.0	6,227.0	68.1	14.71	14.53	6,279				30,499
Jul-Sep 01	1,199	1,220	-21	-20*	9,629.0	6,498.0	67.5	12.45	12.67	6,463				30,896
Swissair**														
Jan-Mar 00	SIX MONTH FIGURES													
Apr-Jun 00	1,916	2,006	-90	2	25,476.0	18,241.0	71.6	7.52	7.87	9,162	3,972.8	2,719.6	68.5	
Jul-Sep 00	SIX MONTH FIGURES													
Oct-Dec 00	2,179	2,069	110	-1,650	23,540.0	17,677.0	75.1	9.27	8.79	5,890	4,296.2	3,007.4	70.0	
Jan-Mar 01														
Apr-Jun 01														
Jul-Sep 01														

Note: Figures may not add up due to rounding. 1 ASM = 1.6093 ASK. *Pre-tax. **SAirLines' figures apart from net profit, which is SAirGroup. ***Excludes Condor from 1998 onwards. 4Q+ data are on IAS basis.

SUBSCRIPTION FORM

☐ **Please enter my Aviation Strategy subscription for:**
One year (12 issues) @ £390 / € 625 / US$625,
starting with the ____________ issue

(Discounts available for multiple subscriptions - please call for details)

Delivery address

Name ____________
Position ____________
Company ____________
Address ____________

____

____

Country ____________ **Postcode** ____________
Tel ____________ **Fax** ____________
e-mail ____________

DATA PROTECTION ACT
The information you provide will be held on our database and may be used to keep you informed of our products and services or for selected third party mailings

☐ **I enclose a Sterling, Euro or US Dollar cheque, made payable to: Aviation Economics**

☐ **Please invoice me**

☐ **Please charge my AMEX/Mastercard/Visa credit card**

Card number ____________
Name on card ____________ Expiry date ________

☐ **I am sending a direct bank transfer of £390 net of all charges to Aviation Economics' account:** HSBC Bank
Sort code: 40 04 37 Account no: 91256904

Invoice address (if different from delivery address)

Name ____________
Position ____________
Company ____________
Address ____________

____

____

Country ____________ Postcode ____________

PLEASE RETURN THIS FORM TO:
Aviation Economics
James House, LG
22/24 Corsham Street
London N1 6DR
Fax: +44 (0)20 7490 5218