

FRACTIONAL OWNERSHIP GRAHAM WARWICK / WASHINGTON DC

UAL shelves Avolar funding quest

Manufacturers confirm struggling carrier has yet to delay or cancel business jet orders despite financial woes

Business-jet manufacturers are braced for order deferrals or cancellations after United Airlines' parent UAL called off its search for outside investment in its Avolar fractional-ownership subsidiary. UAL has also halted its investment in Avolar, but says the company has the resources to continue operations while a new business plan is drawn up.

Avolar has agreements with Dassault and Gulfstream to purchase 82 aircraft for \$1.9 billion, with deliveries to begin later this year, and both manufacturers say the company has yet to delay or cancel any orders.

Dassault chairman Charles Edelenne says Avolar has not cancelled its firm order for 46 Falcon business jets, nor asked for a postponement of deliveries. "But, in

any case, if United does decide to cancel this contract, it will have no effect on us, as we were to deliver five aircraft in 2002 and five in 2003 and these can easily be sold to other clients," he says. Gulfstream still expects to begin deliveries by mid-year. Bombardier and Raytheon, which signed letters of intent with Avolar in December, say discussions with the company are continuing.

At stake are 46 firm orders and 76 options for Dassault Falcon 2000s, 2000EXs and 900EXs; and 36 firm orders plus 66 options for Gulfstream G200s, GIV-SPs, and GV/V-SPs. Letters of intent cover 25 orders and 32 options for Bombardier Learjet 45s and Learjet 60s; and 15 orders plus 10 options for Raytheon Beechjet 400As. These

aircraft fulfilled Avolar's original fleet plans up to 2009.

United says Avolar is pursuing a new business plan that will enable the company "to realise its value without additional investment from UAL or the involvement of private equity investors". The financially struggling airline has halted spending on its business-jet subsidiary after investing \$102 million of the \$250 million approved by the UAL board last May. The money has been spent on advance payments for aircraft and funding operational expenses. "Avolar now has significant assets," says United.

The company began operations in December, six months ahead of schedule, and has sold fractional shares. It is flying owners in a core fleet of two refurbished Falcon

50EXs, a Raytheon Hawker 800, a Beechjet 400A and a Learjet. Avolar is continuing to conduct customer demonstrations using manufacturer aircraft, and ground and flight crews have started training on the new types.

United says Avolar is also performing a large number of charter flights. Corporate shuttle and charter operations are other aspects of UAL's original strategy to enter the business aviation marketplace.

Industry sources suggest the revised business plan will slow Avolar's growth dramatically to stay within the revenues generated from operations. The original plan called for the fractional ownership fleet to grow to around 20 by year-end and reach 205-210 aircraft by the end of 2006.

SPECIAL MISSIONS

Australia looks to Beriev amphibian to take the heat in firefighting role



Early production Beriev Be-200s could be leased to Australian firefighters

The Australian government is in discussions with Beriev on using the Be-200 twin-jet amphibian for firefighting missions following the bush fires around Sydney late last year and early this year.

Gennady Panatov, Beriev general director says the company app-

roached the Australian government late last year and received a positive response. Panatov says that "intense negotiations" are taking place with Australian firefighting authorities.

The Australian prime minister John Howard has called for a

federal plan for firefighting resources. There are 28 different forces controlling their own budgets, with limited co-operation.

Beriev says deliveries are unlikely to begin earlier than 2004-5, but interim measures, such as the lease of early production Be-200s from Russia's emergencies ministry, the MChS, have also been proposed.

The Be-200 received restricted Russian AP-25 certification last August, permitting use only on firefighting and crew training missions.

Full certification of the MChS special-mission Be-200 is expected by the end of this year.

Beriev has also begun a US Federal Aviation Administration certification effort - initially in a fire-fighting role.

So far, the only airworthy Be-200 prototype has amassed 500h, with a second to be completed this year. The third airframe will be the first commercial machine, and is due for delivery to MChS next year.

IN BRIEF

QUICK FIT KIT

Lancair International has introduced an improved fast-build kit for the Lancair ES which will enable buyers to complete the four-seat, fixed-gear, all-composite kitplane in as little as 700h.

DIAMOND LIFE

Diamond Aircraft has received Canadian type and production certification for the Austrian-designed DA40-180 all-composite four-seater. The move will prepare the ground for US approval of aircraft produced at Diamond's London, Ontario, facility.

JET-SET CRIMINALS

The US Marshals Service has taken delivery of two used Hawker 800A business jets from Raytheon Aircraft's resale group. The aircraft, which replace two Boeing 707s, have been modified to transport high-profile prisoners, and include reduced vertical separation minimum capability for overseas flights.