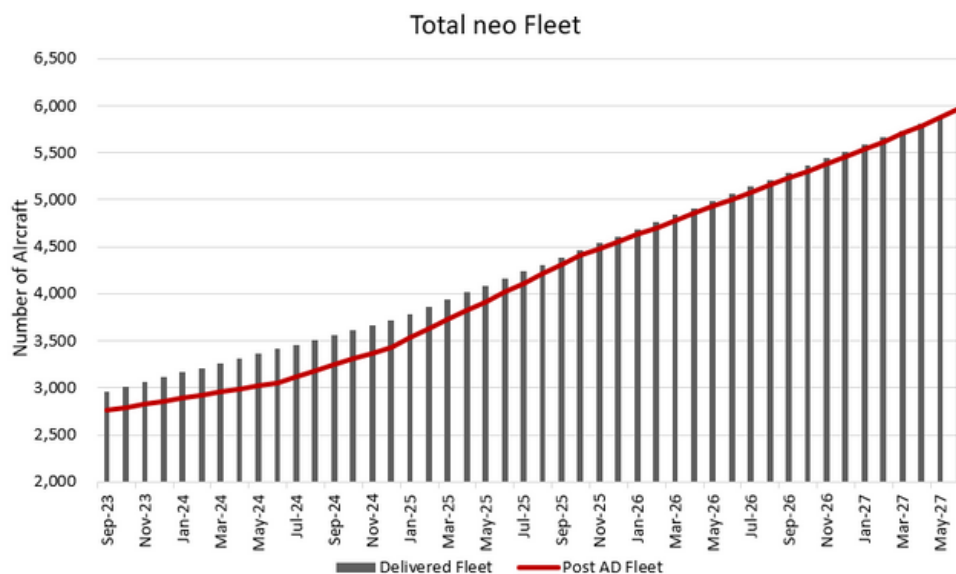
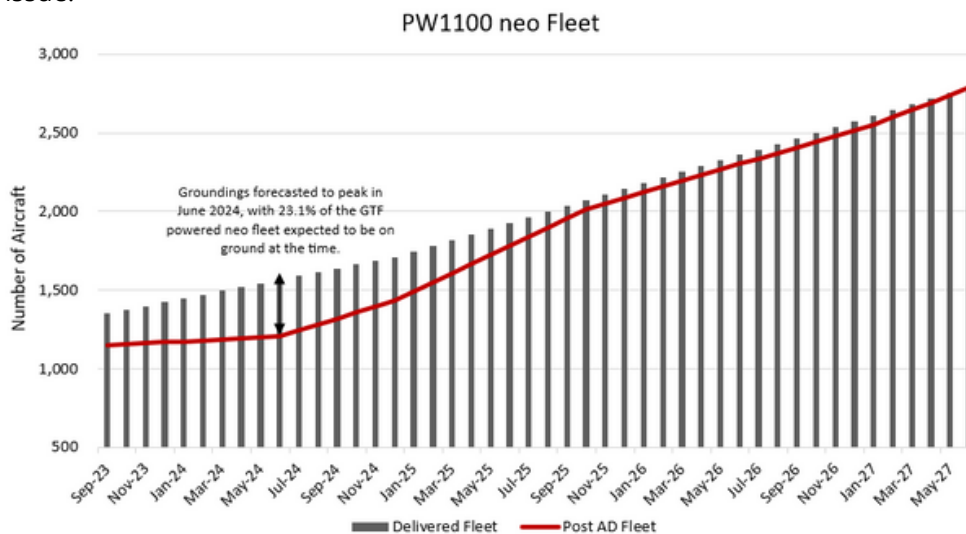


The magnitude of the requirements of the recent FAA AD 2023-16-07, mandating inspections of HPT Hub 1 and 2 on PW1100 engines has significant disruption potential to affect an already fragile market. A number of sources have been reporting on the extent of this most recent GTF issue, however utilizing data directly from RTX's Fleet Update (Pratt & Whitney's parent company) on September 11, 2023, they indicate that 700 PW1100 engines, or 27.2% of the current PW1100 engine fleet is affected.

The 700 engines are expected to come off wing between 2023 and 2026, with the majority being grounded for inspection in 2024. With MRO capacity still restricted and continued demand from previous durability issues, turnaround times will be between 300-360 days and a substantial increase in the number of neo aircraft on ground will be seen. Operators of GTF powered neo fleets are likely to struggle to meet capacity requirements due to the groundings and may struggle to find options in the secondary market as domestic air travel demand has recovered while OEMs struggle to deliver new aircraft. This shortage will certainly further bolster lease rates and values for all narrowbody aircraft.

The charts below illustrate the impending capacity constraints associated solely with this most recent manufacturing issue.*



*Assumes one affected engine per aircraft