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Airline to use 787s on long-haul operations

787s to be part of airline's fleet-growth plans

Boeing [NYSE: BA] and Icelandair today announced a firm order for two all-new 787 Dreamliner airplanes with which the carrier will expand its operations on long-range routes from Iceland, and develop its fleet.

Icelandair ordered 787-8s, which will be delivered during 2010. The carrier is evaluating the two engine options, the General Electric GENX (GE Next Generation) and Rolls-Royce's Trent 1000. The order is worth \$240 million at list prices.

"The 787 Dreamliner's unprecedented efficiency, economics, range and passenger comfort are ideally suited for our operations and our commitment to providing superior service to our passengers," said Hannes Smarason, chairman of the Flugleidir Icelandair Group.

Boeing now has 193 announced orders and commitments for the 787. Negotiations continue with airlines around the world. Icelandair becomes the 16 th airline to select the 787 in just 10 months following the Dreamliner's launch in April 2004.

"The 787's efficiencies and performance make it the perfect airplane to meet Icelandair's requirements for expanding its long-haul operations and to serve key global markets," said Marlin Dailey, Boeing Commercial Airplanes vice president for sales in Europe. "This deal extends a strong relationship between Icelandair and Boeing that goes back over 30 years."

The 787 will support Icelandair's expansion of its transfer traffic through Iceland by opening new markets in North America and elsewhere. Currently, the airline uses Iceland as a hub between six US gateway cities and 16 European destinations.

Icelandair operates 19 Boeing 757s and 767s for its scheduled service and Icelandair Group charter and cargo businesses. Its parent company, Flugleidir Iceland Group, last month purchased 10 Boeing Next-Generation 737s for its growing leasing venture.

Icelandair is one of the 13 subsidiaries of the Flugleidir Icelandair Group. The Group is central to the rapidly growing Icelandic tourist industry, and includes Icelandair, Icelandair Cargo, Icelandair Hotels, Air Iceland , Iceland Travel, Reykjavik Excursions, Icelandair/Hertz, Icelandair Ground Services, Icelandair Technical Services, Loftleidir-Icelandic and Icelandair Shared Services.

The technologically advanced 787 Dreamliner will use 20 percent less fuel than today's airplanes of comparable size, provide airlines with up to 45 percent more cargo revenue capacity, and present passengers with innovations including a new interior environment with higher humidity, wider seats and aisles, larger windows, and other conveniences.

The 787 will allow airlines to offer more of the comfortable point-to-point travel that passengers want. The 787's first flight is scheduled for 2007, with entry into service during 2008.

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