Boeing Lands Big At Airshow With $7.2B Deal

Pan Pylas, Associated Press

FARNBOROUGH, England (AP) — Boeing Co. clinched the first big deal of this year's Farnborough Airshow on Monday with a firm order from Air Lease Corp. for 75 of its redesigned 737 aircraft worth $7.2 billion.

The order is a big win for the Chicago-based company at the opening of the week-long airshow, south of London, and is the first order for the MAX, a new version of its best-selling 737 aircraft, by a leasing company.

"They are an ideal partner to help establish the 737 MAX in the leasing market," said Ray Conner, Boeing Commercial Airplanes president and chief executive.

The MAX incorporates new technologies designed to make the aircraft more efficient, reliable and comfortable. So far, Boeing has secured orders and commitments for more than 1,000 of the aircraft.

Los Angeles-based Air Lease, which buys planes and leases them to airlines, also has the right to purchase a further 25 planes. The order will take several years to deliver. ALC has ordered a total of 170 airplanes from Boeing. Although the order has a list price of $7.2 billion, purchasers rarely pay the full price for an order of this size.

"The 737 MAX is an excellent addition to our portfolio and the ideal complement to our growing fleet of Next-Generation 737-800s," said Steven Udvar-Hazy, chairman and CEO of Air Lease. "The 737 MAX represents a step-change improvement that our airline clients need to compete in the future."

Expectations are high that Boeing will clinch a raft of deals for the plane as it tries to catch up with Airbus in orders for single-aisle aircraft. Airbus, which is a subsidiary of EADS, won the battle for orders at last year's Paris Airshow — Paris and Farnborough alternate.

So far, the only deal Airbus has announced at Farnborough is the sale of four A321neos to Arkia Israeli Airlines, the second biggest Israeli airline. The order, which has a list value of around $450 million, makes the airline a new Airbus customer and the first airline in Israel to order the A320 neo family.

This year's airshow is taking place at a time when the global economy is showing signs of slowing down and governments around the world are cutting back costs on military spending as they grapple with high debt levels. The combination of a faltering economy and lower government spending is a difficult combination for the aviation industry as air travel tracks global economic growth.

Airbus also revealed Monday that it plans to enhance its mid-sized long-haul A330

range of aircraft to give it a longer flying range. For the A330-300, Airbus is planning to increase the maximum take-off weight to 240 metric tonnes from 235.

By giving the plane the ability to carry more fuel — combined with greater fuel efficiency — Airbus said the A330-300 will now be able to make longer journeys. For example, Seattle will now be accessible from Beijing, as will Tokyo from London.

"The aircraft is the most popular aircraft ever in its category and looks set to hold this position for years to come," said John Leahy, chief operating officer customers of Airbus.

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