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Aeroflot Eyes 14 Airbuses

By The Moscow Times

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Aeroflot's board of directors this week will discuss the purchase of 14 new Airbus planes from Aerospace International Group at half the catalog price, Vedomosti reported.

The planes — 10 A320 and four A321 jets — have a combined catalog price of $1.34 billion. The Aeroflot board will review a contract priced at $730 million, Vedomosti said Friday. Considering the purchase will be made in 2016 or 2017, the value of the deal, adjusted for inflation of 3.7 percent, is $643 million, a discount of 52 percent.

The airline will likely finance the purchase through borrowing.

The supplier, AIG, is a multinational leasing company specializing in aviation equipment with offices in New York, London and Bratislava and an aggressively expanding player on the market, Vedomosti said. Airbus will not be directly involved in the transaction.

AIG, Airbus and Aeroflot declined to comment on the deal.

While price cuts on large deals are common, Airbus is attempting to maintain its position on the Russian market, while AIG is looking for rapid growth, which may explain the discount, said Roman Gusarov, editor of Avia.ru.

While Aeroflot's fleet was originally largely composed of Russian and Airbus planes, the airline has recently been a major customer for Boeing. Aeroflot currently operates a fleet of 127 passenger aircraft, which are on average five years old.

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