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# FLIGHT

## DAILY NEWS

ISSUE 1

Monday July 17 2006



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# AIRBUS COMES OUT FIGHTING ON A350

**Kieran Daly**

New Airbus head Christian Streiff will today reveal first details of the \$10 billion revamped A350 aircraft programme as the battered company sets about the huge task of restoring its credibility in the marketplace.

Stunned by the triple blow of new delays to the A380, the market's disastrous reception of the A350 and turmoil in its executive ranks, the European giant for once comes to

Farnborough firmly on the back foot.

The leadership of its parent EADS admitted over the weekend that there had been unacceptable failings, but programme officials now plan to come out fighting.

They believe they have a handle on the A380's troubles and also that Boeing's early market success with the 787 will now slow, giving them a renewed chance to hit back with the improved A350.

Speaking at an EADS briefing in Bath at the weekend, EADS German

co-chief executive Tom Enders said: "The management crisis or difficulty is over – almost for two weeks. But undoubtedly the reputation of this company has suffered. So has the confidence of customers and investors. Sure, we admit that. And the project that precipitated this crisis needs to be fixed.

"You can be sure that the new Airbus chief executive will present the new A350 at the airshow on Monday. The product specification is complete, but details will come from Christian Streiff.

"We are admitting that we have considerable difficulties on the A380. We were admitting that a year ago when we announced delays of six months. The team worked to get that under control. They failed. We should not harbour the delusions that coming in we can fix it overnight.

"But the teams at Airbus will work throughout the summer and when we feel comfortable then we will communicate that."

**CONTINUED ON BACK PAGE**

## FULL TILT AHEAD...

All eyes will be on the Bell Boeing V-22 Osprey tiltrotor as it patrols the Farnborough skies for the first time this week. A pair of MV-22s destined for the US Marine Corps has made the trip across the Atlantic and the aircraft, which combine vertical lift capabilities with the greater speed of fixed-wing aircraft, are performing each day in the flying display. See Page 48 for the full story.

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# American Airlines' Arpey wins Strategy Award



Gerard Arpey.

Gerard Arpey, the chief executive of American Airlines, was announced as the winner in the Executive Leadership category at the fifth Airline Strategy Awards last night in a glittering ceremony in central London before an invited audience of 250 senior industry figures.

The awards, given by *Airline Business* magazine to recognise excellence in airline boardroom leadership, saw the Regional and Low-cost Leadership award go to Constantino de Oliveira Jr, the head

of Brazilian low-cost carrier GOL, while Air Canada's holding company ACE Aviation took the Finance award.

## Sustained

The Marketing award went to Emirates, while Continental Airlines took the Operations award and All Nippon Airways won the Technology award.

The magazine's own award for a sustained contribution to the industry went to the president of

the ICAO Council, Dr Assad Kotaite.

"This year's awards once again demonstrate the extremely high quality of leadership in this tough business environment," said Mark Pilling, editor of *Airline Business*.

The independent judging panel said that the Executive Leadership award for American's Arpey recognised the way that he did the seemingly impossible job of restructuring and rejuvenating the US major in the face of brutal market

forces without resorting to the shelter of bankruptcy protection.

*Airline Business* works with the global aviation practice of leading executive search firm Spencer Stuart to conduct the judging for the awards.

This year former British Airways chief Rod Eddington joined the panel, as did noted US analyst and consultant Dr Julius Maldutis. For full information about the winners visit:

[www.strategyawards.com](http://www.strategyawards.com)

## Ministers to seek UK seat on EADS board

Two UK government ministers are due to meet EADS co-chief executive Tom Enders at Farnborough today to push for a UK representative to be appointed to the board if BAE Systems sells its 20% stake.

Alistair Darling, UK secretary of state for trade and industry, and industry minister Margaret Hodge are due to meet Enders at the show to discuss concerns that a sale would lead to French and German interests dominating at EADS subsidiary Airbus, which employs 13,000 people in the UK.

The meeting is also expected to look at the broader issue of safeguarding UK interests in Airbus. The UK has been an important source of finance for Airbus projects.

BAE has two executives on the Airbus shareholders committee, but these would disappear if the stake was sold. A sale would also enable EADS to integrate Airbus much more closely into the group, removing the need for a committee.



Top of the World: Cpt John Siemens (right) and Hamish Harding.

## SJ30 sets world record double en route to show

Liz Moscrop

Sino Swearingen's SJ30 touched down at 10am on Sunday at Farnborough, breaking two world records as the wheels hit the runway.

