

Boeing Strengthens Alliance with Russian Titanium Supplier

Russian Trade Minister Mikhail Fradkov and U.S. Secretary of Commerce William M. Daley today attended a signing ceremony confirming a five-year contract award by Boeing Commercial Airplane Group to buy milled titanium products from Verkhnyaya Salda Metallurgical Production Association (VSMPO) of Russia. The contract was confirmed with the signatures of VSMPO General Director Vladislav Tetyukhin and Tom Schick, executive vice president and deputy to the president of Boeing Commercial Airplane Group.

The value of the contract is estimated at a minimum \$175 million, with the potential for reaching \$200 million depending on the product-mix procured.

"Working together with Russian industry is mutually beneficial to Boeing, our suppliers and Russia," Schick said. "It ensures the availability of titanium products to support our increased production rates, and it develops new business for the Russian titanium industry in the world aerospace market."

Boeing has been working with VSMPO for the past four years to qualify the Russian titanium producer to commercial airplane standards and be a viable commercial operation.

"Our two companies have formed a strong strategic alliance," said Tetyukhin. "Our mutual goal is eventually to have VSMPO approved by Boeing to supply any type of titanium product."

Under the terms of the contract, delivery of titanium milled products, including billet, sheet and plate, will begin in early 1999 and run through 2003. The products will be used on all Boeing commercial airplane models. The contract also formalizes an ongoing arrangement between Boeing and VSMPO to develop superior titanium alloys with improved mechanical and manufacturing properties, which could be used on future new commercial airplanes worldwide.

It is the second formal contract between Boeing and VSMPO. The first, signed in March 1997, awarded the Russian titanium producer a two-year contract to supply 2,400 tons of titanium ingots to Boeing and its suppliers.

Titanium is a metallic element that is used to alloy metals for low weight, high strength and high-temperature stability. Boeing currently uses titanium in airplane landing gear, struts and many other parts of Boeing products.

Demand for titanium is increasing worldwide, not only because of rising airplane-production rates, but also because of increased usage by industries outside aerospace, such as the architectural, automobile, marine and medical fields.

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