

FINANCIAL RESULTS, NEW DEALS, AND REPORTS FROM EVERY CORNER OF THE GLOBE

787 delays mount, first delivery in '09

Boeing on Jan. 16 announced further delays to the 787 program as it struggles to finish the first aircraft while suppliers continue to fall short in completing work correctly and in a timely manner on successive Dreamliners. First flight now will take place "around" the end of the second quarter, nearly a year after rollout. In early October, Boeing said first flight would happen toward the end of the first quarter.

First delivery to launch customer ANA will occur in "early 2009" rather than in late 2008. While Boeing expressed confidence that it would meet its new schedule for first flight and delivery to ANA, it was noncommittal on further deliveries. "We're not going to have 109 deliveries in '09 [as previously planned]," Commercial Airplanes President and CEO Scott Carson admitted, adding that the company had "to work through an assessment" over the next couple of months before making any statements on production ramp-up.

ANA called the further delay "extremely regrettable," saying, "we will work with Boeing on the revised schedule and decide how to proceed from there."

787 VP and GM Pat Shanahan, who took over from Mike Bair in mid-October, said, "We underestimated how long it would take to complete someone else's work," noting that the manufacturer's Everett plant was set up for "last stage" 787 assembly. He said Boeing now is focused on "getting all the partner supplier factories doing the work they're supposed to be doing so that we can do the work we're supposed to be doing."

The company said the changes will not affect 2007 financial results and it "does not expect the impact on 2008 earnings guidance to be significant."



SHANAHAN

» TURNABOUT IS FAIR PLAY



With international carriers taking advantage of US-EU open skies to come to London Heathrow, BA is launching an airline to fly 757s from the continent to New York.

Boeing, Airbus set sales records

Boeing and Airbus, as expected, smashed their previous yearly sales records in 2007, with Boeing outselling Airbus for a second year and Airbus maintaining its lead in deliveries. The two combined for 2,754 net orders, up from 1,834 in 2006. The previous record was set in 2005 when they sold 2,057.

Boeing reported net orders for 1,413 aircraft, boosting its backlog to more than 3,400. It was the manufacturer's third consecutive year of record orders following 1,044 net orders in 2006 and 1,002 in 2005. It sold 846 737s, 369 787s and 141 777s last year. The 747 finished the year with 21 net orders—20 freighters and one VIP. The 767 logged 36 net orders. The company delivered 441 aircraft, up from 398 in 2006. Last year's deliveries comprised 330 737s, 16 747s, 12 767s and 83 777s.

While selling fewer planes than its rival, Airbus made a stunning comeback with net orders for 1,341 aircraft worth \$157.1 billion, up from 790 net orders in 2006. Firm net orders comprised 913 A320 family aircraft, 405 A330s/A340s/A350s and 23 A380s. A major highlight was the A350 XWB, which

garnered 292 firm orders. At the end of 2007 Airbus had a backlog of 3,421, which represents six years of production and was the highest backlog ever for the aviation industry. During the year it delivered 367 A320 family aircraft, six A300 freighters, 79 A330s/A340s and one A380 for a total of 453, 19 more than in 2006 and 12 more than Boeing.

Ascend: Passenger fatalities down in 2007

The number of passenger fatalities on commercial revenue flights declined by 20% in 2007 to 631 from 790 in 2006, although the number of fatal accidents rose from 13 in 2006 to 15 last year, according to the "Annual Aviation Safety Report" from Ascend.

However, Ascend noted that despite the numeric increase, the industry maintained "the long-term improvement" trend in safety. "The average number of fatal accidents since 2000 is 16.0, and in the 1990s the average was 24.2," it stated.

The worst accident in 2007 was the TAM A320 runway overrun at Sao Paulo Congonhas in which all 181 passengers and six crew onboard, plus a further 12 people on the ground, were killed. According to Ascend, four other accidents "resulted in a high loss of life." Combined, these five accidents accounted for 517 passenger fatalities, about 80% of the total passenger fatalities for 2007.

BA launches OpenSkies unit

British Airways will launch its new transatlantic subsidiary, OpenSkies, in June, initially with daily flights from New York JFK to either Brussels or Paris Charles de Gaulle using a single 757. A second aircraft will be added later in the year to fly to the other destination. Aircraft will be configured to carry up to 82 passengers in business, premium economy and economy sections. It plans to increase the fleet to six by the end of 2009. All will come from the BA fleet and will be retrofitted with Aviation Partners Boeing blended winglets.

EC cargo probe casts wide net

Airlines throughout the world are contending with antitrust charges made at the end of 2007 by the European Commission, which has accused at least 11 and as many as 25 carriers of "cartel" activity relating to airfreight transport.

British Airways, Japan Airlines, Air France KLM, SAS Group, Cargolux, ANA, Air New Zealand, Air Canada, Cathay Pacific Airways, LAN and Singapore Airlines have admitted to receiving a formal "statement of objections" from the EC. In acknowledging the charges, LAN said that LAN Cargo was one of "25 cargo airlines" accused by the EC of "anti-competitive behavior in the airfreight business."

Lufthansa, meanwhile, confirmed reports that it is avoiding charges by cooperating with the EC probe. "The [EC], the antitrust department of the US Dept. of Justice and other cartel authorities have granted Lufthansa conditional immunity from fines," it said. Carriers have two months from the receipt of statements of objections to respond in writing to the EC and also have the option of requesting a formal hearing.

An airline found guilty or admitting to guilt can be fined up to 10% of its annual revenue.