The pre-production prototype is the first light jet in its class to cross the Atlantic in one hop on standard fuel tanks, creating a new speed record as it did so. The aircraft landed with around 560lb (250kg) of fuel remaining from an initial load of 4,850lb.

Crewed by Sino Swearingen's chief test pilot John Siemens and Hamish Harding, chairman of UK distributor Action Aviation, the SJ30 flew from San Antonio Texas to Goose Bay, Labrador and then from Goose Bay directly to Farnborough, a distance of 4,400nm (8,100km).

Harding trained on the record breaking aircraft,

N50SJ, and was one of the first aircraft owners to be rated on the type.

The journey took 10h 24min, with a 42min stop at Goose Bay. Says Siemens: "I felt really excited beforehand. It was a great flight."

Because the aircraft did not have an HF installed, it had to take a longer transatlantic crossing route. Siemens says that they will attempt the record again once the kit is on board.

## Shave

"We can shave 300nm off the distance, which translates to around 45min off the time," he says.

*Flight Daily News* has been tracking the attempt, which had to be registered with the US National Aerospace Association in order to stand as a record. Mike Creed, sales director of Action Aviation, says: "The clock starts ticking as soon as the wheels start rolling, so it was real 'balls to the

wall' time as soon as they started."

The \$6.2 million SJ30 has a sea level cabin pressurisation up to 41,000ft (12,500m), is certificated for single pilot operations and has a maximum speed of 486kt (900km/h). It has an IFR range of 2,500nm and a ceiling of 49,000ft.

Says Creed: "We've sold 33 aircraft since November and seen strong interest from the Middle East and Russia." Two ministries of defence have expressed an interest in using the SJ30 to track missiles and in electronic warfare for fast jet radar profiling.

Action Aviation placed 159 non-refundable deposits on SJ30s last year and has sold 33 aircraft since November. The company also plans to offer a fractional ownership programme. Creed says that \$2 million for a one-third share of a jet "is a small price to pay".

## VIPs for American Pavilion opening

A host of VIPs will attend the official opening of the U.S. Pavilion in Hall 2 at Farnborough today. They include William Tuttle, the US ambassador to the Court of St James; secretary of the Air Force Michael Wynne; deputy secretary of commerce David Sampson; FAA Administrator Marion Blakey; NASA Administrator Michael Griffin and a delegation of American politicians.



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## HEADLINES

## Eyes up for space shuttle re-entry

Steve Nichols

Space Shuttle Discovery is due to land at the Kennedy Space Centre in Florida later today after its 13-day mission to the International Space Station (ISS).

All fingers will be crossed at NASA for a safe landing. While a photographic study of the Shuttle's all-important heat-resistant tiles found no damage, pulses were raised on Saturday after the discovery of a slow leak in one of the three power units used for steering and braking.

The leak could be harmless nitrogen or flammable hydrazine fuel, but NASA is treating the problem as if the leak is fuel.

John Shannon, the Shuttle

programme's deputy manager, says NASA would turn on the power unit as part of its normal testing and see if the leak rate changes. If it does, NASA may burn off the hydrazine and shut down the power unit before the Shuttle returns to Earth to eliminate any fire hazard.

### Explosive

Discovery's landing gear could be deployed by explosive charges rather than the hydraulic system.

Earlier, four examinations of the Shuttle's underside and nose cone area were made using a robotic arm and boom.

Images were relayed to mission managers on the Earth before the go-ahead was given for the re-entry.

The STS-121 mission, the second to be carried out since the Space Shuttle Columbia broke up on re-entry into the Earth's atmosphere in January 2003, has been vitally important to NASA.

Commander Steve Lindsey and crew delivered 13t of supplies and a third crewmember to the ISS and continued to evaluate new safety procedures and in-orbit heat shield repair techniques. Astronauts Piers Sellers and Mike Fossum also made three space walks.

The next mission, STS-115, will see Space Shuttle Atlantis revisiting the ISS to install a truss segment, solar array set and batteries on the station. No firm launch date has yet been set, but late August seems likely.

## CFM plans a LEAP into the future

CFM's LEAP56 programme is tackling future challenges through advanced technology. Success will mean a quantum shift in engine design - made vital by fuel-price volatility and airlines' concentration on low maintenance costs, enhanced time-on-wing and lower emissions. Speaking in London yesterday, CFM's president Eric Bachelet said: "Using the CFM56-5B and CFM56-7B as our baseline, we have laid out a road map that we believe will solidify CFM's technology leadership position for the next 30-plus years."

CFM is focusing on technology to deliver major improvements, including 10-15% lower fuel consumption; a 15-25% reduction in maintenance costs, an initial on-wing increase of 25%; and emissions, specifically NOx, that are 50% lower.

