

## **Boeing, Hexcel And AVIC To Collaborate On Joint-Venture Composites Facility in China**

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The Boeing Company, Hexcel Corporation and Aviation Industries of China (AVIC) today announced they are nearing the successful conclusion of negotiations to form a joint venture to manufacture in China composite parts for commercial airplanes.

The composites manufacturing facility is to be built in the Tanggu marine high-technology development zone in Tianjin, China. It will manufacture composite parts for secondary structures and interior applications for commercial aircraft. The joint venture will supply these parts to Hexcel's facility in Kent, WA, for final assembly, inspection and shipment to Boeing and to other customers worldwide.

Given current economic and market forecasts, neither Boeing nor Hexcel anticipate any layoffs resulting from this joint venture.

The joint venture partners said they anticipate signing a formal contract in China in the near future. Financial terms of the joint venture were not disclosed.

"This joint venture with Hexcel and AVIC is another example of how Boeing is continuing to strengthen its international ties and key supplier relationships," said Ron Woodard, president of Boeing Commercial Airplane Group. "China is the single most dominant market in Asia and one of the fastest growing markets in the world. The creation of a comprehensive composites facility in China will generate substantial benefits for all three partners and Boeing customers, as well."

"Hexcel's participation in this joint venture fits the company's long-term growth strategy perfectly," said John J. Lee, Hexcel's chairman, president and chief executive officer. "Despite current financial concerns about some Asian nations, Hexcel is enthusiastic about establishing a presence in China and expanding its activities in the Pacific Rim, a commercial aerospace market of enormous long-term potential. And we are pleased to extend our long-standing strategic relationship with Boeing beyond the traditional customer-supplier status."

"Cooperating with Boeing and Hexcel, the world's best-known aircraft and composite suppliers, conforms with the development strategy of AVIC," said Zhu Yuli, president of AVIC. "The establishment of this joint venture is a significant step, stemming from past cooperation between AVIC and Boeing, which is also conducive to AVIC's long-term goal of accessing the world market."

Boeing and Hexcel also said they are exploring another joint venture in the Pacific Rim.

The China joint venture, which will be named BHA Aero Composite Parts Co., Ltd., will manufacture composite parts currently produced by Boeing and Hexcel. The facility is expected to be completed in 18-24 months. It is anticipated that the first parts will be delivered to customers in July 2000.

Composites are tough, lightweight materials made by combining two or more dissimilar products such as fibers and resins to create a product with exceptional structural properties not present in the original materials. Composites are used in virtually all the world's major aircraft to meet requirements for reducing weight, increasing payloads, improving fatigue life and increasing corrosion resistance. Boeing is the world's largest consumer of composite materials; and Hexcel is the world's largest manufacturer of advanced composite materials.

The composites produced by the joint venture will consist of fabricated parts for secondary structural and interior applications on commercial aircraft, including assemblies of wing fairings, fixed or movable surfaces, inspection access doors and bulkheads and similar parts for the worldwide market.

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