

Air Canada Locks In Boeing 777s and 787 Dreamliners

Air Canada today signed a contract with Boeing [NYSE: BA] to upgrade the airline's fleet with up to 36 Boeing 777s and 60 Boeing 787 Dreamliners. The conclusion of the order comes six months after the airline announced a widebody fleet renewal plan, subject to a number of conditions.

"We're extremely pleased to move forward with the renewal of Air Canada's widebody fleet with these new Boeing airplanes," said Robert Milton, president and chief executive officer of ACE Aviation Holdings Inc., Air Canada's parent company. "Our analysis of these aircraft confirmed overwhelmingly attractive economics; we estimate the fuel burn and maintenance cost savings alone on the 787 to be approximately 30 per cent versus the 767s they will replace. This is particularly important in the current high-fuel-price environment."

As with the previous agreement, announced in April, the new contract with Air Canada includes firm orders for 18 777s, plus purchase rights for 18 more, in a yet-to-be-determined mix of the 777 family's newest models: the 777-300ER, the 777-200LR Worldliner (the longest-range airplane in the world) and the newly announced 777 Freighter. Air Canada's new 777 deliveries will begin in 2007.

The order also includes 14 ultra-efficient new Boeing 787 Dreamliners, plus options and purchase rights for an additional 46 airplanes. Air Canada's first 787 will be delivered in 2010. The firm orders in the agreement are valued at approximately \$6 billion at list prices.

"Our 777s and 787s are uniquely suited to meet Air Canada's current route structure and growth plans for long-range, nonstop routes for both passengers and cargo," said Alan Mulally, president and CEO of Boeing Commercial Airplanes. "Operating modern and comfortable 777s and 787s in the same fleet will allow Air Canada to tailor capacity to seasonal demand with two aircraft types that fly the same speed and range, yet offer different seating and cargo capacities."

Air Canada is the 25th airline to select the 787 Dreamliner, bringing the total number of announced firm orders and commitments to 309. Air Canada joins a growing team of 787 launch customers who've recognized the 787's exceptional value and superior operating performance.

The Boeing 787 Dreamliner is being designed with airlines, passengers, investors and the environment in mind. The technologically advanced airplane will use 20 percent less fuel than today's airplanes of comparable size, provide customers 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 Boeing 777 family of airplanes is the world's most advanced, and continues to evolve with the recent addition of the world's longest-range airliner, the 777-200LR Worldliner, and the Boeing 777 Freighter. To date, 43 airlines have placed orders for 736 777s, making it the most preferred airplane in its class.

Additional 787 Dreamliner Information

The 787 is a family of airplanes in the 200- to 300-seat class that will carry passengers on routes between 3,500 and 8,500 nautical miles (6,500 to 16,000 kilometers). The 787 will allow airlines to offer passengers more of what they want: affordable, comfortable, nonstop, point-to-point travel to more destinations around the world. In addition to bringing big-jet ranges to mid-size airplanes, the 787 will fly at Mach 0.85, as fast as today's fastest commercial airplanes, while using much less fuel. Also, for the first time in commercial jet history, the 787 family will offer a standard engine interface for the two types of engines to be offered on the airplane, the General Electric GENX (GE Next Generation) or Rolls-Royce's Trent 1000, allowing the 787 to be fitted with either manufacturer's engines at any point in time. Production of the Dreamliner will begin in 2006. First flight is expected in 2007, with certification, delivery and entry into service in 2008.

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