# UAE renews interest in Hawkeyes

Alan Dron

Talks will be taking place between Northrop Grumman and United Arab Emirates representatives at Farnborough this week after the Arabian Gulf country issued a new request for information (RFI) for an airborne surveillance system.

Northrop Grumman has been interested in supplying the UAE with E-2 Hawkeyes for some time. A previous company response to UAE interest came to nothing a few years ago, but the company was quick to deny reports late last year that talks for a fleet of airborne early warning (AEW) aircraft had ended.

Perhaps spurred by the deteriorating security situation in the region, the UAE issued an RFI last week stipulating that a downselect would take place by the middle of 2007.



The first E-2D Hawkeye is coming together.

Jerry Spruill, Northrop Grumman director, AEW international programmes, said yesterday the UAE is concerned with both air and surface threats: "They need a full surveillance picture of their area of interest."

The UAE has been emphasising network-centric systems for some time. Robert Wood, Northrop Grumman's

director, business development, AEW programs, says the country is looking not only for a future surveillance platform but also for a netted solution offering command and control capability.

If the UAE was to go ahead with a Hawkeye order, it would be "likely" to be for the forthcoming E-2D variant, believes Spruill.



From top left - Bombardier's Gary Dolski, Les Batty of TAG Engineering, and James Hoblyn with Butler "Jeeves".

## Jeeves serves up silver service for Bombardier

Canadian aircraft manufacturer Bombardier has appointed a new British service agent at Biggin Hill - so who better to launch the centre than Jeeves, the quintessential English butler.

Bombardier has appointed TAG Farnborough Engineering (TAG) and Gold Air International as aircraft on ground/line maintenance facilities (AOG/LMFs). TAG will service the Challenger and Global business jet families and Gold Air will cater for Learjets.

This brings the total of Bombardier's European business aircraft service facilities to 11.

James Hoblyn, vice-president Bombardier Business Aircraft, is confident the new agents will offer similar standards of courtesy and service as the famous butler of PG Wodehouse's 'Bertie Wooster' books.

### Agreements

"The agreements with TAG and Gold Air are another building block in the steady expansion of Bombardier's service footprint in Europe and Elsewhere", Hoblyn says. "For our operators, this translates into improved aircraft availability".

The new TAG facility recently doubled its maintenance hanger space to 70,000ft<sup>2</sup> (6,500m<sup>2</sup>) including workshops and offices and is implementing a state-of-the-art Quantum Control operations management system to ensure rapid turnaround times. "We can conduct unscheduled repairs and warranty work very efficiently" says Les Batty, TAG's engineering director.

The new facility at Biggin Hill can accommodate up to four Learjets in its 4,000ft<sup>2</sup> (372m<sup>2</sup>) hangar.

## Pricing scheme pays off with record numbers

Farnborough 2006 opens today with a record number of exhibitors and aircraft.

This year, the show has attracted 1,480 exhibitors and around 150 aircraft. This compares with 1,360 exhibitors and about 100 aircraft at the last show in 2004.

Farnborough International managing director Trevor Sidebottom attributes the success

to holding to 2004's pricing scheme for exhibition and chalet space and reducing aircraft charges by half.

"The industry is also on something of a high at the moment globally," he says. "I'll be pleased if people acknowledge the difference in the show from 2004. We've founded a new company [Farnborough International] to organise the show and I think

we've proved that change was worthwhile.

"It's also pleasing to see people like Gripen investing in the site and putting in special structures that they obviously intend to return to next time around."

A record number of overseas delegations - 77 from 43 countries - are expected to visit the show over the next seven days.

Top team: Show organisers on standby for success.

## Viking aims to save Twin Otter from extinction

Canadian company Viking Air (Hall 4, C16/C) is promoting its plan to bring the sturdy DHC Twin Otter utility aircraft back from production-line extinction.

Victoria, BC-based Viking specialises in the support of products built by de Havilland Canada – now part of Bombardier – and says it has moved a step closer to restarting production of the 19-seat twin-turboprop under the designation Twin Otter Series 400.

### Reborn

Refinements planned for the reborn aircraft include current-production Pratt & Whitney Canada PT6A-34 engines and upgraded avionics and systems.

At an operators' forum in Victoria in September, the company will outline the aircraft specification, commercial terms and potential delivery schedule, and assess the level of demand. Production will be



The DHC Twin Otter utility aircraft looks set for a return from production-line extinction.

relaunched if a minimum number of firm commitments are received.

