Boeing, Bavaria International Sign Contract for Six Next-Generation 737-700s

Boeing [NYSE: BA] and Bavaria International Aircraft Leasing have reached an agreement for six more Boeing Next-Generation 737-700 airplanes, valued at $330 million at list prices. In addition, Bavaria International has taken options on six airplanes.

Delivery of the airplanes begins in 2005 and extends through 2007. All six airplanes were previously accounted for in 2004 Boeing order tallies, although not announced.

Bavaria currently has leased to operators a variety of other Boeing aircraft, including 10 737-300s, four 737-700s and five 717-200s. Based in Munich, Germany, Bavaria is a wholly owned subsidiary of the privately owned Schörghuber Group.

China Southern Group Xinjiang Airlines, based in Urumqi, China, will operate two of the new 737s. It already operates four 737-700s, two of which are leased from Bavaria.

The remaining four 737s and six options will be leased to customers to be determined at a later date.

"The 737 is the preferred jetliner among our leasing customers," said Karsten Sensen, chief operating officer of Bavaria. "The 737's efficiency and reliability make it the obvious choice for airlines. As the owners, Bavaria likes the 737's better residual value."

Marlin Dailey, vice president of Sales for Europe, Boeing Commercial Airplanes, said the leasing order is another sign of market recovery.

"Air travel growth is driving demand upward," Dailey said. "With no 737s sitting idle, lessors are turning to new units to meet the needs of airlines."

The Next-Generation 737 is the newest and most technologically advanced single-aisle airplane in its class. Since its entry into service in 1998, the Next-Generation 737 continues to be the most popular single-aisle airplane and the fastest-selling airplane of all time.

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