



US AIRLINE CANCELS \$4BN ORDER FOR 18 DREAMLINERS

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Delta Air Lines said that in agreement with Boeing it would cancel an order for 18 787 Dreamliner aircraft, which it assumed as a part of its merger with Northwest Airlines.

The order is valued at more than US\$4 billion at current list prices. Delta did not disclose specific terms of the agreement.

The airline, which acquired Northwest in 2008 for \$2.6bn in shares, said it would continue to take delivery of 737-900ER aircraft through 2019.

Delta declined to comment beyond its statement.

The cancellation comes as Delta and other top US airlines seek to slow flight capacity growth and in some instances shrink existing service in response to falling airfares.

Airlines such as Norwegian Air Shuttle from outside the United States are adding flights that Delta says have exceeded passenger demand and hurt unit revenue.

"This business decision is consistent with Delta's fleet strategy to prudently address our widebody aircraft needs," said Greg May, Delta's senior vice president of supply chain management and fleet.

While some Northwest pilots held out the 787 as a "star," known for its fuel efficiency and a body made of composite materials, some of Delta's 777 aircraft had nearly the same capabilities, said Bob Mann, the head of aviation consultant R?W Mann & Co in Port Washington, New York. Also, Delta tends to fly bigger planes on average than its peers, and the larger 777 is more consistent with that strategy than the 777, Mann said.

"I wasn't surprised, but I was surprised they took 10 years to do it," Mr Mann said of the cancellations.

US airlines have been deferring or cancelling orders for widebody jets, the long-haul aircraft that have two aisles. Delta earlier this year deferred taking four Airbus A350s until 2019 and 2020, instead of the originally scheduled 2018. American Airlines also said this year it would take 22 A350s an average of 26 months later to cut capital expenses.

Delta still has widebody orders for 25 A350s and 25 smaller A330neo planes on its books. The 787s have a list price of \$224.6 million, although large discounts are customary for major airlines.

"We've been working closely with Delta as their needs have evolved since inheriting the order from Northwest," said John Dern, a spokesman for Chicago-based Boeing.

"Delta is a valued customer and we continue working with them to meet their future fleet requirements. Customer interest in the 787 continues to be strong, with almost 1,200 orders to date."

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