"We have had positive certification discussions with Transport Canada and thoroughly evaluated the business case, and can see no major obstacles to a production re-start," says Viking chief executive David Curtis. "Between now

and September, we will continue to work with our supply-chain partners and Transport Canada to further refine the business case."

### Support

A total of 844 Twin Otters were built in DHC's Downsview, Ontario, factory between 1965 and 1989.

More than 600 are still in operation worldwide, and more than 35% of the structure, including complete wing assemblies, remains in production for spares support purposes.

"The Twin Otter remains uniquely in-demand in the 19-passenger transport category," says Curtis.

"It's in a class by itself in terms of size, speed, strength and versatility.

"Twin Otters are in huge demand today, with very few good airframes available and prices climbing to new highs.

"A decent 20-year-old float-equipped 300 Series fetches well over \$2 million."

## EADS tries to keep WTO issues out of tanker fight

EADS North America is working to persuade the Pentagon not to tie the contest to provide the US Air Force's replacement tanker aircraft to the controversial issue of government subsidies.

The company believes that with the US and the European Union still embroiled in what promises to be prolonged talks with the World Trade Organisation, the unresolved dispute should not be allowed to overshadow the contest.

Following a request for information (RFI), EADS and Boeing expect to receive the formal request for proposals for the KC-X programme in January 2007, sparking a contest that will pit the Airbus A330/KC-30 against the Boeing 767.

The competition, leading to an initial purchase of 189 aircraft, is probably the biggest prize currently on the horizon for EADS in the US.

### Impact

EADS North America chairman and CEO Ralph Crosby says: "When the RFI was presented to us, it asked us to do an assessment of the impact of subsidies on the aircraft. Our response was that it was inappropriate to include that in a procurement of this type. It was based on litigation that would not be concluded for about two years. It is really not a material issue in regard to this programme. But in any case it is inappropriate to be in the middle of a defence acquisition RFP."

He suggests that a settlement may still come, noting: "I am aware of discussions between the representatives of both sides. Whether or not they are making much progress I am not sure."

But he is also critical of the US position, saying: "In whose political advantage is it to continue this dispute?" Crosby points to proposals made by EADS a year ago to end launch aid on a bilateral basis. He says: "The question I have to ask is, with that on the table, why has this not been solved? But some people want it on the table."

Although a split buy of tankers from the two manufacturers has been mooted, Crosby suggests that the idea currently looks unlikely.

# Eurofighter casts doubt on quoted Typhoon price

### Jon Lake

Eurofighter GmbH has filed a Freedom of Information Act request to obtain 'clarification' of the Unit Production Cost published in the 2005 UK National Audit Office (NAO) Major Projects Report.

Programme director Brian Phillipson describes the £64.8 million price quoted by the NAO – and subsequently widely quoted in the press – as being "much higher" than any unit cost that he would recognise.

"The numbers in the NAO reports changed between 2004 and 2005 from £49.1 million to £64.8 million. Eurofighter does not understand why. The increase in cost bears no relation to any change from us," says Phillipson.

"We have sought an official explanation, but understand that other charges, over and above

anything that we have been paid, have been included.

"This leads me to question whether the NAO price is really a Unit Production Cost."

Typically in Germany, he says, recovery of production investment and two years of support and operating costs have been included in what effectively becomes a unit system cost. "My suspicion is that the UK MoD has moved towards a system cost while still calling it a Unit Production Cost," he says.

"This £64.8 million figure is much higher than any unit cost, flyaway cost or purchase price that I would recognise. It's something quite different.

"The brief note in the NAO report fell short of providing any real explanation of the increase, which is why we formally requested clarification of the changes made to create the new figure in the NAO

report. We initially made an informal enquiry, but after discussion agreed that it would be best to file a formal enquiry under the Freedom of Information Act."

An answer is expected in August. Meanwhile, Phillipson suggests it would be "extremely unfortunate" if changes in the reporting of accounting procedures were allowed to give the impression of cost growth.

### Important

"This is important not only for the export market, but also looking ahead to Tranche 3. I remain entirely confident that Eurofighter Typhoon represents excellent, unparalleled value for money for our nations' air forces and taxpayers."

"Whatever the perceived price – and there are so many variables that may or may not be included in any 'headline figure' – we believe Eurofighter Typhoon provides the

best possible value, and the most cost-effective solution, when pitched against any competition in the export market. The aircraft's availability is contractually guaranteed, as are the very low costs of ownership, and these make Typhoon unbeatable in cost terms."

It is understood that the NAO figures include Nato Eurofighter Management Agency (NEFMA) running costs and Qinetic charges – legitimate parts of a total programme cost, but not of a unit production cost.

