

# China Eastern Buys 20 Boeing 777s

The Associated Press

HONG KONG (AP) — China Eastern Airlines Co. is buying 20 Boeing 777 jets worth nearly \$6 billion while also selling five Airbus A340s to the U.S. plane maker because they're costlier to run, the Shanghai-based airline said Monday.

The airline said it's selling the Airbus A340-600 airplanes worth \$708 million to Boeing because they have high operating costs and "relatively weak route competitiveness." The Airbus jets are about 8.3 years old, on average, and fly long-haul routes to New York and Los Angeles.

China Eastern said list price of the 777-300ERs is \$5.94 billion but it negotiated a discount. Airlines routinely get discounts from aircraft makers, and the final selling price for aircraft is rarely disclosed.

Boeing said last week the deal needs Chinese government approval.

The new jets will be delivered in stages from 2014 to 2018. The airline will pay for them using working capital, bank loans and other sources of financing. The 777 is a twin-engine plane designed for long trips. It carries 365 passengers up to 7,930 nautical miles.

The 777s will be used to meet increasing demand on international long-haul routes, the airline said.

The Airbus A340-600 is a four-engine plane that can carry about the same number of passengers and travel the same distance as the 777.

The unaudited book value of the five Airbus jets China Eastern is selling was approximately 4.47 billion yuan (\$708 million) at the end of April. They'll be delivered to Boeing in stages from 2014 to 2015.

Boeing spokesman Yukui Wang would not comment on the deal to buy China Eastern's second-hand Airbus jets. But he said the company has in the past bought jets made by other plane makers and then sold them to other companies.

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