

FRACTIONAL OWNERSHIP GRAHAM WARWICK / WASHINGTON DC & JUSTIN WASTNAGE / LONDON

Avolar in Airbus Corporate Jet marketing agreement

The deal will have sales benefits for Airbus and financial benefits for Avolar parent United

United Airlines' fractional-ownership subsidiary Avolar is to market the Airbus Corporate Jet (ACJ) in North America. The deal with Airbus is structured so that Avolar will never own the aircraft, but will operate them on behalf of customers using mainline United pilots, with maintenance provided by the airline's United Services division.

The agreement covers up to 15 aircraft, and is not linked to Airbus delivery deferrals announced by United after the 11 September terrorist attacks. Customers will be able to buy a whole ACJ or share ownership, with Avolar operating the aircraft under US Part 121 regulations. Airbus will continue to sell the A319-based ACJ directly to North American customers, who will be able to contract with Avolar

for management of the aircraft.

The agreement meets Avolar's need to offer a large-cabin aircraft and Airbus' desire to increase sales of the ACJ, which lag significantly behind those of the Boeing Business Jet. The deal's structure avoids increasing United's commitments at a time when it is financially crippled, as Avolar has said it will not fund the venture beyond its initial investment.

Avolar is marketing the ACJs, to be completed in basic corporate shuttle configuration, to sports teams and companies running frequent flights between multiple locations. Boeing Business Jets president Lee Monson says that while the Airbus product is becoming a stronger competitor, Avolar is "addressing a different market".

United is in talks on selling a

majority interest in Avolar to private investors who would take over all future funding obligations, including the bulk of the venture's orders and options for 244 Dassault and Gulfstream business jets. Avolar says it is still on track to begin full operations in April next year. Interim operations for initial share owners are due to begin shortly, using two company-owned Dassault Falcon 50EXs.

Avolar is continuing talks with manufacturers on placing orders for light business jets to complete its line-up of fractional-ownership offerings. Deals signed so far cover the mid-size Falcon 50EX, super mid-size Gulfstream 200, large Falcon 2000/2000EX and Gulfstream IV-SP and long-range GV/GV-SP. The first aircraft on order, a GIV-SP, will be delivered next April.

SECURITY

Biometric smart card tests begin

The US trade group representing air taxi and fixed-based operators is to start testing a biometric smart card to speed up security at airfields.

The National Air Transport Association (NATA) is testing the SkyD system, which matches fingerprints with data held on file for "trusted" passengers. SkyD has been developed by Lockheed Martin Information Systems and several software companies including Microsoft. A more advanced version of the card, SkyGuard, uses iris scanning and could also be issued to flight crews, ground workers and flight-school students.

NATA president Jim Coyne says the trade group's motivation is in reopening Washington National and other major airports to general aviation traffic, which has been restricted since 11 September. NATA members have lost \$400 million since the terrorist attacks, he says.

Coyne also sees the card as a way to restore public confidence in private aviation. Major airlines, through the Air Transport Association, have also called for a voluntary biometric smart card.

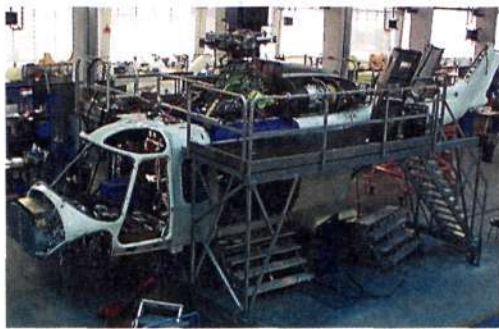
The NATA cards will undergo a 90-day proof-of-concept test starting in January in co-operation with an unnamed airline. Other test parties are FlightSafety International, Signature Flight Support and Executive Jet.

HELICOPTER

AB139 production starts

Bell Agusta has started final production of the AB139 corporate helicopter at its Cascina Costa plant outside Milan. The production line has moved to full capacity following successful test flights late last month of the third prototype.

The helicopter has a useful load of 2,500kg (5,500lb) and a maximum range of 750km (405nm) with no reserve at a maximum speed of 167kt (310km/h) when configured in six-seater VIP version.



DEVELOPMENT GUY NORRIS / PALM SPRINGS

Eclipse begins 500 assembly in Albuquerque

Final assembly of the first Eclipse 500 six-seat jet has begun at the company's new facilities in Albuquerque, New Mexico. Assembly was assured after two successful rounds of fund raising secured more than \$120 million in private investment.

Eclipse president and chief executive Vern Raburn says that the company is starting with the pressure vessel first. Assembly

started early this month after 123⁺ company engineers relocated from Detroit, Michigan to Albuquerque.

A key element of the low-cost, twin-engined jet is the use of advanced manufacturing techniques such as friction stir welding, which replaces riveting in most of the structure and is up to 10 times faster than manual riveting and five times faster than automated riveting. "We're starting at 22in

[560mm] per minute welding speed, but we believe it will go to 1.5m [5ft]," says Raburn. US Federal Aviation Administration approval is expected for fatigue and static tests now underway on both damaged and undamaged test panels.

The first aircraft is due to roll out in May, with first flight anticipated in July 2003.

FAA type certification is

expected in December 2003, with deliveries starting in January 2004. Raburn says Eclipse holds a \$1.5 billion order backlog for the 500, which the company believes can be operated for \$500/h.

Williams International, which is developing the 770lb (3.5kN) thrust EJ22 for Eclipse, is expanding the number of engines on test from six to 10 as it aims to complete 1,000h of testbed running.