The UK's 55 Tranche 1 aircraft are known to have cost £2.5 billion, representing a unit production cost of £45.45m, while the Tranche 2 global contract was £9.56 billion for all partners, which gave a unit production cost of about £40m. It has been reported that Austria paid a unit flyaway price of €62m (£45m) for its 18 aircraft.

## Bell pins hopes on innovative X-Hawk Fancraft

Bell Helicopter and Israeli firm Urban Aeronautics unveil a full-scale mock-up of their planned X-Hawk Fancraft, a vertical take-off and landing vehicle designed to operate in confined urban environments, today at the show.

The X-Hawk offers the potential of the

vertical lift performance of a helicopter, but features innovative shrouded rotors, opening up a series of missions that would be impossible with a traditional helicopter.

Bell says the X-Hawk is initially being targeted at the US military market, but could also have civil applications and

could be operated in both manned and unmanned modes. If there is sufficient market interest and funding, the vehicle could be operational within 10 years.

See tomorrow's *Flight Daily News* for a full insight into the potentially groundbreaking applications of the X-Hawk.

# FLIGHT

## DAILY NEWS

### DOWN TO THE WIRE

The inside story on the wiring problems that have delayed production of the A380

SEE PAGE 78

CONTINUED FROM PAGE ONE

## Airbus will come out fighting

His French partner chief executive Louis Gallois, the former Aerospatiale and Snecma chief brought in to replace Noel Forgeard, added: "We have common virtues - we like transparency, team spirit and action. I think we have talked too much about management and the position now is that we have to deliver. It is the best way to communicate confidence, serenity and dynamism. We seek more stability, we need more stability."

"Customers are not asking for a miracle, they want visibility on where we are and our milestones. They want us to stick to our milestones. They know that the A380 is a huge challenge."

Tom Williams, Airbus executive vice-president programmes, told the same audience that customers were angry at the A380 delays caused by unexpected problems with the

complexity of the aircraft's wiring and knock-on effects.

He said: "The first actions were taken last year to resolve bottlenecks, but they were not sufficient. You can imagine that customer reactions have been very bad. So it is a significant problem with a very strong reaction from customers."

He outlined seven key measures taken to address the situation:

- A slowing of production
- Improved section completion prior to final assembly
- Added resource where necessary
- Tougher management of changes to the aircraft
- Streamlining of processes to cut build-time
- Improvements to the CATIA-based digital mock-up
- Increased reactivity of suppliers

Williams thinks some problems were reported late



The A380 arriving at Farnborough for today's display.

because staff were desperate to fix them, explaining: "You sometimes get people who too early say 'this cannot be done' but sometimes also they get target lock, and they don't want to give up, and you have to say 'look it is just not going to work'."

He rubbishes widespread reports blaming the shortcomings on Airbus's German operation, declaring: "The reason is that is where the

most complex work takes place. Those guys are at the end of the pipe and there are a lot of problems that happen at that stage where that guy has to find a way to solve the problem. It is too easy to blame him when the problem is further upstream."

On the A350, he admits Airbus is now late to market but notes that Boeing cannot now offer airlines early

delivery, and says: "[Boeing] have very few gaps left. They have taken the first part of the 757/767 replacement wave. But that doesn't mean to say they have totally dominated it."

"We accept that those airlines that have taken the 787 are unlikely to switch. But we still have a very good case."

"We are not going to give up on the market."

### UK poised to confirm Nimrod MRA4 deal

BAE Systems will sign a long-awaited \$2.6 billion (£1.4 bn) production contract for 12 Nimrod MRA4 maritime reconnaissance and attack aircraft at Farnborough on Tuesday morning.

After initial development and production difficulties, the flight test programme has progressed well, and the three prototypes have completed 320 flying hours.

The MRA4 development fleet had flown 125 sorties by the beginning of July, with recent milestones including night landings, reaching an operating altitude of 35,000ft (10,700m), says BAE's design and development director Wayne Scholz.

The programme's first and third prototypes are undergoing test flights from BAE's Warton site in Lancashire, with the latter - PA03 - representative of the Royal Air Force's final production configuration.

BAE expects to conduct a major design review for the MRA4 in December, and then to freeze the airframe's final configuration.

"We are still testing the air vehicle, but every flight hour is multiplied by the number of systems we are able to work on," says RAF Sqn Ldr Drew Steel, tactical officer for the programme's joint trials team.

The MRA4 is expected to deliver a mission endurance of up to 14h, have an operating ceiling of 42,000ft and a range of up to 11,100km (6,000nm).



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